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 62 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 76.

		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	▲	▲	▲	▲	▲	▼	■	■	■	■↓	■	▲
Pictet Asset Management	Swi	■↑	▲	■	■	▲	▼↓	▼↓	▼↓	▼↓	■	■	▲
PineBridge Investments	US	▲	▲	▲	■	▲	▼↓	■	■	■	▼	■	■
Putnam Investments	US/UK	■↓	▲	▲	▲	■↓	▼↓	▼	▼	▼	■↑	■↑	▲↑
Russell Investments	US	▲	▲	▲	■	▲	▼	■	▼	▼	▼	■	▼
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	▲	■	■	▲	■
SEB Investment Management	Swe	▲	■↓	■	■↓	■	▼	■	■	▼↓	■↑	■	■
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)		57 (52)	58 (63)	60 (58)	43 (48)	41 (47)	8 (12)	3 (5)	7 (4)	3 (5)	32 (35)	34 (27)	29 (25)
% predicting stability (previous month)		36 (38)	39 (34)	37 (37)	49 (40)	52 (48)	11 (16)	66 (67)	22 (28)	28 (28)	44 (35)	47 (53)	51 (50)
% predicting fall (previous month)		7 (10)	3 (3)	3 (5)	8 (12)	7 (5)	81 (72)	31 (28)	71 (68)	69 (67)	24 (30)	19 (20)	20 (25)

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COVID and COP risks persist

In Brazil, India and Japan, figures for new COVID-19 infections are low and descending. In the EU, they are low and rising, in particular in the former eastern bloc countries and areas. The US curve is going down fast from a high level. The statistics for Russia and in particular the UK are worrisome to bad. These two countries have relied on vector-based vaccines that are, on average, less effective.

The political risk of a COP26 failure is still high. The main threats are lack of funds and a row between the US and China that blocks agreement on anything important.

Asset allocation

Net equity sentiment is bunched around 55 in the EU, US and Japan. The UK is an outlier with 34. The statistics have been moving in a band, generally between 40 and 60, since the beginning of the year, with a stable to slightly rising neutral vote. Changing COVID-19 and political risk seems to have had little to no influence.

Net bond sentiment has set new record lows, with Japan following the general trend, but at a much higher level. Uncertainty is still going down. The combination is now so strong, one wonders if a rational portfolio still needs developed market government bonds, when returns after inflation tend to be negative and the outlook is negative as well.

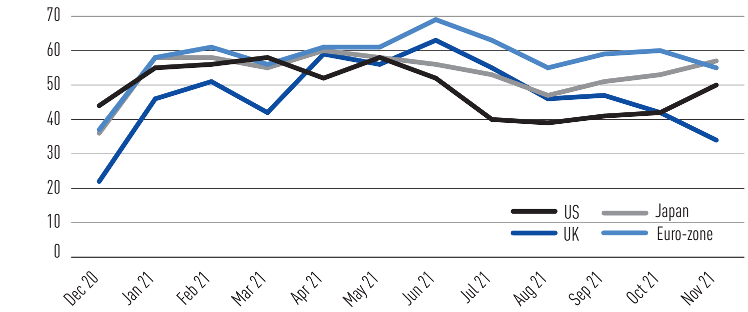
Country allocation

As net equity sentiment is stable and net bond sentiment sinking ever deeper it is to be expected that the distance between the two series grows. However, it is growing smaller in the UK. One factor may be the EU-UK Trade and Cooperation Agreement taking effect in January, with accompanying fears of rising tension in Northern Ireland. Sentiment on UK equity is different enough to require further study.

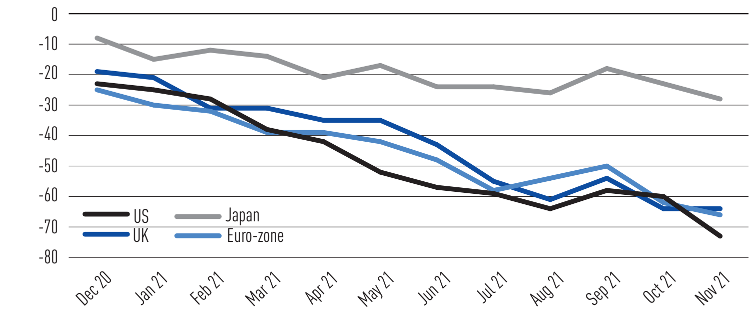
Bond sentiment can only be described as extreme, except in Japan. Expectations are particularly low in the US, where 80% of the analysts expect bonds to fall.

PETER KRANEVELD, INTERNATIONAL PENSIONS ADVISER, PRIME BV

Net sentiment equities

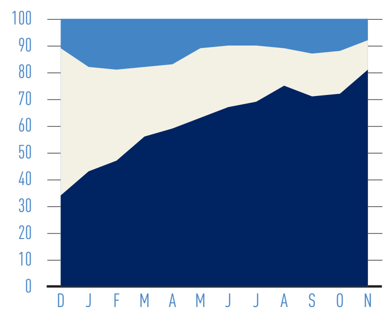


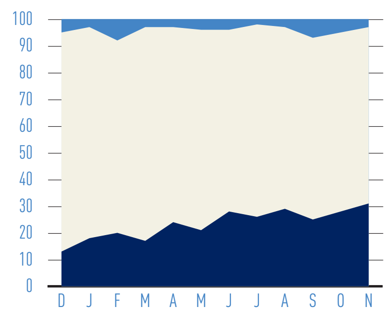
Net sentiment bonds

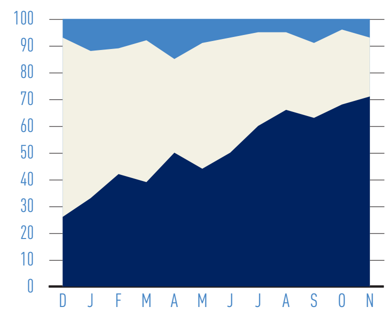


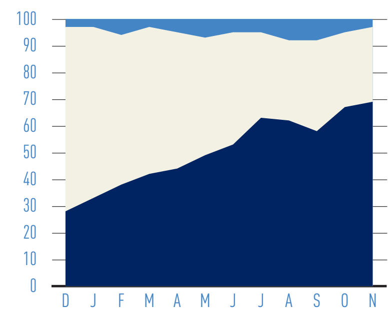
KEY FOR EXPECTATIONS GRAPHS
- % of managers expecting rise
- % of managers expecting stability
- % of managers expecting fall

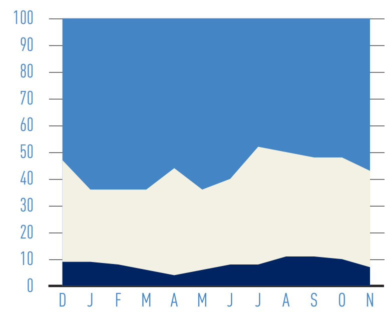
Each month, IPE polls asset managers on their six to 12-month views on regional equities, global bonds and currency pairs as shown below.
For more details see pages 74 and 75

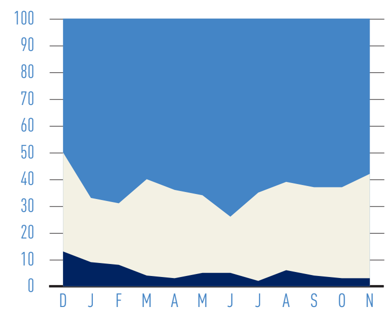
$ BONDS


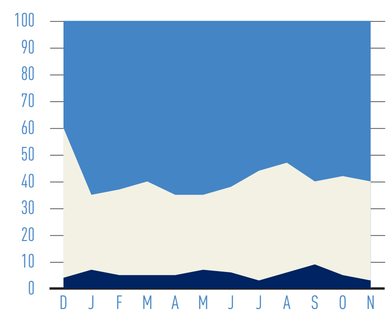
¥ BONDS


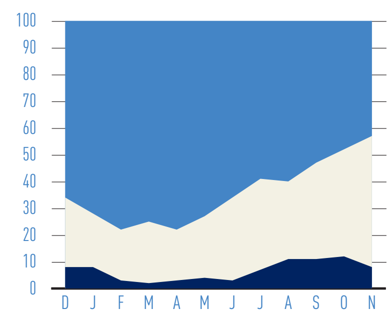
£ BONDS


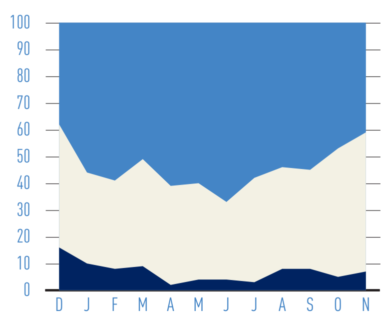
€ BONDS


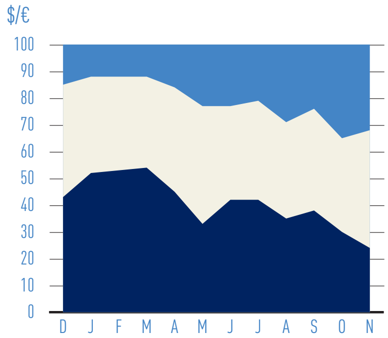
US EQUITIES


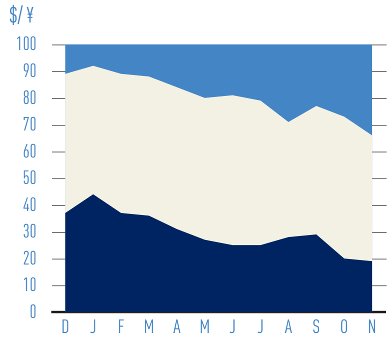
EURO-ZONE EQUITIES


JAPAN EQUITIES


ASIA EQUITIES


UK EQUITIES


$/€


$/¥


$/£