

ASSET ALLOCATION

IPE QUEST EXPECTATIONS INDICATOR



▲ Rise ↑ Positive shift (from last month)

■ Stable – No view

▼ Fall ↓ Negative shift (from last month)

IPE polled 66 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 80.

	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 Asset Management	Fra	▼	■	■	■	▼	▼	▼	▼	▼	▼	▼	▼
Apo Asset Management	Ger	▲	▲	▲	▲	■	▲	■	▲	■	▼↓	■	▼↓
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	Lat	▼	▼	-	-	-	▲	-	-	■	▲	-	-
Columbia Threadneedle Inv.	US	▲	■	■	▲	▼	■	▼↓	■	■	▲	▲	■↑
CPR Asset Management	Fra	▲	▲	▲	▲	▲	■	■	■	■	▼	▼	▲
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	■	■	▲↑	▲	■	-	-	-	-	▼↓	■	■↓

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
Groupama Asset Management	Fra	■	■	■	■	-	■	-	-	■	■	-	-
IPM Informed Portfolio Mngt.	Swe	▼	▲	▼	▲	▲	▲	▼	▼↓	▼	▼	▼	▼
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	▲	▲	■	■	■	■	■	■	■	▼	▼	■
Putnam Investments	US/UK	■↑	■	■	■	■	▼	▼	▼	▼	▲	■	■
Russell Investments	US	▲	▲	▲	▲	▲	▼	■	▼	▼	▼	▼	■↑
Salus Alpha Capital	Liecht	▲	▲	▲	▲	▲	▲	■	▲	■	■	▲	■
SEB Investment Management	Swe	▲	▲↑	▼↓	▲	■	■↑	■	■	■	▼	■↑	■↑
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)		52 (52)	55 (48)	41 (38)	52 (52)	39 (38)	11 (17)	5 (5)	3 (8)	3 (6)	14 (15)	11 (8)	16 (21)
% predicting stability (previous month)		31 (29)	34 (34)	48 (48)	39 (33)	44 (45)	51 (48)	79 (80)	62 (63)	63 (62)	27 (27)	48 (47)	49 (48)
% predicting fall (previous month)		17 (19)	11 (18)	11 (14)	9 (15)	17 (17)	38 (35)	16 (15)	35 (29)	34 (32)	59 (58)	41 (45)	35 (31)

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IPE QUEST EXPECTATIONS INDICATOR



More waffling

Globally, net equity sentiment is close to record levels, while net bond sentiment is flat or down to near record levels. A scenario explained by a virtual consensus that central banks can continue to pump liquidity into the system and this will eventually kickstart economies. Meanwhile, economists are predicting a long and deep slump. Recently analysts were worrying about central banks' capacity to buy more debt, the wisdom of such high levels of state ownership of corporate debt and the lack of reaction from consumption. Is it really true that if bonds go down, equity must prosper?

Asset allocation

Across all regions, net equity sentiment and net bond sentiment are close together. Net equity sentiment is rising slowly, while net bond sentiment is falling sharply.

The exception is Japanese net bond sentiment. This makes Japanese bonds a potential safe haven for surplus liquidity.

Country allocation

The gap between US net sentiment on

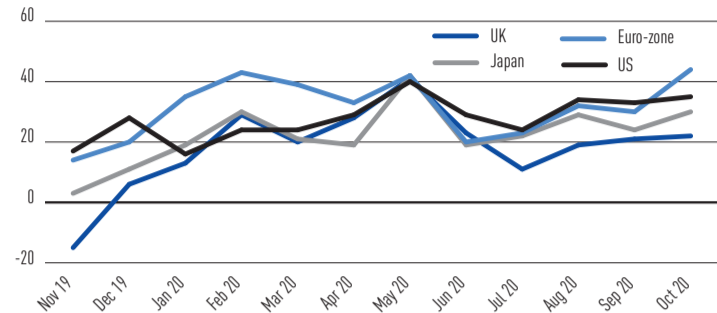
equity and bonds is large and rising. However, the increased vote for stability (about 50% for equity and bonds) highlights the increasing political and economic worries underneath the surface, especially around the contentious November presidential elections.

Net EU equity and bond sentiment also shows a big gap, but the neutral bond statistics remain stable. The percentage of analysts neutral on equity is at a record level. In the UK, net bond sentiment is sharply down, with net equity sentiment only rising gradually. The neutrality on bonds is higher than in the EU, while equity neutrality is matching EU figures. If this continues, it would signal market doubts about the capacity and future role of the Bank of England.

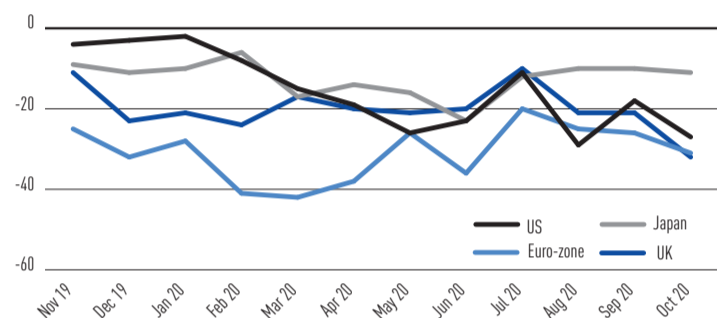
Japan's bond sentiment remains stable, while net equity sentiment is slowly rising. Japan may well profit from rising potential in emerging markets offsetting what is happening in the US.

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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 78 and 79

