PENSION MANDATE
INSTINTELL INVESTOR INTELLIGENCE

2017 Institutional Investor Sentiment Study

Basic Results

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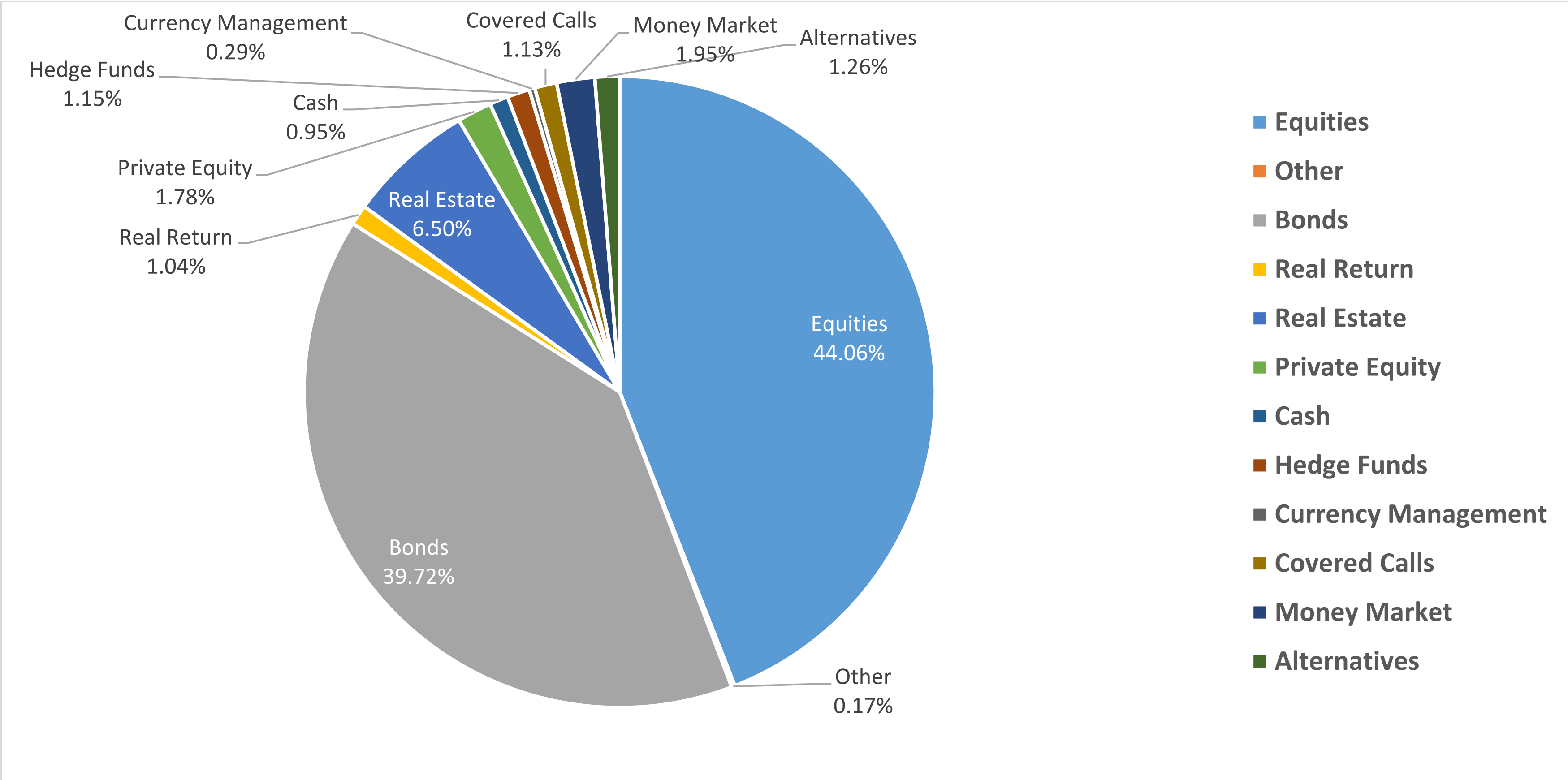
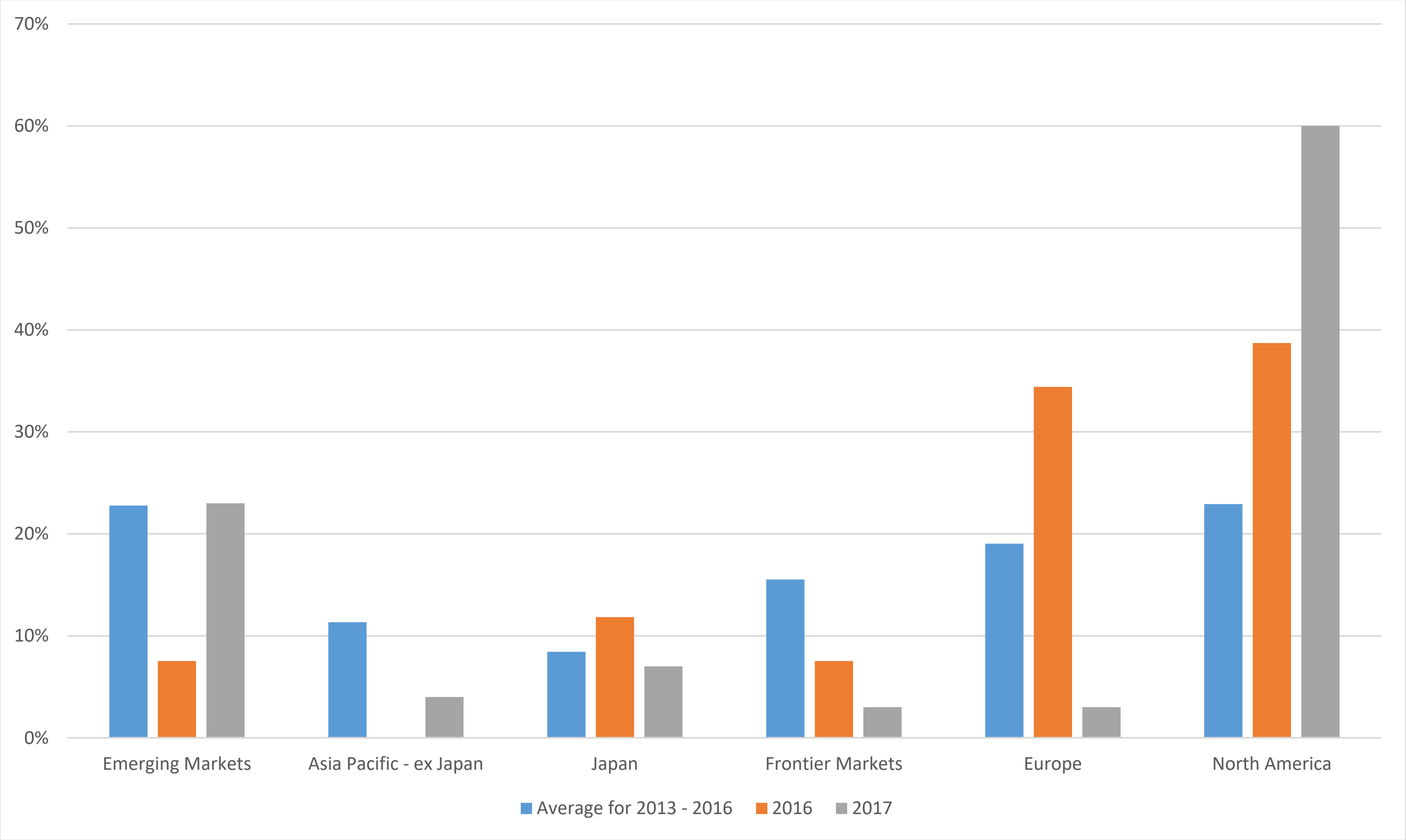
During November - December 2016 PensionMandate conducted a survey about the investment preferences and trends among executives of institutional investors.This report contains a summary of our findings. Our study covers institutional investors with AUM totaling EUR189.2bn.

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



1. Given the current state of the global economy, which investment regions do you expect to perform best during 2017?



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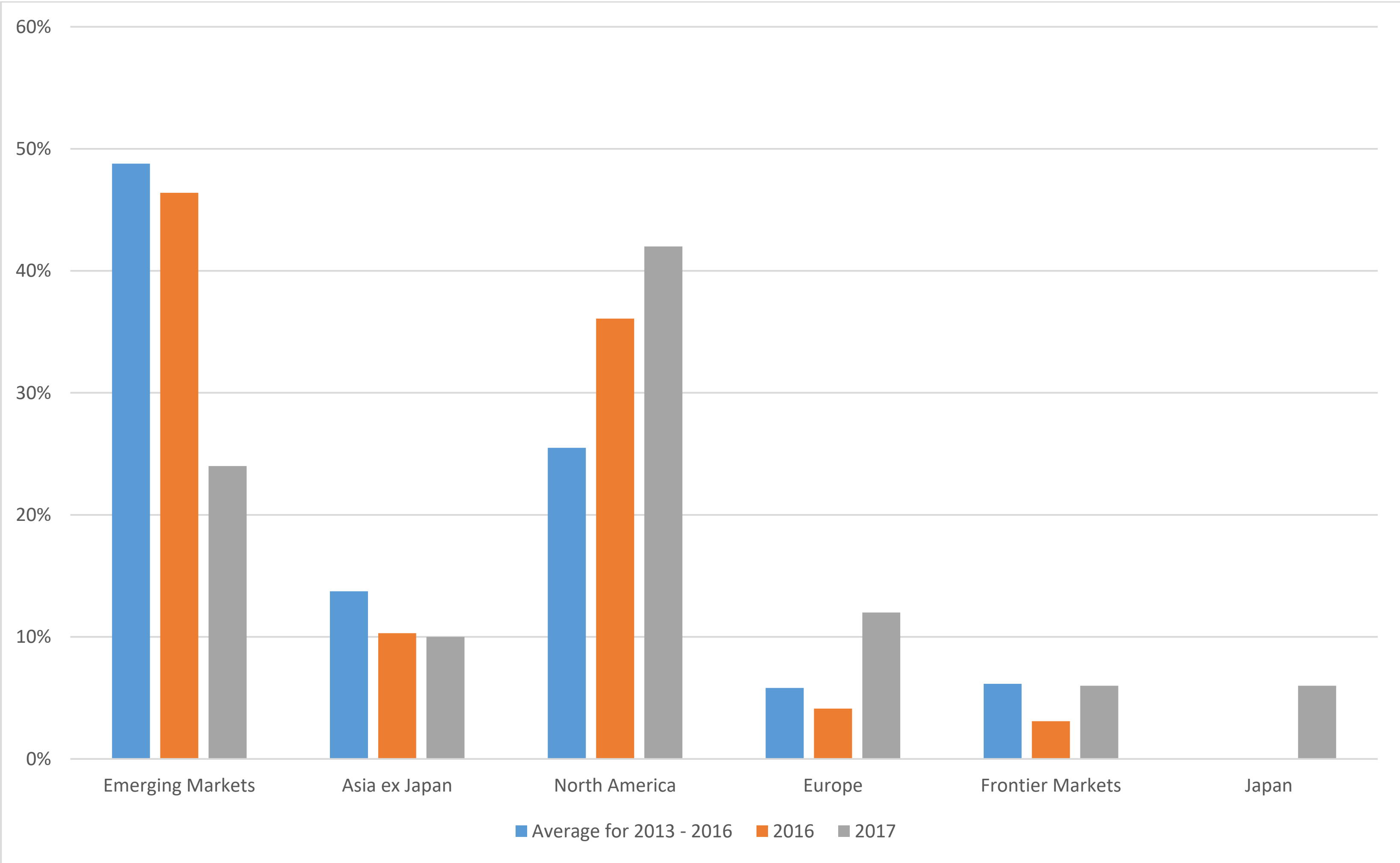
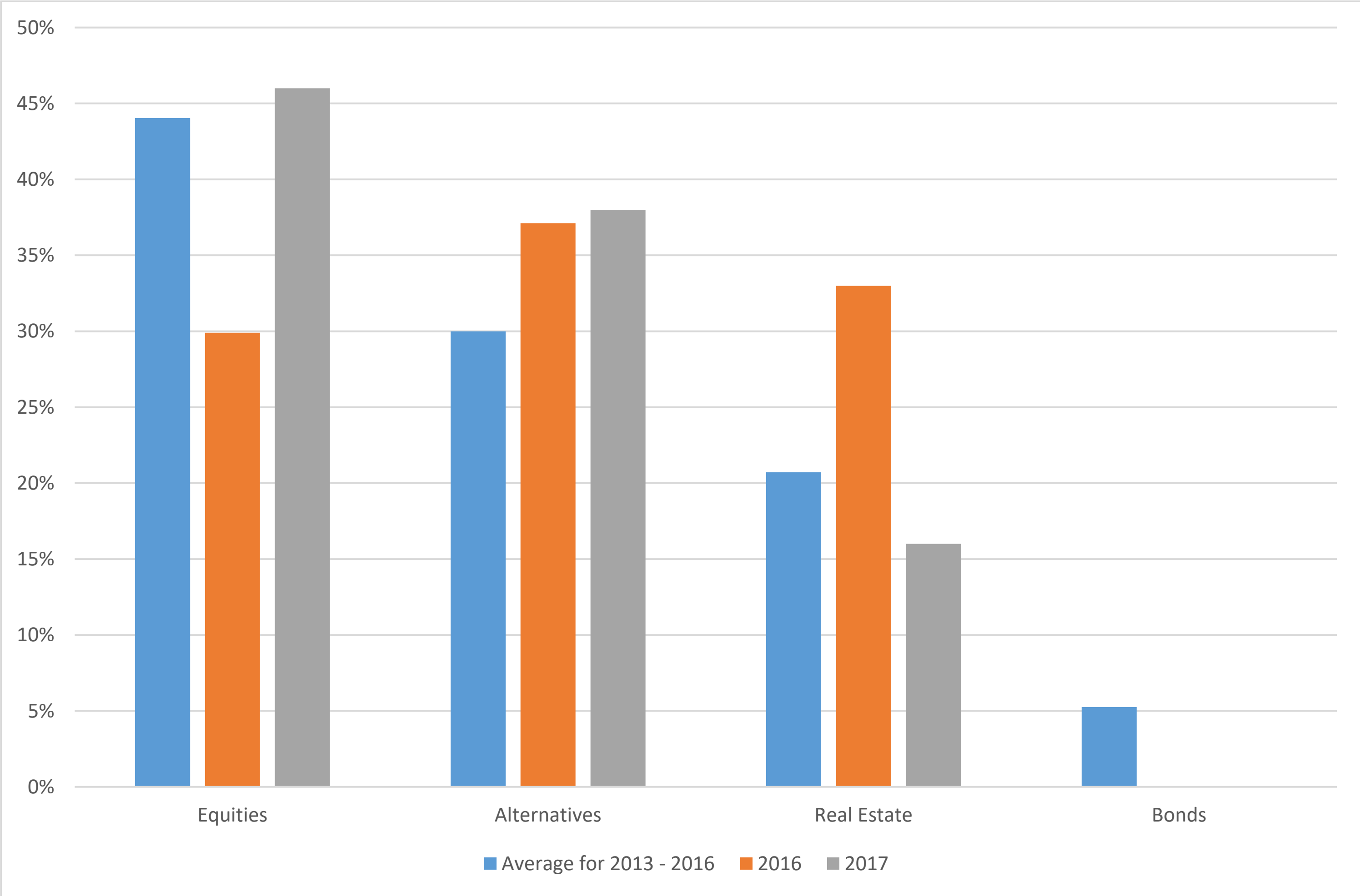
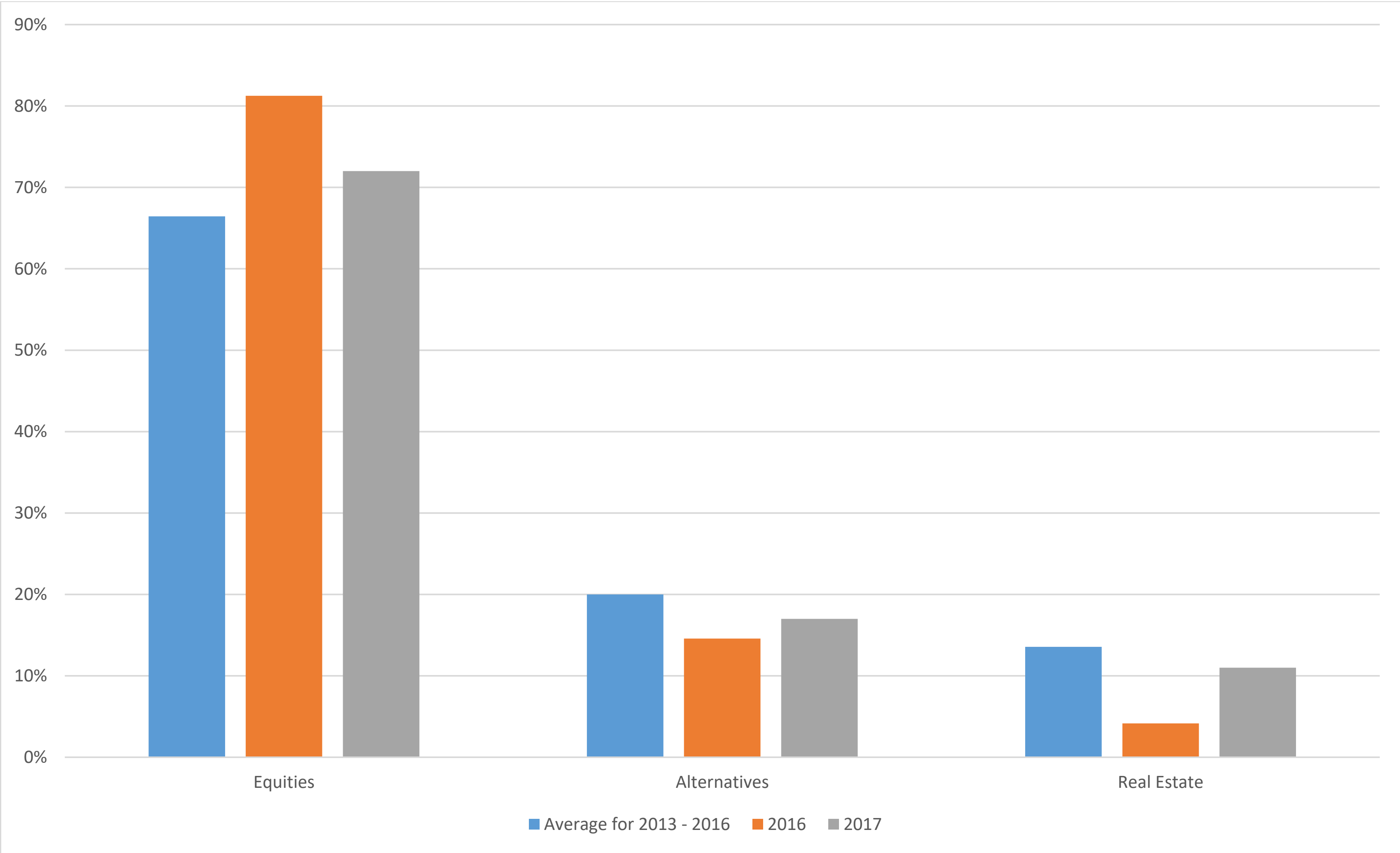
2. Which investment regions do you expect to perform best in the long run?



3. Which asset classes do you think will perform best during 2017?



4. Which asset classes do you think will perform best in the long run?



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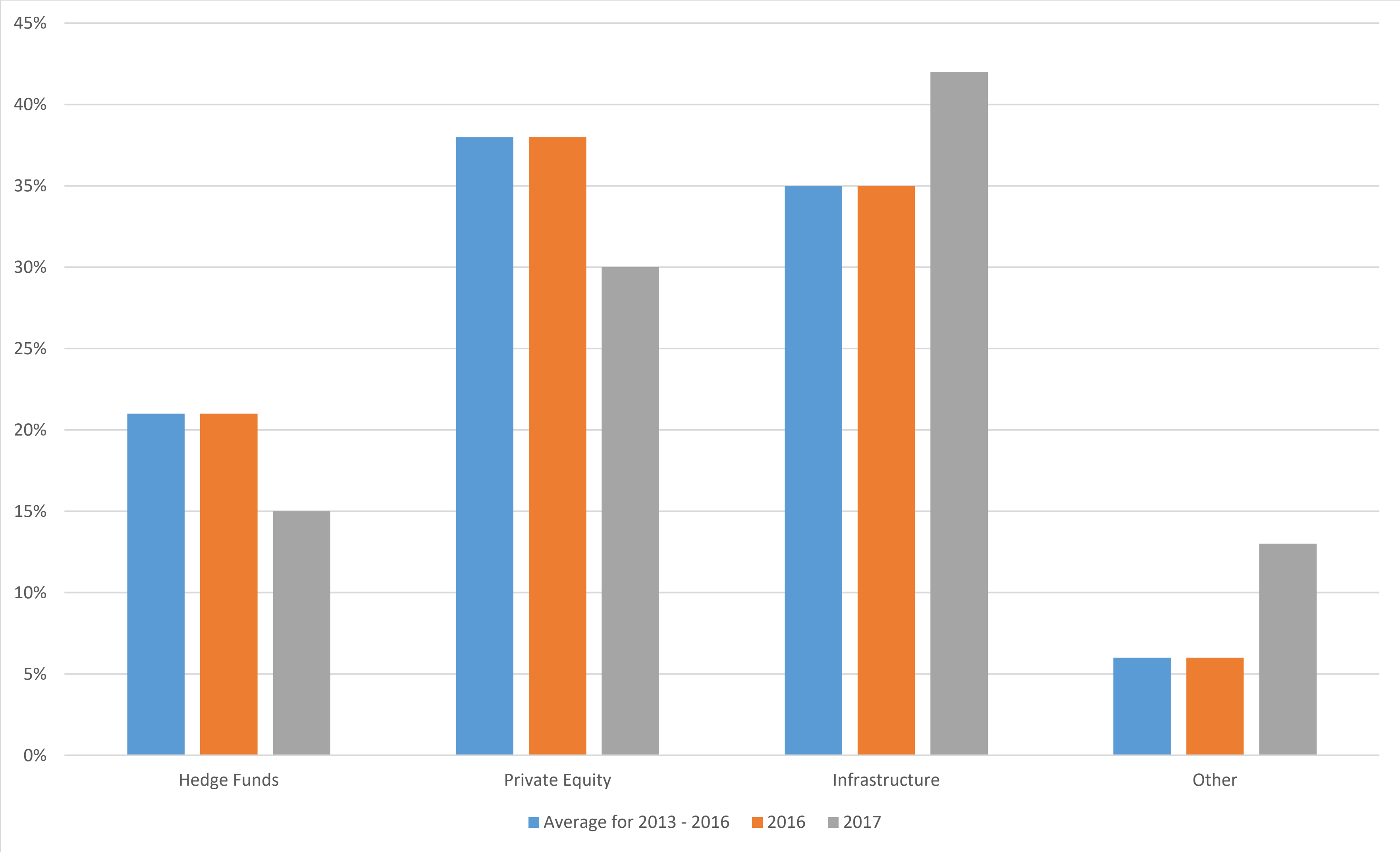
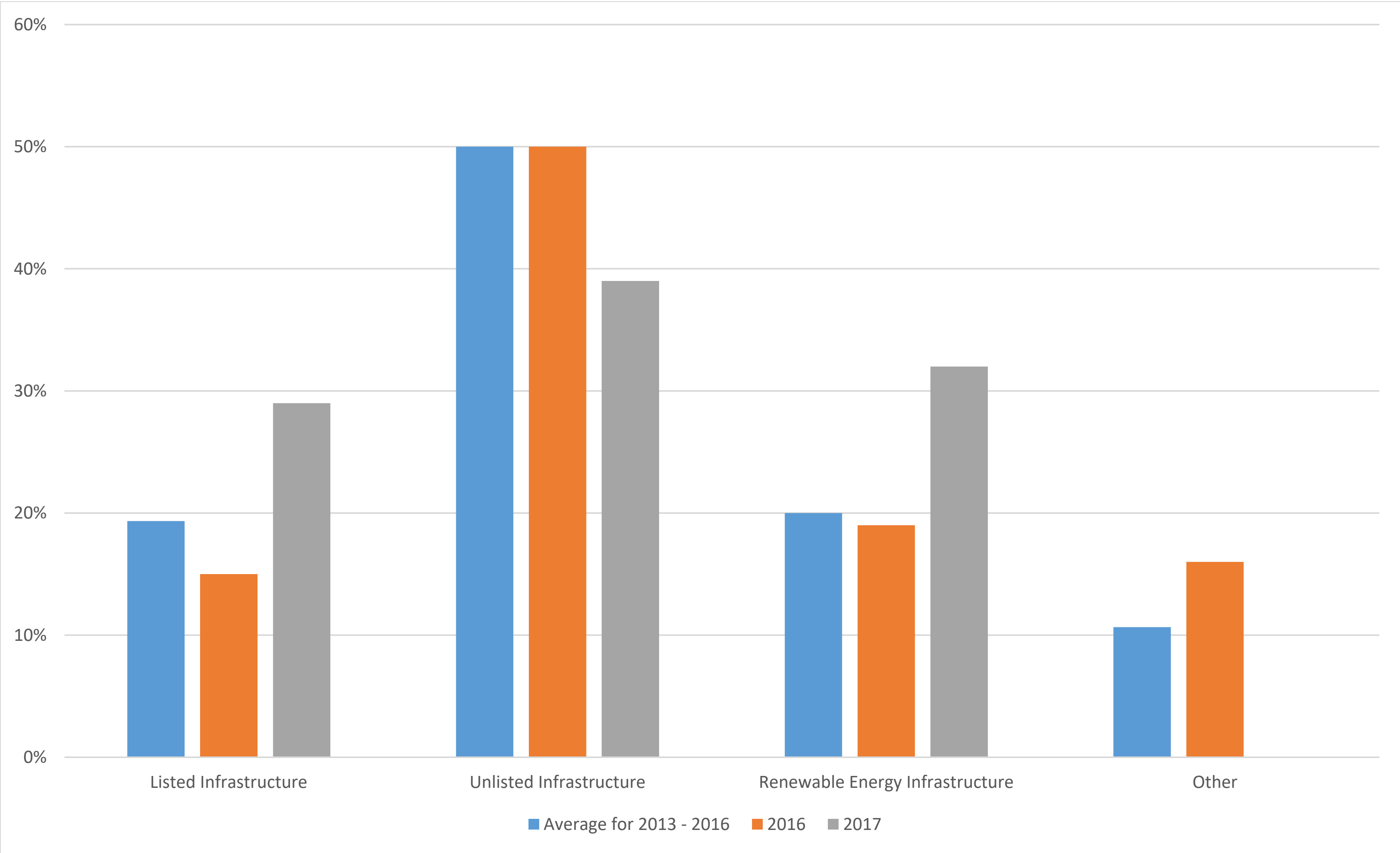
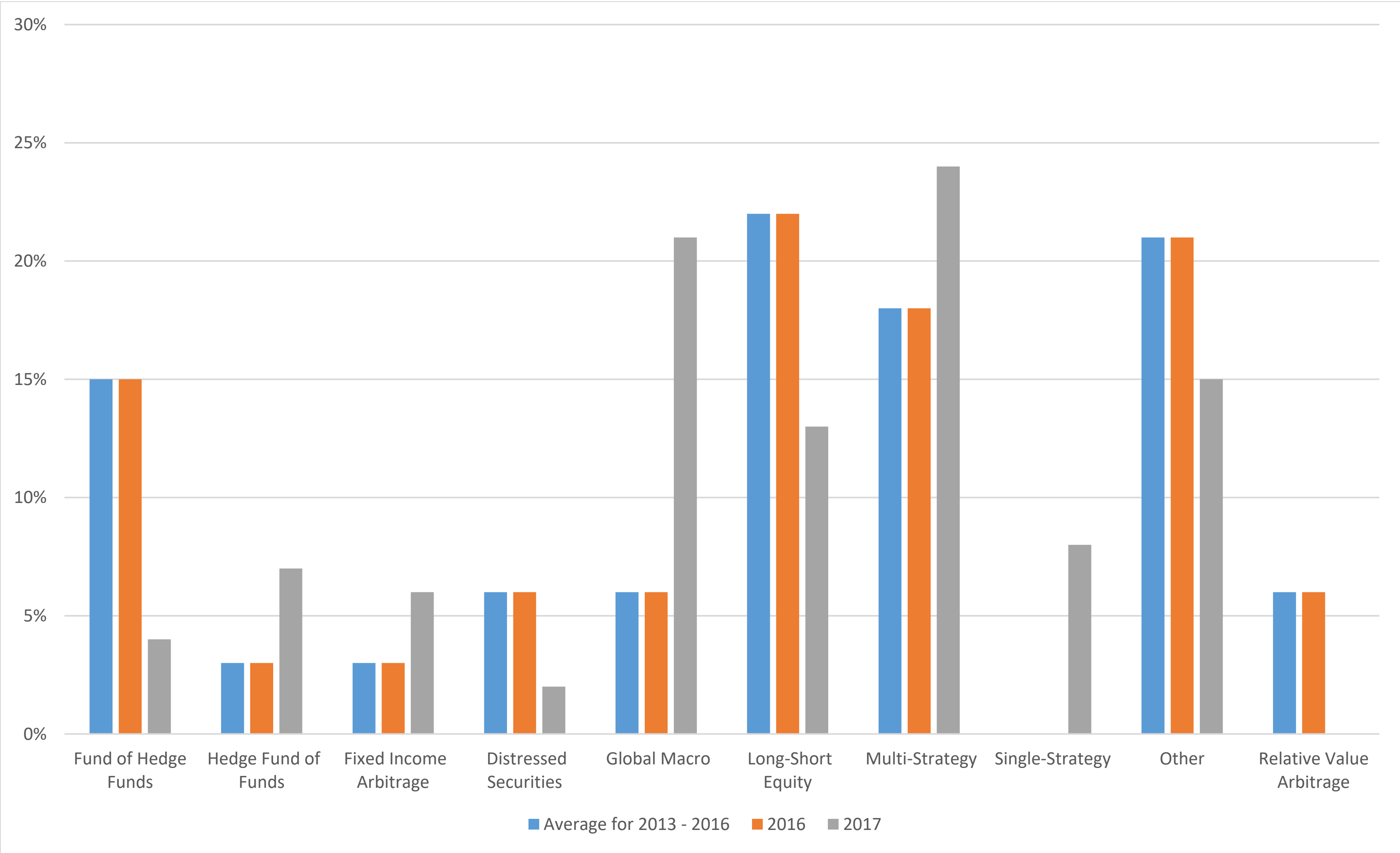
5. Which alternative asset class posits the most appeal for 2017 investments?



6. Which infrastructure asset class would you consider investing in during 2017?



7. Which hedge funds asset class would you consider investing in during 2017?



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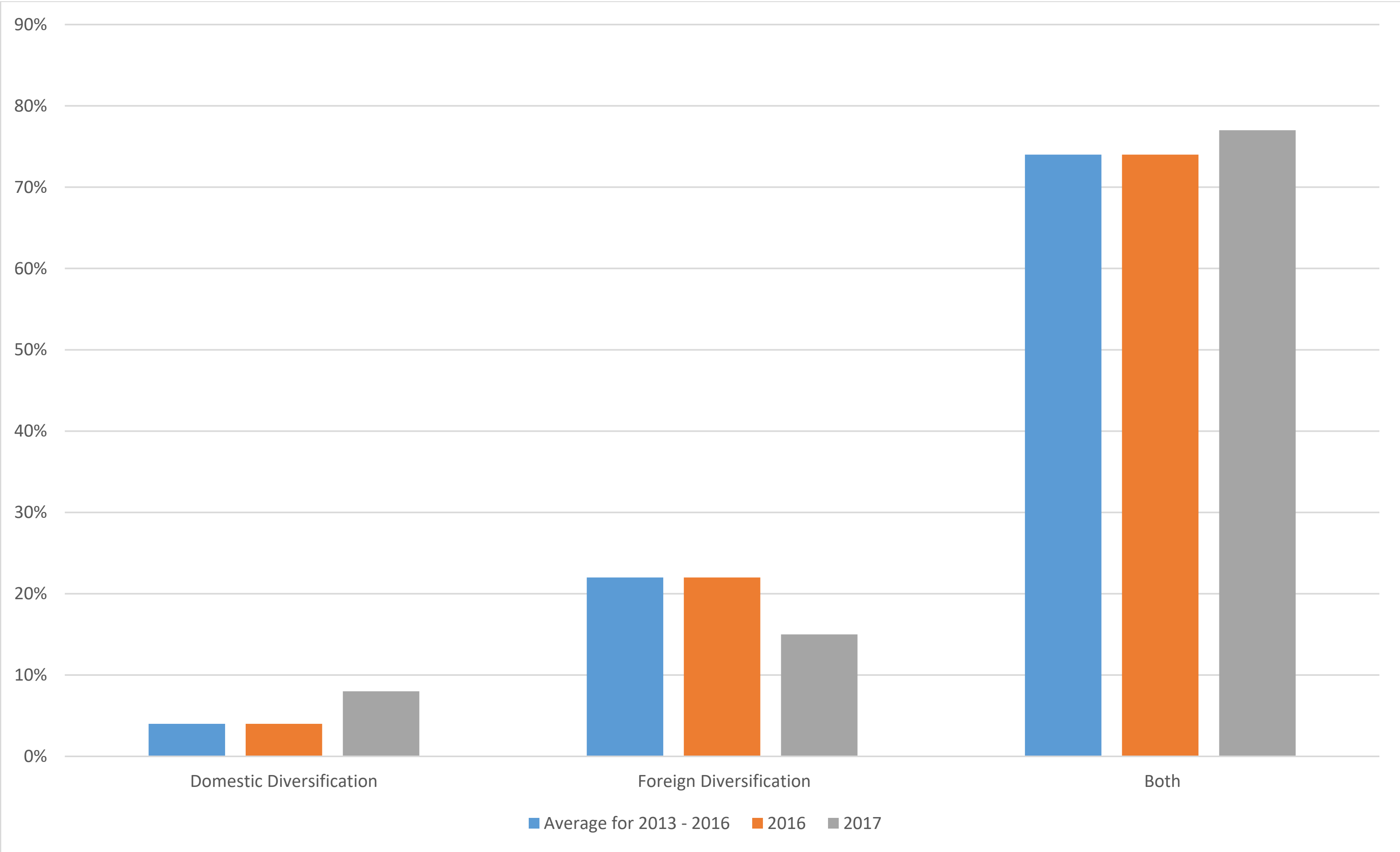
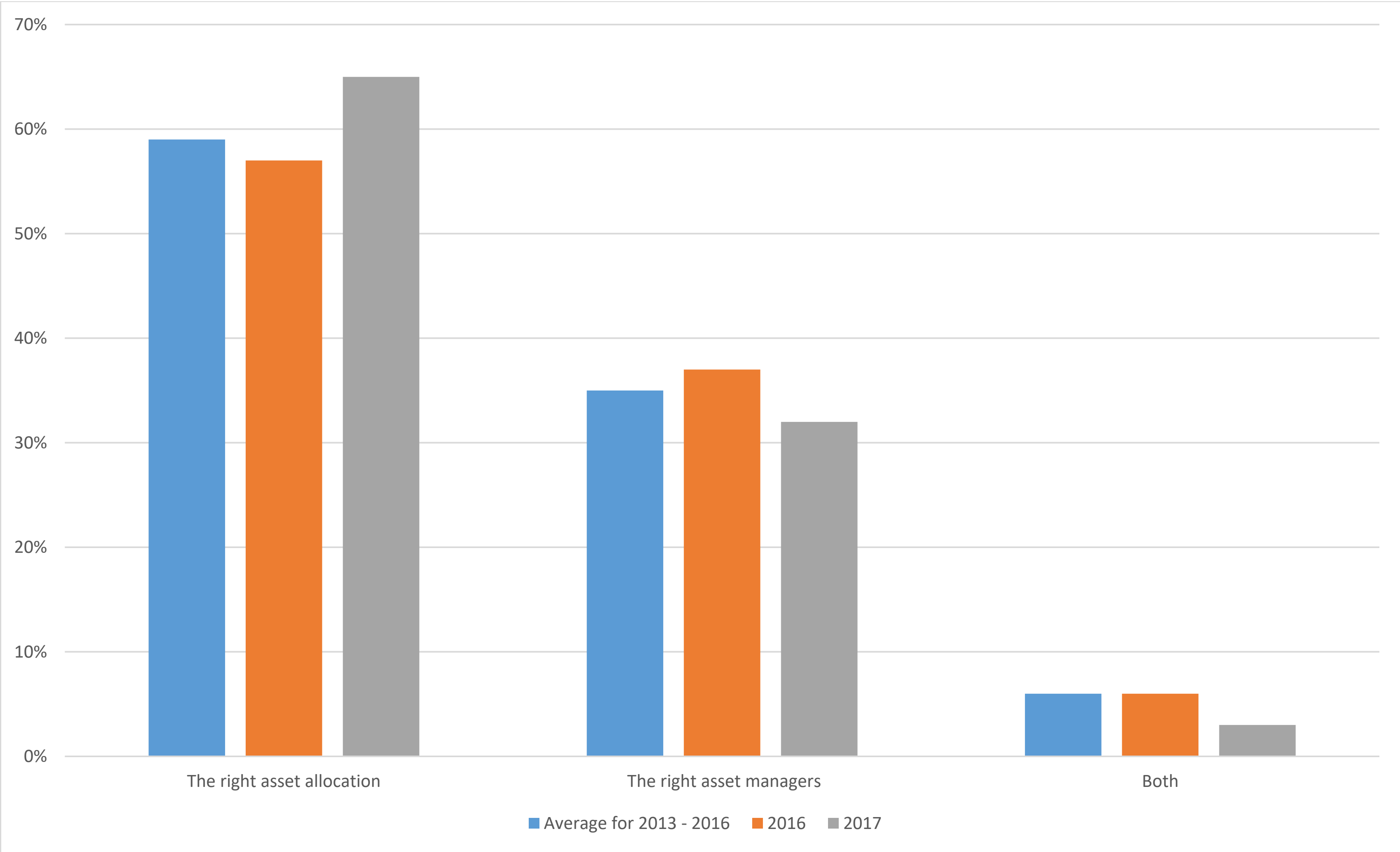
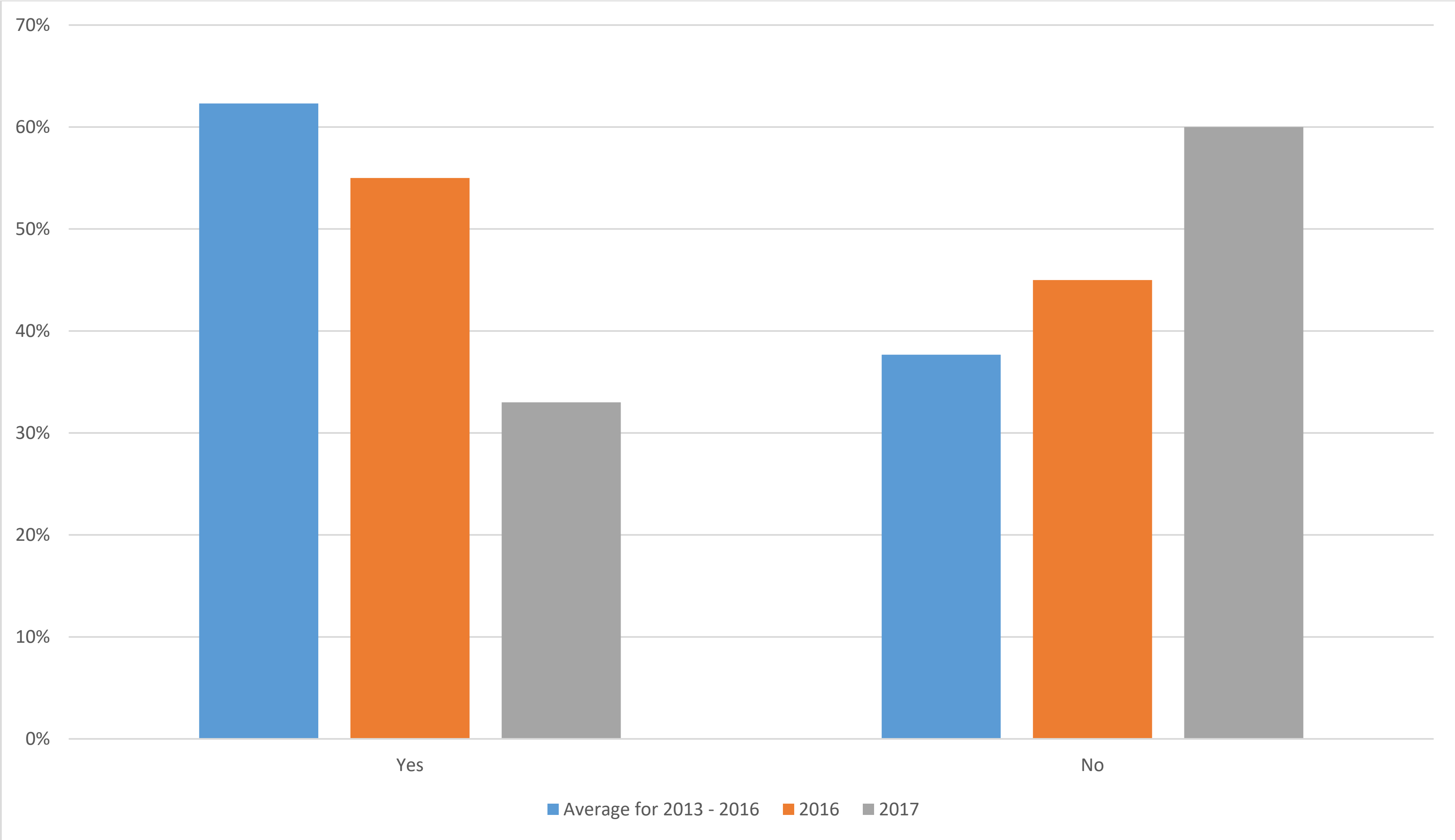
8. How do you plan to diversify your risk during 2017?



9. What do you think will generate excess return for your portfolio in 2017?



10. Given the changes in economic conditions, do you plan to change your Strategic Asset Allocation in 2017?



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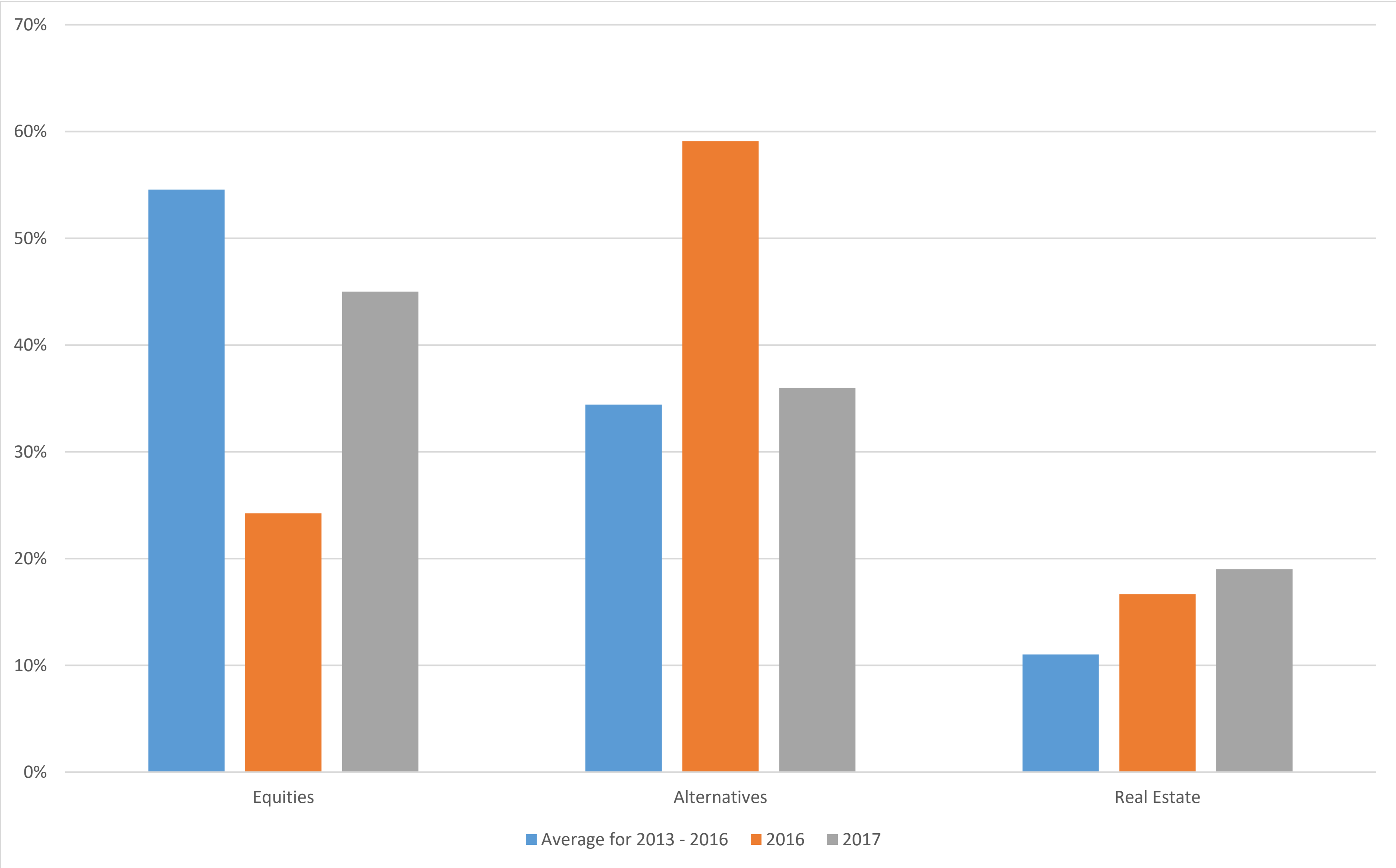
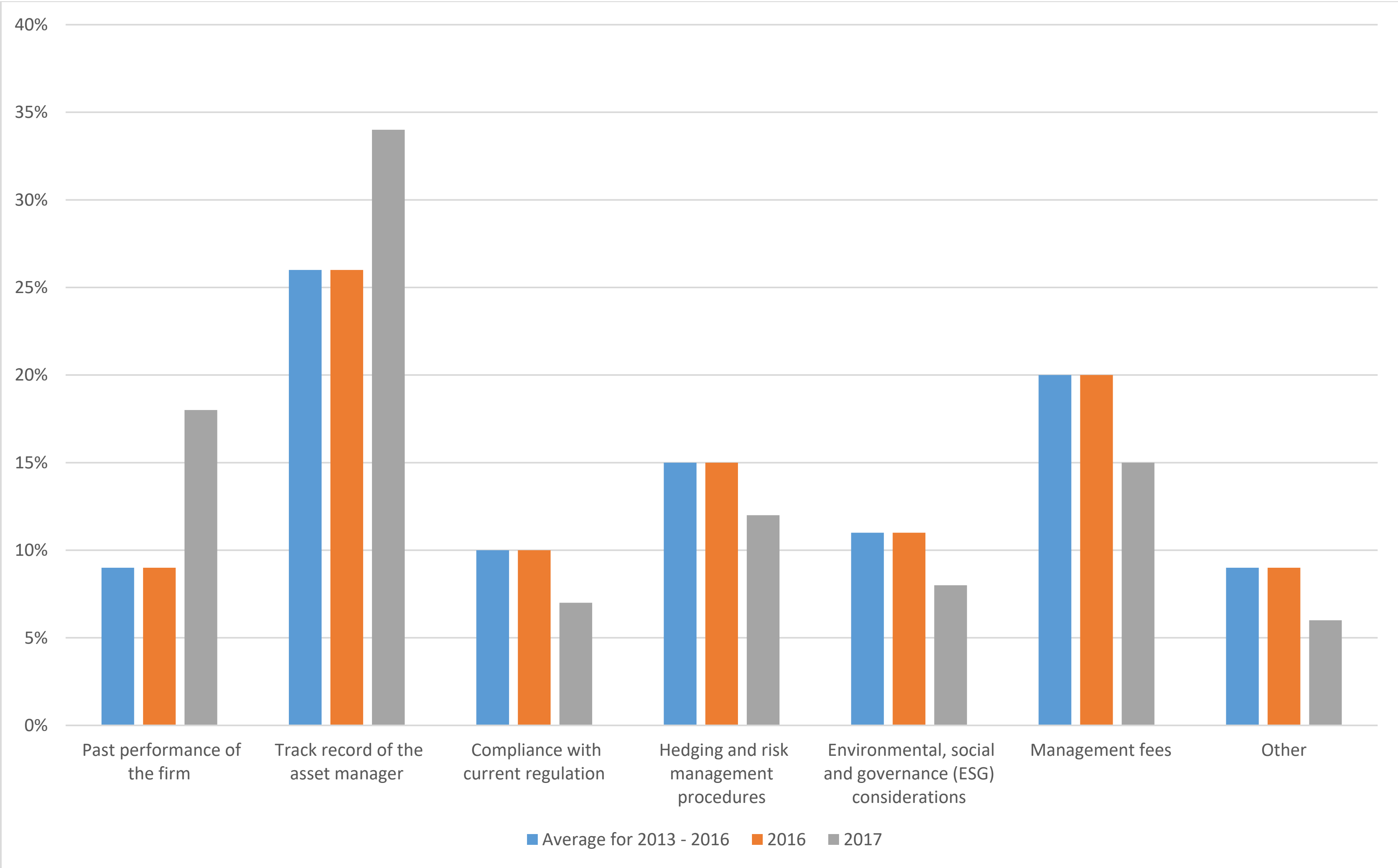
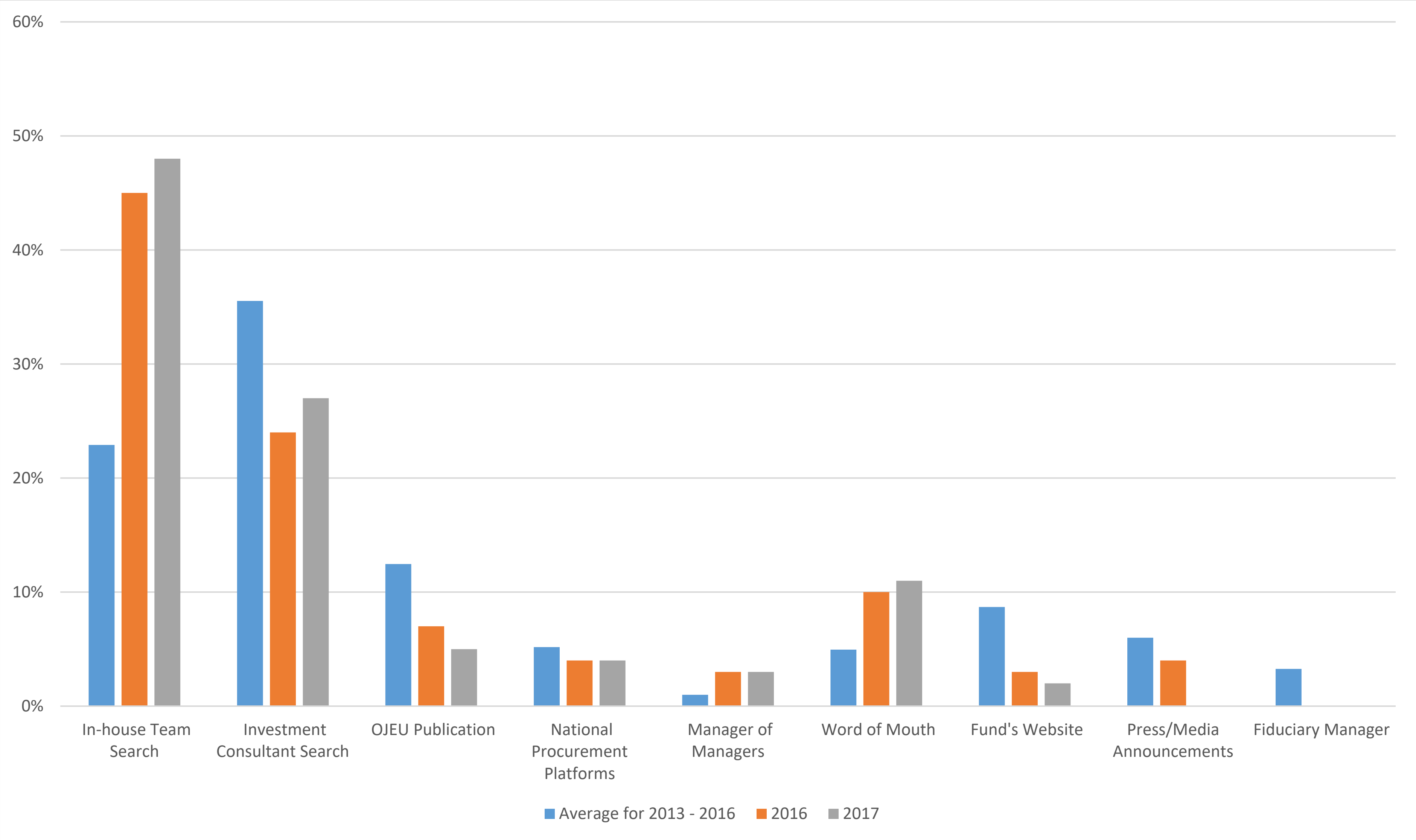
11.If Yes, which Asset Classes have you considered adding to your current allocation?



12. Which criterion do you most utilize in selecting an asset management firm?



13. Which advertising methods do you use for the manager searches?



Amongst the major issues to deal in 2017 (as mentioned by the institutional investors):

- Regulation in the context of Brexit and MiFID II
- Rising interest rates/ Low interest rates
- "Underperformance shortfalls / top-up obligations; rebalance away from early retirees to deferred pensions"
- Underfunding
- Assumed Investment Return rates and longevity.
- Low equity market expected returns/Lower long term return expectations.
- Slow global market growth limiting diversification to global assets and generally muted Equities performance requiring good stock-picking skills
- Volatility of financial markets including currency markets