

ASSET ALLOCATION

IPE QUEST 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 96.

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	▲↑	▲↑	–	■↑	■	■	■	■	■	▲	▲↑	■↑
Baloise Asset Management Swi	■	■	–	–	–	▼	–	–	–	–	–	–
Bankhaus Lampe Ger	–	–	–	–	–	▲↑	■	▲↑	▲↑	■	▲↑	▼↓
BankInvest Den	■	▲	▲	▲	▲	■	■	▼	▼	▼	■	▼
Bank Julius Baer & Co. Swi	▲	▲	▲	▲	▼↓	▼	▼	▼	▼	■↑	▲↑	▲
Bank J. Safra Sarasin Swi	▼↓	▼	▼	▼	■	▼↓	■	▼	■↑	▼↓	▼	▼↓
Banque Profil de Gestion Swi	▲↑	▲↑	▲↑	▲↑	■	■	■↓	▲	■	■↑	■↑	▲↑
Bantleon Bank Swi	■	▲	▲	▲	–	■	–	–	–	▼	–	–
BayernInvest Ger	■	■	■	■	■	■↑	■	■	▼	■↑	▼↓	■
Berenberg Wealth & Asset Mngt. Ger	▲	▲	▲	▲	▲	■	■	▼	▼	■	■	▼
BNP Paribas Asset Management Fra	▲	▲	▲	▲	▲	▲↑	■↑	▲↑	▲↑	▲	▲	▼
BNY Mellon Inv. Mngt. EMEA UK	–	–	–	■	–	–	▼	–	–	–	■	■
CBL Asset Management Latvia	▼	▼	–	–	–	■	–	–	■	■↓	–	–
CM-CIC Asset Management Fra	■	▲	■	▼	–	■	■	–	■↓	▲	▲↑	▲↑
Columbia Threadneedle Inv. US	■	▲	▲	▲	■	■	■	■	■	▼	■	■
CPR Asset Management Fra	▼	–	–	–	–	■	■	■	■	▼	▼	▲
Credit Suisse Swi	▲	■	▲	▲	▲	■	■	■	■	■	■	▼
Davy Asset Management Ire	■	■↑	▼↓	■	▼	▼↓	▼↓	■	■	■↓	▼↓	▲
Degroof Petercam Asset Mngt. Bel	▼	▼	▼	▼	▼	■↓	■↓	■↓	■↓	■	■	▲
DWS Investment Ger	■↓	■	■	■↓	■	■	■	■	■	■↓	■↑	■↑
Eagle Asset Management US	▲	■	■	■↑	■↑	■↓	■↓	■↑	■↓	■↓	▲	▲
Econopolis Wealth Management Bel	■	■	▲↑	■	■	■	■	■	■	▼	▼	■↑
Edmond de Rothschild AM Fra	▼	▼	▼	■	▼	■↑	▼	▼	▼	▼↓	■	■↓
Eniso Partners Swi	▼	▼	▼	▼	■	■	▲	▲	■	▼	▲	■
Erste Asset Management At	■	■	■	■	■	▲↑	■	▲↑	■	▲↑	▼	▲
Eurizon Capital It	▲↑	▲↑	▲↑	▲↑	▲↑	■	■	■	▼	■	▼	▼↓
Federated Investors US	■	▲	▼	▲	▼	■	▲	■	■	▲	■	▲
Fideuram Investimenti It	▲	■	■	■	■↑	■	■	▼↓	▼↓	▲	■	■↓
Fonditel Spa	▼	▼	■↑	■↑	▼	■	■	■	■↑	▼	▼↓	■↑
Franklin Templeton Multi-Asset UK	▲	■	▼	■	■	■	■	■	■	■	■	■
Generali Investments Europe Ger/It	▲	■↓	■↓	■↓	■↓	▲↑	▲↑	■↑	■↑	▼	▼	▼
GNB Gestao Activos Por	▲↑	▲↑	▲↑	▲↑	▲↑	■	■	■	■	▲	▲	■

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Graphene Investments	Fra	■↓	▼↓	■	■	▼	-	-	-	-	■↓	▼↓	▲
Groupama Asset Management	Fra	■	■	■	▼↓	■	■	■	■	■	■	■	■
Investec Asset Management	UK	■	■	■	▲	■	■	■	■	■	▼	▼	▼
IPM Informed Portfolio Mngt.	Swe	▼	▲	▼	▲	▼↓	▲	■	▼	▼	▼	▼	▼
Irish Life Investment Managers	Ire	■	▼	■↑	▼	▼	▲↑	■	▲	▲↑	▼↓	■↑	▲
Janus Henderson Investors	UK	▼	▼	▼	▼	▼	▼	■	▼	■	■	■	▲
JAR Capital	UK	▲	▲	■	▲	■	▲	■	▼	▲	▲	▲	▲
La Française AM	Fra	▼↓	▼	▼	▼	▼	■	■	▲↑	■	■↑	■↑	■↑
LGT Capital Partners	Swi	▲	▼	■	■↑	■	▼	▼	▼	▼	■	■	■
Lord, Abbett & Co.	US	▲	▲	■	■	▼	▲	■	■	▲	▼	▼	▼
Lyxor Asset Management	Fra	■	▼↓	▼	▼	■	■	■	■	■	■	▼↓	■
Mandarine Gestion	Fra	■	■	■	■	■	▼	▼	▼	▼	■↑	■	▲
MEAG	Ger	■	■	■	■	▲↑	▼	▼	▼	▼	▼↓	■	■
MFI Asset Management	Ger	▼↓	■	■↑	▼↓	▼	■	■	■	■↑	▲	▲	▲
Mitsubishi UFJ Asset Mngt. (UK)	UK	▼↓	▼↓	▼↓	▼↓	▼↓	▼	■	■↑	▼	▼	▼	▼
Morgan Stanley Inv. Mngt.	UK/US	■↑	▲	■	■	■	▼↓	■	■	■	■	▼	▼
Muzinich & Co.	UK	▲↑	▲↑	▲↑	▲↑	■↑	▲	■	■	■↑	■	▼	▼↓
NN Investment Partners	Neth	▲	■	■	■	■	▼	■	▼	▼	■	▼	▲
Northern Trust Asset Mngt.	US	▲	▲	▲	▲	▲	■	■	■	■	■	■	■
Nuveen	US	■	■↓	■	■	■	▼	■	■	■↑	■↑	■↓	■↓
OakBrook Investments	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	▲	▲	▲	■	■	▼	■	■	■	▲	▲	▲
Principal Global Investors	US	■↓	■↓	■↓	■↓	■↓	■	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑
Putnam Investments	US/UK	■	■	▲↑	■	▼	■	■	■	■	■	■	▼
Quantix Commodities	US	▼	▼	▼	▼	▼	▲↑	■	■	▼↓	■	▼	▼
Robeco	Neth	▲	▲	▲	▲	▲	▼	■	■	■	■	■	■
Russell Investments	US	▲	▲	▲↑	▲↑	■	▼↓	■	■	■	■	■	■
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	■	■	■	■	■
SEB Investment Management	Swe	■	■	■	■	■	■	■	■	■	■	▼↓	■
Stone Harbor Investment Partners	US	■↑	■	■	■	▼	▼↓	▼↓	▼↓	▼↓	■	■	▼↓
Swisscanto Inv. (Zürcher Kanton.)	Swi	▲	▲	■	■	▼	■	■	■	■	■	■	▲↑
Swiss Life Asset Managers	Swi	▲	■	■	■	■	▲	■	■	■	■	■	■
Sycomore Asset Management	Fra	■	▼	▼	▼	■	▲	■	■	■	■	■	■
Syz Asset Management	Swi	▲	■	■	▲	▲	■	■	■	■	■	■	■
Tokio Marine Asset Mngt.	Jap/UK	▲	▲	▲	▲	▲	▲↑	■	■	▲↑	■	▲↑	■
Unigestion	Swi	▲	■	■	▲	■	▼	▼	▼	▼	▲	■	▼
Union Bancaire Privée	Swi	■	■	■	■	■	▼	■	■	■	■	■	■
Union Investment Institutional	Ger	■	■	■	■	■	■	■	■	■	■	-	■
Van Eck	US	■	■	■	■	■	▲	▲	■	▲	▲	▲	▲
Warburg Invest	Ger	■↓	▼↓	▼↓	▼↓	▼↓	■	▲↑	■	■	■	■	▼↓
Wells Fargo Asset Management	US/UK	▲↑	▲↑	▲↑	▲↑	▼	▼↓	■	▲	▲	■	■	■
% predicting rise (previous month)		36 (35)	35 (33)	26 (20)	33 (33)	17 (20)	25 (21)	6 (14)	18 (12)	10 (14)	26 (30)	21 (19)	30 (33)
% predicting stability (previous month)		45 (44)	44 (45)	51 (51)	45 (42)	51 (50)	46 (51)	79 (65)	53 (48)	55 (46)	43 (31)	47 (43)	40 (37)
% predicting fall (previous month)		19 (21)	21 (22)	23 (29)	22 (25)	32 (30)	29 (28)	15 (21)	29 (40)	35 (40)	31 (39)	32 (38)	30 (30)

Asset selection

Bond sentiment has been trending upwards for a year, approaching a net value of zero everywhere, except in the EU. Analysts contend that central banks have secured a soft landing.

By contrast, net equity sentiment is receding, except in Japan, where it has surged. It looks like a correction after last month's desperation. Yet, Japan may join the sentiment levels of EU and US if political worries recede.

The gap between equity and bond sentiment remained stable in the US and the EU. In Japan, it has spread in favour of equities and in the UK it has closed, with bonds scoring better.

Country allocation

EU net equities and bond sentiment remain stable. Neither financial – a new ECB chief, nor political – Brexit considerations have changed minds. Yet the neutral vote remains high. This is an unstable equilibrium.

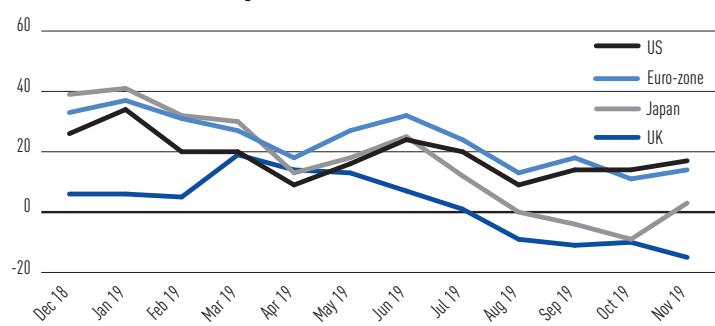
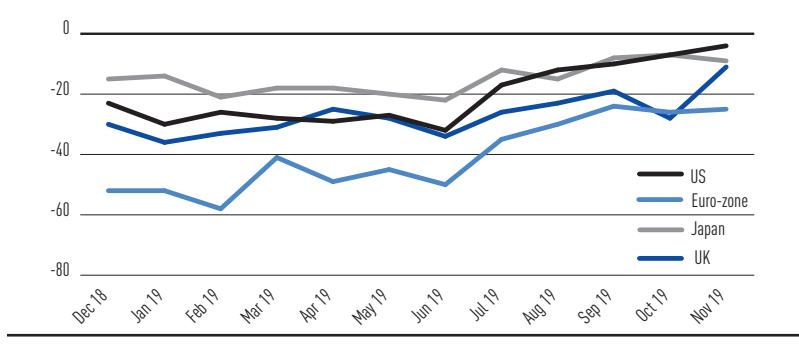
US sentiments are trending upward, as if positively correlated. Possibly, analysts, especially in the US, are as politically divided as the population, with Trumpists driving equity senti-

ment and Democrats seeing a period of reforms and corrections ahead. The two views may be compatible, although on a different time scale, with reforms bringing better growth prospects.

UK net sentiment is still driven by political risk, with neutrality on both equities and bonds over 50%. The figures indicate diminished growth, with no resolution in sight, a view linked with a hard Brexit. This prognosis is not in line with parliament scoring one victory after another on the question of who decides the terms of Brexit and its wish for an agreement with the EU.

Japanese analysts have made an about-turn on political risk. Rather than escalating, China has chosen to bide its time until the US presidential elections. The level of unrest in Hong Kong remains high but is, for the moment, not a threat to peace. Nevertheless, net equity sentiment remains slightly positive and uncertainty is as high as in the UK. Nervousness has diminished, not gone.

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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 94 and 95

