ASSET ALLOCATION
IPE QUEST EXPECTATIONS INDICATOR

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

IPE polled 64 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 84.

		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	▲	■↓	▲	▲	■↓	▼	■	▼	▼	▼	▼	▼
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	■	■	▲↑	▲	▲	▼	■	▼↓	▼	■	▼	▲
Econopolis Wealth Management	Bel	▲	▲	▲	▲	▲	▼	■	▼	▼	■↑	■↑	■↑
Edmond de Rothschild AM	Fra	▼	▲	▲	■↓	■	▼	■	▼	▼	▲	■	■
Erste Asset Management	At	▲	▲	▲	▲	▲	▼	■	▼	▼	▼	▼	▼
Eurizon Capital	It	■	■	■	■	■	▼	▼	▼	▼	▲↑	■	■
Fideuram Asset Management	It	■	▲	▲	▲	■	▼	■	▼	▼	■	■↓	▲↑
Fonditel	Spa	■	■	■	■	■↓	▼	▼	▼	–	■	■	▼
Franklin Templeton Inv. Solutions	UK	▲	■	▲	▼	■	▼	■	■	■	■	■	■
Generali Investments Europe	Ger/It	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	■
GNB Gestao Activos	Por	▲↑	▲↑	▲	▲	▲↑	■	■	■	■	▲	▲	■
Graphene Investments	Fra	■	■	▲↑	■↑	■↑	–	–	–	–	▲	▲	■↓
Groupama Asset Management	Fra	■	▲	■	■	–	■	–	–	■	–	–	–
Irish Life Investment Managers	Ire	▲	▲	■↓	▲	■	▼	■	▼	■↑	▼	■	■
Janus Henderson Investors	UK	■	■	■	■	■	▼	■	▼	▼	▲	▲	▲

	Location	EQUITIES					BOND PRICES				CURRENCIES		
	Location	US	Euro-zone	Japan	Asia	UK	$	¥	£	€	$/€	$/¥	$/£
La Française AM	Fra	▼	▼	▼	▼	▼	■	■	■	■	▼	▼	▼
LGT Capital Partners	Swi	▲	▲	▲	▼	▲	▼	▼	▼	▼	■	■	■
Lyxor Asset Management	France	▲	▲	▲	■	■	▼	■	■	▼	■	■	■
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	▼	▼	▼	▼	▼	▲	■	▲	▲	▲	▲	▲
NN Investment Partners	Neth	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Northern Trust Asset Mngt.	US	▲	▲	▲	▲	▲	■	■	■	■	▼↓	▼↓	■↑
Nuveen	US	▲	▲	▲	▲	▲	▼	■↑	■↑	■↑	■	■	■
Oddo BHF Asset Management	Ger	■	▲	▲	■	▲	▼	▼	▼	▼	▼	■	▼
OFI Asset Management	Fra	■	■	■	■	■	▲	▲	▲	▲	■	■	■
ONE Swiss Bank	Swi	▲↑	▲↑	▲↑	▲↑	▲↑	▼	■	▼	▼	■↑	■↑	■↑
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)		52 (50)	63 (61)	60 (53)	53 (60)	55 (54)	13 (11)	7 (3)	9 (5)	8 (8)	24 (29)	23 (29)	28 (25)
% predicting stability (previous month)		37 (39)	33 (33)	31 (41)	36 (29)	37 (38)	16 (14)	68 (68)	28 (29)	34 (30)	38 (36)	48 (43)	46 (41)
% predicting fall (previous month)		11 (11)	4 (6)	9 (6)	11 (11)	8 (8)	71 (75)	25 (29)	63 (66)	58 (62)	38 (35)	29 (28)	26 (34)

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Net bond sentiment rising

The delta variant has caused a new COVID-19 wave in many places but it is different in character from previous ones. New hospital admissions are typically from among the unvaccinated. The average age of COVID patients has also come down significantly. In western Europe, the current wave seems largely under control, albeit at higher levels in the old EU member states.

Political risk is building up beneath the surface. There is complacency about the possibility of success of the COP26 climate summit in November. It looks like the level of finance to be made available will be disappointing.

Asset allocation

Net equity sentiment has barely moved since last month. Valuations remain so high that even a small black swan event could have an outsized effect. What if enterprises start hiring massively after the summer holidays, causing consumption to catch up rapidly? It would be in line with continued growth expectations but inflation would increase rapidly.

Net bond sentiment suggests the opposite, rising everywhere and leaving Japan as the outlier. The pattern indicates continuing high growth without inflation, probably as analysts expect demand to catch up with, but not exceed, present capacity.

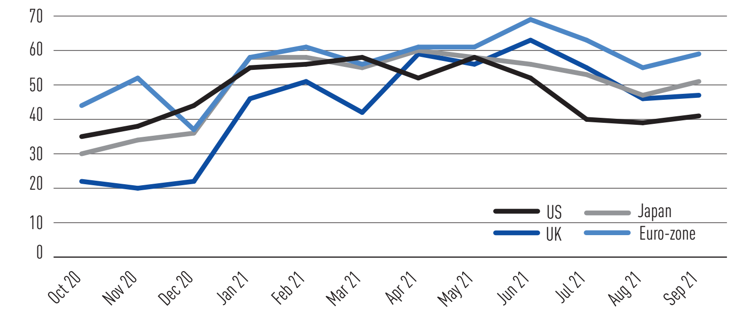
The neutral view remains largely unchanged, still showing more certainty about equity than about bonds. This is compatible with opposing views on whether demand will be within capacity to produce or not.

Country allocation

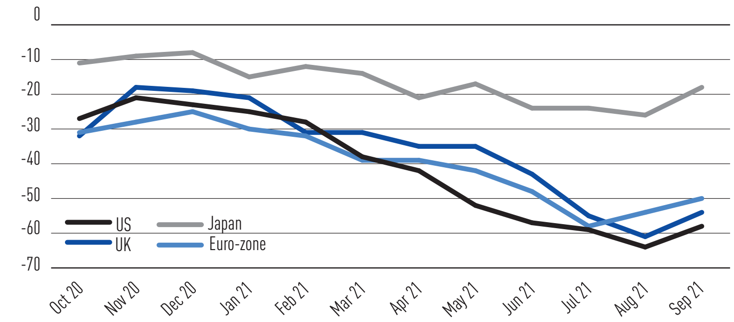
Japan's bond sentiment figures have been a clear outlier for months, while the UK scores consistently slightly lower for equity sentiment. Otherwise, expectations for bonds and equity remain closely correlated, ignoring significant differences between regions, such as inflation and share of vaccine refusers. As political and COVID-19 risk hardly seems to count for analysts, market leadership becomes important. For bonds, it rests with the EU where net bond sentiment has risen for two months, while for equity, the US may be leading the others.

PETER KRANEVELD, INTERNATIONAL PENSIONS ADVISER, PRIME BV

Net sentiment equities



Net sentiment bonds

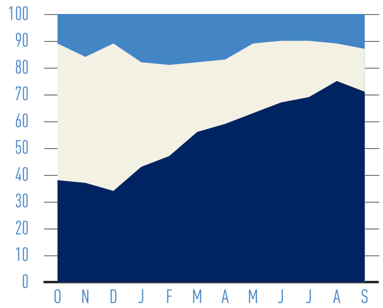


KEY FOR EXPECTATIONS GRAPHS

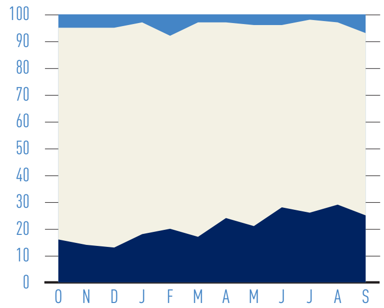
- % of managers expecting rise
- % of managers expecting stability
- % of managers expecting fall

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 82 and 83

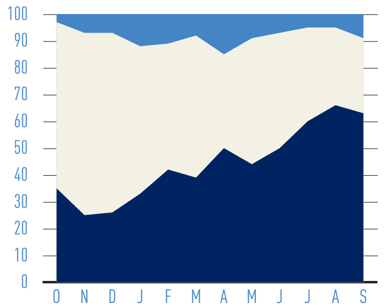
$ BONDS



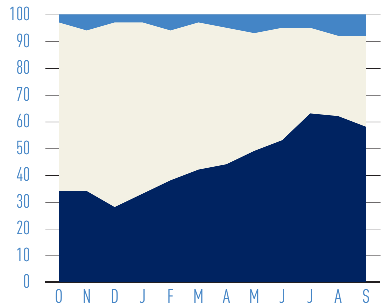
¥ BONDS



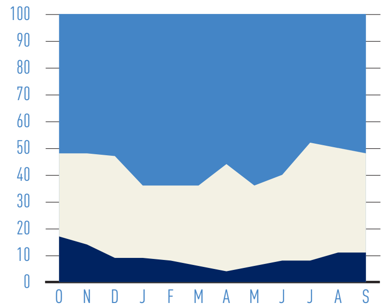
£ BONDS



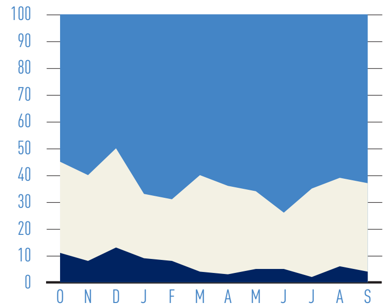
€ BONDS



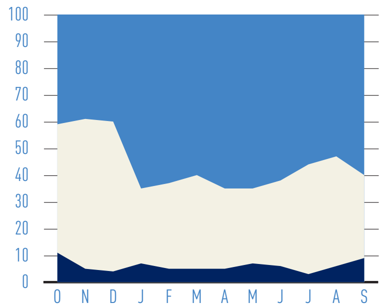
US EQUITIES



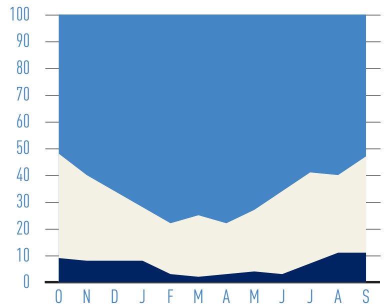
EURO-ZONE EQUITIES



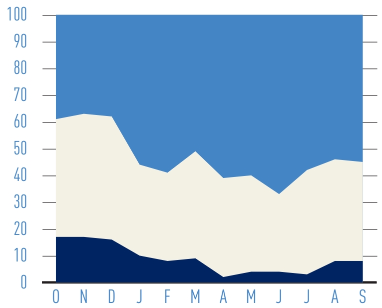
JAPAN EQUITIES



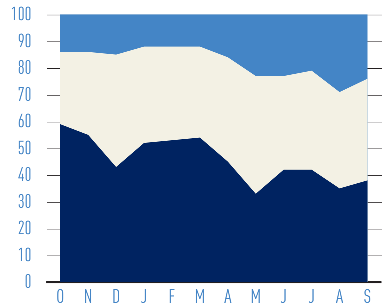
ASIA EQUITIES



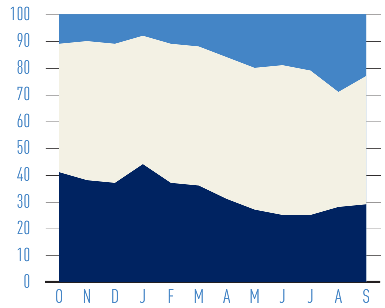
UK EQUITIES



$/€



$/¥



$/£