

ASSET ALLOCATION

IPE QUEST EXPECTATIONS INDICATOR

- ▲ **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 68.

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Actiam	Neth	▼	▼	▼	▼	▼	■	■	■	■	■↑	■↑	■↑
A.G. Bisset Associates	US	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼
AllianceBernstein	US/UK	▲	■	▲	■↓	■	▲	■↓	■	■	■	■	■
Allianz Global Investors	Ger/UK	■↓	■↓	■↓	■↓	■	▼↓	■	■	■	▼	■	▲
Amundi Asset Management	Fra	▼	■	■	■	▼	▼	▼	▼	▼	▼	■↑	▼
Apo Asset Management	Ger	■↓	■↓	■↓	■↓	■	▲	■	▲	■	■↑	▼↓	■↑
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	▲	▲	▲	▲	▲	▼	■	▼	▼	▼	■	▼
BNY Mellon Inv. Mngt. EMEA	UK	■	▲	■	▼	▲	■	■	■	▼	■	■	■
CBL Asset Management	Lat	▼	▼	–	–	–	▲	–	–	■	▼↓	–	–
Columbia Threadneedle Inv.	US	▲	■	■	▲	▼	■	▼	■	■	▲	▲	▼↓
CPR Asset Management	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	■	■	■	■	–	■	■	■	■	■	■	■
IPM Informed Portfolio Mngt.	Swe	▼	▲	▼	▲	▲	▲	▼	▼	▼	▼	▼	▼

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Irish Life Investment Managers	Ire	▲	▲↑	■	▲↑	■↑	■	■	■	■	▼	▼	■↑
Janus Henderson Investors	UK	▲↑	▲↑	■	▲↑	■	▼	■	■	▼↓	▼↓	■	■
La Française AM	Fra	▲	▲	■	■	■	■	■	■	■	▼	■	■
LGT Capital Partners	Swi	▲	▲↑	▲	▼	■	▼	▼	▼	▼	■	■	■
Lyxor Asset Management	Fra	■	▲	■	■	■	▼	■	■	▼	■	▼	■
Mandarine Gestion	Fra	■	▲	■	■	■	■	■	■	■	▼	■	▲
MEAG		▲↑	▲↑	▲↑	▲↑	▲↑	-	-	-	-	▲↑	■	■↑
Medical Strategy	Ger	■	■	■	■	▼	■	■	■	■	■	■	▲
MFI Asset Management	Ger	▲	▲	▲	▲	▲	■	■	■	■	▼	▼	▼
Morgan Stanley Inv. Mngt.	UK/US	▲	■	■	■	■	▼	■	■	■	▼	▼	▼
Muzinich & Co.	UK	▼	▼	■	▲	▼	▲	■	■	■	▲	▲	▲
Ninety One	UK	▲	▲	▲	▲	▲	▲↑	■	▲↑	▲↑	▼	▼	▼
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	▲	▲	■	■	■	■	■	■	■	▼	▼	▲↑
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	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▼↓	▼↓	■
Sycomore Asset Management	Fra	■	▲	■	▲	▼	■	-	▼	▼	▼	▼	■
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)		52 (52)	60 (55)	39 (41)	60 (52)	37 (39)	16 (11)	5 (5)	7 (3)	6 (3)	14 (14)	10 (11)	23 (16)
% predicting stability (previous month)		34 (31)	32 (34)	56 (48)	32 (39)	46 (44)	47 (51)	81 (79)	68 (62)	60 (63)	31 (27)	52 (48)	50 (49)
% predicting fall (previous month)		14 (17)	8 (11)	5 (11)	8 (9)	17 (17)	37 (38)	14 (16)	25 (35)	34 (34)	55 (59)	38 (41)	27 (35)

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A yawning reality gap

The two overriding concerns for global markets are the resurgence of COVID-19 cases in many parts of the world and the US elections. In relation to the pandemic it is impossible to know exactly when it will be brought under control. In the US there is a real chance that Joe Biden will win the presidency and the Democrats gain a majority in the senate.

Asset allocation

Economic and political negatives are greater than the positives. However, financial markets seem to have pinned their hopes on the continuation of massive economic support from the authorities. Worries about the falling efficacy of extraordinary monetary policy and yawning fiscal deficits have been put aside. Rising government debt is no longer considered a problem in the short or medium term. The financial sector being already awash in cash is regarded as unimportant. The gap between the near consensus of the analysts and financial reality is stark.

Timing remains essential as well as impossible to get right. However, a recognition of reality would hit bonds,

particularly Japanese bonds, least. Expectations for fixed income have been stable and depressed during the pandemic.

Country allocation

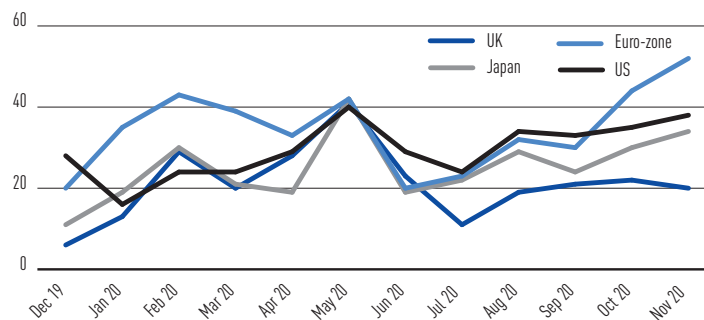
The difference between net equity and bond sentiment is highest for the EU (80 points) and large for the US (59 points). Net equity sentiment for Japan is high and rising. The figures for the EU are at a one-year high. Only the UK figures are subdued, probably due to Brexit.

Expectations for equities are highest in the EU and the US. This is a good sign for those who assume there will be no turnaround in market thinking within their investment horizon but a bad sign otherwise. UK figures look more realistic but with a potential risk on equities as political uncertainty looms.

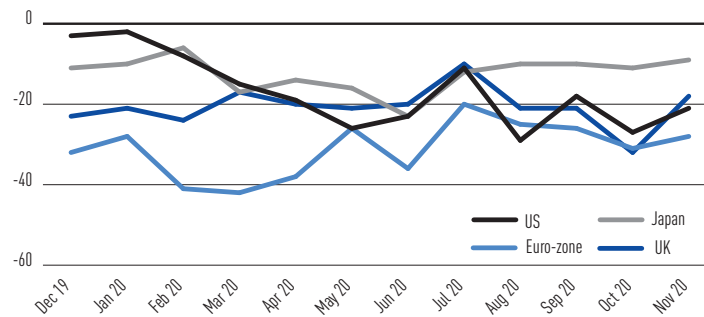
Japan's expectations are only slightly higher but subject to less political risk. That is even taking into account the toll a second Trump presidency would probably have through trade restrictions and the spread of COVID-19.

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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 66 and 67

