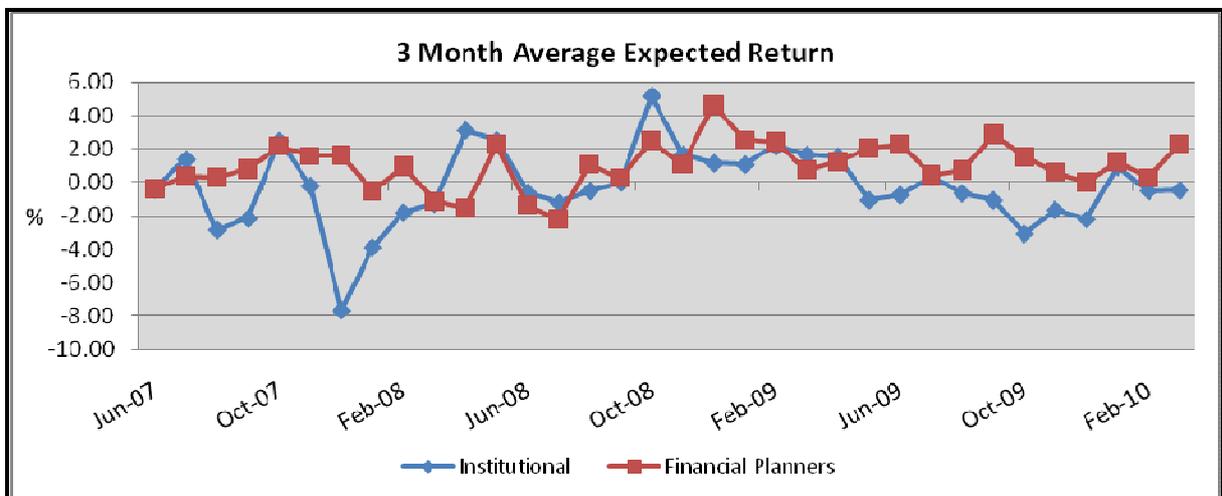
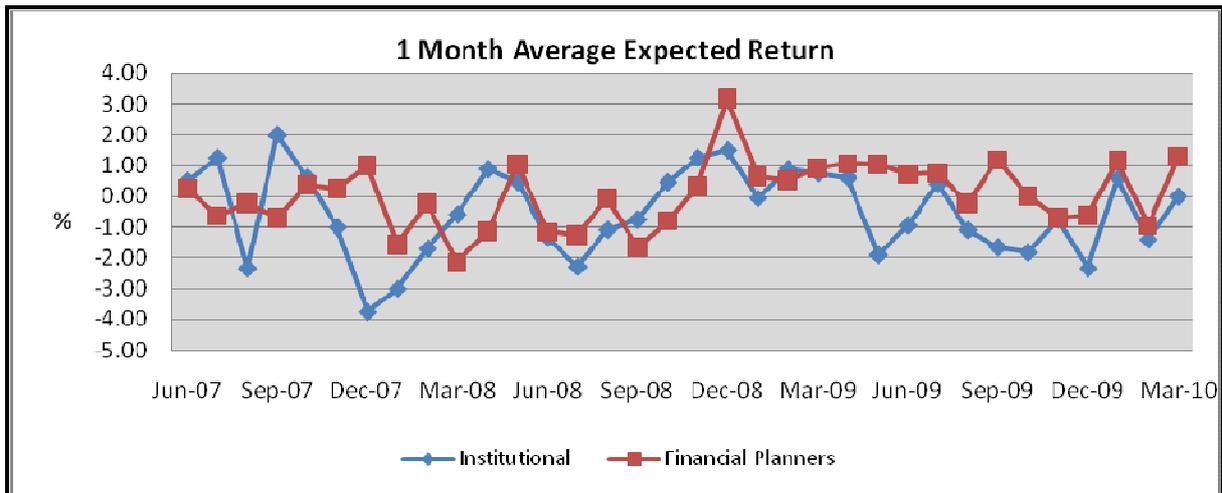


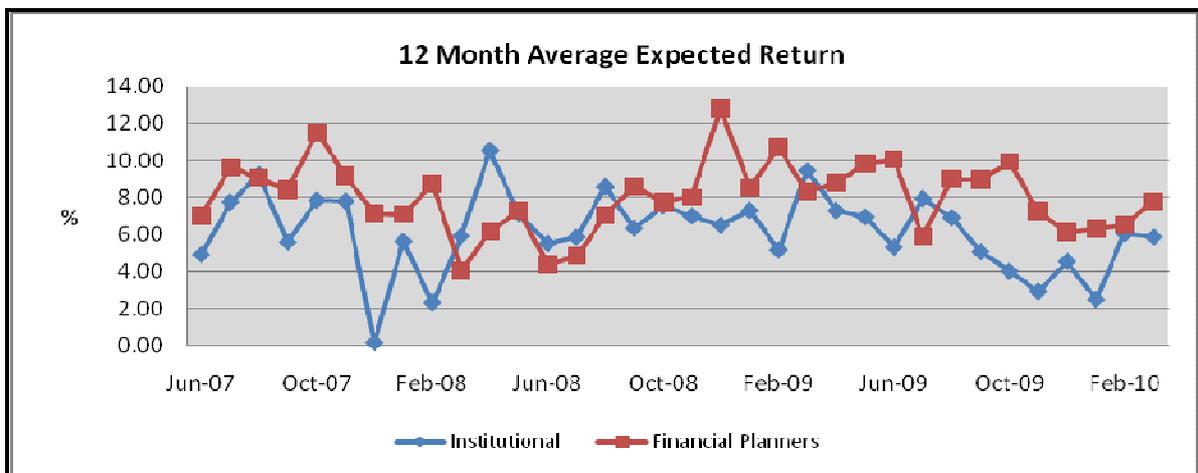
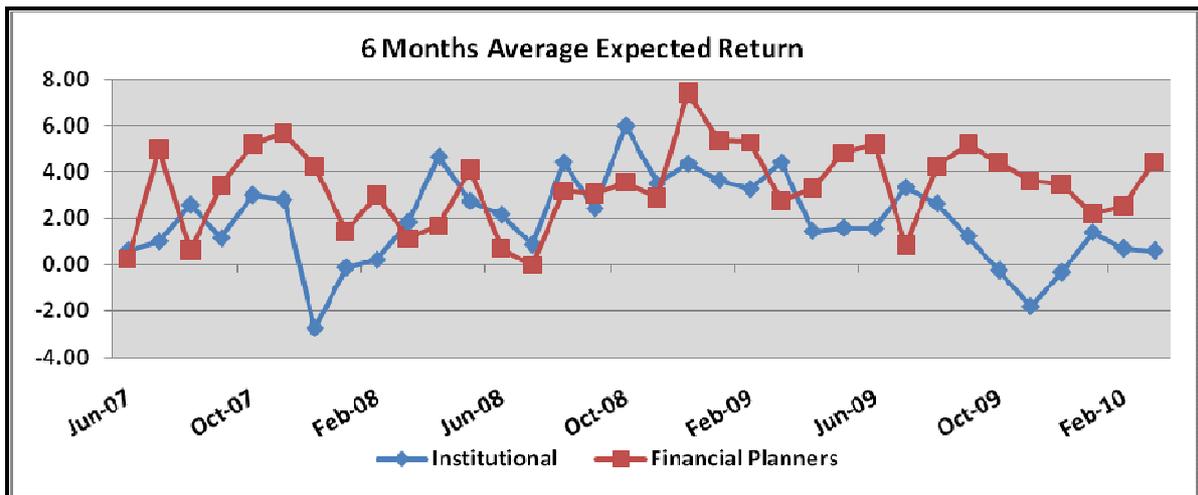
## FINANCIAL ADVISORS AND INSTITUTIONAL INVESTORS AT ODDS OVER VALUATIONS

*Results from Sanlam Investment Management (SIM) Investor Confidence Index - a monthly survey conducted by the Institute of Behavioral Finance (IBF) among institutional investors and financial advisors*

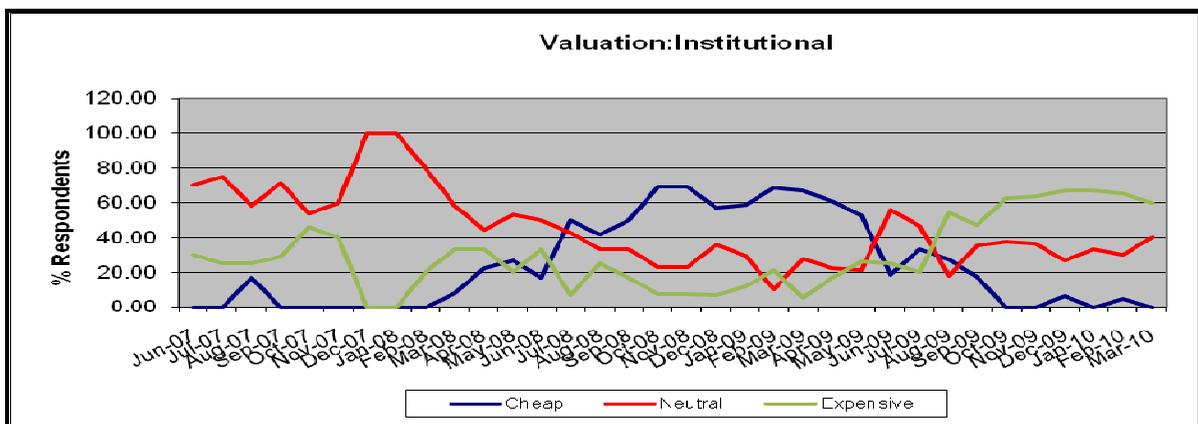
Cape Town, 23 March 2010: The March 2010 results of the Sanlam Investment Management (SIM) Investor Confidence Index (ICI) showed improved confidence among some local investors on almost every aspect measured. Very noticeable though, was that these improvements came predominantly from the financial advisors surveyed rather than from the institutional investors.

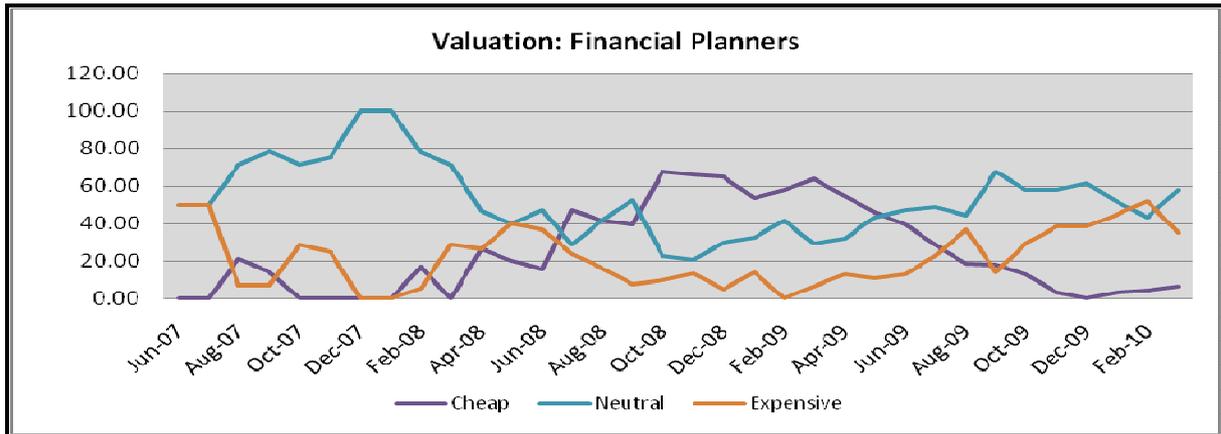
Frederick White, head of asset allocation and macro research at SIM says the results showed that financial advisors expect the market to close higher over all periods measured, from one month to one year. “Furthermore they expect this performance to be evenly spread through the year and in 12 months’ time they expect the market to close almost eight percent higher than the current level. Institutional investors on the other hand, were much more pessimistic on the outlook for market returns, expecting the market to stay near current levels for at least another six months before it starts rising and then for the market to close less than six percent higher in 12 months time.”



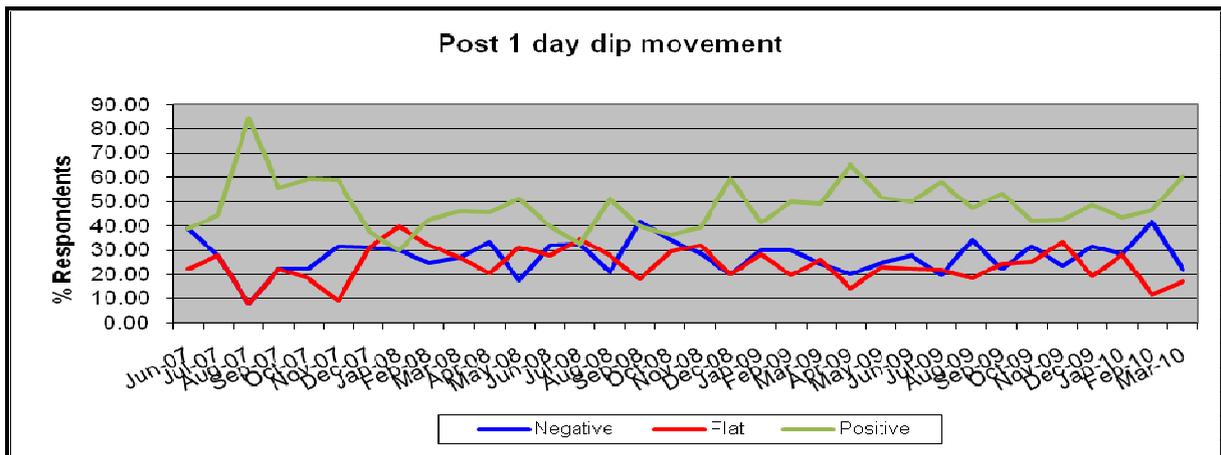


White says in addition to the improved return outlook from financial advisors, they have also turned decidedly more positive on the market's valuation. "Although a mere six percent believed the market to be too cheap (up from four percent in February), there was a marked increase in the percentage of respondents who believed the market offers fair value (58 percent of respondents – up from 43 percent in February). These came mostly at the expense of those who thought the market was too expensive (35 percent - down from 52 percent in February). Again the institutional investors did not agree with the improved assessment of market value. Among this group no one thought the market was too cheap, while 60 percent still considered it too expensive" says White.





The two aspects of the survey where the average responses from advisors and institutional investors showed reasonable agreement were the expected movement in the market on a day following a three percent decline, and the probability of a market crash. On the former, the average expectation was that the market would bounce back by nearly 0.9 percent (up from near 0.1 percent in February), while on the latter the probability of a crash was deemed to be about 14 percent (down from 16 percent in February and 20 percent in January).



“It is possible that the news flow and general market movement of the last month impacted on the improved confidence among the advisor group. At the time of the February survey, Greece was in financial trouble and investors were questioning the global economic revival. But in the last month the potential bail-out of Greece gained momentum; global economic news flow did not deteriorate any further; the foreseen earnings recovery was indeed confirmed by reported earnings (at least in the US market); and central bankers confirmed that stimulatory policies will be retained in the foreseeable future. With a potential crisis seemingly averted, it looked like the advisor group was deeming things to be ‘returning to normal’ and hence their expectations had adjusted accordingly. One should have empathy for the fact that they have to face demanding private clients on a daily basis and would find it difficult to attract new business or generate client excitement by erring on the overly negative side of expectations” says White.

White says institutional investors remain focused on valuation. "It is probably reasonable to expect this group to continue watching (and demanding) continuation of the earnings recovery to justify current market levels" says White.

Gerda van der Linde, executive director at the Institute of Behavioral Finance says the results for March 2010 still reflect the behaviour of investors in search of the "new normal" in the aftermath of the global market decline.

"For the first time financial planners feel comfortable enough to suggest expected returns reflecting the same optimism as shown six months ago. The institutional investors still lag this sentiment in the shorter terms and do not expect positive returns over the one and three months periods, but show the same positive mood as six months ago for returns over the twelve month period. The cautious approach by institutional Investors is still the dominant factor as reflected in their feedback on market evaluation."

Van der Linde says the increased optimism shown by financial advisors are also reflected in consumer confidence results published. "It is not unusual for consumer and investor sentiment to rise when stock markets goes up, and vice versa. Research confirms that sentiment is a lagging indicator. What is interesting though is that sentiment also tends to be a contrarian indicator. This may offer an explanation as to why the stock market has risen during the past few months whilst sentiment was low. Low consumer confidence is followed by high stock returns more often than it is followed by low stock returns. But take note that the same research shows that drops in consumer sentiment are more prevalent than are jumps in sentiment."

She says there is a global mood shared by institutional investors that the recent turmoil in the markets caused by various irrationalities, irregularities and excesses fundamentally altered the global financial system. There are shared feelings that - returns in the decade to come will be modest, investors will remain risk averse, regulation will increase and markets, businesses and investors will adjust slowly to the new environment - amongst others. The mood of institutional investors indicates a global sobering up in market expectations to a "new normal" of which the dimensions and magnitude is still unknown.

*\*The Sanlam Investment Management (SIM) Investor Confidence Index is conducted by the Institute of Behavioral Finance*