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 62 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 80.

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

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	$	¥	£	€	$/€	$/¥	$/£
Janus Henderson Investors	UK	▲↑	▲	▲	▲	▲	▼	■↑	▼	■↑	■	■	■
La Française AM	Fra	▲	■	■	▲	■	▲	■	▲	■	▼	▼	▼
LGT Capital Partners	Swi	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
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	▲	▲	▲	▲	▲	▼	■↑	▼	▼	■↑	▼↓	▼
Northern Trust Asset Mngt.	US	▲	▲	▲	▲	▲	▲	▲	▲	▲↑	▲↑	■	■
Nuveen	US	▲	▲	▲	▲	▲	■↑	■↑	■↑	■↑	■	■	■
Oddo BHF Asset Management	Ger	■↓	▲	▲	■↓	▲	▼	▼↓	▼	▼	▼↓	▲↑	■↓
OFI Asset Management	Fra	■	■	■	■	■	■	■	■	■	■	■	■
Ostrum Asset Management	Fra	▲	▲	■↓	■↓	■↓	▼↓	■	▼↓	▼↓	■	▲	▲↑
Patrizia	Ger	▲	▲	▲	▲	▲	▼	■	■	■	▲	■	▲
PGIM Fixed Income	US	▲	▲	▲	▲	▲	▲	▲	▲	▲	▼	▼	▼
Pictet Asset Management	Swi	▼	■	▲	■↓	■	▲	■	■	■	■	■	▲
PineBridge Investments	US	▲	▲	■	▲	▲	▼↓	■	■	■	▼	■	■
Putnam Investments	US/UK	▲	▲	▲	▲	■↓	■	■	■	■	■	■	▲↑
Russell Investments	US	▲	▲	▲	▲	▲	▼	■	▼	▼	▼	■↑	■
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	▲	■	■	▲	■
SEB Investment Management	Swe	■	■	▼	▲	■	▼	■	■	▼↓	■	■	■
Swisscanto Inv. (Zürcher Kanton.)	Swi	▲	▲	▲	▲	▲	▼	■	▼	▼	■	▼	▼
Swiss Life Asset Managers	Swi	▲	▲	▲	▲	▲	■	■	■	■	▲	▲	■
Tokio Marine Asset Mngt.	Jap/UK	▲	■↓	▲↑	▲↑	▲	■↓	■	■↓	▼↓	▲↑	■↓	▲↑
Unigestion	Swi	▲	■	▲	▲	■	▼	▼	■	■	▼	■	▲
Union Bancaire Privée	Swi	▲	▲	▲	▲	▲	▼↓	■	▼	■	▼	▼	■↑
Union Investment	Ger	▲	▲	▲	▲	▲	▼	■	▼	▼	■	■	■
Wells Fargo Asset Management	US/UK	▲	■	■	▲	■	▼	■	■↑	■	▼	▼	▼
% predicting rise (previous month)		64 (56)	66 (64)	65 (65)	73 (78)	60 (61)	11 (17)	4 (3)	9 (15)	7 (5)	23 (16)	20 (16)	24 (18)
% predicting stability (previous month)		30 (30)	29 (33)	28 (30)	23 (19)	36 (37)	26 (24)	75 (73)	47 (35)	44 (51)	44 (39)	53 (53)	47 (43)
% predicting fall (previous month)		6 (4)	5 (3)	7 (5)	4 (3)	4 (2)	63 (59)	21 (24)	44 (50)	49 (44)	33 (45)	27 (31)	29 (39)

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Preparing for higher interest rates

COVID-19 infection rates are still rising in the US and Japan, hopefully on the verge of decreasing in the EU and low in the UK. The positive trend in global infection rates is more than undone by a strong rise in infections in parts of Asia. With the exception of the UK and Israel, vaccination has not progressed to the stage where it has a discernible influence on infection rates.

With the influence of Brexit on sentiment stabilising, political risk – other than lockdown measures – seems to have little material influence on sentiment.

Asset allocation

Net equity sentiment reached record levels again and converging to the point that there is a seemingly unanimous positive or neutral view on equity.

Net bond sentiment is inversely correlated and seeking ever lower levels, especially in the US. The best explanation may be an increasing expectation of a rate hike, although there is no trace of such fears in net equity sentiment. Even in Japan, analysts are losing faith in bonds.

Country allocation

This month's figures show virtual unanimity among analysts. This increases the importance of political and economic risk for country allocation.

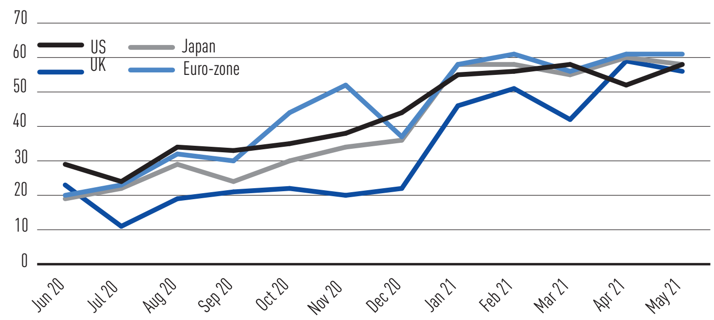
US net equity sentiment recovered last month's loss, aligning it with the other areas. Political risk is negligible. Even a renewed war in the Ukraine would not have a large direct effect, although it would influence Russia's medium and long-term economic future.

The pattern in the EU is the same as in the US. Political risk is concentrated in disputes related to the Irish/UK border. The UK net bond sentiment shows a slightly flatter curve, possibly a remaining worry over a Brexit-induced recession.

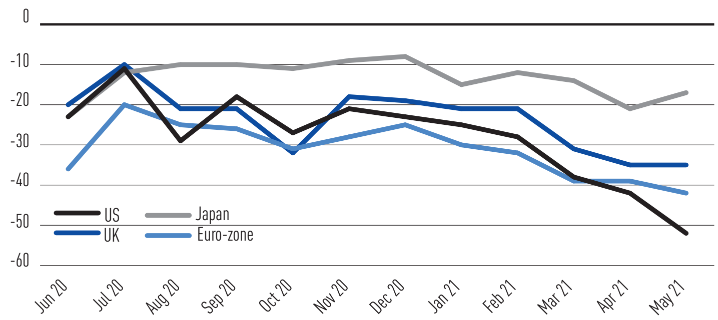
Figures for Japan are basically stable for equities as well as bonds. The gap between the two is by far the largest in the last 12 months. East Asia remains a likely area for an unexpected political crisis.

PETER KRANEVELD, INTERNATIONAL PENSIONS ADVISER, PRIME BV

Net sentiment equities



Net sentiment bonds



KEY FOR EXPECTATIONS GRAPHS

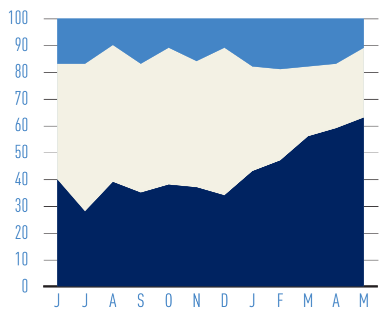
% of managers expecting rise

% of managers expecting stability

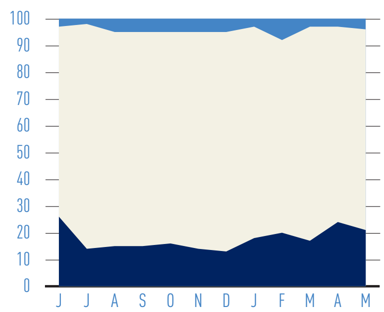
% of managers expecting fall

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 78 and 79

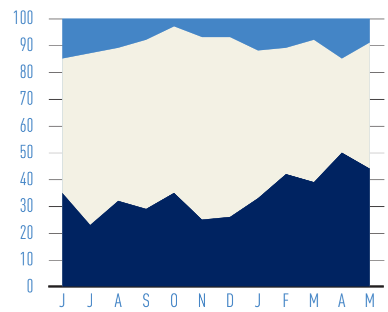
$ BONDS



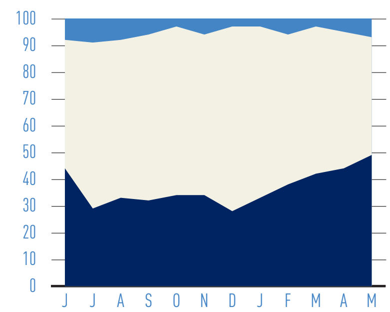
¥ BONDS



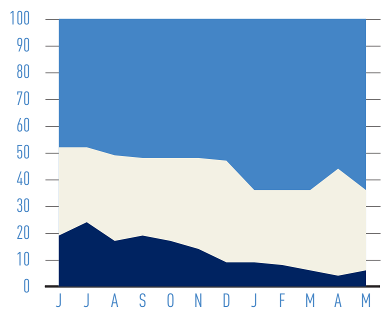
£ BONDS



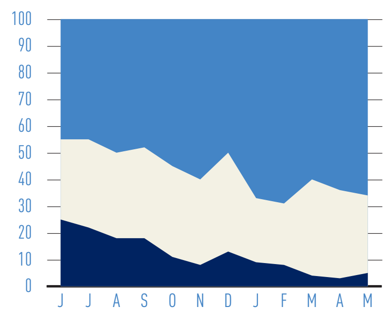
€ BONDS



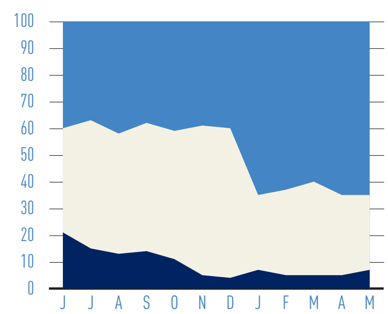
US EQUITIES



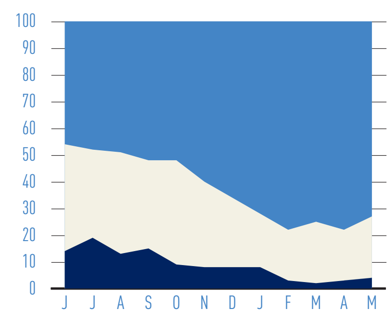
EURO-ZONE EQUITIES



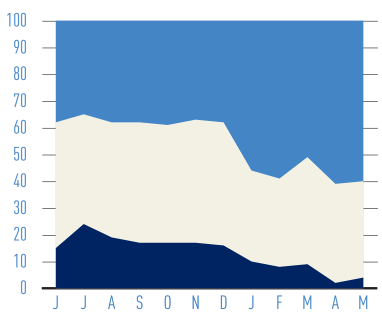
JAPAN EQUITIES



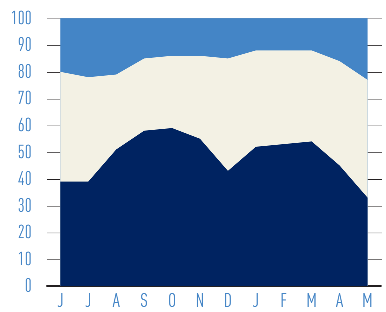
ASIA EQUITIES



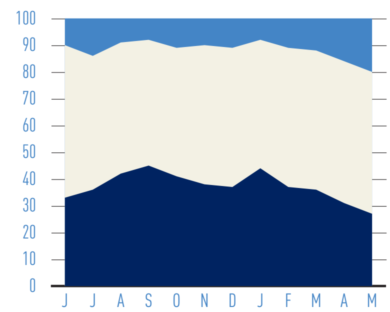
UK EQUITIES



$/€



$/¥



$/£