

## 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, Abnett & 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 ALLOCATION

## IPE QUEST EXPECTATIONS INDICATOR

## 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-

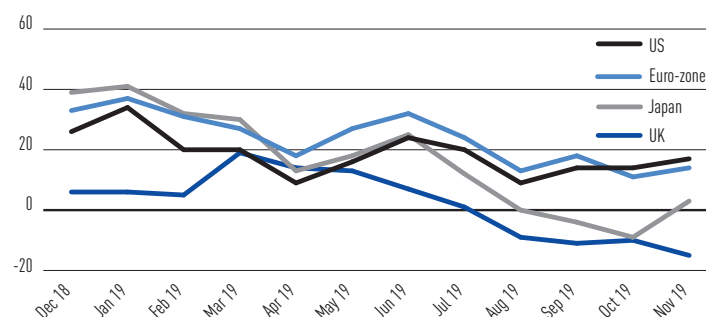
ment and Democrats seeing a period of reforms and corrections ahead. The two views may be compatible, although on a different time scale, with reforms bringing better growth prospects.

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.

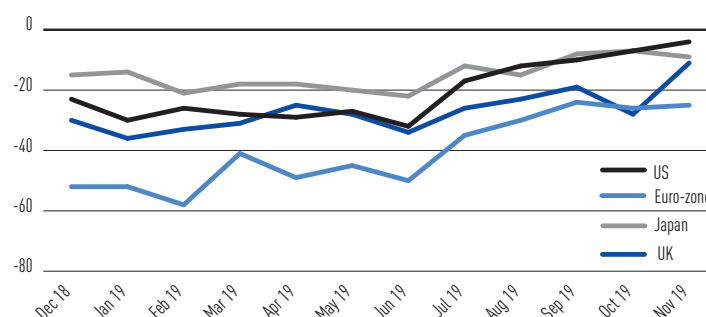
Japanese analysts have made an about-turn on political risk. Rather than escalating, China has chosen to bide its time until the US presidential elections. The level of unrest in Hong Kong remains high but is, for the moment, not a threat to peace. Nevertheless, net equity sentiment remains slightly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

