

Date:	31 May 2013	STOCKMARKET SENTIMENT							DATE RANGE				SENTIMENT INDICATION		
DAILY READINGS:		Now	-1	-2	-3	-4	-5	-6	Days Since Highest	2 Yrs	Days Since Lowest	Positive	Neutral	Negative	
VIX - "Fear Gauge"	↓	13.6%	8.8%	9.6%	8.7%	7.3%	7.5%	6.9%	08-Aug-11	662	14-Mar-13	78			↓
Bull/Bear Ratio	↓	95%	94%	94%	100%	98%	87%	94%	28-May-13	3	04-Oct-11	605			↓
Money Market Ratio	→	26%	20%	16%	19%	15%	17%	16%	26-Nov-12	186	04-Apr-12	422			↓
RSI Indicator - S&P 500	→	57%	75%	72%	82%	76%	77%	82%	08-Feb-12	478	04-Aug-11	666			↑
RSI Indicator - FTSE 100	→	46%	54%	51%	70%	58%	65%	97%	29-Jan-13	122	02-Aug-11	668			↑
%age Stocks > 50 DMA - NY	→	73%	81%	80%	85%	82%	83%	84%	03-Feb-12	483	08-Aug-11	662			↓
%age Stocks > 50 DMA - UK	→	75%	77%	75%	84%	78%	80%	89%	25-Jan-13	126	10-Aug-11	660			↓
WEEKLY READINGS:		Now	-1	-2	-3	-4	-5	-6	Weeks Since Highest	3 Yrs	Weeks Since Lowest	Positive	Neutral	Negative	
Investment Media	↓	91%	89%	83%	79%	78%	79%	82%	29-Apr-11	109	21-Oct-11	84			↓
Investment Advisors	↓	89%	96%	100%	96%	89%	86%	82%	17-May-13	2	23-Jul-10	149			↓
Private Investors	→	67%	61%	41%	25%	0%	6%	16%	14-Jan-11	124	03-May-13	4			↓
Fund Managers Equity %	→	75%	79%	81%	77%	78%	68%	68%	01-Feb-13	17	07-Oct-11	86			↓
Lipper Mutuals & ETF Flow	↓	81%	92%	70%	60%	50%	42%	56%	01-Feb-13	17	19-Aug-11	93			↓

### How to Interpret our Stockmarket Sentiment Readings

**Purpose & Objective:** At Financial Themes we believe it essential to monitor a broad range of Stockmarket Sentiment Indicators so that we can formulate our own view on how the various stockmarket participants are responding to ever changing market conditions. Knowing how to interpret this data is vital to our success and requires a high degree of counter intuitive thinking. We treat such information in a **Contrarian** fashion believing that when the general public, the financial media and investment advisors are all measurably very Bullish, we are usually approaching a "Market Top". When the inflow of Money is at its highest a correction will often follow. Whereas Sentiment and Money inflow are usually extremely low at a "Market Bottom". Timing such a correction can still prove difficult to predict and would recommend Sentiment Analysis should not be used in isolation. We use this data to support our multi-faceted approach towards research across all markets to aid and improve our decision process. The Sentiment Indication table (top right) plots each reading across a spectrum ranging from Positive to Negative.

#### DAILY SENTIMENT READINGS

**VIX** - Often referred to as the "Fear Gauge" this indicator is used to measure "Implied Volatility" via the pricing of Index Options traded in the stockmarket. Specifically, the index is used to forecast future volatility in the months ahead. In a Contrarian sense implied volatility will be very low at Market Tops

**Bull/Bear Ratio** - Created by dividing the amount of money invested in funds which will profit if markets rise into funds which will profit if markets fall. This usefully provides a measure of where sentiment lies. If the ratio is very high most investors expect the market to rise. Which implies there are few

**Money Market Ratio** - This indicator measures the way in which private investors will transfer their holdings into Money Market funds when they fear stockmarkets will fall and will transfer out of MM funds when they expect stockmarkets to rise. The Money Market Ratio will be extremely low near a

**RSI Indicators** - These measure the change in price momentum, measuring the relative price of a Stock/Index to its normal price range to determine whether the asset is relatively too strong (i.e. too high) or too weak (i.e. too low). Implying that the asset will likely correct. Too high and the asset will

**%age Stocks > 50 DMA** - A reliable indicator that measures the percentage number of stocks above their 50 Day Moving Average. A healthy market would see more than 50% of stocks above their 50 DMA. Extremely high/low readings would imply that stockmarkets have gone too far and usually a correction

#### WEEKLY SENTIMENT READINGS

**Investment Media** - A weekly survey of the numerous articles by financial Journalists where opinions as to the direction of stockmarkets can be recorded. High readings will appear when the majority of financial journalists advocate stockmarket investments as

**Investment Advisors** - Similar to the Investment Media, weekly Opinion Polls canvas Investment Advisors as to their outlook (and in turn their recommendations to their clients) regarding the stockmarket. Sadly their opinions, particularly when reaching

**Private Investors** - Private Investor Opinion Polls are prolific within the Investment Community. Often completed by the keen amateur, they measure the private investors' opinion on Stockmarkets. Ranging from Bullish to Bearish they will often hit extreme

**Fund Managers Equity %** - This indicator measures the aggregate percentage that Fund Managers hold in the Stockmarket within the Fund(s) they manage. Viewed as an inverse fuel gauge for the market, extremely high readings imply that there is little fuel

**Lipper Mutuals & ETF Flow** - Lipper is a financial company that provides weekly data on the flow of money in/out of all US Retail Investment funds including Mutual funds and ETFs. Studying the flow of money into and out of funds helps to determine how retail