

ASSET ALLOCATION

IPE QUEST EXPECTATIONS INDICATOR

▲ Rise ↑ Positive shift (from last month)

■ Stable – No view

▼ Fall ↓ Negative shift (from last month)

IPE polled 66 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.

Location		EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Actiam	Neth	▼	▼	▼	▼	▼	■	■	■	■	▼↓	▼↓	▼↓
Aegon Asset Management	Neth	■	■	■	■	■	■	■	■	■	■	■	■
A.G. Bisset Associates	US	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼
AllianceBernstein	US/UK	■↑	■↑	■↑	■	■	▲↑	■	■	■	▲↑	■	■
Allianz Global Investors	Ger/UK	■↑	■↑	■↑	■	■↑	■	■	■	■	▲	■	▲
Amundi	Fra	▼	▼	■	■	▼	▼↓	▼↓	▼↓	▼↓	▼↓	▼	▼↓
Apo Asset Management	Ger	▲	▲	▲	▲	▲	■	■	▲↑	■	■	■	■
Avana Invest	Ger	▼	▼	▼	▼	▼	■	■	▲	■	▼	■	■
Bankhaus Lampe	Ger	-	-	-	-	-	▲↑	▲↑	▲↑	▲↑	■	▲	▲
Bank Julius Baer & Co.	Swi	▲↑	▲↑	▲↑	▲↑	▲↑	■↑	■	■↑	■↑	■	■	■↑
Bank J. Safra Sarasin	Swi	■	▲↑	■	▲↑	■	▼	▼↓	▼	▼	▼	▼	▼↓
Banque Profil de Gestion	Swi	▼↓	▼↓	▼↓	▼↓	▼↓	■	■	■	■	▼	▼	▼
Bantleon Bank	Swi	▲	▲	▲	▲	-	■↑	-	-	■↑	■↑	-	-
BayernInvest	Ger	■↓	▲	▲	▲	▲	▼	■	■	■	▼↓	■	■
Berenberg Wealth & Asset Mngt.	Ger	▲	▲	▲	▲	▲	▼↓	■	▼	▼	▼	■	▼
BNP Paribas Asset Management	Fra	▲	▲	▲	▲	▲	■↑	■↑	▲↑	■↑	▼	▼	▲↑
BNY Mellon Inv. Mngt. EMEA	UK	-	-	-	-	-	■	-	-	-	■	■	■
CBL Asset Management	Lat	▼	▼	-	-	-	▲↑	-	-	■	▼	-	-
Columbia Threadneedle Inv.	US	■	▲↑	▲	▲	▲↑	■	■	■	■	■	■	■
Crédit Mutuel Asset Mngt.	Fra	■	■↓	■	■↓	■	■	■	■	■	▲	■↑	■
DWS Investment	Ger	■↓	▲	■↓	▲	▲	■	■	■	■	■	■	■
Eagle Asset Management	US	▲↑	■	■↑	▲↑	■	▲	■↓	■↓	■↓	■↓	■↓	■↓
Econopolis Wealth Management	Bel	▼↓	▼↓	▼↓	▼↓	▼↓	■	■	■	■	▼	▼	▼
Edmond de Rothschild AM	Fra	▼↓	■↑	■	▲	■	■↑	■	■↑	▲↑	▼	▼	▼
Erste Asset Management	At	■	■	■	■	■	▲	■	▲	▲	▲	■	▼
Eurizon Capital	It	▲↑	▲↑	▲↑	▲↑	▲↑	■	■	■	▼	■	▼	■
Fideuram Investimenti	It	▲	■	■	■	▼	▲	■	▲	■	▲	■	▲
Fonditel	Spa	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	■	■	▲↑
Franklin Templeton Multi-Asset	UK	▲	▼	▼	■	▲	■	■	■	■	■	■	■
Generali Investments Europe	Ger/It	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
GNB Gestao Activos	Por	▲	▲	▲	▲↑	▲	■↓	■	■	▲	■	■	■↑
Graphene Investments	Fra	■	■↑	■	▼↓	▼↓	-	-	-	-	▼↓	■	▲
Groupama Asset Management	Fra	■↓	▲↑	■	■	■	■	■	■	■	■	■	■

		EQUITIES					BOND PRICES				CURRENCIES		
Location		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Investec Asset Management	UK	▲	▲	▲	▲	▲	▼	■	▼	▼	▲	■	▼
IPM Informed Portfolio Mngt.	Swe	▼	▲	■▲	▲	■	▲	▼	▼	▼	▼	▼	▼
Irish Life Investment Managers	Ire	▲	■	■	▲	▼↓	■▲	■▲	■▲	■▲	▼↓	▼↓	■▲
Janus Henderson Investors	UK	▲	▲	▲	▲	▲	▲	■	■	■	■▲	▲	▲
La Française AM	Fra	▲	■	■	▼	■	■	■	■	▲	■	■	■
LGT Capital Partners	Swi	▲	▲	■	▼	■	▼	▼	▼	▼	▲	▼	■
MEAG		■	■	■	■	■	■	■	■	■	▼↓	▼↓	▼↓
MFI Asset Management	Ger	▼↓	▼↓	▼↓	▼↓	▼↓	■▲	■▲	■▲	■▲	▼	▼	▼↓
Morgan Stanley Inv. Mngt.	UK/US	▲	■▼	■▼	■▼	■▼	▼	■	■	■	▼	▼	▼
Muzinich & Co.	UK	▲	▲	▲	■▲	■▲	■▼	■	■	■	■▼	▲	▲
NN Investment Partners	Neth	▲	▲	▲	■▲	■	■	■	■	■	■	■	■
Northern Trust Asset Mngt.	US	▲	▲	▲	▲	▲	■▼	■	■	■	■	■	■
Nuveen	US	■	■▼	■▼	■▼	■▼	■▲	■▲	■▲	■▲	▲	▲	▲
Oddo BHF Asset Management	Ger	■	▲	▲	▲	▲	■	■	■	■	▼	■	▼
OFI Asset Management	Fra	■	■	■	■	■	■	■	■	■	■	■	■
Ostrum Asset Management	Fra	▼	▼	■▲	■	▼	■	■	■	■	▲	▲	■
Patrizia	Ger	■	■	■	■	■	▼	■	■	■	▼	▼	▼
Pictet Asset Management	Swi	■	■	■▲	■	■	▲	■▲	■	■▲	■	■	■
PineBridge Investments	US	▲	▲	■▲	■	■▲	■▼	■	■	■	▼	▼	■
Principal Global Investors	US	▲	▲	▲	▲	▲	▼	▼	▼	▼	▲	▲	▲
Putnam Investments	US/UK	▼↓	▼↓	▼↓	▼↓	▼↓	▼	▼	▼	▼	■▼	▲	▲
Quantix Commodities	US	▼	▼	▼	▼	▼	▼	■	▼	▼	▲	▼	▲
Russell Investments	US	▲	▲	▲	▲	▲	▼↓	■	▼↓	▼↓	■	▼	▼
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	▲	■	■	▲	■
SEB Investment Management	Swe	▲	▼↓	■	▲	■	▼	■▲	■▲	■▲	▼	▼	▼
Stone Harbor Inv. Partners	US	▼↓	■▼	■▼	■▼	■▼	■▲	■	■▲	■▲	▼	▼	■
Swisscanto Inv. (Zürcher Kanton.)	Swi	▲	■▼	▲	▲	■▼	▲	■	■	▼↓	▲	■	▲
Swiss Life Asset Managers	Swi	■▼	■▼	■	■▼	■	▼	■▲	▼	▼	▲	■	▲
Tokio Marine Asset Mngt.	Jap/UK	▲	▲	▲	▲	▲	■▲	■	■	■	■	■	■
Unigestion	Swi	▲	▲	▲	▲	▲	■	■	■	■▲	▲	▲	▲
Union Bancaire Privée	Swi	▲	▲	■	▲	▲	▼	■	▼	▼	▼	▼	▼
Union Investment Institutional	Ger	▲	▲	▲	▲	▲	■	■	■	■	▼	■	▼
Wells Fargo Asset Management	US/UK	▲	■▼	■▼	▲	■	■	■▲	▲	▲	■▲	▼	▲
% predicting rise (previous month)		48 (48)	45 (45)	37 (40)	48 (46)	35 (38)	17 (17)	2 (3)	13 (15)	9 (8)	22 (20)	14 (10)	25 (22)
% predicting stability (previous month)		28 (33)	33 (30)	48 (39)	33 (40)	41 (47)	55 (43)	84 (71)	64 (50)	62 (48)	39 (41)	50 (57)	42 (43)
% predicting fall (previous month)		24 (19)	22 (25)	15 (21)	19 (14)	24 (15)	28 (40)	14 (26)	23 (35)	29 (44)	39 (39)	36 (33)	33 (35)

A clearer view of risk

Global statistics indicate that while new cases of COVID-19 are rising, case mortality is stable at about 4,000 per day. The situation is in hand, but the danger is not over. First, the Americas, dominated by the US and Brazil, are confronted by rising case statistics. Second, there are signals of a rebound in autumn, both in theory as medical experts embrace the thought and in practice, as the figures in Iran show. Third, the equality protests increase the chances of a second wave.

Asset allocation

Last month's correction of May's irrational exuberance has continued, albeit differently for equity and bonds. Net equity sentiment has converged between 20 and 25%. The UK is an outlier at 11%, as anxiety intensified with the EU's bid to prolong the trade negotiation rejected by London.

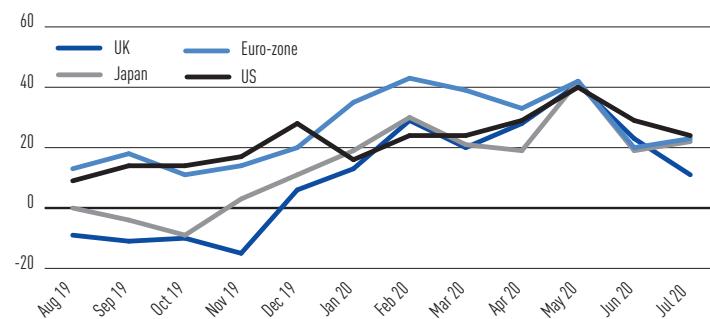
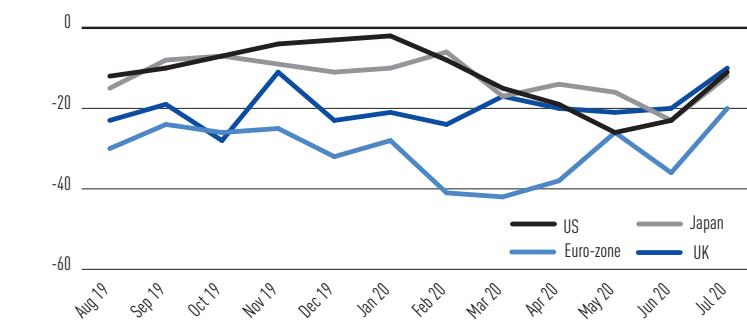
Net bond sentiment is clustered between -10 to -12% with the EU an outlier at -20%. As a result, the net sentiment curves have moved closer together, more in line with a predicted depression. If equity is preferred, it is due to the hope of a short depression.

Country allocation

While the gap between US sentiment on equity and bonds is closing, there are still analysts expecting a boom. Net equity sentiment is at the pre-COVID-19 level while bond sentiment seems reasonable, but unprepared for a second wave. EU net bond sentiment has shot to a one year high, pointing to negative growth expectations, coupled with a lack of enthusiasm for bonds as protection. Perhaps the possibility of negative interest rates is a chilling factor. UK equity sentiment is falling, while bond sentiment remains flat. Remarkably, the no-change score is up for bonds, down for equity. There must be an element of post-Brexit political uncertainty in the equity trend.

In Japan, the positive vote for equities still looks high, while bond sentiment is returning to a traditional level of about -10%. Read alongside the elevated neutral vote for both equities and bonds, it indicates that for the time being, nothing will change.

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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

