

## ASSET ALLOCATION

## IPE QUEST EXPECTATIONS INDICATOR



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

IPE polled 58 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 64.

	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	■	■↑	▲↑	■	▼↓	-	-	-	-	■↓	▲	▼↓
Hauck Aufhäuser Lampe	Ger	-	▲	-	-	-	▲↑	■	▲↑	▲↑	▼	▲	▲
Irish Life Investment Managers	Ire	▼	▼	■	▼	■	■↑	■	■↑	■	■	▲↑	▲↑
Janus Henderson Investors	UK	■	■	■	▲	▲	▼	▼	▼	▼	■	▲	■

	Location	EQUITIES					BOND PRICES				CURRENCIES		
		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 Institutional	Ger	■	■	■	■	■	▼	■	▼	▼	▼	■	■
% predicting rise (previous month)		41 (47)	36 (34)	39 (42)	38 (39)	37 (36)	16 (18)	0 (5)	11 (16)	9 (12)	26 (28)	34 (35)	36 (24)
% predicting stability (previous month)		34 (35)	32 (36)	46 (51)	44 (46)	43 (51)	38 (26)	69 (64)	40 (29)	38 (33)	48 (47)	36 (36)	48 (64)
% predicting fall (previous month)		25 (18)	32 (30)	15 (7)	18 (15)	20 (13)	46 (56)	31 (31)	49 (55)	53 (55)	26 (25)	30 (29)	16 (12)

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Light at the end of the tunnel?

Peace in Ukraine remains a (positive) risk, although neither party seems prepared to make the necessary concessions. Sanctions are hitting both sides, but Russia harder than NATO countries: expected Russian growth in 2022 is minus 8-10%, expected inflation 18-23%. Ukraine is hit even harder but can expect financial support.

There was little uncertainty about the planned increases in interest rates, so markets reacted smoothly when those plans became reality. The next stage will be looking for the effect of the increases on inflation and growth.

Inflation and rigid wages are stirring up social instability that may result in loss of credibility of national leaders. In the UK, political scandals strengthen this effect, while in the US it is strengthened by divisiveness. By contrast, the EU has found new purpose through the Russian war.

Asset allocation

The loss of faith in equity and the rise of expectations for bonds look like a continuation of the trend of the past five months, but there are some unusual events, all happening at once that might signal an expected change in regime. Net

euro-zone equity expectations have stalled just above zero. In all regions, the neutral vote on bonds has risen above or is set to rise above that on equity.

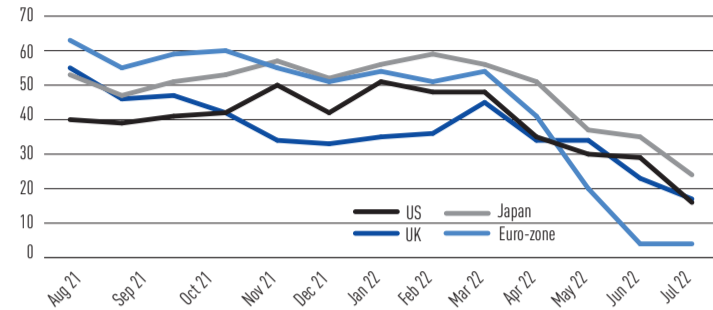
Net bond sentiment has reached -40. This does not just close the longstanding gap between Japan and the other regions. US net bond expectations rose even above those of Japan. With record government debts and a fear of default only for the weakest countries in the euro area, bonds are getting close to being attractive again. In addition, real estate prices are rising, which is bad news for the most important bond alternative, mortgages.

Country allocation

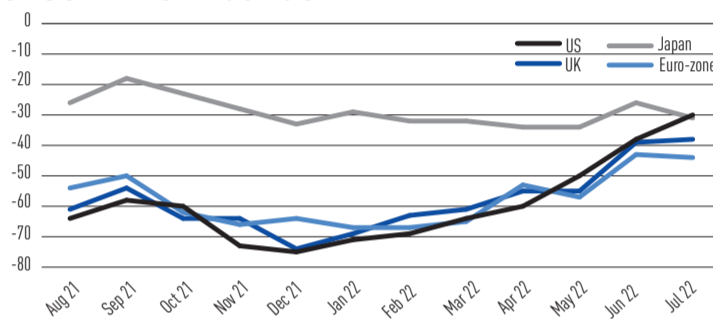
Net equity sentiment is down for all regions, with the euro-zone less of an outlier, while bond sentiment is still rising, with Japan ceasing to be an outlier. The cohesion in expectations leaves less room for country plays and may be a wait-and-see game that can change rapidly with new information on growth, inflation and political risk.

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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 62 and 63

