ASSET ALLOCATION
IPE QUEST EXPECTATIONS INDICATOR

IPE Quest
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▲ **Rise** ↑ Positive shift (from last month)
■ **Stable** – No view
▼ **Fall** ↓ Negative shift (from last month)

IPE polled 61 asset managers this month on their six to 12-month views on regional equities, global bonds and currency pairs as shown below. A summary of the survey appears on page 84.

		EQUITIES					BOND PRICES				CURRENCIES		
	Location	US	Euro-zone	Japan	Asia	UK	$	¥	£	€	$/€	$/¥	$/£
Actiam	Neth	■↓	■↓	■↓	■↓	■↓	■↑	■↑	■↑	■↑	▲	▲	▲
AllianceBernstein	US/UK	▲	▲	■↓	■	■	▲	▲	▼↓	■	■↓	■↓	■↓
Allianz Global Investors	Ger/UK	■↓	▲	■↓	■↓	▲	▼	■	▼	▼	■↓	▲	■
Allspring Global Investments	US/UK	▲	▲	▲	■	■	▼	■	▼	■	▲	▲	■
Amundi Asset Management	Fra	■	■	■	■	■	▼	■	▼	▼	▲	▲	▼↓
Apo Asset Management	Ger	▲↑	▲↑	▲↑	▲↑	▲↑	■	▼	■↑	■↑	■	▼↓	■
Bankhaus Lampe	Ger	–	■	–	–	–	▼	▼	▼	▼	■	▲	■↓
BankInvest	Den	■	■	■	■	■	▼	■	▼	■	▲	▲	▲
Bank J. Safra Sarasin	Swi	▲	■↓	▲	▲↑	■↑	▼	■	▼	▼	▼	▼	▼
Bantleon Bank	Swi	▲	▲	▲	▲	–	▼	–	–	▼	■	–	–
Berenberg Wealth & Asset Mngt.	Ger	▲	▲	▲	▲	▲	▼	■	▼	▼	▼↓	■	▼↓
BNY Mellon Inv. Mngt. EMEA	UK	▲	▲	▲	■	■	▼	▼	▼	▼	■	■	■
CBL Asset Management	Lat	■	■	–	–	–	▼	–	–	▼	■	–	–
Columbia Threadneedle Inv.	US	■	■	■	■	■	■	■	■	■	■	■	■
CPR Asset Management	Fra	▼	■	■	▼	▼	▼	▼	▼	▼	▲	▼	▲
Crédit Mutuel Asset Mngt.	Fra	■	■	■	■	■	▲	■	–	▲	■	■	■
Currency Research Associates	US	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼
DWS Investment	Ger	■↓	■↓	■	▲	■	▼	■	▲	■	▼	▼	■↑
Econopolis Wealth Management	Bel	▲	▲	▲	▲	▲	▼	■	▼	▼	▼	■	■
Edmond de Rothschild AM	Fra	■	■	▲	■	■	▼	■	▼	▼	▲	▼↓	▲↑
Erste Asset Management	At	■	■	■	■	■	▼	■	▼	▼	▲	▲	■
Eurizon Capital	It	▲↑	▲↑	▲↑	▲↑	▲↑	▼	▼	▼	▼	▲	▲	▲
Fideuram Asset Management	It	■	▲	▲	▲	■	▼	■	▼	■	▲	▲	▲
Fonditel	Spa	■	■	■	■	▲↑	▼	▼	▼	▼	■	■	▼
Franklin Templeton Inv. Solutions	UK	▲	■	▲	▼	■	▼	■	■↑	■	■	■	■
Generali Investments Europe	Ger/It	▲	▲	▲	▲	▲	▼	▼	▼	▼	▲	▼	■↓
GNB Gestao Activos	Por	▲↑	▲↑	▲	▲	▲↑	▼	■	▼	▼	▲	▲	■
Graphene Investments	Fra	■↓	■↓	▲	▲↑	▼↓	▼	■	–	–	▲	▲	▲
Groupama Asset Management	Fra	■↓	■	■	■	–	■	–	–	■	■	■	–
Irish Life Investment Managers	Ire	▲	▲	▲↑	▲	▲↑	▼	■	▼	▼	▼	■↓	■↑
Janus Henderson Investors	UK	■	▲↑	▲↑	■	■	▼	▼↓	▼	▼	■↓	■↓	▲

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	$	¥	£	€	$/€	$/¥	$/£
La Française AM	Fra	▼	▼	▼	▼	▼	■	■	■	■	▼	▼	▼
LGT Capital Partners	Swi	▲	▲	▲	■	▲	▼	▼	▼	▼	■	■	■
Lyxor Asset Management	France	■↓	▲	▲	■	■	▼	■	▼↓	▼	■	■	■
Mandarine Gestion	Fra	■	■↓	■	■↓	■↓	▼	▼↓	▼	–	▲↑	■	■
Manulife Investment Mngt.	US	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
MEAG		▲	▲	▲	▲	▲	▼	▼	▼	▼	▼↓	■↓	■↓
Medical Strategy	Ger	■	■	▲↑	▲↑	■	■↓	■	■	■	■↓	■	■↓
MFI Asset Management	Ger	■↓	■↓	■↓	■↓	■↓	■↑	■↑	▼	■↑	▼	▼	▼
Morgan Stanley Inv. Mngt.	UK/US	▼	■	■	■	■	■	■	■	▼	▼	▼	▼
Muzinich & Co.	UK	■	■	■	■	■	▼	■	▼	▼	▲	▲	▲
Ninety One	UK	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	▲	▲↑	▲
NN Investment Partners	Neth	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Northern Trust Asset Mngt.	US	▲	▲	▲	▲	▲	■	■	▲↑	■	■	▼↓	■
Nuveen	US	▲	▲	▲	▲	▲	▼	▼↓	▼↓	▼↓	■	■	■
Oddo BHF Asset Management	Ger	■↑	▲	▲	■	■	▼	■	▼↓	▼	▲↑	▲↑	■
OFI Asset Management	Fra	■	■	■	■	■	▼	■↑	▼	▼	▲↑	■	■
ONE Swiss Bank	Swi	▲	▲	▲	▲	▲	▼	▼↓	▼	▼	▲↑	▲↑	■
Ostrum Asset Management	Fra	■	■	▲	▲	■	▼	■	▼	▼	▼↓	▲↑	■
Patrizia	Ger	▲	▲	▲	▲	▲	▼	■	▼↓	■	▲↑	■	■↓
Pictet Asset Management	Swi	■	▲	■	■	▲	▼	▼	▼	▼	■	■	▲
PineBridge Investments	US	▲	▲	▲	■	■↓	▼	■	▼↓	■	▼	■	■
Putnam Investments	US/UK	■	▲	▲	■↓	■	▼	▼	▼	▼	■	▲↑	▼↓
Russell Investments	US	▲	▲	■↓	■	▲	▼	■	▼	▼	▼	■	■↑
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	▲	■	■	▲	■
SEB Investment Management	Swe	▲	■	▼↓	▲↑	■	▼	■	▼↓	▼	▲↑	▲↑	■
Swiss Life Asset Managers	Swi	▲↑	▲↑	■	■	■	▼	■	■↑	■↑	▲	▲	■
Tokio Marine Asset Mngt.	Jap/UK	▲	▲	▲	▲	▲	▼↓	■	■↓	■	■	■	■
Unigestion	Swi	▲	▲	▲	▼	▲	▼	▼	▼	▼	▼	▼	▼
Union Bancaire Privée	Swi	▲	▲	▲	▲	▲	▼	■	▼	▼	▲↑	▲↑	▲↑
Union Investment	Ger	▲	▲	▲	▲	▲	▼	■	▼	▼	■	■	■
% predicting rise (previous month)		50 (57)	56 (58)	59 (60)	44 (43)	42 (41)	5 (8)	2 (3)	5 (7)	2 (3)	36 (32)	36 (34)	21 (29)
% predicting stability (previous month)		42 (36)	39 (39)	34 (37)	46 (49)	49 (52)	15 (11)	63 (66)	16 (22)	32 (28)	39 (44)	42 (47)	60 (51)
% predicting fall (previous month)		8 (7)	5 (3)	7 (3)	10 (8)	9 (7)	80 (81)	35 (31)	79 (71)	66 (69)	25 (24)	22 (19)	19 (20)

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A year like no other

IPE's sentiment statistics for 2021 are highly unusual. First, they were moving closely together, with one exception – confidence in Japanese bonds remained an outlier throughout the year, with the gap with other areas increasing steadily. Second, all statistics moved in the same direction – sideways for equity, relentlessly downwards for bonds, reaching record levels of negative expectations at the end of the year. Third, the neutral vote in all areas went sideways or slightly up, while going down for bonds, so that during 2021 uncertainty on equity surpassed that on bonds, ending the year upside-down.

Nothing could change these trends – not a different US presidency, a threat of a new civil war in Ireland, COVID-19, injection campaigns, not even COP26. Political risk was excluded in a year when climate change started to loom large in the financial sector, entailing enormous amounts of political risk. Do investors believe themselves safe behind their green portfolios? Who will the green companies sell to if climate change disrupts the global economy?

Asset allocation

Net equity sentiment is slightly lower but remains close together in the EU and Japan. It fell more steeply for the US. The UK score is a bit of an outlier. The neutral vote went down in all areas except the US. It is still relatively high in the UK.

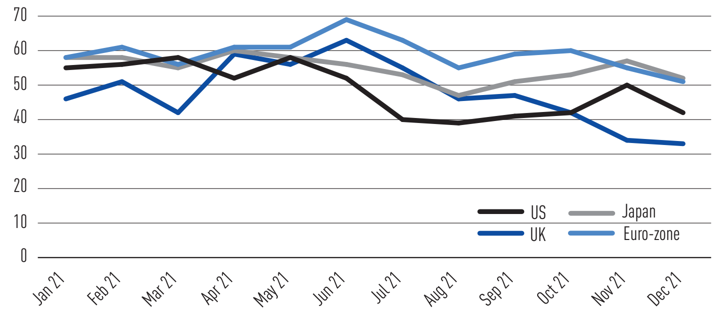
Net bond sentiment has set new record lows except in the EU, with Japan following the general trend at a much higher level. Uncertainty is up somewhat, except in the UK.

Country allocation

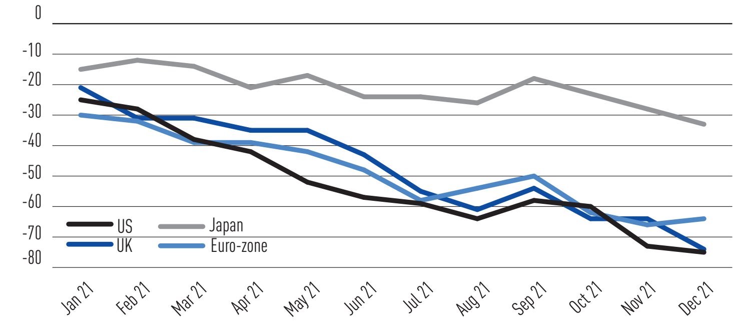
In all areas, confidence in equity is high and stable with moderate to low uncertainty. In month-to-month terms, this pattern is the most pronounced in the EU and Japan, while that of the UK is conforming the least. One factor may be the EU-UK Trade and Cooperation Agreement, which comes into effect on 1 January 2022, with accompanying fears of rising tension in Northern Ireland.

PETER KRANEVELD, INTERNATIONAL PENSIONS ADVISER, PRIME BV

Net sentiment equities



Net sentiment bonds

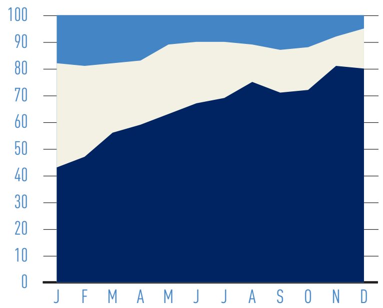


KEY FOR EXPECTATIONS GRAPHS

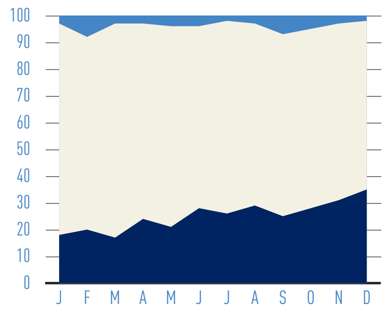
- % of managers expecting rise
- % of managers expecting stability
- % of managers expecting fall

Each month, IPE polls asset managers on their six to 12-month views on regional equities, global bonds and currency pairs as shown below. **For more details see pages 82 and 83**

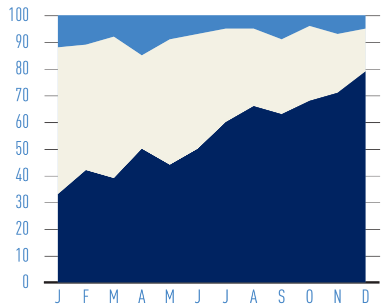
$ BONDS



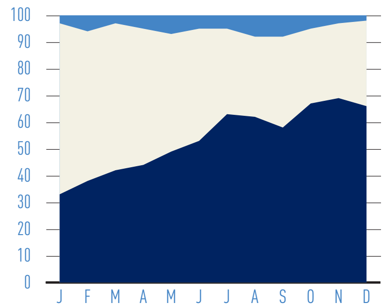
¥ BONDS



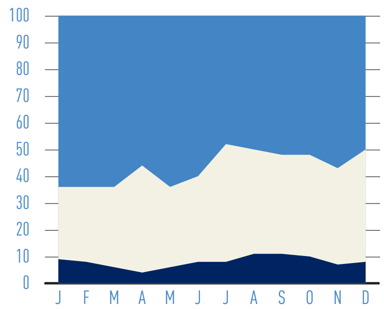
£ BONDS



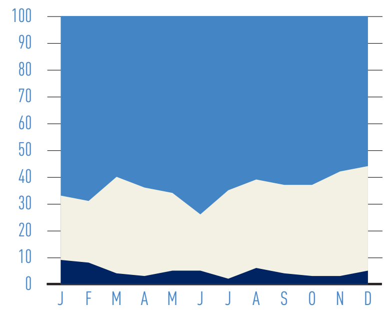
€ BONDS



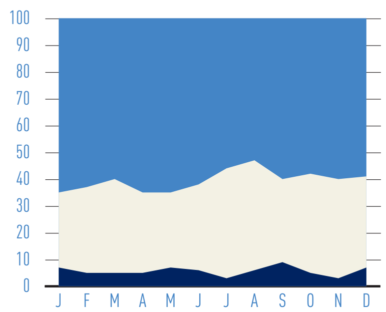
US EQUITIES



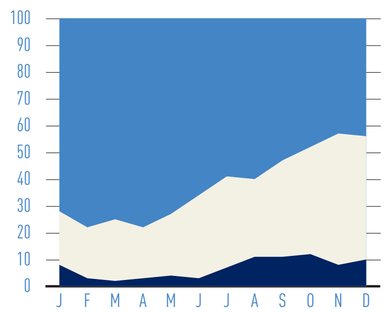
EURO-ZONE EQUITIES



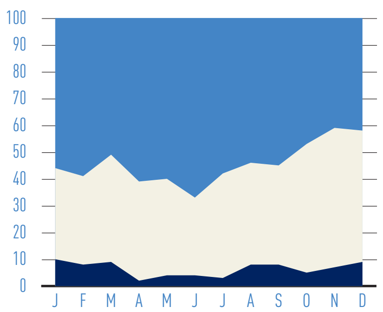
JAPAN EQUITIES



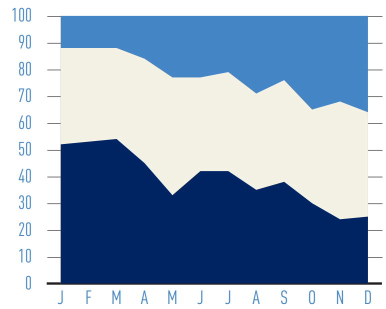
ASIA EQUITIES



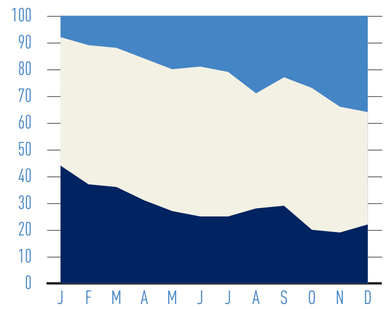
UK EQUITIES



$/€



$/¥



$/£