

ASSET ALLOCATION

INVESTMENT MANAGER EXPECTATIONS INDICATOR

▲ Rise ↑ Positive shift (from last month)

■ Stable - No view

▼ Fall ↓ Negative shift (from last month)

IPE polled 87 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 100.

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	▲	▲	▲	▲	■↓	▼↓	▼↓	▼↓	▼↓	■	▼↓	■
Arca Fondi It	▼	■	▼	▼	▼	▼	■	■	▼	▼	■	■
ASR Vermogensbeheer Neth	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Asset Management One Int. UK	▲	▲	■	■↓	■	▼	■	▼	▼	■	▲	▲
AVANA Invest Ger	■	▲	▲	▲	■	■	■	▼	▼	■	▲	▲
AXA Investment Managers Fra	■	▲	■	▲	■	▼	■	▼	▼	▼↓	■	▲
Bankhaus Lampe Ger	-	-	-	-	-	▼	■↑	▼	▼	▲	■↓	▲
BankInvest Den	■	■↓	■	■↑	■↑	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	■↓
Bank Julius Baer & Co. Swi	▲↑	▲↑	▲↑	▲↑	▲↑	■↓	■	▼↓	▼	▲	▲	▲
Bank J. Safra Sarasin Swi	▲	▲	▲	▲	▲	▼	■	▼	▼	▼↓	▼↓	▼↓
BayernInvest Ger	▼↓	▲	■	■	■↑	▼	■	■↑	▼	▲↑	■	▲↑
Berenberg Quantitative AM Ger	▲↑	▲↑	■	▲	■	▼	▼	▼↓	▼	▼	■	■
BNP Paribas Asset Management Fra	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
BNY Mellon Asset Management UK	-	-	-	■	-	-	▼	-	-	-	■	■
CBL Asset Management Latvia	■↓	■↓	-	-	-	■↑	-	-	▼	▲	-	-
CM-CIC Asset Management Fra	■	▲	■	▲	■	■	▼	-	▼	■↓	▼	▼
Columbia Threadneedle Inv. US	▼	▲	▲	▲	■	■	■	■	■	▼	■	■
CPR Asset Management Fra	▼	▼↓	▼↓	▼↓	▼	▲↑	▲↑	▲↑	▲↑	▲↑	▼↓	▼↓
Credit Suisse Swi	■↑	▲	▲	■	■↑	■	■	■↑	▼	■	■	▼
Degroof Petercam Asset Mngt. Bel	▼	▲	■↑	▼↓	■	▼	▼	▼	▼	▲	▼↓	■
DekaBank Ger	■↑	■↑	■↑	■↑	■↑	▼	▼	▼	▼	▲	▲	▲
Deutsche Asset Management Ger	▲↑	▲	▲↑	▲	▲↑	▼	▼↓	▼↓	▼	▲	▲↑	▲
DNB Asset Management Nor	▼	▼	▼	▼	▼	▲	▲	▲	▲	■	■	■
Dynagest Swi	-	-	-	-	-	▼	■	▼	▼	■	■↓	■
Eagle Asset Management US	▲	▲	▲	▲	▲	▼↓	■	■	■	■	▲↑	■
Econopolis Bel	■	▲	▲	▲	▲	▼	■	▼	▼	▲	▲↑	■
Edmond de Rothschild AM Fra	▼	▲	▲	▼	■↑	▼	■	■↑	▼	▲	▲	▲
Erste Asset Management At	▲↑	▲	▲	▲↑	■↑	▼	▼↓	▼	▼	■	▲	▲
Eurizon Capital It	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Federated Investors US	■	▲	▼	▲	▼	■	▲	■	■	▲	■	▲
Fideuram Investimenti It	■	▲	▲	■	■	▼	■	■	▼	■	▲	▲
Fiera Capital Can	■	■	■	■	■	▼	▼	▼	▼	▼	▼	▼
Fonditel Spa	■	▲	▲	▲	■	▼	■	■↑	▼	■	■	■↓
Generali Investments Europe Ger/It	▼	▲	▲	▲	▲	▲↑	▲↑	▲↑	▲↑	▲	▼↓	■↓
GNB Gestao Activos Por	▲↑	▲↑	▲	▲	▲↑	■	■	■	■	▲	▲	■
Groupama Asset Management Fra	▲	▲	▲	▲	▲	▲	▲↑	▲↑	▲	▲	▲	▲
Holberg Fondene Nor	▲	▲	■↓	▲	■	▼	■	■↑	■↑	▼↓	▼↓	■↓
Invesco Ger	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Investec Asset Management UK	▲	▲	▲	▲	▲	■	▼	■	▼	▼	▼	▼↓

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
IPM Informed Portfolio Mngt.	Swe	▼	▲	▲	▼	▼	■	▼	▼	▲	▲	▼	▲
Irish Life Investment Managers	Ire	▲	▲	▲	▲	■	▼	■	■	▼	▲	▲	▲
Janus Henderson Investors	UK	■	▲	▲	▲	■	▼	■	▲	▼	▼	■	▲
La Française AM	Fra	■	▲	▲	▲	■	■	■	■	▲	■	■	■
LGT Capital Partners	Swi	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Lyxor Asset Management	Fra	■	▲	▲	■	▼	▼	■	■	▼	■	■	■
Mandarine Gestion	Fra	■	▲	▲	▲	■	▼	■	■	▼	■	▲	▲
Mapfre AM	Spa	▲	▲	▲	▲	■	■	■	■	▼	▼	▼	■
MEAG	Ger	▲	▲	▲	▲	▲	▼	■	▼	▼	▼	▼	▼
Metzler Investment	Ger	■	▲	▲	■	■	▼	■	▼	▼	■	▲	■
MFI Asset Management	Ger	■	▲	■	■	■	▼	▼	▼	▼	■	■	■
Mitsubishi UFJ Asset Mngt. (UK)	UK	▲	▲	▲	▲	▲	▼	■	▼	▼	▲	▲	▼
Morgan Stanley Inv. Mngt.	UK/US	▼	▲	▲	■	■	▼	■	■	▼	■	▲	▼
Muzinich & Co.	UK	▲	▲	▲	▲	■	▼	■	▼	■	▲	▲	▲
Natixis Asset Management	Fra	■	▲	▲	▼	■	▲	▲	▲	▼	▲	■	▲
NN Investment Partners	Neth	■	▲	▲	▲	▼	▼	■	■	■	▲	▲	▲
Northern Trust Asset Management US		▲	▲	▲	▲	▲	■	■	■	■	■	■	■
Nuveen TIAA Investments	US	▲	▲	▲	▲	■	▼	■	■	▼	■	■	■
Oddo BHF Asset Management	Ger	■	▲	▲	▲	▼	▼	■	▲	▼	■	▲	▲
OFI Asset Management	Fra	■	▲	■	▲	■	▼	■	■	▼	■	■	■
Optiminvest	Swi	-	-	-	-	-	-	-	-	-	■	■	▲
PATRIZIA	Ger	■	▲	▲	▲	■	▼	■	▼	▼	▼	■	■
PGIM Fixed Income	UK	▲	▲	▲	▲	▲	■	■	▲	▲	▼	▲	▼
Pictet Asset Management	Swi	▼	▲	▲	■	■	■	▲	■	▼	▲	▲	▲
PineBridge Investments	US	▲	■	▲	■	■	▼	■	■	■	▲	▲	▲
Principal Global Investors	US	▼	▼	■	▼	▼	▼	▼	▼	▼	▲	■	▲
Robeco	Neth	▲	▲	▲	▲	▲	▼	■	▼	▼	▲	▲	▲
Russell Investments	US	▲	▲	▲	■	■	▼	■	■	■	▲	■	■
Sal. Oppenheim	Ger	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	■	■	▲	■	■	▼	■
SEB Investment Management	Den	▲	▲	▲	▲	▲	▼	▼	▼	▼	▲	▲	■
Stone Harbor Investment Partners US		■	▲	▲	▲	■	▼	▼	▼	▼	▲	■	▲
Sycomore Asset Management	Fra	■	▲	▲	▲	■	▲	■	▼	■	▲	▲	■
Syz Asset Management	Swi	■	▲	▲	■	▲	■	▲	■	▲	▲	▲	■
Tokio Marine Asset Mngt.	Jap/UK	▲	▲	■	▲	▲	▼	▼	■	▼	▲	▲	-
UBS Asset Management	Swi/UK	▼	▲	▲	▲	▲	■	■	■	■	▼	■	■
Union Bancaire Privée	Swi	▲	▲	▲	▲	■	▼	■	■	▲	▲	▲	■
Union Investment	Ger	■	▲	▲	■	■	▼	■	■	▼	■	■	■
VidaCaixa	Spa	■	▲	■	■	▼	■	▼	■	▼	■	▼	▼
Wells Capital Management	US	■	▼	▲	▲	■	▼	■	■	■	▲	▲	▲
Zürcher Kantonalbank	Swi	▲	▲	▲	▲	▲	▼	■	▼	■	■	▲	▲
% predicting rise (previous month)		45 (35)	88 (83)	76 (68)	65 (62)	35 (29)	9 (9)	7 (3)	12 (7)	9 (5)	38 (39)	40 (45)	39 (43)
% predicting stability (previous month)		40 (45)	8 (15)	20 (22)	25 (27)	53 (52)	24 (25)	61 (64)	39 (36)	19 (18)	40 (42)	38 (40)	45 (43)
% predicting fall (previous month)		15 (20)	4 (2)	4 (10)	10 (11)	12 (19)	67 (66)	32 (33)	49 (57)	72 (77)	22 (19)	22 (15)	16 (14)

Overview

Again the only significant change in manager sentiment is for equity price appreciation. Tracking the changes in sentiment month by month, the focus is far more on differences between geographic equity markets. Bond bulls and equity bears have been a minority and the balance of sentiment is only a few points away from a three-year high in favour of equities.

Bonds

This month, sentiment towards bond prices have rebounded from its most negative point in three years. The best that can be said is that this is not overly negative. However, eVestment's institutional flows data indicates investors have been adding to traditional fixed-income exposure, focused on US (ex-high yield) and global (multi-sector and constrained) strategies. Whether this is a forced rebalancing of equity market gains, or support for the asset class, it is a contrast to the negative price expectations.

Equities

The tide of positive price expectations

continues to rise. The biggest change in sentiment was for US equities, driven by expectations for tax legislation to be passed before the end of 2017. There was a 10-point increase in the proportion of managers expecting a rise, driven by an equal reduction in those predicting US equity market falls and stability. Other regions also saw an increase in positive expectations. Only euro-zone equities saw a corresponding increase in those predicting a fall, albeit only an increase from a historic low of 2% to 4%.

Currencies

While US dollar strength has been the prevailing assumption for at least three years, outpacing the weights of those expecting falls and those expecting stability, that belief continues to erode. The steady shift from expectations of dollar strength to expectations of weakness is driving this momentum. Dollar strength remains the prevailing expectation.

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**EURO
EQUITY
STRENGTH**

88%

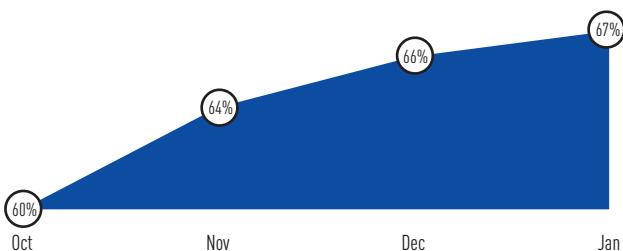
Euro bond bears

Managers expecting euro bond yields to rise

72%

US bond bears in the ascendance

Two-thirds of managers now believe US Treasury yields will rise



KEY FOR EXPECTIONS GRAPHS BELOW

■ % 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 98-100.

