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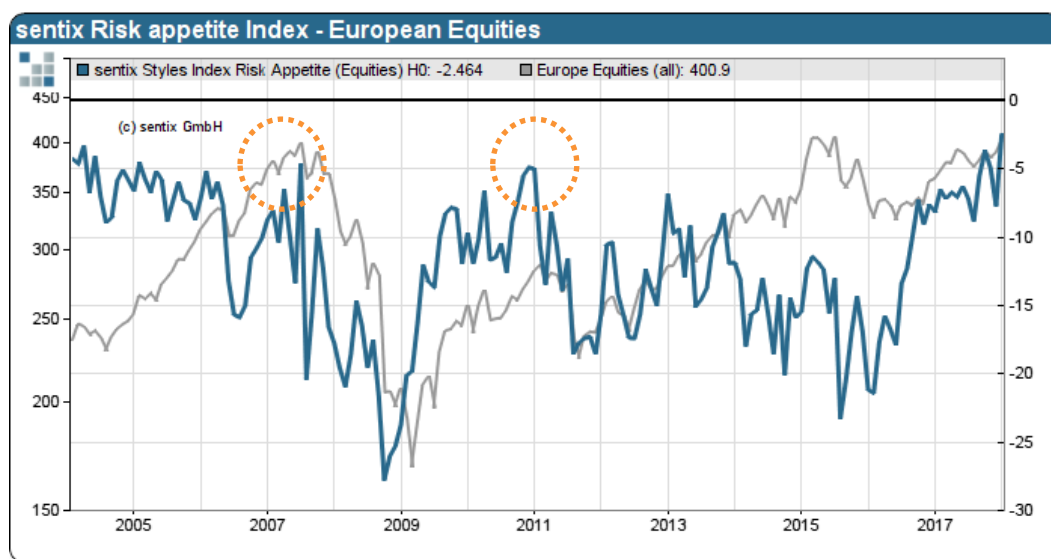
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Risk appetite for equities reaches all-time high

Investors are showing an unprecedented level of risk in their equity exposures. An indicator of this is rather the preferred investment themes and styles than the total equity exposure. Especially stocks in the emerging markets are very popular with investors. Furthermore, investors increasingly see IPOs as a promising investment opportunity. In addition, investors are more and more pro-cyclical.

The sentix Styles Index "Risk appetite for equities" shows the willingness of investors to take risks on the equity market. The willingness to take risks is not derived from the level of their equity exposure, but rather from the preferred investment segments and investment preferences. The current survey shows that the risk appetite has increased significantly. The index reaches a new all-time high in the history since 2004. Investors are increasing their appetite for risk by expending emerging markets exposure. Additionally, investors increased their preference for initial public offerings and shifting their focus away from dividends to price gains. A pro-cyclical style of investing - i. e. in the direction of the prevailing trend - is also increasingly being given as a preferred method by investors. Overall, the risk appetite continues to increase.



sentix Styles Index – Risk appetite European Equities

In the past, such a high risk appetite was often a harbinger of imminent corrections or even trend reversals (see marks on the chart). More and more central banks intend to leave their expansionary course due to the good economic situation. This should increase market volatility. A risky investment behavior could be punished in such a scenario.



Background

The sentix Styles Index for Risk Appetite in Equities is a monthly survey based indicator estimating survey participants risk appetite for stocks. The indicator is effectively a composite index of investors preference for a asset style and class. Very negative values represent a low-risk appetite whereas higher values represent stronger appetite for risk. In theory, investors favouring value oriented over growth strategies have on average a reduced preference for taking risky bets. Moreover, investors found of small caps tend to be more willing to risk capital than those investing solely in large cap stocks. Hence, investors' appetite for risk is not only a function of the degree of portfolio investment but also a function of investment style and class.

The latest sentix Global Investor Survey was conducted from 18-January to 20-January-2018 with about 1.000 retail and institutional investors participating.

About sentix

sentix is the pioneer and leading provider of sentiment analyses (behavioural finance) in Europe. Since 2001 sentix surveys on a weekly basis around 5.000 investors from over 20 countries (comprising over 1.000 institutional and almost 4.000 individual investors) about their expectations for financial markets as well as for economic developments and their portfolio actions. The sentix survey results are representative of a broadly diversified group of investors.

sentix surveys offer the rare combination of a vast number of participants, high quality and an outstanding speed with which information is gathered and passed on. All sentix indices are regularly accessible for sentix data clients just about one day after the close of each poll – via the sentix website or Bloomberg. sentix clients thus can use sentix data almost in real time to further improve performance.

sentix GmbH was founded in 2001 and today represents the basis for all the services the sentix group offers to its clients in the field of Behavioural Finance.



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