There is a higher than normal probability that equities will provide historically good returns from their current price levels, SEB said in its Investment Outlook.

- Rebound for Swedish companies in China

SEB's assessment is that a new, sustainable phase has begun with regard to upward-trending share prices. The market checklist for this is in the process of being fulfilled: The economic outlook is gradually providing opportunities for a positive direction, market valuations are reasonable and there is increasingly good liquidity in the market. This is the main theme of SEB's quarterly Investment Outlook report.

Given the prevailing very high risk premium on equities, there is a higher than normal probability that equities will provide historically good returns from their current price levels. Given the prevailing very low risk premium on bonds, there is also a higher than normal probability that bonds will provide historically poor returns from their current price levels.

"Yet it is important that investors focus not only on the 'old' industrialised countries of the OECD, but also include the significantly faster-growing emerging market (EM) sphere in their world view," says Hans Peterson, Chief Investment Officer at SEB Private Banking.

Investment Outlook also ranks which geographic markets are the most attractive to invest in. At this stage, Asia - with a focus on China - is the most attractive as a primary growth investment. Less developed markets such as Indonesia, Thailand and Malaysia may be of interest, along with Eastern Europe.

"Depending on what investors are aiming for - capital preservation or growth - it is important to compose portfolios properly. We are increasing our exposure to cyclical sectors such as industrials, commodities and consumer products. We are also boosting the percentage of our holdings in the 'healthy' parts of Europe such as Germany and the Nordic countries," Mr Peterson says.