

ASSET ALLOCATION

IPE QUEST EXPECTATIONS INDICATOR

▲ **Rise** ↑ Positive shift (from last month)

■ **Stable** – No view

▼ **Fall** ↓ Negative shift (from last month)

IPE polled 63 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.

	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	▲	▲	■	▲	▲	▼	■	▼	▼	▼	▼↓	▼
Banque Profil de Gestion	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 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	▼↓	▲	■↓	■	-	■	■	-	■	■	■	-
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	▲	▲	■	▲	▲	▼	■	■	■	▲	■	■
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	■	■	▼	▲	■	▼	■	■	▼↓	▲↑	■↑	▲↑
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)		48 (60)	65 (74)	56 (62)	59 (66)	58 (67)	10 (10)	2 (4)	5 (7)	5 (5)	21 (23)	21 (19)	17 (14)
% predicting stability (previous month)		44 (32)	33 (21)	41 (32)	34 (31)	39 (29)	21 (23)	72 (68)	35 (43)	32 (42)	37 (35)	54 (56)	48 (46)
% predicting fall (previous month)		8 (8)	2 (5)	3 (6)	7 (3)	3 (4)	69 (67)	26 (28)	60 (50)	63 (53)	42 (42)	25 (25)	35 (40)

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Losing faith in equity

At the time of writing, over half of the US population was vaccinated against COVID-19 with the EU at 40%. UK figures give a positive picture but the threat of new strains remains. The G7 have announced plans to supply vaccines to developing countries.

Domestic economies are opening, but international travel remains hamstrung until the implementation of internationally recognised vaccination certification. EU-wide certification looks set to be arranged quickly.

Political risk is slowly returning. Preparations for the COP26 climate change conference show gaps between the EU/Japan and US. US president Biden's extended honeymoon in EU capitals is wearing thin or already gone. The EU may become assertive on trade, as Biden upholds Trump-era tariffs and blocks the World Trade Organization dispute settlement system.

Asset allocation

Net equity sentiment has now trended down for two or three months. This looks like more than a correction. The end of economic and social support programmes is close, inflation is

returning and increasing political risk does not help. While unemployment trends appear positive, they are rebounding from a low base.

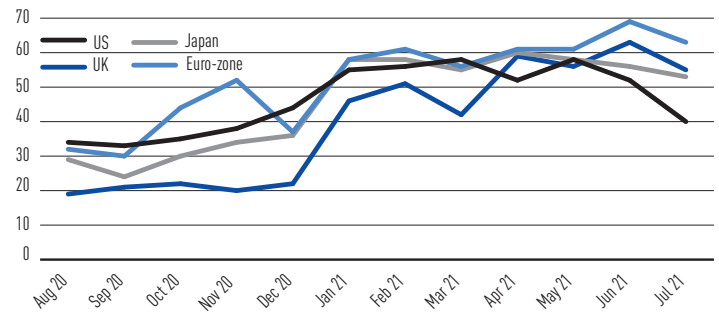
Net bond sentiment is mostly still falling and converging. Japan's bond sentiment figures have been a clear outlier for months. Increased inflation and possible rising interest rates seem to make a difference even outside the US. The neutral view on equities has risen above that of bonds in most regions.

Country allocation

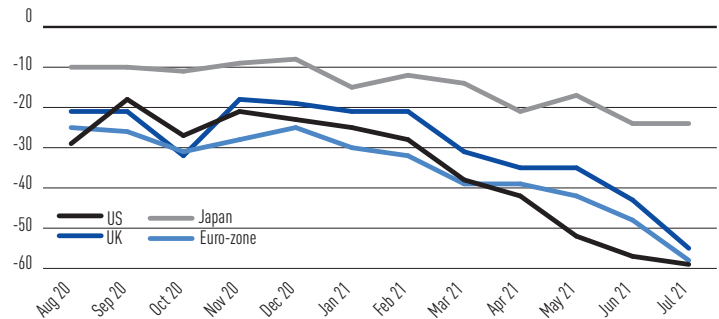
This month shows a further erosion of previously high sentiment in equities, combined with the certainty that bonds are not to be trusted. The wide gap between equity and bond sentiment and the low neutral vote combine to form an image of a market running behind. By the same reasoning, the narrowing gap between equity and bond sentiment, and rising uncertainty, seem to show the US as a market running ahead of its fears.

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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 74 and 75

