

ASSET ALLOCATION

IPE QUEST EXPECTATIONS INDICATOR

▲ Rise ↑ Positive shift (from last month)

■ Stable – No view

▼ Fall ↓ Negative shift (from last month)

IPE polled 65 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 68.

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Actiam	Neth	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑	▲↑
Aegon Asset Management	Neth	■	■	■	■	■	■	■	■	■	■	■	■
AllianceBernstein	US/UK	▲↑	■	■	▲↑	▲↑	▲	▲↑	▼↓	■	▼	▼	■
Allianz Global Investors	Ger/UK	■↓	▲	▲	▲	▲	▼	■	■	■	▼	▲↑	■
Amundi Asset Management	Fra	▲	▲	▲	▲	▲↑	▼	■	▼	▼	▲↑	■	▲↑
Apo Asset Management	Ger	■	■	■	■	■	■↓	■	■↓	■	▼↓	▲↑	▼↓
Bankhaus Lampe	Ger	-	▲↑	-	-	-	▲↑	■	▲↑	▲↑	▼↓	▲↑	▲↑
BankInvest	Den	▼	▼	▼	▼	▼	■	■	■	■	▲	■	▲
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	Lat	▼	▼	-	-	-	▲	-	-	■	▼	-	-
Columbia Threadneedle Inv.	US	■↓	■	■↓	▲↑	▼	■	▼	■	■	▲	▼↓	▲↑
Crédit Mutuel Asset Mngt.	Fra	■	▲↑	■	▲↑	-	▲	■	■	■	▲↑	■	■↓
Currency Research Associates	US	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼
DWS Investment	Ger	■↓	■	■	■↓	■↓	■	■	■	■	▲	■	▲
Eagle Asset Management	US	▲	▲	▲	▲	▲	■	■	■	■	■	▲	▲
Edmond de Rothschild AM	Fra	▲↑	▲↑	▲	▲	▲↑	▼↓	■	■	▼↓	▼	▲↑	▼
Erste Asset Management	At	▲	▲↑	▲	▲	▲↑	▼↓	■	▼↓	■	▼↓	■↓	▼↓
Eurizon Capital	It	■	■	■	■	■	▼	▼	▼	▼	▼↓	▼↓	▼↓
Fideuram Intesa Sanpaolo	It	▲	▲↑	■	▲↑	■↓	▼↓	■	▲↑	■	▼↓	■	▼
Fonditel	Spa	■	▲↑	▲↑	■	▲↑	▼	▼	▼↓	▼	■	▲↑	▼↓
Franklin Templeton Multi-Asset	UK	▲	▼	▲	■↑	▲	▼	■	▼	■	▼	▼	■
Generali Investments Europe	Ger/It	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
GNB Gestao Activos	Por	■↓	■↓	■↓	■↓	■↓	▼↓	■	■	▲↑	■↓	■	■
Graphene Investments	Fra	■	■	▲	▲	■↑	-	-	-	-	▼	▲↑	■
Groupama Asset Management	Fra	▲↑	▲↑	■	■	■	■	■	■	■	■	■	■
IPM Informed Portfolio Mngt.	Swe	▼	▲	▼	▲	▲	▲	▼	▼↓	▼	▼	▼	▼
Irish Life Investment Managers	Ire	▲	▲	▲	▲	▲↑	▼↓	■	■↓	■	▼	▼	▼↓

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Janus Henderson Investors	UK	▲	▲	▲	▲	▲	▼	■	■	■	▼	■	■
La Française AM	Fra	■	▲	▲↑	▲	■	▲	■	▲	■	▼↓	▼	▼
LGT Capital Partners	Swi	▲	▲	▲↑	▲↑	▲↑	▼	▼	▼	▼	■	■	■
Lyxor Asset Management	Fra	■	▼	■	▲	■	■	■	■	■	■	■	▲
MEAG		▲	▲	▲	▲	▲	▼	■↑	▼	▼	■↓	■	▲
Medical Strategy	Ger	▲	▲	▲	▲	▼↓	■	▲↑	▼↓	■	■	■↑	▲
MFI Asset Management	Ger	▲	▲	▲	▲	▲	■	■	■	■	▼	▼	▼
Morgan Stanley Inv. Mngt.	UK/US	▲	■	■	■	■	■↑	■	■	■	▼	▼	▼
Muzinich & Co.	UK	▲	▲	▲	▲	▲	▼	■	■↑	■	▲↑	▲↑	▲
Ninety One	UK	▲	▲	▲	▲	▲	▲	■	▲	▲	■	▼	▼
NN Investment Partners	Neth	▲	▲	▲	▲	▲	■	■	■	▼	■	■	■
Northern Trust Asset Mngt.	US	▲	▲	▲	▲	▲	▲	▲	▲	■	■	■	■
Nuveen	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	▲	▲	■	▲↑	▲↑	■	■	■	■	▼	■	■
Putnam Investments	US/UK	■↓	■↓	▲	▲	■	■↑	▼↓	▼	▼	▲↑	▲↑	▲
Russell Investments	US	▲	▲	▲	▲	▲	▼	■	▼	▼	■↑	▼	▲↑
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	▲	■	■	▲	■
SEB Investment Management	Swe	■	■	■↑	■↓	■	▼	■	■	■	▲	■↓	▲
Stone Harbor Inv. Partners	UK	■	▲	▲	▲	■	■	■	■	■	▼	■	▼
Swisscanto Inv. (Zürcher Kanton.)	Swi	▲	▲	▲↑	▲	▲	▼	■	▼↓	■	■↑	▼	▼
Swiss Life Asset Managers	Swi	▲	▲	▲	▲	▲	▼	▼↓	▼	▼↓	▼↓	■	■
Sycomore Asset Management	Fra	■	▲	■	-	▼	■	-	▼	▼	▼	▼	■
Tokio Marine Asset Mngt.	Jap/UK	▲	▲	▲	▲	▲	■	■	▼↓	■	■	■	■
Union Bancaire Privée	Swi	▲	▲	▲	▲	▲↑	▼	■	▼	▼	▼	▼	■↑
Union Investment Institutional	Ger	▲	▲	▲	▲	▲	▼	■	▼	▼	■	■	■
Wells Fargo Asset Management	US/UK	▲	■↓	■	▲	■	▲↑	▲↑	▲	▲↑	▼	▼	▼
% predicting rise (previous month)		64 (64)	69 (67)	63 (65)	78 (72)	59 (56)	19 (18)	8 (3)	11 (12)	6 (3)	12 (12)	11 (8)	22 (20)
% predicting stability (previous month)		28 (27)	23 (24)	32 (28)	19 (20)	33 (34)	34 (39)	72 (79)	47 (55)	56 (64)	35 (36)	52 (48)	43 (44)
% predicting fall (previous month)		8 (9)	8 (9)	5 (7)	3 (8)	8 (10)	47 (43)	20 (18)	42 (33)	38 (33)	53 (52)	37 (44)	35 (36)

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Bubble or no bubble? That is the question

Interest has shifted from contamination and mortality data to vaccination figures. In this field, the US and UK are doing well, while the EU and Japan are lagging. Political risk is perceived to have gone. Donald Trump's tendency to self-destruct is creating opportunities for the Republican Party to heal while Democrats are preparing an economic support package. A Brexit trade agreement seems a done deal and COVID-19 vaccinations are accelerating. Yet risks remain. It is too early to count out trouble from prominent Trump supporters. The Brexit trade agreement still must be approved by the European parliament, as new strains of COVID-19 keep appearing.

Asset allocation

Net equity sentiment in all regions, including the UK, has converged at a record high level with doubts at, or near, record lows. While US, EU and UK net expectations for bonds have converged at a low level, sentiment in the Japanese bond market remains stable. This makes it a prime refuge for

those who fear a bursting of the bubble. For the fearless, equities look best.

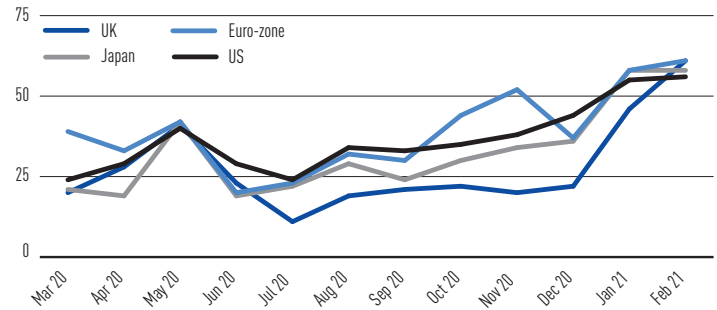
Country allocation

The upward trend of US net equity expectation stabilised, while bond expectations continued their slide down. It is too early to read a trend in these figures. The rise in EU net equity figures continued to be mirrored in a gentle fall in net bond ones. Japan's net equity expectations did not move this month, in line with US figures, while bond statistics remained at -10%. UK equity expectations rose and bond expectations fell, both to align with other markets.

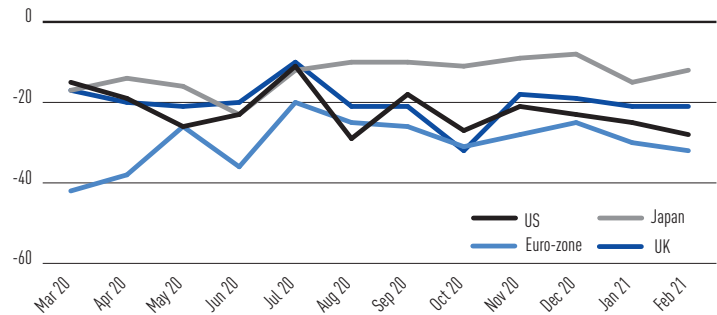
In general, neutral votes for bonds and equity are low and falling while bond and equity uncertainty is converging. The only surprise is in EU neutral figures. They are also low and descending but equities are still seen as more uncertain than bonds. For those who do not fear bubbles bursting, that suggests an opportunity.

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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 66 and 67

