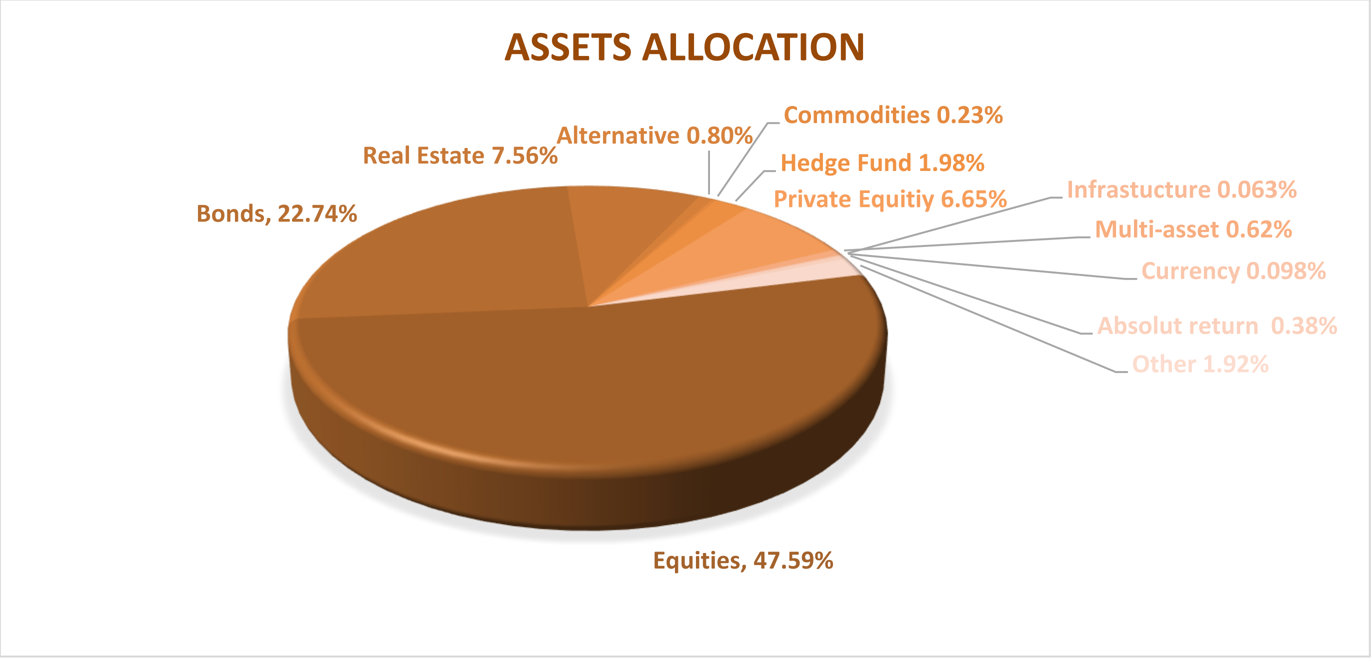
2014 Institutional Investor Sentiment Study

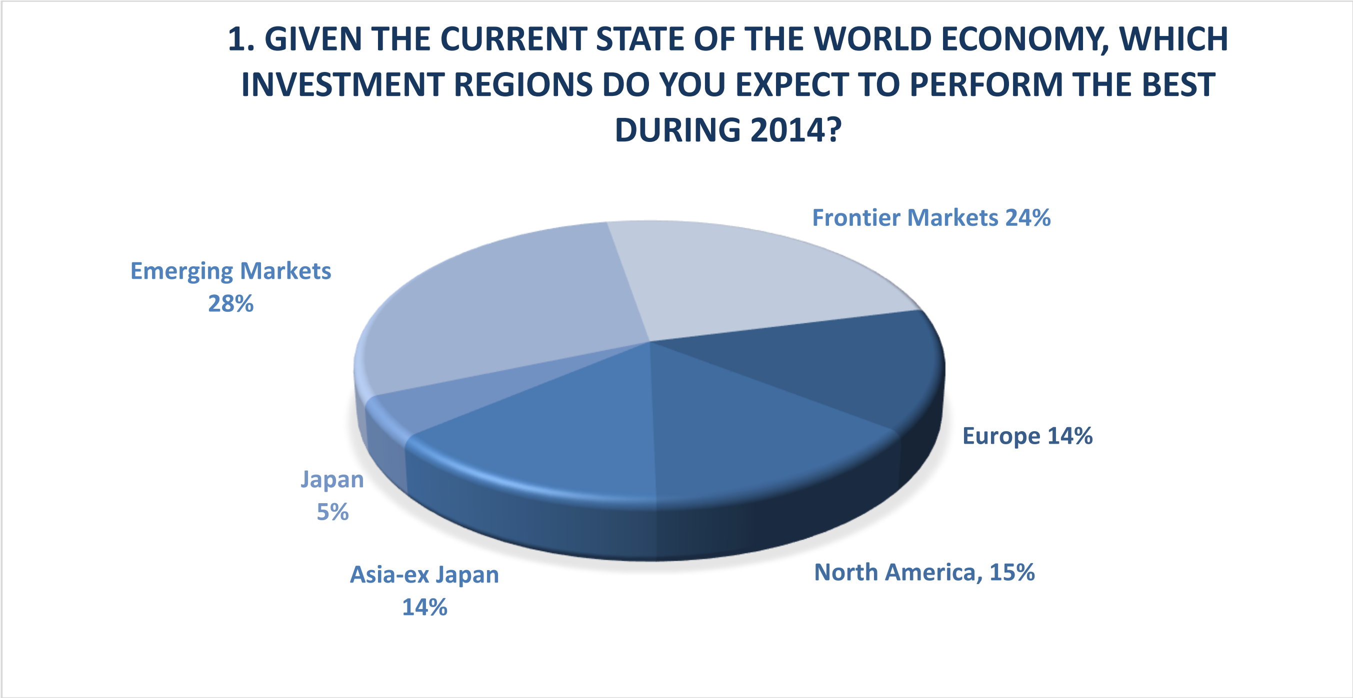
Basic Results

During November-December 2013 Instintell Institutional Investors Intelligence Limited conducted an opinion study about the investment preferences and trends within the institutional investor sector. This report contains a summary of our findings.

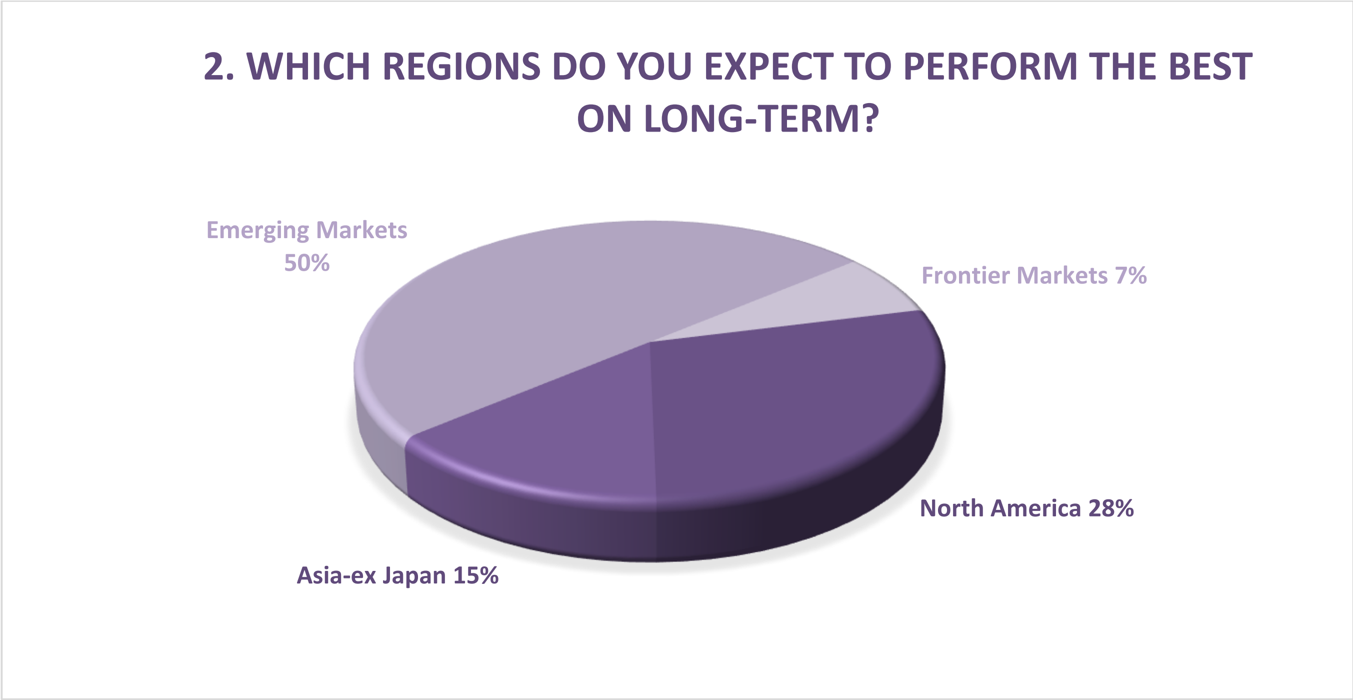
Our study covers institutional investors with AUM totaling EUR162bn.

The chart below shows the allocation of the assets for the institutional investors which took part in our research study.

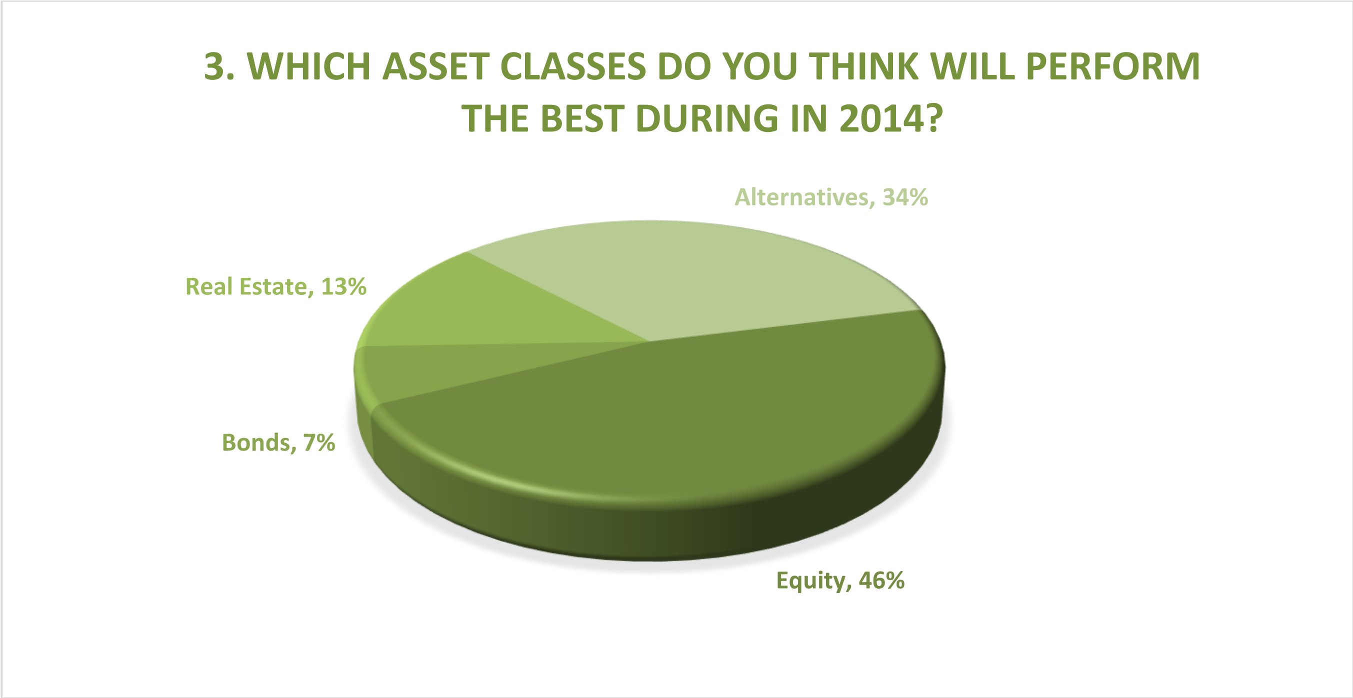




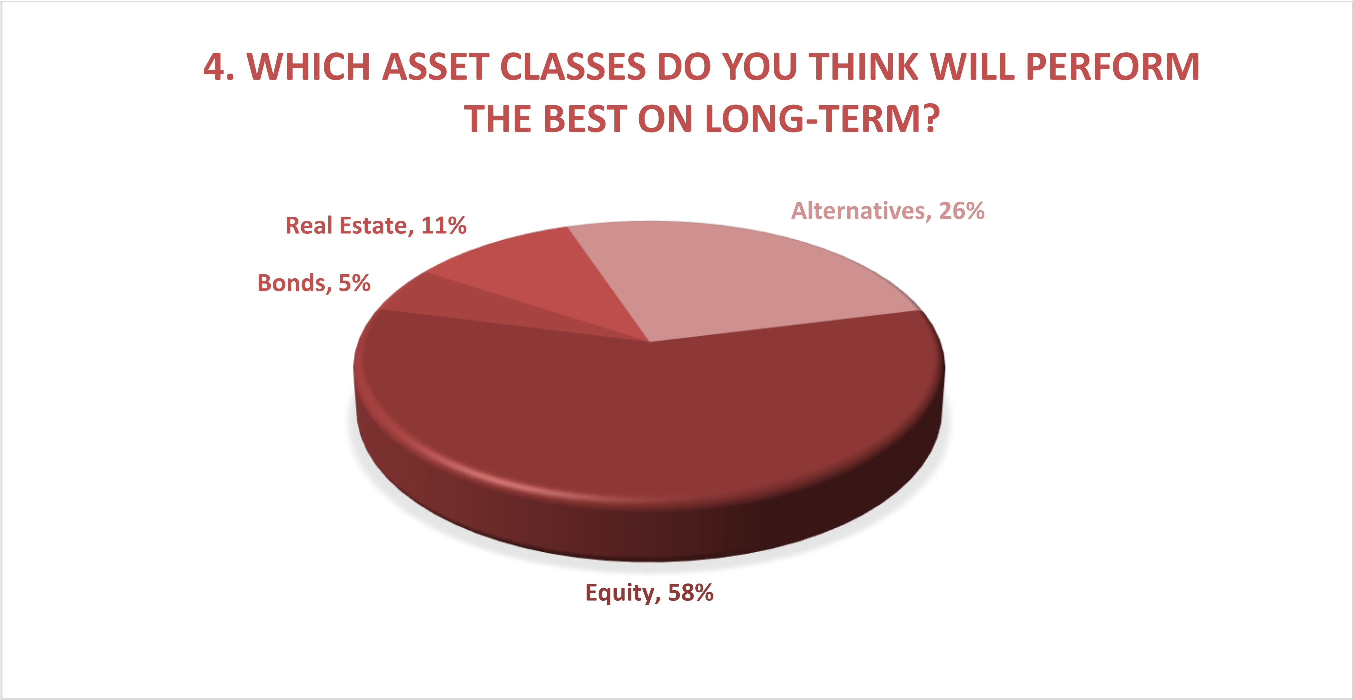
The institutional investors see Emerging Markets (followed by Frontier Markets) as the best performers in 2014.



On long-term the Emerging Markets and North America are seen as the best performing investment regions. In our 2013 Sentiment Study the North American region was seen as the best long-term destination by 14% (28% in the current report).



In 2014 the Equities are most preferred, followed by Alternatives(34% versus 20% in 2013) and Real Estate. Bonds are preferred by 7%(3% in 2013).



The growth asset classes like Equities, Alternatives(26% from 20% in 2013) and Real Estate are seen as the best long-term performers.

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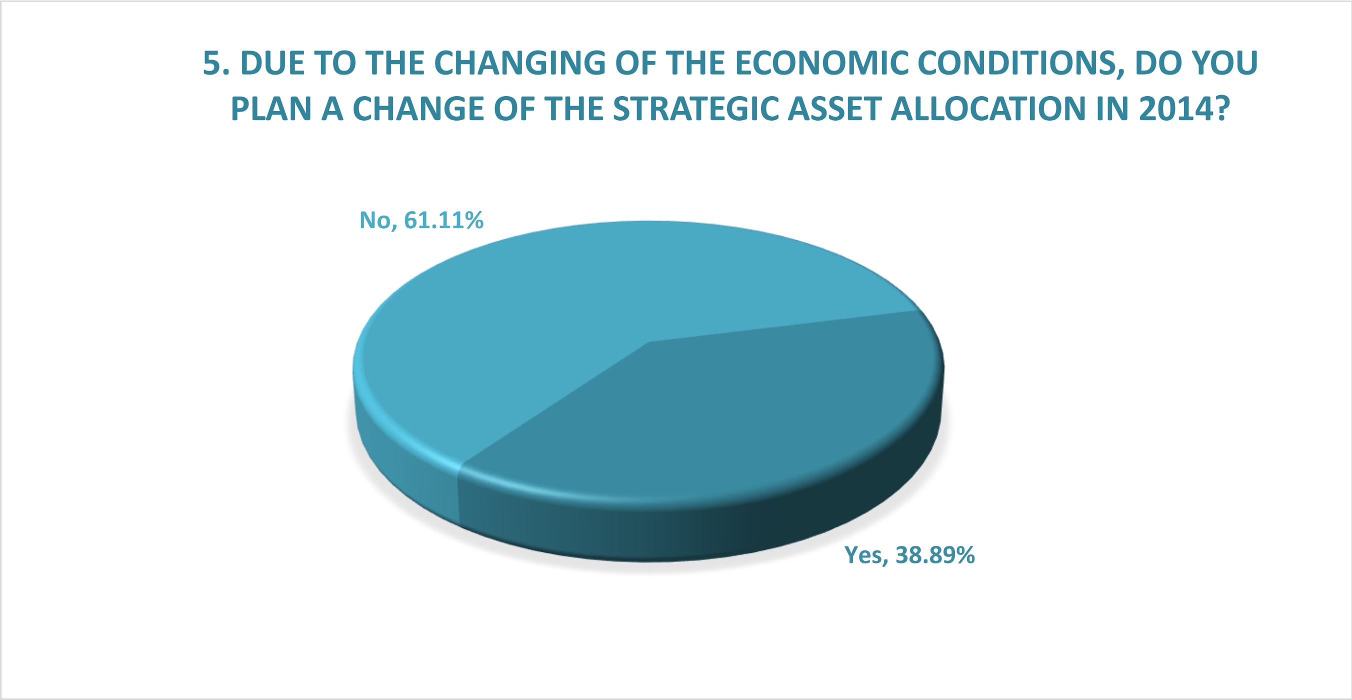
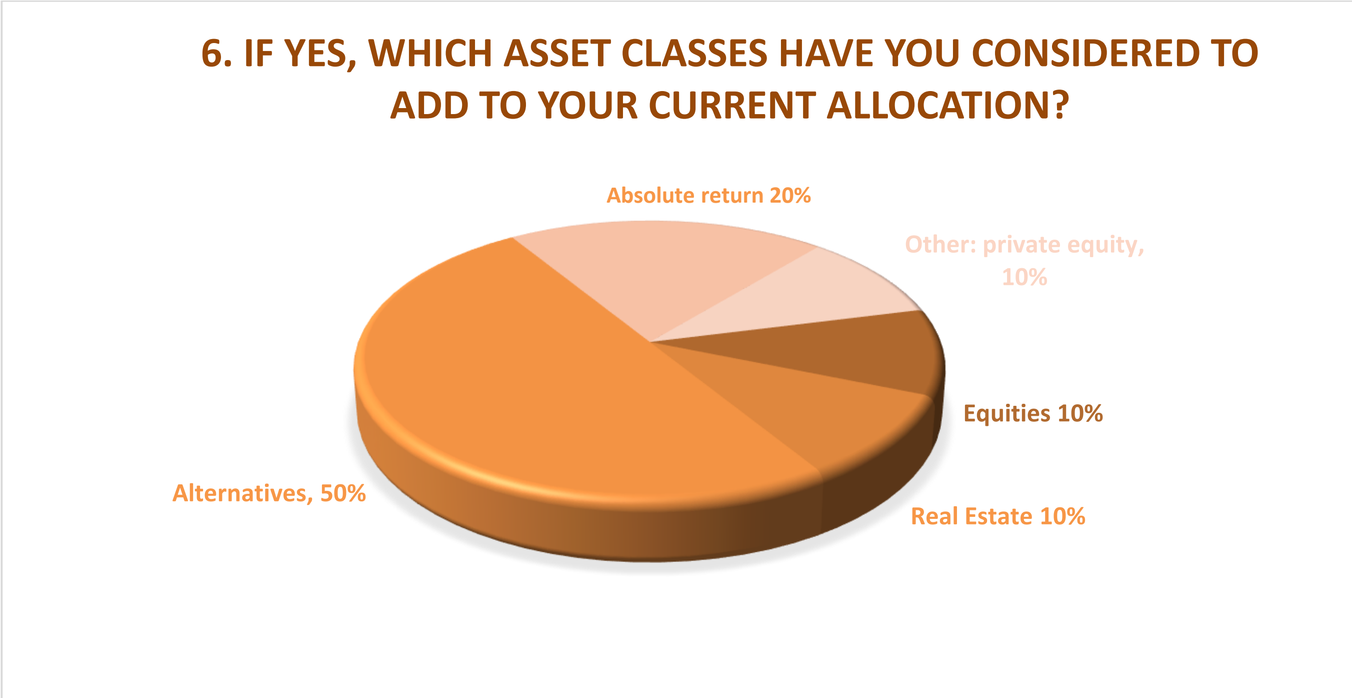


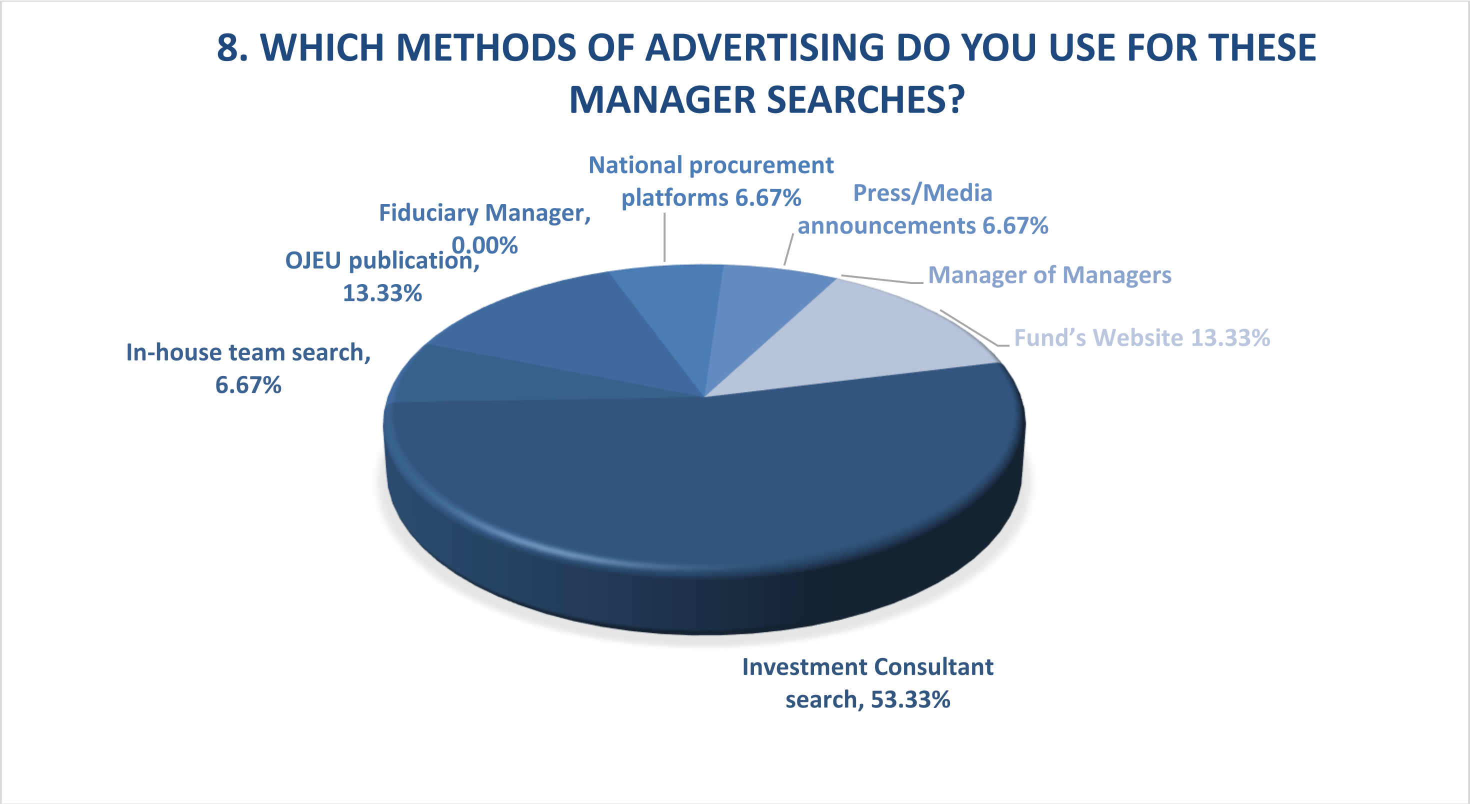
39 % of the institutional investors consider changing their asset allocation in 2013(only 25% responded Yes in 2013).



If new asset classes are added in 2014, the institutional investors prefer Alternatives as a general asset class(50% versus 14% in 2014). Absolute return products are preferred by 20%(versus 14% in 2013).

Amongst the major issues to deal in 2014(as mentioned by the institutional investors):

- Meeting long-term funding obligations;
- Long-term inflation;
- Rising Bond yields and failure of liability matching strategies to deliver;
- To increase diversification;
- Fixed income bond investments;
- Meeting the actuarial assumptions over the near to medium term;
- Continued pressure in the media to change the DC plans;
- The possibility that the equity market falls.



More than half of the institutional investors use an investment consultant to announce new manager searches.

More info about PensionMandate

Contact us:

For any questions, please contact us at:
Liviu_Morariu
Phone:+44(0)2081449983
Liviu.Morariu@PensionMandate.com