



27th June 2011

Weekly **sentix**TM Survey results

In our analysis of sentiment we cover the Sentix indices, which provide a welter of data on investor opinions. Given the lack of such data from a European perspective, we are pleased to work in collaboration with the Sentix team to help broaden awareness of what we believe is a unique view of sentiment on global markets.

This Week's Sentix Survey (24th June) Highlights

EQUITIES: Medium-term pessimism on the rise (Page 3)

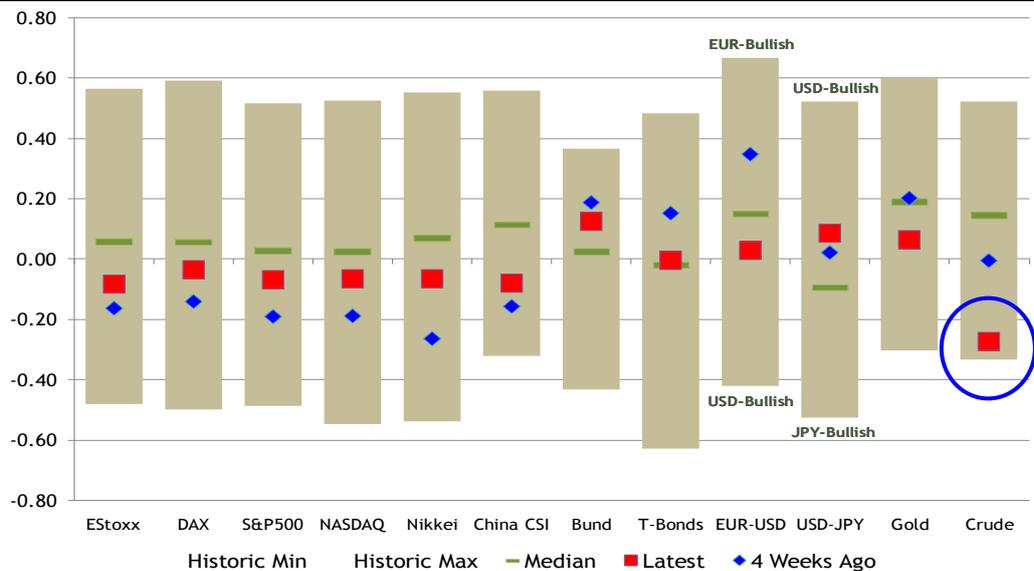
FIXED INCOME: Positioning reflecting the change in sentiment (Page 4)

FX & COMMODITIES: High pessimism evident on Crude (Page 2)

Pessimism re-ignites on Crude

The latest Sentix survey reflected the high degree of caution on equities that still appears to dominate participants thinking (and positioning), set against high optimism on bonds. On this front, despite highly positive bond sentiment, survey readings are still below recent extremes in terms of the near-term outlook for Euro-Bonds. Indeed, it is also interesting that the additional monthly questions suggest that survey participants have become a little less convinced on the attractiveness of the back end of the European yield curve (see Page 2). However, the added twist to the sentiment story this week concerns Crude, where survey readings are indicating that pessimism is now around historic extremes, after a week in which the IEAs release of strategic reserves led to a sharp pull-back in oil prices.

Chart 1: Short-term Sentiment in a Longer-term Context



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Source: ASR Ltd./Sentix

sentix™ Highlights

In this page, we highlight interesting charts from this week's Sentix survey.

The monthly questions in the latest survey focused on positioning in equities and bonds ...

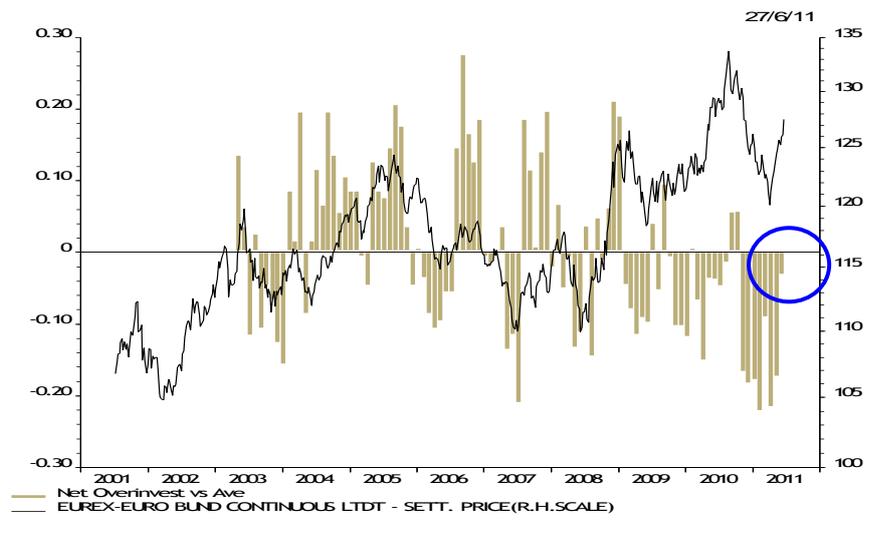
... and underlined the relative move away from equities towards bonds ...

... though there were signs that survey participants have become a little less convinced on the attractiveness of the back end of the yield curve.

Elsewhere, investors are highly pessimistic on the near and medium-term outlook for Crude Oil.

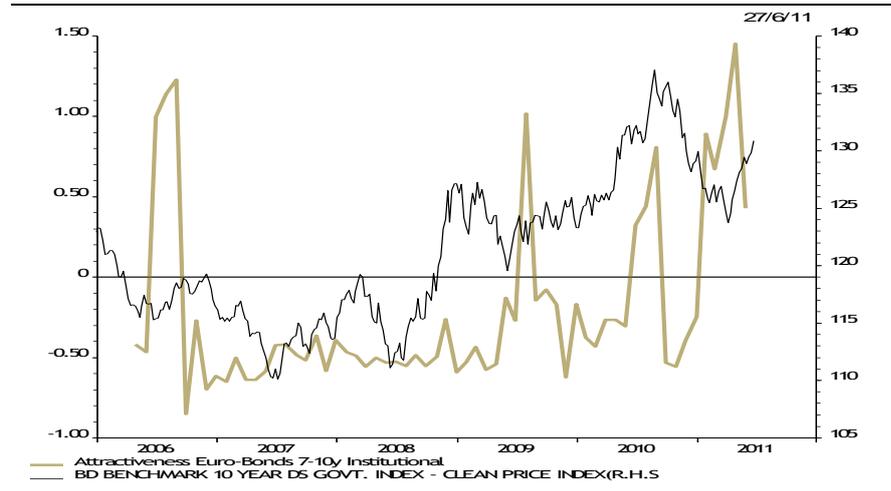
Please Note: Complete survey dataset available via Bloomberg or Sentix website (see Page 6).

Chart 2: Euro Bonds Positioning



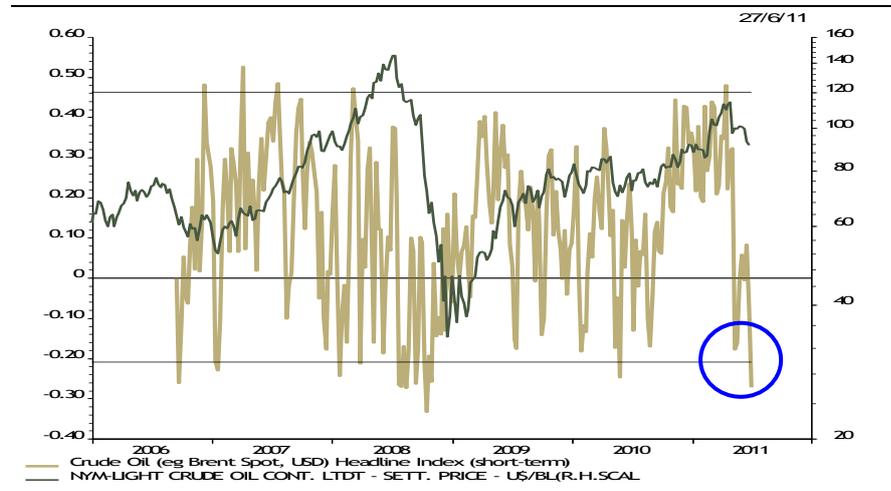
Source: ASR Ltd./Sentix

Chart 3: Euro Bonds Attractiveness - 7-10-years



Source: ASR Ltd./Sentix

Chart 4: Crude Oil Sentiment (weekly) - Short-term

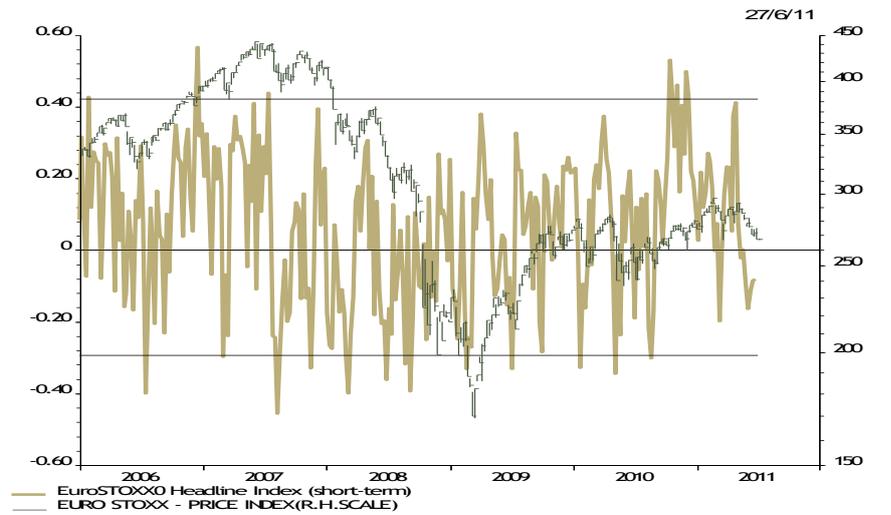


Source: ASR Ltd./Thomson Reuters Datastream (price data)/Sentix



sentix™ in Focus (I): Equities

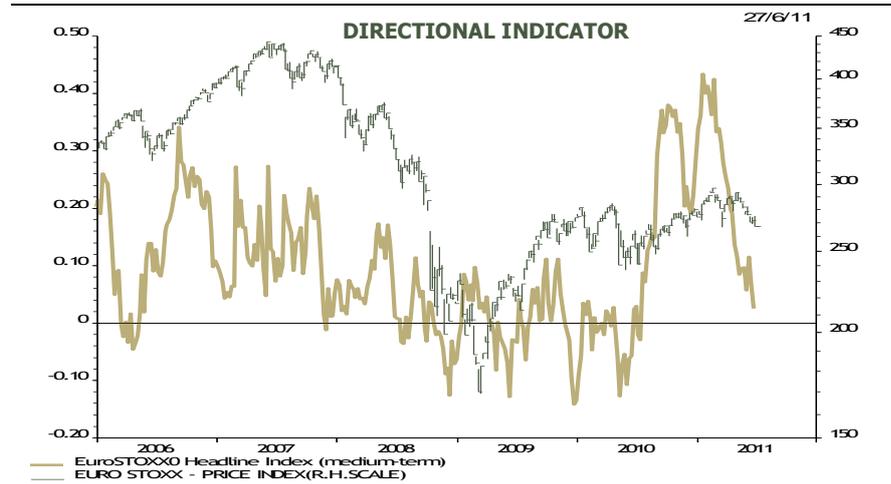
Chart 5: EuroSTOXX Sentiment (weekly) - Short-term



Source: ASR Ltd./Thomson Reuters Datastream (price data)/Sentix

While survey participants' pessimism on the near-term outlook for equities has lifted a little ...

Chart 6: EuroSTOXX Sentiment (weekly) - Medium-term



Source: ASR Ltd./Thomson Reuters Datastream (price data)/Sentix

... the latest survey suggests that negative sentiment continues to dominate on the medium-term prospects for the EuroSTOXX ...

... and is being reflected in investors positioning on European equities (see Chart 7a).

Chart 7: EuroSTOXX 'Uncertainty' (weekly) - Short & Med-term

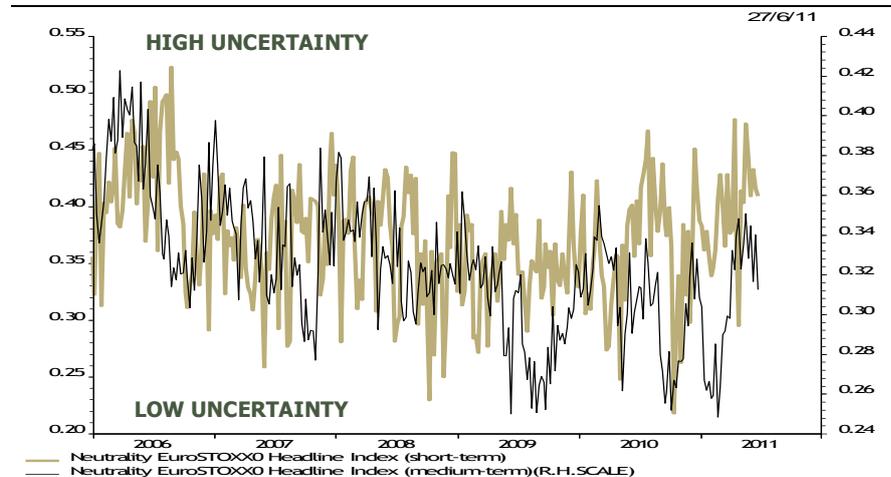
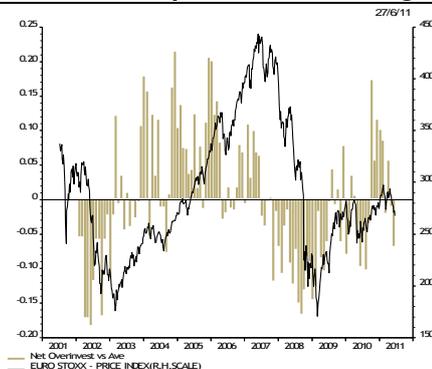


Chart 7a: Equities Positioning



Source: ASR Ltd./Thomson Datastream/Sentix

Source: ASR Ltd./Sentix

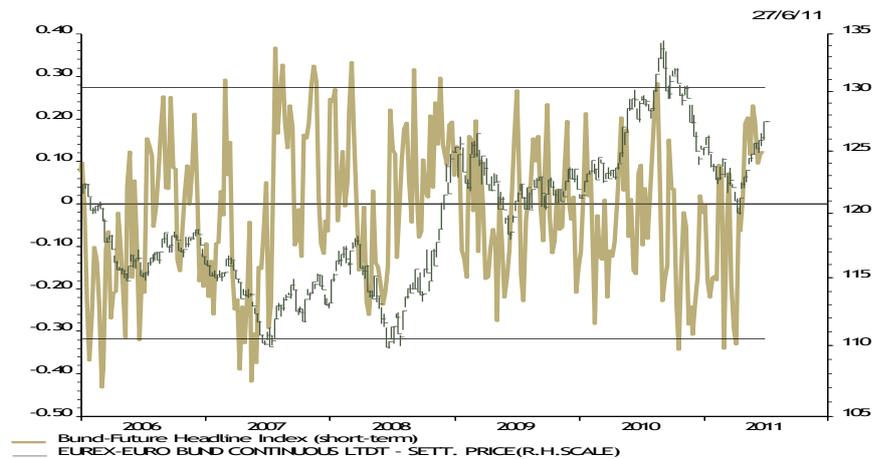


sentix™ in Focus (II): Bonds

Chart 8: Bunds Sentiment (weekly) - Short-term

Investors' optimism on the near-term outlook for European bonds, while high, remains shy of recent extremes.

While optimism remains on the medium-term (six month) prospects for Bunds ...



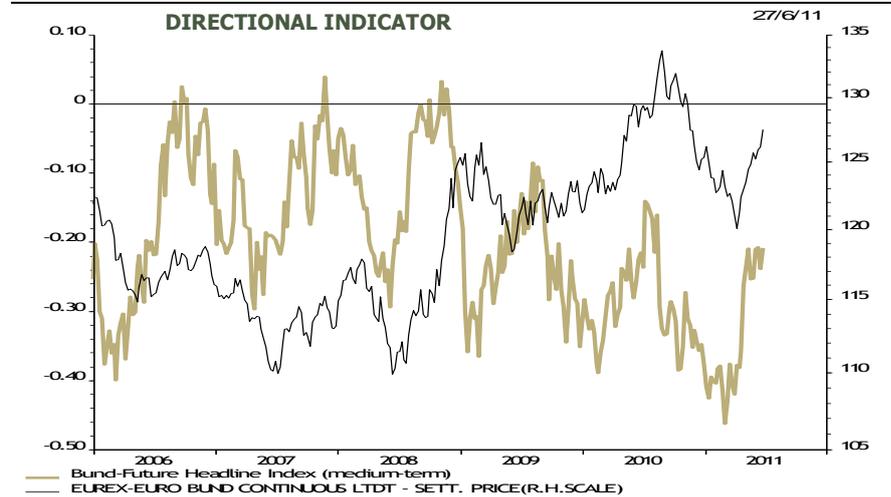
Source: ASR Ltd./Thomson Reuters Datastream (price data)/Sentix

... the upturn in survey readings has moderated in recent weeks ...

... set against a backdrop of increased uncertainty, as gauged by the neutrality index (Chart 10).

Positioning survey questions indicate that investors' under-investment in bonds has dropped back markedly.

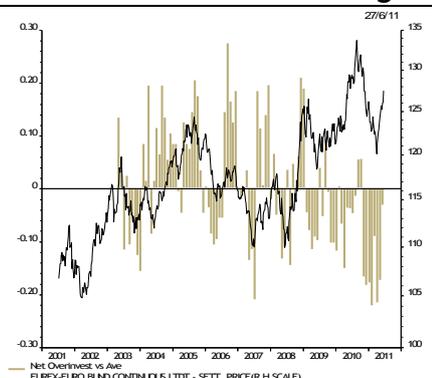
Chart 9: Bunds Sentiment (weekly) - Medium-term



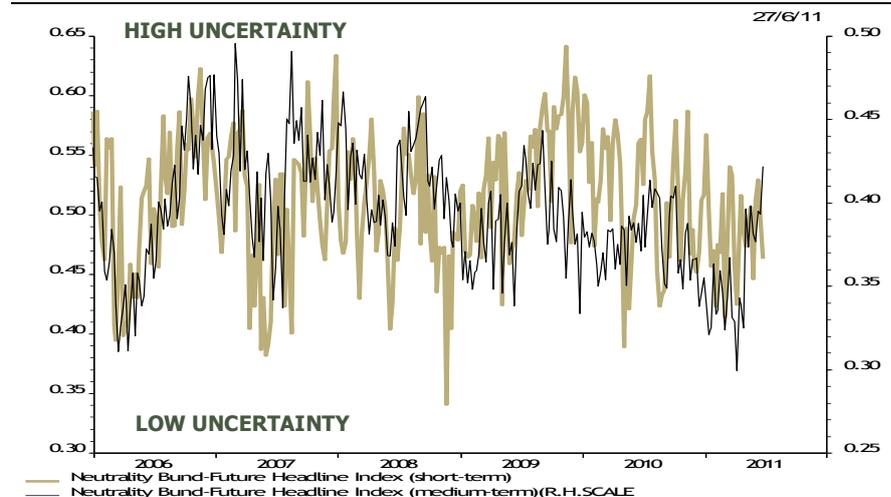
Source: ASR Ltd./Thomson Reuters Datastream (price data)/Sentix

Chart 10: Bunds 'Uncertainty' (weekly) - Short & Medium-term

Chart 10a: Bund Positioning



Source: ASR Ltd./Thomson Datastream/Sentix



Source: ASR Ltd./Sentix



About the **sentix™** Indicators

Given that the extensive range of Sentix indicators, we felt it worthwhile running through how Sentix themselves recommend using the series that we will cover in this report. The following provides snapshots on some of the indicators we will cover from the Sentix "quick guide".

Market Sentiment and Neutrality

Short and medium-term sentiment are different beasts ...

... as medium-term also is driven by 'valuation'.

Neutrality provides an indication on future volatility.

In our ASR analysis, we look at Neutrality in terms of investors' degree of 'uncertainty' on a market.

SHORT-TERM: "Sentiment fluctuates between optimism and pessimism in a cyclical fashion. You find the same behaviour with the short-term sentix sentiment indicators."

MEDIUM-TERM: "Additionally to the short-term sentiment, you get a medium-term sentiment, reflecting the expectations of investors on the medium-term. This medium-term sentiment behaves completely different than short-term sentiment, as medium-term expectations are not only driven by price and emotions, but also by valuation."

NEUTRALITY: "The Neutrality indices measure the percentage of investors who are neutral and therefore neither bullish nor bearish. This can imply two things: the investor expects a sideways trend or is irritated and cannot decide what market direction to expect."

"Low Neutrality = investors' understand the market, move is exhausted = volatility to fall.

High Neutrality = high irritation or complacency in a sideways move = volatility to rise."

SECTOR SENTIMENT: "... allows you to see which equity sectors are in the favour of the investors. The data is published as a normalised Z-Score, so the different sentiment can be compared directly."

We will also cover the Sentix **STYLES** eg Small Cap versus Large Cap; Equity and Bond **POSITIONING**; in our Highlights page.

For a more detailed explanation of the Sentix indicators, we would direct readers to their website. <http://www.sentix-index.com/>





About sentix™

In our work in analysing sentiment trends in our weekly *Essentials* product, we cover the sentix indices, which provide a welter of data on opinions among European investors. Given the lack of such data on Europe, we were keen to work in collaboration with the sentix team to help broaden awareness of what we believe is an important and unique view of European investor opinion.

We would stress that our views on the survey are independent and that we have received no compensation for this work.

The survey itself has been compiled since 2001, and now has more than 3,000 registered participants (25% are institutional), of which almost 1,000 take part weekly. This provides an overview of sentiment on equity indices, bonds, exchange rates and both Oil and Gold. Additional monthly questions also look at the likes of positioning, bond preferences and sector sentiment.

Additionally, as well as short-term sentiment, the sentix survey also looks at investors' opinions on the medium-term. This can behave very differently to short-term views, as medium-term sentiment is not only driven by price and emotions, but also reflects investors' perception of valuations.

For those interested in participating in the survey itself, or finding out more on the work of sentix, their website address is:

<http://www.sentix-index.com/>

1,000 survey participants weekly.

A view of short-term and medium-term investor opinion ...

... on 12 markets, as well as 19 European sectors (monthly).



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