

Latest Ally Invest Survey: Independent Investors Optimistic About Fourth Quarter

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Survey Highlights

- Majority anticipate FAANGs to "meet" or "exceed" street expectations, but many ready to "unfriend" Facebook
- One-quarter of survey respondents report investing in FAANGs primarily through ETFs
- "Domestic political environment" and "market overvaluation" top market concerns

In the latest quarterly survey by Ally Invest, the investing arm of Ally Financial Inc., independent investors expressed optimism about the future strength of the U.S. stock market going into the fourth quarter of 2018. The results of the in-house survey, conducted by Ally Invest from September 26 - Oct 3, 2018, prior to recent market declines, are based on responses from approximately 240 independent investors.

Investor sentiment for the FAANG stocks (Facebook, Amazon, Apple, Netflix, Google) likewise appears largely positive. Amazon, Apple, Google, and Netflix continue to garner strong investor confidence with 72%, 68%, 63% and 60% of respondents (respectively) expecting them to either meet or exceed earnings expectations. The outlier? Investors are approaching Facebook's earnings with apprehension as only 38% of respondents say they believe the company will meet or exceed expectations.

"While we've certainly seen an increase in market volatility in recent days, the results of this latest survey reveal a relatively strong sense among those surveyed that the market still has room to run," said Rich Hagen, president of Ally Invest. "Our data suggests investors believe the market is likely to continue its growth trajectory and that the FAANG stocks, for the most part, will continue to deliver positive corporate earnings."

Bullish Sentiment Tops Bearish Sentiment by more than 30 Points

The quarterly survey reported 47% of investors have a bullish market outlook, up slightly from 39% in July. Bearish sentiment dropped slightly to 14% from 16% last quarter. While the numbers indicate a more positive direction in sentiment, they are still significantly below the 76% bullish/3% bearish numbers reported in January.

Takeaways

Sixty-one percent of investors are looking to corporate earnings to help drive the market upward. That figure is slightly up from 56% last quarter and well above the next key market drivers: accelerating growth at 38% and tax reform and the unemployment rate, both tied at 31%. As for market worries, the domestic political environment and market overvaluation topped the survey responses at 64% and 55%, respectively. Both increased from the previous quarter when they were 51% and 41%, respectively.

Outlook Holds Mostly Steady on FAANG Earnings

Here is how expectations for meeting or exceeding estimates on the FAANG stocks compared with last quarter's outlook:

Facebook – The majority of respondents believe it is not expected to "Meet" market estimates

- Fail to meet street expectations: 31%
- Only 29% said they expect the stock to meet its street estimates, down from 31% back in July 2018

Amazon – A slight increase in "Meet," but a decline in "Exceed" versus last quarter

- Meet street expectations: 21%, up from 17%
- Exceed street expectations decreased to 39% from 50% in July

Apple – Decrease for "Meet" and up for "Exceed" versus last quarter

- Meet street expectations: decreased to 30% from 37% back in July
- Exceed street expectations: rose from last quarter to 34% from 23%

Netflix – "Meet" increased while "Exceed" decreased versus last quarter

- Meet street expectations: 30%, up from 24%
- Exceed street expectations: 26%, down from 34%

Google - "Meet" increased slightly while "Exceed" dropped versus last quarter

- Meet street expectations rose by one point to 33% from 32% last quarter
- Exceed street expectations dipped: 24% compared to 30% in July

ETFs help investors gain holdings in FAANG stocks

A full quarter of the total respondents indicated they chose to invest in the FAANG stocks through exchange-traded investment funds (ETFs). When asked why, their top reasons were that it allows them to buy a portion of the stocks at an affordable price and it helps them to diversify their portfolios.

Results of the survey are for informational purposes only and not intended as investment advice. Investing involves risk. Thus, before investing you should consider what is suitable given your particular circumstances or seek professional advice.

About Ally Financial Inc.

Ally Financial Inc. (NYSE: ALLY) is a leading digital financial services company with assets of \$171.3 billion as of June 30, 2018. As a client-centric company with passionate customer service and innovative financial solutions, Ally is relentlessly focused on "Doing it Right" and being a trusted financial partner for its consumer, commercial, and corporate customers. Ally's award-winning online bank (Ally Bank, Member FDIC and Equal Housing Lender) offers mortgage-lending services and a variety of deposit and other banking products, including CDs, online savings, money market and checking accounts, and IRA products. Ally also promotes the Ally CashBack Credit Card. Additionally, Ally offers securities brokerage and investment advisory services through Ally Invest. Ally remains one of the largest full-service auto finance operations in the country with a complementary auto-focused insurance business, which together serve approximately 18,000 dealer customers and millions of auto consumers. Ally's robust corporate finance business offers capital for equity sponsors and middle-market companies.

For more information and disclosures about Ally, visit <https://www.ally.com/#disclosures>.

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