

## ASSET ALLOCATION

## IPE QUEST EXPECTATIONS INDICATOR

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

IPE polled 89 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 104.

Location	EQUITIES					BOND PRICES				CURRENCIES		
	US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Aberdeen Standard Investments	UK	▲	■	■↓	▲	▼	■	▼↓	■	▼	▼↓	▼
ACTIAM	Neth	▼↓	▼↓	▼↓	▼↓	▲↑	▲↑	▲↑	▲↑	▼↓	▼↓	▼↓
Aegon Asset Management	Neth	▲	▲	▼	■	■	■	■	■	■	▼	■
A.G. Bisset Associates	US	▼	▼	▼	▼	▲	■	▲	■	▼	▼	▼
AllianceBernstein	UK	■	▲	▼	■↑	▲↑	■↑	▲	▼↓	▲↑	▲	■↓
Allianz Global Investors	Ger/UK	■	■	■	■↓	▼	■	▼↓	▼	■↑	■	▲↑
Amundi	Fra	▼	▲	▼	▲	■	■	■	■	▼	▼	■
Apo Asset Management	Ger	■	■	■	■	▼↓	■↓	■↓	▼↓	■	■	■
ASR Vermogensbeheer	Neth	■	■	■	■	▼	▼	▼	▼	■	■	■
Asset Management One Int.	UK	■	■	■	■	▼	■	■	■	▲	▲	▲
AVANA Invest	Ger	▼	▼	▼	▼	▼↓	■	▼↓	▼↓	▲	■	■
Baloise Asset Management	Swi	■	■	–	–	■↓	–	–	■↓	–	–	–
Bankhaus Lampe	Ger	–	–	–	–	▲	■	▲	▲	■	▼	■↑
BankInvest	Den	■	▲	▲	▲	■	■	▼	▼	▼	■	▼
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	Latvia	▼↓	■↓	–	–	■	–	–	■	▲↑	–	–
CM-CIC Asset Management	Fra	■↓	▲	■	▼↓	■↑	■	–	▲	▲↑	■	■
Columbia Threadneedle Inv.	US	■	▲↑	▲	▲↑	■	■↑	■	■	▼↓	■	■
CPR Asset Management	Fra	▼	▼	▼	▼	■↓	■	■↓	■↓	▲↑	■↑	▲
Credit Suisse	Swi	▲	■	▲	▲	■	■	■	▼	■	■	▼
Davy Asset Management	Ire	▼	■	■	■	▼	▼	▼	▼	■	■	▲
Degroof Petercam Asset Mngt.	Bel	▼	▼	▼	▼	■	■	■	▲	▲	▲	▲
DWS Investment	Ger	■↓	■	▲	▲	■	■↑	▼	■↑	■	■	■
Eagle Asset Management	US	▲	▲	■↓	▲	▲↑	■	■	■	▲↑	▲↑	▲↑
Econopolis Wealth Management	Bel	▼	▼	▼	▼	▲↑	■↑	▲↑	▲↑	▲↑	▲↑	▲↑
Edmond de Rothschild AM	Fra	■↑	■↑	▼	■↑	▼	▼↓	▼↓	▼	■↑	■↑	■↑
Eniso Partners	Swi	▼	▼	▼	▼	■	▲	▲	■	▼	▲	■
Erste Asset Management	At	■	■	■	■	▲	■	■	▲	■	▼	▲
Eurizon Capital	It	■	■	■	■	■	■	■	▼↓	■	▼	■
Federated Investors	US	■	▲	▼	▲	■	▲	■	■	▲	■	▲
Fideuram Investimenti	It	■	■	■	■	■	■	■	■	■	▲	▼
Fonditel	Spa	▼	▼	■↑	■↑	■	■	■	■↑	▼	▼↓	■↑
Franklin Templeton Multi-Asset	UK	▲	■	▼↓	■	■	■	■	■	■	■	■
Generali Investments Europe	Ger/It	▲↑	■↓	▼↓	■↓	▼	▼	▼	▼	▼	–	–
GNB Gestao Activos	Por	▲↑	■	■	■	▲	■	■	■	■	▲↑	■

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Graphene Investments	Fra	▲	■	▲↑	▲↑	▼	–	–	–	–	–	–	–
Groupama Asset Management	Fra	■	▲↑	■	■	■	■	■	■	■	■	■	■
Investec Asset Management	UK	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
IPM Informed Portfolio Mngt.	Swe	▼	▲	■	■	■↓	▲	■	▼	▼↓	▼	▼	▼
Irish Life Investment Managers	Ire	■↑	■↑	▼	▼	▼	■	■	▲↑	▲↑	▼	▼	▼↓
Janus Henderson Investors	UK	■	▲↑	▲↑	■	■	▼	■↑	■↑	■↑	■↑	▲↑	▲
JAR Capital	UK	▲	▲	■	▲	■	▲	■	▼	▲	▲	▲	▲
La Française AM	Fra	■	▼	▼	▼	▼	■	■	■	■	▼	▼	▼
LGT Capital Partners	Swi	▲	▼	■	▼↓	■	▼	▼	▼	▼	■	■	■
Lord, Abnett & Co.	US	▲	▲	■	■	▼	▲	■	■	▲	▼	▼	▼
Lyxor Asset Management	Fra	▲	■	▼↓	▼	■	■↑	■	▼↓	▼	■	■	■
Mandarine Gestion	Fra	■	■	■	■	■	▼	▼	▼	▼	▼	■	▲
MEAG	Ger	■	■	■	■	■	▼	■	▼	▼	■↓	■	■
MFI Asset Management	Ger	▼↓	■	■↑	▼↓	▼	■	■	■↑	■	▲	▲	▲
Mitsubishi UFJ Asset Mngt. (UK)	UK	▲	▲	▲	▲	▲	▼	■	▼	▼	■↑	▲↑	▼
Morgan Stanley Inv. Mngt.	UK/US	▼	▲	■↓	■↓	■↓	■	■	■	▼	▼	▼	▼
Muzinich & Co.	UK	■↑	■↑	■↑	■↑	■↑	■↑	■	■↑	■	■↓	■↑	■↑
NN Investment Partners	Neth	▲	■	■	■	■	▼	■	▼↓	▼	■↓	▼↓	▲
Northern Trust Asset Mngt.	US	▲	▲	▲	▲	▲	■	■	■	■↑	■	▼	■
Nuveen	US	■	■	■	■	■	▼	■	■↑	■↑	■	■	■
OakBrook Investments	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	▲	▼↓	■↓	■	■	▼	■	■	■	▲	▼↓	▲↑
Principal Global Investors	US	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
Putnam Investments	US/UK	■	■	■	■	■	▼↓	▼↓	▼↓	▼↓	■↑	■↑	■↑
Quantix Commodities	US	▼↓	▼↓	▼↓	▼↓	▼↓	▼	■↑	▼	■↑	■↓	▲	▼↓
Robeco	Neth	▲	▲	▲	▲	▲	▼	■	▼	▼	▼	■	▼
Russell Investments	US	▲↑	▲↑	■	■	■	▼	■	■	■	■	■	■↓
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	▲	■	■	▲	■
SEB Investment Management	Swe	■	■	■	■	■	■	■	■	■	▼	▼↓	■
Stone Harbor Investment Partners	US	▼	▼↓	▼↓	■	▲↑	▼↓	■	▼	▼	▼	■	▲↑
Swisscanto Inv. (Zürcher Kanton.)	Swi	▲	▲↑	■↑	▲↑	■↑	▼	■	■↑	▼↓	▲	▼↓	▼
Swiss Life Asset Managers	Swi	▲↑	■	■	■	■	▲↑	■	▲	■↑	▲	▼	■
Sycomore Asset Management	Fra	■	▼↓	▼↓	▼	■	▲↑	■	■	■↑	▼	▼↓	▼
Syz Asset Management	Swi	▲	■	■	▲	▲	■	■	■	■	■	■	■
Tokio Marine Asset Mngt.	Jap/UK	▲	▲	▲	▲	▲	■	■	■	▲↑	▼↓	▼↓	■
Unigestion	Swi	▲	■	■	■	■	■↑	■↑	■↑	■↑	■↑	■↑	■↑
Union Bancaire Privée	Swi	▲	▲↑	▲↑	▲	▲↑	▼	■	■	▼	▼	▼↓	▲
Union Investment Institutional	Ger	■	■	■	■	■	■	■	■	▼↓	▼	▼↓	■↑
Van Eck	US	■	■	■	■	■	▲	▲	■	▲	▲	▲	▲
Warburg Invest	Ger	■↑	■↑	▼	▼	▼	■↓	■	■	■↓	▼	■↑	■
Wells Fargo Asset Management	US/UK	▲↑	▲↑	▲↑	▲↑	■	▲	▲	▲	▲	▲	▲	▼↓
% predicting rise (previous month)		37 [33]	36 [31]	22 [26]	31 [30]	18 [20]	21 [23]	6 [6]	14 [12]	15 [15]	22 [24]	23 [24]	25 [26]
% predicting stability (previous month)		40 [43]	46 [51]	52 [48]	49 [49]	53 [51]	48 [42]	80 [73]	53 [53]	46 [40]	40 [34]	40 [46]	49 [42]
% predicting fall (previous month)		23 [24]	18 [18]	26 [26]	20 [21]	29 [29]	31 [35]	14 [21]	33 [35]	39 [45]	38 [42]	37 [30]	26 [32]

## ASSET ALLOCATION

## IPE QUEST EXPECTATIONS INDICATOR

## Asset selection

Market sentiment has split in two. For the euro-zone and the US, there was a correction that did not affect trends and equities are still favoured. In the UK and Japan, sentiment is moving towards favouring bonds. In all cases, the neutral vote remains large. This may be fuelled by doubts about central banks, but more due to political risk. For old hands, seeing Japanese bond sentiment rising may be surprising. However, low interest rates and deflation are matched by similarly low rates in other areas.

The economic situation is clear. Markets expect a soft landing, followed by a dip in growth. The euro-zone and US reflect this. Politically, two conflicts are raging: Trump's trade war with China and Brexit. Both are considered to be risky. In the UK case, that amounts to an early vote of no confidence in PM Johnson. In addition, a 'no deal' Brexit would leave the UK more dependent on world trade, so more sensitive to the US-China trade war.

## Country allocation

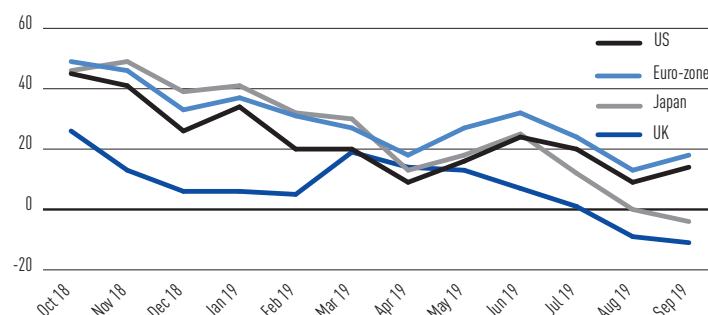
Markets trust that both US and

euro-zone central banks have enough "fire power" to smooth the expected dip. Yet, neutral sentiment remains high, reflecting populism. Neither has policies in place to flatten income distribution, so long-term insecurity remains.

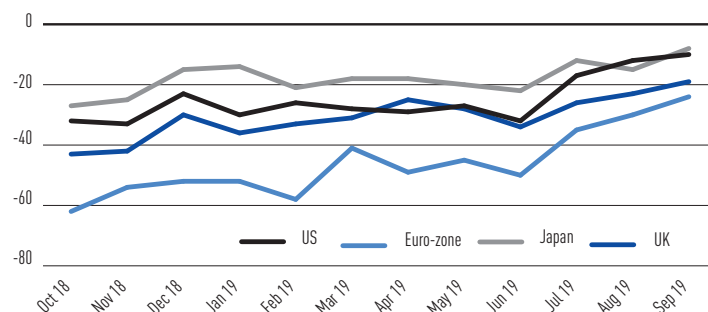
In Japan and the UK, both net sentiments are negative and similar, with neutral sentiment rising in Japan, yet stable in the UK. However, a hard Brexit would have permanent negative consequences, while the trade war with China may lose US Congressional support quickly: if Republicans doubt that Trump will be re-elected, discipline will suffer and he will lose more power. Attacks on Senate speaker McConnell – whose responsibility is to maintain Republican Party discipline – highlight this. In this sense, either the market view of the future of UK equities is too mild, or its view on Japanese equities is too harsh, especially as Japan is mulling a weakening of its currency.

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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 102 and 103

