

RACKING UP ON RISK

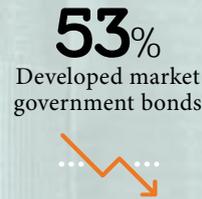
Surveys from Pimco and Anrev reveal that investors are eager to put more money to work in riskier debt and real estate

THE ONGOING HUNT for yield amid rising asset valuations is causing both wealth and institutional investors across the world to look towards the margins for returns. Increasingly, more are becoming willing to allocate money towards riskier areas of equities and bonds, as well as putting more capital to work in illiquid areas, most particularly real estate. New surveys by Pimco and Anrev reveal some of the investment priorities of investors from around the world.

RACKING UP THE RISK

When asked how they will change their portfolios, investors prioritised raising emerging market and EU assets

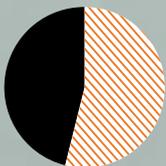
WEALTH INVESTORS IN Asia are increasingly eager to get into riskier areas of mainstream asset markets, with most respondents looking favourably to invest more into emerging market equities and bonds, as well as European Union equities. However, strong valuations in US equities and the very tight yields of developed market government bonds mean respondents predict cutting allocations to these areas.



WHY ASIAN INVESTORS USE FIXED INCOME*

Ease of use dominates investor reasons for using fixed income instruments

FIXED INCOME REMAINS a core part of most investors' portfolios, and indeed it has offered good returns for several years. Most investors claim their familiarity with bonds is a big reason for their interest in the asset class, while over half also feel debt is a predictable and safe way to make money.



54%
Client familiarity
and comfort



51%
Efficient way to
secure income



42%
Stabilise returns
in expectation of
market volatility

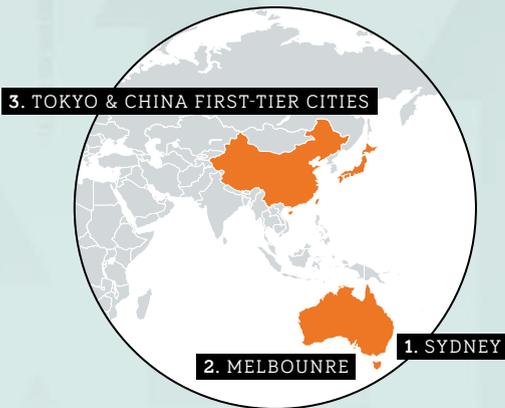
* Percentages represent number of investors who said categories were 'Important' or 'Very important'

INVESTING

AIMING AT AUSTRALIA

The most popular Asia Pacific cities for investment

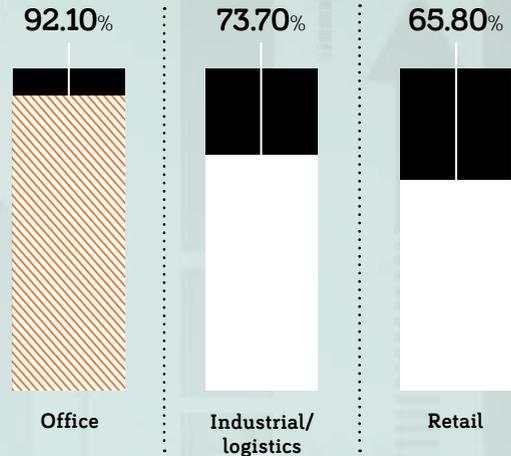
THE LEADING CITIES of Australia gained the most support as investment destinations in Asia for real estate investing. Sydney topped investor preferences, with Melbourne coming second. Tokyo tied with first tier Chinese cities in third place.



THE MOST APPEALING PROPERTIES

Offices continue to dominate investors' real estate preferences

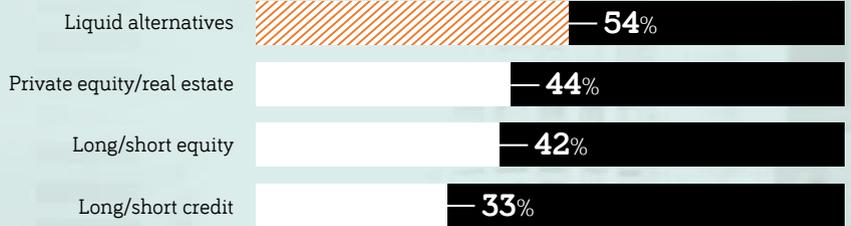
COMMERCIAL SPACE REMAINS the top choice for most investors, courtesy of the ability of offices to command decent rents. Logistics facilities are also gaining interest.



PLOTTING AN ALTERNATE COURSE

Investors are seeking a variety of alternative asset classes

AS PART OF their desire to eke out more yield, Asia's wealth investors say they are looking to put more money to work into alternative areas. Liquid alternatives gained particular appeal, as they combine an ability to diversify with some level of asset transferability, but private equity and real estate also gained a decent level of support.



BUYING BRICKS AND MORTAR

The amount of global investors aiming to increase their real estate exposure over the next two years.

80% FROM A GLOBAL perspective, most investors believe they will invest more money into real estate. As an asset class it is proving very popular, it offers yield, and it's tangible.

Figures from page 12 are taken from Pimco's late 2017 survey of Asia retail and wealth clients, based upon responses from 34 private banks and family offices. Figures from page 13 are sourced from Anreys January Investment Intentions 2018 survey, based upon 320 global investors, fund managers and fund of funds.