

- INVESTMENT

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 is included below the table.

| Location | EQUITIES | | | | | BOND PRICES | | | | CURRENCIES | | |
|--------------------------------------|----------|-----------|-------|------|----|-------------|----|----|----|------------|------|------|
| | 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 | | |
|---|----------|-----------|---------|---------|---------|-------------|---------|---------|---------|------------|---------|---------|
| | 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) | | 50 (48) | 61 (65) | 53 (56) | 60 (59) | 54 (58) | 11 (10) | 3 (2) | 5 (5) | 8 (5) | 29 (21) | 29 (21) |
| % predicting stability (previous month) | | 39 (44) | 33 (33) | 41 (41) | 29 (34) | 38 (39) | 14 (21) | 68 (72) | 29 (35) | 30 (32) | 36 (37) | 43 (54) |
| % predicting fall (previous month) | | 11 (8) | 6 (2) | 6 (3) | 11 (7) | 8 (3) | 75 (69) | 29 (26) | 66 (60) | 62 (63) | 35 (42) | 28 (25) |

Shared pessimism

The next wave of COVID-19 has come to pass earlier than expected, largely due to new variants. The UK is hard hit, being sensitive to variants Alpha, Beta and Delta. The EU is next in line, with the Netherlands, Spain and Denmark in the forefront and Delta playing a leading role, but other member states are right behind. There is no sign of the next wave in the US yet, but it is sensitive to the variants Gamma and possibly Alpha, which plays a role in Canada. The number of new injections is falling to a level insufficient for herd immunity. Japan's vaccination campaign started late. The vaccination rate is still quite low and the country is sensitive to Delta.

Meanwhile, domestic economies are opening up to accommodate the summer holiday season or the Olympic Games in Japan. Politicians look unwilling to revert to severe restrictions before September. Developing countries remain at a very low level of vaccinations, creating good conditions for the development of more variants.

Asset allocation

Net equity sentiment continues to trend down from a high level. Inflation is

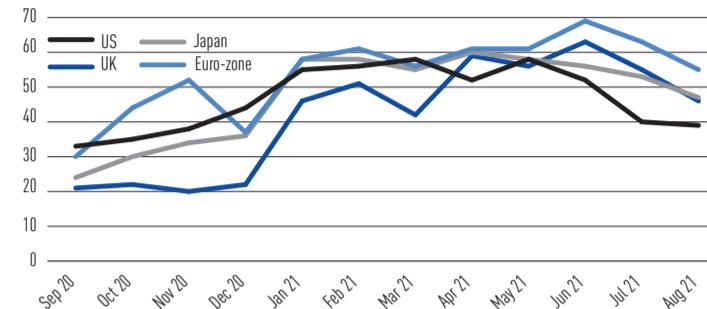
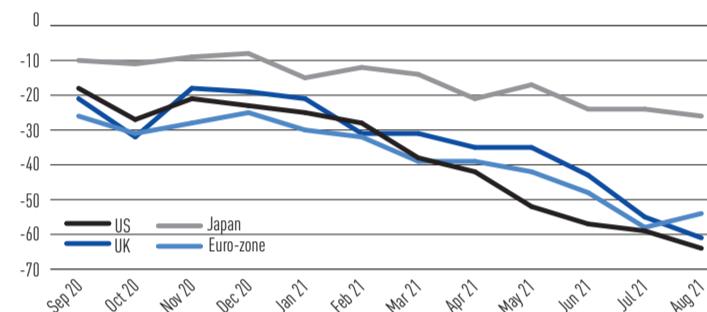
threatening to make a comeback and increasing risk from COVID-19-induced restrictions does not help. Net bond sentiment is also falling, although there is a rebound, possibly a correction, for EU bonds. The best explanation for these two simultaneous developments would be political risk, in particular the new wave of virus contaminations, as other political risk remained largely unchanged.

The neutral view on equities has risen above that on bonds in most regions. There is now less uncertainty among analysts on the near future of equity than on expectations for bonds.

Country allocation

Japan's bond sentiment figures have been a clear outlier for months, ever further away from the other regions. With that exception, expectations for bonds and equity remain closely correlated, ignoring significant differences between regions, such as higher inflation and a larger share of vaccine refusals in the US.

**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.

For more details see previous pages.

