

## 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		▲↑	▲↑	▲↑	▲↑	■	▼	▼↓	▼↓	▼↓	▲↑	■	▲↑
Sycamore 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)

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## INVESTMENT MANAGER EXPECTATIONS INDICATOR

## 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%

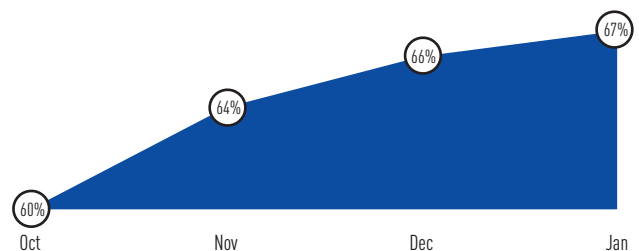
## Euro bond bears

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 EXPECTATIONS 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.

