3 November 2025

Press Release

BNP Paribas Asset Management: Investors across Major Asia Pacific Markets Plan to Increase Allocation to Europe, Citing Growth and Diversification as Key Drivers, Survey Finds

76% of investors in the region surveyed plan to increase their allocation to Europe over the next 12 months, signaling a broader trend of capital rotation towards Europe

BNP Paribas Asset Management (BNPP AM) today released the results of its "**Europe Rising: The 2025 Asia Pacific (APAC) Investor Pulse**"; a comprehensive assessment of the region's professional investor sentiment towards current portfolio strategies and forward-looking allocation trends, with a particular focus on whether APAC investors are rebalancing away from the United States (US) and re-engaging with European markets. The study surveyed 300 professional investors, including institutional investors, fund selectors, investment consultants and private banking advisors, across four key APAC markets – Australia, Japan, Hong Kong and Singapore in August and September 2025.

Key findings:

- More than half of respondents believe that Europe now offers some of the best long-term investment opportunities, with particularly strong conviction from investors in Australia (72%) and Hong Kong (61%).
- Three in four respondents (74%) already hold more than 11% of their portfolios in European assets, and 76% plan to increase their allocations over the next 12 months. Results show that Australia (87%) leads the pack – followed by Hong Kong (83%) and Singapore (80%) investors showing the strongest intent to increase exposure significantly, with 60% of the respondents citing Europe as a more attractive 'investment destination' than the US.
- Professional investors are optimistic about achieving positive investment returns in 2025, with 40% of the respondents expecting to achieve 5-9%; and 38% expecting to achieve above 10%.
- In terms of expected returns across asset classes, respondents are generally optimistic, expressing the most confidence in gaining better investment returns from developed markets equities (77%), precious metals (77%), private equities – funds (76%) and real estate (76%), compared to the start of 2025.
- Among those surveyed, portfolio diversification (e.g. reducing concentration risks or expanding into new markets or instruments) (45%) took precedence as the top investment objective for 2025. The other two objectives that resonated most with the respondents are achieving high return/growth (35%) and improving liquidity (31%).

Commenting on these findings, Mike Nikou, APAC Chief Executive Officer of BNP Paribas Asset Management, said, "After years of US equity dominance, Europe is re-entering the global spotlight — not as a cyclical trade, but as a structurally redefined investment destination. Against a backdrop of attractive valuations, monetary policy clarity, and strategic public spending, European markets are being reassessed by professional investors across Asia Pacific.

"BNP Paribas Asset Management's proprietary investor survey aims to capture this critical shift in sentiment while providing insights into how professional investors in Asia Pacific are rewriting their own playbook rooted in the pursuit of growth and diversification by rebalancing away from the US and re-engaging with European markets," he continued.

Attractive valuations and growth potential – reasons for pivoting towards European equities

Investor sentiment is shifting in APAC. Three in four respondents (74%) already hold more than 11% of their portfolios in European assets, and 76% plan to increase their allocations over the next 12 months. Australia (87%), Hong Kong (83%) and Singapore-based (80%) investors show the strongest intent to increase exposure significantly, signaling a broader trend of capital rotation toward Europe. 24% of the respondents prefer to access the European market through public equities.

Underpinning this optimism is a shift in fiscal posture. Europe is entering a new era of strategic public investment, led by Germany's €500 billion commitment to infrastructure and defense. This forms part of a broader regional trend toward reindustrialisation and energy transition, which is actively reshaping Europe's long-term economic outlook.

Notably, 80% of respondents believe that the EU's fiscal expansion initiatives will enhance Europe's long-term competitiveness. Furthermore, 80% of respondents agreed that European companies delivered solid performance in H1 and will continue to do so.

More than half of surveyed respondents across the four markets believe Europe now offers some of the best long-term investment opportunities, with 38% of the respondents citing attractive valuation as the reason.

European fixed income: resilient yields, reinforced by policy clarity

In a global environment marked by inflation volatility, policy divergence, and yield compression, European fixed income is emerging as a source of stability and opportunity.

Survey data supports this growing interest. 71% of investors across APAC agreed that Europe's investment outlook has become more positive over the past 12 months, driven largely by macroeconomic and policy stability, given the European Central Bank's inflation-fighting credibility and operational independence. Investment-grade corporate bonds also remain in strong demand. They rank as the second most preferred product among APAC investors for accessing the European market, reflecting their role as a core allocation in diversified income strategies.

At the more specialised end of the spectrum, private credit is experiencing notable momentum - with 67% of the respondents indicating that they plan to increase their allocation to European private credit, making it the most favoured region for expansion in this asset class. Investors in Hong Kong are especially optimistic, citing improved access to high-quality private credit products as the reason, while mandate evolution remains the primary driver for increased allocation across the region (54%).

Positioning for growth via active management

Heading into the final quarter of 2025, and amid evolving global market dynamics, APAC investors maintain a strong sense of optimism and strategic clarity.

71% are targeting portfolio returns between 5% and 14%, reflecting confidence grounded in well-defined investment goals and thoughtful asset allocation strategies.

The changing market landscape has prompted investors to reexamine their playbook. While passive investment strategies proved to be attractive in the previous low-interest rate environment, in the current market environment marked by ongoing market concentration, 83% of the respondents believed that active management is increasingly important in identifying opportunities and managing risks with agility – this belief is particularly strong in Australia, with an overwhelming majority (93%) of respondents agreeing with this statement.

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About BNP Paribas Asset Management

BNP Paribas Asset Management ('BNPP AM') is an investment management business of BNP Paribas, a leading banking group in Europe with international reach[1]. BNPP AM aims to generate long-term sustainable returns for its clients, based on a sustainability-driven approach. BNPP AM focuses its expertise on five core capabilities - Private Assets, High Conviction Active Strategies, Emerging Markets, Systematic, Quantitative & Index and Liquidity Solutions - with investment processes incorporating quantitative, ESG and fundamental research. These capabilities can be combined into multi-asset solutions aligned with our clients' goals.

Sustainability is core to BNPP AM's strategy and investment philosophy. Among the leaders in thematic investment in Europe[2], BNPP AM intends to contribute to a successful Energy transition, healthy Ecosystems, and greater Equality in our societies (our "3Es"). BNPP AM currently manages EUR 716 billion of assets under management and advisory (advisory to external clients) and benefits from the expertise of more than 500 investment professionals and around 400 client servicing specialists, serving individual, corporate and institutional clients in 65 countries.

Source: BNPP AM, as of 30 September 2025

[1] By combining BNP Paribas Asset Management, BNP Paribas Real Estate Investment Management and AXA Investment Managers (AXA IM), BNP Paribas will create an unmatched global platform for long-term savings and investments. The legal closing of AXA IM acquisition on the 1st of July by BNP Paribas Cardif, the insurance arm of BNP Paribas, marks the beginning of a coordinated transition across our organizations, with the project to progressively merge legal entities, subject to relevant works councils' opinion and regulatory approval. Throughout this transition period, each entity will operate independently.

[2] Source: 2nd in Europe on sustainable thematic strategies, according to an analysis made by BNP Paribas Asset Management based on Morningstar data as at 31/12/2024.

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