

## 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]

**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

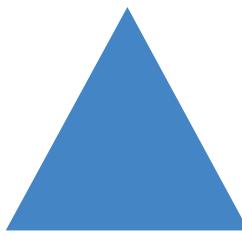
for Asia equities to rise bounced slightly after a one-month pause, and elsewhere the theme is also positive. In each regional segment, expectations for equity price declines fell, while expectations for gains rose. This has only happened once before, in December 2015. We can perhaps rest easy though,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

