

# Q1 Asset Allocation Survey

## Press Release

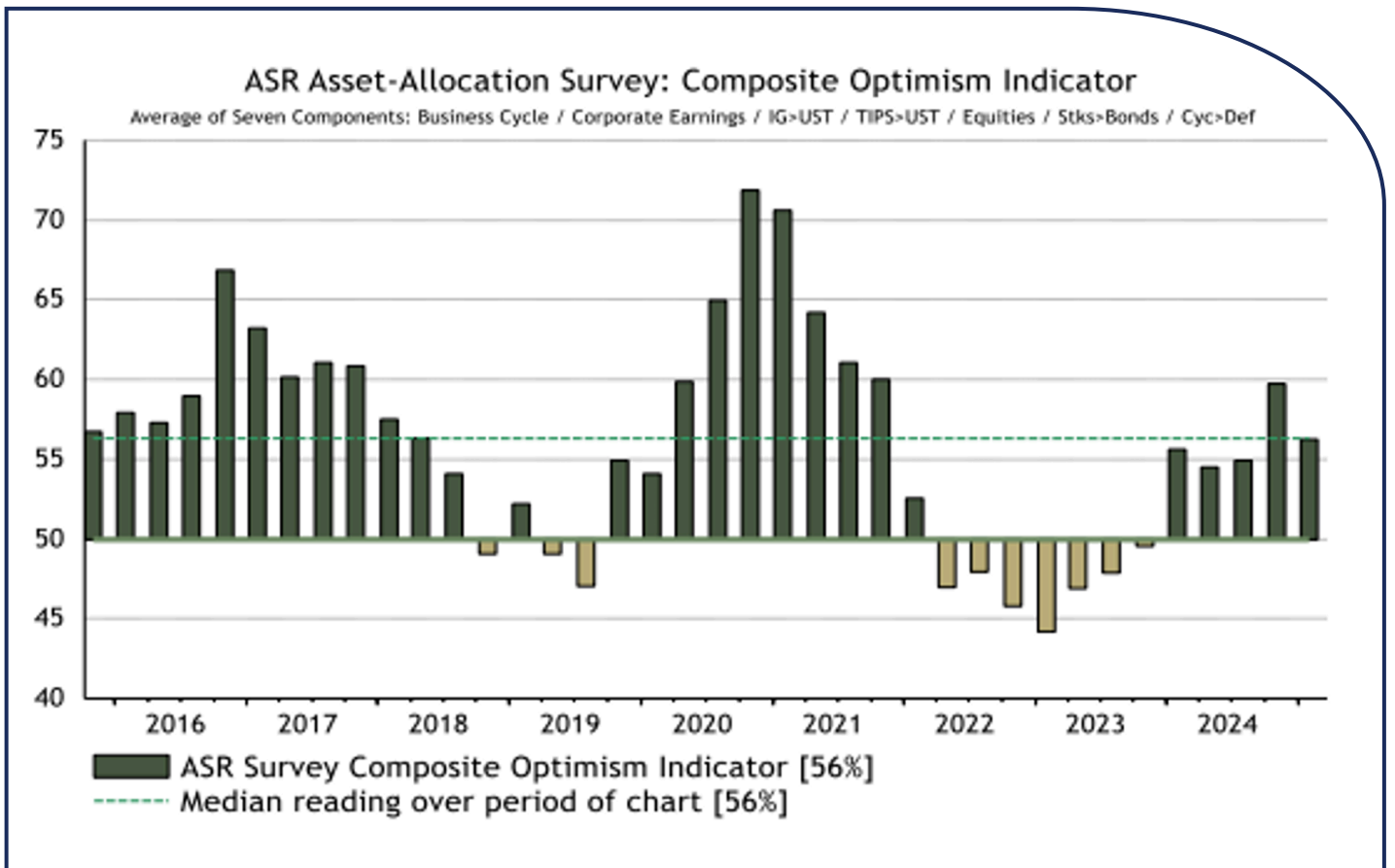
### US Assets Lose Post-Election Lustre...

#### In What is Otherwise a 'Risk-On' 'Business-as-Usual' Allocation

Market survey showing how expectations have changed between President Trump's election in November and the end of his first month in office. Some of the biggest changes in implied probabilities relate to FX: investors have become more bearish of the USD and more bullish of EUR and JPY. **Post-election euphoria for US equities has evaporated.**

### KEY CHART

#### ASR's "Composite Optimism Indicator" Signals Improvement



## Froth comes off US Assets as Investors trim Post-election Euphoria

The biggest shift over the quarter was a **19%-point decline** in the probability of US equities outperforming non-US (international) equities. Investors were also USD negative. And US Big Tech AI narrative has been disturbed by DeepSeek's arrival.

## An 'Equity-Bullish' 'Risk-On' 'Business-as-Usual' Asset Allocation

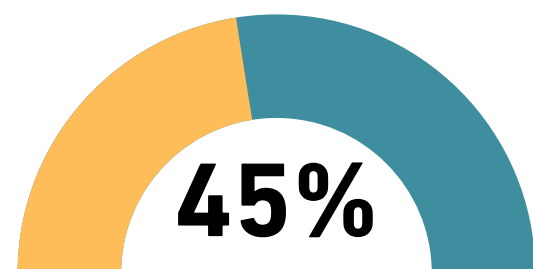
Investors expect Equities, Real Assets, and Corporate Credit to outperform US Treasuries over the next 12 months in the absence of a Global recession. But this business-as-usual allocation does not appear to have discounted a tariff shock.

## Panel debates whether to worry about stagflation

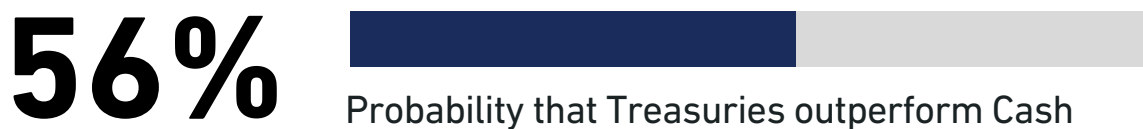
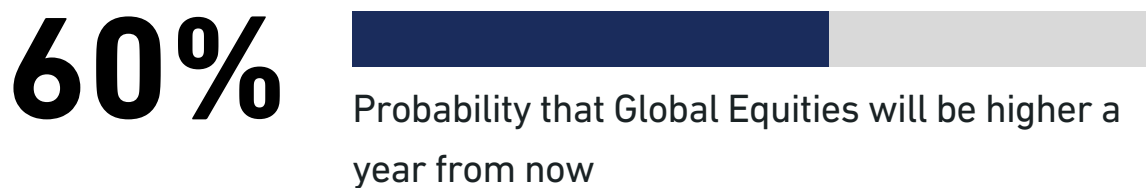
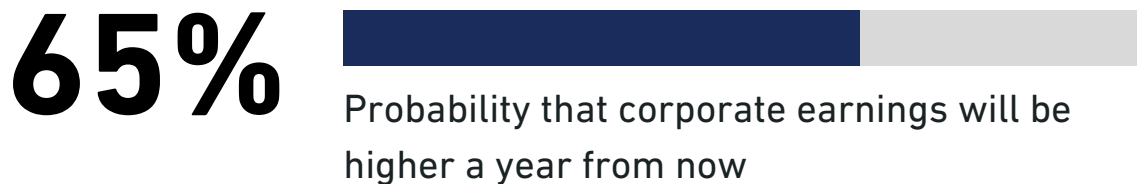
This might be a positive survey, but the division of groups by our cluster analysis reveals strong debates within the panel. 45% of panellists worry that US inflation will rise and business confidence fall, disrupting equity valuations and prices.

## BITCOIN VS. GOLD

Investors anticipate further gains for Gold in the coming year, having already risen 12% since the last survey. Notably, 45% of our panel believe Gold may outperform Bitcoin.

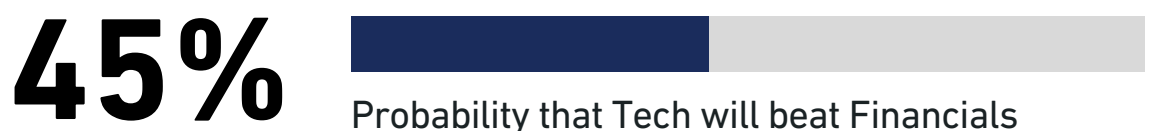


Despite the changing appeal of US assets, the sentiment is in essence quite positive. Although the "Composite Optimism Indicator" decreased slightly, it remains above 50 and aligns with the past decade's median, **indicating that investors are still "risk on."**



## INTRA-EQUITY EXPECTATIONS

The first month of Trump's presidency led our panel to reevaluate preferences for US versus non-US equities. Those anticipating US underperformance also perceived a greater risk of rising inflation and lower business confidence.



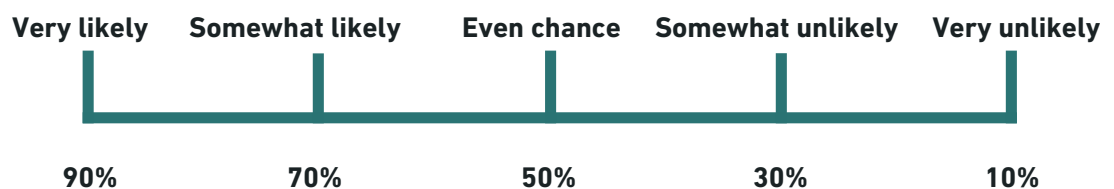
HEADLINE NUMBERS

# Benchmarking Financial Probabilities

For over 10 years, ASR has surveyed CIOs and asset allocators on the financial market outlook for the next 12 months:

- The survey serves is a **Global Benchmark of Financial Probabilities**
- Fieldwork was conducted from February 20th - 26th 2025
- The panel included 284 responses, overseeing \$13trn AUM

The survey requires respondents to assess the likelihood of various financial and economic events occurring in the next year, consisting of thirty questions with five options and assigned probabilities:



This approach calculates overall probabilities, providing a more advanced analysis compared to traditional surveys with "net balance." These "implied probabilities" allow for comparisons with market probabilities, personal views, and historical baselines.

## About Us

Absolute Strategy Research Limited (ASR) has been recognized as the top independent macro research provider by Extel for 11 years. It offers unbiased investment strategy guidance to institutional clients globally, focusing on equity strategy and asset allocation.

**Contact our media representative to arrange a Q&A session with David Bowers and Charles Cara w/c: 10th March 2025**

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