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## Risk appetite and willingness to sell

Every week we ask our investors about their portfolio positioning. We are interested in whether investors have a higher or lower than usual exposure in their portfolios. We aggregate the data in the sentix portfolio risk level indicators.

An analysis of the data shows that investors behave relatively procyclically. An offensive portfolio orientation is usually found near upper turning points and very defensively oriented portfolios are a feature of stress phases and lower market turning points.



**sentix portfolio risk level (institutional investors and individual investors)**

Lower turning points in the market often immediately follow a defensive portfolio orientation. The situation is different for upper turning points. Here, a so-called negative divergence can usually be identified before a market correction.

A negative divergence is characterised by the fact that a high in the market is not accompanied by a high in the index. The reason that this is also the case in portfolio positioning is the onset of investors' willingness to sell, which results from a falling strategic bias when market prices are high. Some rational investors recognise the overinvestment and start to sell. Especially in the institutional sub-index one should watch out for such a divergence. Currently, such a divergence exists again, which is indicated by the strategic bias that has been falling for several weeks.

From this analytical point of view, the markets are at risk of corrections.

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