

While markets were experiencing significant volatility mainly due to the monetary policy shift, in the second half of January PWM conducted its 7th annual global asset tracker research to canvass investment and asset allocation intentions for 2022, and beyond, of chief investment officers and market strategists at 52 institutions, managing a combined \$15tn in client assets.

Until Russia invaded Ukraine, economies and markets were expected to be on a path to normalisation in 2022, after solid economic growth and record market returns achieved last year. Monetary policy tightening to fight

rising inflation and interest rate hikes more rapidly than expected were perceived to be the main risks for financial markets. But expectations for above average global economic growth and solid earnings led investment professionals to recommend clients prefer equities and risk assets over bonds, while keeping portfolios well diversified across asset classes, including alternatives.

Only 20 per cent believed that geo-political risk would represent a top risk for financial markets this year, in terms of impact.

FIG 1  
ON EQUITY MARKETS

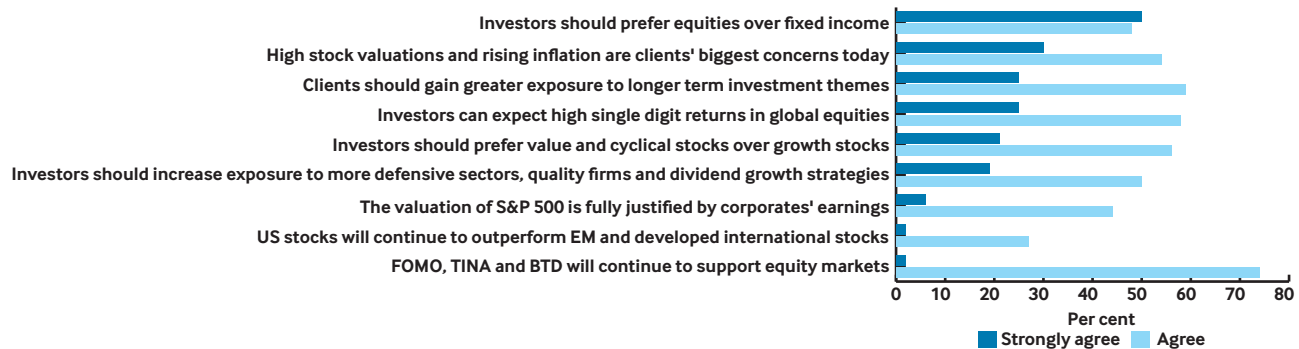


FIG 2  
ON THE MACRO-ECONOMY

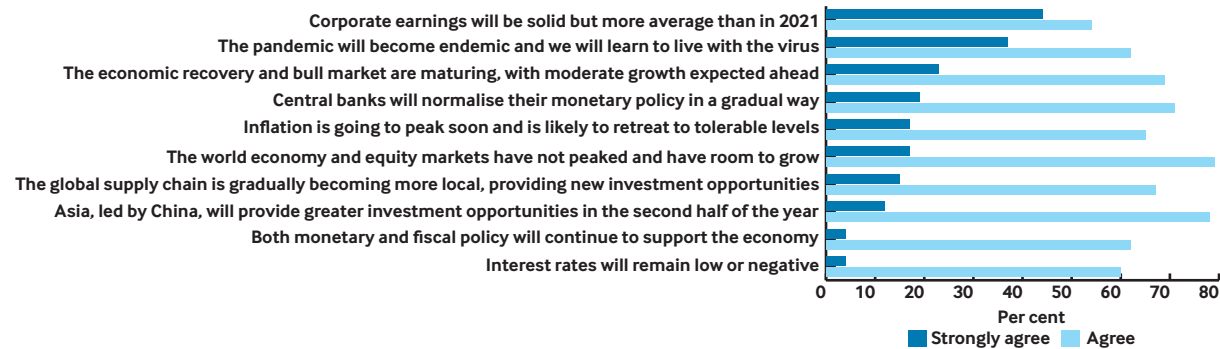
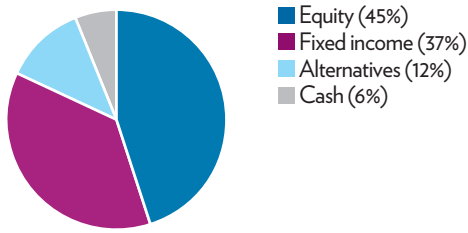


FIG 3  
PORTFOLIO MANAGEMENT

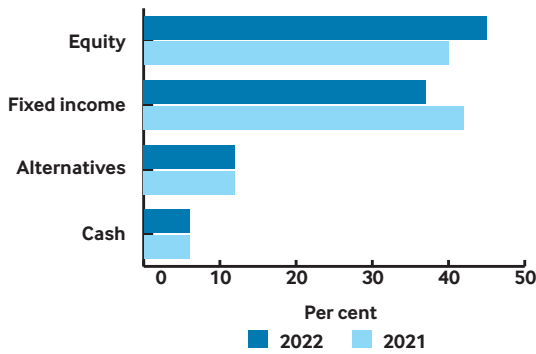


Source: All charts PWM research

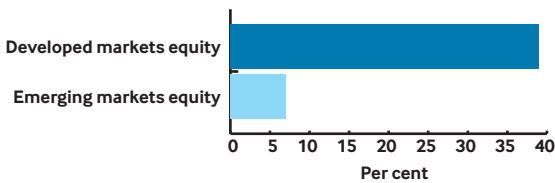
**FIG 4**  
STRATEGIC ASSET ALLOCATION JAN 2022



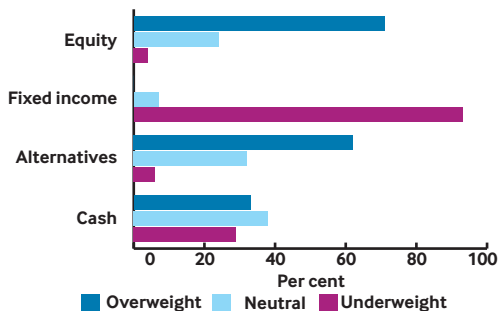
**FIG 5**  
STRATEGIC ASSET ALLOCATION 2022 VS 2021



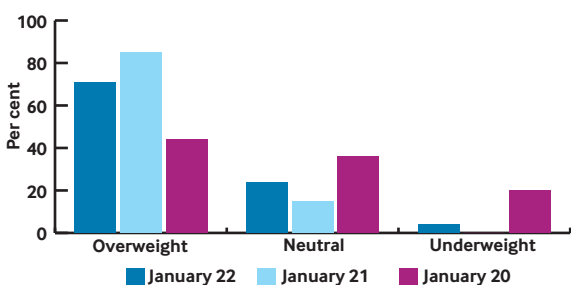
**FIG 6**  
AVERAGE STRATEGIC ALLOCATION TO DEVELOPED MARKETS AND EMERGING MARKETS EQUITY



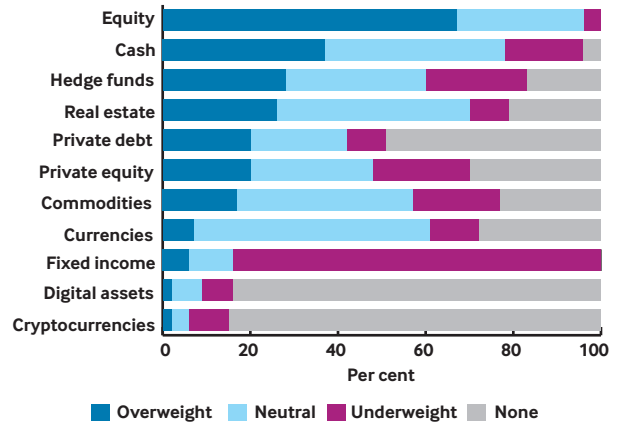
**FIG 7**  
TACTICAL ASSET ALLOCATION JAN 2022



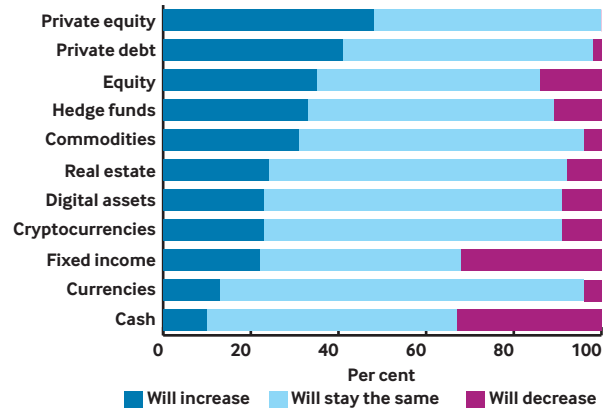
**FIG 8**  
TACTICAL EQUITY ALLOCATION 2022 VS 2021 AND 2020



**FIG 9**  
WHAT IS THE CURRENT CLIENT ALLOCATION TO THE FOLLOWING ASSET CLASSES?



**FIG 10**  
WHAT WILL CLIENT ALLOCATIONS TO THE FOLLOWING ASSET CLASSES LIKELY DO OVER THE NEXT 12 MONTHS?



**FIG 11**  
EQUITY INVESTMENTS WITH THE MOST ATTRACTIVE RISK-ADJUSTED RETURN OPPORTUNITIES IN 2022

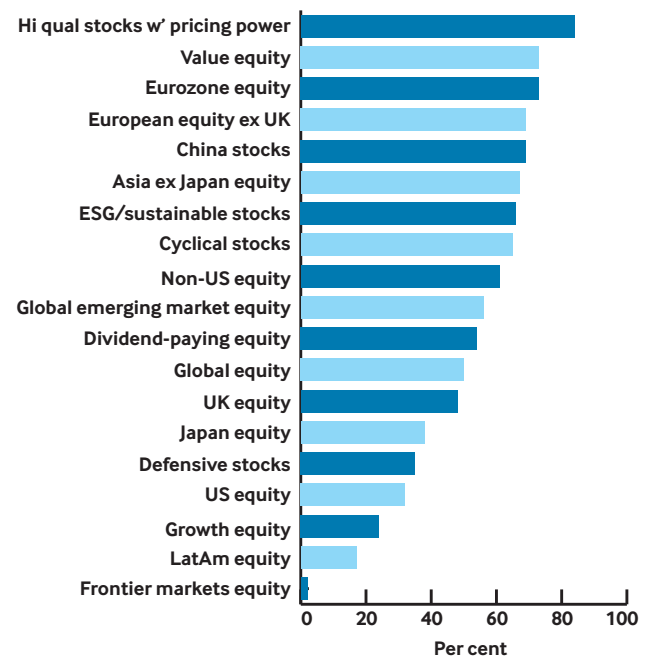


FIG 12

FIXED INCOME INVESTMENTS WITH THE MOST ATTRACTIVE RISK-ADJUSTED RETURN OPPORTUNITIES IN 2022

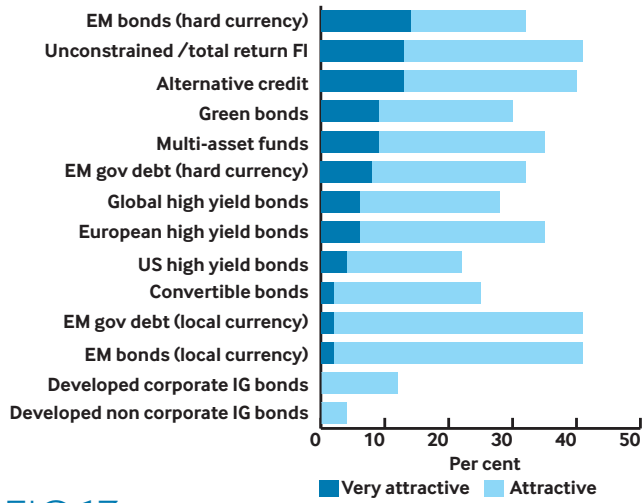


FIG 13

ALTERNATIVE INVESTMENTS WITH THE MOST ATTRACTIVE RISK-ADJUSTED RETURN OPPORTUNITIES IN 2022

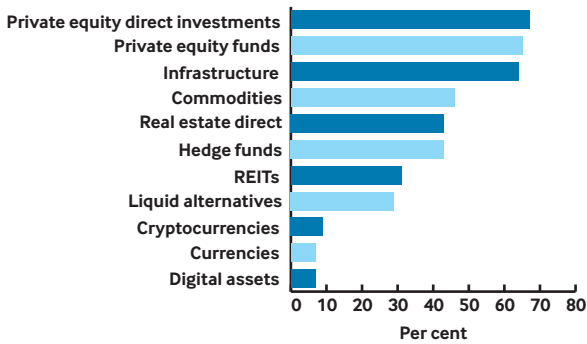


FIG 14

EXPECTED ALLOCATION TO ETFs IN CLIENT PORTFOLIOS

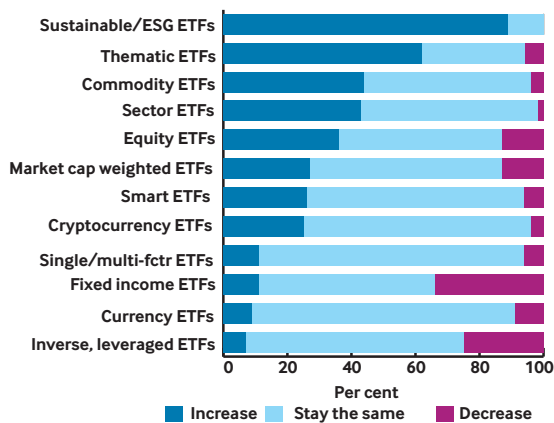


FIG 15

MOST ATTRACTIVE SECTORS IN THE EQUITY SPACE 2022 VS 2021

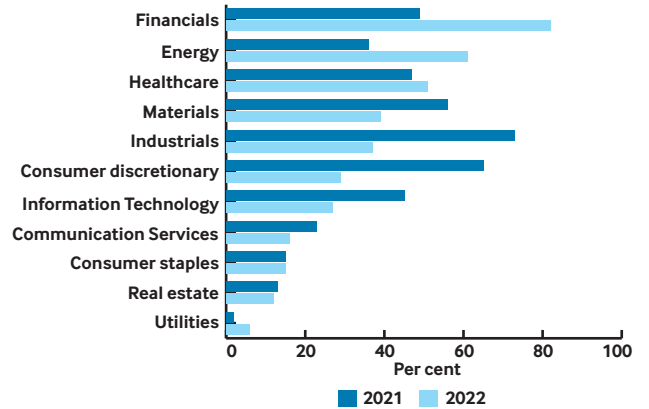
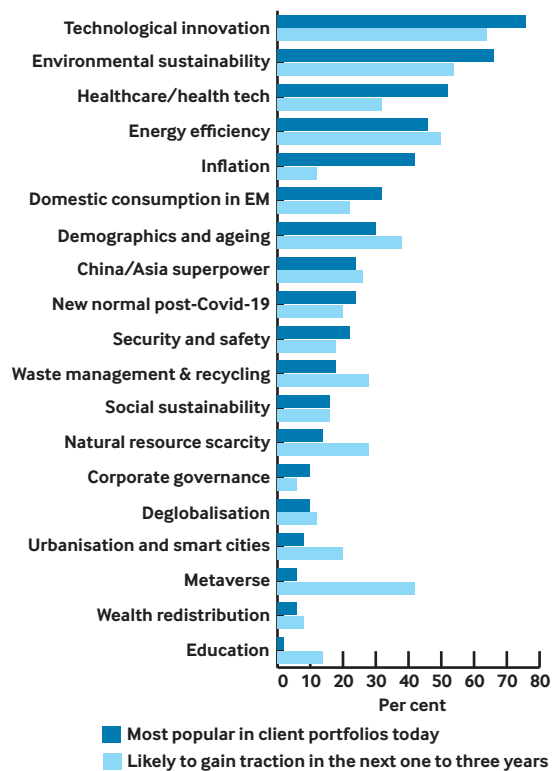


FIG 16

MOST POPULAR INVESTMENT THEMES TODAY AND IN THE FUTURE



Source: All charts PWM research

FIG 17

PLEASE STATE BELOW HOW STRONGLY YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS			
		STRONGLY AGREE	BOTH AGREE
Thematic investing is typically through equity exposure	20%	68%	88%
Covid-19 has accelerated the pace of trends and themes to which we already have investment exposure	18%	68%	86%
Thematic strategies should be diversified enough over different sectors and avoid narrowly-defined investment themes	34%	52%	86%
Thematic investing allows advisers to engage with clients more and better tailor advice	28%	58%	86%
ESG is a key driver of thematic investing	32%	52%	84%
Growth in client demand for thematic investment funds has accelerated over the past 12 months	24%	60%	84%
Most investment themes are implemented through active strategies in my clients' portfolios	24%	56%	80%
I expect our clients to significantly increase allocation to thematic investments over the next two years	20%	56%	76%
Thematic investing is a key area of focus for my private bank when building client portfolios	34%	40%	74%
Irrespective of if they outperform, the risk/return profile of our thematic investments will deliver diversification benefits	10%	62%	72%
Clients use both active and passive approaches to thematic investment	14%	56%	70%
The pandemic has boosted the case for a thematic approach	8%	62%	70%
We are looking to diversify investment providers as allocation to thematic investments increases	8%	58%	66%
Thematic investments will deliver superior investment returns to conventional approaches on the longer term	8%	54%	62%
Thematic investing is the best strategy to capture future growth	8%	50%	58%
Investment themes should only represent satellite investments in portfolios to avoid factor concentration	16%	42%	58%
Investment themes can represent core allocations in client portfolios	2%	44%	46%
Investment themes should be applied as an overlay to client portfolios	4%	42%	46%
Covid-19 has undermined the case for some of the investment themes on which we had previously focused	2%	26%	28%
Thematic allocations offset risk held elsewhere in our portfolios	2%	22%	24%
We tend to favour an explicitly passive approach to thematic investment	2%	10%	12%

FIG 18

CHALLENGES TO THEMATIC INVESTING

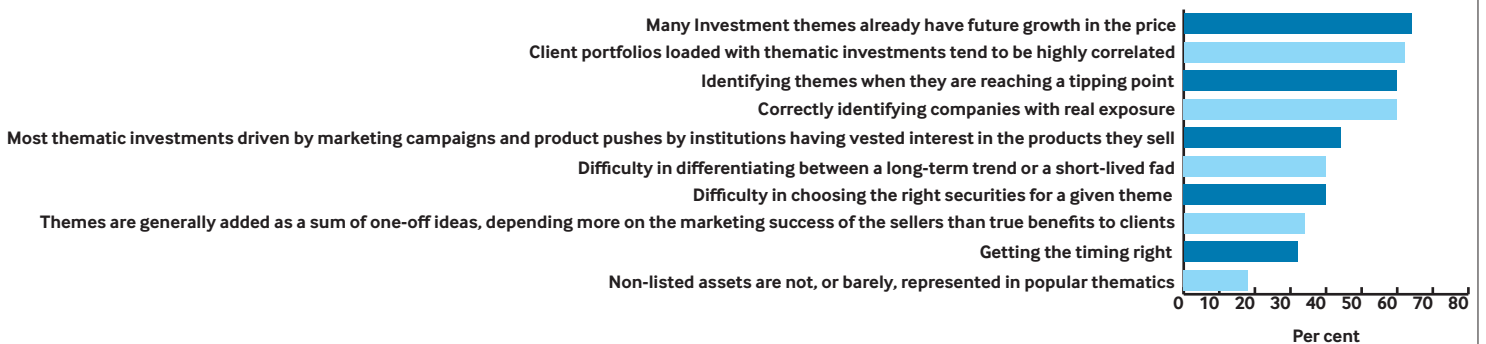


FIG 19

PERCENTAGE OF EQUITY PORTFOLIOS ALLOCATED TO A THEMATIC APPROACH

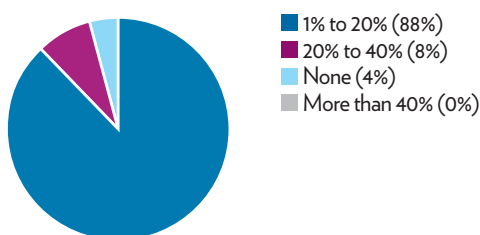
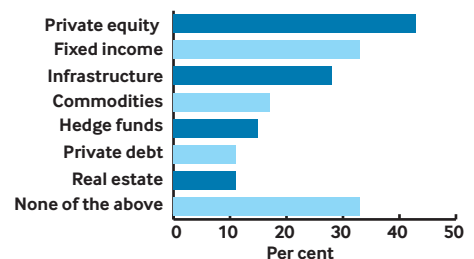


FIG 20

WHICH OTHER ASSET CLASSES ARE THEMATIC APPROACHES EMPLOYED IN



Source: All charts PWM research

FIG 21

TOP RISKS FOR FINANCIAL MARKETS IN 2022

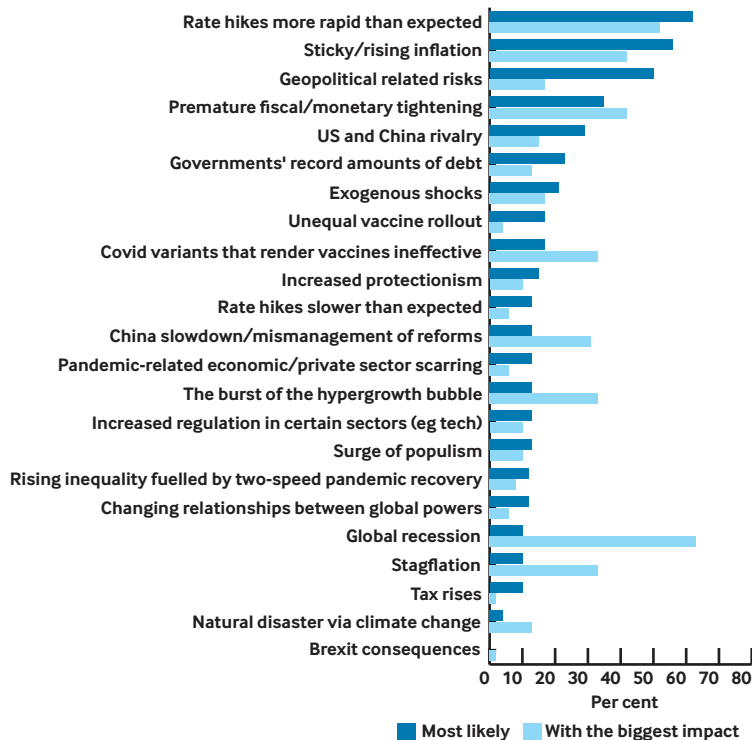


FIG 22

APPROACHES TO ESG INVESTING

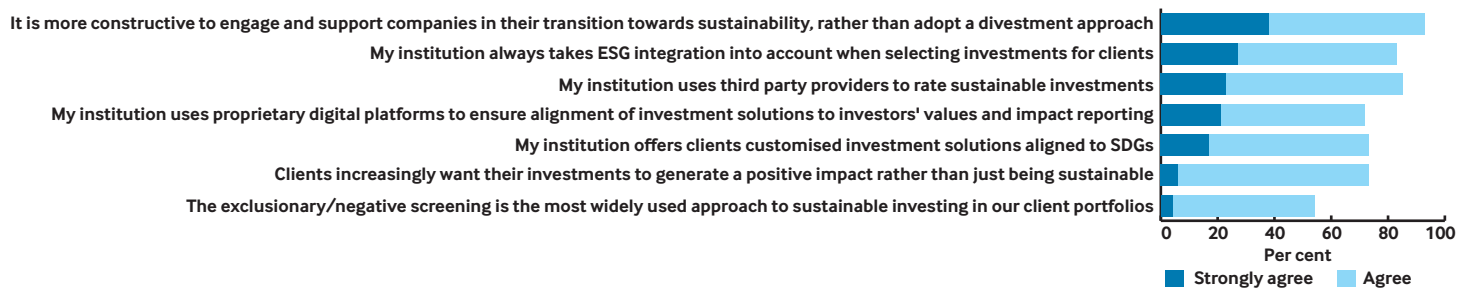
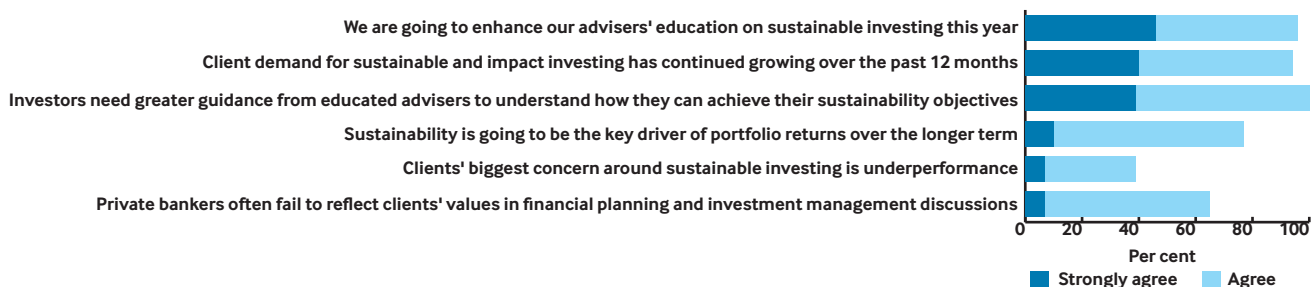


FIG 23

ESG INVESTING AND PRIVATE BANKERS' EDUCATION



Source: All charts PWM research

FIG 24

ESG INVESTING AND REGULATION

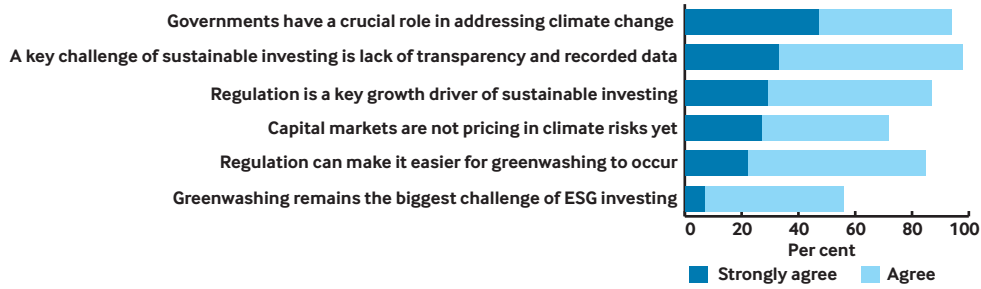


FIG 25

IN FIVE YEAR'S TIME, WHAT PERCENTAGE OF CLIENT ASSETS AT YOUR FIRM WILL BE ESG/ IMPACT INVESTMENTS?

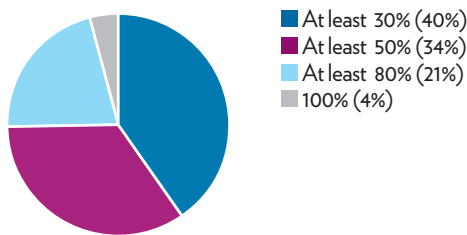
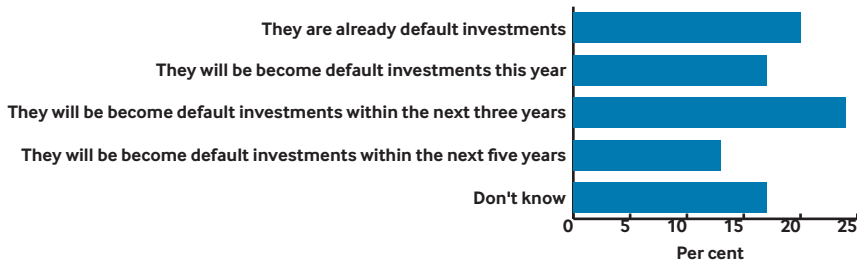


FIG 26

ESG INVESTMENTS AS DEFAULT/PREFERRED INVESTMENTS IN GLOBAL CLIENTS' DISCRETIONARY PORTFOLIOS



Source: All charts PWM research

**BANKS PARTICIPATING IN PWM'S GLOBAL ASSET TRACKER 2022**

A&G Banca Privada, ABN AMRO Bank, ANZ New Zealand Private Bank, Banca Generali, Banco do Brasil Private, Itaú Private Bank, Bank J. Safra Sarasin, Bank of America Merrill Lynch, Bank of Singapore, Banque Syz, Barclays Private Bank, BBVA Private Banking, Berenberg, BNP Paribas Wealth Management, BPI, CaixaBank, Citi Private Bank, Coutts, Credit Suisse, Danske Bank, DBS Bank, Deutsche Bank Wealth Management, Edmond De Rothschild, EFG International, Fideuram-Intesa Sanpaolo Private Banking, HSBC Private Banking, Indosuez Wealth Management, Julius Baer, Kasikorn Bank, KBC Bank, Kleinwort Hambros, LarrainVial, LGT, Lombard Odier, Mediobanca, Millennium bcp, Nordea Bank, Northern Trust, Nykredit Private Banking, OTP Private Banking, Pictet, Quintet Private Bank, Raiffeisen Bank International, RBC Wealth Management, Santander Private Banking, Société Générale Private Banking, SVB Private Bank, Taishin International Bank, UBS Global Wealth Management, UniCredit Group, Union Bancaire Privée, Wells Fargo Wealth & Investment Management