

ASSET ALLOCATION

IPE QUEST EXPECTATIONS INDICATOR



- ▲ Rise ↑ Positive shift (from last month)
- Stable – No view
- ▼ Fall ↓ Negative shift (from last month)

IPE polled 68 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 3.

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Actiam	Neth	▼	▼	▼	▼	▼	■	■	■	■	▼	▼	▼
Aegon Asset Management	Neth	■	■	■	■	■	■	■	■	■	▼↓	■	■
A.G. Bisset Associates	US	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼
AllianceBernstein	US/UK	■	■	▲↑	▲↑	▲↑	■↓	■	▲↑	▲↑	▲	▲↑	▲↑
Allianz Global Investors	Ger/UK	■	▲↑	▲↑	■	■	■	■	■	■	▼↓	■	▲
Amundi	Fra	▼	▼	■	■	▼	▼	▼	▼	▼	▼	▼	▼
Apo Asset Management	Ger	▲	▲	▲	▲	▲	■	■	■↓	■	■	■	■
Avana Invest	Ger	▼	▼	▼	▼	▼	■	■	▲	■	▼	■	■
Bankhaus Lampe	Ger	-	-	-	-	-	▼↓	■↓	▼↓	■↓	■	▲	▲
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	Lat	▼	▼	-	-	-	▼↓	-	-	■	▼	-	-
Columbia Threadneedle Inv.	US	▲↑	■↓	▲	▲	■↓	■	▼↓	■	■	▲↑	▲↑	▼↓
Crédit Mutuel Asset Mngt.	Fra	■	■	■	■	-	■	■	-	■	▼↓	■	■
DWS Investment	Ger	■	■↓	■	▲	▲	■	■	▼↓	■	▲↑	■	■
Eagle Asset Management	US	▲	■	■	■↓	■	■↓	■	■	■	■	■	■
Econopolis Wealth Management	Bel	▼	▼	▼	▼	▼	■	■	■	■	▼	▼	▼
Edmond de Rothschild AM	Fra	■↑	■	■	▲	■	▲↑	■	■	■↓	▼	▼	▼
Erste Asset Management	At	▲↑	▲↑	▲↑	▲↑	▲↑	▼↓	■	▼↓	■↓	▼↓	▼↓	▼
Eurizon Capital	It	▲	▲	▲	▲	▲	■	■	■	▼	▲↑	▼	■
Fideuram Investimenti	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	▼	▲	■	▲	■	▲	▼	▼	▼	▼	▼	▼

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Irish Life Investment Managers	Ire	▲	▲↑	▼↓	■↓	■↑	■	■	■	■	▼	▼	▼↓
Janus Henderson Investors	UK	■↓	■↓	■↓	■↓	■↓	■↓	■	■	■	■	▼↓	■↓
La Française AM	Fra	■↓	▲↑	■	▲↑	■	■	■	■↓	■	■	■	■
LGT Capital Partners	Swi	▲	■↓	▲↑	▼	■	▼	▼	▼	▲	▼	■	
Lyxor Asset Management	Fra	■	▲	■	■	■	▼	■	■	■	■	■	■
Mandarine Gestion	Fra	■	▲	■	■	■	■	■	■	▼	■	▲	
MEAG		■	■	■	■	■	■	■	■	▼	■	▼	
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	■	■	■	■	■	▼	■	■	■	▼	▼	▼
Pictet Asset Management	Swi	-	▲↑	■	■	■	▲	■	■	■	▲↑	■	■
PineBridge Investments	US	▲	▲	■	■	■	■	■	■	▼	■↑	■	
Principal Global Investors	US	▲	▲	▲	▲	▲	▼	▼	▼	▼	▲	▲	▲
Putnam Investments	US/UK	■↑	▼	▼	▼	▼	■↑	■↑	■↑	■↑	■	■↓	■↓
Quantix Commodities	US	▼	▼	▼	▼	▼	▼	■	▼	▼	▲	▼	▲
Russell Investments	US	▲	▲	▲	▲	▲	▼	■	▼	▼	■	▼	▼
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	▲	■	■	▲	■
SEB Investment Management	Swe	▲	▼	■	▲	■	▼	■	■	■	▼	▼	▼
Stone Harbor Inv. Partners	US	▼	■	■	■	▼	■	■	■	■	▼	▼	■
Swisscanto Inv. (Zürcher Kanton.)	Swi	▲	■	■↓	▲	▲↑	■↓	■	■	■↑	▲	▼↓	■↓
Swiss Life Asset Managers	Swi	■	■	■	■	■	▼	■	▼	▼	▲	■	▲
Tokio Marine Asset Mngt.	Jap/UK	▲	▲	▲	▲	▲	▼↓	■	■	▼↓	■	■	■
Unigestion	Swi	▲	▲	▲	▲	▲	■	■	■	■	▲	▲	▲
Union Bancaire Privée	Swi	▲	▲	■	▲	▲	▼	■	▼	▼	▼	▼	■↑
Union Investment Institutional	Ger	▲	▲	▲	▲	▲	■	■	■	■	▼	■	▼
Wells Fargo Asset Management	US/UK	▲	▲↑	▲↑	▲	▲↑	■	■	▲	▲	▼↓	▼	▲
% predicting rise (previous month)		51 (48)	50 (45)	42 (37)	49 (48)	38 (35)	10 (17)	5 (2)	11 (13)	8 (9)	21 (22)	9 (14)	23 (25)
% predicting stability (previous month)		32 (28)	32 (33)	45 (48)	38 (33)	43 (41)	51 (55)	80 (84)	57 (64)	59 (62)	28 (39)	49 (50)	49 (42)
% predicting fall (previous month)		17 (24)	18 (22)	13 (15)	13 (19)	19 (24)	39 (28)	15 (14)	32 (23)	33 (29)	51 (39)	42 (36)	28 (33)

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Holiday season optimism

Little has changed with the exception of the US where daily new COVID-19 cases have risen by 20,000 to about 70,000. Case mortality increased to about 800 daily. The US is clearly in an 'early re-opening' wave, worse than the original one, which is likely to result in travel restrictions and border delays.

Asset allocation

Net equity sentiment rose to about 30% with the UK remaining an outlier at 20%, because of trade agreement anxiety. It is not obvious what has caused the upswing. Net equity sentiment remains at an elevated level while many economists warn against hopeful expectations of a V-shaped recovery.

Net bond sentiment reduced to a level between -20% and -30%, in the expectation of COVID-19 related liquidity injections. Fears of 'running out of tools' seem to have been forgotten although central banks already own a large proportion of corporate debt.

Country allocation

The gap between US net sentiment on equity and bonds is large yet relatively stable, if not growing, a development

reflected in neutral sentiment. It is not clear what this optimism is based on, the holiday season may have a role.

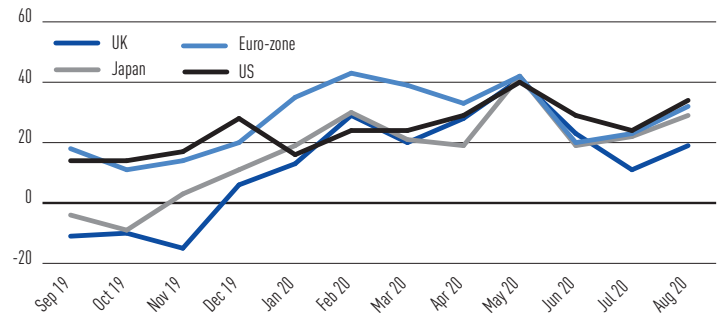
Net EU equity sentiment is rising with some volatility while bond sentiment remains at pre-COVID-19 levels. This expectation of future mild growth is warranted since the stimulus packages coming out of Brussels are better aimed at mitigating unemployment than the US measures.

UK net equity sentiment also remains at pre-pandemic levels although the country has been hard hit by the virus. Net bond sentiment remains stable at about -20%, yet neutral sentiment on equity and bonds are close together at 50%, signalling uncertainty.

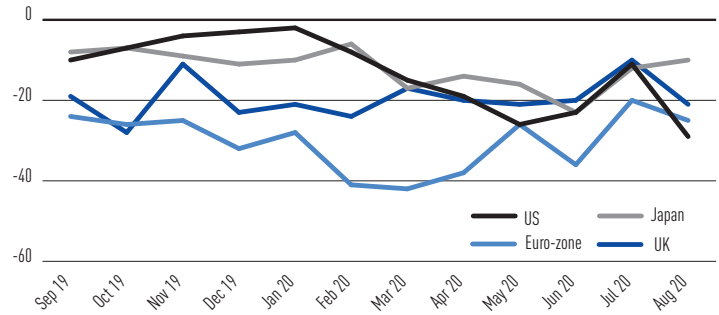
The increase in net Japanese equity sentiment is eyebrow-raising. While Japan is less dependent on exports than other Asian economies, it is still sensitive to the US. Bond sentiment is remarkably stable and above other principal markets. However, neutral sentiment for bonds and equity move closely together, reflecting the high level of insecurity Japan is facing.

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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 1 and 2

