

WEBVTT

NOTE duration:"01:30:28"

NOTE recognizability:0.849

NOTE language:en-us

NOTE Confidence: 0.932959984285714

00:00:13.730 --> 00:00:15.254

Good morning everyone.

NOTE Confidence: 0.932959984285714

00:00:15.254 --> 00:00:17.286

Welcome to today's seminar,

NOTE Confidence: 0.932959984285714

00:00:17.290 --> 00:00:20.030

which is the 2022 Investment

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00:00:20.030 --> 00:00:21.126

Landscape Seminar.

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00:00:21.130 --> 00:00:23.895

This is the third of the Prudential

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00:00:23.895 --> 00:00:25.935

20 two 2022 spring seminars.

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00:00:25.935 --> 00:00:28.010

My name is Mark Riggle.

NOTE Confidence: 0.932959984285714

00:00:28.010 --> 00:00:30.348

I head up the client portfolio management.

NOTE Confidence: 0.932959984285714

00:00:30.350 --> 00:00:32.330

Team within M&A's Treasury and

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00:00:32.330 --> 00:00:34.706

Investment office and I'm going to

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00:00:34.706 --> 00:00:36.674
be your host for today's session.

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00:00:36.680 --> 00:00:38.136
So what are we looking at today?

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00:00:38.140 --> 00:00:40.396
We've got a 90 minute session for you.

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00:00:40.400 --> 00:00:42.560
We're going to explore three key

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00:00:42.560 --> 00:00:45.140
investment areas for you and your clients,

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00:00:45.140 --> 00:00:47.508
and this is gonna look at the outlook

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00:00:47.508 --> 00:00:49.619
for capital markets and investments.

NOTE Confidence: 0.932959984285714

00:00:49.620 --> 00:00:51.880
Given the current geopolitical

NOTE Confidence: 0.932959984285714

00:00:51.880 --> 00:00:53.575
and macro situation,

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00:00:53.580 --> 00:00:56.408
we're also going to look at recent

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00:00:56.408 --> 00:00:59.178
headwinds for ESG and climate change,

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00:00:59.180 --> 00:01:01.124
and be able to outline some

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00:01:01.124 --> 00:01:02.952
of the key drivers looking

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00:01:02.952 --> 00:01:05.060
through the remainder of 2022.

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00:01:05.060 --> 00:01:07.460
And we're also going to provide you with.

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00:01:07.460 --> 00:01:09.746
And guidance on interest rate and

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00:01:09.746 --> 00:01:11.817
inflation outlook with current thinking

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00:01:11.817 --> 00:01:14.247
about opportunities within fixed income.

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00:01:14.250 --> 00:01:16.686
And I know that's a really topical

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00:01:16.690 --> 00:01:18.245
question I'm getting at the

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00:01:18.245 --> 00:01:20.475
moment when I'm talking to you in

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00:01:20.475 --> 00:01:23.145
meetings that I've had of late.

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00:01:23.150 --> 00:01:24.482
Hopefully by the end of the

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00:01:24.482 --> 00:01:25.649
session you'll have some ideas

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00:01:25.649 --> 00:01:27.035
that will help you with decision

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00:01:27.035 --> 00:01:28.369
making over the coming months,

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00:01:28.370 --> 00:01:30.794
and I'm sure you will have lots and

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00:01:30.794 --> 00:01:33.067
lots of questions for my colleagues

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00:01:33.067 --> 00:01:35.300
and I've got a number of colleagues

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00:01:35.367 --> 00:01:37.719
with me today from M&A&G investments and.

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00:01:37.720 --> 00:01:39.136
Treasury and investment office.

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00:01:39.136 --> 00:01:41.260
I'm pleased to be joined by

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00:01:41.328 --> 00:01:43.822
Phil Butler who is a portfolio

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00:01:43.822 --> 00:01:45.654
management portfolio manager within

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00:01:45.654 --> 00:01:47.879
Treasury and Investment Office.

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00:01:47.880 --> 00:01:50.304

I'm also joined by Randeep Somal

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00:01:50.304 --> 00:01:53.608
who is a manager of the Climate

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00:01:53.608 --> 00:01:56.283
Solutions fund within MG Investments,

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00:01:56.290 --> 00:01:57.796
and I'm delighted to be joined

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00:01:57.796 --> 00:01:58.800
also by Laura Frost,

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00:01:58.800 --> 00:02:01.190
who's an investment director working

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00:02:01.190 --> 00:02:04.030
within the M&G fixed income team.

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00:02:04.030 --> 00:02:05.188
So how's today going to work?

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00:02:05.190 --> 00:02:07.449
We're going to start with a 15 minute pitch,

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00:02:07.450 --> 00:02:09.862
which I've asked each of the speakers to do,

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00:02:09.870 --> 00:02:12.720
which is going to focus on

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00:02:12.720 --> 00:02:14.145
their particular areas.

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00:02:14.150 --> 00:02:16.285
And then we're going to move after

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00:02:16.285 --> 00:02:18.460
that into a panel Q&A session,

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00:02:18.460 --> 00:02:19.876
and for that to really work and for

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00:02:19.876 --> 00:02:21.325
you to get the most out of that,

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00:02:21.330 --> 00:02:23.668
it would be great to get your

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00:02:23.668 --> 00:02:25.580
questions and your involvement.

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00:02:25.580 --> 00:02:26.994
As you will be able to see,

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00:02:27.000 --> 00:02:28.624
there is a question tab at the

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00:02:28.624 --> 00:02:29.750
bottom of the screen.

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00:02:29.750 --> 00:02:32.858
Please send through any questions you've got.

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00:02:32.860 --> 00:02:33.715
Really difficult ones.

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00:02:33.715 --> 00:02:37.750
If you want for Phil, Randeep, and Laura.

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00:02:37.750 --> 00:02:39.808
So just to get you thinking

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00:02:39.810 --> 00:02:40.833
around those questions,

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00:02:40.833 --> 00:02:42.879
we're gonna try and provide you

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00:02:42.879 --> 00:02:44.986
with some views on these key areas.

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00:02:44.990 --> 00:02:47.654
What does inflation and interest rate

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00:02:47.654 --> 00:02:50.340
changes mean for your portfolios?

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00:02:50.340 --> 00:02:52.230
How should investors look at the world

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00:02:52.230 --> 00:02:54.880
of bonds in the current economic environment?

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00:02:54.880 --> 00:02:56.215
Obviously we're going to come

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00:02:56.215 --> 00:02:58.140
on to things such as inflation,

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00:02:58.140 --> 00:02:59.010
interest rates.

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00:02:59.010 --> 00:03:01.620
Yet how should you be positioning

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00:03:01.620 --> 00:03:03.580
ESG to your clients,

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00:03:03.580 --> 00:03:06.406
and how can you differentiate the

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00:03:06.406 --> 00:03:08.290
difference between sustainable and

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00:03:08.367 --> 00:03:11.419
impact and the importance of climate change?

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00:03:11.420 --> 00:03:12.908
And if you're using multi asset

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00:03:12.908 --> 00:03:13.900
funds as part of

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00:03:13.953 --> 00:03:16.017
your centralized investment proposition,

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00:03:16.020 --> 00:03:18.090
what is important in their

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00:03:18.090 --> 00:03:19.776
positioning given that current

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00:03:19.776 --> 00:03:21.488
economic and geopolitical climate,

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00:03:21.490 --> 00:03:23.025
which we're obviously seeing lots

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00:03:23.025 --> 00:03:25.480
and lots of stuff in the news about?

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00:03:25.480 --> 00:03:26.476

And also finally,

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00:03:26.476 --> 00:03:28.468

we're gonna provide you with some

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00:03:28.468 --> 00:03:30.458

ideas about some of the really

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00:03:30.458 --> 00:03:32.058

great MNG and prudential funds

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00:03:32.120 --> 00:03:34.100

that may fit into your portfolios.

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00:03:34.100 --> 00:03:36.137

So before we get started just a

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00:03:36.137 --> 00:03:38.046

couple of bits around housekeeping,

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00:03:38.046 --> 00:03:40.698

there will be a few slides

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00:03:40.698 --> 00:03:42.780

used during this morning.

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00:03:42.780 --> 00:03:45.516

I just want to draw your attention to

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00:03:45.516 --> 00:03:48.310

the usual compliance disclaimer slide.

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00:03:48.310 --> 00:03:50.694

Which I would ask you to read very

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00:03:50.694 --> 00:03:52.557
quickly if you don't read it,

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00:03:52.560 --> 00:03:53.805
that will be sent through

NOTE Confidence: 0.819153817714286

00:03:53.805 --> 00:03:55.050
to you with the slides,

NOTE Confidence: 0.819153817714286

00:03:55.050 --> 00:03:58.599
which will be available after the session.

NOTE Confidence: 0.819153817714286

00:03:58.600 --> 00:04:00.308
We're also recording the

NOTE Confidence: 0.819153817714286

00:04:00.308 --> 00:04:02.016
session for replay purposes,

NOTE Confidence: 0.819153817714286

00:04:02.020 --> 00:04:04.066
which will be available next week

NOTE Confidence: 0.819153817714286

00:04:04.066 --> 00:04:06.359
on our Pro Advisor Seminar page.

NOTE Confidence: 0.819153817714286

00:04:06.360 --> 00:04:08.564
Today Seminar provides you

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00:04:08.564 --> 00:04:12.410
with up to 90 minutes of CPD.

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00:04:12.410 --> 00:04:14.776
In order to get to your CBD,

NOTE Confidence: 0.819153817714286

00:04:14.780 --> 00:04:17.120
please make sure you complete the

NOTE Confidence: 0.819153817714286

00:04:17.120 --> 00:04:19.494
feedback before you leave us today

NOTE Confidence: 0.819153817714286

00:04:19.494 --> 00:04:21.714
and again you'll find the feedback

NOTE Confidence: 0.819153817714286

00:04:21.714 --> 00:04:23.918
button under the broadcast screen.

NOTE Confidence: 0.819153817714286

00:04:23.920 --> 00:04:26.984
So let's move forward and let me introduce

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00:04:26.984 --> 00:04:30.178
you to our first guest speaker today.

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00:04:30.180 --> 00:04:31.290
I'm delighted,

NOTE Confidence: 0.819153817714286

00:04:31.290 --> 00:04:32.400
Laura Frost,

NOTE Confidence: 0.819153817714286

00:04:32.400 --> 00:04:35.276
who's an investment director with MD's

NOTE Confidence: 0.819153817714286

00:04:35.276 --> 00:04:37.244
fixed income team working with the

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00:04:37.244 --> 00:04:39.759
likes of Jim Levis and Richard Warnow,

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00:04:39.760 --> 00:04:41.384
is able to spend time with us today.

NOTE Confidence: 0.819153817714286

00:04:41.390 --> 00:04:41.890
Good morning,

NOTE Confidence: 0.819153817714286

00:04:41.890 --> 00:04:42.140
Laura.

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00:04:45.800 --> 00:04:47.090
Good start, turn my microphone

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00:04:47.090 --> 00:04:48.659
on good morning. Thank you mark.

NOTE Confidence: 0.812384305

00:04:48.659 --> 00:04:51.002
OK, I'd like to to just sort of give

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00:04:51.002 --> 00:04:53.403
you a bit of a heads up about the three

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00:04:53.403 --> 00:04:55.691
sort of big themes in the fixed income

NOTE Confidence: 0.812384305

00:04:55.700 --> 00:04:58.852
market at the moment and I look after

NOTE Confidence: 0.812384305

00:04:58.852 --> 00:05:01.540
global macro Fund which has a rates,

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00:05:01.540 --> 00:05:03.598
credit and currency lever and it also

NOTE Confidence: 0.812384305

00:05:03.598 --> 00:05:05.778
look after the Sterling Credit funds.

NOTE Confidence: 0.812384305

00:05:05.780 --> 00:05:08.660
So I'm sort of somewhat embedded in these

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00:05:08.660 --> 00:05:11.394
big themes but also funneled down and

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00:05:11.394 --> 00:05:13.959
with some kind of granularity as well.

NOTE Confidence: 0.812384305

00:05:13.960 --> 00:05:16.810
So of course 3 big themes.

NOTE Confidence: 0.812384305

00:05:16.810 --> 00:05:17.426
Global growth,

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00:05:17.426 --> 00:05:19.582
So what we're seeing here are the

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00:05:19.582 --> 00:05:21.667
IMF projections of global growth,

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00:05:21.670 --> 00:05:25.170
and you can see global growth is

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00:05:25.170 --> 00:05:27.308
projected to run or at the end

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00:05:27.308 --> 00:05:29.635
of the year to tip out at 3.6%.

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00:05:29.635 --> 00:05:32.190
And that's the bottom left the yellow.

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00:05:32.190 --> 00:05:35.459
Now this is a revision downwards and

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00:05:35.459 --> 00:05:38.109
after Russia's invasion of the Ukraine,

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00:05:38.110 --> 00:05:40.575
which unfortunately has tipped that

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00:05:40.575 --> 00:05:43.954
emerging and developed Europe in the top

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00:05:43.954 --> 00:05:46.456
right in pink into negative territory.

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00:05:46.460 --> 00:05:48.925
So you can see negative 2.9%

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00:05:48.925 --> 00:05:50.755
at the end of this year.

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00:05:50.760 --> 00:05:52.304
So those hashed bars,

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00:05:52.304 --> 00:05:55.076
the first hash bars are 2022 forecasts.

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00:05:55.076 --> 00:05:58.002
The next hash bar on the far

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00:05:58.002 --> 00:06:00.748
right of those scales are 2023,

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00:06:00.748 --> 00:06:05.200
and you can see 3.6, three point 6 globally.

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00:06:05.200 --> 00:06:07.120
If you break that down into the regions,

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00:06:07.120 --> 00:06:09.827

the states, the euro area, etcetera,

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00:06:09.827 --> 00:06:12.256
you can see that growth across the

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00:06:12.256 --> 00:06:15.154
board is really set to fall into 2023.

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00:06:15.154 --> 00:06:17.062
These projections were brought

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00:06:17.062 --> 00:06:20.378
out about a week ago 10 days ago,

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00:06:20.380 --> 00:06:22.348
and as I say, they have been revised.

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00:06:22.350 --> 00:06:25.440
Downward so global growth is falling.

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00:06:25.440 --> 00:06:26.932
It is a problem.

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00:06:26.932 --> 00:06:29.924
The second big theme of course, is inflation.

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00:06:29.924 --> 00:06:31.809
It is on the rise.

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00:06:31.810 --> 00:06:33.602
This is a very long dated chart

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00:06:33.602 --> 00:06:35.678
and you can see that we've almost

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00:06:35.678 --> 00:06:36.926
broken a trend here,

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00:06:36.930 --> 00:06:39.642
so inflation running and in the

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00:06:39.642 --> 00:06:42.050
states you know north of 8%.

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00:06:42.050 --> 00:06:44.675
Obviously in the UK is still tipping

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00:06:44.675 --> 00:06:47.048
up and obviously in Europe also

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00:06:47.048 --> 00:06:49.388
is increasing and this gives the

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00:06:49.388 --> 00:06:51.549
central banks a massive problem.

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00:06:51.550 --> 00:06:54.334
Do they target growth or do

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00:06:54.334 --> 00:06:55.726
they target inflation?

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00:06:55.730 --> 00:06:57.718
And obviously it's taking a little while.

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00:06:57.720 --> 00:06:59.028
Of the central banks to lift

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00:06:59.028 --> 00:07:00.350
off the Bank of England,

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00:07:00.350 --> 00:07:02.338
obviously lifted off first.

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00:07:02.338 --> 00:07:03.829
That's quite unusual.

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00:07:03.830 --> 00:07:05.655
Normally we all follow the

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00:07:05.655 --> 00:07:08.348
Fed and if we think about what

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00:07:08.348 --> 00:07:10.450
central banks are going to do,

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00:07:10.450 --> 00:07:12.704
they've got to try and manage and

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00:07:12.704 --> 00:07:15.124
orchestrate a soft landing by killing

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00:07:15.124 --> 00:07:16.968
inflation without killing growth.

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00:07:16.970 --> 00:07:18.300
And obviously the tool that

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00:07:18.300 --> 00:07:20.250
they have to do that are rates.

NOTE Confidence: 0.812384305

00:07:20.250 --> 00:07:22.224
And if you have to think

NOTE Confidence: 0.812384305

00:07:22.224 --> 00:07:23.540
about the rates market.

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00:07:23.540 --> 00:07:26.466
There is another 75 basis points of

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00:07:26.466 --> 00:07:29.280
hikes priced into the UK market at

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00:07:29.280 --> 00:07:31.946
the moment between now and the end

NOTE Confidence: 0.812384305

00:07:31.946 --> 00:07:34.506
of the year there is another 240

NOTE Confidence: 0.812384305

00:07:34.506 --> 00:07:37.278
basis points priced into the US curve

NOTE Confidence: 0.812384305

00:07:37.278 --> 00:07:39.947
between now and the end of the year.

NOTE Confidence: 0.812384305

00:07:39.950 --> 00:07:42.230
Now that is pretty aggressive.

NOTE Confidence: 0.812384305

00:07:42.230 --> 00:07:44.870
What's the third theme of this year really?

NOTE Confidence: 0.812384305

00:07:44.870 --> 00:07:46.582
It is central banks.

NOTE Confidence: 0.812384305

00:07:46.582 --> 00:07:49.150
They are well behind the curve

NOTE Confidence: 0.812384305

00:07:49.235 --> 00:07:51.245
and this is a problem in

NOTE Confidence: 0.88333107125

00:07:51.250 --> 00:07:52.837
2021 emerging markets.

NOTE Confidence: 0.88333107125

00:07:52.837 --> 00:07:56.011
And other smaller regions started to

NOTE Confidence: 0.88333107125

00:07:56.011 --> 00:07:59.348
increase rates in order to combat inflation.

NOTE Confidence: 0.88333107125

00:07:59.350 --> 00:08:01.044
Of course, the big three the US,

NOTE Confidence: 0.88333107125

00:08:01.050 --> 00:08:03.731
the UK and Europe didn't and they

NOTE Confidence: 0.88333107125

00:08:03.731 --> 00:08:05.268
find themselves substantially behind

NOTE Confidence: 0.88333107125

00:08:05.268 --> 00:08:07.200
the curve and what's happened is

NOTE Confidence: 0.88333107125

00:08:07.200 --> 00:08:09.389
the short end of the yield curve.

NOTE Confidence: 0.88333107125

00:08:09.390 --> 00:08:11.508
So we're looking at the five

NOTE Confidence: 0.88333107125

00:08:11.508 --> 00:08:12.920
year government yield curves

NOTE Confidence: 0.88333107125

00:08:12.986 --> 00:08:14.970
here have repriced considerably,

NOTE Confidence: 0.88333107125

00:08:14.970 --> 00:08:17.634
and what you can see is the US Treasury,

NOTE Confidence: 0.88333107125

00:08:17.640 --> 00:08:18.708

the gilt market,

NOTE Confidence: 0.88333107125

00:08:18.708 --> 00:08:21.200
and German buns in the five year

NOTE Confidence: 0.88333107125

00:08:21.274 --> 00:08:23.890
part of the curve have shot up from.

NOTE Confidence: 0.88333107125

00:08:23.890 --> 00:08:26.650
Circa 0 and obviously negative territory

NOTE Confidence: 0.88333107125

00:08:26.650 --> 00:08:29.291
that negative 80 in Germany right

NOTE Confidence: 0.88333107125

00:08:29.291 --> 00:08:32.533
up to levels in excess of two and a

NOTE Confidence: 0.88333107125

00:08:32.533 --> 00:08:35.272
half in the US in excess of 1.5 in.

NOTE Confidence: 0.88333107125

00:08:35.272 --> 00:08:38.044
In the UK curve and also up

NOTE Confidence: 0.88333107125

00:08:38.044 --> 00:08:40.218
to 50 basis points.

NOTE Confidence: 0.88333107125

00:08:40.220 --> 00:08:41.360
And actually that's gone

NOTE Confidence: 0.88333107125

00:08:41.360 --> 00:08:42.500
a little further now.

NOTE Confidence: 0.88333107125

00:08:42.500 --> 00:08:43.960
So what does this mean?

NOTE Confidence: 0.88333107125

00:08:43.960 --> 00:08:45.168

So yields go up?

NOTE Confidence: 0.88333107125

00:08:45.168 --> 00:08:47.522

That means prices go down and that

NOTE Confidence: 0.88333107125

00:08:47.522 --> 00:08:49.887

means that these government bonds

NOTE Confidence: 0.88333107125

00:08:49.887 --> 00:08:51.779

have repriced quite considerably.

NOTE Confidence: 0.88333107125

00:08:51.780 --> 00:08:53.988

So to put this into context,

NOTE Confidence: 0.88333107125

00:08:53.990 --> 00:08:57.049

I'm looking here at a credit market.

NOTE Confidence: 0.88333107125

00:08:57.050 --> 00:08:58.430

The interest rate duration.

NOTE Confidence: 0.88333107125

00:08:58.430 --> 00:09:00.500

So that's the interest rate risk

NOTE Confidence: 0.88333107125

00:09:00.558 --> 00:09:02.567

that you carry when you buy credit,

NOTE Confidence: 0.88333107125

00:09:02.570 --> 00:09:05.320

because increased and it's now

NOTE Confidence: 0.88333107125

00:09:05.320 --> 00:09:07.782

sitting at about 7.3 years.

NOTE Confidence: 0.88333107125

00:09:07.782 --> 00:09:09.406

Look at the yield,

NOTE Confidence: 0.88333107125

00:09:09.410 --> 00:09:11.546
which is the green area that

NOTE Confidence: 0.88333107125

00:09:11.546 --> 00:09:13.390
green area has dropped down.

NOTE Confidence: 0.88333107125

00:09:13.390 --> 00:09:14.338
Fallen down from yields.

NOTE Confidence: 0.88333107125

00:09:14.338 --> 00:09:15.523
That sort of you know,

NOTE Confidence: 0.88333107125

00:09:15.530 --> 00:09:18.111
four and a half or five right

NOTE Confidence: 0.88333107125

00:09:18.111 --> 00:09:20.016
down to yields of one.

NOTE Confidence: 0.88333107125

00:09:20.020 --> 00:09:22.414
OK, we've risen to about two now.

NOTE Confidence: 0.88333107125

00:09:22.420 --> 00:09:23.808
This is global credit,

NOTE Confidence: 0.88333107125

00:09:23.808 --> 00:09:25.543
it's the Barclays global agg.

NOTE Confidence: 0.88333107125

00:09:25.550 --> 00:09:27.748
And what this is showing you is

NOTE Confidence: 0.88333107125

00:09:27.748 --> 00:09:29.703
basically that if you are going

NOTE Confidence: 0.88333107125

00:09:29.703 --> 00:09:31.587
to invest passively in an index

NOTE Confidence: 0.88333107125

00:09:31.587 --> 00:09:33.448
and this is a global index,

NOTE Confidence: 0.88333107125

00:09:33.450 --> 00:09:34.946
it does contain credit.

NOTE Confidence: 0.88333107125

00:09:34.946 --> 00:09:37.770
It does contain some interest rate as well.

NOTE Confidence: 0.88333107125

00:09:37.770 --> 00:09:39.726
You're going to be taking an

NOTE Confidence: 0.88333107125

00:09:39.726 --> 00:09:41.764
awful lot of interest rate risk

NOTE Confidence: 0.88333107125

00:09:41.764 --> 00:09:43.768
in order to achieve your yield,

NOTE Confidence: 0.88333107125

00:09:43.770 --> 00:09:45.194
and this is dangerous.

NOTE Confidence: 0.88333107125

00:09:45.194 --> 00:09:47.330
So we believe in this environment

NOTE Confidence: 0.88333107125

00:09:47.400 --> 00:09:49.500
that that flexibility and that

NOTE Confidence: 0.88333107125

00:09:49.500 --> 00:09:51.180
active approach is absolutely

NOTE Confidence: 0.88333107125

00:09:51.180 --> 00:09:52.749
vital because duration.

NOTE Confidence: 0.88333107125

00:09:52.750 --> 00:09:54.668
Has been an absolute killer this year

NOTE Confidence: 0.88333107125

00:09:54.668 --> 00:09:57.196
and if we have a think about what a

NOTE Confidence: 0.88333107125

00:09:57.196 --> 00:09:59.578
grizzly year for risk assets this has been,

NOTE Confidence: 0.88333107125

00:09:59.580 --> 00:10:02.372
govies are down about 9% credits down

NOTE Confidence: 0.88333107125

00:10:02.372 --> 00:10:05.424
somewhere between 8:00 and 13 in an

NOTE Confidence: 0.88333107125

00:10:05.424 --> 00:10:08.769
IG space and about 10 in high yield.

NOTE Confidence: 0.88333107125

00:10:08.770 --> 00:10:11.560
A lot of that is driven by interest rate,

NOTE Confidence: 0.88333107125

00:10:11.560 --> 00:10:11.829
duration,

NOTE Confidence: 0.88333107125

00:10:11.829 --> 00:10:14.250
and a lot of it is the fault of

NOTE Confidence: 0.88333107125

00:10:14.319 --> 00:10:16.749
those yields rising across the curve.

NOTE Confidence: 0.88333107125

00:10:16.750 --> 00:10:19.466
So what does that mean looking forwards?

NOTE Confidence: 0.88333107125

00:10:19.470 --> 00:10:21.738
It's just gives you a scenario.

NOTE Confidence: 0.88333107125

00:10:21.740 --> 00:10:23.637

So this is your 10 year gilt.

NOTE Confidence: 0.88333107125

00:10:23.640 --> 00:10:25.649
I took this this shot made this

NOTE Confidence: 0.88333107125

00:10:25.649 --> 00:10:28.079
slide and I've left it at the end of

NOTE Confidence: 0.88333107125

00:10:28.079 --> 00:10:30.291
February so at the end of February and

NOTE Confidence: 0.88333107125

00:10:30.291 --> 00:10:32.766
yields on the 10 year were about 1.4.

NOTE Confidence: 0.88333107125

00:10:32.766 --> 00:10:35.377
Now what this is telling you is

NOTE Confidence: 0.88333107125

00:10:35.377 --> 00:10:37.806
that if yields rise to 2% you

NOTE Confidence: 0.88333107125

00:10:37.806 --> 00:10:39.736
would lose because of duration.

NOTE Confidence: 0.88333107125

00:10:39.740 --> 00:10:41.918
Don't forget there's no credit risk.

NOTE Confidence: 0.88333107125

00:10:41.920 --> 00:10:44.688
5% of your portfolio.

NOTE Confidence: 0.88333107125

00:10:44.688 --> 00:10:46.242
OK, funnily enough,

NOTE Confidence: 0.88333107125

00:10:46.242 --> 00:10:48.397
yields are just beneath 2%

NOTE Confidence: 0.88333107125

00:10:48.400 --> 00:10:50.210
at the moment and therefore,

NOTE Confidence: 0.88333107125

00:10:50.210 --> 00:10:52.415
lo and behold, a 60 basis point.

NOTE Confidence: 0.782777528888889

00:10:52.420 --> 00:10:54.212
Increase has projected a

NOTE Confidence: 0.782777528888889

00:10:54.212 --> 00:10:56.837
new just under a 5% loss,

NOTE Confidence: 0.782777528888889

00:10:56.837 --> 00:10:59.099
so that is how dangerous duration

NOTE Confidence: 0.782777528888889

00:10:59.099 --> 00:11:02.354
is at the moment and it really has

NOTE Confidence: 0.782777528888889

00:11:02.354 --> 00:11:04.920
been a driver of performance across

NOTE Confidence: 0.782777528888889

00:11:04.920 --> 00:11:07.441
the bond markets and the reaction.

NOTE Confidence: 0.782777528888889

00:11:07.441 --> 00:11:09.823
Obviously you've probably read in the

NOTE Confidence: 0.782777528888889

00:11:09.823 --> 00:11:12.736
news the reaction of the bond market is

NOTE Confidence: 0.782777528888889

00:11:12.736 --> 00:11:15.378
basically to price in this bad news price.

NOTE Confidence: 0.782777528888889

00:11:15.380 --> 00:11:17.462
In this high inflation and price

NOTE Confidence: 0.782777528888889

00:11:17.462 --> 00:11:19.360
in this falling global growth.

NOTE Confidence: 0.782777528888889

00:11:19.360 --> 00:11:21.082
So things that we need to

NOTE Confidence: 0.782777528888889

00:11:21.082 --> 00:11:23.110
consider and as a consequence.

NOTE Confidence: 0.782777528888889

00:11:23.110 --> 00:11:25.910
The yield curve went inverted and inverted.

NOTE Confidence: 0.782777528888889

00:11:25.910 --> 00:11:27.488
Yield curve is the bond market.

NOTE Confidence: 0.782777528888889

00:11:27.490 --> 00:11:29.620
Telling you that there are fairly

NOTE Confidence: 0.782777528888889

00:11:29.620 --> 00:11:31.792
bad things ahead because the long

NOTE Confidence: 0.782777528888889

00:11:31.792 --> 00:11:33.850
dated bonds are actually yielding you

NOTE Confidence: 0.782777528888889

00:11:33.850 --> 00:11:36.067
less than the shorter dated bonds.

NOTE Confidence: 0.782777528888889

00:11:36.070 --> 00:11:37.930
So let's put this into context.

NOTE Confidence: 0.782777528888889

00:11:37.930 --> 00:11:39.928
This is the most asked question

NOTE Confidence: 0.782777528888889

00:11:39.928 --> 00:11:42.268
that I've had over the last year.

NOTE Confidence: 0.782777528888889

00:11:42.270 --> 00:11:43.383
Has inflation peaked?

NOTE Confidence: 0.782777528888889

00:11:43.383 --> 00:11:45.980
So let's just give you a quick

NOTE Confidence: 0.782777528888889

00:11:46.058 --> 00:11:47.129
answer to that.

NOTE Confidence: 0.782777528888889

00:11:47.130 --> 00:11:50.154
Do we believe inflation has peaked in the US?

NOTE Confidence: 0.782777528888889

00:11:50.160 --> 00:11:51.980
Yes, it probably has.

NOTE Confidence: 0.782777528888889

00:11:51.980 --> 00:11:53.744
In the UK, no.

NOTE Confidence: 0.782777528888889

00:11:53.744 --> 00:11:56.108
Unfortunately we don't think it has.

NOTE Confidence: 0.782777528888889

00:11:56.110 --> 00:11:58.588
And in Europe we doubt it.

NOTE Confidence: 0.782777528888889

00:11:58.590 --> 00:12:00.566
Now some of that is driven by Russia,

NOTE Confidence: 0.782777528888889

00:12:00.570 --> 00:12:02.537
Ukraine and some of that is just

NOTE Confidence: 0.782777528888889

00:12:02.537 --> 00:12:04.719
driven by the fact that the central

NOTE Confidence: 0.782777528888889

00:12:04.719 --> 00:12:06.627
banks are so behind the curve.

NOTE Confidence: 0.782777528888889

00:12:06.630 --> 00:12:09.780
So inflation might have peaked,

NOTE Confidence: 0.782777528888889

00:12:09.780 --> 00:12:11.866
but and this is looking at U.S.

NOTE Confidence: 0.782777528888889

00:12:11.870 --> 00:12:12.239
markets,

NOTE Confidence: 0.782777528888889

00:12:12.239 --> 00:12:14.453
but it can be translated across

NOTE Confidence: 0.782777528888889

00:12:14.453 --> 00:12:16.260
those three major economies.

NOTE Confidence: 0.782777528888889

00:12:16.260 --> 00:12:19.676
Service CPI service CPI is on the rise.

NOTE Confidence: 0.782777528888889

00:12:19.680 --> 00:12:21.556
It has been on the rise and

NOTE Confidence: 0.782777528888889

00:12:21.556 --> 00:12:23.598
it tends to be fairly sticky,

NOTE Confidence: 0.782777528888889

00:12:23.600 --> 00:12:25.424
so included in service.

NOTE Confidence: 0.782777528888889

00:12:25.424 --> 00:12:27.704
CPI of things like rents,

NOTE Confidence: 0.782777528888889

00:12:27.710 --> 00:12:30.132
things like wages and they don't tend

NOTE Confidence: 0.782777528888889

00:12:30.132 --> 00:12:33.510

to go up and down particularly quickly,

NOTE Confidence: 0.782777528888889

00:12:33.510 --> 00:12:36.205
so rent CPI is actually 40%.

NOTE Confidence: 0.782777528888889

00:12:36.205 --> 00:12:36.915
Of CPI,

NOTE Confidence: 0.782777528888889

00:12:36.915 --> 00:12:39.901
40% of core CPI and you can see

NOTE Confidence: 0.782777528888889

00:12:39.901 --> 00:12:42.337
that rents have shot up now.

NOTE Confidence: 0.782777528888889

00:12:42.340 --> 00:12:44.060
This is really damaging because

NOTE Confidence: 0.782777528888889

00:12:44.060 --> 00:12:46.181
obviously if you are renting you'll

NOTE Confidence: 0.782777528888889

00:12:46.181 --> 00:12:48.197
find that your rent is increasing.

NOTE Confidence: 0.782777528888889

00:12:48.200 --> 00:12:50.560
We did have a period just after COVID

NOTE Confidence: 0.782777528888889

00:12:50.560 --> 00:12:52.478
where rents started to come down,

NOTE Confidence: 0.782777528888889

00:12:52.480 --> 00:12:53.788
but they're very definitely

NOTE Confidence: 0.782777528888889

00:12:53.788 --> 00:12:55.096
started to creep up.

NOTE Confidence: 0.782777528888889

00:12:55.100 --> 00:12:57.197
And as you know if you rent a house,

NOTE Confidence: 0.782777528888889

00:12:57.200 --> 00:12:59.522
rent doesn't often come down unless

NOTE Confidence: 0.782777528888889

00:12:59.522 --> 00:13:02.098
there's a major shock in the market.

NOTE Confidence: 0.782777528888889

00:13:02.100 --> 00:13:04.200
So the fact that service CPI,

NOTE Confidence: 0.782777528888889

00:13:04.200 --> 00:13:06.100
which is the labour market,

NOTE Confidence: 0.782777528888889

00:13:06.100 --> 00:13:07.126
it's people's wages.

NOTE Confidence: 0.782777528888889

00:13:07.126 --> 00:13:09.178
It is the people's wages and

NOTE Confidence: 0.782777528888889

00:13:09.178 --> 00:13:10.948
the things that they buy,

NOTE Confidence: 0.782777528888889

00:13:10.950 --> 00:13:13.290
including rent all of these

NOTE Confidence: 0.782777528888889

00:13:13.290 --> 00:13:14.694
things are interconnected,

NOTE Confidence: 0.782777528888889

00:13:14.700 --> 00:13:17.268
and unfortunately you can see these

NOTE Confidence: 0.782777528888889

00:13:17.268 --> 00:13:19.816
numbers creeping up in all of

NOTE Confidence: 0.782777528888889

00:13:19.816 --> 00:13:22.084
these sticky parts of the economy.

NOTE Confidence: 0.782777528888889

00:13:22.090 --> 00:13:23.875
So it's probably more embedded

NOTE Confidence: 0.782777528888889

00:13:23.875 --> 00:13:25.660
into the economic system than

NOTE Confidence: 0.782777528888889

00:13:25.723 --> 00:13:27.448
perhaps we'd like to believe.

NOTE Confidence: 0.782777528888889

00:13:27.450 --> 00:13:29.130
You can see that wages have been

NOTE Confidence: 0.782777528888889

00:13:29.130 --> 00:13:30.730
going up in the US as well,

NOTE Confidence: 0.782777528888889

00:13:30.730 --> 00:13:31.910
and just looking at this,

NOTE Confidence: 0.782777528888889

00:13:31.910 --> 00:13:35.249
you've got wages increases of about 6%.

NOTE Confidence: 0.782777528888889

00:13:35.250 --> 00:13:35.530
Well,

NOTE Confidence: 0.782777528888889

00:13:35.530 --> 00:13:36.650
that seems really nice,

NOTE Confidence: 0.782777528888889

00:13:36.650 --> 00:13:37.995
but when you've got inflation

NOTE Confidence: 0.782777528888889

00:13:37.995 --> 00:13:39.340
running at 8 1/2 percent,

NOTE Confidence: 0.782777528888889

00:13:39.340 --> 00:13:41.788
actually this is making people poorer.

NOTE Confidence: 0.782777528888889

00:13:41.790 --> 00:13:43.650
What's the consequence of this?

NOTE Confidence: 0.782777528888889

00:13:43.650 --> 00:13:46.410
It means that consumer inflation

NOTE Confidence: 0.782777528888889

00:13:46.410 --> 00:13:48.066
expectations have risen.

NOTE Confidence: 0.782777528888889

00:13:48.070 --> 00:13:49.350
And what does this mean?

NOTE Confidence: 0.782777528888889

00:13:49.350 --> 00:13:51.540
It means that people are expecting

NOTE Confidence: 0.782777528888889

00:13:51.540 --> 00:13:52.270
tough times.

NOTE Confidence: 0.782777528888889

00:13:52.270 --> 00:13:54.325
Said it also means that

NOTE Confidence: 0.782777528888889

00:13:54.325 --> 00:13:56.380
people have a tendency to

NOTE Confidence: 0.889814498

00:13:56.471 --> 00:13:58.316
save cash if they can.

NOTE Confidence: 0.889814498

00:13:58.320 --> 00:14:00.704
If they can't, they tend to spend money

NOTE Confidence: 0.889814498

00:14:00.704 --> 00:14:02.990
on credit cards and with interest

NOTE Confidence: 0.889814498

00:14:02.990 --> 00:14:05.025
rates increasing those credit card

NOTE Confidence: 0.889814498

00:14:05.025 --> 00:14:07.019
payments are likely to get bigger.

NOTE Confidence: 0.889814498

00:14:07.020 --> 00:14:09.190
So actually, we've got this

NOTE Confidence: 0.889814498

00:14:09.190 --> 00:14:11.360
inflation creeping into the system.

NOTE Confidence: 0.889814498

00:14:11.360 --> 00:14:13.330
Yes, it might have peaked.

NOTE Confidence: 0.889814498

00:14:13.330 --> 00:14:16.579
We think the journey from 8 down to five

NOTE Confidence: 0.889814498

00:14:16.579 --> 00:14:19.834
will probably be fairly quick in the US.

NOTE Confidence: 0.889814498

00:14:19.840 --> 00:14:21.849
And actually when the UK and Europe

NOTE Confidence: 0.889814498

00:14:21.849 --> 00:14:23.538
peak the journey from the peak.

NOTE Confidence: 0.889814498

00:14:23.540 --> 00:14:26.431
Down to five or six will probably

NOTE Confidence: 0.889814498

00:14:26.431 --> 00:14:28.063
be pretty quick, however,

NOTE Confidence: 0.889814498

00:14:28.063 --> 00:14:30.814

the journey from 5 down to three

NOTE Confidence: 0.889814498

00:14:30.814 --> 00:14:33.307
is probably going to be very slow,

NOTE Confidence: 0.889814498

00:14:33.310 --> 00:14:35.325
and that's because of all

NOTE Confidence: 0.889814498

00:14:35.325 --> 00:14:36.937
of this sticky inflation.

NOTE Confidence: 0.889814498

00:14:36.940 --> 00:14:38.956
So if we just put this into context,

NOTE Confidence: 0.889814498

00:14:38.960 --> 00:14:40.440
why has this been created

NOTE Confidence: 0.889814498

00:14:40.440 --> 00:14:42.160
and what's it been caused by?

NOTE Confidence: 0.889814498

00:14:42.160 --> 00:14:43.656
This is Money supply.

NOTE Confidence: 0.889814498

00:14:43.656 --> 00:14:44.778
It's called M2.

NOTE Confidence: 0.889814498

00:14:44.780 --> 00:14:47.156
You can see that the pre COVID trend

NOTE Confidence: 0.889814498

00:14:47.156 --> 00:14:49.054
is basically there is more money

NOTE Confidence: 0.889814498

00:14:49.054 --> 00:14:50.908
in the market and there's quite

NOTE Confidence: 0.889814498

00:14:50.977 --> 00:14:52.860
a nice trend line over 20 years

NOTE Confidence: 0.889814498

00:14:52.860 --> 00:14:55.233
along comes COVID and of course QE

NOTE Confidence: 0.889814498

00:14:55.233 --> 00:14:57.415
pumped bucket load of money into

NOTE Confidence: 0.889814498

00:14:57.415 --> 00:14:59.240
the system basically to support

NOTE Confidence: 0.889814498

00:14:59.240 --> 00:15:01.209
the markets to support consumers

NOTE Confidence: 0.889814498

00:15:01.209 --> 00:15:03.555
and to support the global economy.

NOTE Confidence: 0.889814498

00:15:03.560 --> 00:15:04.889
This obviously works,

NOTE Confidence: 0.889814498

00:15:04.889 --> 00:15:07.104
but it's created excess liquidity.

NOTE Confidence: 0.889814498

00:15:07.110 --> 00:15:09.180
And that excess liquidity has

NOTE Confidence: 0.889814498

00:15:09.180 --> 00:15:10.008
created inflation.

NOTE Confidence: 0.889814498

00:15:10.010 --> 00:15:11.624
It's this that the central banks

NOTE Confidence: 0.889814498

00:15:11.624 --> 00:15:13.010
have got to grapple with.

NOTE Confidence: 0.889814498

00:15:13.010 --> 00:15:16.027
They need to remove that excess liquidity.

NOTE Confidence: 0.889814498

00:15:16.030 --> 00:15:17.054
They could come in.

NOTE Confidence: 0.889814498

00:15:17.054 --> 00:15:18.910
They could just burn all the cash.

NOTE Confidence: 0.889814498

00:15:18.910 --> 00:15:21.328
That of course would kill inflation,

NOTE Confidence: 0.889814498

00:15:21.330 --> 00:15:23.360
but it would also shock the market

NOTE Confidence: 0.889814498

00:15:23.360 --> 00:15:25.434
and you would find that you get

NOTE Confidence: 0.889814498

00:15:25.434 --> 00:15:27.386
some kind of taper tantrum as we

NOTE Confidence: 0.889814498

00:15:27.386 --> 00:15:30.080
saw in 2012 and 13 in Europe.

NOTE Confidence: 0.889814498

00:15:30.080 --> 00:15:31.808
So that's not really the way to go.

NOTE Confidence: 0.889814498

00:15:31.810 --> 00:15:33.946
What they've got to do is

NOTE Confidence: 0.889814498

00:15:33.946 --> 00:15:35.014
quantitative tightening whereby

NOTE Confidence: 0.889814498

00:15:35.014 --> 00:15:37.098
they tighten financial conditions.

NOTE Confidence: 0.889814498

00:15:37.100 --> 00:15:39.718
And remove some of that excess monetary

NOTE Confidence: 0.889814498

00:15:39.718 --> 00:15:41.867
support from the system without

NOTE Confidence: 0.889814498

00:15:41.867 --> 00:15:44.723
pinging the global economy into recession.

NOTE Confidence: 0.889814498

00:15:44.730 --> 00:15:47.068
So let's just put this into context.

NOTE Confidence: 0.889814498

00:15:47.070 --> 00:15:49.032
The blue line here is showing

NOTE Confidence: 0.889814498

00:15:49.032 --> 00:15:50.870
you one year nominal yields.

NOTE Confidence: 0.889814498

00:15:50.870 --> 00:15:52.670
So if I want to go and buy a one

NOTE Confidence: 0.889814498

00:15:52.726 --> 00:15:54.466
year government bond in the UK,

NOTE Confidence: 0.889814498

00:15:54.470 --> 00:15:58.420
I'm going to receive 1.5% interest.

NOTE Confidence: 0.889814498

00:15:58.420 --> 00:15:58.777
However,

NOTE Confidence: 0.889814498

00:15:58.777 --> 00:16:00.562
one year realized inflation and

NOTE Confidence: 0.889814498

00:16:00.562 --> 00:16:03.018
this is looking at the swap market.

NOTE Confidence: 0.889814498

00:16:03.020 --> 00:16:04.115
This is RPI,

NOTE Confidence: 0.889814498

00:16:04.115 --> 00:16:07.330
so the retail price index is running at 9.8.

NOTE Confidence: 0.889814498

00:16:07.330 --> 00:16:09.480
So actually my real yield.

NOTE Confidence: 0.889814498

00:16:09.480 --> 00:16:11.559
If I go and buy a one year nominal,

NOTE Confidence: 0.889814498

00:16:11.560 --> 00:16:14.110
yielding 1.5 one point 5,

NOTE Confidence: 0.889814498

00:16:14.110 --> 00:16:16.320
the blue Line minus 9.8,

NOTE Confidence: 0.889814498

00:16:16.320 --> 00:16:18.518
the green Line gives us a real

NOTE Confidence: 0.889814498

00:16:18.518 --> 00:16:19.879
yield of negative 8.3.

NOTE Confidence: 0.889814498

00:16:19.879 --> 00:16:21.136
That's pretty grizzly.

NOTE Confidence: 0.889814498

00:16:21.136 --> 00:16:24.390
So let's have a look at linkers.

NOTE Confidence: 0.889814498

00:16:24.390 --> 00:16:26.315
We've used a lot of linkers in

NOTE Confidence: 0.889814498

00:16:26.315 --> 00:16:28.130

our portfolios and they do give

NOTE Confidence: 0.889814498

00:16:28.130 --> 00:16:29.675
you some degree of protection

NOTE Confidence: 0.889814498

00:16:29.675 --> 00:16:31.479
against that increased inflation.

NOTE Confidence: 0.889814498

00:16:31.480 --> 00:16:33.478
If I go and buy a one year lynker

NOTE Confidence: 0.889814498

00:16:33.478 --> 00:16:35.385
at the moment it provides me

NOTE Confidence: 0.889814498

00:16:35.385 --> 00:16:36.677
with a negative real,

NOTE Confidence: 0.889814498

00:16:36.680 --> 00:16:38.465
a negative yield at the

NOTE Confidence: 0.889814498

00:16:38.465 --> 00:16:40.506
moment of of minus 4.7.

NOTE Confidence: 0.889814498

00:16:40.506 --> 00:16:44.748
And minus 4.7 might seem really bad.

NOTE Confidence: 0.889814498

00:16:44.750 --> 00:16:45.216
However,

NOTE Confidence: 0.889814498

00:16:45.216 --> 00:16:48.012
Lincoln's provide you with that one

NOTE Confidence: 0.889814498

00:16:48.012 --> 00:16:49.969
year inflation expectation at the

NOTE Confidence: 0.889814498

00:16:49.969 --> 00:16:52.310
end of the year or end of next year.

NOTE Confidence: 0.889814498

00:16:52.310 --> 00:16:55.229
So if I take that RPI of

NOTE Confidence: 0.921677965

00:16:55.230 --> 00:16:57.168
9.8, which is what I receive,

NOTE Confidence: 0.921677965

00:16:57.170 --> 00:16:58.950
I take away the 4.7,

NOTE Confidence: 0.921677965

00:16:58.950 --> 00:17:00.350
which is what I've paid.

NOTE Confidence: 0.921677965

00:17:00.350 --> 00:17:02.604
I actually get a money return from

NOTE Confidence: 0.921677965

00:17:02.604 --> 00:17:05.604
a linker of 5.1 so you can see that

NOTE Confidence: 0.921677965

00:17:05.604 --> 00:17:07.342
having inflation linked securities in

NOTE Confidence: 0.921677965

00:17:07.342 --> 00:17:09.238
a portfolio actually gives you access

NOTE Confidence: 0.921677965

00:17:09.238 --> 00:17:11.420
to a slightly better and at least.

NOTE Confidence: 0.921677965

00:17:11.420 --> 00:17:14.798
Positive real return versus nominal bonds.

NOTE Confidence: 0.804757176666667

00:17:16.850 --> 00:17:20.108
OK, views on credit and opportunities.

NOTE Confidence: 0.804757176666667

00:17:20.110 --> 00:17:21.944
Credit as we said right at the

NOTE Confidence: 0.804757176666667

00:17:21.944 --> 00:17:23.589
beginning has been pretty grizzly.

NOTE Confidence: 0.804757176666667

00:17:23.590 --> 00:17:26.200
It's a risk asset emerging

NOTE Confidence: 0.804757176666667

00:17:26.200 --> 00:17:28.810
markets have been pretty grizzly.

NOTE Confidence: 0.804757176666667

00:17:28.810 --> 00:17:30.142
Everything has been suffering

NOTE Confidence: 0.804757176666667

00:17:30.142 --> 00:17:33.024
and I want to give you a bit of

NOTE Confidence: 0.804757176666667

00:17:33.024 --> 00:17:34.650
an insight into where we are.

NOTE Confidence: 0.804757176666667

00:17:34.650 --> 00:17:35.820
Because actually if we have to

NOTE Confidence: 0.804757176666667

00:17:35.820 --> 00:17:36.900
think about yields in credit,

NOTE Confidence: 0.804757176666667

00:17:36.900 --> 00:17:38.360
they're looking a lot more

NOTE Confidence: 0.804757176666667

00:17:38.360 --> 00:17:39.528
attractive than they were.

NOTE Confidence: 0.804757176666667

00:17:39.530 --> 00:17:40.445
And of course there's a

NOTE Confidence: 0.804757176666667

00:17:40.445 --> 00:17:42.034
**** that comes with this,

NOTE Confidence: 0.804757176666667

00:17:42.034 --> 00:17:44.669
which I will allude to in a SEC.

NOTE Confidence: 0.804757176666667

00:17:44.670 --> 00:17:46.446
Would you mind moving to the next slide?

NOTE Confidence: 0.804757176666667

00:17:46.450 --> 00:17:46.870
For me.

NOTE Confidence: 0.87681895025926

00:17:49.120 --> 00:17:51.664
Thank you. So this is looking at the

NOTE Confidence: 0.87681895025926

00:17:51.664 --> 00:17:53.783
journey of credit from 2020 onwards

NOTE Confidence: 0.87681895025926

00:17:53.783 --> 00:17:56.280
and you can see that yields have

NOTE Confidence: 0.87681895025926

00:17:56.280 --> 00:17:58.466
been falling over a sort of 1520

NOTE Confidence: 0.87681895025926

00:17:58.466 --> 00:18:00.748
year period due to the tech bubble.

NOTE Confidence: 0.87681895025926

00:18:00.750 --> 00:18:02.925
The credit crisis, euro debt

NOTE Confidence: 0.87681895025926

00:18:02.925 --> 00:18:04.874
crisis and then COVID. However,

NOTE Confidence: 0.87681895025926

00:18:04.874 --> 00:18:06.990
if we look at the right hand side of this,

NOTE Confidence: 0.87681895025926

00:18:06.990 --> 00:18:09.126
you can see that yields on the back

NOTE Confidence: 0.87681895025926

00:18:09.126 --> 00:18:11.345
of falling global growth and also

NOTE Confidence: 0.87681895025926

00:18:11.345 --> 00:18:12.969
increased inflation have started

NOTE Confidence: 0.87681895025926

00:18:12.969 --> 00:18:15.238
coming through into the credit markets.

NOTE Confidence: 0.87681895025926

00:18:15.240 --> 00:18:17.102
So at the moment the light blue

NOTE Confidence: 0.87681895025926

00:18:17.102 --> 00:18:18.200
line which is U.S.

NOTE Confidence: 0.87681895025926

00:18:18.200 --> 00:18:20.870
investment grade, is yielding about four.

NOTE Confidence: 0.87681895025926

00:18:20.870 --> 00:18:25.364
Percent. About 4% that's not too bad,

NOTE Confidence: 0.87681895025926

00:18:25.370 --> 00:18:27.746
but we have to be very careful because

NOTE Confidence: 0.87681895025926

00:18:27.746 --> 00:18:29.509
credit comes with duration risk.

NOTE Confidence: 0.87681895025926

00:18:29.510 --> 00:18:30.920
So while we think will credit

NOTE Confidence: 0.87681895025926

00:18:30.920 --> 00:18:32.120

sold off a little bit,

NOTE Confidence: 0.87681895025926

00:18:32.120 --> 00:18:33.904
there's an increased yield.

NOTE Confidence: 0.87681895025926

00:18:33.904 --> 00:18:37.430
It is very much beware of duration,

NOTE Confidence: 0.87681895025926

00:18:37.430 --> 00:18:39.310
so credit has two parts.

NOTE Confidence: 0.87681895025926

00:18:39.310 --> 00:18:41.770
It has the actual spread risk,

NOTE Confidence: 0.87681895025926

00:18:41.770 --> 00:18:44.572
so that's the the worsening or

NOTE Confidence: 0.87681895025926

00:18:44.572 --> 00:18:47.539
the getting better of that credit

NOTE Confidence: 0.87681895025926

00:18:47.539 --> 00:18:49.959
and that company or that sector.

NOTE Confidence: 0.87681895025926

00:18:49.959 --> 00:18:52.080
But also we've got the interest rate.

NOTE Confidence: 0.87681895025926

00:18:52.080 --> 00:18:53.364
Wisconsin death, that,

NOTE Confidence: 0.87681895025926

00:18:53.364 --> 00:18:55.932
and it's important that we manage

NOTE Confidence: 0.87681895025926

00:18:55.932 --> 00:18:58.202
the interest rate risk because

NOTE Confidence: 0.87681895025926

00:18:58.202 --> 00:19:00.854
even if interest rates stay static,

NOTE Confidence: 0.87681895025926

00:19:00.860 --> 00:19:03.284
sorry even if spread stay static

NOTE Confidence: 0.87681895025926

00:19:03.284 --> 00:19:05.882
so the actual credit risk within

NOTE Confidence: 0.87681895025926

00:19:05.882 --> 00:19:08.582
a company if you have continued

NOTE Confidence: 0.87681895025926

00:19:08.582 --> 00:19:10.020
rising interest rates,

NOTE Confidence: 0.87681895025926

00:19:10.020 --> 00:19:12.120
you will still see that there

NOTE Confidence: 0.87681895025926

00:19:12.120 --> 00:19:13.520
is a duration detractor.

NOTE Confidence: 0.87681895025926

00:19:13.520 --> 00:19:16.768
So what are the opportunities being aware

NOTE Confidence: 0.87681895025926

00:19:16.768 --> 00:19:19.630
that that duration risk is dangerous?

NOTE Confidence: 0.87681895025926

00:19:19.630 --> 00:19:21.230
We've been selecting defensive

NOTE Confidence: 0.87681895025926

00:19:21.230 --> 00:19:22.830
parts of the market.

NOTE Confidence: 0.87681895025926

00:19:22.830 --> 00:19:23.544
Of course,

NOTE Confidence: 0.87681895025926

00:19:23.544 --> 00:19:26.043
global growth has started to roll off.

NOTE Confidence: 0.87681895025926

00:19:26.050 --> 00:19:28.325
You have got the fears of inflation.

NOTE Confidence: 0.87681895025926

00:19:28.330 --> 00:19:28.820
Still,

NOTE Confidence: 0.87681895025926

00:19:28.820 --> 00:19:32.250
QT is likely to cause some distortion

NOTE Confidence: 0.87681895025926

00:19:32.250 --> 00:19:35.547
as central banks start to sell back,

NOTE Confidence: 0.87681895025926

00:19:35.550 --> 00:19:38.416
or at least stop buying corporates

NOTE Confidence: 0.87681895025926

00:19:38.416 --> 00:19:40.046
and stop supporting the market

NOTE Confidence: 0.87681895025926

00:19:40.046 --> 00:19:41.970
quite as much as they were.

NOTE Confidence: 0.87681895025926

00:19:41.970 --> 00:19:44.270
You've also got the geopolitics

NOTE Confidence: 0.87681895025926

00:19:44.270 --> 00:19:46.489
which has affected the euro

NOTE Confidence: 0.87681895025926

00:19:46.489 --> 00:19:47.788
market quite substantially.

NOTE Confidence: 0.87681895025926

00:19:47.790 --> 00:19:49.968
Being in close proximity and having.

NOTE Confidence: 0.87681895025926

00:19:49.970 --> 00:19:53.078
Most trade with Russia and Ukraine,

NOTE Confidence: 0.87681895025926

00:19:53.080 --> 00:19:55.480
so financials will always do well

NOTE Confidence: 0.87681895025926

00:19:55.480 --> 00:19:58.120
in a rising rate environment.

NOTE Confidence: 0.87681895025926

00:19:58.120 --> 00:20:01.072
They also in terms of the Bank of England,

NOTE Confidence: 0.87681895025926

00:20:01.080 --> 00:20:02.780
were not something that the

NOTE Confidence: 0.87681895025926

00:20:02.780 --> 00:20:04.140
Bank of England supported.

NOTE Confidence: 0.87681895025926

00:20:04.140 --> 00:20:06.457
Now the Bank of England have got

NOTE Confidence: 0.87681895025926

00:20:06.457 --> 00:20:08.330
20 billion of sterling credit

NOTE Confidence: 0.87681895025926

00:20:08.330 --> 00:20:10.754
to sell back into the market.

NOTE Confidence: 0.87681895025926

00:20:10.760 --> 00:20:13.693
What they didn't buy were residential and

NOTE Confidence: 0.87681895025926

00:20:13.693 --> 00:20:15.700
commercial mortgage backed securities.

NOTE Confidence: 0.87681895025926

00:20:15.700 --> 00:20:18.454
What they didn't buy were financials

NOTE Confidence: 0.87681895025926

00:20:18.454 --> 00:20:21.330
and those sectors are the sectors.

NOTE Confidence: 0.87681895025926

00:20:21.330 --> 00:20:23.682
A floating rate in nature so they

NOTE Confidence: 0.87681895025926

00:20:23.682 --> 00:20:25.491
either don't carry any interest

NOTE Confidence: 0.87681895025926

00:20:25.491 --> 00:20:27.699
rate risk so you're just trading

NOTE Confidence: 0.87681895025926

00:20:27.699 --> 00:20:30.083
credit risk or they will do well

NOTE Confidence: 0.87681895025926

00:20:30.083 --> 00:20:32.021
in a rising rate environment and

NOTE Confidence: 0.87681895025926

00:20:32.021 --> 00:20:33.776
therefore they are pretty defensive

NOTE Confidence: 0.87681895025926

00:20:33.776 --> 00:20:35.984
at the moment as somewhere to look.

NOTE Confidence: 0.87681895025926

00:20:35.984 --> 00:20:38.641
If we have a look at some of those

NOTE Confidence: 0.87681895025926

00:20:38.641 --> 00:20:40.795
other sectors that were quite heavily

NOTE Confidence: 0.87681895025926

00:20:40.795 --> 00:20:42.797
supported by the Bank of England,

NOTE Confidence: 0.87681895025926

00:20:42.800 --> 00:20:45.910

Healthcare is 1 consumer services

NOTE Confidence: 0.87681895025926

00:20:45.910 --> 00:20:47.154
consumer goods,

NOTE Confidence: 0.87681895025926

00:20:47.160 --> 00:20:48.798
parts of the oil and gas market,

NOTE Confidence: 0.87681895025926

00:20:48.800 --> 00:20:49.892
and of course travel.

NOTE Confidence: 0.87681895025926

00:20:49.892 --> 00:20:51.950
So those are some of the sectors

NOTE Confidence: 0.87681895025926

00:20:51.950 --> 00:20:54.086
which aren't quite as defensive as

NOTE Confidence: 0.87681895025926

00:20:54.086 --> 00:20:56.306
perhaps they were before the COVID

NOTE Confidence: 0.87681895025926

00:20:56.306 --> 00:20:58.598
crisis and before of this support.

NOTE Confidence: 0.87681895025926

00:20:58.600 --> 00:21:00.598
Now, of course there's opportunity there,

NOTE Confidence: 0.934702395555556

00:21:00.600 --> 00:21:03.980
but it's about constructing a

NOTE Confidence: 0.934702395555556

00:21:03.980 --> 00:21:06.684
broad and diversified portfolio.

NOTE Confidence: 0.934702395555556

00:21:06.690 --> 00:21:08.694
And in EM there are opportunities

NOTE Confidence: 0.934702395555556

00:21:08.694 --> 00:21:11.566
if we could go on to the next slide,

NOTE Confidence: 0.934702395555556

00:21:11.570 --> 00:21:14.188
what we'll see here are emerging market

NOTE Confidence: 0.934702395555556

00:21:14.188 --> 00:21:16.767
real yields on the right hand side.

NOTE Confidence: 0.934702395555556

00:21:16.770 --> 00:21:18.874
Now this is looking at a 10 year

NOTE Confidence: 0.934702395555556

00:21:18.874 --> 00:21:20.774
sovereign and taking off the inflation

NOTE Confidence: 0.934702395555556

00:21:20.774 --> 00:21:23.112
you can see developed markets on the

NOTE Confidence: 0.934702395555556

00:21:23.112 --> 00:21:25.026
right very very grisly real yields.

NOTE Confidence: 0.934702395555556

00:21:25.030 --> 00:21:27.242
If we look at the emerging markets

NOTE Confidence: 0.934702395555556

00:21:27.242 --> 00:21:29.530
and a selection of towards the left,

NOTE Confidence: 0.934702395555556

00:21:29.530 --> 00:21:31.582
you can see that there are

NOTE Confidence: 0.934702395555556

00:21:31.582 --> 00:21:33.430
some decent real yields there.

NOTE Confidence: 0.934702395555556

00:21:33.430 --> 00:21:35.327
Now what does it mean for EM?

NOTE Confidence: 0.934702395555556

00:21:35.330 --> 00:21:36.968
Because the Fed have been rising,

NOTE Confidence: 0.934702395555556

00:21:36.970 --> 00:21:38.685
raising rates and look to be very,

NOTE Confidence: 0.934702395555556

00:21:38.690 --> 00:21:42.242
very aggressive with a terminal rate

NOTE Confidence: 0.934702395555556

00:21:42.242 --> 00:21:45.255
next summer projected to be 3.6%.

NOTE Confidence: 0.934702395555556

00:21:45.255 --> 00:21:46.980
Shouldn't that really detract from

NOTE Confidence: 0.934702395555556

00:21:46.980 --> 00:21:48.968
EM and shouldn't it be something

NOTE Confidence: 0.934702395555556

00:21:48.968 --> 00:21:50.606
we need to be careful of?

NOTE Confidence: 0.934702395555556

00:21:50.610 --> 00:21:53.090
Well, yes, and it's certainly one to watch.

NOTE Confidence: 0.934702395555556

00:21:53.090 --> 00:21:53.541
However,

NOTE Confidence: 0.934702395555556

00:21:53.541 --> 00:21:56.247
there is a buffer with emerging

NOTE Confidence: 0.934702395555556

00:21:56.247 --> 00:21:58.604
markets because they started their

NOTE Confidence: 0.934702395555556

00:21:58.604 --> 00:22:00.924
hiking cycle back last summer.

NOTE Confidence: 0.934702395555556

00:22:00.930 --> 00:22:02.735
So actually an earlier lift

NOTE Confidence: 0.934702395555556

00:22:02.735 --> 00:22:04.540
off from the emerging markets.

NOTE Confidence: 0.934702395555556

00:22:04.540 --> 00:22:07.130
Thus is the Fed will give them

NOTE Confidence: 0.934702395555556

00:22:07.130 --> 00:22:08.498
a buffer that when,

NOTE Confidence: 0.934702395555556

00:22:08.498 --> 00:22:10.382
when the Fed really started to

NOTE Confidence: 0.934702395555556

00:22:10.382 --> 00:22:12.714
sort of pull the that aggressive

NOTE Confidence: 0.934702395555556

00:22:12.714 --> 00:22:14.350
and that aggressive lever.

NOTE Confidence: 0.934702395555556

00:22:14.350 --> 00:22:16.252
So we do think that there's

NOTE Confidence: 0.934702395555556

00:22:16.252 --> 00:22:17.203
opportunity in credit.

NOTE Confidence: 0.934702395555556

00:22:17.210 --> 00:22:18.965
We do think that there's

NOTE Confidence: 0.934702395555556

00:22:18.965 --> 00:22:20.369
opportunity in emerging markets,

NOTE Confidence: 0.934702395555556

00:22:20.370 --> 00:22:23.898
but for us it's about treading with caution.

NOTE Confidence: 0.934702395555556

00:22:23.900 --> 00:22:26.015
And if we just flip to the next slide,

NOTE Confidence: 0.934702395555556

00:22:26.020 --> 00:22:28.820
what you'll see is our range and

NOTE Confidence: 0.934702395555556

00:22:28.820 --> 00:22:32.018
within our range we do have funds

NOTE Confidence: 0.934702395555556

00:22:32.018 --> 00:22:33.934
for all economic environments.

NOTE Confidence: 0.934702395555556

00:22:33.940 --> 00:22:35.938
And if we go on one further you can

NOTE Confidence: 0.934702395555556

00:22:35.938 --> 00:22:38.038
see some of the names that you know.

NOTE Confidence: 0.934702395555556

00:22:38.040 --> 00:22:39.380
Of course the flexible funds

NOTE Confidence: 0.934702395555556

00:22:39.380 --> 00:22:41.150
have got all of these levers.

NOTE Confidence: 0.934702395555556

00:22:41.150 --> 00:22:42.806
They've got credit, they've got rates,

NOTE Confidence: 0.934702395555556

00:22:42.810 --> 00:22:44.064
they've got currency,

NOTE Confidence: 0.934702395555556

00:22:44.064 --> 00:22:46.990
and they can go anywhere and deliver

NOTE Confidence: 0.934702395555556

00:22:47.064 --> 00:22:49.656

the best in an evolving environment.

NOTE Confidence: 0.934702395555556

00:22:49.660 --> 00:22:50.230

However,

NOTE Confidence: 0.934702395555556

00:22:50.230 --> 00:22:53.080

there are some other opportunities

NOTE Confidence: 0.934702395555556

00:22:53.080 --> 00:22:54.220

within inflation.

NOTE Confidence: 0.934702395555556

00:22:54.220 --> 00:22:55.360

Think bonds,

NOTE Confidence: 0.934702395555556

00:22:55.360 --> 00:22:57.442

inflation link corporates assuming

NOTE Confidence: 0.934702395555556

00:22:57.442 --> 00:22:59.674

that inflation is going to continue

NOTE Confidence: 0.934702395555556

00:22:59.674 --> 00:23:02.284

to rise and actually credit probably

NOTE Confidence: 0.934702395555556

00:23:02.284 --> 00:23:05.080

will flatline even in the event

NOTE Confidence: 0.934702395555556

00:23:05.162 --> 00:23:07.412

of the Fed increasing because

NOTE Confidence: 0.934702395555556

00:23:07.412 --> 00:23:09.662

companies are in good shape.

NOTE Confidence: 0.934702395555556

00:23:09.670 --> 00:23:11.360

Fundamentals are still in pretty

NOTE Confidence: 0.934702395555556

00:23:11.360 --> 00:23:13.590
good shape in the credit markets.

NOTE Confidence: 0.934702395555556

00:23:13.590 --> 00:23:15.550
I of course provides different

NOTE Confidence: 0.934702395555556

00:23:15.550 --> 00:23:17.510
opportunities and it's about a

NOTE Confidence: 0.934702395555556

00:23:17.575 --> 00:23:19.543
diversified portfolio because it

NOTE Confidence: 0.934702395555556

00:23:19.543 --> 00:23:22.003
obviously comes with greater return.

NOTE Confidence: 0.934702395555556

00:23:22.010 --> 00:23:24.278
But as we know that comes with greater risk.

NOTE Confidence: 0.934702395555556

00:23:24.280 --> 00:23:26.398
And then of course you've got

NOTE Confidence: 0.934702395555556

00:23:26.398 --> 00:23:29.181
your normal sort of sort of simple

NOTE Confidence: 0.934702395555556

00:23:29.181 --> 00:23:30.835
vanilla credit funds, which,

NOTE Confidence: 0.934702395555556

00:23:30.835 --> 00:23:31.900
as I said,

NOTE Confidence: 0.934702395555556

00:23:31.900 --> 00:23:34.350
ours are running fairly defensive right now,

NOTE Confidence: 0.934702395555556

00:23:34.350 --> 00:23:36.160
but taking advantage of the

NOTE Confidence: 0.934702395555556

00:23:36.160 --> 00:23:37.608
opportunities that come along.

NOTE Confidence: 0.8864054

00:23:42.520 --> 00:23:46.140
Thanks, Laura. That was that was really,

NOTE Confidence: 0.8864054

00:23:46.140 --> 00:23:46.862
really interesting.

NOTE Confidence: 0.8864054

00:23:46.862 --> 00:23:49.028
A lot of information there for

NOTE Confidence: 0.8864054

00:23:49.028 --> 00:23:50.668
everybody to to think about,

NOTE Confidence: 0.8864054

00:23:50.670 --> 00:23:53.183
but obviously pick up again with you

NOTE Confidence: 0.8864054

00:23:53.183 --> 00:23:56.251
when we do the panel Q&A session after

NOTE Confidence: 0.8864054

00:23:56.251 --> 00:23:58.524
the next two pictures by Brandy and

NOTE Confidence: 0.8864054

00:23:58.524 --> 00:24:00.999
Phil and just a reminder to the audience.

NOTE Confidence: 0.8864054

00:24:01.000 --> 00:24:02.170
If you have any questions that

NOTE Confidence: 0.8864054

00:24:02.170 --> 00:24:03.399
you're thinking of at the moment,

NOTE Confidence: 0.8864054

00:24:03.400 --> 00:24:05.504
please put them in via the Q&A button,

NOTE Confidence: 0.8864054

00:24:05.510 --> 00:24:07.220
which is below the screen.

NOTE Confidence: 0.8864054

00:24:07.220 --> 00:24:10.012
I'm now going to move on to ESG

NOTE Confidence: 0.8864054

00:24:10.012 --> 00:24:12.679
and bring in Randy Same1 Brandy.

NOTE Confidence: 0.8864054

00:24:12.680 --> 00:24:14.790
It's been a really turbulent.

NOTE Confidence: 0.8864054

00:24:14.790 --> 00:24:18.096
Yeah, a few months really for

NOTE Confidence: 0.8864054

00:24:18.096 --> 00:24:20.402
everybody in the investment world,

NOTE Confidence: 0.8864054

00:24:20.402 --> 00:24:22.154
but especially there's been

NOTE Confidence: 0.8864054

00:24:22.154 --> 00:24:24.608
some new headwinds within ESG,

NOTE Confidence: 0.8864054

00:24:24.610 --> 00:24:27.170
so I know the title of your part

NOTE Confidence: 0.8864054

00:24:27.170 --> 00:24:29.934
of your pitch is can you outline

NOTE Confidence: 0.8864054

00:24:29.934 --> 00:24:32.300
why this is an opportunity so?

NOTE Confidence: 0.8547059033333333

00:24:34.620 --> 00:24:36.840
Your pitch what I'd love you to do is outline

NOTE Confidence: 0.8547059033333333

00:24:36.898 --> 00:24:38.826
why this is the opportunity of our age,

NOTE Confidence: 0.8547059033333333

00:24:38.830 --> 00:24:40.528
and especially why this is so.

NOTE Confidence: 0.8547059033333333

00:24:40.530 --> 00:24:43.866
For impact investors such as yourself.

NOTE Confidence: 0.8547059033333333

00:24:43.870 --> 00:24:44.910
Sure, thank you very much,

NOTE Confidence: 0.8547059033333333

00:24:44.910 --> 00:24:47.612
Mark and a a good morning and

NOTE Confidence: 0.8547059033333333

00:24:47.612 --> 00:24:49.919
a warm welcome to everyone.

NOTE Confidence: 0.8547059033333333

00:24:49.920 --> 00:24:51.100
The title of my presentation

NOTE Confidence: 0.8547059033333333

00:24:51.100 --> 00:24:52.500
is the opportunity of our age,

NOTE Confidence: 0.8547059033333333

00:24:52.500 --> 00:24:54.460
and Laura's been talking about Central Bank.

NOTE Confidence: 0.8547059033333333

00:24:54.460 --> 00:24:56.343
It's actually a term coined from the

NOTE Confidence: 0.8547059033333333

00:24:56.343 --> 00:24:58.260
former head of the Bank of England,

NOTE Confidence: 0.8547059033333333

00:24:58.260 --> 00:25:01.242

Mark Carney, who believes that getting to

NOTE Confidence: 0.8547059033333333

00:25:01.242 --> 00:25:05.095
net zero in the next three decades by 2050,

NOTE Confidence: 0.8547059033333333

00:25:05.100 --> 00:25:08.004
the amount of capital that will be required

NOTE Confidence: 0.8547059033333333

00:25:08.004 --> 00:25:10.478
is indeed the best investment opportunity

NOTE Confidence: 0.8547059033333333

00:25:10.478 --> 00:25:14.089
that we're likely to see over our generation.

NOTE Confidence: 0.8547059033333333

00:25:14.090 --> 00:25:16.550
So in terms of this presentation,

NOTE Confidence: 0.8547059033333333

00:25:16.550 --> 00:25:19.334
I wanna talk about what sustainability

NOTE Confidence: 0.8547059033333333

00:25:19.334 --> 00:25:21.190
and impact investing is,

NOTE Confidence: 0.8547059033333333

00:25:21.190 --> 00:25:22.750
why we're focusing on it,

NOTE Confidence: 0.8547059033333333

00:25:22.750 --> 00:25:24.194
what the opportunities are,

NOTE Confidence: 0.8547059033333333

00:25:24.194 --> 00:25:27.164
and as Mark just highlighted there, you know.

NOTE Confidence: 0.8547059033333333

00:25:27.164 --> 00:25:28.370
Why has performance,

NOTE Confidence: 0.8547059033333333

00:25:28.370 --> 00:25:29.950
especially over the last year,

NOTE Confidence: 0.8547059033333333

00:25:29.950 --> 00:25:31.620
been a bit more challenged

NOTE Confidence: 0.8547059033333333

00:25:31.620 --> 00:25:32.956
relative to the market?

NOTE Confidence: 0.8547059033333333

00:25:32.960 --> 00:25:35.032
Well, first of all let me touch

NOTE Confidence: 0.8547059033333333

00:25:35.032 --> 00:25:36.829
on what impact investing is.

NOTE Confidence: 0.8547059033333333

00:25:36.830 --> 00:25:38.651
Sustainability investing affectively

NOTE Confidence: 0.8547059033333333

00:25:38.651 --> 00:25:41.079
looks at companies themselves.

NOTE Confidence: 0.8547059033333333

00:25:41.080 --> 00:25:42.685
Very SG environmental,

NOTE Confidence: 0.8547059033333333

00:25:42.685 --> 00:25:44.825
social and governance standards.

NOTE Confidence: 0.8547059033333333

00:25:44.830 --> 00:25:47.588
What they do internally as a business?

NOTE Confidence: 0.8547059033333333

00:25:47.590 --> 00:25:49.398
Are there environmental standards?

NOTE Confidence: 0.8547059033333333

00:25:49.398 --> 00:25:51.098
Good? They're social standards,

NOTE Confidence: 0.8547059033333333

00:25:51.098 --> 00:25:52.346
their governance standards,

NOTE Confidence: 0.8547059033333333

00:25:52.350 --> 00:25:53.034
they're boards.

NOTE Confidence: 0.8547059033333333

00:25:53.034 --> 00:25:55.086
Impact takes it to one other

NOTE Confidence: 0.8547059033333333

00:25:55.086 --> 00:25:56.910
level and looks that right.

NOTE Confidence: 0.8547059033333333

00:25:56.910 --> 00:25:58.725
What effect does this company

NOTE Confidence: 0.8547059033333333

00:25:58.725 --> 00:26:00.171
have on society, i.e.

NOTE Confidence: 0.8547059033333333

00:26:00.171 --> 00:26:02.628
The products and services that they sell?

NOTE Confidence: 0.8547059033333333

00:26:02.630 --> 00:26:04.620
Are they a net benefit?

NOTE Confidence: 0.8547059033333333

00:26:04.620 --> 00:26:06.419
And if they are a net benefit?

NOTE Confidence: 0.8547059033333333

00:26:06.420 --> 00:26:08.352
That can be considered impactful as

NOTE Confidence: 0.8547059033333333

00:26:08.352 --> 00:26:11.014
some of those areas that we look for in

NOTE Confidence: 0.8547059033333333

00:26:11.014 --> 00:26:13.139
terms of impact and these are aligned

NOTE Confidence: 0.8547059033333333

00:26:13.139 --> 00:26:15.377
with the UN societal development goals.

NOTE Confidence: 0.8547059033333333

00:26:15.380 --> 00:26:17.620
Are things like on the Climate fund,

NOTE Confidence: 0.8547059033333333

00:26:17.620 --> 00:26:19.384
global warming and pollution,

NOTE Confidence: 0.8547059033333333

00:26:19.384 --> 00:26:20.707
biodiversity loss but

NOTE Confidence: 0.8547059033333333

00:26:20.707 --> 00:26:22.940
also on the social side.

NOTE Confidence: 0.8547059033333333

00:26:22.940 --> 00:26:25.676
Inequalities, poverty, education,

NOTE Confidence: 0.8547059033333333

00:26:25.676 --> 00:26:29.370
gender equality and health.

NOTE Confidence: 0.8547059033333333

00:26:29.370 --> 00:26:31.650
So how does this all look put together?

NOTE Confidence: 0.8547059033333333

00:26:31.650 --> 00:26:34.380
Well at the very essence of sustainability,

NOTE Confidence: 0.8547059033333333

00:26:34.380 --> 00:26:36.588
you have some norms based exclusions.

NOTE Confidence: 0.8547059033333333

00:26:36.590 --> 00:26:38.250
The global compact companies

NOTE Confidence: 0.8547059033333333

00:26:38.250 --> 00:26:40.325
that have poor labour standards.

NOTE Confidence: 0.8547059033333333

00:26:40.330 --> 00:26:42.790
You then have sectorial screenings,

NOTE Confidence: 0.8547059033333333

00:26:42.790 --> 00:26:43.540
for example,

NOTE Confidence: 0.8547059033333333

00:26:43.540 --> 00:26:46.165
high emitters may be taken out there,

NOTE Confidence: 0.8547059033333333

00:26:46.170 --> 00:26:47.878
then you integrate ESG.

NOTE Confidence: 0.8547059033333333

00:26:47.878 --> 00:26:50.013
You have engagement that effectively

NOTE Confidence: 0.8547059033333333

00:26:50.013 --> 00:26:51.900
then makes up sustainability and

NOTE Confidence: 0.8547059033333333

00:26:51.900 --> 00:26:54.386
then impact is at the far right

NOTE Confidence: 0.8547059033333333

00:26:54.386 --> 00:26:56.026
hand side of that graph.

NOTE Confidence: 0.8547059033333333

00:26:56.030 --> 00:26:57.475
Effectively that looks at right

NOTE Confidence: 0.8547059033333333

00:26:57.475 --> 00:26:59.291
now that a company is doing

NOTE Confidence: 0.8547059033333333

00:26:59.291 --> 00:27:00.836
everything in the right way.

NOTE Confidence: 0.8547059033333333

00:27:00.840 --> 00:27:02.970

What we need from an impactful

NOTE Confidence: 0.8547059033333333

00:27:02.970 --> 00:27:05.557
perspective is that also to show that yes,

NOTE Confidence: 0.8547059033333333

00:27:05.560 --> 00:27:09.274
the products and services that they

NOTE Confidence: 0.8547059033333333

00:27:09.274 --> 00:27:12.600
sell are positively benefiting society,

NOTE Confidence: 0.8547059033333333

00:27:12.600 --> 00:27:15.260
and these areas have continued to see

NOTE Confidence: 0.8547059033333333

00:27:15.260 --> 00:27:17.986
strong levels of growth over the past

NOTE Confidence: 0.8547059033333333

00:27:17.986 --> 00:27:20.520
few years and still continue to do.

NOTE Confidence: 0.8547059033333333

00:27:20.520 --> 00:27:21.832
Now Mark touched on.

NOTE Confidence: 0.8547059033333333

00:27:21.832 --> 00:27:23.800
It's been a challenging year for

NOTE Confidence: 0.8547059033333333

00:27:23.869 --> 00:27:26.659
sustainability and specific impact investing.

NOTE Confidence: 0.8547059033333333

00:27:26.660 --> 00:27:28.515
These do tend to be growth sectors,

NOTE Confidence: 0.8547059033333333

00:27:28.520 --> 00:27:29.564
not value sectors,

NOTE Confidence: 0.8547059033333333

00:27:29.564 --> 00:27:32.000
and we've seen as rates have risen

NOTE Confidence: 0.8547059033333333

00:27:32.072 --> 00:27:34.437
and commodity prices have increased.

NOTE Confidence: 0.8547059033333333

00:27:34.440 --> 00:27:35.512
It's predominantly value type.

NOTE Confidence: 0.8547059033333333

00:27:35.512 --> 00:27:36.852
Stocks that have done well.

NOTE Confidence: 0.8547059033333333

00:27:36.860 --> 00:27:38.840
These wouldn't normally fit into the

NOTE Confidence: 0.8547059033333333

00:27:38.840 --> 00:27:41.356
impact range in terms of what we look for.

NOTE Confidence: 0.8547059033333333

00:27:41.360 --> 00:27:43.838
We do have higher growth price then

NOTE Confidence: 0.877455741

00:27:43.840 --> 00:27:45.290
however, and going back to

NOTE Confidence: 0.877455741

00:27:45.290 --> 00:27:46.740
the title of the presentation,

NOTE Confidence: 0.877455741

00:27:46.740 --> 00:27:48.500
the opportunity of our age,

NOTE Confidence: 0.877455741

00:27:48.500 --> 00:27:51.200
if those growth rates are fulfilled.

NOTE Confidence: 0.877455741

00:27:51.200 --> 00:27:53.412
The companies that we continue to invest

NOTE Confidence: 0.877455741

00:27:53.412 --> 00:27:56.037
in are not only on a good trajectory,

NOTE Confidence: 0.877455741

00:27:56.040 --> 00:27:57.960
they're effectively even cheaper

NOTE Confidence: 0.877455741

00:27:57.960 --> 00:28:00.840
as we look at them today.

NOTE Confidence: 0.877455741

00:28:00.840 --> 00:28:04.368
Now the the suite of impact funds that we

NOTE Confidence: 0.877455741

00:28:04.368 --> 00:28:07.460
have at M&G are are shown on this chart.

NOTE Confidence: 0.877455741

00:28:07.460 --> 00:28:09.600
So again we align ourselves

NOTE Confidence: 0.877455741

00:28:09.600 --> 00:28:11.740
with the 17 UN SDGS.

NOTE Confidence: 0.877455741

00:28:11.740 --> 00:28:13.858
The societal development goals that have

NOTE Confidence: 0.877455741

00:28:13.858 --> 00:28:16.192
been put together and the areas are

NOTE Confidence: 0.877455741

00:28:16.192 --> 00:28:18.500
encompassed by one fund that we have.

NOTE Confidence: 0.877455741

00:28:18.500 --> 00:28:20.768
The positive impact fund

NOTE Confidence: 0.877455741

00:28:20.768 --> 00:28:23.036
which launched in 2018.

NOTE Confidence: 0.877455741

00:28:23.040 --> 00:28:24.606
From that we have some offshoots.

NOTE Confidence: 0.877455741

00:28:24.610 --> 00:28:26.360
We have a specific better

NOTE Confidence: 0.877455741

00:28:26.360 --> 00:28:27.760
health and solution strategy.

NOTE Confidence: 0.877455741

00:28:27.760 --> 00:28:29.152
A diversity and inclusion

NOTE Confidence: 0.877455741

00:28:29.152 --> 00:28:30.892
fund and also the climate.

NOTE Confidence: 0.877455741

00:28:30.900 --> 00:28:31.630
Solutions fund,

NOTE Confidence: 0.877455741

00:28:31.630 --> 00:28:33.820
which I'm going to talk about

NOTE Confidence: 0.877455741

00:28:33.820 --> 00:28:36.211
today and it's within climate and

NOTE Confidence: 0.877455741

00:28:36.211 --> 00:28:38.599
environment that we see the greatest

NOTE Confidence: 0.877455741

00:28:38.669 --> 00:28:41.059
opportunity from here going forward.

NOTE Confidence: 0.877455741

00:28:41.060 --> 00:28:43.174
This is the team that manages it,

NOTE Confidence: 0.877455741

00:28:43.180 --> 00:28:45.740
so we have a Co heads of impact.

NOTE Confidence: 0.877455741

00:28:45.740 --> 00:28:46.864
One is an investor,

NOTE Confidence: 0.877455741

00:28:46.864 --> 00:28:48.269
John William Olson and the

NOTE Confidence: 0.877455741

00:28:48.269 --> 00:28:49.578
other one looks at more.

NOTE Confidence: 0.877455741

00:28:49.580 --> 00:28:52.164
The softer side of impact investing.

NOTE Confidence: 0.877455741

00:28:52.164 --> 00:28:54.468
Ben Constable Maxwell and in that

NOTE Confidence: 0.877455741

00:28:54.468 --> 00:28:57.119
chart though we can see the portfolio

NOTE Confidence: 0.877455741

00:28:57.119 --> 00:28:59.267
managers and analysts that we have

NOTE Confidence: 0.877455741

00:28:59.338 --> 00:29:01.258
that all look at our companies

NOTE Confidence: 0.877455741

00:29:01.260 --> 00:29:03.672
from an investment and from an

NOTE Confidence: 0.877455741

00:29:03.672 --> 00:29:04.878
impact investment perspective.

NOTE Confidence: 0.918145621818182

00:29:07.000 --> 00:29:09.214
So most importantly, what is the

NOTE Confidence: 0.918145621818182

00:29:09.214 --> 00:29:11.500

size of the commercial opportunity

NOTE Confidence: 0.918145621818182

00:29:11.500 --> 00:29:13.635
for investing in order to get to.

NOTE Confidence: 0.918145621818182

00:29:13.640 --> 00:29:16.513
Net 0 by 2050 what we have here is a set

NOTE Confidence: 0.918145621818182

00:29:16.513 --> 00:29:19.033
of building blocks or regulations put in

NOTE Confidence: 0.918145621818182

00:29:19.033 --> 00:29:21.934
place by the Paris climate deal in 2015,

NOTE Confidence: 0.918145621818182

00:29:21.934 --> 00:29:24.744
which says that our aim by 2050

NOTE Confidence: 0.918145621818182

00:29:24.744 --> 00:29:27.336
is get is to get to net zero.

NOTE Confidence: 0.918145621818182

00:29:27.340 --> 00:29:32.644
That's put the globe by the end of 2100 on a

NOTE Confidence: 0.918145621818182

00:29:32.644 --> 00:29:35.792
1 1/2 degree pathway to warming currently.

NOTE Confidence: 0.918145621818182

00:29:35.792 --> 00:29:37.452
It's somewhere in the region

NOTE Confidence: 0.918145621818182

00:29:37.452 --> 00:29:39.272
of 2 1/2 to 3% pathway,

NOTE Confidence: 0.918145621818182

00:29:39.272 --> 00:29:41.316
so in order to get that down,

NOTE Confidence: 0.918145621818182

00:29:41.320 --> 00:29:44.272
capital will need to be spent in order

NOTE Confidence: 0.918145621818182

00:29:44.272 --> 00:29:46.618
to decarbonize society and this will

NOTE Confidence: 0.918145621818182

00:29:46.618 --> 00:29:49.200
affect every single thing that we do.

NOTE Confidence: 0.918145621818182

00:29:49.200 --> 00:29:50.752
Transportation how we live,

NOTE Confidence: 0.918145621818182

00:29:50.752 --> 00:29:53.288
how we travel, how we work now.

NOTE Confidence: 0.918145621818182

00:29:53.288 --> 00:29:55.340
The Bloomberg New Energy Finance Report

NOTE Confidence: 0.918145621818182

00:29:55.401 --> 00:29:57.076
is probably the most encompassing

NOTE Confidence: 0.918145621818182

00:29:57.076 --> 00:29:59.917
report and it has put us number on that.

NOTE Confidence: 0.918145621818182

00:29:59.920 --> 00:30:01.540
It reckons that between now and

NOTE Confidence: 0.918145621818182

00:30:01.540 --> 00:30:03.513
2050 we will have to spend somewhere

NOTE Confidence: 0.918145621818182

00:30:03.513 --> 00:30:06.660
in the region of 92 to 100.

NOTE Confidence: 0.918145621818182

00:30:06.660 --> 00:30:09.095
And 73 trillion U.S.

NOTE Confidence: 0.918145621818182

00:30:09.095 --> 00:30:11.465
dollars in order to achieve that,

NOTE Confidence: 0.918145621818182

00:30:11.470 --> 00:30:13.840
a huge quantum of capital.

NOTE Confidence: 0.918145621818182

00:30:13.840 --> 00:30:15.940
The EU alone believes that they

NOTE Confidence: 0.918145621818182

00:30:15.940 --> 00:30:18.284
will have to spend around about

NOTE Confidence: 0.918145621818182

00:30:18.284 --> 00:30:20.870
€10 trillion in order to get there.

NOTE Confidence: 0.918145621818182

00:30:20.870 --> 00:30:23.560
And what has become interesting

NOTE Confidence: 0.918145621818182

00:30:23.560 --> 00:30:25.712
due to the very.

NOTE Confidence: 0.918145621818182

00:30:25.720 --> 00:30:27.500
You know unfortunate circumstances

NOTE Confidence: 0.918145621818182

00:30:27.500 --> 00:30:29.566
of the Ukraine. Russia war.

NOTE Confidence: 0.918145621818182

00:30:29.566 --> 00:30:31.744
Is that the EU have realised

NOTE Confidence: 0.918145621818182

00:30:31.744 --> 00:30:33.907
that energy security and energy

NOTE Confidence: 0.918145621818182

00:30:33.907 --> 00:30:36.177
decarbonisation go hand in hand,

NOTE Confidence: 0.918145621818182

00:30:36.180 --> 00:30:38.430
so we've seen them actually bring

NOTE Confidence: 0.918145621818182

00:30:38.430 --> 00:30:40.363
forward targets for renewable energy

NOTE Confidence: 0.918145621818182

00:30:40.363 --> 00:30:42.547
green hydrogen in order to wean

NOTE Confidence: 0.918145621818182

00:30:42.547 --> 00:30:44.928
themselves off Russian fossil fuels and

NOTE Confidence: 0.918145621818182

00:30:44.928 --> 00:30:46.978
more specifically Russian natural gas.

NOTE Confidence: 0.918145621818182

00:30:46.980 --> 00:30:48.462
So I've included in the chart

NOTE Confidence: 0.918145621818182

00:30:48.462 --> 00:30:50.299
there just on the left hand side,

NOTE Confidence: 0.918145621818182

00:30:50.300 --> 00:30:52.908
some headlines and this is the EU and

NOTE Confidence: 0.918145621818182

00:30:52.908 --> 00:30:55.319
specifically now it's called the EU Renew EU.

NOTE Confidence: 0.918145621818182

00:30:55.320 --> 00:30:58.250
Project which is bringing forward

NOTE Confidence: 0.918145621818182

00:30:58.250 --> 00:31:00.478
investment and approvals effectively

NOTE Confidence: 0.918145621818182

00:31:00.478 --> 00:31:03.208
from a regulatory standpoint and

NOTE Confidence: 0.918145621818182

00:31:03.208 --> 00:31:05.394
sanctioning projects much more quickly

NOTE Confidence: 0.918145621818182

00:31:05.394 --> 00:31:08.343
in order to get off natural gas and

NOTE Confidence: 0.918145621818182

00:31:08.343 --> 00:31:10.868
move all European economies more

NOTE Confidence: 0.918145621818182

00:31:10.868 --> 00:31:12.888
closely aligned with decarbonization

NOTE Confidence: 0.918145621818182

00:31:12.890 --> 00:31:14.114
and renewable energy.

NOTE Confidence: 0.918145621818182

00:31:14.114 --> 00:31:14.930
So again,

NOTE Confidence: 0.918145621818182

00:31:14.930 --> 00:31:16.952
that's been a positive that we've

NOTE Confidence: 0.918145621818182

00:31:16.952 --> 00:31:18.380
seen to come through this year.

NOTE Confidence: 0.871577682857143

00:31:21.030 --> 00:31:23.067
What does it mean for the UK?

NOTE Confidence: 0.871577682857143

00:31:23.070 --> 00:31:24.470
So this is a Parliament.

NOTE Confidence: 0.871577682857143

00:31:24.470 --> 00:31:27.710
The parliamentary Climate Change Committee

NOTE Confidence: 0.871577682857143

00:31:27.710 --> 00:31:30.350

has put forward what the UK needs to do now.

NOTE Confidence: 0.871577682857143

00:31:30.350 --> 00:31:33.086

The reason I put a specific country in here

NOTE Confidence: 0.871577682857143

00:31:33.086 --> 00:31:36.076

and obviously here in the UK is just to show

NOTE Confidence: 0.871577682857143

00:31:36.076 --> 00:31:39.028

that 173 trillion is an enormous figure.

NOTE Confidence: 0.871577682857143

00:31:39.030 --> 00:31:40.927

Again, we go back to Laura's presentation.

NOTE Confidence: 0.871577682857143

00:31:40.930 --> 00:31:42.694

Governments are hugely indebted.

NOTE Confidence: 0.871577682857143

00:31:42.694 --> 00:31:44.899

There's concerns around how much

NOTE Confidence: 0.871577682857143

00:31:44.899 --> 00:31:46.730

finance will become available.

NOTE Confidence: 0.871577682857143

00:31:46.730 --> 00:31:48.602

Where is all this capital going to come from?

NOTE Confidence: 0.871577682857143

00:31:48.610 --> 00:31:50.114

And is it inflationary?

NOTE Confidence: 0.871577682857143

00:31:50.114 --> 00:31:51.994

Or play an important part,

NOTE Confidence: 0.871577682857143

00:31:52.000 --> 00:31:53.725

so that's why I've included

NOTE Confidence: 0.871577682857143

00:31:53.725 --> 00:31:55.450
this UK figure in here.

NOTE Confidence: 0.871577682857143

00:31:55.450 --> 00:31:57.637
One and a half trillion from now to 2050,

NOTE Confidence: 0.871577682857143

00:31:57.640 --> 00:31:59.172
around about 50 billion

NOTE Confidence: 0.871577682857143

00:31:59.172 --> 00:32:00.704
capital spend per year,

NOTE Confidence: 0.871577682857143

00:32:00.710 --> 00:32:01.898
which we're already spending

NOTE Confidence: 0.871577682857143

00:32:01.898 --> 00:32:04.030
in order to get to net zero.

NOTE Confidence: 0.871577682857143

00:32:04.030 --> 00:32:05.730
It will come from government.

NOTE Confidence: 0.871577682857143

00:32:05.730 --> 00:32:07.480
It will come from businesses,

NOTE Confidence: 0.871577682857143

00:32:07.480 --> 00:32:10.048
and it will also come from the consumer.

NOTE Confidence: 0.871577682857143

00:32:10.050 --> 00:32:11.268
But most importantly,

NOTE Confidence: 0.871577682857143

00:32:11.268 --> 00:32:14.560
you'll see on that chart above the line

NOTE Confidence: 0.871577682857143

00:32:14.560 --> 00:32:17.528
is Netspend below the line is net saving.

NOTE Confidence: 0.871577682857143

00:32:17.530 --> 00:32:19.798
By the time we get to the

NOTE Confidence: 0.871577682857143

00:32:19.798 --> 00:32:20.814
year approximately 2038,

NOTE Confidence: 0.871577682857143

00:32:20.814 --> 00:32:23.362
we need to think of these as

NOTE Confidence: 0.871577682857143

00:32:23.362 --> 00:32:24.090
capital investments.

NOTE Confidence: 0.871577682857143

00:32:24.090 --> 00:32:26.220
And by the time we get to 2038.

NOTE Confidence: 0.871577682857143

00:32:26.220 --> 00:32:27.900
The savings actually begin

NOTE Confidence: 0.871577682857143

00:32:27.900 --> 00:32:29.580
to pay for themselves,

NOTE Confidence: 0.871577682857143

00:32:29.580 --> 00:32:32.226
IE renewable energies a lot cheaper than

NOTE Confidence: 0.871577682857143

00:32:32.226 --> 00:32:35.973
coal and gas and electric car will be a lot

NOTE Confidence: 0.871577682857143

00:32:35.973 --> 00:32:38.639
cheaper than driving a combustion vehicle.

NOTE Confidence: 0.871577682857143

00:32:38.640 --> 00:32:41.225
Insulating your homes will mean

NOTE Confidence: 0.871577682857143

00:32:41.225 --> 00:32:44.340
that energy prices begin to fall.

NOTE Confidence: 0.871577682857143

00:32:44.340 --> 00:32:46.740
Recycling the products around us rather

NOTE Confidence: 0.871577682857143

00:32:46.740 --> 00:32:48.960
than requiring new virgin material.

NOTE Confidence: 0.871577682857143

00:32:48.960 --> 00:32:51.918
Again, we'll create a net saving,

NOTE Confidence: 0.871577682857143

00:32:51.920 --> 00:32:53.834
so all of these savings will

NOTE Confidence: 0.871577682857143

00:32:53.834 --> 00:32:55.680
begin to have an effect.

NOTE Confidence: 0.871577682857143

00:32:55.680 --> 00:32:56.412
And interestingly,

NOTE Confidence: 0.871577682857143

00:32:56.412 --> 00:32:57.876
even in the US.

NOTE Confidence: 0.871577682857143

00:32:57.880 --> 00:32:59.252
Although this concerns around

NOTE Confidence: 0.871577682857143

00:32:59.252 --> 00:33:00.967
Biden's next spending plan and

NOTE Confidence: 0.871577682857143

00:33:00.967 --> 00:33:02.520
whether it's going to go ahead,

NOTE Confidence: 0.871577682857143

00:33:02.520 --> 00:33:04.405
even the Republicans are in

NOTE Confidence: 0.871577682857143

00:33:04.405 --> 00:33:06.958
line with the Democrats to say

NOTE Confidence: 0.871577682857143

00:33:06.958 --> 00:33:08.740
increasing renewable spending.

NOTE Confidence: 0.871577682857143

00:33:08.740 --> 00:33:10.678
Although we want to avoid inflation,

NOTE Confidence: 0.871577682857143

00:33:10.680 --> 00:33:12.790
longer term is a deflationary

NOTE Confidence: 0.871577682857143

00:33:12.790 --> 00:33:14.900
measure and the government should

NOTE Confidence: 0.871577682857143

00:33:14.976 --> 00:33:17.460
continue to support them longer term.

NOTE Confidence: 0.871577682857143

00:33:17.460 --> 00:33:19.580
So all of Biden's spending

NOTE Confidence: 0.871577682857143

00:33:19.580 --> 00:33:21.276
plans haven't gone forward.

NOTE Confidence: 0.871577682857143

00:33:21.280 --> 00:33:23.206
I think somewhere between now and

NOTE Confidence: 0.871577682857143

00:33:23.206 --> 00:33:25.376
the midterms in November he will put

NOTE Confidence: 0.871577682857143

00:33:25.376 --> 00:33:27.032
forward again his green New Deal,

NOTE Confidence: 0.871577682857143

00:33:27.040 --> 00:33:28.248
which will only include.

NOTE Confidence: 0.871577682857143

00:33:28.248 --> 00:33:29.456

Green elements of it,

NOTE Confidence: 0.871577682857143

00:33:29.460 --> 00:33:31.218
not the social side of it,

NOTE Confidence: 0.871577682857143

00:33:31.220 --> 00:33:33.380
and we should see that passed

NOTE Confidence: 0.871577682857143

00:33:33.380 --> 00:33:35.220
and again provide another boost

NOTE Confidence: 0.871577682857143

00:33:35.220 --> 00:33:36.788
for climate related stocks.

NOTE Confidence: 0.892509696875

00:33:39.190 --> 00:33:42.100
So how do we invest or how can we invest

NOTE Confidence: 0.892509696875

00:33:42.179 --> 00:33:44.729
when it comes to climate investing?

NOTE Confidence: 0.892509696875

00:33:44.730 --> 00:33:47.940
There are three distinct approaches

NOTE Confidence: 0.892509696875

00:33:47.940 --> 00:33:49.662
and I'm going to go through

NOTE Confidence: 0.892509696875

00:33:49.662 --> 00:33:51.196
them very briefly on the chart.

NOTE Confidence: 0.892509696875

00:33:51.196 --> 00:33:52.750
There on the very left hand side,

NOTE Confidence: 0.892509696875

00:33:52.750 --> 00:33:55.067
you have the low carbon strategies here.

NOTE Confidence: 0.892509696875

00:33:55.070 --> 00:33:58.070
You effectively just invest in companies

NOTE Confidence: 0.892509696875

00:33:58.070 --> 00:34:02.110
that don't have a high level of emissions,

NOTE Confidence: 0.892509696875

00:34:02.110 --> 00:34:04.430
i.e., they're they're carbon

NOTE Confidence: 0.892509696875

00:34:04.430 --> 00:34:07.404
intensity is pretty low. You're not.

NOTE Confidence: 0.892509696875

00:34:07.404 --> 00:34:09.366
You're not necessarily investing in solution.

NOTE Confidence: 0.892509696875

00:34:09.370 --> 00:34:12.320
Providers or positive climate stocks.

NOTE Confidence: 0.892509696875

00:34:12.320 --> 00:34:14.700
All you're doing is avoiding the high

NOTE Confidence: 0.892509696875

00:34:14.700 --> 00:34:16.455
emitters, so predominantly you end up

NOTE Confidence: 0.892509696875

00:34:16.455 --> 00:34:18.679
with a portfolio which is probably full,

NOTE Confidence: 0.892509696875

00:34:18.680 --> 00:34:20.696
quite highly of software type companies

NOTE Confidence: 0.892509696875

00:34:20.696 --> 00:34:22.930
which don't have very high emittance.

NOTE Confidence: 0.892509696875

00:34:22.930 --> 00:34:26.577
You're not really benefiting from the gains,

NOTE Confidence: 0.892509696875

00:34:26.580 --> 00:34:28.750
and you're also not actually

NOTE Confidence: 0.892509696875

00:34:28.750 --> 00:34:30.486
being very impactful here.

NOTE Confidence: 0.892509696875

00:34:30.490 --> 00:34:31.516
The second strategy,

NOTE Confidence: 0.892509696875

00:34:31.516 --> 00:34:32.884
the climate transition strategy,

NOTE Confidence: 0.892509696875

00:34:32.890 --> 00:34:34.382
is very different here.

NOTE Confidence: 0.892509696875

00:34:34.382 --> 00:34:37.300
You actually invest in the high emitters.

NOTE Confidence: 0.892509696875

00:34:37.300 --> 00:34:40.072
Companies like BP Shell total you

NOTE Confidence: 0.892509696875

00:34:40.072 --> 00:34:42.419
intentionally invest in these companies

NOTE Confidence: 0.892509696875

00:34:42.419 --> 00:34:45.345
in order for them to change their

NOTE Confidence: 0.892509696875

00:34:45.345 --> 00:34:47.876
direction and invest more and more

NOTE Confidence: 0.892509696875

00:34:47.876 --> 00:34:50.300
in renewable companies with a view

NOTE Confidence: 0.892509696875

00:34:50.300 --> 00:34:52.900
to getting their emissions down.

NOTE Confidence: 0.892509696875

00:34:52.900 --> 00:34:55.000
So you're helping to transition.

NOTE Confidence: 0.892509696875

00:34:55.000 --> 00:34:57.135
The concern with this type of investment

NOTE Confidence: 0.892509696875

00:34:57.135 --> 00:35:00.070
is you do you're you are faced with

NOTE Confidence: 0.892509696875

00:35:00.070 --> 00:35:02.266
huge regulatory headwinds and also at

NOTE Confidence: 0.892509696875

00:35:02.266 --> 00:35:05.150
the same time you could end up with.

NOTE Confidence: 0.892509696875

00:35:05.150 --> 00:35:06.761
The transition risk,

NOTE Confidence: 0.892509696875

00:35:06.761 --> 00:35:09.988
IE you're left with assets that

NOTE Confidence: 0.892509696875

00:35:09.988 --> 00:35:12.140
aren't of any value.

NOTE Confidence: 0.892509696875

00:35:12.140 --> 00:35:12.980
The third strategy,

NOTE Confidence: 0.892509696875

00:35:12.980 --> 00:35:14.940
and the one that we employ is

NOTE Confidence: 0.892509696875

00:35:15.002 --> 00:35:16.718
the climate solution strategy.

NOTE Confidence: 0.892509696875

00:35:16.720 --> 00:35:18.740
We directly invest in companies

NOTE Confidence: 0.892509696875

00:35:18.740 --> 00:35:20.760
that provide the products and

NOTE Confidence: 0.892509696875

00:35:20.834 --> 00:35:22.358
services for everybody,

NOTE Confidence: 0.892509696875

00:35:22.360 --> 00:35:23.022
governments,

NOTE Confidence: 0.892509696875

00:35:23.022 --> 00:35:26.332
businesses and individuals in order

NOTE Confidence: 0.892509696875

00:35:26.332 --> 00:35:27.656
to decarbonize.

NOTE Confidence: 0.892509696875

00:35:27.660 --> 00:35:29.235
We do not have any stranded asset.

NOTE Confidence: 0.892509696875

00:35:29.240 --> 00:35:31.780
Risk regulation is actually a

NOTE Confidence: 0.892509696875

00:35:31.780 --> 00:35:34.320
tailwind rather than a headwind,

NOTE Confidence: 0.892509696875

00:35:34.320 --> 00:35:36.294
and every single company that we

NOTE Confidence: 0.892509696875

00:35:36.294 --> 00:35:39.355
invest in we can prove today is already

NOTE Confidence: 0.892509696875

00:35:39.355 --> 00:35:41.445
a net climate solutions provider.

NOTE Confidence: 0.857586335454545

00:35:43.700 --> 00:35:45.206

So the three areas that we

NOTE Confidence: 0.857586335454545

00:35:45.206 --> 00:35:46.550
break the fun down into.

NOTE Confidence: 0.857586335454545

00:35:46.550 --> 00:35:48.618
We have clean energy,

NOTE Confidence: 0.857586335454545

00:35:48.618 --> 00:35:51.720
green technology and the circular economy.

NOTE Confidence: 0.857586335454545

00:35:51.720 --> 00:35:53.280
So clean energy, obviously renewable

NOTE Confidence: 0.857586335454545

00:35:53.280 --> 00:35:54.840
energy is quite well known.

NOTE Confidence: 0.857586335454545

00:35:54.840 --> 00:35:56.712
Renewable energy, for example,

NOTE Confidence: 0.857586335454545

00:35:56.712 --> 00:36:00.037
wind power on and offshore and solar

NOTE Confidence: 0.857586335454545

00:36:00.037 --> 00:36:02.659
power today are much cheaper than

NOTE Confidence: 0.857586335454545

00:36:02.659 --> 00:36:05.050
their fossil fuel alternatives.

NOTE Confidence: 0.857586335454545

00:36:05.050 --> 00:36:07.381
We can make an investment case without

NOTE Confidence: 0.857586335454545

00:36:07.381 --> 00:36:09.783
the requirement of subsidization green.

NOTE Confidence: 0.857586335454545

00:36:09.783 --> 00:36:12.115
Technology encompasses pretty much

NOTE Confidence: 0.857586335454545

00:36:12.115 --> 00:36:15.030
everything microchips for electric cars.

NOTE Confidence: 0.876729992

00:36:18.250 --> 00:36:21.650
Renewable energy powered data centers.

NOTE Confidence: 0.876729992

00:36:21.650 --> 00:36:23.830
Insulation for buildings and then

NOTE Confidence: 0.876729992

00:36:23.830 --> 00:36:26.010
the sort of forgotten cousin.

NOTE Confidence: 0.876729992

00:36:26.010 --> 00:36:27.168
The more boring side of it.

NOTE Confidence: 0.876729992

00:36:27.170 --> 00:36:28.866
Circular economy is making

NOTE Confidence: 0.876729992

00:36:28.866 --> 00:36:31.464
sure that we can reduce, reuse,

NOTE Confidence: 0.876729992

00:36:31.464 --> 00:36:35.256
and recycle all the elements in society today

NOTE Confidence: 0.876729992

00:36:35.256 --> 00:36:38.388
rather than requiring virtual material,

NOTE Confidence: 0.876729992

00:36:38.390 --> 00:36:39.795
the Ellen MacArthur Foundation has

NOTE Confidence: 0.876729992

00:36:39.795 --> 00:36:42.258
done a lot of work on this and they

NOTE Confidence: 0.876729992

00:36:42.258 --> 00:36:43.946
believe that 20% of emissions could

NOTE Confidence: 0.876729992

00:36:43.946 --> 00:36:46.130
be cut out simply by recycling more,

NOTE Confidence: 0.876729992

00:36:46.130 --> 00:36:48.545
and those typically are the three areas.

NOTE Confidence: 0.876729992

00:36:48.550 --> 00:36:50.380
That we look to invest in.

NOTE Confidence: 0.876729992

00:36:50.380 --> 00:36:51.900
We employ something called

NOTE Confidence: 0.876729992

00:36:51.900 --> 00:36:53.420
the triple I process.

NOTE Confidence: 0.876729992

00:36:53.420 --> 00:36:55.958
So I have to go through these very quickly.

NOTE Confidence: 0.876729992

00:36:55.960 --> 00:36:57.829
Every company has looked at as an

NOTE Confidence: 0.876729992

00:36:57.829 --> 00:36:59.440
on an investment basis as well.

NOTE Confidence: 0.876729992

00:36:59.440 --> 00:37:00.916
If it's not a good investment,

NOTE Confidence: 0.876729992

00:37:00.920 --> 00:37:02.324
we don't invest or we look

NOTE Confidence: 0.876729992

00:37:02.324 --> 00:37:03.260
at the business model.

NOTE Confidence: 0.876729992

00:37:03.260 --> 00:37:05.288
It's competitive positioning,

NOTE Confidence: 0.876729992

00:37:05.288 --> 00:37:06.640
capital allocation.

NOTE Confidence: 0.876729992

00:37:06.640 --> 00:37:08.663
Are we likely to make a strong

NOTE Confidence: 0.876729992

00:37:08.663 --> 00:37:10.798
return from now to five years time,

NOTE Confidence: 0.876729992

00:37:10.800 --> 00:37:12.740
which is typically our average

NOTE Confidence: 0.876729992

00:37:12.740 --> 00:37:13.516
holding period.

NOTE Confidence: 0.876729992

00:37:13.520 --> 00:37:15.638
The second two areas are focused

NOTE Confidence: 0.876729992

00:37:15.638 --> 00:37:17.050
more specifically on impact.

NOTE Confidence: 0.876729992

00:37:17.050 --> 00:37:19.339
What is the intentionality of the business?

NOTE Confidence: 0.876729992

00:37:19.340 --> 00:37:21.464
Is it to be a climate solution to provider?

NOTE Confidence: 0.876729992

00:37:21.470 --> 00:37:23.870
What do they say in their mission statement?

NOTE Confidence: 0.876729992

00:37:23.870 --> 00:37:26.015
How are the management remunerated

NOTE Confidence: 0.876729992

00:37:26.015 --> 00:37:28.570
and how are they implementing this?

NOTE Confidence: 0.876729992

00:37:28.570 --> 00:37:30.790
And then the third part again

NOTE Confidence: 0.876729992

00:37:30.790 --> 00:37:33.031
purely impact related is what is

NOTE Confidence: 0.876729992

00:37:33.031 --> 00:37:35.089
the impact balance every single one

NOTE Confidence: 0.876729992

00:37:35.089 --> 00:37:37.766
of our companies have to prove that

NOTE Confidence: 0.876729992

00:37:37.766 --> 00:37:40.163
they are saving or avoiding more

NOTE Confidence: 0.876729992

00:37:40.163 --> 00:37:42.528
emissions than they create themselves,

NOTE Confidence: 0.876729992

00:37:42.530 --> 00:37:44.882
IE their net carbon positive if they

NOTE Confidence: 0.876729992

00:37:44.882 --> 00:37:47.202
can't prove that we cannot invest then

NOTE Confidence: 0.876729992

00:37:47.202 --> 00:37:49.640
we require data in order to do that.

NOTE Confidence: 0.876729992

00:37:49.640 --> 00:37:51.840
We need to be able to measure it.

NOTE Confidence: 0.876729992

00:37:51.840 --> 00:37:53.320

It has to be material,

NOTE Confidence: 0.876729992

00:37:53.320 --> 00:37:55.182
IE more than 50% of the business

NOTE Confidence: 0.876729992

00:37:55.182 --> 00:37:57.613
and then we also look at things

NOTE Confidence: 0.876729992

00:37:57.613 --> 00:37:58.399
like additionality.

NOTE Confidence: 0.876729992

00:37:58.400 --> 00:38:01.178
If this company wasn't around today,

NOTE Confidence: 0.876729992

00:38:01.180 --> 00:38:03.035
could someone else take up the slack?

NOTE Confidence: 0.876729992

00:38:03.040 --> 00:38:04.680
Are they doing something new?

NOTE Confidence: 0.876729992

00:38:04.680 --> 00:38:07.450
Do they have a brand distribution

NOTE Confidence: 0.876729992

00:38:07.450 --> 00:38:10.400
that is difficult to replicate?

NOTE Confidence: 0.876729992

00:38:10.400 --> 00:38:11.954
All of these areas need to work.

NOTE Confidence: 0.876729992

00:38:11.960 --> 00:38:14.688
We need a minimum of five scoring form.

NOTE Confidence: 0.876729992

00:38:14.688 --> 00:38:16.200
We look at it from when we look at

NOTE Confidence: 0.876729992

00:38:16.247 --> 00:38:17.677
it from an investment perspective.

NOTE Confidence: 0.876729992

00:38:17.680 --> 00:38:18.913
Anything below A5?

NOTE Confidence: 0.876729992

00:38:18.913 --> 00:38:20.557
It doesn't really work,

NOTE Confidence: 0.876729992

00:38:20.560 --> 00:38:22.835
so all companies need a good balance

NOTE Confidence: 0.876729992

00:38:22.835 --> 00:38:25.005
of both being a strong investment

NOTE Confidence: 0.876729992

00:38:25.005 --> 00:38:26.875
and a good impact company.

NOTE Confidence: 0.876729992

00:38:26.880 --> 00:38:28.735
An example that we have here today

NOTE Confidence: 0.876729992

00:38:28.735 --> 00:38:30.499
is a company called Rockwell.

NOTE Confidence: 0.876729992

00:38:30.500 --> 00:38:33.500
It's a Danish listed manufacturer

NOTE Confidence: 0.876729992

00:38:33.500 --> 00:38:35.124
of insulation for buildings.

NOTE Confidence: 0.876729992

00:38:35.124 --> 00:38:36.748
Their installation is actually

NOTE Confidence: 0.876729992

00:38:36.748 --> 00:38:38.859
made from melted volcanic rock.

NOTE Confidence: 0.876729992

00:38:38.860 --> 00:38:40.540
It's called Stonewall they have.

NOTE Confidence: 0.876729992

00:38:40.540 --> 00:38:42.328
More than 50% of the market.

NOTE Confidence: 0.876729992

00:38:42.330 --> 00:38:46.242
It is by far the most proven and

NOTE Confidence: 0.876729992

00:38:46.242 --> 00:38:48.749
best insulation for buildings.

NOTE Confidence: 0.876729992

00:38:48.750 --> 00:38:50.927
The intentionality is very strong from them.

NOTE Confidence: 0.876729992

00:38:50.930 --> 00:38:52.365
This is pretty much all they do.

NOTE Confidence: 0.876729992

00:38:52.370 --> 00:38:54.122
They are a climate solution provider

NOTE Confidence: 0.876729992

00:38:54.122 --> 00:38:56.230
and then when it comes to impact,

NOTE Confidence: 0.876729992

00:38:56.230 --> 00:38:58.246
we can see that in the year 2020,

NOTE Confidence: 0.876729992

00:38:58.250 --> 00:39:00.950
all the insulation that they've ever

NOTE Confidence: 0.876729992

00:39:00.950 --> 00:39:03.542
fitted has saved about 186 million

NOTE Confidence: 0.876729992

00:39:03.542 --> 00:39:05.850
tons of CO2. That's on a net basis.

NOTE Confidence: 0.876729992

00:39:05.850 --> 00:39:08.334
So taking off the amount of emissions

NOTE Confidence: 0.876729992

00:39:08.334 --> 00:39:10.386
it's taken to create that product

NOTE Confidence: 0.876729992

00:39:10.386 --> 00:39:11.789
at the same time.

NOTE Confidence: 0.876729992

00:39:11.790 --> 00:39:13.570
So again, good investment,

NOTE Confidence: 0.876729992

00:39:13.570 --> 00:39:14.460
good market,

NOTE Confidence: 0.883234868571429

00:39:14.460 --> 00:39:16.695
share strong brand leader in

NOTE Confidence: 0.883234868571429

00:39:16.695 --> 00:39:18.410
its field, strong intentions.

NOTE Confidence: 0.883234868571429

00:39:18.410 --> 00:39:22.122
And approve an impact as well and this is

NOTE Confidence: 0.883234868571429

00:39:22.122 --> 00:39:24.635
what every company needs to go through

NOTE Confidence: 0.883234868571429

00:39:24.635 --> 00:39:27.298
to prove that it is an impact investment.

NOTE Confidence: 0.883234868571429

00:39:27.300 --> 00:39:29.120
Here we ensure that we don't fall

NOTE Confidence: 0.883234868571429

00:39:29.120 --> 00:39:31.059
foul of any green washing laws.

NOTE Confidence: 0.883234868571429

00:39:31.060 --> 00:39:32.968
So for example, the new regulations

NOTE Confidence: 0.883234868571429

00:39:32.968 --> 00:39:35.369
that are coming in to ensure that

NOTE Confidence: 0.883234868571429

00:39:35.369 --> 00:39:37.139
companies say what they're doing.

NOTE Confidence: 0.883234868571429

00:39:37.140 --> 00:39:39.737
Again, we can prove this out for

NOTE Confidence: 0.883234868571429

00:39:39.737 --> 00:39:41.760
every single company that we own,

NOTE Confidence: 0.883234868571429

00:39:41.760 --> 00:39:43.576
and this are just the range of companies

NOTE Confidence: 0.883234868571429

00:39:43.576 --> 00:39:45.589
that we have here on the left hand side.

NOTE Confidence: 0.883234868571429

00:39:45.590 --> 00:39:47.498
The clean energy in the middle,

NOTE Confidence: 0.883234868571429

00:39:47.500 --> 00:39:48.712
the green technology names.

NOTE Confidence: 0.883234868571429

00:39:48.712 --> 00:39:50.530
And on the right hand side,

NOTE Confidence: 0.883234868571429

00:39:50.530 --> 00:39:53.078
the circular economy names we produced a

NOTE Confidence: 0.883234868571429

00:39:53.078 --> 00:39:55.208

climate measurement report every single year,

NOTE Confidence: 0.883234868571429

00:39:55.210 --> 00:39:57.385
which details every single company

NOTE Confidence: 0.883234868571429

00:39:57.385 --> 00:40:00.579
held on the portfolio and exactly what

NOTE Confidence: 0.883234868571429

00:40:00.579 --> 00:40:03.405
their net carbon emissions savings are.

NOTE Confidence: 0.883234868571429

00:40:03.410 --> 00:40:05.321
Now just to end the presentation and

NOTE Confidence: 0.883234868571429

00:40:05.321 --> 00:40:07.458
going back to marks earlier question,

NOTE Confidence: 0.883234868571429

00:40:07.460 --> 00:40:09.656
yes, performance has been a bit

NOTE Confidence: 0.883234868571429

00:40:09.656 --> 00:40:11.630
challenged relative to the market.

NOTE Confidence: 0.883234868571429

00:40:11.630 --> 00:40:12.788
It's still positive.

NOTE Confidence: 0.883234868571429

00:40:12.788 --> 00:40:13.174
However,

NOTE Confidence: 0.883234868571429

00:40:13.174 --> 00:40:15.490
we believe that we have picked

NOTE Confidence: 0.883234868571429

00:40:15.560 --> 00:40:18.188
companies that have very very strong

NOTE Confidence: 0.883234868571429

00:40:18.188 --> 00:40:19.940
growth prospects going forward.

NOTE Confidence: 0.883234868571429

00:40:19.940 --> 00:40:21.848
We believe that once the earnings

NOTE Confidence: 0.883234868571429

00:40:21.848 --> 00:40:23.120
start to come through,

NOTE Confidence: 0.883234868571429

00:40:23.120 --> 00:40:25.050
we have a fantastic tailwind

NOTE Confidence: 0.883234868571429

00:40:25.050 --> 00:40:26.594
for growth going forward.

NOTE Confidence: 0.883234868571429

00:40:26.600 --> 00:40:28.196
And as Mark Carney put it,

NOTE Confidence: 0.883234868571429

00:40:28.200 --> 00:40:30.220
the opportunity of our age,

NOTE Confidence: 0.883234868571429

00:40:30.220 --> 00:40:32.834
we believe still remains this so thank you

NOTE Confidence: 0.883234868571429

00:40:32.834 --> 00:40:34.410
Mark and on that I'll hand back to you.

NOTE Confidence: 0.739658861428571

00:40:45.550 --> 00:40:46.258
Thanks Randy,

NOTE Confidence: 0.739658861428571

00:40:46.258 --> 00:40:48.028
sorry about the pause there.

NOTE Confidence: 0.739658861428571

00:40:48.030 --> 00:40:49.534
The dreaded mute button.

NOTE Confidence: 0.739658861428571

00:40:49.534 --> 00:40:50.974
So yeah, really great session.

NOTE Confidence: 0.739658861428571

00:40:50.974 --> 00:40:52.342
Lots of things to think about

NOTE Confidence: 0.739658861428571

00:40:52.342 --> 00:40:53.528
and hopefully that's that.

NOTE Confidence: 0.739658861428571

00:40:53.530 --> 00:40:55.768
I know that's already generated some

NOTE Confidence: 0.739658861428571

00:40:55.768 --> 00:40:57.670
questions from our audience today,

NOTE Confidence: 0.739658861428571

00:40:57.670 --> 00:40:59.530
so we'll come back to those

NOTE Confidence: 0.739658861428571

00:40:59.530 --> 00:41:00.770
in the panel session.

NOTE Confidence: 0.739658861428571

00:41:00.770 --> 00:41:03.416
I'm now going to go move

NOTE Confidence: 0.739658861428571

00:41:03.416 --> 00:41:05.970
across to bring Phil Butler,

NOTE Confidence: 0.739658861428571

00:41:05.970 --> 00:41:09.336
who is the portfolio manager within

NOTE Confidence: 0.739658861428571

00:41:09.336 --> 00:41:11.580
Treasury and Investment Office

NOTE Confidence: 0.739658861428571

00:41:11.669 --> 00:41:15.778
where we run multi asset funds so.

NOTE Confidence: 0.739658861428571

00:41:15.780 --> 00:41:17.692
So what what I what I think would

NOTE Confidence: 0.739658861428571

00:41:17.692 --> 00:41:19.912
be good to do now is following on

NOTE Confidence: 0.739658861428571

00:41:19.912 --> 00:41:21.839
from Laura and Randeep is explain

NOTE Confidence: 0.739658861428571

00:41:21.839 --> 00:41:23.704
what the portfolio management team

NOTE Confidence: 0.739658861428571

00:41:23.704 --> 00:41:25.179
do within Treasury Investment

NOTE Confidence: 0.739658861428571

00:41:25.179 --> 00:41:27.273
Office and also gives some feel

NOTE Confidence: 0.739658861428571

00:41:27.273 --> 00:41:29.395
around the range of multi asset

NOTE Confidence: 0.739658861428571

00:41:29.395 --> 00:41:31.417
funds that we have available for

NOTE Confidence: 0.739658861428571

00:41:31.417 --> 00:41:33.420
financial advisors and their clients.

NOTE Confidence: 0.739658861428571

00:41:33.420 --> 00:41:35.716
But also how this all pulls together.

NOTE Confidence: 0.739658861428571

00:41:35.720 --> 00:41:38.176
What is it that we do when we're

NOTE Confidence: 0.739658861428571

00:41:38.176 --> 00:41:40.038
looking at fixed income and

NOTE Confidence: 0.739658861428571

00:41:40.038 --> 00:41:41.998
sort of the sustainable impact

NOTE Confidence: 0.739658861428571

00:41:41.998 --> 00:41:44.360
side of our asset allocation?

NOTE Confidence: 0.739658861428571

00:41:44.360 --> 00:41:46.480
So with that they'll pass across to you.

NOTE Confidence: 0.739658861428571

00:41:46.480 --> 00:41:50.989
Just to to run through some thoughts on that.

NOTE Confidence: 0.739658861428571

00:41:50.990 --> 00:41:51.556
Cheers, mark.

NOTE Confidence: 0.739658861428571

00:41:51.556 --> 00:41:53.537
It's good to know that even the

NOTE Confidence: 0.739658861428571

00:41:53.537 --> 00:41:55.550
Master of Presentations can forget

NOTE Confidence: 0.739658861428571

00:41:55.550 --> 00:41:57.950
from you every now and then.

NOTE Confidence: 0.739658861428571

00:41:57.950 --> 00:42:00.309
I certainly have a tough job following

NOTE Confidence: 0.739658861428571

00:42:00.309 --> 00:42:02.323
up those pictures from Laura around

NOTE Confidence: 0.739658861428571

00:42:02.323 --> 00:42:04.035
deep and I'll try my best to keep it

NOTE Confidence: 0.739658861428571

00:42:04.035 --> 00:42:05.249

succinct so we can get those qeags.

NOTE Confidence: 0.739658861428571

00:42:05.250 --> 00:42:06.990
I'm sure there's lots of questions

NOTE Confidence: 0.739658861428571

00:42:06.990 --> 00:42:10.240
going through for those two already.

NOTE Confidence: 0.739658861428571

00:42:10.240 --> 00:42:13.651
So for those who are not familiar with the

NOTE Confidence: 0.739658861428571

00:42:13.651 --> 00:42:16.640
multi asset portfolio management team,

NOTE Confidence: 0.739658861428571

00:42:16.640 --> 00:42:18.792
our primary responsibilities are

NOTE Confidence: 0.739658861428571

00:42:18.792 --> 00:42:21.482
the daily stewardship of the

NOTE Confidence: 0.739658861428571

00:42:21.482 --> 00:42:23.618
potential modeset funds within

NOTE Confidence: 0.739658861428571

00:42:23.620 --> 00:42:25.920
profit and new Lync space.

NOTE Confidence: 0.739658861428571

00:42:25.920 --> 00:42:27.364
And as you've mentioned,

NOTE Confidence: 0.739658861428571

00:42:27.364 --> 00:42:29.916
I'm here trying to discuss what we

NOTE Confidence: 0.739658861428571

00:42:29.916 --> 00:42:31.848
do more broadly as a department.

NOTE Confidence: 0.739658861428571

00:42:31.850 --> 00:42:32.852

On screen you can see some

NOTE Confidence: 0.739658861428571

00:42:32.852 --> 00:42:33.990

areas that we we touch upon.

NOTE Confidence: 0.739658861428571

00:42:33.990 --> 00:42:34.776

It's quite broad,

NOTE Confidence: 0.739658861428571

00:42:34.776 --> 00:42:36.610

but you know our ultimate aim is

NOTE Confidence: 0.739658861428571

00:42:36.671 --> 00:42:38.301

to achieve long term consistent

NOTE Confidence: 0.739658861428571

00:42:38.301 --> 00:42:40.303

performance for our our client base

NOTE Confidence: 0.739658861428571

00:42:40.303 --> 00:42:42.223

and trying to have that consistent

NOTE Confidence: 0.739658861428571

00:42:42.223 --> 00:42:46.358

philosophy which I'll touch on now.

NOTE Confidence: 0.739658861428571

00:42:46.360 --> 00:42:49.139

So within the Treasury and Investment Office,

NOTE Confidence: 0.739658861428571

00:42:49.140 --> 00:42:51.940

it's really important for us to have

NOTE Confidence: 0.739658861428571

00:42:51.940 --> 00:42:54.054

a consistent approach across every

NOTE Confidence: 0.739658861428571

00:42:54.054 --> 00:42:56.586

portfolio that we manage and govern.

NOTE Confidence: 0.739658861428571

00:42:56.590 --> 00:42:58.590
That starts with the bedrock

NOTE Confidence: 0.739658861428571

00:42:58.590 --> 00:43:00.190
of long term approaches.

NOTE Confidence: 0.739658861428571

00:43:00.190 --> 00:43:02.467
We have a 15 plus year horizon when we

NOTE Confidence: 0.739658861428571

00:43:02.467 --> 00:43:04.709
set our strategic asset allocations,

NOTE Confidence: 0.739658861428571

00:43:04.710 --> 00:43:06.607
and this is the same for every

NOTE Confidence: 0.739658861428571

00:43:06.607 --> 00:43:07.839
single portfolio that we run.

NOTE Confidence: 0.81786907

00:43:09.880 --> 00:43:11.644
Not only that, we risk adjust

NOTE Confidence: 0.81786907

00:43:11.644 --> 00:43:13.302
each portfolio to meet the

NOTE Confidence: 0.81786907

00:43:13.302 --> 00:43:14.978
differing client risk tolerances,

NOTE Confidence: 0.81786907

00:43:14.980 --> 00:43:16.884
so depending on what sort of client

NOTE Confidence: 0.81786907

00:43:16.884 --> 00:43:18.239
that you're managing money for,

NOTE Confidence: 0.81786907

00:43:18.240 --> 00:43:20.389
we have a variety of different risk

NOTE Confidence: 0.81786907

00:43:20.389 --> 00:43:22.338
tolerance funds to meet those needs.

NOTE Confidence: 0.76898978

00:43:25.010 --> 00:43:27.500
As a basis, they're highly diverse.

NOTE Confidence: 0.76898978

00:43:27.500 --> 00:43:29.320
We are constantly evolving our

NOTE Confidence: 0.76898978

00:43:29.320 --> 00:43:31.589
proposition to to add value to

NOTE Confidence: 0.76898978

00:43:31.589 --> 00:43:33.097
our underlying client base,

NOTE Confidence: 0.76898978

00:43:33.100 --> 00:43:34.955
but is not standing still with the

NOTE Confidence: 0.76898978

00:43:34.955 --> 00:43:36.904
times and I think that's important

NOTE Confidence: 0.76898978

00:43:36.904 --> 00:43:38.830
in these moving world environments.

NOTE Confidence: 0.76898978

00:43:38.830 --> 00:43:41.320
Most recently, in the risk managed,

NOTE Confidence: 0.76898978

00:43:41.320 --> 00:43:43.264
active and passive portfolios we added

NOTE Confidence: 0.76898978

00:43:43.264 --> 00:43:45.159
US and European small CAP again.

NOTE Confidence: 0.76898978

00:43:45.160 --> 00:43:48.040
Just an example of where we're sort of

NOTE Confidence: 0.76898978

00:43:48.040 --> 00:43:51.760
evolving the portfolios through time.

NOTE Confidence: 0.76898978

00:43:51.760 --> 00:43:53.902
Active management is important to us and

NOTE Confidence: 0.76898978

00:43:53.902 --> 00:43:56.440
and this can take many different guises.

NOTE Confidence: 0.76898978

00:43:56.440 --> 00:43:58.385
Everything from the daily efficient

NOTE Confidence: 0.76898978

00:43:58.385 --> 00:44:01.360
monitoring by my team and the department.

NOTE Confidence: 0.76898978

00:44:01.360 --> 00:44:03.295
The strategic asset allocation is

NOTE Confidence: 0.76898978

00:44:03.295 --> 00:44:05.772
reviewed every one to two years

NOTE Confidence: 0.76898978

00:44:05.772 --> 00:44:07.197
across every portfolio.

NOTE Confidence: 0.76898978

00:44:07.200 --> 00:44:09.342
The TA that is embedded within the

NOTE Confidence: 0.76898978

00:44:09.342 --> 00:44:11.219
portfolio is named to take advantage

NOTE Confidence: 0.76898978

00:44:11.219 --> 00:44:13.319
of some of the shorter term market

NOTE Confidence: 0.76898978

00:44:13.381 --> 00:44:15.805

moves and then on top of that we

NOTE Confidence: 0.76898978

00:44:15.805 --> 00:44:17.465
have active underlying managers who

NOTE Confidence: 0.76898978

00:44:17.465 --> 00:44:19.824
Laura works with to try and utilize

NOTE Confidence: 0.76898978

00:44:19.824 --> 00:44:21.908
those companies and positionings.

NOTE Confidence: 0.76898978

00:44:21.910 --> 00:44:24.718
Where possible and appropriate.

NOTE Confidence: 0.76898978

00:44:24.720 --> 00:44:26.480
Finally, valuations you know.

NOTE Confidence: 0.76898978

00:44:26.480 --> 00:44:26.920
Ultimately,

NOTE Confidence: 0.76898978

00:44:26.920 --> 00:44:29.420
we're trying to unlock long

NOTE Confidence: 0.76898978

00:44:29.420 --> 00:44:30.920
term risk premiums.

NOTE Confidence: 0.76898978

00:44:30.920 --> 00:44:32.752
Some examples of where we may differ from

NOTE Confidence: 0.76898978

00:44:32.752 --> 00:44:34.854
how the rest of the market look at things.

NOTE Confidence: 0.76898978

00:44:34.860 --> 00:44:36.335
We have a preference of

NOTE Confidence: 0.76898978

00:44:36.335 --> 00:44:37.220
corporates over governments.

NOTE Confidence: 0.76898978

00:44:37.220 --> 00:44:39.980
We think they provide better value,

NOTE Confidence: 0.76898978

00:44:39.980 --> 00:44:40.976
private versus public.

NOTE Confidence: 0.76898978

00:44:40.976 --> 00:44:41.640
Where possible,

NOTE Confidence: 0.76898978

00:44:41.640 --> 00:44:43.397
it's not always possible in every portfolio,

NOTE Confidence: 0.76898978

00:44:43.400 --> 00:44:45.180
but private versus public gives

NOTE Confidence: 0.76898978

00:44:45.180 --> 00:44:46.604
you some advantages there.

NOTE Confidence: 0.76898978

00:44:46.610 --> 00:44:47.770
And then as a house,

NOTE Confidence: 0.76898978

00:44:47.770 --> 00:44:48.950
you know, East versus West,

NOTE Confidence: 0.76898978

00:44:48.950 --> 00:44:50.528
we think that there are differences

NOTE Confidence: 0.76898978

00:44:50.528 --> 00:44:52.161
in in the direction of those

NOTE Confidence: 0.76898978

00:44:52.161 --> 00:44:54.170
economies and and again, we're not.

NOTE Confidence: 0.76898978

00:44:54.170 --> 00:44:56.390
There's locked in value in investing

NOTE Confidence: 0.76898978

00:44:56.454 --> 00:44:58.236
in those parts of the world.

NOTE Confidence: 0.872569156

00:45:00.310 --> 00:45:04.196
Now. Each and every funds that we run

NOTE Confidence: 0.872569156

00:45:04.196 --> 00:45:06.904
follows the same 3 core principles when

NOTE Confidence: 0.872569156

00:45:06.904 --> 00:45:08.986
it comes to the investment approach.

NOTE Confidence: 0.872569156

00:45:08.990 --> 00:45:10.820
The long term investment strategy team

NOTE Confidence: 0.872569156

00:45:10.820 --> 00:45:12.640
set the strategic asset allocation.

NOTE Confidence: 0.872569156

00:45:12.640 --> 00:45:15.237
This is ultimately the long term benchmark,

NOTE Confidence: 0.872569156

00:45:15.240 --> 00:45:16.654
the aiming for for our clients and

NOTE Confidence: 0.872569156

00:45:16.654 --> 00:45:18.168
this is what we try and stick to.

NOTE Confidence: 0.872569156

00:45:18.170 --> 00:45:21.230
So when our clients put money in they know

NOTE Confidence: 0.872569156

00:45:21.230 --> 00:45:24.467
what their outcomes should be in the future.

NOTE Confidence: 0.872569156

00:45:24.470 --> 00:45:26.114
It's in the investment managers like

NOTE Confidence: 0.872569156

00:45:26.114 --> 00:45:28.110
team to work on the manager selection

NOTE Confidence: 0.872569156

00:45:28.110 --> 00:45:30.070
now no matter what that SAA is,

NOTE Confidence: 0.872569156

00:45:30.070 --> 00:45:32.558
it's the manager selection team to pick the

NOTE Confidence: 0.872569156

00:45:32.558 --> 00:45:34.603
right manager with the right philosophy to

NOTE Confidence: 0.872569156

00:45:34.603 --> 00:45:37.280
run that money in the right manner and style,

NOTE Confidence: 0.872569156

00:45:37.280 --> 00:45:39.086
whether it be active or passive,

NOTE Confidence: 0.872569156

00:45:39.090 --> 00:45:41.730
whether it be a sustainability funding,

NOTE Confidence: 0.872569156

00:45:41.730 --> 00:45:42.946
ranadive's case or whether

NOTE Confidence: 0.872569156

00:45:42.946 --> 00:45:44.466
it be something that's nice,

NOTE Confidence: 0.872569156

00:45:44.470 --> 00:45:47.949
like a small cap or emerging market.

NOTE Confidence: 0.872569156

00:45:47.950 --> 00:45:49.396
Then moves over to the portfolio

NOTE Confidence: 0.872569156

00:45:49.396 --> 00:45:50.880
management team to look at the day,

NOTE Confidence: 0.872569156

00:45:50.880 --> 00:45:52.436
day to day management,

NOTE Confidence: 0.872569156

00:45:52.436 --> 00:45:54.770
but also trying to find ways

NOTE Confidence: 0.872569156

00:45:54.852 --> 00:45:56.988
to efficiently manage flows,

NOTE Confidence: 0.872569156

00:45:56.990 --> 00:45:58.000
reposition portfolios,

NOTE Confidence: 0.872569156

00:45:58.000 --> 00:46:01.030
and embed that evolution that we

NOTE Confidence: 0.872569156

00:46:01.030 --> 00:46:02.910
were referring to earlier.

NOTE Confidence: 0.872569156

00:46:02.910 --> 00:46:05.318
Not by builds the basis of every

NOTE Confidence: 0.872569156

00:46:05.318 --> 00:46:07.034
port value lends itself to the

NOTE Confidence: 0.872569156

00:46:07.034 --> 00:46:08.770
expected return that comes out of it.

NOTE Confidence: 0.872569156

00:46:08.770 --> 00:46:10.258
And then for those customers who

NOTE Confidence: 0.872569156

00:46:10.258 --> 00:46:11.809

invested in our proof on product,

NOTE Confidence: 0.872569156

00:46:11.810 --> 00:46:13.928
they get the additional feature of

NOTE Confidence: 0.872569156

00:46:13.928 --> 00:46:16.098
that smoothing that gives them some

NOTE Confidence: 0.872569156

00:46:16.098 --> 00:46:18.180
safety and some sanctuary in knowing

NOTE Confidence: 0.872569156

00:46:18.180 --> 00:46:20.089
that there's additional features that

NOTE Confidence: 0.872569156

00:46:20.089 --> 00:46:22.770
within the product to help protect them.

NOTE Confidence: 0.872569156

00:46:22.770 --> 00:46:23.772
Now for me,

NOTE Confidence: 0.872569156

00:46:23.772 --> 00:46:25.776
the important takeaways about our investment

NOTE Confidence: 0.872569156

00:46:25.776 --> 00:46:27.730
process is it's a team based approach.

NOTE Confidence: 0.872569156

00:46:27.730 --> 00:46:28.978
There's no one individual,

NOTE Confidence: 0.872569156

00:46:28.978 --> 00:46:30.226
it's all team based.

NOTE Confidence: 0.872569156

00:46:30.230 --> 00:46:32.200
We aim to be repeatable.

NOTE Confidence: 0.872569156

00:46:32.200 --> 00:46:34.396
There's no point being to do it in one

NOTE Confidence: 0.872569156

00:46:34.396 --> 00:46:35.989
individual year on a subset of years.

NOTE Confidence: 0.872569156

00:46:35.990 --> 00:46:37.686
We need to be able to do it

NOTE Confidence: 0.872569156

00:46:37.686 --> 00:46:39.086
through time forever more.

NOTE Confidence: 0.872569156

00:46:39.086 --> 00:46:41.038
But also robust governance.

NOTE Confidence: 0.872569156

00:46:41.040 --> 00:46:43.320
We all know how important it is to have this.

NOTE Confidence: 0.872569156

00:46:43.320 --> 00:46:45.360
This solid strength around you

NOTE Confidence: 0.872569156

00:46:45.360 --> 00:46:47.400
of independent third parties to

NOTE Confidence: 0.872569156

00:46:47.466 --> 00:46:49.440
now you to assess credit risk,

NOTE Confidence: 0.872569156

00:46:49.440 --> 00:46:50.276
market risk,

NOTE Confidence: 0.872569156

00:46:50.276 --> 00:46:52.784
liquidity risk and even that regulatory

NOTE Confidence: 0.872569156

00:46:52.784 --> 00:46:55.638
risk of the portfolios and that should

NOTE Confidence: 0.872569156

00:46:55.638 --> 00:46:59.122
put some minds at ease in terms of the

NOTE Confidence: 0.872569156

00:46:59.122 --> 00:47:04.180
strength we have in those particular areas.

NOTE Confidence: 0.872569156

00:47:04.180 --> 00:47:07.029
So how does that all come together?

NOTE Confidence: 0.872569156

00:47:07.030 --> 00:47:09.148
The the range of portfolios that

NOTE Confidence: 0.872569156

00:47:09.148 --> 00:47:12.040
we have are all Internet connected,

NOTE Confidence: 0.872569156

00:47:12.040 --> 00:47:14.920
interconnected families are funds.

NOTE Confidence: 0.872569156

00:47:14.920 --> 00:47:17.800
And and and what we've got here,

NOTE Confidence: 0.872569156

00:47:17.800 --> 00:47:19.600
are the risk managed passive funds.

NOTE Confidence: 0.872569156

00:47:19.600 --> 00:47:21.840
So this is our simplest,

NOTE Confidence: 0.872569156

00:47:21.840 --> 00:47:24.408
most vanilla range that we have that then

NOTE Confidence: 0.872569156

00:47:24.408 --> 00:47:26.966
moves into our rich managed active funds.

NOTE Confidence: 0.872569156

00:47:26.970 --> 00:47:28.734
So we're taking a step up there.

NOTE Confidence: 0.872569156

00:47:28.740 --> 00:47:30.990
You've got active underlying managers.

NOTE Confidence: 0.872569156

00:47:30.990 --> 00:47:31.911
And then finally,

NOTE Confidence: 0.872569156

00:47:31.911 --> 00:47:34.442
you've got the proof on products that have

NOTE Confidence: 0.872569156

00:47:34.442 --> 00:47:37.034
that smoothing feature that most of you will

NOTE Confidence: 0.872569156

00:47:37.034 --> 00:47:39.088
probably be familiar with on this call.

NOTE Confidence: 0.872569156

00:47:39.090 --> 00:47:40.010
Now each of the ranges,

NOTE Confidence: 0.872569156

00:47:40.010 --> 00:47:41.238
as you can see,

NOTE Confidence: 0.872569156

00:47:41.238 --> 00:47:44.310
has a different risk range.

NOTE Confidence: 0.872569156

00:47:44.310 --> 00:47:46.690
#1 being your low risk entry point

NOTE Confidence: 0.872569156

00:47:46.690 --> 00:47:49.449
and #5 being your higher risk point.

NOTE Confidence: 0.872569156

00:47:49.450 --> 00:47:51.550
The idea there being is there's

NOTE Confidence: 0.872569156

00:47:51.550 --> 00:47:53.914
something for every client in terms of

NOTE Confidence: 0.872569156

00:47:53.914 --> 00:47:56.021
what they may need in their portfolios

NOTE Confidence: 0.821926425666667

00:47:56.090 --> 00:47:58.154
through time and we all understand

NOTE Confidence: 0.821926425666667

00:47:58.154 --> 00:48:01.352
it's important to have that spectrum

NOTE Confidence: 0.821926425666667

00:48:01.352 --> 00:48:05.907
of different risk type portfolios.

NOTE Confidence: 0.821926425666667

00:48:05.910 --> 00:48:08.520
Now, in addition to that.

NOTE Confidence: 0.821926425666667

00:48:08.520 --> 00:48:09.756
We've mentioned smoothing, but.

NOTE Confidence: 0.821926425666667

00:48:09.756 --> 00:48:11.988
As you go through the ranges you

NOTE Confidence: 0.821926425666667

00:48:11.988 --> 00:48:13.618
know got different pricing points.

NOTE Confidence: 0.821926425666667

00:48:13.620 --> 00:48:15.444
So for some clients where pricing

NOTE Confidence: 0.821926425666667

00:48:15.444 --> 00:48:16.356
is particularly sensitive,

NOTE Confidence: 0.821926425666667

00:48:16.360 --> 00:48:18.960
you know the passive enter at 2526

NOTE Confidence: 0.821926425666667

00:48:18.960 --> 00:48:21.840

basis points and on immediate basis,

NOTE Confidence: 0.821926425666667

00:48:21.840 --> 00:48:23.891
stepping up to near 5055 for the

NOTE Confidence: 0.821926425666667

00:48:23.891 --> 00:48:25.700
actives before you get to prefund.

NOTE Confidence: 0.821926425666667

00:48:25.700 --> 00:48:27.465
Which because it has so

NOTE Confidence: 0.821926425666667

00:48:27.465 --> 00:48:28.524
many additional features.

NOTE Confidence: 0.821926425666667

00:48:28.530 --> 00:48:31.186
Charges that little bit additional premium,

NOTE Confidence: 0.821926425666667

00:48:31.186 --> 00:48:33.874
but with that you get those product features.

NOTE Confidence: 0.821926425666667

00:48:33.880 --> 00:48:35.240
You also get increased sophistication

NOTE Confidence: 0.821926425666667

00:48:35.240 --> 00:48:37.169
which will go into a little bit,

NOTE Confidence: 0.821926425666667

00:48:37.170 --> 00:48:39.625
and it's important that we

NOTE Confidence: 0.821926425666667

00:48:39.625 --> 00:48:41.868
highlight those going forwards now.

NOTE Confidence: 0.821926425666667

00:48:41.868 --> 00:48:43.258
Randy eloquently explains how we

NOTE Confidence: 0.821926425666667

00:48:43.258 --> 00:48:45.134
can also make a positive impact

NOTE Confidence: 0.821926425666667

00:48:45.134 --> 00:48:46.894
with our investing whilst not

NOTE Confidence: 0.821926425666667

00:48:46.894 --> 00:48:48.317
needing to relinquish necessarily

NOTE Confidence: 0.821926425666667

00:48:48.317 --> 00:48:50.177
any strong client returns we might

NOTE Confidence: 0.821926425666667

00:48:50.177 --> 00:48:51.694
get from the underlying assets,

NOTE Confidence: 0.821926425666667

00:48:51.694 --> 00:48:53.154
and most recently we added

NOTE Confidence: 0.821926425666667

00:48:53.154 --> 00:48:54.739
the proof on Planet Range,

NOTE Confidence: 0.821926425666667

00:48:54.740 --> 00:48:56.777
which is a multi asset range aimed

NOTE Confidence: 0.821926425666667

00:48:56.777 --> 00:48:58.450
at bringing positive environmental.

NOTE Confidence: 0.821926425666667

00:48:58.450 --> 00:49:00.319
And saw two outcomes very aligned to

NOTE Confidence: 0.821926425666667

00:49:00.319 --> 00:49:02.128
what Randeep and his team are doing.

NOTE Confidence: 0.646976478

00:49:06.940 --> 00:49:10.290
I was mentioning about how.

NOTE Confidence: 0.646976478

00:49:10.290 --> 00:49:11.778
That the poor values differ and

NOTE Confidence: 0.646976478

00:49:11.778 --> 00:49:13.166
how they get more sophisticated

NOTE Confidence: 0.646976478

00:49:13.166 --> 00:49:15.206
as you move through the spectrum.

NOTE Confidence: 0.646976478

00:49:15.210 --> 00:49:17.296
Hopefully at first glance is everyone on

NOTE Confidence: 0.646976478

00:49:17.296 --> 00:49:20.260
on on the call today you can see the level

NOTE Confidence: 0.646976478

00:49:20.260 --> 00:49:22.558
of diversity we have in all portfolios.

NOTE Confidence: 0.646976478

00:49:22.560 --> 00:49:25.171
The pie charts here show the strategic

NOTE Confidence: 0.646976478

00:49:25.171 --> 00:49:27.352
asset allocation for the mid risk

NOTE Confidence: 0.646976478

00:49:27.352 --> 00:49:29.332
portfolio in in our passive range.

NOTE Confidence: 0.646976478

00:49:29.340 --> 00:49:33.740
In our active range and in improved funds.

NOTE Confidence: 0.646976478

00:49:33.740 --> 00:49:35.369
Now what hopefully you can see is on the

NOTE Confidence: 0.646976478

00:49:35.369 --> 00:49:37.159
left is our cheapest and most basic product,

NOTE Confidence: 0.646976478

00:49:37.160 --> 00:49:39.698
but it still has 16 main.

NOTE Confidence: 0.646976478

00:49:39.700 --> 00:49:41.086
Underlying asset classes.

NOTE Confidence: 0.646976478

00:49:41.086 --> 00:49:43.396
We moved to the middle.

NOTE Confidence: 0.646976478

00:49:43.400 --> 00:49:45.472
This moves to more like 20 underlying

NOTE Confidence: 0.646976478

00:49:45.472 --> 00:49:46.999
asset classes and then furthest

NOTE Confidence: 0.646976478

00:49:46.999 --> 00:49:48.733
on your right of the prefund.

NOTE Confidence: 0.646976478

00:49:48.740 --> 00:49:54.084
This jumps nearer to 25 main asset classes.

NOTE Confidence: 0.646976478

00:49:54.090 --> 00:49:56.323
Now, how does our asset allocation maybe

NOTE Confidence: 0.646976478

00:49:56.323 --> 00:49:58.409
differ from some of our competitors?

NOTE Confidence: 0.646976478

00:49:58.410 --> 00:50:01.245
We've spoken about our established

NOTE Confidence: 0.646976478

00:50:01.245 --> 00:50:02.379
investment approach.

NOTE Confidence: 0.646976478

00:50:02.380 --> 00:50:05.397
And with that we have threads of

NOTE Confidence: 0.646976478

00:50:05.397 --> 00:50:08.110
differentiation in our portfolio makeup.

NOTE Confidence: 0.646976478

00:50:08.110 --> 00:50:10.490
Now like many other multi asset portfolios

NOTE Confidence: 0.646976478

00:50:10.490 --> 00:50:13.178
we we have traditional fixed income.

NOTE Confidence: 0.646976478

00:50:13.180 --> 00:50:14.811
We typically have less as a as

NOTE Confidence: 0.646976478

00:50:14.811 --> 00:50:16.178
a notional exposure due to the

NOTE Confidence: 0.646976478

00:50:16.178 --> 00:50:17.613
fact that we invest in other real

NOTE Confidence: 0.646976478

00:50:17.665 --> 00:50:19.300
assets such as listed alternatives,

NOTE Confidence: 0.646976478

00:50:19.300 --> 00:50:22.420
physical alternatives or even property.

NOTE Confidence: 0.646976478

00:50:22.420 --> 00:50:24.618
We've also touched upon how we have

NOTE Confidence: 0.646976478

00:50:24.618 --> 00:50:26.474
a preference for for corporate

NOTE Confidence: 0.646976478

00:50:26.474 --> 00:50:28.166
bonds over government bonds.

NOTE Confidence: 0.646976478

00:50:28.170 --> 00:50:29.550

We also have a leaning towards,

NOTE Confidence: 0.646976478

00:50:29.550 --> 00:50:30.066
you know,

NOTE Confidence: 0.646976478

00:50:30.066 --> 00:50:31.614
getting that premium that you get

NOTE Confidence: 0.646976478

00:50:31.614 --> 00:50:33.609
on the credit spread that that that

NOTE Confidence: 0.646976478

00:50:33.609 --> 00:50:35.365
Laura so so well described earlier

NOTE Confidence: 0.646976478

00:50:35.365 --> 00:50:37.318
and and why that is attractive in

NOTE Confidence: 0.646976478

00:50:37.318 --> 00:50:40.460
this current yield environment.

NOTE Confidence: 0.646976478

00:50:40.460 --> 00:50:42.630
We also have allocations to global high

NOTE Confidence: 0.646976478

00:50:42.630 --> 00:50:44.278
yield emerging market debt in Asia.

NOTE Confidence: 0.646976478

00:50:44.280 --> 00:50:46.611
Fixed income in all three of those

NOTE Confidence: 0.646976478

00:50:46.611 --> 00:50:47.277
portfolio ranges,

NOTE Confidence: 0.646976478

00:50:47.280 --> 00:50:49.044
not just in the more expensive ones,

NOTE Confidence: 0.646976478

00:50:49.050 --> 00:50:51.766
but in all three of those ranges.

NOTE Confidence: 0.646976478

00:50:51.770 --> 00:50:52.388
And again,

NOTE Confidence: 0.646976478

00:50:52.388 --> 00:50:54.551
as as as Laura mentioned your active

NOTE Confidence: 0.646976478

00:50:54.551 --> 00:50:56.270
management in this time is really

NOTE Confidence: 0.646976478

00:50:56.270 --> 00:50:57.962
important to manage both the the

NOTE Confidence: 0.646976478

00:50:57.962 --> 00:50:59.874
duration angle but also the assessing

NOTE Confidence: 0.646976478

00:50:59.874 --> 00:51:02.010
of the underlying corporates.

NOTE Confidence: 0.646976478

00:51:02.010 --> 00:51:03.450
So with those headwinds there are,

NOTE Confidence: 0.646976478

00:51:03.450 --> 00:51:05.158
there are pockets of value and and

NOTE Confidence: 0.646976478

00:51:05.158 --> 00:51:07.488
and nor are mentioned how in IG space

NOTE Confidence: 0.646976478

00:51:07.488 --> 00:51:09.350
those negative returns are quite high,

NOTE Confidence: 0.646976478

00:51:09.350 --> 00:51:11.180
but Asian EMD is performed.

NOTE Confidence: 0.646976478

00:51:11.180 --> 00:51:14.344
Certainly better than usig year to date.

NOTE Confidence: 0.646976478

00:51:14.350 --> 00:51:15.967
In the margin of five to 7%

NOTE Confidence: 0.646976478

00:51:15.970 --> 00:51:17.610
on an absolute basis.

NOTE Confidence: 0.646976478

00:51:17.610 --> 00:51:20.611
And it's for that reason that we

NOTE Confidence: 0.646976478

00:51:20.611 --> 00:51:22.891
select M&G active global field

NOTE Confidence: 0.646976478

00:51:22.891 --> 00:51:24.950
and emdd managers again in all

NOTE Confidence: 0.646976478

00:51:24.950 --> 00:51:25.870
three of these portfolios.

NOTE Confidence: 0.646976478

00:51:25.870 --> 00:51:27.760
It's the same manager running the

NOTE Confidence: 0.646976478

00:51:27.760 --> 00:51:29.680
same philosophy in these portfolios,

NOTE Confidence: 0.646976478

00:51:29.680 --> 00:51:31.732
and we do think that's important

NOTE Confidence: 0.646976478

00:51:31.732 --> 00:51:33.550
in these more testing times.

NOTE Confidence: 0.9001720183333333

00:51:35.990 --> 00:51:37.418
We also have some real assets,

NOTE Confidence: 0.900172018333333

00:51:37.420 --> 00:51:39.268
so start on the farthest left

NOTE Confidence: 0.900172018333333

00:51:39.268 --> 00:51:41.070
and in risk managed passive.

NOTE Confidence: 0.900172018333333

00:51:41.070 --> 00:51:43.608
We have listed alternatives as we

NOTE Confidence: 0.900172018333333

00:51:43.608 --> 00:51:46.928
move to the center we add UK property,

NOTE Confidence: 0.900172018333333

00:51:46.930 --> 00:51:49.342
European, Asian property but also some

NOTE Confidence: 0.900172018333333

00:51:49.342 --> 00:51:52.487
private fixed income in the name of the

NOTE Confidence: 0.900172018333333

00:51:52.487 --> 00:51:54.322
MNG credit income investment funds.

NOTE Confidence: 0.900172018333333

00:51:54.330 --> 00:51:56.010
As we move over to proof funds,

NOTE Confidence: 0.900172018333333

00:51:56.010 --> 00:51:58.230
we add in private alternatives

NOTE Confidence: 0.900172018333333

00:51:58.230 --> 00:52:00.666
and we also add in US property.

NOTE Confidence: 0.900172018333333

00:52:00.670 --> 00:52:02.105
Now for everyone the called the more

NOTE Confidence: 0.900172018333333

00:52:02.105 --> 00:52:03.630
real assets you have in the portfolio,

NOTE Confidence: 0.900172018333333

00:52:03.630 --> 00:52:05.118
the more of these real assets

NOTE Confidence: 0.900172018333333

00:52:05.118 --> 00:52:05.862
that are private,

NOTE Confidence: 0.900172018333333

00:52:05.870 --> 00:52:08.210
the greater your yield pickup.

NOTE Confidence: 0.900172018333333

00:52:08.210 --> 00:52:10.210
The greater the active management

NOTE Confidence: 0.900172018333333

00:52:10.210 --> 00:52:11.810
value extraction can be,

NOTE Confidence: 0.900172018333333

00:52:11.810 --> 00:52:13.820
but also it provides more

NOTE Confidence: 0.900172018333333

00:52:13.820 --> 00:52:14.624
portfolio stability.

NOTE Confidence: 0.900172018333333

00:52:14.630 --> 00:52:16.286
And we're always mindful about making

NOTE Confidence: 0.900172018333333

00:52:16.286 --> 00:52:17.791
sure our multi asset portfolios

NOTE Confidence: 0.900172018333333

00:52:17.791 --> 00:52:19.531
had the relevant liquidity and

NOTE Confidence: 0.900172018333333

00:52:19.531 --> 00:52:20.923
we're not putting inappropriate

NOTE Confidence: 0.900172018333333

00:52:20.971 --> 00:52:22.207

assets into any portfolio.

NOTE Confidence: 0.9001720183333333

00:52:22.210 --> 00:52:23.226
But the principle stands.

NOTE Confidence: 0.9001720183333333

00:52:23.226 --> 00:52:24.950
The more assets you can get in,

NOTE Confidence: 0.9001720183333333

00:52:24.950 --> 00:52:26.210
the better protected you are

NOTE Confidence: 0.9001720183333333

00:52:26.210 --> 00:52:27.470
in these very turbulent times,

NOTE Confidence: 0.9001720183333333

00:52:27.470 --> 00:52:29.306
and that's exactly what we're looking

NOTE Confidence: 0.9001720183333333

00:52:29.306 --> 00:52:31.720
to do within the manners of each of

NOTE Confidence: 0.9001720183333333

00:52:31.720 --> 00:52:33.820
the portfolios we have in front of us.

NOTE Confidence: 0.9001720183333333

00:52:33.820 --> 00:52:35.896
As alluded to with the product

NOTE Confidence: 0.9001720183333333

00:52:35.896 --> 00:52:36.934
feature of smoothing,

NOTE Confidence: 0.9001720183333333

00:52:36.940 --> 00:52:40.006
you know for investors who you know.

NOTE Confidence: 0.9001720183333333

00:52:40.010 --> 00:52:41.565
Dreading the high uncertainty that

NOTE Confidence: 0.9001720183333333

00:52:41.565 --> 00:52:43.490
we've spoken about so far today.

NOTE Confidence: 0.9001720183333333

00:52:43.490 --> 00:52:44.930
You know that smoothing can

NOTE Confidence: 0.9001720183333333

00:52:44.930 --> 00:52:46.370
really help reduce those fears.

NOTE Confidence: 0.9001720183333333

00:52:46.370 --> 00:52:48.267
Allow them to sleep better at night,

NOTE Confidence: 0.9001720183333333

00:52:48.270 --> 00:52:50.826
and it's certainly something that us

NOTE Confidence: 0.9001720183333333

00:52:50.826 --> 00:52:53.981
and revises a happy to comment on in

NOTE Confidence: 0.9001720183333333

00:52:53.981 --> 00:52:56.994
terms of why we think that's such a

NOTE Confidence: 0.9001720183333333

00:52:56.994 --> 00:52:58.790
good proposition for the here and now.

NOTE Confidence: 0.7076522686666667

00:53:00.890 --> 00:53:02.370
So that's all well and good that's looking

NOTE Confidence: 0.7076522686666667

00:53:02.370 --> 00:53:03.800
at our long term view of strategy.

NOTE Confidence: 0.7076522686666667

00:53:03.800 --> 00:53:07.447
So where are we actually positioned today?

NOTE Confidence: 0.7076522686666667

00:53:07.450 --> 00:53:09.715
There's growing evidence of recessionary

NOTE Confidence: 0.7076522686666667

00:53:09.715 --> 00:53:11.527
characteristics in the market.

NOTE Confidence: 0.707652268666667

00:53:11.530 --> 00:53:14.923
We had the US Q1 GDP number out last

NOTE Confidence: 0.707652268666667

00:53:14.923 --> 00:53:17.755
week where minus 1.4% was a bit of

NOTE Confidence: 0.707652268666667

00:53:17.755 --> 00:53:19.929
a shock to the market in general.

NOTE Confidence: 0.707652268666667

00:53:19.930 --> 00:53:21.525
Although the actual financial markets

NOTE Confidence: 0.707652268666667

00:53:21.525 --> 00:53:23.570
didn't react to huge amount on that.

NOTE Confidence: 0.707652268666667

00:53:23.570 --> 00:53:26.322
To be fair, we're seeing some credit card

NOTE Confidence: 0.707652268666667

00:53:26.322 --> 00:53:28.708
spending data showing declines in areas.

NOTE Confidence: 0.707652268666667

00:53:28.710 --> 00:53:30.636
Why would call luxury or non

NOTE Confidence: 0.707652268666667

00:53:30.636 --> 00:53:31.920
essentials beauty shopping malls

NOTE Confidence: 0.707652268666667

00:53:31.979 --> 00:53:33.347
and all that sort of area.

NOTE Confidence: 0.707652268666667

00:53:33.350 --> 00:53:35.560
But it's sporadic at best.

NOTE Confidence: 0.707652268666667

00:53:35.560 --> 00:53:36.868
And there's also already events I

NOTE Confidence: 0.707652268666667

00:53:36.868 --> 00:53:38.229
don't know about everyone on the call,

NOTE Confidence: 0.707652268666667

00:53:38.230 --> 00:53:39.245
but I'd certainly think every

NOTE Confidence: 0.707652268666667

00:53:39.245 --> 00:53:41.089
time I fill up the car or have to

NOTE Confidence: 0.707652268666667

00:53:41.089 --> 00:53:42.259
pay utility bill at the moment,

NOTE Confidence: 0.707652268666667

00:53:42.260 --> 00:53:44.430
you know it's it's noticeable.

NOTE Confidence: 0.707652268666667

00:53:44.430 --> 00:53:46.326
It's not happening in the sidelines.

NOTE Confidence: 0.707652268666667

00:53:46.330 --> 00:53:49.770
It's very noticeable to us.

NOTE Confidence: 0.707652268666667

00:53:49.770 --> 00:53:51.768
Now, however, outside of the talk,

NOTE Confidence: 0.707652268666667

00:53:51.770 --> 00:53:53.295
the awful situation that's happening

NOTE Confidence: 0.707652268666667

00:53:53.295 --> 00:53:54.415
in Russia, Ukraine,

NOTE Confidence: 0.707652268666667

00:53:54.415 --> 00:53:56.940
and China's sort of conviction

NOTE Confidence: 0.707652268666667

00:53:56.940 --> 00:53:59.850
to its zero COVID approach,

NOTE Confidence: 0.707652268666667

00:53:59.850 --> 00:54:01.405
the broader economy is actually

NOTE Confidence: 0.707652268666667

00:54:01.405 --> 00:54:02.960
holding up relatively well on

NOTE Confidence: 0.707652268666667

00:54:03.011 --> 00:54:04.811
those sort of high frequency broad

NOTE Confidence: 0.707652268666667

00:54:04.811 --> 00:54:06.630
measures that delora was mentioning.

NOTE Confidence: 0.707652268666667

00:54:06.630 --> 00:54:08.604
So the PMI is a surprisingly strong.

NOTE Confidence: 0.707652268666667

00:54:08.610 --> 00:54:10.870
They're in positive territory and

NOTE Confidence: 0.707652268666667

00:54:10.870 --> 00:54:13.130
beating expectations on most months.

NOTE Confidence: 0.707652268666667

00:54:13.130 --> 00:54:15.146
the US labor market is incredibly strong.

NOTE Confidence: 0.707652268666667

00:54:15.150 --> 00:54:17.430
There's apparently 1.9 jobs

NOTE Confidence: 0.707652268666667

00:54:17.430 --> 00:54:19.710
for every unemployed person.

NOTE Confidence: 0.707652268666667

00:54:19.710 --> 00:54:21.480

So that's that's their numbers,

NOTE Confidence: 0.707652268666667

00:54:21.480 --> 00:54:23.584
not the not being seen for a while.

NOTE Confidence: 0.707652268666667

00:54:23.590 --> 00:54:24.292
And also again,

NOTE Confidence: 0.707652268666667

00:54:24.292 --> 00:54:25.462
Laura mentioned about how how

NOTE Confidence: 0.707652268666667

00:54:25.462 --> 00:54:26.609
strong the corporates are.

NOTE Confidence: 0.707652268666667

00:54:26.610 --> 00:54:28.620
You know Andy mentioned the huge

NOTE Confidence: 0.707652268666667

00:54:28.620 --> 00:54:29.960
debt that governments have.

NOTE Confidence: 0.707652268666667

00:54:29.960 --> 00:54:32.599
The corporates are in a really good

NOTE Confidence: 0.707652268666667

00:54:32.599 --> 00:54:35.426
position and maybe the Big Recession isn't.

NOTE Confidence: 0.707652268666667

00:54:35.426 --> 00:54:39.437
Maybe the worry that it has been in the past.

NOTE Confidence: 0.707652268666667

00:54:39.440 --> 00:54:41.771
Now if we couple that with the

NOTE Confidence: 0.707652268666667

00:54:41.771 --> 00:54:43.140
empirical evidence which says.

NOTE Confidence: 0.707652268666667

00:54:43.140 --> 00:54:45.142
As long as a recession isn't immediately

NOTE Confidence: 0.707652268666667

00:54:45.142 --> 00:54:47.868
in front of you and it's just in the horizon,

NOTE Confidence: 0.707652268666667

00:54:47.870 --> 00:54:48.852
it's coming.

NOTE Confidence: 0.707652268666667

00:54:48.852 --> 00:54:51.307
But it's not like tomorrow.

NOTE Confidence: 0.707652268666667

00:54:51.310 --> 00:54:53.726
You tend to find that the risk assets,

NOTE Confidence: 0.707652268666667

00:54:53.730 --> 00:54:56.650
or in my space equities do particularly well,

NOTE Confidence: 0.707652268666667

00:54:56.650 --> 00:54:57.880
and that's probably the same from

NOTE Confidence: 0.707652268666667

00:54:57.880 --> 00:54:59.150
the law and corporate bond space.

NOTE Confidence: 0.707652268666667

00:54:59.150 --> 00:55:00.690
If you can pick the right companies.

NOTE Confidence: 0.707652268666667

00:55:00.690 --> 00:55:02.010
So as long as inflation doesn't

NOTE Confidence: 0.707652268666667

00:55:02.010 --> 00:55:02.890
spiral out of control,

NOTE Confidence: 0.707652268666667

00:55:02.890 --> 00:55:04.522
which is something that we have

NOTE Confidence: 0.707652268666667

00:55:04.522 --> 00:55:05.610
to be mindful of,

NOTE Confidence: 0.707652268666667

00:55:05.610 --> 00:55:08.046
and recession isn't a tomorrow thing.

NOTE Confidence: 0.707652268666667

00:55:08.050 --> 00:55:08.440
Actually,

NOTE Confidence: 0.707652268666667

00:55:08.440 --> 00:55:11.170
it's now the time to be mildly

NOTE Confidence: 0.707652268666667

00:55:11.170 --> 00:55:13.229
risky on in our opinion,

NOTE Confidence: 0.707652268666667

00:55:13.230 --> 00:55:14.750
so that's when I get to our positioning.

NOTE Confidence: 0.707652268666667

00:55:14.750 --> 00:55:16.662
So the chart on the right hand side

NOTE Confidence: 0.707652268666667

00:55:16.662 --> 00:55:18.763
that you can see in front of you

NOTE Confidence: 0.707652268666667

00:55:18.763 --> 00:55:20.229
shows our tactical tilts within

NOTE Confidence: 0.707652268666667

00:55:20.229 --> 00:55:21.330
the risk management.

NOTE Confidence: 0.707652268666667

00:55:21.330 --> 00:55:22.306
Passive and active portfolios.

NOTE Confidence: 0.707652268666667

00:55:22.306 --> 00:55:24.053
Proof on works in a slightly different

NOTE Confidence: 0.707652268666667

00:55:24.053 --> 00:55:25.719
space which we won't touch on today,

NOTE Confidence: 0.707652268666667

00:55:25.720 --> 00:55:27.520
but it shows you our views in those

NOTE Confidence: 0.707652268666667

00:55:27.520 --> 00:55:29.282
passive and active portfolios and we

NOTE Confidence: 0.707652268666667

00:55:29.282 --> 00:55:30.852
manage those all those portfolios.

NOTE Confidence: 0.707652268666667

00:55:30.860 --> 00:55:32.694
Whether be risk one or risk five

NOTE Confidence: 0.707652268666667

00:55:32.694 --> 00:55:33.780
in the same way.

NOTE Confidence: 0.707652268666667

00:55:33.780 --> 00:55:34.707
Now, for example,

NOTE Confidence: 0.707652268666667

00:55:34.707 --> 00:55:36.561
that Blue line is showing you

NOTE Confidence: 0.707652268666667

00:55:36.561 --> 00:55:38.423
our total equity tilt and you'll

NOTE Confidence: 0.707652268666667

00:55:38.423 --> 00:55:40.914
see that it was sort of plus 2 +

NOTE Confidence: 0.707652268666667

00:55:40.914 --> 00:55:42.713
2 1/2 in the middle of Q1.

NOTE Confidence: 0.777416619

00:55:42.720 --> 00:55:44.736
What we did is we obviously didn't

NOTE Confidence: 0.777416619

00:55:44.736 --> 00:55:47.018
expect there to be an invasion in Europe

NOTE Confidence: 0.777416619

00:55:47.018 --> 00:55:49.042
and what we've done is reduce that

NOTE Confidence: 0.777416619

00:55:49.042 --> 00:55:51.177
risk as equity markets of retrace some

NOTE Confidence: 0.777416619

00:55:51.177 --> 00:55:53.268
of their losses that they made in the

NOTE Confidence: 0.777416619

00:55:53.268 --> 00:55:55.479
back end of February and early March,

NOTE Confidence: 0.777416619

00:55:55.480 --> 00:55:58.476
now slightly above neutral in the empty

NOTE Confidence: 0.777416619

00:55:58.476 --> 00:56:00.797
space with preferences for UK and US.

NOTE Confidence: 0.777416619

00:56:00.800 --> 00:56:02.552
Sort of a preference for that

NOTE Confidence: 0.777416619

00:56:02.552 --> 00:56:04.189
commodity side on UK and US.

NOTE Confidence: 0.777416619

00:56:04.190 --> 00:56:06.234
Due to the sheer strength of the

NOTE Confidence: 0.777416619

00:56:06.234 --> 00:56:07.671
corporates over there and what we've

NOTE Confidence: 0.777416619

00:56:07.671 --> 00:56:09.261

done is try to diversify a little bit

NOTE Confidence: 0.777416619

00:56:09.261 --> 00:56:10.686
so we've gone underweight, fixed income.

NOTE Confidence: 0.777416619

00:56:10.686 --> 00:56:11.172
More problems.

NOTE Confidence: 0.777416619

00:56:11.172 --> 00:56:12.884
That's the Orange line you see over

NOTE Confidence: 0.777416619

00:56:12.884 --> 00:56:14.326
the course of the year that lines

NOTE Confidence: 0.777416619

00:56:14.326 --> 00:56:15.544
been coming down, down, down.

NOTE Confidence: 0.777416619

00:56:15.544 --> 00:56:17.483
As we've got more and more pessimistic

NOTE Confidence: 0.777416619

00:56:17.483 --> 00:56:18.970
on the yield environment.

NOTE Confidence: 0.777416619

00:56:18.970 --> 00:56:21.214
How far behind the curve central

NOTE Confidence: 0.777416619

00:56:21.214 --> 00:56:22.336
banks may be?

NOTE Confidence: 0.777416619

00:56:22.340 --> 00:56:24.372
What we try to do is shelter the

NOTE Confidence: 0.777416619

00:56:24.372 --> 00:56:25.899
portfolio by adding additional

NOTE Confidence: 0.777416619

00:56:25.899 --> 00:56:27.819
positions in listed alternatives,

NOTE Confidence: 0.777416619

00:56:27.820 --> 00:56:29.675
but also in UK property more recently,

NOTE Confidence: 0.777416619

00:56:29.680 --> 00:56:31.240
so we're edging into that

NOTE Confidence: 0.777416619

00:56:31.240 --> 00:56:32.176
UK property position.

NOTE Confidence: 0.777416619

00:56:32.180 --> 00:56:34.091
We believe those may give us some

NOTE Confidence: 0.777416619

00:56:34.091 --> 00:56:35.205
inflation protection given that

NOTE Confidence: 0.777416619

00:56:35.205 --> 00:56:36.681
we don't know and don't forecast

NOTE Confidence: 0.777416619

00:56:36.681 --> 00:56:38.239
exactly where we think it's going,

NOTE Confidence: 0.777416619

00:56:38.240 --> 00:56:40.778
but noting that as Laura said,

NOTE Confidence: 0.777416619

00:56:40.780 --> 00:56:43.602
we may not be at the peak of

NOTE Confidence: 0.777416619

00:56:43.602 --> 00:56:45.210
inflation in the UK.

NOTE Confidence: 0.777416619

00:56:45.210 --> 00:56:46.274
Now I think at that point Mark,

NOTE Confidence: 0.777416619

00:56:46.280 --> 00:56:48.680
I'm going to stop paying back to you

NOTE Confidence: 0.777416619

00:56:48.680 --> 00:56:50.987
and maybe we can get into some Q&A.

NOTE Confidence: 0.777416619

00:56:50.990 --> 00:56:52.262
Thanks, Phil Phil.

NOTE Confidence: 0.777416619

00:56:52.262 --> 00:56:56.022
I've managed to take my mute off and yeah,

NOTE Confidence: 0.777416619

00:56:56.022 --> 00:56:58.794
it would be really good to bring

NOTE Confidence: 0.777416619

00:56:58.794 --> 00:57:01.383
back Laura and Randy and start

NOTE Confidence: 0.777416619

00:57:01.383 --> 00:57:04.460
the panel Q&A session.

NOTE Confidence: 0.777416619

00:57:04.460 --> 00:57:06.488
So without further ado,

NOTE Confidence: 0.777416619

00:57:06.488 --> 00:57:09.530
I think we've got everybody back.

NOTE Confidence: 0.7531867

00:57:11.630 --> 00:57:12.010
Yep.

NOTE Confidence: 0.84233201375

00:57:14.090 --> 00:57:16.594
OK, just for the guys in the background,

NOTE Confidence: 0.84233201375

00:57:16.600 --> 00:57:17.660
I'm getting a bit of

NOTE Confidence: 0.84233201375

00:57:17.660 --> 00:57:18.508
feedback when I'm talking.

NOTE Confidence: 0.84233201375

00:57:18.510 --> 00:57:20.330
Ohh it's gone now so that's good.

NOTE Confidence: 0.84233201375

00:57:20.330 --> 00:57:25.034
OK so first question for all of you.

NOTE Confidence: 0.84233201375

00:57:25.040 --> 00:57:26.624
So anybody wants to jump in and then I'll

NOTE Confidence: 0.84233201375

00:57:26.624 --> 00:57:28.196
start looking at questions that we've had.

NOTE Confidence: 0.84233201375

00:57:28.200 --> 00:57:29.180
Loads of questions come through,

NOTE Confidence: 0.84233201375

00:57:29.180 --> 00:57:30.776
but I'll pitch one in first.

NOTE Confidence: 0.84233201375

00:57:30.780 --> 00:57:33.964
How much of an impact has the conflict

NOTE Confidence: 0.84233201375

00:57:33.964 --> 00:57:36.533
in Ukraine caused with regard to

NOTE Confidence: 0.84233201375

00:57:36.533 --> 00:57:39.560
where you were in January this year?

NOTE Confidence: 0.84233201375

00:57:39.560 --> 00:57:41.195
And you're thinking around what

NOTE Confidence: 0.84233201375

00:57:41.195 --> 00:57:43.751
was going on in the world global

NOTE Confidence: 0.84233201375

00:57:43.751 --> 00:57:45.500
economy to where we are now.

NOTE Confidence: 0.84233201375

00:57:45.500 --> 00:57:49.112
And obviously the realization that it's

NOTE Confidence: 0.84233201375

00:57:49.112 --> 00:57:52.668
really hard to put any concrete scenarios

NOTE Confidence: 0.84233201375

00:57:52.668 --> 00:57:55.660
together for what the outcome is for.

NOTE Confidence: 0.84233201375

00:57:55.660 --> 00:57:58.164
You know the conflict in in in Ukraine.

NOTE Confidence: 0.84233201375

00:57:58.170 --> 00:58:01.914
So how does that impact what you do?

NOTE Confidence: 0.84233201375

00:58:01.920 --> 00:58:04.536
Uh, within your own areas and how's that?

NOTE Confidence: 0.84233201375

00:58:04.540 --> 00:58:05.350
How's that?

NOTE Confidence: 0.84233201375

00:58:05.350 --> 00:58:08.185
How you thinking about that going forward?

NOTE Confidence: 0.84233201375

00:58:08.190 --> 00:58:10.630
Maybe Mark can start and then we can

NOTE Confidence: 0.84233201375

00:58:10.630 --> 00:58:13.640
pass to to Lauren Randy to give like

NOTE Confidence: 0.84233201375

00:58:13.640 --> 00:58:15.890

more insightful opinions of the mind.

NOTE Confidence: 0.84233201375

00:58:15.890 --> 00:58:17.126
I think you are loser right?

NOTE Confidence: 0.84233201375

00:58:17.130 --> 00:58:18.660
We can't predict the outcome and

NOTE Confidence: 0.84233201375

00:58:18.660 --> 00:58:20.438
and we we literally had a queue

NOTE Confidence: 0.84233201375

00:58:20.438 --> 00:58:21.842
on seminar the other day where.

NOTE Confidence: 0.84233201375

00:58:21.850 --> 00:58:23.425
The number of outcomes are sparse and

NOTE Confidence: 0.84233201375

00:58:23.425 --> 00:58:25.176
and the outcomes that then happens in

NOTE Confidence: 0.84233201375

00:58:25.176 --> 00:58:26.724
financial markets is even more different,

NOTE Confidence: 0.84233201375

00:58:26.730 --> 00:58:28.816
so there's no point trying to predict.

NOTE Confidence: 0.84233201375

00:58:28.820 --> 00:58:31.898
I think you can see by our positioning we're

NOTE Confidence: 0.84233201375

00:58:31.898 --> 00:58:33.713
acknowledging the heightened uncertainty.

NOTE Confidence: 0.84233201375

00:58:33.713 --> 00:58:36.168
So reducing their active risk,

NOTE Confidence: 0.84233201375

00:58:36.170 --> 00:58:37.484

I think is sensible given the

NOTE Confidence: 0.84233201375

00:58:37.484 --> 00:58:38.901

unknowns you know that that this

NOTE Confidence: 0.84233201375

00:58:38.901 --> 00:58:40.383

isn't something that you can predict.

NOTE Confidence: 0.84233201375

00:58:40.390 --> 00:58:43.372

Now going into it that the unfortunate

NOTE Confidence: 0.84233201375

00:58:43.372 --> 00:58:46.550

episode was not expecting it to happen.

NOTE Confidence: 0.84233201375

00:58:46.550 --> 00:58:48.139

The world was in a very constructive

NOTE Confidence: 0.84233201375

00:58:48.139 --> 00:58:49.319

place in terms of growth.

NOTE Confidence: 0.84233201375

00:58:49.320 --> 00:58:50.820

Momentum inflation was rising,

NOTE Confidence: 0.84233201375

00:58:50.820 --> 00:58:53.416

but not not erratic like it maybe

NOTE Confidence: 0.84233201375

00:58:53.416 --> 00:58:55.592

is now and and hence we were sort

NOTE Confidence: 0.84233201375

00:58:55.592 --> 00:58:57.806

of pro risk going into February.

NOTE Confidence: 0.84233201375

00:58:57.810 --> 00:59:00.197

So for us it hasn't impacted the

NOTE Confidence: 0.84233201375

00:59:00.197 --> 00:59:02.016
portfolio because actually exposure to

NOTE Confidence: 0.84233201375

00:59:02.016 --> 00:59:04.224
Russia or Ukraine was relatively small.

NOTE Confidence: 0.84233201375

00:59:04.230 --> 00:59:06.894
What obviously has happened is you've

NOTE Confidence: 0.84233201375

00:59:06.894 --> 00:59:09.180
got increased supply constrained issues.

NOTE Confidence: 0.84233201375

00:59:09.180 --> 00:59:11.442
It's issue does the commodity pricing

NOTE Confidence: 0.84233201375

00:59:11.442 --> 00:59:13.363
because basically meant that the

NOTE Confidence: 0.84233201375

00:59:13.363 --> 00:59:15.108
topics of inflation have become

NOTE Confidence: 0.84233201375

00:59:15.108 --> 00:59:16.790
more sensitive and that's why.

NOTE Confidence: 0.84233201375

00:59:16.790 --> 00:59:17.980
Equity markets and fixed income

NOTE Confidence: 0.84233201375

00:59:17.980 --> 00:59:19.435
markets have reacted in the volatile

NOTE Confidence: 0.84233201375

00:59:19.435 --> 00:59:20.989
and they have and they probably meant

NOTE Confidence: 0.84233201375

00:59:20.989 --> 00:59:22.491
that you know the absolute returns

NOTE Confidence: 0.84233201375

00:59:22.491 --> 00:59:24.015
we're seeing in old Jessie portfolios

NOTE Confidence: 0.84233201375

00:59:24.020 --> 00:59:27.336
of minus four to minus 7% this year,

NOTE Confidence: 0.84233201375

00:59:27.336 --> 00:59:29.440
but probably lower than they would have been,

NOTE Confidence: 0.84233201375

00:59:29.440 --> 00:59:30.510
should this have not happened.

NOTE Confidence: 0.794589822

00:59:33.270 --> 00:59:35.110
Yeah, I'd agree with that.

NOTE Confidence: 0.794589822

00:59:35.110 --> 00:59:38.085
I think you've you had so feels

NOTE Confidence: 0.794589822

00:59:38.085 --> 00:59:40.250
just mentioned rising inflation.

NOTE Confidence: 0.794589822

00:59:40.250 --> 00:59:41.406
Yes, it was rising.

NOTE Confidence: 0.794589822

00:59:41.406 --> 00:59:42.851
I think it's been catapulted

NOTE Confidence: 0.794589822

00:59:42.851 --> 00:59:44.509
by those commodity prices,

NOTE Confidence: 0.794589822

00:59:44.510 --> 00:59:45.958
which have shot up,

NOTE Confidence: 0.794589822

00:59:45.958 --> 00:59:48.626
and I think it's extended the period

NOTE Confidence: 0.794589822

00:59:48.626 --> 00:59:51.158
that we will have high inflation.

NOTE Confidence: 0.794589822

00:59:51.160 --> 00:59:52.350
The central banks were already

NOTE Confidence: 0.794589822

00:59:52.350 --> 00:59:53.830
fairly aggressive in the 1st place,

NOTE Confidence: 0.794589822

00:59:53.830 --> 00:59:55.455
and their stance has just

NOTE Confidence: 0.794589822

00:59:55.455 --> 00:59:56.430
got more aggressive.

NOTE Confidence: 0.794589822

00:59:56.430 --> 00:59:58.966
If you have a look at the US

NOTE Confidence: 0.794589822

00:59:58.966 --> 01:00:01.401
but don't forget and let's not

NOTE Confidence: 0.794589822

01:00:01.401 --> 01:00:04.482
forget that the US is further away

NOTE Confidence: 0.794589822

01:00:04.482 --> 01:00:06.722
unless exposed to Russia anyway,

NOTE Confidence: 0.794589822

01:00:06.730 --> 01:00:09.298
so it's really Europe and the

NOTE Confidence: 0.794589822

01:00:09.298 --> 01:00:12.002
UK that have suffered more and

NOTE Confidence: 0.794589822

01:00:12.002 --> 01:00:14.267

then compounding that that issue

NOTE Confidence: 0.794589822

01:00:14.267 --> 01:00:16.890
is China and the lockdowns.

NOTE Confidence: 0.794589822

01:00:16.890 --> 01:00:19.290
So I think the two things that have

NOTE Confidence: 0.794589822

01:00:19.290 --> 01:00:21.419
come together we were quite defensive.

NOTE Confidence: 0.794589822

01:00:21.420 --> 01:00:23.560
Credit and we were underweight

NOTE Confidence: 0.794589822

01:00:23.560 --> 01:00:26.700
interest rate risk in the first place.

NOTE Confidence: 0.794589822

01:00:26.700 --> 01:00:27.391
Umm?

NOTE Confidence: 0.794589822

01:00:27.391 --> 01:00:31.537
And it's an opportunity to add

NOTE Confidence: 0.794589822

01:00:31.537 --> 01:00:33.578
credit as credit has widened,

NOTE Confidence: 0.794589822

01:00:33.578 --> 01:00:36.054
but we are just very selective at

NOTE Confidence: 0.794589822

01:00:36.054 --> 01:00:37.994
where we're adding because obviously

NOTE Confidence: 0.794589822

01:00:37.994 --> 01:00:40.298
the central banks are now being

NOTE Confidence: 0.794589822

01:00:40.298 --> 01:00:42.116
forced into being probably a little

NOTE Confidence: 0.794589822

01:00:42.116 --> 01:00:43.950
more aggressive than they had to be.

NOTE Confidence: 0.794589822

01:00:43.950 --> 01:00:45.486
However, you've then got the ECB

NOTE Confidence: 0.794589822

01:00:45.486 --> 01:00:46.989
on the flip side of that,

NOTE Confidence: 0.794589822

01:00:46.990 --> 01:00:50.896
who have almost pared back their aggression.

NOTE Confidence: 0.794589822

01:00:50.900 --> 01:00:53.637
They've become a little bit more dovish,

NOTE Confidence: 0.794589822

01:00:53.640 --> 01:00:54.890
and now they're kind of,

NOTE Confidence: 0.794589822

01:00:54.890 --> 01:00:55.504
you know.

NOTE Confidence: 0.794589822

01:00:55.504 --> 01:00:57.653
We're on hold and we're data dependent,

NOTE Confidence: 0.794589822

01:00:57.660 --> 01:01:00.600
so your your policy divergences

NOTE Confidence: 0.794589822

01:01:00.600 --> 01:01:03.540
has widened compared to last.

NOTE Confidence: 0.794589822

01:01:03.540 --> 01:01:05.010
You know the beginning of the year.

NOTE Confidence: 0.7717989633333333

01:01:08.330 --> 01:01:10.040
For me, Mark, it's slightly different.

NOTE Confidence: 0.7717989633333333

01:01:10.040 --> 01:01:12.070
Obviously an increase in commodity,

NOTE Confidence: 0.7717989633333333

01:01:12.070 --> 01:01:13.286
specifically oil and gas,

NOTE Confidence: 0.7717989633333333

01:01:13.286 --> 01:01:14.806
is actually made the case

NOTE Confidence: 0.7717989633333333

01:01:14.806 --> 01:01:16.550
for renewables even stronger,

NOTE Confidence: 0.7717989633333333

01:01:16.550 --> 01:01:19.650
but unfortunately you know wind

NOTE Confidence: 0.7717989633333333

01:01:19.650 --> 01:01:21.510
turbines and infrastructure.

NOTE Confidence: 0.7717989633333333

01:01:21.510 --> 01:01:23.085
That sort of the green metals have

NOTE Confidence: 0.7717989633333333

01:01:23.085 --> 01:01:24.920
also gone up in price a fair amount,

NOTE Confidence: 0.7717989633333333

01:01:24.920 --> 01:01:27.403
whether it be nickel, Palladium, copper.

NOTE Confidence: 0.7717989633333333

01:01:27.403 --> 01:01:29.468
So it's sort of offsetting.

NOTE Confidence: 0.7717989633333333

01:01:29.470 --> 01:01:31.055
But overlying that now especially

NOTE Confidence: 0.7717989633333333

01:01:31.055 --> 01:01:33.287
we've seen with the EU is they've

NOTE Confidence: 0.7717989633333333

01:01:33.287 --> 01:01:35.051
realized that natural gas is not

NOTE Confidence: 0.7717989633333333

01:01:35.051 --> 01:01:37.056
going to be a long term solution.

NOTE Confidence: 0.7717989633333333

01:01:37.060 --> 01:01:39.200
I'm not sure if it ever really was to get to.

NOTE Confidence: 0.7717989633333333

01:01:39.200 --> 01:01:41.186
At zero, but they've they've solidifying

NOTE Confidence: 0.7717989633333333

01:01:41.186 --> 01:01:44.108
that now into law with new policy and really,

NOTE Confidence: 0.7717989633333333

01:01:44.110 --> 01:01:46.820
really pushing out on improving

NOTE Confidence: 0.7717989633333333

01:01:46.820 --> 01:01:48.988
infrastructure and investment and

NOTE Confidence: 0.7717989633333333

01:01:48.988 --> 01:01:51.748
regulatory planning for renewable energy.

NOTE Confidence: 0.7717989633333333

01:01:51.750 --> 01:01:53.832
So I think longer term that

NOTE Confidence: 0.7717989633333333

01:01:53.832 --> 01:01:56.186
will have a positive benefit on

NOTE Confidence: 0.7717989633333333

01:01:56.186 --> 01:01:57.970
the portfolio nearer term.

NOTE Confidence: 0.7717989633333333

01:01:57.970 --> 01:01:59.730
I think a lot of the companies that we invest

NOTE Confidence: 0.7717989633333333

01:01:59.770 --> 01:02:01.527
in are seeing some commodity price increases,

NOTE Confidence: 0.7717989633333333

01:02:01.530 --> 01:02:03.005
which may take six months

NOTE Confidence: 0.7717989633333333

01:02:03.005 --> 01:02:04.760
to a year to pass on.

NOTE Confidence: 0.7717989633333333

01:02:04.760 --> 01:02:07.488
OK, Randy, I've had a really good juncture,

NOTE Confidence: 0.7717989633333333

01:02:07.490 --> 01:02:09.800
but I've had a question come in.

NOTE Confidence: 0.7717989633333333

01:02:09.800 --> 01:02:11.876
Which is saying there's a lot

NOTE Confidence: 0.7717989633333333

01:02:11.876 --> 01:02:13.260
of discussion around wind,

NOTE Confidence: 0.7717989633333333

01:02:13.260 --> 01:02:14.214
solar, renewables,

NOTE Confidence: 0.7717989633333333

01:02:14.214 --> 01:02:17.076
but there's not much comment about

NOTE Confidence: 0.7717989633333333

01:02:17.076 --> 01:02:19.237
where nuclear fits in to that,

NOTE Confidence: 0.7717989633333333

01:02:19.240 --> 01:02:23.652

so I thought I'd throw that one in to you.

NOTE Confidence: 0.7717989633333333

01:02:23.652 --> 01:02:26.214
Let's just take Europe on its own,

NOTE Confidence: 0.7717989633333333

01:02:26.220 --> 01:02:28.900
so for example, pretty much most of Europe,

NOTE Confidence: 0.7717989633333333

01:02:28.900 --> 01:02:31.012
Germany, Belgium, Spain, Italy.

NOTE Confidence: 0.7717989633333333

01:02:31.012 --> 01:02:33.124
If they haven't already,

NOTE Confidence: 0.7717989633333333

01:02:33.130 --> 01:02:35.056
are pretty much getting rid of

NOTE Confidence: 0.7717989633333333

01:02:35.056 --> 01:02:36.980
all of their nuclear capacity.

NOTE Confidence: 0.7717989633333333

01:02:36.980 --> 01:02:38.779
In Germany's case, it really hasn't helped.

NOTE Confidence: 0.7717989633333333

01:02:38.780 --> 01:02:40.424
It's made them a bit more

NOTE Confidence: 0.7717989633333333

01:02:40.424 --> 01:02:41.780
dependent on Russian natural gas.

NOTE Confidence: 0.7717989633333333

01:02:41.780 --> 01:02:44.120
The only countries really in the

NOTE Confidence: 0.7717989633333333

01:02:44.120 --> 01:02:46.126
process of building out nuclear

NOTE Confidence: 0.7717989633333333

01:02:46.126 --> 01:02:48.334
energy are France and the UK,

NOTE Confidence: 0.7717989633333333

01:02:48.340 --> 01:02:50.734
and even at the UK so far it's only

NOTE Confidence: 0.7717989633333333

01:02:50.734 --> 01:02:52.928
been to replace existing capacity which

NOTE Confidence: 0.7717989633333333

01:02:52.928 --> 01:02:55.858
needs to come off due to end of life.

NOTE Confidence: 0.7717989633333333

01:02:55.860 --> 01:02:58.364
Now the problem that we have with renewable

NOTE Confidence: 0.7717989633333333

01:02:58.364 --> 01:03:00.340
energy, for example solar and wind,

NOTE Confidence: 0.7717989633333333

01:03:00.340 --> 01:03:02.559
is that they cannot provide baseload power,

NOTE Confidence: 0.7717989633333333

01:03:02.560 --> 01:03:04.204
IE they only provide energy when

NOTE Confidence: 0.7717989633333333

01:03:04.204 --> 01:03:06.179
the wind blows or the sun shines.

NOTE Confidence: 0.7717989633333333

01:03:06.180 --> 01:03:07.360
And if you want electricity.

NOTE Confidence: 0.7717989633333333

01:03:07.360 --> 01:03:09.747
And it's fine, but at other times

NOTE Confidence: 0.7717989633333333

01:03:09.747 --> 01:03:11.550
it becomes increasingly problematic.

NOTE Confidence: 0.7717989633333333

01:03:11.550 --> 01:03:14.470
So we are going to need other solutions.

NOTE Confidence: 0.7717989633333333

01:03:14.470 --> 01:03:14.874
Now.

NOTE Confidence: 0.7717989633333333

01:03:14.874 --> 01:03:16.490
Those other solutions are,

NOTE Confidence: 0.7717989633333333

01:03:16.490 --> 01:03:18.498
for example energy storage,

NOTE Confidence: 0.7717989633333333

01:03:18.498 --> 01:03:20.506
large lithium batteries which

NOTE Confidence: 0.7717989633333333

01:03:20.506 --> 01:03:22.509
is underway by many companies.

NOTE Confidence: 0.7717989633333333

01:03:22.509 --> 01:03:24.840
The second is another form of energy

NOTE Confidence: 0.7717989633333333

01:03:24.903 --> 01:03:27.630
that can be stored much like gas natural gas,

NOTE Confidence: 0.7717989633333333

01:03:27.630 --> 01:03:29.748
but isn't natural gas and green

NOTE Confidence: 0.7717989633333333

01:03:29.748 --> 01:03:32.010
hydrogen looks at that alternative.

NOTE Confidence: 0.7717989633333333

01:03:32.010 --> 01:03:34.218
But now that we've actually put a time

NOTE Confidence: 0.7717989633333333

01:03:34.218 --> 01:03:36.630
frame on 2050 in order to get there,

NOTE Confidence: 0.7717989633333333

01:03:36.630 --> 01:03:39.300
it does look as if nuclear will have to play.

NOTE Confidence: 0.7717989633333333

01:03:39.300 --> 01:03:41.559
A bit of a part in all of this.

NOTE Confidence: 0.7717989633333333

01:03:41.560 --> 01:03:43.824
Now we don't have a huge amount of

NOTE Confidence: 0.7717989633333333

01:03:43.824 --> 01:03:45.399
nuclear exposure on the portfolio,

NOTE Confidence: 0.7717989633333333

01:03:45.400 --> 01:03:47.717
but the simple reason it is incredibly,

NOTE Confidence: 0.7717989633333333

01:03:47.720 --> 01:03:49.456
incredibly expensive.

NOTE Confidence: 0.7717989633333333

01:03:49.456 --> 01:03:53.152
In order to put these projects

NOTE Confidence: 0.7717989633333333

01:03:53.152 --> 01:03:55.336
together and as an electricity source,

NOTE Confidence: 0.7717989633333333

01:03:55.340 --> 01:03:57.390
it requires masses of government

NOTE Confidence: 0.7717989633333333

01:03:57.390 --> 01:04:00.032
subsidization in order to work something

NOTE Confidence: 0.7717989633333333

01:04:00.032 --> 01:04:02.637
that renewables doesn't require today.

NOTE Confidence: 0.7717989633333333

01:04:02.640 --> 01:04:04.175
So from an investment and

NOTE Confidence: 0.771798963333333

01:04:04.175 --> 01:04:05.096
an impact perspective,

NOTE Confidence: 0.924773221428571

01:04:05.100 --> 01:04:06.899
it's a bit of a mixed bag,

NOTE Confidence: 0.924773221428571

01:04:06.900 --> 01:04:08.060
and the fact that Europe

NOTE Confidence: 0.924773221428571

01:04:08.060 --> 01:04:09.400
continues to move away from it.

NOTE Confidence: 0.924773221428571

01:04:09.400 --> 01:04:10.935
The German Government clearly thinks

NOTE Confidence: 0.924773221428571

01:04:10.935 --> 01:04:13.349
that they can get there without nuclear.

NOTE Confidence: 0.924773221428571

01:04:13.350 --> 01:04:14.754
I think nuclear just helps us

NOTE Confidence: 0.924773221428571

01:04:14.754 --> 01:04:16.378
along to get there a bit sooner,

NOTE Confidence: 0.924773221428571

01:04:16.380 --> 01:04:18.790
but it is very expensive. OK, great.

NOTE Confidence: 0.924773221428571

01:04:18.790 --> 01:04:21.590
I'm going to go off a different tangent now.

NOTE Confidence: 0.924773221428571

01:04:21.590 --> 01:04:23.654
I've had two questions which I'm

NOTE Confidence: 0.924773221428571

01:04:23.654 --> 01:04:26.221

sort of going to mail together to

NOTE Confidence: 0.924773221428571

01:04:26.221 --> 01:04:28.825
make it even more difficult for you.

NOTE Confidence: 0.924773221428571

01:04:28.830 --> 01:04:31.110
So somebody's commented on Q1

NOTE Confidence: 0.924773221428571

01:04:31.110 --> 01:04:33.390
US numbers that were mentioned

NOTE Confidence: 0.924773221428571

01:04:33.472 --> 01:04:35.447
a little little while ago.

NOTE Confidence: 0.924773221428571

01:04:35.450 --> 01:04:37.826
And the question around, do you?

NOTE Confidence: 0.924773221428571

01:04:37.830 --> 01:04:39.818
What's your view on whether the US

NOTE Confidence: 0.924773221428571

01:04:39.818 --> 01:04:41.950
will go into recession this year?

NOTE Confidence: 0.924773221428571

01:04:41.950 --> 01:04:43.114
Is that a possibility?

NOTE Confidence: 0.924773221428571

01:04:43.114 --> 01:04:45.369
And then the other one that's come in?

NOTE Confidence: 0.924773221428571

01:04:45.370 --> 01:04:46.630
Which sort of looks at it?

NOTE Confidence: 0.924773221428571

01:04:46.630 --> 01:04:49.190
More of, I think, from an EU point of view,

NOTE Confidence: 0.924773221428571

01:04:49.190 --> 01:04:53.450
is how much is stagflation more

NOTE Confidence: 0.924773221428571

01:04:53.450 --> 01:04:56.290
of an issue than?

NOTE Confidence: 0.924773221428571

01:04:56.290 --> 01:04:58.138
And just the the rising interest

NOTE Confidence: 0.924773221428571

01:04:58.138 --> 01:04:59.370
rates at the moment.

NOTE Confidence: 0.899761826

01:05:01.750 --> 01:05:03.297
I don't know if anybody wants to

NOTE Confidence: 0.899761826

01:05:03.297 --> 01:05:05.230
jump in and give their view on that.

NOTE Confidence: 0.899761826

01:05:05.230 --> 01:05:07.695
He's going to take that

NOTE Confidence: 0.899761826

01:05:07.695 --> 01:05:10.160
so US recession this year.

NOTE Confidence: 0.899761826

01:05:10.160 --> 01:05:13.507
I think the markets can take the

NOTE Confidence: 0.899761826

01:05:13.507 --> 01:05:17.029
hikes that have been priced in.

NOTE Confidence: 0.899761826

01:05:17.030 --> 01:05:20.918
It's I mean there's 240 basis points of

NOTE Confidence: 0.899761826

01:05:20.918 --> 01:05:24.710
hikes priced in this year in the states.

NOTE Confidence: 0.899761826

01:05:24.710 --> 01:05:26.789
That is a lot, but you can see that,

NOTE Confidence: 0.899761826

01:05:26.790 --> 01:05:29.510
say, 10 year yields are up at 3%,

NOTE Confidence: 0.899761826

01:05:29.510 --> 01:05:32.816
so it is expected the markets

NOTE Confidence: 0.899761826

01:05:32.816 --> 01:05:36.668
have been sort of set for that.

NOTE Confidence: 0.899761826

01:05:36.670 --> 01:05:39.100
And I think Paul can't really

NOTE Confidence: 0.899761826

01:05:39.100 --> 01:05:42.080
leave post as being the guy that

NOTE Confidence: 0.899761826

01:05:42.080 --> 01:05:44.618
let inflation get out of control,

NOTE Confidence: 0.899761826

01:05:44.620 --> 01:05:47.060
so I think they've got to do something.

NOTE Confidence: 0.899761826

01:05:47.060 --> 01:05:50.364
I don't think that the hikes this year

NOTE Confidence: 0.899761826

01:05:50.364 --> 01:05:53.752
will fire the US into recession, however.

NOTE Confidence: 0.899761826

01:05:53.752 --> 01:05:56.612
2023 if commodity prices don't

NOTE Confidence: 0.899761826

01:05:56.612 --> 01:05:58.900
start to come down.

NOTE Confidence: 0.899761826

01:05:58.900 --> 01:06:00.555
That's when we're probably we'll

NOTE Confidence: 0.899761826

01:06:00.555 --> 01:06:02.210
be looking towards a problem.

NOTE Confidence: 0.899761826

01:06:02.210 --> 01:06:02.565
However,

NOTE Confidence: 0.899761826

01:06:02.565 --> 01:06:05.405
most of the brokers on the street are

NOTE Confidence: 0.899761826

01:06:05.405 --> 01:06:09.320
looking at the back end of 23 into 24.

NOTE Confidence: 0.899761826

01:06:09.320 --> 01:06:11.720
That's for the states.

NOTE Confidence: 0.899761826

01:06:11.720 --> 01:06:15.140
And it's Europe in more risk

NOTE Confidence: 0.899761826

01:06:15.140 --> 01:06:16.850
of stagflation or.

NOTE Confidence: 0.899761826

01:06:16.850 --> 01:06:18.641
I think Europe,

NOTE Confidence: 0.899761826

01:06:18.641 --> 01:06:21.409
being closer proximity to you,

NOTE Confidence: 0.899761826

01:06:21.409 --> 01:06:24.062
know to Russia and and obviously you

NOTE Confidence: 0.899761826

01:06:24.062 --> 01:06:26.377
know those those energy supplies have

NOTE Confidence: 0.899761826

01:06:26.377 --> 01:06:29.629
been cut off to a number of countries.

NOTE Confidence: 0.899761826

01:06:29.630 --> 01:06:30.470
There is obviously,

NOTE Confidence: 0.899761826

01:06:30.470 --> 01:06:31.310
as Randeep said,

NOTE Confidence: 0.899761826

01:06:31.310 --> 01:06:33.263
there's a move towards trying to trying

NOTE Confidence: 0.899761826

01:06:33.263 --> 01:06:35.727
to sort of change their energy sources,

NOTE Confidence: 0.899761826

01:06:35.730 --> 01:06:37.555
although that's not going to

NOTE Confidence: 0.899761826

01:06:37.555 --> 01:06:38.285
happen overnight.

NOTE Confidence: 0.899761826

01:06:38.290 --> 01:06:42.330
The ECB needs to get to some type of normal,

NOTE Confidence: 0.899761826

01:06:42.330 --> 01:06:43.659
but they are,

NOTE Confidence: 0.899761826

01:06:43.659 --> 01:06:46.760
I think really walking a tightrope here.

NOTE Confidence: 0.899761826

01:06:46.760 --> 01:06:48.248
They disappointed the markets

NOTE Confidence: 0.899761826

01:06:48.248 --> 01:06:49.736

when they basically said,

NOTE Confidence: 0.899761826

01:06:49.740 --> 01:06:52.533
you know nothing will happen until AP

NOTE Confidence: 0.899761826

01:06:52.533 --> 01:06:55.672
has been sort of rolled out and therefore

NOTE Confidence: 0.899761826

01:06:55.672 --> 01:06:58.619
we're looking at Q3 before lift off.

NOTE Confidence: 0.899761826

01:06:58.620 --> 01:07:02.372
And all that does is increases the the

NOTE Confidence: 0.899761826

01:07:02.372 --> 01:07:05.300
interest rate differentials between

NOTE Confidence: 0.899761826

01:07:05.300 --> 01:07:08.558
Europe and the UK and Europe and the US.

NOTE Confidence: 0.899761826

01:07:08.560 --> 01:07:11.044
And it means that there is

NOTE Confidence: 0.899761826

01:07:11.044 --> 01:07:13.390
assets flowing out of Europe,

NOTE Confidence: 0.899761826

01:07:13.390 --> 01:07:15.934
Europe at the moment and into

NOTE Confidence: 0.899761826

01:07:15.934 --> 01:07:17.206
higher yielding areas.

NOTE Confidence: 0.899761826

01:07:17.210 --> 01:07:19.128
So I think they need to do

NOTE Confidence: 0.899761826

01:07:19.128 --> 01:07:20.609
something sooner rather than later,

NOTE Confidence: 0.899761826

01:07:20.610 --> 01:07:23.000
but as you say, yeah, they are sort of.

NOTE Confidence: 0.899761826

01:07:23.000 --> 01:07:23.530
You know,

NOTE Confidence: 0.899761826

01:07:23.530 --> 01:07:26.360
the stagflation is probably more

NOTE Confidence: 0.899761826

01:07:26.360 --> 01:07:28.877
likely in Europe now, Laura.

NOTE Confidence: 0.899761826

01:07:28.877 --> 01:07:30.606
It's also really hard thing to assess

NOTE Confidence: 0.899761826

01:07:30.606 --> 01:07:32.183
right at this very moment, right?

NOTE Confidence: 0.899761826

01:07:32.183 --> 01:07:33.581
So we're about to enter the

NOTE Confidence: 0.899761826

01:07:33.581 --> 01:07:34.650
summer months in Europe,

NOTE Confidence: 0.899761826

01:07:34.650 --> 01:07:37.219
so the sort of energy story energy

NOTE Confidence: 0.899761826

01:07:37.219 --> 01:07:39.410
inflation goes away for six months.

NOTE Confidence: 0.899761826

01:07:39.410 --> 01:07:42.385
So they came out and poorly worded.

NOTE Confidence: 0.899761826

01:07:42.390 --> 01:07:44.070
We won't move till Q3.

NOTE Confidence: 0.899761826

01:07:44.070 --> 01:07:45.516
There's been some dissenters to that,

NOTE Confidence: 0.899761826

01:07:45.520 --> 01:07:47.656
saying, oh, actually, we leave the door open.

NOTE Confidence: 0.899761826

01:07:47.660 --> 01:07:48.686
Because we might need to do

NOTE Confidence: 0.899761826

01:07:48.686 --> 01:07:49.500
something if growth holds up,

NOTE Confidence: 0.899761826

01:07:49.500 --> 01:07:51.148
we might be to do some rate hikes,

NOTE Confidence: 0.899761826

01:07:51.150 --> 01:07:51.891
so for me,

NOTE Confidence: 0.899761826

01:07:51.891 --> 01:07:53.126
I think that evaluation would

NOTE Confidence: 0.899761826

01:07:53.126 --> 01:07:54.450
not Europe and stagflation.

NOTE Confidence: 0.899761826

01:07:54.450 --> 01:07:55.610
It's very hard to predict.

NOTE Confidence: 0.899761826

01:07:55.610 --> 01:07:58.196
Now you still need to wait three or four

NOTE Confidence: 0.899761826

01:07:58.196 --> 01:07:59.400
months to see what inflation is doing.

NOTE Confidence: 0.899761826

01:07:59.400 --> 01:08:00.830
See what's happening with Russia,

NOTE Confidence: 0.899761826

01:08:00.830 --> 01:08:01.085
Ukraine,

NOTE Confidence: 0.899761826

01:08:01.085 --> 01:08:02.870
and seeing whether not the ECB of

NOTE Confidence: 0.899761826

01:08:02.870 --> 01:08:04.730
any sort of palette to do anything.

NOTE Confidence: 0.899761826

01:08:04.730 --> 01:08:05.744
So for me,

NOTE Confidence: 0.899761826

01:08:05.744 --> 01:08:08.110
I think that's really making a judgment

NOTE Confidence: 0.757997808888889

01:08:08.179 --> 01:08:10.403
now is might as well flip a coin.

NOTE Confidence: 0.757997808888889

01:08:10.410 --> 01:08:11.610
It's very hard to tell.

NOTE Confidence: 0.83748356875

01:08:13.660 --> 01:08:15.772
If I can just I might have something

NOTE Confidence: 0.83748356875

01:08:15.772 --> 01:08:18.278
to add there just on the energy front.

NOTE Confidence: 0.83748356875

01:08:18.280 --> 01:08:19.920
Europe now, especially the EU,

NOTE Confidence: 0.83748356875

01:08:19.920 --> 01:08:23.000
directly are buying gas directly from the US,

NOTE Confidence: 0.83748356875

01:08:23.000 --> 01:08:24.626
and they've decided that in order

NOTE Confidence: 0.83748356875

01:08:24.626 --> 01:08:26.311
to get themselves off Russian gas

NOTE Confidence: 0.83748356875

01:08:26.311 --> 01:08:28.693
short to medium term, they need to

NOTE Confidence: 0.83748356875

01:08:28.693 --> 01:08:30.848
find alternative sources and fast.

NOTE Confidence: 0.83748356875

01:08:30.850 --> 01:08:32.266
Now the Russian gas that comes

NOTE Confidence: 0.83748356875

01:08:32.266 --> 01:08:34.048
into the EU comes in via pipeline.

NOTE Confidence: 0.83748356875

01:08:34.050 --> 01:08:36.178
That's by far the most efficient way

NOTE Confidence: 0.83748356875

01:08:36.178 --> 01:08:38.115
to transport gas that will need to

NOTE Confidence: 0.83748356875

01:08:38.115 --> 01:08:40.308
stop and bring in gas in from the US.

NOTE Confidence: 0.83748356875

01:08:40.310 --> 01:08:42.333
Will need to come in via import

NOTE Confidence: 0.83748356875

01:08:42.333 --> 01:08:43.800
terminals those import terminals.

NOTE Confidence: 0.83748356875

01:08:43.800 --> 01:08:45.488

Need to be built and they're being built

NOTE Confidence: 0.83748356875

01:08:45.488 --> 01:08:47.439
now and they take about a year so just

NOTE Confidence: 0.83748356875

01:08:47.439 --> 01:08:49.048
following on from Phil's point of view.

NOTE Confidence: 0.83748356875

01:08:49.050 --> 01:08:53.082
Yet the tricky situation comes as we

NOTE Confidence: 0.83748356875

01:08:53.082 --> 01:08:56.178
hit autumn winter 2022 when we see

NOTE Confidence: 0.83748356875

01:08:56.178 --> 01:08:58.230
truly what the capacity for resources

NOTE Confidence: 0.83748356875

01:08:58.295 --> 01:09:00.255
is and just what it can do now.

NOTE Confidence: 0.83748356875

01:09:00.260 --> 01:09:02.236
Things can change there.

NOTE Confidence: 0.83748356875

01:09:02.236 --> 01:09:04.405
Maybe Russia ends this war and

NOTE Confidence: 0.83748356875

01:09:04.405 --> 01:09:05.410
things slow down.

NOTE Confidence: 0.83748356875

01:09:05.410 --> 01:09:06.526
I still suspect we're going to

NOTE Confidence: 0.83748356875

01:09:06.526 --> 01:09:07.909
need to find new energy sources.

NOTE Confidence: 0.83748356875

01:09:07.910 --> 01:09:11.114
I think he's gone far too far and he's

NOTE Confidence: 0.83748356875

01:09:11.114 --> 01:09:13.642
not effectively a reliable leader.

NOTE Confidence: 0.83748356875

01:09:13.642 --> 01:09:14.278
Or at least.

NOTE Confidence: 0.83748356875

01:09:14.278 --> 01:09:16.299
One that we want to do business with,

NOTE Confidence: 0.83748356875

01:09:16.300 --> 01:09:17.947
but the the crux of it will come in

NOTE Confidence: 0.83748356875

01:09:17.947 --> 01:09:19.263
Q3 because those import terminals

NOTE Confidence: 0.83748356875

01:09:19.263 --> 01:09:21.406
will not be ready in time and there

NOTE Confidence: 0.83748356875

01:09:21.406 --> 01:09:23.058
is a good chance that we're gonna

NOTE Confidence: 0.83748356875

01:09:23.058 --> 01:09:25.070
start to see huge spikes again

NOTE Confidence: 0.83748356875

01:09:25.070 --> 01:09:26.840
in energy and specifically gas.

NOTE Confidence: 0.83748356875

01:09:26.840 --> 01:09:27.687
I think Randy you hit the nail

NOTE Confidence: 0.83748356875

01:09:27.687 --> 01:09:28.529
on the head there, right?

NOTE Confidence: 0.83748356875

01:09:28.529 --> 01:09:30.143
Whether it's a short term issue

NOTE Confidence: 0.83748356875

01:09:30.143 --> 01:09:31.370
less than six months,

NOTE Confidence: 0.83748356875

01:09:31.370 --> 01:09:32.618
whether it's a medium term machine.

NOTE Confidence: 0.83748356875

01:09:32.620 --> 01:09:33.688
So for argument's sake,

NOTE Confidence: 0.83748356875

01:09:33.688 --> 01:09:35.023
to my point about earlier

NOTE Confidence: 0.83748356875

01:09:35.023 --> 01:09:36.360
about not predicting stuff,

NOTE Confidence: 0.83748356875

01:09:36.360 --> 01:09:38.516
what happens if Putin's not ahead of

NOTE Confidence: 0.83748356875

01:09:38.516 --> 01:09:40.428
Russia in August all of a sudden?

NOTE Confidence: 0.83748356875

01:09:40.430 --> 01:09:42.722
All those issues that we're foreseeing

NOTE Confidence: 0.83748356875

01:09:42.722 --> 01:09:44.710
now may not actually exist.

NOTE Confidence: 0.83748356875

01:09:44.710 --> 01:09:45.738
And become the autumn.

NOTE Confidence: 0.83748356875

01:09:45.738 --> 01:09:47.280
But clearly we need to plan.

NOTE Confidence: 0.83748356875

01:09:47.280 --> 01:09:48.980
Clearly we need to diversify,

NOTE Confidence: 0.83748356875

01:09:48.980 --> 01:09:50.605
but therefore predicting a single

NOTE Confidence: 0.83748356875

01:09:50.605 --> 01:09:52.984
part of where we're going at the

NOTE Confidence: 0.83748356875

01:09:52.984 --> 01:09:54.380
moment is incredibly difficult.

NOTE Confidence: 0.83748356875

01:09:54.380 --> 01:09:56.739
Yeah, and that will just inflation might,

NOTE Confidence: 0.83748356875

01:09:56.740 --> 01:09:59.180
as I said when I was talking about

NOTE Confidence: 0.83748356875

01:09:59.180 --> 01:10:01.605
the peak of inflation down to five

NOTE Confidence: 0.83748356875

01:10:01.605 --> 01:10:04.339
is probably going to be fairly quick.

NOTE Confidence: 0.83748356875

01:10:04.340 --> 01:10:05.424
And to your point.

NOTE Confidence: 0.83748356875

01:10:05.424 --> 01:10:08.016
If that happens, it will be fast.

NOTE Confidence: 0.83748356875

01:10:08.016 --> 01:10:08.460
However,

NOTE Confidence: 0.83748356875

01:10:08.460 --> 01:10:11.352
it's that journey of sticky inflation

NOTE Confidence: 0.83748356875

01:10:11.352 --> 01:10:14.629
that we are kind of stuck with.

NOTE Confidence: 0.83748356875

01:10:14.630 --> 01:10:18.660
For now at least. Phil, yeah, come on.

NOTE Confidence: 0.83748356875

01:10:18.660 --> 01:10:21.340
I've got a really I'm gonna jump

NOTE Confidence: 0.83748356875

01:10:21.340 --> 01:10:24.217
in cause I've got a really nice

NOTE Confidence: 0.83748356875

01:10:24.217 --> 01:10:26.608
question for you.

NOTE Confidence: 0.83748356875

01:10:26.610 --> 01:10:29.130
And this is to do with the multi asset funds.

NOTE Confidence: 0.83748356875

01:10:29.130 --> 01:10:31.167
So if you look at the risk managed

NOTE Confidence: 0.83748356875

01:10:31.167 --> 01:10:32.868
passive and active and obviously

NOTE Confidence: 0.83748356875

01:10:32.868 --> 01:10:35.112
the the fact that you've explained

NOTE Confidence: 0.83748356875

01:10:35.112 --> 01:10:37.902
that we have the choice between one

NOTE Confidence: 0.83748356875

01:10:37.902 --> 01:10:40.494
which is the lower risk appetite

NOTE Confidence: 0.83748356875

01:10:40.494 --> 01:10:43.078

up to five with the highest risk

NOTE Confidence: 0.83748356875

01:10:43.078 --> 01:10:44.688
appetite that we make available

NOTE Confidence: 0.83748356875

01:10:44.688 --> 01:10:46.619
to advisors for their clients.

NOTE Confidence: 0.83748356875

01:10:46.620 --> 01:10:50.705
So the question is. Given.

NOTE Confidence: 0.83748356875

01:10:50.705 --> 01:10:55.792
That the lower risk levels of one

NOTE Confidence: 0.83748356875

01:10:55.792 --> 01:10:58.750
to three have a greater proportion

NOTE Confidence: 0.83748356875

01:10:58.750 --> 01:11:01.360
within fixed income and bond biased.

NOTE Confidence: 0.914589918

01:11:03.720 --> 01:11:06.896
With the sort of the. What?

NOTE Confidence: 0.914589918

01:11:06.896 --> 01:11:10.998
We've heard today and some of the.

NOTE Confidence: 0.914589918

01:11:11.000 --> 01:11:14.950
The negatives around fixed income.

NOTE Confidence: 0.914589918

01:11:14.950 --> 01:11:17.620
Is it really backward looking?

NOTE Confidence: 0.914589918

01:11:17.620 --> 01:11:19.750
Appropriate to classify these funds

NOTE Confidence: 0.914589918

01:11:19.750 --> 01:11:22.708
is still lower risk in terms of

NOTE Confidence: 0.914589918

01:11:22.708 --> 01:11:25.333
potential for loss of four or client.

NOTE Confidence: 0.914589918

01:11:25.340 --> 01:11:26.996
I'm I open the debate there

NOTE Confidence: 0.914589918

01:11:26.996 --> 01:11:29.250
or I reckon we could provide a

NOTE Confidence: 0.914589918

01:11:29.250 --> 01:11:31.055
whole session on that alone.

NOTE Confidence: 0.914589918

01:11:31.060 --> 01:11:33.499
Yeah, so I think the best way of doing

NOTE Confidence: 0.914589918

01:11:33.499 --> 01:11:35.727
that is actually one of Laura's where

NOTE Confidence: 0.914589918

01:11:35.727 --> 01:11:38.057
she showed the UK gilts and then

NOTE Confidence: 0.914589918

01:11:38.057 --> 01:11:40.395
showed what your total return would be

NOTE Confidence: 0.914589918

01:11:40.400 --> 01:11:44.870
if they moved to 5432 or back to zero.

NOTE Confidence: 0.914589918

01:11:44.870 --> 01:11:46.740
Now we're all sitting here.

NOTE Confidence: 0.914589918

01:11:46.740 --> 01:11:48.246
Quite pessimistic because we're going on.

NOTE Confidence: 0.914589918

01:11:48.250 --> 01:11:49.640
The inflation is quite high,

NOTE Confidence: 0.914589918

01:11:49.640 --> 01:11:52.600
therefore rates need to go high and think.

NOTE Confidence: 0.914589918

01:11:52.600 --> 01:11:54.028
Remember if Laura Randeep scared us

NOTE Confidence: 0.914589918

01:11:54.028 --> 01:11:55.609
by saying rates might need to go to?

NOTE Confidence: 0.914589918

01:11:55.610 --> 01:11:57.388
To six or something like that earlier,

NOTE Confidence: 0.914589918

01:11:57.390 --> 01:11:58.944
and the concern would be obviously

NOTE Confidence: 0.914589918

01:11:58.944 --> 01:12:00.350
if we get there right?

NOTE Confidence: 0.914589918

01:12:00.350 --> 01:12:02.766
So this idea if we get a structural

NOTE Confidence: 0.914589918

01:12:02.766 --> 01:12:05.190
shift that means that policy rate

NOTE Confidence: 0.914589918

01:12:05.190 --> 01:12:07.310
normalizes and normally means to

NOTE Confidence: 0.914589918

01:12:07.386 --> 01:12:09.577
us what it was 10-15 years ago.

NOTE Confidence: 0.914589918

01:12:09.580 --> 01:12:10.750
God help us if we go back to what

NOTE Confidence: 0.914589918

01:12:10.750 --> 01:12:11.770
it was in the 80s, right?

NOTE Confidence: 0.914589918

01:12:11.770 --> 01:12:13.940
So if you believe that that interest

NOTE Confidence: 0.914589918

01:12:13.940 --> 01:12:15.987
rates and government bond yields and

NOTE Confidence: 0.914589918

01:12:15.987 --> 01:12:18.440
all the other assets that price offer,

NOTE Confidence: 0.914589918

01:12:18.440 --> 01:12:21.536
those are going to move back to those levels,

NOTE Confidence: 0.914589918

01:12:21.540 --> 01:12:24.150
then as a forward looking advisor,

NOTE Confidence: 0.914589918

01:12:24.150 --> 01:12:26.061
you probably don't want to be in

NOTE Confidence: 0.914589918

01:12:26.061 --> 01:12:27.654
those low risk portfolios because

NOTE Confidence: 0.914589918

01:12:27.654 --> 01:12:29.784
you've got large assets that no

NOTE Confidence: 0.914589918

01:12:29.784 --> 01:12:31.659
matter how much we try and do,

NOTE Confidence: 0.914589918

01:12:31.660 --> 01:12:33.874
they always going to sort of

NOTE Confidence: 0.914589918

01:12:33.874 --> 01:12:36.086
be facing against the wind now

NOTE Confidence: 0.914589918

01:12:36.086 --> 01:12:37.916
that assumes that that happens.

NOTE Confidence: 0.914589918

01:12:37.920 --> 01:12:39.546
I remember when I started my

NOTE Confidence: 0.914589918

01:12:39.546 --> 01:12:40.950
career and everyone was like.

NOTE Confidence: 0.914589918

01:12:40.950 --> 01:12:43.503
Rates at No 5 or 1% they

NOTE Confidence: 0.914589918

01:12:43.503 --> 01:12:44.968
can't possibly go below 0.

NOTE Confidence: 0.914589918

01:12:44.970 --> 01:12:46.962
They can't possibly stay here for

NOTE Confidence: 0.914589918

01:12:46.962 --> 01:12:48.640
a decade and you always saw it.

NOTE Confidence: 0.914589918

01:12:48.640 --> 01:12:50.348
The forward pricing curve always was up.

NOTE Confidence: 0.914589918

01:12:50.350 --> 01:12:52.318
Which things are always going to be better?

NOTE Confidence: 0.914589918

01:12:52.320 --> 01:12:56.580
Things are always going to be better and.

NOTE Confidence: 0.914589918

01:12:56.580 --> 01:12:58.380
Can't sit here and fully fully say that.

NOTE Confidence: 0.914589918

01:12:58.380 --> 01:13:00.624

I think that necessarily the rates

NOTE Confidence: 0.914589918

01:13:00.624 --> 01:13:03.397
are going to go up with for the

NOTE Confidence: 0.914589918

01:13:03.397 --> 01:13:05.660
next 3-4 five ten years, right?

NOTE Confidence: 0.914589918

01:13:05.660 --> 01:13:06.760
We haven't seen the effects

NOTE Confidence: 0.914589918

01:13:06.760 --> 01:13:07.860
of what quantity might do.

NOTE Confidence: 0.914589918

01:13:07.860 --> 01:13:09.281
We don't know if we're going to

NOTE Confidence: 0.914589918

01:13:09.281 --> 01:13:10.710
enter World War Three or whatever,

NOTE Confidence: 0.914589918

01:13:10.710 --> 01:13:13.160
right, so?

NOTE Confidence: 0.914589918

01:13:13.160 --> 01:13:15.020
The assumption that we're we're

NOTE Confidence: 0.914589918

01:13:15.020 --> 01:13:17.308
just on this smooth path of

NOTE Confidence: 0.914589918

01:13:17.308 --> 01:13:19.420
normalization of rates back to 5%.

NOTE Confidence: 0.914589918

01:13:19.420 --> 01:13:20.556
That can't be your.

NOTE Confidence: 0.914589918

01:13:20.556 --> 01:13:22.260

There might be your base case

NOTE Confidence: 0.914589918

01:13:22.319 --> 01:13:23.999

as an advisor as an investor,

NOTE Confidence: 0.914589918

01:13:24.000 --> 01:13:25.316

but you've got to look at them

NOTE Confidence: 0.914589918

01:13:25.316 --> 01:13:25.880

in the spectrum,

NOTE Confidence: 0.914589918

01:13:25.880 --> 01:13:28.358

and I'd argue it's probably more likely

NOTE Confidence: 0.914589918

01:13:28.358 --> 01:13:30.669

that we'll end up back towards 0.

NOTE Confidence: 0.914589918

01:13:30.670 --> 01:13:33.846

Then we will towards 10% interest rates.

NOTE Confidence: 0.914589918

01:13:33.846 --> 01:13:34.430

For instance,

NOTE Confidence: 0.914589918

01:13:34.430 --> 01:13:35.815

if we're talking about an

NOTE Confidence: 0.914589918

01:13:35.815 --> 01:13:37.200

equilateral band of interest rates,

NOTE Confidence: 0.914589918

01:13:37.200 --> 01:13:38.608

and if we're back at the zero rate,

NOTE Confidence: 0.914589918

01:13:38.610 --> 01:13:40.285

those low risk portfolios might

NOTE Confidence: 0.914589918

01:13:40.285 --> 01:13:42.337
actually do very well because of

NOTE Confidence: 0.914589918

01:13:42.337 --> 01:13:43.937
the allocations to fixed income.

NOTE Confidence: 0.914589918

01:13:43.940 --> 01:13:46.044
It might be that our view of inflation,

NOTE Confidence: 0.914589918

01:13:46.050 --> 01:13:48.402
how central banks battle it will

NOTE Confidence: 0.914589918

01:13:48.402 --> 01:13:49.186
be different.

NOTE Confidence: 0.751125060909091

01:13:49.190 --> 01:13:50.884
It might be that the green inflation

NOTE Confidence: 0.751125060909091

01:13:50.884 --> 01:13:52.656
that Randy talks about, we just accept

NOTE Confidence: 0.751125060909091

01:13:52.656 --> 01:13:54.108
as individuals and our own demand,

NOTE Confidence: 0.751125060909091

01:13:54.110 --> 01:13:56.455
a higher wage every year for it

NOTE Confidence: 0.751125060909091

01:13:56.455 --> 01:13:59.238
because we accept it's part of being

NOTE Confidence: 0.751125060909091

01:13:59.238 --> 01:14:00.946
a developed market participant.

NOTE Confidence: 0.751125060909091

01:14:00.950 --> 01:14:04.160
Cool, all the inflation washes away so it's

NOTE Confidence: 0.751125060909091

01:14:04.160 --> 01:14:07.220
a bit of wishy washy answer to our viewers.

NOTE Confidence: 0.751125060909091

01:14:07.220 --> 01:14:10.240
But my opinion is.

NOTE Confidence: 0.751125060909091

01:14:10.240 --> 01:14:11.776
You can't have a that high

NOTE Confidence: 0.751125060909091

01:14:11.776 --> 01:14:12.800
level probability on it.

NOTE Confidence: 0.751125060909091

01:14:12.800 --> 01:14:15.320
It necessarily normalizing that smoothly.

NOTE Confidence: 0.751125060909091

01:14:15.320 --> 01:14:16.970
Yeah, and I think the other

NOTE Confidence: 0.751125060909091

01:14:16.970 --> 01:14:18.589
thing to think about is that.

NOTE Confidence: 0.9390798733333333

01:14:21.880 --> 01:14:23.596
It will come down for me.

NOTE Confidence: 0.9390798733333333

01:14:23.600 --> 01:14:25.768
It will come down to having a look

NOTE Confidence: 0.9390798733333333

01:14:25.768 --> 01:14:27.768
at what's in those multi asset

NOTE Confidence: 0.9390798733333333

01:14:27.768 --> 01:14:30.028
portfolios and what your actual fixed

NOTE Confidence: 0.9390798733333333

01:14:30.028 --> 01:14:34.850
income is made up of and therefore.

NOTE Confidence: 0.939079873333333

01:14:34.850 --> 01:14:37.310
If somebody's lower risk and they

NOTE Confidence: 0.939079873333333

01:14:37.310 --> 01:14:39.210
suffer a negative performance for a

NOTE Confidence: 0.939079873333333

01:14:39.210 --> 01:14:41.591
year or two years because of the fact

NOTE Confidence: 0.939079873333333

01:14:41.591 --> 01:14:43.523
that it fits with their risk appetite,

NOTE Confidence: 0.939079873333333

01:14:43.530 --> 01:14:45.050
then that might be something

NOTE Confidence: 0.939079873333333

01:14:45.050 --> 01:14:46.570
that they have to swallow.

NOTE Confidence: 0.939079873333333

01:14:46.570 --> 01:14:50.226
It's but it's again mitigating as much as

NOTE Confidence: 0.939079873333333

01:14:50.226 --> 01:14:53.848
possible and optimizing the diversification,

NOTE Confidence: 0.939079873333333

01:14:53.850 --> 01:14:56.886
and looking at other ways to allocate into

NOTE Confidence: 0.939079873333333

01:14:56.886 --> 01:15:00.296
things like we can within real assets agree.

NOTE Confidence: 0.939079873333333

01:15:00.296 --> 01:15:01.892
So the five year rolling numbers

NOTE Confidence: 0.939079873333333

01:15:01.892 --> 01:15:03.569

for a low risk portfolio,

NOTE Confidence: 0.9390798733333333

01:15:03.570 --> 01:15:04.908
it's still 4%.

NOTE Confidence: 0.9390798733333333

01:15:04.908 --> 01:15:07.138
That's probably still above most

NOTE Confidence: 0.9390798733333333

01:15:07.140 --> 01:15:10.908
people's expectations of returns.

NOTE Confidence: 0.9390798733333333

01:15:10.910 --> 01:15:12.974
For closing on retirement or an

NOTE Confidence: 0.9390798733333333

01:15:12.974 --> 01:15:15.157
older age right an hour approach

NOTE Confidence: 0.9390798733333333

01:15:15.157 --> 01:15:17.726
to asset management is to go well.

NOTE Confidence: 0.9390798733333333

01:15:17.730 --> 01:15:18.750
Can we buy some property?

NOTE Confidence: 0.9390798733333333

01:15:18.750 --> 01:15:20.654
Can we buy some of those realistics we

NOTE Confidence: 0.9390798733333333

01:15:20.654 --> 01:15:22.418
spoke about? But even if we can't, right?

NOTE Confidence: 0.9390798733333333

01:15:22.418 --> 01:15:25.834
So we've allocated to Asian EMS in

NOTE Confidence: 0.9390798733333333

01:15:25.834 --> 01:15:27.938
fixed income. Now look at China.

NOTE Confidence: 0.9390798733333333

01:15:27.938 --> 01:15:29.348
They're looking to ease policy.

NOTE Confidence: 0.9390798733333333

01:15:29.350 --> 01:15:31.610
They've got inflation of I think 1.5%.

NOTE Confidence: 0.9390798733333333

01:15:31.610 --> 01:15:32.750
I think Laurel probably correct me.

NOTE Confidence: 0.9390798733333333

01:15:32.750 --> 01:15:34.500
I think 1.5% was their last reading.

NOTE Confidence: 0.9390798733333333

01:15:34.500 --> 01:15:35.904
They're in a very very different

NOTE Confidence: 0.9390798733333333

01:15:35.904 --> 01:15:37.550
environment than we are in the DM world,

NOTE Confidence: 0.9390798733333333

01:15:37.550 --> 01:15:39.210
and yet again, ran it.

NOTE Confidence: 0.9390798733333333

01:15:39.210 --> 01:15:40.119
Pretty correct me,

NOTE Confidence: 0.9390798733333333

01:15:40.119 --> 01:15:41.634
but they're putting loads of

NOTE Confidence: 0.9390798733333333

01:15:41.634 --> 01:15:42.610
money into green.

NOTE Confidence: 0.9390798733333333

01:15:42.610 --> 01:15:44.200
Inflation and green tech and stuff.

NOTE Confidence: 0.9390798733333333

01:15:44.200 --> 01:15:47.630
So by allocating we hope to errors

NOTE Confidence: 0.9390798733333333

01:15:47.630 --> 01:15:49.752
the world's going on different

NOTE Confidence: 0.9390798733333333

01:15:49.752 --> 01:15:50.976
trajectories on inflation,

NOTE Confidence: 0.9390798733333333

01:15:50.980 --> 01:15:54.360
economic growth, central bank cycles.

NOTE Confidence: 0.9390798733333333

01:15:54.360 --> 01:15:56.375
It provides some protection to

NOTE Confidence: 0.9390798733333333

01:15:56.375 --> 01:15:57.987
those fixed income portfolios

NOTE Confidence: 0.9390798733333333

01:15:57.987 --> 01:16:00.491
and we hope as liquidity improves

NOTE Confidence: 0.9390798733333333

01:16:00.491 --> 01:16:02.115
and credit quality improves,

NOTE Confidence: 0.9390798733333333

01:16:02.120 --> 01:16:03.218
we can allocate more money there.

NOTE Confidence: 0.9390798733333333

01:16:03.220 --> 01:16:05.362
But we're also mindful and astute

NOTE Confidence: 0.9390798733333333

01:16:05.362 --> 01:16:07.964
investors that know we can't put all

NOTE Confidence: 0.9390798733333333

01:16:07.964 --> 01:16:10.172
our money with the Chinese government.

NOTE Confidence: 0.9390798733333333

01:16:10.180 --> 01:16:12.676
That won't say no to Putin.

NOTE Confidence: 0.939079873333333

01:16:12.680 --> 01:16:13.630
So you gotta be mindful,

NOTE Confidence: 0.939079873333333

01:16:13.630 --> 01:16:13.934
right?

NOTE Confidence: 0.939079873333333

01:16:13.934 --> 01:16:15.150
We're balancing risks here,

NOTE Confidence: 0.939079873333333

01:16:15.150 --> 01:16:18.291
but we do think that that shift to East

NOTE Confidence: 0.939079873333333

01:16:18.291 --> 01:16:21.888
is important for protecting client money.

NOTE Confidence: 0.939079873333333

01:16:21.890 --> 01:16:24.092
And the questions just come in

NOTE Confidence: 0.939079873333333

01:16:24.092 --> 01:16:26.522
around the sort of debate around

NOTE Confidence: 0.939079873333333

01:16:26.522 --> 01:16:28.637
inflation that we've been having.

NOTE Confidence: 0.939079873333333

01:16:28.640 --> 01:16:31.244
The sticky inflation that you showed Laura.

NOTE Confidence: 0.885258138

01:16:33.570 --> 01:16:36.760
How long could that last?

NOTE Confidence: 0.885258138

01:16:36.760 --> 01:16:39.063
Things about somebody's trying to get from

NOTE Confidence: 0.885258138

01:16:39.063 --> 01:16:41.726
the the people that are listening to us is.

NOTE Confidence: 0.885258138

01:16:41.730 --> 01:16:43.458
They understand the concept of what

NOTE Confidence: 0.885258138

01:16:43.458 --> 01:16:45.174
you're saying that there's gonna be

NOTE Confidence: 0.885258138

01:16:45.174 --> 01:16:46.710
things that could be more stubborn,

NOTE Confidence: 0.885258138

01:16:46.710 --> 01:16:49.060
but there's something that we

NOTE Confidence: 0.885258138

01:16:49.060 --> 01:16:51.740
know that getting from that 5%.

NOTE Confidence: 0.885258138

01:16:51.740 --> 01:16:53.620
Down is that something where?

NOTE Confidence: 0.885258138

01:16:53.620 --> 01:16:55.694
Yeah, that's that's the key, isn't it?

NOTE Confidence: 0.885258138

01:16:55.694 --> 01:16:57.773
So you know the think things like

NOTE Confidence: 0.885258138

01:16:57.773 --> 01:16:59.620
food and commodities that have shut

NOTE Confidence: 0.885258138

01:16:59.620 --> 01:17:02.098
up on the back of you know COVID.

NOTE Confidence: 0.885258138

01:17:02.100 --> 01:17:04.172
Then come back down or on the

NOTE Confidence: 0.885258138

01:17:04.172 --> 01:17:06.199

downward path and then along comes.

NOTE Confidence: 0.885258138

01:17:06.200 --> 01:17:08.138
Or Russia, Ukraine and now China.

NOTE Confidence: 0.885258138

01:17:08.140 --> 01:17:11.696
So that supply chain bottleneck that's been

NOTE Confidence: 0.885258138

01:17:11.700 --> 01:17:14.112
like a roller coaster for the last two years.

NOTE Confidence: 0.885258138

01:17:14.120 --> 01:17:18.680
That's caused a lot of the let's say 5 to 8%.

NOTE Confidence: 0.885258138

01:17:18.680 --> 01:17:22.760
It's that sticky element that it's the rent.

NOTE Confidence: 0.885258138

01:17:22.760 --> 01:17:24.275
It's the fact that the

NOTE Confidence: 0.885258138

01:17:24.275 --> 01:17:25.487
labour market is tight,

NOTE Confidence: 0.885258138

01:17:25.490 --> 01:17:27.930
wages are still going up.

NOTE Confidence: 0.885258138

01:17:27.930 --> 01:17:29.930
They're not going up as fast as inflation,

NOTE Confidence: 0.885258138

01:17:29.930 --> 01:17:32.110
but they're still going up.

NOTE Confidence: 0.885258138

01:17:32.110 --> 01:17:34.847
You have got 1.9 job openings for

NOTE Confidence: 0.885258138

01:17:34.847 --> 01:17:37.428
every person that's looking for a job.

NOTE Confidence: 0.885258138

01:17:37.430 --> 01:17:39.824
People are waiting and people are

NOTE Confidence: 0.885258138

01:17:39.824 --> 01:17:42.465
moving and people are seeking higher

NOTE Confidence: 0.885258138

01:17:42.465 --> 01:17:44.534
wages and therefore the services

NOTE Confidence: 0.885258138

01:17:44.534 --> 01:17:47.826
part of CPI is having to pay those

NOTE Confidence: 0.885258138

01:17:47.826 --> 01:17:50.340
additional costs for their people as

NOTE Confidence: 0.885258138

01:17:50.340 --> 01:17:53.199
well as paying the higher prices.

NOTE Confidence: 0.885258138

01:17:53.200 --> 01:17:55.564
For you know metals,

NOTE Confidence: 0.885258138

01:17:55.564 --> 01:17:57.337
grain and fuel,

NOTE Confidence: 0.885258138

01:17:57.340 --> 01:18:00.231
so it's the sticky parts that have

NOTE Confidence: 0.885258138

01:18:00.231 --> 01:18:03.083
fed through kind of 2nd order effects

NOTE Confidence: 0.885258138

01:18:03.083 --> 01:18:05.859
that will take time to run their

NOTE Confidence: 0.885258138

01:18:05.859 --> 01:18:08.694
course and time to come back down.

NOTE Confidence: 0.885258138

01:18:08.700 --> 01:18:11.700
And and rates is 1 tool that you can sort of.

NOTE Confidence: 0.885258138

01:18:11.700 --> 01:18:12.816
You know get rid of that,

NOTE Confidence: 0.885258138

01:18:12.820 --> 01:18:14.430
but it's probably not going

NOTE Confidence: 0.885258138

01:18:14.430 --> 01:18:16.040
to do the whole job.

NOTE Confidence: 0.885258138

01:18:16.040 --> 01:18:18.680
You know we have to address the excess

NOTE Confidence: 0.885258138

01:18:18.680 --> 01:18:20.716
liquidity in the market, the QE.

NOTE Confidence: 0.885258138

01:18:20.716 --> 01:18:23.100
Some of that needs to be addressed whereby

NOTE Confidence: 0.885258138

01:18:23.169 --> 01:18:25.675
those balance sheets come back down again.

NOTE Confidence: 0.885258138

01:18:25.680 --> 01:18:26.306
In addition,

NOTE Confidence: 0.885258138

01:18:26.306 --> 01:18:28.810
and there's plenty of arguments to say that

NOTE Confidence: 0.885258138

01:18:28.872 --> 01:18:31.000
you know the Fed are being aggressive.

NOTE Confidence: 0.885258138

01:18:31.000 --> 01:18:33.290
Putting rates up in order

NOTE Confidence: 0.885258138

01:18:33.290 --> 01:18:34.664
to cut aggressively.

NOTE Confidence: 0.885258138

01:18:34.670 --> 01:18:36.530
To try and avoid recession,

NOTE Confidence: 0.885258138

01:18:36.530 --> 01:18:36.852
yeah,

NOTE Confidence: 0.885258138

01:18:36.852 --> 01:18:39.428
so you know if you've got terminal rate

NOTE Confidence: 0.885258138

01:18:39.428 --> 01:18:45.126
at 3.6 projected for 2023 in the states,

NOTE Confidence: 0.885258138

01:18:45.130 --> 01:18:47.955
we'll meet the summer of 2023 at least

NOTE Confidence: 0.885258138

01:18:47.955 --> 01:18:51.058
then you have got some serious room to

NOTE Confidence: 0.885258138

01:18:51.058 --> 01:18:53.809
be cutting back to Phil's point there.

NOTE Confidence: 0.885258138

01:18:53.810 --> 01:18:55.706
That's where there's an argument to

NOTE Confidence: 0.885258138

01:18:55.706 --> 01:18:57.819
maintain fixed income in your portfolio,

NOTE Confidence: 0.885258138

01:18:57.820 --> 01:18:59.480
even if it is defensive,

NOTE Confidence: 0.885258138

01:18:59.480 --> 01:19:01.310
because not all countries are

NOTE Confidence: 0.885258138

01:19:01.310 --> 01:19:02.774
on the feds path.

NOTE Confidence: 0.885258138

01:19:02.780 --> 01:19:04.780
You know, there's some of them have started.

NOTE Confidence: 0.885258138

01:19:04.780 --> 01:19:06.544
Started, you know hiking,

NOTE Confidence: 0.885258138

01:19:06.544 --> 01:19:10.190
and therefore they will start to cut earlier.

NOTE Confidence: 0.885258138

01:19:10.190 --> 01:19:11.550
I think it's fair to say Laura isn't it good.

NOTE Confidence: 0.885258138

01:19:11.550 --> 01:19:13.538
These Union Leader came out last week

NOTE Confidence: 0.885258138

01:19:13.538 --> 01:19:15.674
and said they reckon sort of general

NOTE Confidence: 0.885258138

01:19:15.674 --> 01:19:17.462
cost basis for all the products

NOTE Confidence: 0.885258138

01:19:17.462 --> 01:19:19.478
they have and they're quite broad.

NOTE Confidence: 0.885258138

01:19:19.480 --> 01:19:22.940
Staple is roughly seven 8% this year,

NOTE Confidence: 0.885258138

01:19:22.940 --> 01:19:24.585

so expect that when you're going to

NOTE Confidence: 0.885258138

01:19:24.585 --> 01:19:26.418
the food shops and start seeing that

NOTE Confidence: 0.885258138

01:19:26.418 --> 01:19:28.400
throughout the rest of this calendar year.

NOTE Confidence: 0.885258138

01:19:28.400 --> 01:19:29.636
And my view right,

NOTE Confidence: 0.885258138

01:19:29.636 --> 01:19:31.760
the rent chart that you put up.

NOTE Confidence: 0.885258138

01:19:31.760 --> 01:19:32.702
That's fantastic,

NOTE Confidence: 0.885258138

01:19:32.702 --> 01:19:33.173
right?

NOTE Confidence: 0.885258138

01:19:33.173 --> 01:19:34.586
In terms of.

NOTE Confidence: 0.843153524285714

01:19:34.590 --> 01:19:35.990
It's a massive part of the basket.

NOTE Confidence: 0.843153524285714

01:19:35.990 --> 01:19:37.886
It's going up like the clappers.

NOTE Confidence: 0.843153524285714

01:19:37.890 --> 01:19:38.714
It's almost.

NOTE Confidence: 0.843153524285714

01:19:38.714 --> 01:19:40.746
It's always vertical, but the problem is,

NOTE Confidence: 0.843153524285714

01:19:40.746 --> 01:19:42.610
is that all that all that works is fine.

NOTE Confidence: 0.843153524285714

01:19:42.610 --> 01:19:43.550
If we don't hit recession.

NOTE Confidence: 0.843153524285714

01:19:43.550 --> 01:19:44.882
If the US hits recession like

NOTE Confidence: 0.843153524285714

01:19:44.882 --> 01:19:47.450
some people are saying in Q4, say.

NOTE Confidence: 0.843153524285714

01:19:47.450 --> 01:19:48.827
All of a sudden people are going to be

NOTE Confidence: 0.843153524285714

01:19:48.827 --> 01:19:50.144
looking to move out or anything like that.

NOTE Confidence: 0.843153524285714

01:19:50.150 --> 01:19:51.302
They'll be going back home with

NOTE Confidence: 0.843153524285714

01:19:51.302 --> 01:19:52.490
their parents and all sudden that

NOTE Confidence: 0.843153524285714

01:19:52.490 --> 01:19:53.978
rent will come back down. So again,

NOTE Confidence: 0.843153524285714

01:19:53.978 --> 01:19:55.826
as humans we we like to extrapolate,

NOTE Confidence: 0.843153524285714

01:19:55.830 --> 01:19:57.302
we see a trend and we like to

NOTE Confidence: 0.843153524285714

01:19:57.302 --> 01:19:58.116
extrapolate and therefore we

NOTE Confidence: 0.843153524285714

01:19:58.116 --> 01:19:59.516
assume that it is going up 40%.

NOTE Confidence: 0.843153524285714

01:19:59.520 --> 01:20:01.450
This year will go up another 40% next year.

NOTE Confidence: 0.843153524285714

01:20:01.450 --> 01:20:03.640
But if friends just stop increasing

NOTE Confidence: 0.843153524285714

01:20:03.640 --> 01:20:05.458
from now on in then it starts to

NOTE Confidence: 0.843153524285714

01:20:05.458 --> 01:20:06.920
fall out of the base and then all

NOTE Confidence: 0.843153524285714

01:20:06.920 --> 01:20:08.084
of a sudden to Laura's point,

NOTE Confidence: 0.843153524285714

01:20:08.090 --> 01:20:09.698
inflation falls quite quickly.

NOTE Confidence: 0.843153524285714

01:20:09.698 --> 01:20:11.306
Inflation starts to fall,

NOTE Confidence: 0.843153524285714

01:20:11.310 --> 01:20:12.560
market participants feel quite relaxed

NOTE Confidence: 0.843153524285714

01:20:12.560 --> 01:20:14.018
and all sudden it's like, well,

NOTE Confidence: 0.843153524285714

01:20:14.018 --> 01:20:15.682
actually I'll buy a bit of risk again.

NOTE Confidence: 0.843153524285714

01:20:15.690 --> 01:20:17.142
And so these things.

NOTE Confidence: 0.843153524285714

01:20:17.142 --> 01:20:20.506
I think we're in a really finely balanced

NOTE Confidence: 0.843153524285714

01:20:20.506 --> 01:20:22.800
where you get some things happen to

NOTE Confidence: 0.843153524285714

01:20:22.800 --> 01:20:25.619
go one way and also you risk off panic.

NOTE Confidence: 0.843153524285714

01:20:25.620 --> 01:20:27.780
Oh my God rates are going to go to 10.

NOTE Confidence: 0.843153524285714

01:20:27.780 --> 01:20:29.470
That's an excellent exaggeration maybe.

NOTE Confidence: 0.843153524285714

01:20:29.470 --> 01:20:30.856
Or they go Flip Reserve first,

NOTE Confidence: 0.843153524285714

01:20:30.860 --> 01:20:31.022
right?

NOTE Confidence: 0.843153524285714

01:20:31.022 --> 01:20:32.480
the Fed are going to need to go to

NOTE Confidence: 0.843153524285714

01:20:32.480 --> 01:20:33.518
3.6 as you were saying earlier.

NOTE Confidence: 0.843153524285714

01:20:33.520 --> 01:20:35.328
Or are they going to actually stick it

NOTE Confidence: 0.843153524285714

01:20:35.328 --> 01:20:37.276
three or they're going to get to 2 1/2,

NOTE Confidence: 0.843153524285714

01:20:37.280 --> 01:20:38.612
but also that's hundred basis points

NOTE Confidence: 0.843153524285714

01:20:38.612 --> 01:20:40.070
that you've got of margin there.

NOTE Confidence: 0.843153524285714

01:20:40.070 --> 01:20:41.978
That markets are currently pricing in

NOTE Confidence: 0.843153524285714

01:20:41.980 --> 01:20:44.708
and we all know 100 basis points of

NOTE Confidence: 0.843153524285714

01:20:44.708 --> 01:20:47.750
duration can be quite useful in fixed income.

NOTE Confidence: 0.843153524285714

01:20:47.750 --> 01:20:49.270
Quick question for you,

NOTE Confidence: 0.843153524285714

01:20:49.270 --> 01:20:49.650
Randy.

NOTE Confidence: 0.843153524285714

01:20:49.650 --> 01:20:51.534
When you're talking to the companies

NOTE Confidence: 0.843153524285714

01:20:51.534 --> 01:20:52.476
you invest in,

NOTE Confidence: 0.843153524285714

01:20:52.480 --> 01:20:54.824
you know are they a lot of inflation

NOTE Confidence: 0.843153524285714

01:20:54.824 --> 01:20:57.396
at the moment is companies not being

NOTE Confidence: 0.843153524285714

01:20:57.396 --> 01:21:01.418
able to swallow rises in sort of.

NOTE Confidence: 0.843153524285714

01:21:01.420 --> 01:21:04.185

Prices that they see materials or whatever.

NOTE Confidence: 0.843153524285714

01:21:04.190 --> 01:21:06.269

So when you're talking to the companies,

NOTE Confidence: 0.843153524285714

01:21:06.270 --> 01:21:07.930

are they?

NOTE Confidence: 0.843153524285714

01:21:07.930 --> 01:21:10.058

Are they more willing to pass on

NOTE Confidence: 0.843153524285714

01:21:10.058 --> 01:21:12.111

those price rises to the consumer now

NOTE Confidence: 0.843153524285714

01:21:12.111 --> 01:21:14.330

or are they or for their services?

NOTE Confidence: 0.843153524285714

01:21:14.330 --> 01:21:15.080

Or are they?

NOTE Confidence: 0.843153524285714

01:21:15.080 --> 01:21:16.830

Are they looking to try and absorb

NOTE Confidence: 0.843153524285714

01:21:16.885 --> 01:21:17.470

some of it?

NOTE Confidence: 0.843153524285714

01:21:17.470 --> 01:21:19.234

How does it work when you're

NOTE Confidence: 0.843153524285714

01:21:19.234 --> 01:21:20.410

talking to the businesses?

NOTE Confidence: 0.843153524285714

01:21:20.410 --> 01:21:20.752

Sure.

NOTE Confidence: 0.843153524285714

01:21:20.752 --> 01:21:22.804

I mean when you look across

NOTE Confidence: 0.843153524285714

01:21:22.804 --> 01:21:25.058

the board as Phil just said,

NOTE Confidence: 0.843153524285714

01:21:25.058 --> 01:21:27.410

most companies have inflation issues today.

NOTE Confidence: 0.843153524285714

01:21:27.410 --> 01:21:28.826

Some of that is caused by the war.

NOTE Confidence: 0.843153524285714

01:21:28.830 --> 01:21:30.708

Some of it is caused by

NOTE Confidence: 0.843153524285714

01:21:30.708 --> 01:21:31.647

supply chain bottlenecks.

NOTE Confidence: 0.843153524285714

01:21:31.650 --> 01:21:33.309

I think the true effect of what

NOTE Confidence: 0.843153524285714

01:21:33.309 --> 01:21:35.411

we're seeing in China now in terms of

NOTE Confidence: 0.843153524285714

01:21:35.411 --> 01:21:37.073

Shanghai pretty much being shut down

NOTE Confidence: 0.843153524285714

01:21:37.073 --> 01:21:39.225

and you can see aerial pictures of vessels.

NOTE Confidence: 0.843153524285714

01:21:39.230 --> 01:21:40.756

Just parked up as far as you

NOTE Confidence: 0.843153524285714

01:21:40.756 --> 01:21:41.920

can see at the map.

NOTE Confidence: 0.843153524285714

01:21:41.920 --> 01:21:43.520
That's probably only going to

NOTE Confidence: 0.843153524285714

01:21:43.520 --> 01:21:45.519
hit come Q2 earnings and we're

NOTE Confidence: 0.843153524285714

01:21:45.519 --> 01:21:47.199
going full evidence of that.

NOTE Confidence: 0.843153524285714

01:21:47.200 --> 01:21:49.517
Most companies right now are willing are

NOTE Confidence: 0.843153524285714

01:21:49.517 --> 01:21:52.078
able to pass on pricing the consumer,

NOTE Confidence: 0.843153524285714

01:21:52.080 --> 01:21:53.680
although obviously we've seen energy

NOTE Confidence: 0.843153524285714

01:21:53.680 --> 01:21:55.280
price rises in Europe globally.

NOTE Confidence: 0.836559277875

01:21:55.280 --> 01:21:57.155
The consumer post COVID shutdowns

NOTE Confidence: 0.836559277875

01:21:57.155 --> 01:21:59.542
actually has a bit more capital

NOTE Confidence: 0.836559277875

01:21:59.542 --> 01:22:01.737
than they normally would follow.

NOTE Confidence: 0.836559277875

01:22:01.740 --> 01:22:03.260
Programs have been quite strong.

NOTE Confidence: 0.836559277875

01:22:03.260 --> 01:22:04.460
Government support loads and

NOTE Confidence: 0.836559277875

01:22:04.460 --> 01:22:05.960
loads of stimulus out there,

NOTE Confidence: 0.836559277875

01:22:05.960 --> 01:22:07.970
and we're probably seeing now have

NOTE Confidence: 0.836559277875

01:22:07.970 --> 01:22:09.404
probably over stimulated specifically.

NOTE Confidence: 0.836559277875

01:22:09.404 --> 01:22:12.156
On the green side, our companies all

NOTE Confidence: 0.836559277875

01:22:12.156 --> 01:22:13.916
have strong demand going forward.

NOTE Confidence: 0.836559277875

01:22:13.920 --> 01:22:15.950
It's very easy to price upwardly when

NOTE Confidence: 0.836559277875

01:22:15.950 --> 01:22:18.420
you're in a strong demand environment.

NOTE Confidence: 0.836559277875

01:22:18.420 --> 01:22:20.346
The issue is that you have a lag and

NOTE Confidence: 0.836559277875

01:22:20.346 --> 01:22:22.079
it's usually a 6 to 12 month lag.

NOTE Confidence: 0.836559277875

01:22:22.080 --> 01:22:23.646
So we're seeing margins come down

NOTE Confidence: 0.836559277875

01:22:23.646 --> 01:22:25.318
now as they have to wear it,

NOTE Confidence: 0.836559277875

01:22:25.320 --> 01:22:27.520
but that should come off the other way,

NOTE Confidence: 0.836559277875

01:22:27.520 --> 01:22:29.437
but it just takes a little bit of time.

NOTE Confidence: 0.836559277875

01:22:29.440 --> 01:22:30.892
Randy question for me,

NOTE Confidence: 0.836559277875

01:22:30.892 --> 01:22:33.740
because we also like the Netflix earnings.

NOTE Confidence: 0.836559277875

01:22:33.740 --> 01:22:35.210
Netflix put their prices up

NOTE Confidence: 0.836559277875

01:22:35.210 --> 01:22:36.680
and some consumers are going.

NOTE Confidence: 0.836559277875

01:22:36.680 --> 01:22:38.597
I'd rather go to the park or to the

NOTE Confidence: 0.836559277875

01:22:38.597 --> 01:22:40.235
cinema than to pay for my Netflix.

NOTE Confidence: 0.836559277875

01:22:40.240 --> 01:22:41.130
Where I've watched it all,

NOTE Confidence: 0.836559277875

01:22:41.130 --> 01:22:42.430
even if that's possible,

NOTE Confidence: 0.836559277875

01:22:42.430 --> 01:22:45.379
do you think with the green inflation area?

NOTE Confidence: 0.836559277875

01:22:45.380 --> 01:22:47.844
They can only get away with it now

NOTE Confidence: 0.836559277875

01:22:47.844 --> 01:22:49.639

because oils are \$100 a barrel

NOTE Confidence: 0.836559277875

01:22:49.639 --> 01:22:51.154
and there's no real alternative.

NOTE Confidence: 0.836559277875

01:22:51.160 --> 01:22:53.134
Or do you think there's a sort

NOTE Confidence: 0.836559277875

01:22:53.134 --> 01:22:56.990
of long term sort of, I guess?

NOTE Confidence: 0.836559277875

01:22:56.990 --> 01:22:57.827
Lack of alternative,

NOTE Confidence: 0.836559277875

01:22:57.827 --> 01:22:59.501
which means they're we're stuck in

NOTE Confidence: 0.836559277875

01:22:59.501 --> 01:23:01.227
this sort of green inflation cycle,

NOTE Confidence: 0.836559277875

01:23:01.230 --> 01:23:02.970
yeah, but that's a good question.

NOTE Confidence: 0.836559277875

01:23:02.970 --> 01:23:05.014
The key thing on the green side

NOTE Confidence: 0.836559277875

01:23:05.014 --> 01:23:06.810
is that costs up until now.

NOTE Confidence: 0.836559277875

01:23:06.810 --> 01:23:08.418
Every year hadn't been going up.

NOTE Confidence: 0.836559277875

01:23:08.420 --> 01:23:11.174
They've been coming down 7% a year,

NOTE Confidence: 0.836559277875

01:23:11.174 --> 01:23:13.154
year on year, year on year.

NOTE Confidence: 0.836559277875

01:23:13.154 --> 01:23:14.280
You look, for example,

NOTE Confidence: 0.836559277875

01:23:14.280 --> 01:23:15.810
at the price of solar panels,

NOTE Confidence: 0.836559277875

01:23:15.810 --> 01:23:18.290
and they're down about 80% in a decade.

NOTE Confidence: 0.836559277875

01:23:18.290 --> 01:23:19.890
That hasn't happened because raw

NOTE Confidence: 0.836559277875

01:23:19.890 --> 01:23:21.369
material prices have collapsed.

NOTE Confidence: 0.836559277875

01:23:21.370 --> 01:23:22.820
It's happened because we're still

NOTE Confidence: 0.836559277875

01:23:22.820 --> 01:23:25.271
at the infancy of the technology and

NOTE Confidence: 0.836559277875

01:23:25.271 --> 01:23:27.167
product deficiencies and semiconductor.

NOTE Confidence: 0.836559277875

01:23:27.170 --> 01:23:28.950
Quality and processing speeds continue

NOTE Confidence: 0.836559277875

01:23:28.950 --> 01:23:30.998
to go up. That hasn't changed.

NOTE Confidence: 0.836559277875

01:23:30.998 --> 01:23:33.280
All we've seen now is a very

NOTE Confidence: 0.836559277875

01:23:33.353 --> 01:23:35.583
immediate shock increase in inflation

NOTE Confidence: 0.836559277875

01:23:35.583 --> 01:23:38.175
in commodities that has added a

NOTE Confidence: 0.836559277875

01:23:38.175 --> 01:23:39.615
little bit to the price,

NOTE Confidence: 0.836559277875

01:23:39.620 --> 01:23:41.980
but the efficiency gains from here on when

NOTE Confidence: 0.836559277875

01:23:41.980 --> 01:23:44.218
you speak to companies are continuing,

NOTE Confidence: 0.836559277875

01:23:44.220 --> 01:23:46.278
and they're probably not even midway yet,

NOTE Confidence: 0.836559277875

01:23:46.280 --> 01:23:48.080
so from that angle I still

NOTE Confidence: 0.836559277875

01:23:48.080 --> 01:23:48.980
remain quite positive.

NOTE Confidence: 0.836559277875

01:23:48.980 --> 01:23:51.780
Although inflation is going to have an issue,

NOTE Confidence: 0.836559277875

01:23:51.780 --> 01:23:53.040
like you say, right now,

NOTE Confidence: 0.836559277875

01:23:53.040 --> 01:23:54.601
it's happened at the same time that

NOTE Confidence: 0.836559277875

01:23:54.601 --> 01:23:56.279
oil and gas prices have gone up,

NOTE Confidence: 0.836559277875

01:23:56.280 --> 01:23:57.230
so when you're doing that.

NOTE Confidence: 0.836559277875

01:23:57.230 --> 01:23:58.067
To be comparison,

NOTE Confidence: 0.836559277875

01:23:58.067 --> 01:24:00.020
it isn't that much of a problem.

NOTE Confidence: 0.836559277875

01:24:00.020 --> 01:24:01.916
Prices have gone up for everybody,

NOTE Confidence: 0.836559277875

01:24:01.920 --> 01:24:03.780
so the transition is continuing.

NOTE Confidence: 0.836559277875

01:24:03.780 --> 01:24:04.855
It's comes back to your

NOTE Confidence: 0.836559277875

01:24:04.855 --> 01:24:05.500
point about deflation,

NOTE Confidence: 0.836559277875

01:24:05.500 --> 01:24:05.796
right?

NOTE Confidence: 0.836559277875

01:24:05.796 --> 01:24:07.572
The fact that green green energy

NOTE Confidence: 0.836559277875

01:24:07.572 --> 01:24:08.460
is ultimately deflationary,

NOTE Confidence: 0.836559277875

01:24:08.460 --> 01:24:10.395
and it's why you think the US bill will

NOTE Confidence: 0.836559277875

01:24:10.395 --> 01:24:13.222
get passed exactly and it's why China like

NOTE Confidence: 0.836559277875

01:24:13.222 --> 01:24:15.699
you say continues investing going forward.

NOTE Confidence: 0.836559277875

01:24:15.700 --> 01:24:17.428
It's why the EU doesn't have that much

NOTE Confidence: 0.836559277875

01:24:17.428 --> 01:24:19.438
of an issue to continue to say right?

NOTE Confidence: 0.836559277875

01:24:19.440 --> 01:24:21.267
OK, even though inflation is sticking up,

NOTE Confidence: 0.836559277875

01:24:21.270 --> 01:24:23.102
we're continuing with this.

NOTE Confidence: 0.836559277875

01:24:23.102 --> 01:24:25.392
Obviously it plays into the

NOTE Confidence: 0.836559277875

01:24:25.392 --> 01:24:27.342
energy security side of things.

NOTE Confidence: 0.836559277875

01:24:27.342 --> 01:24:27.890
As well,

NOTE Confidence: 0.836559277875

01:24:27.890 --> 01:24:30.370
but we are way past the line now.

NOTE Confidence: 0.873422467222222

01:24:30.370 --> 01:24:32.210
I think where we're gonna start to think

NOTE Confidence: 0.873422467222222

01:24:32.210 --> 01:24:34.210
we need to do a 180 and walk this back.

NOTE Confidence: 0.873422467222222

01:24:34.210 --> 01:24:36.292

I think the amount of companies

NOTE Confidence: 0.873422467222222

01:24:36.292 --> 01:24:38.469
out there putting capital in these

NOTE Confidence: 0.873422467222222

01:24:38.469 --> 01:24:40.629
areas that actually want to build

NOTE Confidence: 0.873422467222222

01:24:40.629 --> 01:24:42.569
whole industries on green platforms.

NOTE Confidence: 0.873422467222222

01:24:42.570 --> 01:24:44.586
We are a long long way forward,

NOTE Confidence: 0.873422467222222

01:24:44.590 --> 01:24:46.950
but I think that to be reversed, right?

NOTE Confidence: 0.873422467222222

01:24:46.950 --> 01:24:53.270
I'm going to have to jump high. Remark.

NOTE Confidence: 0.873422467222222

01:24:53.270 --> 01:24:55.210
I'm gonna have to jump in, but Laura,

NOTE Confidence: 0.873422467222222

01:24:55.210 --> 01:24:58.472
if you've got a quick quick I would

NOTE Confidence: 0.873422467222222

01:24:58.472 --> 01:25:00.878
stop and say business confidence and

NOTE Confidence: 0.873422467222222

01:25:00.878 --> 01:25:03.655
consumer confidence have never been so far

NOTE Confidence: 0.873422467222222

01:25:03.655 --> 01:25:05.565
apart whereby businesses are extremely

NOTE Confidence: 0.873422467222222

01:25:05.632 --> 01:25:08.386
confident even though prices have increased,

NOTE Confidence: 0.873422467222222

01:25:08.390 --> 01:25:09.878
it's the consumer confidence

NOTE Confidence: 0.873422467222222

01:25:09.878 --> 01:25:11.366
that's been dropping off,

NOTE Confidence: 0.873422467222222

01:25:11.370 --> 01:25:14.298
and that is due to inflation or

NOTE Confidence: 0.873422467222222

01:25:14.298 --> 01:25:16.890
perceived increases in inflation.

NOTE Confidence: 0.873422467222222

01:25:16.890 --> 01:25:19.502
And of course, as we know it, you know.

NOTE Confidence: 0.873422467222222

01:25:19.502 --> 01:25:22.750
Very possibly have topped out in some areas.

NOTE Confidence: 0.873422467222222

01:25:22.750 --> 01:25:24.034
Great thank you.

NOTE Confidence: 0.873422467222222

01:25:24.034 --> 01:25:27.030
Thank you all of you for that.

NOTE Confidence: 0.873422467222222

01:25:27.030 --> 01:25:28.010
That went very quickly.

NOTE Confidence: 0.873422467222222

01:25:28.010 --> 01:25:29.480
So there are a few questions

NOTE Confidence: 0.873422467222222

01:25:29.529 --> 01:25:30.329
we didn't get to,

NOTE Confidence: 0.873422467222222

01:25:30.330 --> 01:25:33.834
but we will get answers to those and

NOTE Confidence: 0.873422467222222

01:25:33.834 --> 01:25:37.038
forward them back to those that asked.

NOTE Confidence: 0.873422467222222

01:25:37.040 --> 01:25:38.064
So before we close,

NOTE Confidence: 0.873422467222222

01:25:38.064 --> 01:25:40.868
I want to thank all the speakers today for

NOTE Confidence: 0.873422467222222

01:25:40.868 --> 01:25:43.286
their contribution to some great sessions.

NOTE Confidence: 0.873422467222222

01:25:43.290 --> 01:25:45.108
I've jotted down a few things.

NOTE Confidence: 0.873422467222222

01:25:45.110 --> 01:25:48.870
The takeaways for me from the three

NOTE Confidence: 0.873422467222222

01:25:48.870 --> 01:25:50.190
sessions and the discussions,

NOTE Confidence: 0.873422467222222

01:25:50.190 --> 01:25:54.138
and they are within fixed income.

NOTE Confidence: 0.873422467222222

01:25:54.140 --> 01:25:56.768
The things that Laura was saying

NOTE Confidence: 0.873422467222222

01:25:56.768 --> 01:25:59.470
around you need to be active.

NOTE Confidence: 0.873422467222222

01:25:59.470 --> 01:26:01.060
You need to be selective.

NOTE Confidence: 0.873422467222222

01:26:01.060 --> 01:26:03.111
You need to be looking for real

NOTE Confidence: 0.873422467222222

01:26:03.111 --> 01:26:05.370
yields in the current environment.

NOTE Confidence: 0.873422467222222

01:26:05.370 --> 01:26:07.068
Lynchets do give you even though

NOTE Confidence: 0.873422467222222

01:26:07.068 --> 01:26:08.200
you're buying a negative.

NOTE Confidence: 0.873422467222222

01:26:08.200 --> 01:26:10.720
But you still getting some sort

NOTE Confidence: 0.873422467222222

01:26:10.720 --> 01:26:12.400
of return from them.

NOTE Confidence: 0.873422467222222

01:26:12.400 --> 01:26:14.716
I think it's very interesting to

NOTE Confidence: 0.873422467222222

01:26:14.716 --> 01:26:17.261
see that the different funds in the

NOTE Confidence: 0.873422467222222

01:26:17.261 --> 01:26:19.424
are useful for the M&G funds to

NOTE Confidence: 0.873422467222222

01:26:19.496 --> 01:26:21.182
use in different market situations,

NOTE Confidence: 0.873422467222222

01:26:21.182 --> 01:26:23.430
and the fact that I got was that

NOTE Confidence: 0.873422467222222

01:26:23.494 --> 01:26:25.538
there are going to be winners and

NOTE Confidence: 0.873422467222222

01:26:25.538 --> 01:26:26.920
losers in different sectors.

NOTE Confidence: 0.873422467222222

01:26:26.920 --> 01:26:31.134
Different parts of the fixed income spectrum.

NOTE Confidence: 0.873422467222222

01:26:31.140 --> 01:26:34.320
And the you know with inflation

NOTE Confidence: 0.873422467222222

01:26:34.320 --> 01:26:35.380
interest rates.

NOTE Confidence: 0.873422467222222

01:26:35.380 --> 01:26:37.196
Obviously we're thinking about

NOTE Confidence: 0.873422467222222

01:26:37.196 --> 01:26:38.558
the immediate term,

NOTE Confidence: 0.873422467222222

01:26:38.560 --> 01:26:41.619
but there may be some fallout from

NOTE Confidence: 0.873422467222222

01:26:41.619 --> 01:26:45.990
this over the medium term as well.

NOTE Confidence: 0.873422467222222

01:26:45.990 --> 01:26:47.694
From an ESG perspective,

NOTE Confidence: 0.873422467222222

01:26:47.694 --> 01:26:51.060
and looking at climate and impact investing,

NOTE Confidence: 0.873422467222222

01:26:51.060 --> 01:26:53.236
I've just blown away by the scale of

NOTE Confidence: 0.873422467222222

01:26:53.236 --> 01:26:54.998

investment that's required that ran deep,

NOTE Confidence: 0.873422467222222

01:26:55.000 --> 01:26:56.004
went through,

NOTE Confidence: 0.873422467222222

01:26:56.004 --> 01:26:59.016
and also then thinking about the

NOTE Confidence: 0.873422467222222

01:26:59.016 --> 01:27:01.796
opportunity for investors and that.

NOTE Confidence: 0.873422467222222

01:27:01.796 --> 01:27:05.050
Some of the areas that are available

NOTE Confidence: 0.873422467222222

01:27:05.050 --> 01:27:06.770
opportunities at the moment.

NOTE Confidence: 0.873422467222222

01:27:06.770 --> 01:27:09.423
Things are being speed up by what's

NOTE Confidence: 0.873422467222222

01:27:09.423 --> 01:27:12.194
going on in Ukraine and Russia

NOTE Confidence: 0.873422467222222

01:27:12.194 --> 01:27:15.276
and obviously Nice to see a lot of

NOTE Confidence: 0.873422467222222

01:27:15.276 --> 01:27:16.640
different options for investors

NOTE Confidence: 0.873422467222222

01:27:16.705 --> 01:27:19.030
from M&A;G investments and obviously

NOTE Confidence: 0.873422467222222

01:27:19.030 --> 01:27:20.890
from Treasury Investment Office

NOTE Confidence: 0.873422467222222

01:27:20.890 --> 01:27:23.919
with proof on planet where we buy

NOTE Confidence: 0.873422467222222

01:27:23.919 --> 01:27:26.434
the positive impact fund and.

NOTE Confidence: 0.873422467222222

01:27:26.440 --> 01:27:31.487
Better health as part of of that.

NOTE Confidence: 0.873422467222222

01:27:31.490 --> 01:27:34.614
Offering for you and lastly

NOTE Confidence: 0.873422467222222

01:27:34.614 --> 01:27:37.416
talking to Phil about multi asset.

NOTE Confidence: 0.873422467222222

01:27:37.420 --> 01:27:37.786
Again,

NOTE Confidence: 0.873422467222222

01:27:37.786 --> 01:27:39.982
it's understanding that we all for

NOTE Confidence: 0.873422467222222

01:27:39.982 --> 01:27:42.236
a multi asset solution which is

NOTE Confidence: 0.873422467222222

01:27:42.236 --> 01:27:44.756
different for our peer group it will

NOTE Confidence: 0.873422467222222

01:27:44.824 --> 01:27:47.435
become quite obvious if you look at

NOTE Confidence: 0.873422467222222

01:27:47.435 --> 01:27:51.179
our asset allocation compared to peers.

NOTE Confidence: 0.873422467222222

01:27:51.180 --> 01:27:53.124
And we offer choice across a

NOTE Confidence: 0.873422467222222

01:27:53.124 --> 01:27:54.420
range of different funds.

NOTE Confidence: 0.877704868

01:27:54.420 --> 01:27:56.680
Whether you want passive active

NOTE Confidence: 0.877704868

01:27:56.680 --> 01:27:58.944
and we have a lot of resource and

NOTE Confidence: 0.877704868

01:27:58.944 --> 01:28:01.246
ability in areas such as real assets,

NOTE Confidence: 0.877704868

01:28:01.250 --> 01:28:03.596
which we've been investing for decades,

NOTE Confidence: 0.877704868

01:28:03.600 --> 01:28:06.365
and the scale we have there to

NOTE Confidence: 0.877704868

01:28:06.365 --> 01:28:09.988
offer you a wide range of smooth

NOTE Confidence: 0.877704868

01:28:09.988 --> 01:28:12.913
and actively managed passive funds.

NOTE Confidence: 0.877704868

01:28:12.920 --> 01:28:16.120
So with that a few things just to finish off.

NOTE Confidence: 0.877704868

01:28:16.120 --> 01:28:18.082
If I can ask you to spend 2 minutes

NOTE Confidence: 0.877704868

01:28:18.082 --> 01:28:19.807
giving feedback on today's seminar,

NOTE Confidence: 0.877704868

01:28:19.810 --> 01:28:21.140
really help for us to.

NOTE Confidence: 0.877704868

01:28:21.140 --> 01:28:22.790
Helpful for us to understand

NOTE Confidence: 0.877704868

01:28:22.790 --> 01:28:24.110
what you find useful.

NOTE Confidence: 0.877704868

01:28:24.110 --> 01:28:26.270
What we can do to support you going forward,

NOTE Confidence: 0.877704868

01:28:26.270 --> 01:28:28.160
and what else you'd like us to

NOTE Confidence: 0.877704868

01:28:28.160 --> 01:28:30.069
focus on in future seminars.

NOTE Confidence: 0.877704868

01:28:30.070 --> 01:28:32.989
The Feedback tab is underneath the screen.

NOTE Confidence: 0.877704868

01:28:32.990 --> 01:28:34.448
Only take a couple of minutes.

NOTE Confidence: 0.877704868

01:28:34.450 --> 01:28:37.786
This will then generate your CPD.

NOTE Confidence: 0.877704868

01:28:37.790 --> 01:28:39.678
Our events team will send you an email

NOTE Confidence: 0.877704868

01:28:39.678 --> 01:28:41.489
with an embedded CPD certificate,

NOTE Confidence: 0.877704868

01:28:41.490 --> 01:28:43.848
so please make sure your email

NOTE Confidence: 0.877704868

01:28:43.850 --> 01:28:46.230
to look at your emails.

NOTE Confidence: 0.877704868

01:28:46.230 --> 01:28:48.750
For that to say for your records,

NOTE Confidence: 0.877704868

01:28:48.750 --> 01:28:51.406
you should get the CPD email by closer.

NOTE Confidence: 0.877704868

01:28:51.410 --> 01:28:52.574
Play on Monday.

NOTE Confidence: 0.877704868

01:28:52.574 --> 01:28:55.290
Copies of the slides and replay video

NOTE Confidence: 0.877704868

01:28:55.363 --> 01:28:57.939
will be available by the end of next

NOTE Confidence: 0.877704868

01:28:57.939 --> 01:29:00.777
week on our Pro Advisor Seminar page.

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01:29:00.780 --> 01:29:01.893
We still have.

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01:29:01.893 --> 01:29:04.119
You still have the ability to

NOTE Confidence: 0.877704868

01:29:04.119 --> 01:29:06.319
register for our seminar tomorrow,

NOTE Confidence: 0.877704868

01:29:06.320 --> 01:29:09.659
which is looking at the regulatory landscape.

NOTE Confidence: 0.877704868

01:29:09.660 --> 01:29:12.720
We've got industry experts Peter Lovegrove,

NOTE Confidence: 0.877704868

01:29:12.720 --> 01:29:13.728

Ricky Nuttle,

NOTE Confidence: 0.877704868

01:29:13.728 --> 01:29:17.256
and Ross Liston will debate the ends

NOTE Confidence: 0.877704868

01:29:17.256 --> 01:29:21.029
and outs of the consumer duty changes.

NOTE Confidence: 0.877704868

01:29:21.030 --> 01:29:23.622
And give pointers on how best

NOTE Confidence: 0.877704868

01:29:23.622 --> 01:29:25.350
to prepare for this.

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01:29:25.350 --> 01:29:27.270
So just to register,

NOTE Confidence: 0.877704868

01:29:27.270 --> 01:29:31.432
there's a synopsis tab on the menu bar above,

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01:29:31.432 --> 01:29:32.256
or this,

NOTE Confidence: 0.877704868

01:29:32.256 --> 01:29:35.140
or you can speak to your usual

NOTE Confidence: 0.877704868

01:29:35.237 --> 01:29:37.658
credential account manager.

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01:29:37.660 --> 01:29:37.935
Finally,

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01:29:37.935 --> 01:29:39.585
I'd like to take the opportunity

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01:29:39.585 --> 01:29:41.466
to thank you for your continued

NOTE Confidence: 0.877704868

01:29:41.466 --> 01:29:43.458
support both through the multi asset

NOTE Confidence: 0.877704868

01:29:43.458 --> 01:29:45.126
offerings we have within Treasury

NOTE Confidence: 0.877704868

01:29:45.126 --> 01:29:46.731
Investment Office and obviously the

NOTE Confidence: 0.877704868

01:29:46.731 --> 01:29:49.420
& investment funds that you use.

NOTE Confidence: 0.877704868

01:29:49.420 --> 01:29:51.650
Hopefully this has given you

NOTE Confidence: 0.877704868

01:29:51.650 --> 01:29:53.880
some ideas around the investment

NOTE Confidence: 0.877704868

01:29:53.880 --> 01:29:56.550
outlook and areas to focus on.

NOTE Confidence: 0.877704868

01:29:56.550 --> 01:29:58.638
If you'd like any information on any of

NOTE Confidence: 0.877704868

01:29:58.638 --> 01:30:00.659
the funds that we've mentioned today,

NOTE Confidence: 0.877704868

01:30:00.660 --> 01:30:03.404
please do let your Pro account manager

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01:30:03.404 --> 01:30:06.550
know or pop it on the feedback form.

NOTE Confidence: 0.877704868

01:30:06.550 --> 01:30:07.710
That's it from me.

NOTE Confidence: 0.877704868

01:30:07.710 --> 01:30:08.000
Again,

NOTE Confidence: 0.877704868

01:30:08.000 --> 01:30:09.694
thank you to the speakers and have

NOTE Confidence: 0.877704868

01:30:09.694 --> 01:30:11.328
a really good rest of the week.