

ASSET ALLOCATION
IPE QUEST EXPECTATIONS INDICATOR

▲ Rise ↑ Positive shift (from last month)

■ Stable – No view

▼ Fall ↓ Negative shift (from last month)

IPE polled 65 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 | ■↑ | ■↑ | ■↑ | ■↑ | ■↑ | ■↑ | ■↑ | ■↑ | ■↑ | ▲↑ | ▲↑ | ▲↑ |
| Aegon Asset Management | 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 | ▲ | ▲ | ▲ | ▲ | ▲ | ▼ | ■ | ▼ | ▼ | ▼ | ▼ | ▼ |
| Banque Profil de Gestion | Swi | ▲↑ | ▲↑ | ▲ | ▲ | ▲↑ | ■ | ■ | ■ | ■ | ■↑ | ■↑ | ■↑ |
| Bantleon Bank | Swi | ▲ | ▲ | ▲ | ▲ | - | ▼ | - | - | ▼ | ▼ | - | - |
| BayernInvest | Ger | ▲↑ | ▲ | ▲ | ▲ | ■↓ | ▼ | ■ | ■ | ▼ | ▼ | ▼↓ | ■ |
| Berenberg Wealth & Asset Mngt. | Ger | ▲ | ▲ | ▲ | ▲ | ▲ | ▼ | ■ | ▼ | ▼ | ▼ | ■ | ▼ |
| BNP Paribas Asset Management | Fra | ▲ | ▲ | ▲ | ▲ | ▲ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| BNY Mellon Inv. Mngt. EMEA | UK | ■ | ▲ | ■ | ▲↑ | ▲ | ▼ | ▼ | ▼ | ▼ | ■ | ■ | ■ |
| CBL Asset Management | Lat | ▼ | ▼ | - | - | - | ▲ | - | - | ■ | ▼ | - | - |
| Columbia Threadneedle Inv. | US | ■↓ | ■ | ■↓ | ▲↑ | ▼ | ■ | ▼ | ■ | ■ | ▲ | ▼↓ | ■↑ |
| Crédit Mutuel Asset Mngt. | Fra | ■ | ▲↑ | ■ | ▲↑ | - | ▲ | ■ | ■ | ■ | ▲↑ | ■ | ■↓ |
| Currency Research Associates | US | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ | ▼ |
| DWS Investment | Ger | ■↓ | ■ | ■ | ■↓ | ■↓ | ■ | ■ | ■ | ■ | ▲ | ■ | ▲ |
| Eagle Asset Management | US | ▲ | ▲ | ▲ | ▲ | ▲ | ■ | ■ | ■ | ■ | ■ | ▲ | ▲ |
| Edmond de Rothschild AM | Fra | ▲↑ | ▲↑ | ▲ | ▲ | ▲↑ | ▼↓ | ■ | ■ | ▼↓ | ▼ | ■↑ | ▼ |
| Erste Asset Management | At | ▲ | ▲↑ | ▲ | ▲ | ▲↑ | ▼↓ | ■ | ▼↓ | ■ | ▼↓ | ■↓ | ▼↓ |
| Eurizon Capital | It | ■ | ■ | ■ | ■ | ■ | ▼ | ▼ | ▼ | ▼ | ▼↓ | ▼↓ | ▼↓ |
| Fideuram Intesa Sanpaolo | 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 | ▼ | ▲ | ▼ | ▲ | ▲ | ▲ | ▼ | ▼ | ▼↓ | ▼ | ▼ | ▼ |
| Irish Life Investment Managers | Ire | ▲ | ▲ | ▲ | ▲ | ▲↑ | ▼↓ | ■ | ■↓ | ■ | ▼ | ▼ | ▼↓ |

| | | EQUITIES | | | | | BOND PRICES | | | | CURRENCIES | | |
|---|--------|----------|-----------|---------|---------|---------|-------------|---------|---------|---------|------------|---------|---------|
| Location | | US | Euro-zone | Japan | Asia | UK | \$ | ¥ | £ | € | \$/€ | \$/¥ | \$/£ |
| Janus Henderson Investors | UK | ▲ | ▲ | ▲ | ▲ | ▲ | ▼ | ■ | ■ | ■ | ▼ | ■ | ■ |
| La Française AM | Fra | ■ | ▲ | ▲↑ | ▲ | ■ | ▲ | ■ | ▲ | ■ | ▼↓ | ▼ | ▼ |
| LGT Capital Partners | Swi | ▲ | ▲ | ▲↑ | ▲↑ | ▲↑ | ▼ | ▼ | ▼ | ▼ | ■ | ■ | ■ |
| Lyxor Asset Management | Fra | ■ | ▼ | ■ | ▲ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ▲ |
| 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 | ▲ | ▲ | ▲ | ▲ | ■↓ | ■↓ | ■ | ■ | ■ | ■ | ■ | ■ |
| 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 | ■ | ■ | ■↑ | ■↓ | ■ | ▼ | ■ | ■ | ■ | ▲ | ■↓ | ▲ |
| Stone Harbor Inv. Partners | UK | ■ | ▲ | ▲ | ▲ | ■ | ■ | ■ | ■ | ■ | ▼ | ■ | ▼ |
| Swisscanto Inv. (Zürcher Kanton.) | Swi | ▲ | ▲ | ▲↑ | ▲ | ▲ | ▼ | ■ | ▼↓ | ■ | ■↑ | ▼ | ▼ |
| Swiss Life Asset Managers | Swi | ▲ | ▲ | ▲ | ▲ | ▲ | ▼ | ▼↓ | ▼ | ▼↓ | ▼↓ | ■ | ■ |
| Sycomore Asset Management | Fra | ■ | ▲ | ■ | - | ▼ | ■ | - | ▼ | ▼ | ▼ | ▼ | ■ |
| Tokio Marine Asset Mngt. | Jap/UK | ▲ | ▲ | ▲ | ▲ | ▲ | ■ | ■ | ▼↓ | ■ | ■ | ■ | ■ |
| Union Bancaire Privée | Swi | ▲ | ▲ | ▲ | ▲ | ▲↑ | ▼ | ■ | ▼ | ▼ | ▼ | ▼ | ■↑ |
| Union Investment Institutional | Ger | ▲ | ▲ | ▲ | ▲ | ▲ | ▼ | ■ | ▼ | ▼ | ■ | ■ | ■ |
| Wells Fargo Asset Management | US/UK | ▲ | ■↓ | ■ | ▲ | ■ | ■↑ | ■↑ | ▲ | ■↑ | ▼ | ▼ | ▼ |
| % predicting rise (previous month) | | 64 [64] | 69 [67] | 63 [65] | 78 [72] | 59 [56] | 19 [18] | 8 [3] | 11 [12] | 6 [3] | 12 [12] | 11 [8] | 22 [20] |
| % predicting stability (previous month) | | 28 [27] | 23 [24] | 32 [28] | 19 [20] | 33 [34] | 34 [39] | 72 [79] | 47 [55] | 56 [64] | 35 [36] | 52 [48] | 43 [44] |
| % predicting fall (previous month) | | 8 [9] | 8 [9] | 5 [7] | 3 [8] | 8 [10] | 47 [43] | 20 [18] | 42 [33] | 38 [33] | 53 [52] | 37 [44] | 35 [36] |

Bubble or no bubble? That is the question

Interest has shifted from contamination and mortality data to vaccination figures. In this field, the US and UK are doing well, while the EU and Japan are lagging. Political risk is perceived to have gone. Donald Trump's tendency to self-destruct is creating opportunities for the Republican Party to heal while Democrats are preparing an economic support package. A Brexit trade agreement seems a done deal and COVID-19 vaccinations are accelerating. Yet risks remain. It is too early to count out trouble from prominent Trump supporters. The Brexit trade agreement still must be approved by the European parliament, as new strains of COVID-19 keep appearing.

Asset allocation

Net equity sentiment in all regions, including the UK, has converged at a record high level with doubts at, or near, record lows. While US, EU and UK net expectations for bonds have converged at a low level, sentiment in the Japanese bond market remains stable. This makes it a prime refuge for

those who fear a bursting of the bubble. For the fearless, equities look best.

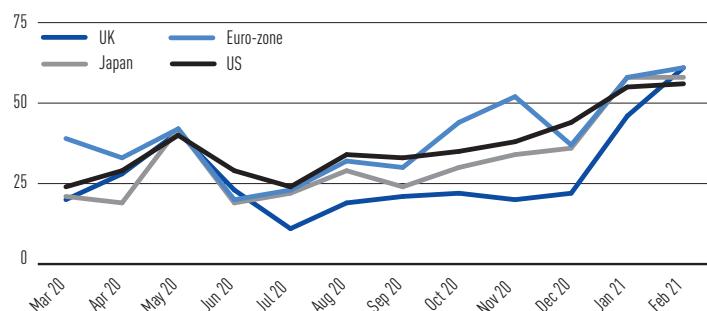
Country allocation

The upward trend of US net equity expectation stabilised, while bond expectations continued their slide down. It is too early to read a trend in these figures. The rise in EU net equity figures continued to be mirrored in a gentle fall in net bond ones. Japan's net equity expectations did not move this month, in line with US figures, while bond statistics remained at -10%. UK equity expectations rose and bond expectations fell, both to align with other markets.

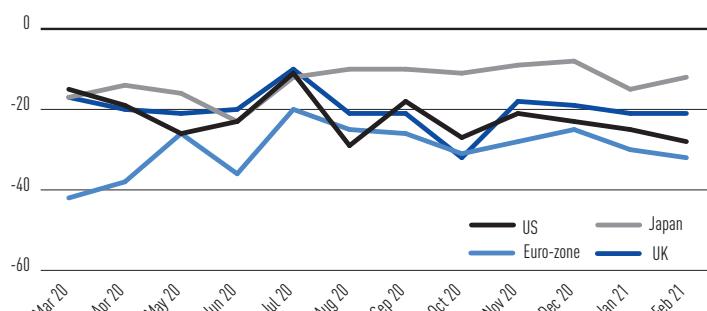
In general, neutral votes for bonds and equity are low and falling while bond and equity uncertainty is converging. The only surprise is in EU neutral figures. They are also low and descending but equities are still seen as more uncertain than bonds. For those who do not fear bubbles bursting, that suggests an opportunity.

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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

