

ASSET ALLOCATION

IPE QUEST EXPECTATIONS INDICATOR

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

IPE polled 59 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	▲	▲	▲	▲	▲	▼	▼	▼	▼	▲	▲	▲
AllianceBernstein	US/UK	▲	▲	▲	▲	▲	■↓	■	■	■	▼↓	■	■
Allianz Global Investors	Ger/UK	▼↓	■↓	■↓	▼↓	■↓	▼	▼↓	▼	▼	▲	■↓	▲
Allspring Global Investments	US/UK	■	■	■↓	■↓	■	■↑	■↑	▼	■↑	▼	■↑	▼
Amundi Asset Management	Fra	■	■	■	■	■	▼↓	■	▼↓	■	-	-	-
Apo Asset Management	Ger	▲	▲	▲↑	▲	▲	■↑	■	■↑	■↑	▼↓	▼↓	▼↓
BankInvest	Den	■	■	▲	■	■	▼	▼	▼	▼	■	▲	▲
Bank J. Safra Sarasin	Swi	▲	■	▲	▲	■↓	-	-	-	-	-	-	-
Bantleon Bank	Swi	▲	▲	▲	▲	-	▼	-	-	▼	■	-	-
Berenberg Wealth & Asset Mngt.	Ger	▲	▲	▲	▲	▲	▼	■	▼	▼	▼	■	▼
BNY Mellon Inv. Mngt. EMEA	UK	▲	▲	▲	■	■	▼	▼	▼	▼	■	■	■
CBL Asset Management	Lat	▼↓	▼↓	-	-	-	■	-	-	■↑	■↑	-	-
Columbia Threadneedle Inv.	US	■	■	■	■	■	■	■	■	■	▲↑	■	▲↑
Currency Research Associates	US	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼	▼
DWS Investment	Ger	▲	▲	▲	▲	▲↑	▼↓	■	■	▼	■↑	■	▼↓
Econopolis Wealth Management	Bel	▲	▲	▲	▲	▲	▼	■	▼	▼	▲	▲	▲
Edmond de Rothschild AM	Fra	■	■	▲	■	■	▼	■	▼	▼	▲	■	▲
Erste Asset Management	At	▲	▲	▲	▲	▲	■↑	■	■↑	■↑	■↓	■	■
Eurizon Capital	It	■↓	■↓	■↓	■↓	■↓	▼	▼	▼	■↑	■↓	▼↓	■↓
Fideuram Asset Management	It	▲	▲	▲	▲	▲	▼	■	▼	▼	▲	▲	▲
Fonditel	Spa	■	■	■	■	■	▼	▼	▼	▼	▼↓	▼↓	▼
Franklin Templeton Inv. Solutions	UK	▲	■	▲	■↑	■	▼	■	■	■	■	■	■
Generali Investments Europe	Ger/It	▲	▲	▲↑	▲	▲	▼	▼	▼	▼	▼	▼	▼↓
GNB Gestao Activos	Por	▲	▲	▲	▲	▲	▲↑	▲↑	▲↑	▲↑	▲	■	■
Graphene Investments	Fra	■	■	■	▼	■	▼	■	■	▼	▲	▲	▲
Groupama Asset Management	Fra	■	■	■	■	-	■	-	-	■	■	■	-
Hauck Aufhäuser Lampe	Ger	-	▲↑	-	-	-	▼	▼↓	▼	▼	■	▲	■
Irish Life Investment Managers	Ire	■↓	■↓	■	■↓	■↓	▼	▼↓	▼	▼	■↑	▲↑	▲↑
Janus Henderson Investors	UK	■	▲	▲	■	■	▼	▼	▼	▼	■	■	▲

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		US	Euro-zone	Japan	Asia	UK	\$	¥	£	€	\$/€	\$/¥	\$/£
La Française AM	Fra	▲↑	▲↑	▲↑	▲↑	▲↑	▼↓	■	■	▼↓	▼	▼	▲↑
LGT Capital Partners	Swi	■	■	■	▼	■	▼	▼	▼	▼	▲	■	■
Lyxor Asset Management	France	■	■	■	■	■	▼	■	■	▼↓	■	■	■
Mandarine Gestion	Fra	■	■↓	■	■↓	■↓	▼	■	▼	■↑	▼↓	■↓	■
Manulife Investment Mngt.	US	▲	▲	▲	▲	▲	▼	▼	▼	▼	▼	▼	▼
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	▲	▲	▲	▲	▲	▼	▼	▼	▼	■	▲	■
ONE Swiss Bank	Swi	■	■	■	■↓	■	▼	■	▼	▼	▲↑	■↓	■
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	▲	▲	-	▲	■	▲	■	▲	▲	■	▲	■
Swiss Life Asset Managers	Swi	■↓	■↓	■	■	■↓	▼	▼	▼	▼	▲	▲	■
Tokio Marine Asset Mngt.	Jap/UK	▲	▲	▲	▲↑	▲	■	■	▲↑	▲↑	■	■	■
Unigestion	Swi	▲	■	▲	▲	-	■	■	■	■	▼	▼	▼
Union Bancaire Privée	Swi	▲	▲	▲	▲	▲	▼	■	▼	▼	▲	▲	▲
Union Investment	Ger	■↓	■↓	■↓	■↓	■↓	▼	■	▼	▼	▼↓	■	■
% predicting rise (previous month)		45 (55)	46 (59)	55 (61)	51 (61)	39 (52)	7 (7)	2 (0)	9 (5)	7 (3)	23 (27)	29 (34)	26 (27)
% predicting stability (previous month)		45 (38)	49 (36)	41 (34)	40 (28)	56 (41)	26 (22)	62 (68)	27 (29)	33 (29)	49 (51)	51 (53)	52 (57)
% predicting fall (previous month)		10 (7)	5 (5)	4 (5)	9 (11)	5 (7)	67 (71)	36 (32)	64 (66)	60 (68)	28 (22)	20 (13)	22 (16)

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Return of the bonds

With a threat of nuclear war looming, Russia increasingly looking exhausted and desperate but unwilling to make concessions and a Russian default threatening, the world is again as dangerous as it was during the cold war. A default now cannot be compared with Russia's de facto default in 1998. This time, the money is there, but cannot be transferred. A default would gravely undermine trust in the Russian government, though. This would have consequences for its economic flexibility even after sanctions are lifted.

A 'stealth' variant of Omicron introduces new uncertainty. Its effect on hospitalisation and fatalities is unknown. Its effect on contaminations is far less important, as the link with hospitalisations is broken by vaccination campaigns.

While policymakers think the relatively high inflation is temporary, sentiment suggests a harsher than expected increase in central bank rates.

Asset allocation

Optimism on bonds has returned to the level of September 2021 after five months of slow but steady improve-

ment. Japan is now less of an outlier.

There is some hope that the ECB's new considerations will mitigate the pressure for interest rate increases.

By contrast, faith in equity has taken a remarkable hit this month, likely driven by fears of lower growth due to the Ukraine war and higher expectations of central bank rate hikes. Neutral views are up sharply for bonds as well as equity. Only in the UK was the neutral vote on bonds stable.

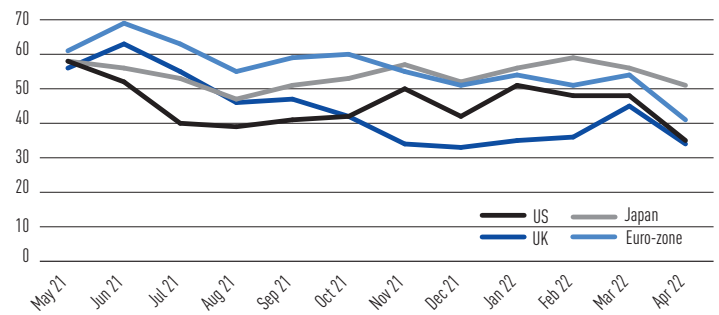
Country allocation

Net equity sentiment is down for all regions but still highest in Japan and lowest in the UK. Analysts may believe that Japan's growth prospects are better because it is further from the Ukraine war and not a NATO member. However, it is sensitive to higher energy prices.

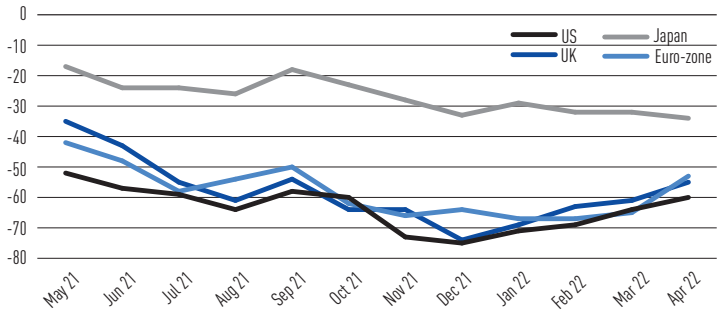
All regions have a negative net bond sentiment. The US scores lowest on net bond sentiment. The Fed is expected to raise rates more often than the other central banks.

PETER KRANEVELD,
INTERNATIONAL PENSIONS
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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

