

57th Edition



MARKET SENTIMENT SURVEY



December 2024

There are two types of forecasters: those who don't know
and those who don't know they don't know

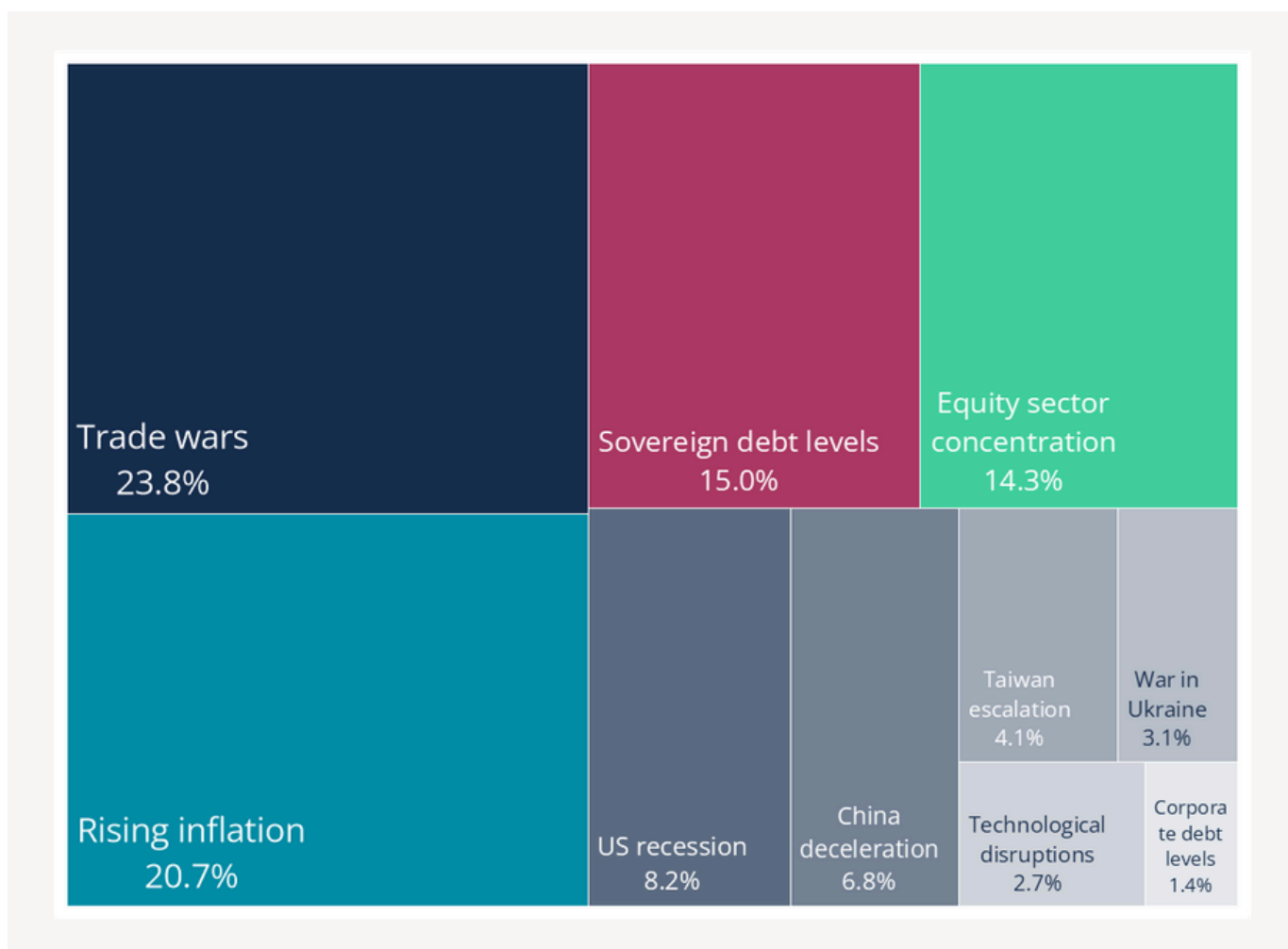
The ARC Market Sentiment Survey is a quarterly poll of our investment management community examining the 12 month outlook for the major asset classes and sectors.

Thank you for participating in this 57th edition.

TOP 3 RISKS

With 2024 nearly behind us, what are your top three risks facing investment markets in 2025 and beyond?

- Trade wars emerge as the single largest concern (23.8%), reflecting fears of escalating protectionism and its impact on global supply chains.
- Rising inflation (20.7%) remains front of mind, underscoring lingering unease about persistent price pressures and monetary policy responses.
- Sovereign debt levels (15.0%) reflect concerns about mounting fiscal imbalances, particularly as governments grapple with post-pandemic borrowing.
- Equity sector concentration (14.3%) points to unease over valuations and the dominance of a few sectors or companies, creating potential systemic risks.



OVERVIEW

QUARTER 4 2024

98 firms completed the survey this quarter.

Conviction Watch tracks the degree of sentiment towards the main asset classes, comparing the current conviction levels with those recorded 12 months ago.

The colour of the dial indicates positive, neutral or negative sentiment. The needles show the level of conviction compared to 12 months ago.

CONVICTION MONITOR

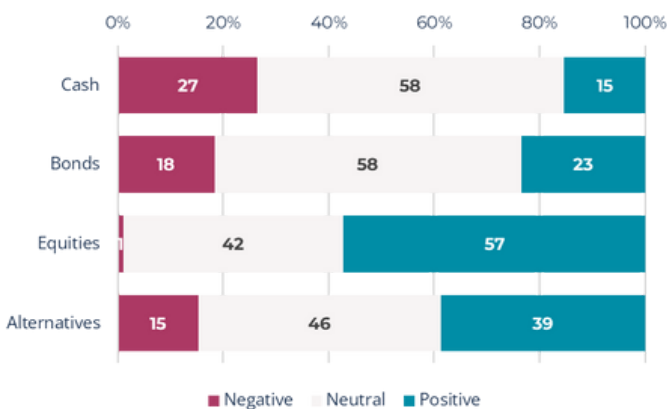


Positive net sentiment >10% positive
 Neutral net sentiment between -10% and +10%
 Negative net sentiment >10% negative

Degree of current conviction
 Conviction level 12 months ago

ASSET CLASSES

SENTIMENT OVERVIEW



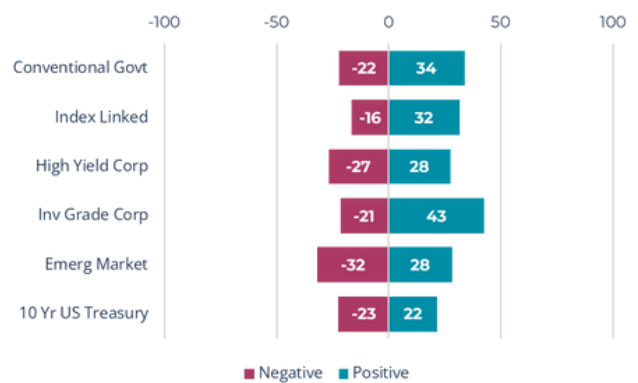
BALANCE OF SENTIMENT



CURRENCIES



BONDS



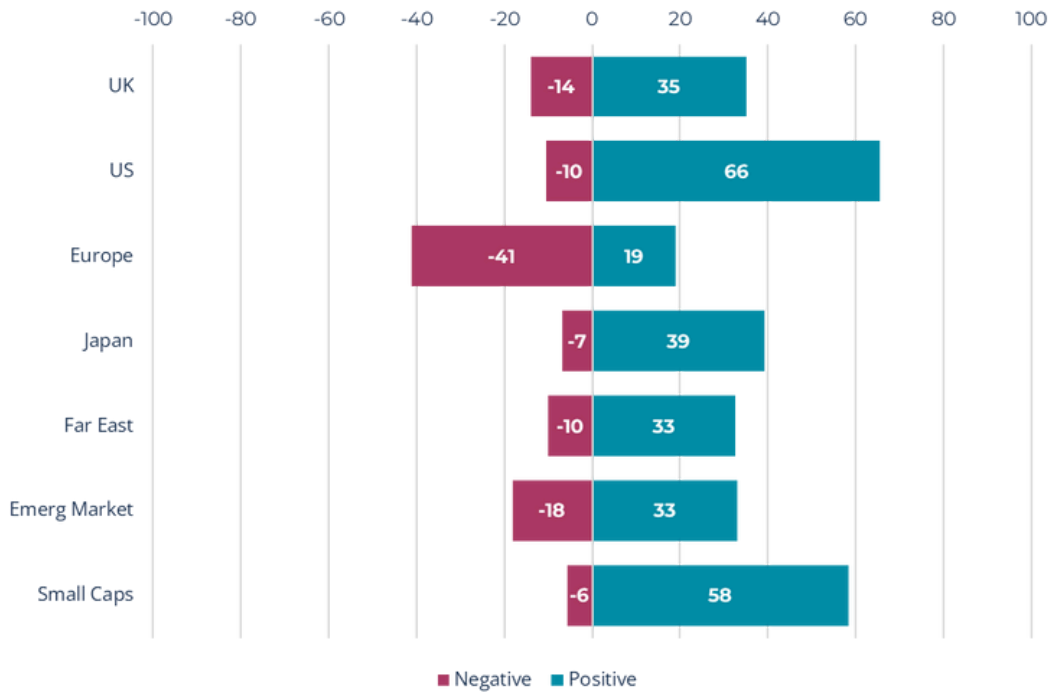
ALTERNATIVES



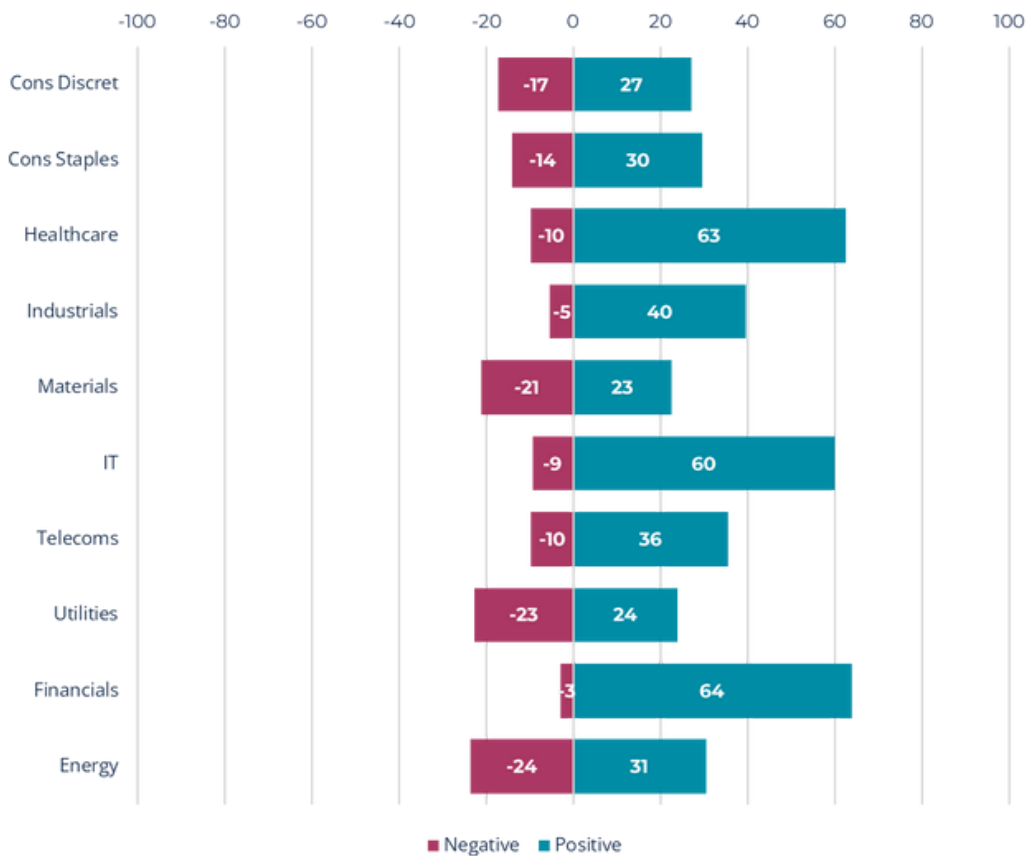
OTHERS



EQUITIES - REGIONS

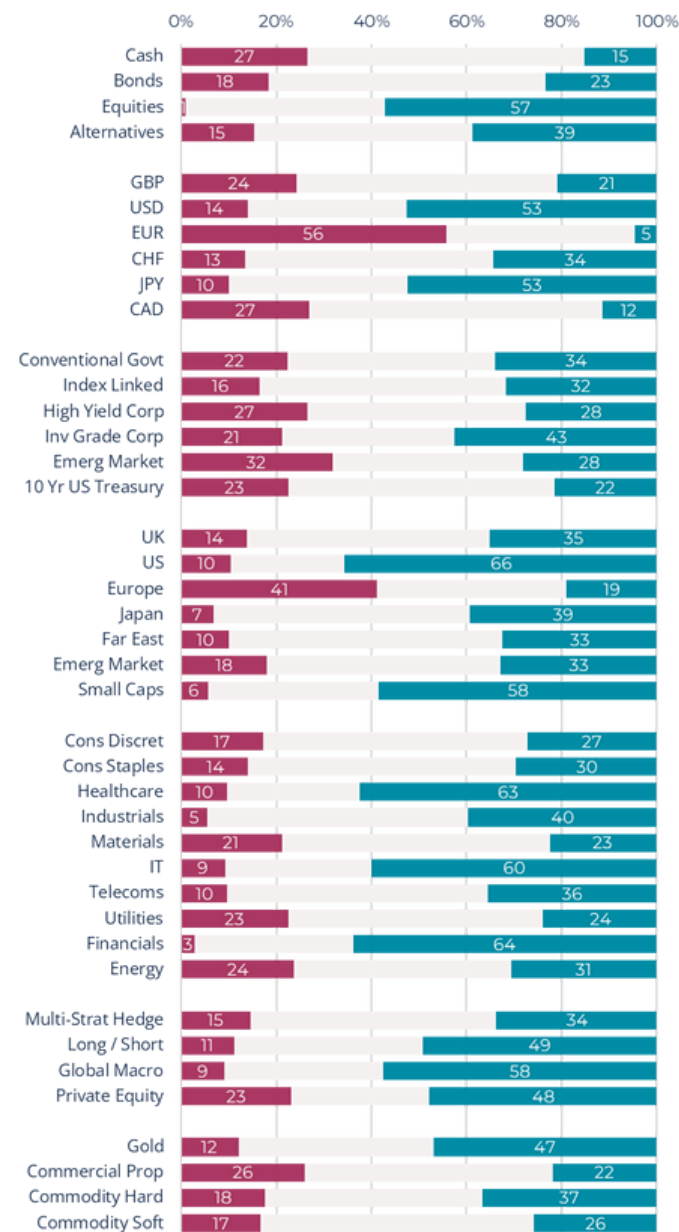


EQUITIES - SECTORS

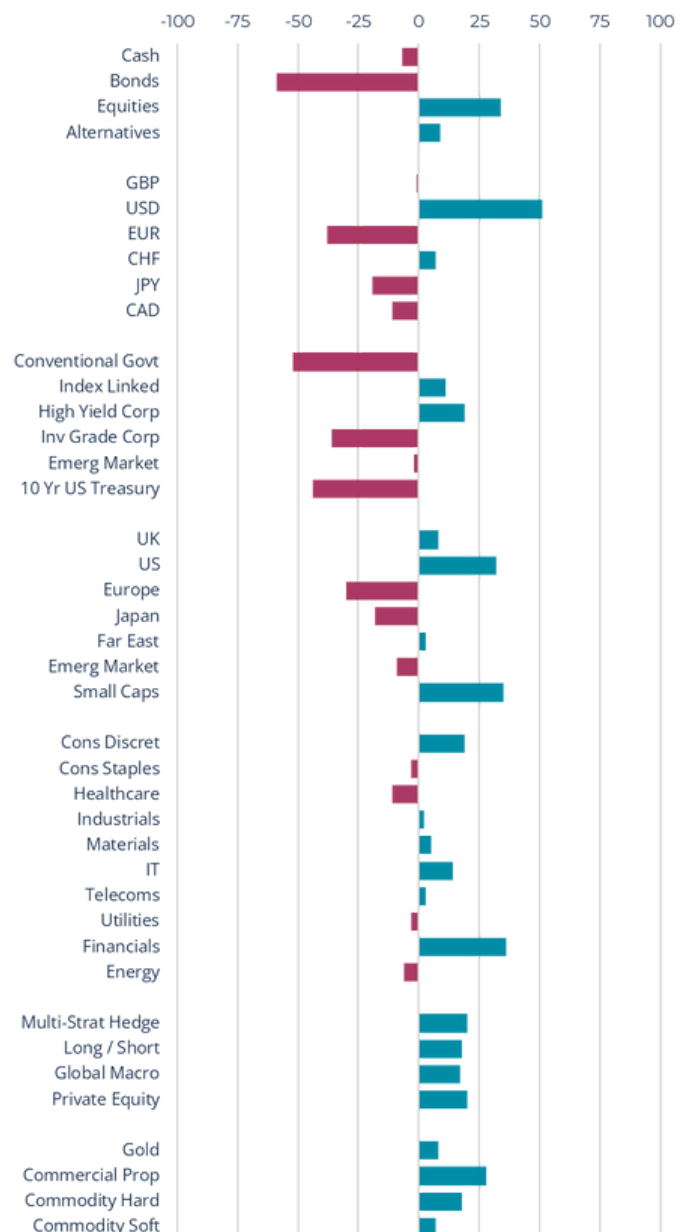


ALL CATEGORIES

SENTIMENT OVERVIEW



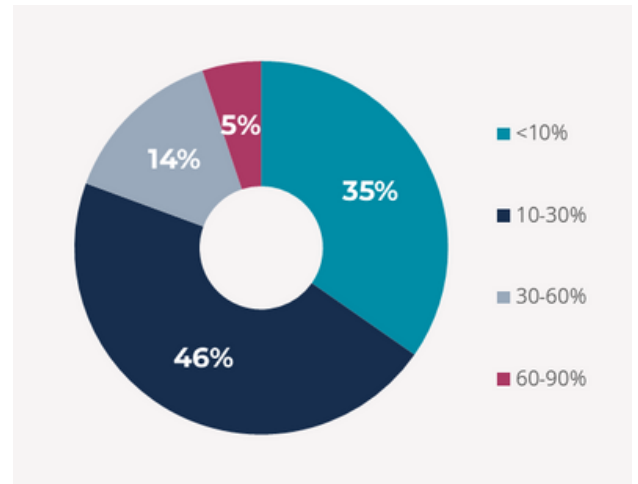
CHANGE FROM Q4 2023



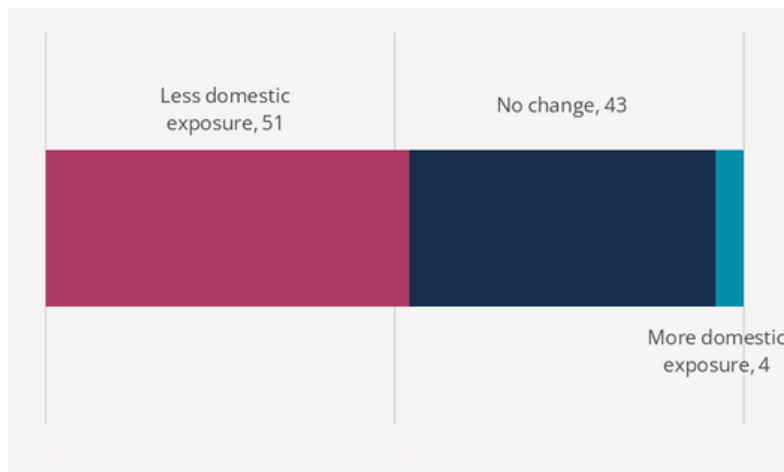
DOMESTIC EQUITY EXPOSURE

AT A STRATEGIC ASSET ALLOCATION LEVEL, WHAT IS YOUR APPROXIMATE SPLIT BETWEEN DOMESTIC AND NON-DOMESTIC EQUITY EXPOSURE FOR A TYPICAL "STEADY GROWTH" STRATEGY?

81% of the peer group have less than 30% domestic exposure.

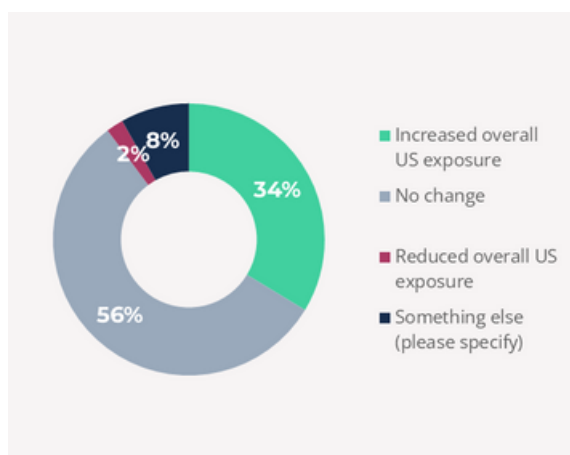


HOW HAS THIS CHANGED FROM 5 YEARS AGO?



Just over half of participants have seen a decrease in domestic exposure over the last five years.

HOW HAS YOUR INVESTMENT POSITIONING CHANGED AS A RESULT OF THE US ELECTION?



43% took some action as a result of the US election.

Of those that took "other" action, the most common response was allocating to small-cap equities.

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