

ASSET ALLOCATION

IPE EXPECTATIONS INDICATOR

▲ Rise ↑ Positive shift (from last month)

■ Stable – No view

▼ Fall ↓ Negative shift (from last month)

IPE polled 84 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 100.

Location	EQUITIES					BOND PRICES				CURRENCIES		
	US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Aberdeen Standard Investments UK	■	▲	■	■	■	■	▼↓	▼↓	■	▼↓	■↑	■
ACTIAM Neth	▲↑	▲↑	▲↑	▲↑	▲↑	▼↓	▼↓	▼↓	▼↓	■	▲↑	■
AEGON Asset Management Neth	■↓	■↓	■↓	■↓	■↓	■↑	■	■↑	■↑	■	■	■
A.G. Bisset Associates US	▼	▼	■↑	▼	▼	▲	▲	▲	▲	▼	▼	▼
AllianceBernstein UK	▼	■	▲	■	■	▲↑	▼	■	■↓	■↓	▼↓	▲
Allianz Global Investors Ger/UK	▲	▲	▲	▲	▲	▼	■	▼	▼	■	■	▲↑
Amundi Fra	■	▲	▲	▲	■	▼	■	■	▼	▼	▼	▲
Apo Asset Management Ger	▲	▲	▲	▲	▲	▼	▼↓	▼↓	▼	■	▼↓	■
ASR Vermogensbeheer Neth	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Asset Management One Int. UK	▲	▲	■	▲	■	▼	■	▼	▼	■	▲	▲
AVANA Invest Ger	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	▼↓	▼	▼	▲↑	-	-
AXA Investment Managers Fra	■↓	▲	■↓	▲	■	▼	▼	▼	▼	▼	■↑	▲
Bankhaus Lampe Ger	-	-	-	-	-	▼	▼↓	▼	▼	■	■	■
BankInvest Den	■↑	▲↑	■↑	■↑	▼	▲	■↓	■↓	■↓	▲	▲	▲
Bank Julius Baer & Co. Swi	▲	▲	▲	■↓	▼↓	■	▼↓	▼↓	▼↓	▲↑	▼↓	▲↑
Bank J. Safra Sarasin Swi	▲↑	■	■	▲	■↑	▼	▼	▼	▼	▼	▲↑	■
BayernInvest Ger	■↑	■	■	■	■	▼	■	■↑	▼	▲	■	▲
Berenberg Quantitative AM Ger	▲	▲	■	▲	■	▼	▼	▼	▼	▼	■	■
BNP Paribas Asset Management Fra	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
BNY Mellon Asset Management UK	-	-	■	■	■	▼	▼	-	-	▲	■	■
CBL Asset Management Latvia	■	▲↑	-	-	-	■	-	-	▼	▲	-	-
CM-CIC Asset Management Fra	■	▼	■	▼↓	-	■↓	▲	■↓	▲	▼↓	■	■
Columbia Threadneedle Inv. US	▼	▲	▲	▲	■	■	■	■	■	▼	■	■
CPR Asset Management Fra	▲	▲↑	▲	▲	■↑	▼↓	■	▼↓	▼↓	▲	■↑	▲
Credit Suisse Swi	■	▲	■	▲	■	■	■	▼	▼	▼	▼	▼↓
Degroof Petercam Asset Mngt. Bel	▼	▲	■	▼	▲↑	▼	▼	▼	▼	▲↑	■	■
DekaBank Ger	▲	▲	▲↑	▲	▲↑	▼	▼	▼	▼	■	▲	■
Deutsche Asset Management Ger	▲↑	▲	▲	▲	▲	▼	■	▼↓	▼	▲	▲	▲
Dynagest Swi	-	-	-	-	-	■↑	■	▼	▼	▼↓	■↓	■↓
Eagle Asset Management US	▲	▲	■	■	■	▼	▼	▼	▼	▲	▲	▲
Econopolis Bel	■	▲	▲	▲	▲	▼	▼	▼	▼	▲	▲	■
Edmond de Rothschild AM Fra	■↑	▲	▲	■↑	■↑	■	■	■	▼	▲	■	■
Erste Asset Management At	■	■	■↓	■↓	■	▼	■↑	▼	▼	▲↑	▲↑	▲
Eurizon Capital It	▲	▲	▲	▲	▲	■↑	■↑	■↑	■↑	■	▲	■
Federated Investors US	■	▲	▼	▲	▼	■	▲	■	■	▲	■	▲
Fideuram Investimenti It	■	▲	▲	▲	■	▼	■	▼	▼	■	▲	■
Fiera Capital Can	■	■	■	■	■	▼	▼	▼	▼	▼	▼	▼
Fonditel Spa	■↓	▲	■↓	▲	■	▼	■	■	▼	■↑	■	■
Generali Investments Europe Ger/It	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
GNB Gestao Activos Por	▲	▲	▲	▲	▲	▲↑	▲↑	■	■	▼↓	▼↓	■
Groupama Asset Management Fra	▲	■↓	■↓	■↓	■↓	■↑	■	■	■↑	■↓	■↓	■↓
Holberg Fondene Nor	▼↓	■↓	■↓	▲	▼↓	▼	■	▼	▼	■↓	■	■↓
Invesco Ger	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Investec Asset Management UK	▲	▲	▲	▲	▲	■	▼	▼	▼	▼	▼	▼

		EQUITIES					BOND PRICES				CURRENCIES		
Location		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
IPM Informed Portfolio Mngt.	Swe	▼	▲	■▼	▼	▼	■▲	▼	■▲	▲	▲	▲	▲
Irish Life Investment Managers	Ire	▲	▲	▲	▲	■	▼	■	▼	▼	▲	▲	▲
Janus Henderson Investors	UK	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
La Française AM	Fra	▲	▲	▲	▲	■	■	■	■	■	▼	▼	■
LGT Capital Partners	Swi	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
Lyxor Asset Management	Fra	■	▲	▲	■	▼	▼	■	■	■	■	■	■
Mandarine Gestion	Fra	■	▲	▲	■	■	▼	■	■	■	▼	■	▲
Mapfre AM	Spa	▲	▲	▲	▲	■	■	■	▼	■	▼	▼	■
MEAG	Ger	▲	▲	▲	▲	▲	■	■	▼	▼	▼	▼	▼
Metzler Investment	Ger	■	▼	▲	■	■	■	■	■	■	■	■	■
MFI Asset Management	Ger	■	■	■	▲	■	▼	▼	▼	▼	■	■	■
Mitsubishi UFJ Asset Mngt. (UK)	UK	▲	▲	▲	▲	▲	▼	■	■	■	▼	▲	▼
Morgan Stanley Inv. Mngt.	UK/US	▼	■	▲	■	■	▲	■	■	■	▼	▲	▼
Muzinich & Co.	UK	▼	▼	▼	▼	▼	■	■	■	■	▼	▼	■
Natixis Asset Management	Fra	▲	▲	▲	▲	▼	▼	■	■	■	▲	▲	▲
NN Investment Partners	Neth	■	▲	▲	▲	■	▼	▼	■	■	■	■	■
Northern Trust Asset Management US		▲	▲	▲	▲	▲	■	■	■	■	▲	▼	▲
Nuveen TIAA Investments	US	▲	▲	▲	▲	■	▼	■	■	■	▲	▲	▲
Oddo BHF Asset Management	Ger	▲	▲	▲	▲	▼	▼	■	▼	■	▼	▼	▲
OFI Asset Management	Fra	■	▲	■	▼	▲	■	▼	■	■	▼	■	■
Optiminvest	Swi	-	-	-	-	-	-	-	-	-	■	■	▲
PATRIZIA	Ger	▲	▲	▲	▲	▲	▼	■	■	■	■	■	■
PGIM Fixed Income	UK	▲	▲	▲	▲	▲	▲	■	■	■	▼	■	▼
Pictet Asset Management	Swi	▼	▲	▲	■	■	▲	■	■	■	■	▼	■
PineBridge Investments	US	▲	■	▲	■	■	▼	■	■	■	▲	▲	▲
Principal Global Investors	US	■	■	■	■	■	■	▼	■	■	■	▼	■
Robeco	Neth	■	■	■	▼	■	▼	■	■	■	▲	▼	■
Russell Investments	US	▲	▲	▲	▼	■	▼	■	■	■	■	■	■
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▼	■	■	■	■	▼	■
SEB Asset Management	Den	▲	▲	▲	▲	▲	▼	▼	■	■	▲	▲	▲
Stone Harbor Investment Partners US		▼	■	■	■	■	■	■	■	■	▲	■	■
Sycomore Asset Management	Fra	▲	▲	▲	▲	■	■	■	▼	■	■	■	■
Syz Asset Management	Swi	■	▲	▲	■	■	■	■	■	■	▼	▼	■
Tokio Marine Asset Mngt.	Jap/UK	▲	▲	▲	▲	▲	▼	▼	■	■	■	■	-
UBS Asset Management	Swi/UK	▲	▲	▲	▲	▲	▲	■	■	■	▼	■	■
Union Bancaire Privée	Swi	■	■	■	▲	■	▼	■	■	■	■	▲	▲
Union Investment	Ger	■	▲	▲	■	■	▼	■	■	■	■	■	■
VidaCaixa	Spa	■	▲	-	■	■	▲	■	■	■	■	▼	▲
Wells Capital Management	US	▲	▲	▲	▲	▲	▼	▼	■	■	■	■	■
Zürcher Kantonalbank	Swi	▲	■	▲	▲	■	▼	■	■	■	▲	■	▲
% predicting rise (previous month)		53 (51)	78 (76)	65 (73)	65 (66)	34 (34)	12 (12)	5 (8)	2 (9)	6 (13)	27 (33)	28 (33)	32 (34)
% predicting stability (previous month)		34 (35)	18 (19)	31 (22)	26 (25)	52 (52)	27 (28)	55 (54)	35 (37)	20 (15)	39 (39)	44 (45)	54 (57)
% predicting fall (previous month)		13 (14)	4 (5)	4 (5)	9 (9)	14 (14)	61 (60)	40 (38)	63 (54)	74 (72)	34 (28)	28 (22)	14 (9)

Overview

Sometimes a month passes with minimal change to manager expectations, while others pass with shifts that convey a specific message. The most recent indicators fall into the latter category. During the survey period, certain expectation measures hit levels not seen in three and half years. What is this month's message?.

Bonds

All bond expectation indicators shifted toward price declines (yield rises) this month, with dollar bonds affected the least. We have seen only one other time when cumulative expectations for bond price increases have been this low, which was recently (November 2017), and it was only by the smallest possible difference. The reason for the large decline was sterling and euro bond sentiment expectations falling significantly. US bond price expectations for increases did not fall at all.

Equities

Expectations for US equity markets rose to their highest level in three years, but fell for Asia, and Japan.

Euro-zone equities remain the most bullish market of all, but the rise in US equities is intriguing because of what expectations for currency markets are telling us.

Currencies

Not in at least the last three-and-a-half years have cumulative expectations for dollar strength relative to the euro, yen and sterling been lower. While for each currency (yen, euro, sterling), expectations for dollar strength declined in the survey period, they have never been lower for the yen specifically. And compared to the euro and yen, expectations for the dollar to fall have never been higher for as long as we have seen the data. The theme this month is clear; expected dollar weakness translates to higher than normal expectations for US equity market gains, a very interesting outcome given the volatile ride US equities have recently been experiencing.

**PETER LAURELLI,
VICE-PRESIDENT, GLOBAL
HEAD OF RESEARCH,
EVESTMENT**

EURO EQUITY BULLS PREVAIL

78%

74%

**NEGATIVE ON
EURO BONDS****Dollar/euro pessimism grows**

(% of respondents expecting dollar decline)



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 97 and 99

