

IPE MARKET OUTLOOK

INVESTMENT MANAGER EXPECTATIONS INDICATOR

▲ Rise ↑ Positive shift (from last month)

■ Stable – No view

▼ Fall ↓ Negative shift (from last month)

IPE polled 89 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 112.

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	▲↑	▲	▲	▲	▼↓	▼↓	▼↓	▼↓	■	▼	■↓
Arca Fondi	It	▼	■	▼	▼	▼	■	■	▼	▼	■	■
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 Bank	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	▲↑	▲	▲↑	▲↑	▼	■↑	■↑	▼	▲↑	▲	▲
DNB Asset Management	Nor	▼	▼	▼	▼	▲	▲	▲	▲	■	■	■
Dynagest	Swi	–	–	–	–	■	■	■	■	▼↓	▼	■
Eagle Asset Management	US	▲	▲↑	▲↑	▲↑	■↓	▼↓	▲↑	■	■	■	■
Econopolis	Bel	■	▲	▲	▲	▼	■	▼	▼	▲	■	■
Edmond de Rothschild AM	Fra	▼	▲	▲	▼	▼	■	■	▼	▲	▲	▲
Erste Asset Management	At	■	▲	▲	■	▼	■	▼	▼	■	▲	▲
Eurizon Capital	It	■	■	■	■	▼	▼	▼	▼	■	■	■
Federated Investors	US	■	▲	▼	▲	■	▲	■	■	▲	■	▲
Fiera Capital	Can	■	■	■	■	▼	▼	▼	▼	▼	▼	▼
First Private Investment Mngt.	Ger	■	▲	▲	■	■	▲	■	▲	■	▲	■
Fonditel	Spa	■↓	▲	▲	▲	▼	■	■↑	▼	■	▲↑	■↓
Generali Investments Europe	Ger/It	▼	▲	▲	▲	▼	▼	▼	▼	▲	▼↓	■↓
GNB Gestao Activos	Por	▲	▲	▲	▲	■	■	■	■	▲	▲	■
Groupama Asset Management	Fra	▲	▲	■↓	■↓	▲	▲↑	▲↑	▲	▼↓	▼↓	▼↓
Holberg Fondene	Nor	■	▲	▲↑	▲	▼	■	▼	■	▼↓	■	■
Invesco	Ger	▲	▲	▲	▲	■	■	■	■	▼↓	▼↓	▼↓
Investec Asset Management	UK	▲	▲	▲	▲	■	▼↓	■↑	▼	■↓	■↑	▲↑

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	Location	EQUITIES					BOND PRICES				CURRENCIES		
		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	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	■	■
LocalTapiola Asset Management	Fin	■	▲	▼	▼	■	■	■	■	■	■	■	■
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	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 Group	Neth	▲	▲	▲	▲	▲	▼	■↑	▼	▼	▲	▲	▲
Russell Investments	US	▲	▲	■↓	■	■	▼	■	■	■	▲	▲	▼↓
Sal. Oppenheim	Ger	■	▲	▲	▲	■↑	▼	■	▼↓	▼	▲	■	▲↑
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	▲	■	■	▼	■
SEB Investment Management	Den	▲	▲	▲	▲	▲	▼	▼↓	▼↓	▼↓	▲	▲↑	▲↑
Stone Harbor Investment Partners US	US	▼	■	▼	■	■	▼	■	■	■	▼	■	■
Swiss Life Asset Management	Swi	▲	▲	▲	▲	■	▼	▼	▼	▼	▲	▲	▲
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)		36 (30)	83 (75)	66 (60)	56 (54)	31 (29)	9 (10)	6 (4)	9 (12)	6 (10)	32 (37)	35 (38)	35 (43)
% predicting stability (previous month)		43 (48)	12 (18)	25 (30)	33 (34)	53 (48)	27 (30)	61 (65)	37 (44)	22 (26)	36 (39)	43 (43)	42 (44)
% predicting fall (previous month)		21 (22)	5 (7)	9 (10)	11 (12)	16 (23)	64 (60)	33 (31)	54 (44)	72 (64)	32 (24)	22 (19)	23 (13)

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Overview

Just when some major themes seemed to be on pause, managers' expectations crept into rarified territory, while in others themes in place since at least 2014 have gathered momentum. Whether valuation extremes are appropriate, managers believe they will continue.

Bonds

Just when it seemed expectations of falling euro bond prices had softened, the difference between those expecting a rise versus those expecting a fall reached a new low. While the proportion predicting a rise is at a three-year low, it has been near this level before. What's changed is the proportion predicting price declines. This figure rose from 64% to 72% this month, now five percentage points above its multi-year high. Basically, if euro bond prices were to rise it will be the second-biggest surprise to managers.

Equities

The biggest surprise to managers right now would be if euro-zone equities did not rise. The difference between expectations of rise and fall are just about back to their prior peaks seen in the summer of 2015. Expectations

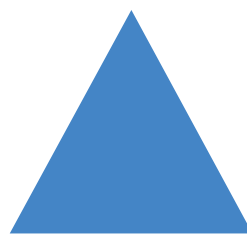
for Asia equities to rise bounced slightly after a one-month pause, and elsewhere the theme is also positive. In each regional segment, expectations for equity price declines fell, while expectations for gains rose. This has only happened once before, in December 2015. We can perhaps rest easy though, as at that time the cumulative expectations for equity gains were higher than they are now.

Currencies

The final extreme of the current period is that the dollar has reached another multi-year low in terms of those expecting it to rise versus fall. The biggest factor in this new low for the dollar comes from its expected relationship with sterling. The proportion of managers expecting the dollar to weaken versus sterling rose ten percentage points to its second-highest level in more than three years. Its prior high was in responses provided by managers just before the vote in June 2016.

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83%
MANAGERS
POSITIVE ON
EURO
EQUITIES



KEY FOR EXPECTATIONS GRAPHS BELOW

■ % of managers expecting rise
■ % of managers expecting stability
■ % of managers expecting fall

EURO BONDS

6% Expecting rise

22% Expecting stability

Expecting fall **72%**

Rise in managers expecting
dollar to weaken versus
sterling

10%

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 109-112.

