INVESTMENT INTELLIGENCE FOR THE FUND PROFESSIONAL

INVESTMENT EUROPE

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The latest Brexit assessment by Anthony Dalvin of Amilton Asset Management and other financial professionals

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Giuseppe Patara of Credit Suisse on macro factors

SRI execution

Ecofi Investissements' 2019 focus

The green estate

Sustainability, carbon emissions and the property sector

ESG vision

Aurélia Caruso of Vega IM explains selectors' choices

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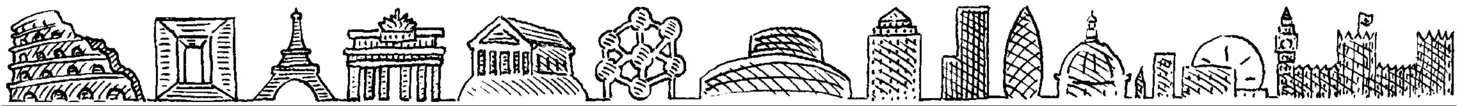

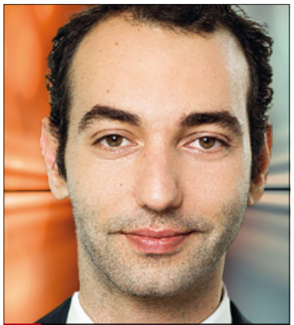

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INVESTMENT EUROPE

An Open Door Media publication

Reversing the Hans Island principle

Jonathan Boyd, editorial director of *InvestmentEurope*

By the time this is published, there ought to have been a resolution of some sort to the Brexit debacle that has gripped the UK Parliament since the start of 2019.

But deal or no deal, it only marks what one relatively well known Briton once called "the end of the beginning". The next step requires forging a long term UK/EU trade deal.

At this point it would be apposite to mention Hans Island. With apologies for the cryptic reference, this uninhabited place sits between Greenland (an autonomous country within the Kingdom of Denmark) and Canada (outside the EU).

Since 1973, (year of UK accession to the European Communities) the two have been unable to turn an agreement on a maritime boundary into an agreement on a land boundary through the middle of the island. In the meantime, they continue to, ever so politely, agree to disagree.

Such a stasis in relations between the UK/EU, particularly in regards to a land border, would likely cause significantly more strain. Here's hoping.

100

InvestmentEurope has hit its 100th issue since launching in the first quarter of 2011. We thank you for your continued support.

WOMEN IN INVESTMENT AWARDS ITALY, 2019

Later this year, on 2 October, *InvestmentEurope* will host an awards ceremony in Milan to celebrate the women working in both buy and sell side roles in the Italian investment industry.

There are some 12 categories in which they will be recognised, including: Investment Analyst, Fund Analyst, Fund Selector, Fund Manager, Investment Woman, Mentor, Role Model, Young Investment Woman and Team Leader of the Year. There are also three specialist categories of awards for Most Inspiring Returner, Rising Star and Unsung Hero.

Full details on how to nominate women for the awards are available at http://events.investmenteurope.net/womenininvestment/static/home. ■

Editorial
Editorial director: Jonathan Boyd
Tel +44 (0) 20 3727 9922
Iberia correspondent:
Eugenia Jiménez
Tel +44 (0) 20 3727 9930
DACH correspondent:
Ridhima Sharma
Tel +44 (0) 20 3892 7911
French-speaking markets correspondent:
Elisabeth Reyes
Tel +44 (0) 20 7484 9720

Production
Phil Turton

Commercial
Managing director: Louise Hanna
Tel +44 (0) 20 3727 9929
Head of sales: Eliot Morton
Tel +44 (0) 20 3727 9945
EMEA business development manager: Mathieu Gaussen
Tel +44 (0) 20 3727 9928
Business development manager:
Tom Meadley
+44 (0) 203 727 9946

Events
Head of events: Alex Whiteley
Tel +44 (0) 20 3727 9923
Event manager: Lucy Wilson
Tel. +44 (0) 20 37 27 9948
Event coordinator: Anna Prunty
Tel +44 (0) 20 3727 9941

Marketing
Head of marketing: Rebecca Hancock
Tel +44 (0) 20 3727 9924
Digital marketing executive:
Catalina Butnariu
Tel +44 (0) 20 3727 9927

Fund selector relations
Head of fund selector relations:
Vanessa Orlarey
Tel +44 (0) 74 7393 4144
Head of fund selector relations, Nordics:
Patrik Engström
Tel +44 (0) 20 3727 9940
Fund selector relationship manager, Italy & Ticino:
Luisa de Vita
Tel +44 (0) 3727 9932
Fund selector relationship executive, Iberia:
Angela Oroz
Tel +44 (0) 20 3727 9920
Fund selector relationship manager, DACH:
Alexandra Laue
Tel +44 (0) 20 7484 9768
Fund selector relationship executive, France, Romandie & Benelux:
Alexandre Duransseau
Tel +44 (0) 20 7484 9784

HR manager
Maria Margariti
Tel +44 (0) 20 3727 9925

Chairman
Nicholas Rapley
Tel +44 (0) 20 3727 9939

Email: firstname.surname@odmpublishing.com

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UPCOMING EVENTS

InvestmentEurope launches its first Summit for fund selectors in Iberia at the end of May (30-31). A number of visits have taken place beforehand to meet those interested in attending as delegates (see our Travel Diary section in this and last month's issue).

Thereafter, in June the events programme moves to Oslo for a Roundtable event on 5 June, and a Summit event in Rome on 6-7 June. The Italian event will particularly target fund selectors working in the institutional market.

ESG as a topic will be addressed by the Pan-European ESG Summit taking place in Zurich on 13-14 June. This will include a structured event programme designed to address key questions such as how to gauge/measure ESG factors including their impact on portfolio performance over time and how to integrate sustainability into the investment process.

Details of these and other events can be found at: www.investmenteurope.net/events.

Fund selectors in the news

Selectors offer views on emerging markets, strategies and Brexit

www.bancopastor.es

Name: Sonia de las Heras Jiménez
Position: Fund of funds manager
Company: Allianz Popular Asset Management Division
Location: Madrid

If the Fed does not raise interest rates in 2019, do you think this will stimulate interest in EM equities/debt, or result in outflows from EM equities/debt?

The first month of the year was very good in terms of performance in emerging markets debt. Maintaining the rates is positive for emerging markets debt.

The more dovish tone from the Fed has lowered dollar funding costs and the dollar has been stable, both of which are positive for EM in hard currency and local currency terms, so this will spark interest in emerging markets.

The next move in rates could well be downward given the global growth slump picture, which should be EM positive unless it leads to a global recession.

www.credit-suisse.com

Name: Giuseppe Patara
Position: Portfolio manager-director, fund selector
Company: Credit Suisse Investment Management
Location: Milan

What strategies are you looking at currently?

With liquidity at a global level destined to be reduced going forward, we are now looking at really active fund managers and approaches in this area. So far, the central bank driven liquidity has created an "easy" environment for passive investments, but going forward I think active selection and high tracking error strategies will come back to produce consistent outperformances, as fundamentals will be back.

I am now focusing on convertible bonds. Due to their asymmetrical structure, they participate in the upturn of the stock market while limit losses on the downside. For this reason, they seem particularly suitable to a phase like the current one of low returns and increasing volatility.

www.arquia.com

Name: Ramón Cirach
Position: Portfolio manager
Company: Arquia Gestión
Location: Barcelona

Are you watching the Brexit process for any specific investment related issues?

As of 20 March, Brexit's outcome remains unresolved. All scenarios are still on the table: an orderly exit; a potential extension to the negotiation process beyond 29 March; a second referendum; a new general elections; and a no deal Brexit.

In any case, we consider an orderly deal the most likely scenario. If that is the case, we could expect sterling appreciation that could have a negative impact on UK equites in the short term. Nevertheless, in the long term it would impact positively on riskier assets as a result of foreign capital inflows.

A worst case scenario of a no deal Brexit could potentially weaken the pound and worsten UK equities' behaviour.

www.arcanopartners.com

Name: Ion Zulueta
Position: Head of manager selection
Company: Arcano Partners
Location: Madrid

Has Brexit caused you to reconsider your asset allocation, eg, on a geographic basis (UK vs ex-UK) or sector basis (given dominance of oil, natural resources, financials in FTSE)?

Our exposure to UK and European equities and fixed income comes from the investment in Europe focused funds. It is the decision of these funds´ investment teams, mainly based on bottom up opportunities, to invest more or less in UK assets.

We have talked to every manager we are invested with and asked them to report their UK market and counterparty exposure in order to aggregate risks and evaluate if the concentration risk gives us enough comfort.

www.amundi.com

Name: Bruno Veillet-Lavallée
Position: Senior analyst – head of External Managers Solutions
Company: Amundi
Location: Paris

In general, do you follow the Brexit process for specific investment issues – if so, which ones?

Yes, we are closely monitoring the development of the subject, in particular in the context of French Equity Savings Plans.

The choice of external managers as to whether or not to maintain the eligibility of their strategy for these equity savings plans, will have an impact on their offering to French retail clients. Where the plans are not eligible, we will enable the funds to restore eligibility. On delegated portfolios, we have planned solutions with the managers concerned.

www.bancadelpiemonte.it

Name: Davide Montaldo
Position: Fund selector
Company: Banca del Piemonte
Location: Turin

Morningstar's *Cross-Border Liquid Alternative Fund Landscape 2019* study showed that the number of liquid alternative funds has risen by 76% over the last decade to 2,663. Why do you believe this asset class is growing so fast?

I agree with Morningtar's study when it says the exceptional growth was probably driven by expectations for this new asset class in a difficult market period for traditional asset classes.

Regardless of the risk return profile you are searching (you must be clear defining that), I agree liquid alts space could be considered an "active kingdom" (as the study says).

I guess they are a good field for innovation and solutions; but not suitable for every investor.

As the study also indicates: be aware from trends and look for transparency, competence, skills, specialisation and coherence.

www.bankhausbauer.de

Name: Thomas Metzger
Position: Head of Asset Management
Company: Bankhaus Bauer Privatbank Aktiengesellschaft
Location: Stuttgart

How have you explained your position to your customers or clients post Brexit?

In principle, investors are informed by the relationship managers of our company about the current asset allocation, our global macro view as well as the asset class assessment and our opinion on specific topics such as Brexit or Handelsstreit.

However, clients always have the opportunity to talk to the portfolio manager responsible for their investment.

In addition, as head of Asset Management, I give lectures at relevant capital market events of our company in order to maximise transparency as far as our view of the important issues of our clients is concerned.

People moves around the industry

ANA PASCUAL

Spain's Banca March hires private banker

Banca March continues expanding its private banking unit with the appointment of Ana Pascual as a private banker.

Pascual joins Banca March from Abante Asesores, where she was a financial adviser for the past five years.

Prior to that, she held various analyst and consultancy positions at entities including BDO, Natixis or Indra.

Banca March made some changes to its private banking unit last September, promoting David Espeja to be the firm's private banking director.

The promotion of Espeja, who had been working for the entity since 2009, followed the departure of José Ramón Aranda to a new role in the firm.

AURÉLIE FOUILLERON MASSON

La Française AM appoints managing director

The supervisory board of La Française AM GmbH (formerly Veritas Investment) has appointed Aurélie Fouilleron Masson as managing director, effective as of 18 March 2019.

The executive board of La Française AM GmbH is now composed of Hauke Hess, Aurélie Fouilleron Masson and Hosnia Said.

Dirk Rogowski, former managing director of Veritas Investment, will continue to serve as managing director of Veritas Institutional.

Fouilleron Masson joined La Française in 2007 and has held various positions within the group including her current role as head of Central Europe (covering Germany, Switzerland and Austria) and global accounts business manager.

As managing director, she will be responsible for the development strategy of La Française AM GmbH in Germany.

Over the past five years and despite difficult financial markets, Rogowski has positioned Veritas Investment and its product offer within the German market.

As managing director of Veritas Institutional, Dirk Rogowski will continue to support the development of La Française in Germany and promote Risk@Work abroad.

DOMINIK ISSLER

Merian Global Investors names head of EMEA distribution

Merian Global Investors (MGI) has promoted Dominik Issler (pictured right) to head of EMEA distribution. In the newly created role, Issler will take on responsibility for distribution across the EMEA markets, with a particular focus on Europe.

This appointment reflects the business's continued commitment to the region after launching its first European office, headed by Issler, in Zurich in 2015. Since then, the business has steadily expanded its presence in Europe through the hiring of regional sales specialists and opening a further office in Milan.

In the expanded role, he will work with the regional sales heads to further drive growth and brand awareness in MGI's chosen markets, primarily Iberia, France, Benelux, DACH, Italy and the Nordics.

In addition to the new position, he will continue to oversee distribution in the DACH region, working alongside specialist Benjamin Huegli who joined the firm in 2017.

Based in Zurich, Issler will report to managing director, distribution, Warren Tonkinson and will join the business's distribution committee with immediate effect.

Issler joined MGI in 2015 as head of DACH distribution. He has 18 years of sales and client service experience in asset management.

NICOLE VETTISE

Franklin Templeton expands emerging markets equity team

Franklin Templeton has announced the appointment of Nicole Vettise as senior vice president, Institutional Portfolio Manager (IPM) within Franklin Templeton Emerging Markets Equity's (FTEME) investment team.

Reporting to Manraj Sekhon, CIO, FTEME, Vettise's primary responsibility will be to support FTEME's full suite of strategies for clients in Europe and North America. She is based in London.

Vettise brings over 20 years of experience in the investment industry and joins the firm from BlackRock where she managed a team of product strategists for a range of equity strategies including natural resources and thematic funds. Prior to this, she was Institutional portfolio manager, Emerging Markets and Natural Resources at RBC Global Asset Management.

GO SAITO

AXA IM bolsters Japanese equities team

AXA Investment Managers (AXA IM) has appointed Go Saito to the AXA IM Framlington Equities Global Equities team effective 1 February 2019.

Based in Tokyo, Saito manages Japanese equities portfolios alongside Chisako Hardie, head of Japanese equities. He will also work closely with the global large and small cap equity teams.

He reports to Mark Hargraves, head of Framlington Equities Global Strategies.

Mark Hargraves, head of Framlington Equities Global Strategies, commented: "With over 20 years' experience covering Japanese equities and with a bias towards small and mid cap stocks, Saito is a valuable addition and a natural fit with the existing team.

"Our Japanese equity strategy, led by Chisako Hardie, has delivered strong returns over the medium term. With him being based in Tokyo this represents a further step in the ongoing geographical expansion of the AXA IM Framlington Equities fund manager team".

Saito joins from SMBC Nikko, where he was a Japanese stock analyst with a focus on small and mid cap stocks.


ROME
INVESTMENT EUROPE
ITALIAN SUMMIT
ROME 2019

Fund watch and product launches

UBP unveils credit long/short fund

Union Bancaire Privée (UBP) continues expanding its Alternative Ucits platform with the launch of a credit long/short strategy.

The Swiss group has partnered with New York-based alternative investment manager Global Credit Advisers (GCA), U Access (IRL) for the launch of GCA Credit Long/Short Ucits fund.

The fund, managed by long/short fund manager Steven Hornstein – who is the CIO and co-founder of GCA – will mainly focus on investment grade, high-yield and distressed bonds while using a fundamental research process.

Nicolas Faller, co-CEO of asset management at UBP, said: "There are very few managers successfully trading this strategy, and Hornstein and his team have proven to be amongst the best in the space given their success for more than 10 years."

www.ubp.com

CQS New City Equity launches global equity fund

CQS New City Equity has launched its Global Equity fund, focusing on an actively managed portfolio of public equities with a market capitalisation of no less than $3bn and listed in developed markets, primarily the US, Europe and Japan.

Led by Raphael Pitoun, the investment team will undertake rigorous fundamental analysis of the market to identify companies and then build a concentrated portfolio of long term holdings. These companies will typically offer high quality products and services with sustainable business models, a good history of innovation and excellent internal organisation; particularly in their management of human capital and corporate governance.

Pitoun joined CQS in September 2018 from Seilern Investment where he was chief investment officer and portfolio manager.

Commenting on the launch of the fund, Pitoun said: "There is clear evidence that the bulk of stock markets' performance is delivered by only a handful of listed equities.

"By focusing selectively on these exceptional companies, we believe we are well positioned to deliver consistent outperformance over the cycle for our clients."

www.cqsnewcityequity.com

Spanish manager atl Capital unveils megatrends fund

Spanish manager atl Capital has launched a fund investing in the megatrends of the future with the aim of participating in their long-term growth.

Cosmos Equity Trends is a global equity fund investing in a wide range of themes including artificial intelligence, robotics, cybersecurity, digitalisation, ageing population or sustainability.

The fund invests primarily through other funds or ETFs, following an investment process in line with its global investment philosophy, benefiting from the advantages of a wide diversification.

It will invest at least 75% in equities and the remaining in public/private fixed income. The US exceeds 60% of the fund's portfolio while some 15% is invested in Europe.

"We have identified a series of structural changes that generate clear investment opportunities in the long-term," said the fund's manager Mario Lafuente.

www.atlcapital.es

Empira launches real estate debt fund

Empira Group, investment manager for institutional real estate investments in German-speaking Europe, has launched Empira Real Estate Finance fund IV, the company's fourth debt fund.

"The new fund offers an innovative joint venture-approach," said Lahcen Knapp, CEO of Empira Group.

The product combines mezzanine capital with relatively low current interest rates and a share in the financed property. The fund's volume is €500m and a first loan has already been handed out.

The fund hands out subordinated mezzanine loans and targets developers in Germany, Austria, Switzerland and the Benelux region that are looking to purchase land or properties to develop residential or commercial projects.

www.empiragroup.com

UniCredit and Axiom AI launch first global CoCo bond ETF

UniCredit and Axiom Alternative Investments have partnered to launch a global ETF providing market weighted exposure to the contingent convertible (CoCo) bond market.

The UC AXI Global CoCo Bonds Ucits ETF, listed on Deutsche Börse Xetra, is the first ETF to provide investors with access to the entire liquid CoCo bond market, including Additional Tier 1 and Restricted Tier 1 capital instruments.

The ETF, developed and launched in cooperation with Axiom Alternative Investments, will track the performance of the EURO-hedged Solactive AXI Liquid Contingent Capital Global Market TR Index, the first index to provide a currency hedged market-weighted exposure to the global CoCo Bond market.

Axiom Alternative Investments is an independent asset manager specialised in instruments issued by financial institutions, with a strong track record in managing funds exposed to the financial sector.

www.unicredit.it
axiom-ai.com

1 million Organisers' estimate of the number of people who marched through London on 23 March 2019 to demand a new referendum

50:50

One day before the original Brexit deadline of 29 March, the UK was still undecided on its path forward. Jonathan Boyd, Ridhima Sharma, Eugenia Jiménez and Elisabeth Reyes report on some of the most recent thinking among fund selectors on what this means

A scant 24 hours before the originally intended Brexit deadline of 29 March, subject to a transition deal with the EU27, the UK's Parliament remained as bitterly divided as ever on the matter of exiting the EU.

Despite eight so-called 'indicative votes' on 27 March, there was no majority expressed for any of the proposed alternativess that could replace the deal negotiated with her counterparts by prime minister Theresa May over the previous two years, and which could then obtain a majority vote from Parliament.

In such a fluid situation, it is likely that by the time this is read, there may have been other equally dramatic developments; perhaps an agreement of sorts with the EU27, or perhaps another step towards a hard Brexit. The permutations of what could happen between 28 March to 22 May, when European elections are held, are numerous.

Through all of this, investors have had to try to find some certainty, in order to make rational investment decisions.

But it is difficult.

Sanjay Joshi, head of Fixed Income, London & Capital says that after the indicative votes: "We can probably argue that a no deal is less likely and the current deal may yet limp across the line. The domestic economy stumbles along on consumer fumes whilst companies sit on their hands just as the global economy is slowing markedly.

"From a gilt market perspective the global rally in government bond markets has been given an extra fillip by Brexit uncertainty. The benchmark yields are expected to decline further as the BoE remains in play adding to the change in tack across the pond in the US and by the ECB."

Chris Rodgers, senior fund manager at Sanlam Investments similarly notes that: "Uncertainty continues to weigh heavily on the UK economy, and as we hurtle toward the cliff edge, all options are still possible. While Parliament has made it clear that a no-deal Brexit is unacceptable, it remains firmly on the table if the government continues to procrastinate and fudge.

"For foreign investors, the lack of clarity and direction remains off-putting, but the fundamentals of the UK do remain strong and domestically-focussed UK equities still offer real value. Investors may wish to consider their exposure to this asset class in advance of an anticipated uplift when clarity is finally established."

ASSUMPTIONS OVERTURNED

From a purely practical standpoint, the additional uncertainty of when, exactly, any Brexit date might stand, has also forced managers to once again revisit their assumptions on continued trading across borders.

As KPMG Luxembourg points out, the UK Financial Conduct Authority website on 25 March said it intended to "extend the deadline for submitting the temporary permission regime (TPR) application via Connect from 28 March 2019 to 11 April 2019.

"Firms, Ucits and AIF management companies intending to temporarily continue their business in the UK under the TPR after the exit day will have until 11 April 2019 to complete the relevant application via Connect.

"Each management company shall submit one complete TPR application providing details of all the funds under management that should continue to be marketed in the UK post Brexit. Luxembourg-domiciled management companies shall inform the CSSF about the successful completion of the TPR application."

SELECTOR VIEWS

Anthony Dalvin, fund manager at Amilton Asset Management in France suggests that the uncertainty that has been ongoing for some time is playing a role in his investment decisions.

"For the last three years, Brexit has been a subject of constant discussion and monitoring. Even though the market impact of Brexit has been limited for non-UK markets, the media emphasis and the potential binary outcome have led to great caution."

"Given the continued uncertainty and the political nature of the risk, we have generally stood away from the UK and sterling denominated assets. However, we are keeping our options open of investing in specific sectors such as mining or oil related stock indices, since the business of such companies is very much worldwide and more exposed to global growth from the US, China or emerging countries, rather than the UK.

"We pay close attention to the ongoing Brexit process but, for now, wait for political stability and visibility."

As Ramón Cirach, portfolio manager, Arquia Gestión in Barcelona explains, there is a level of certainty about the level of uncertainty, which steers decisionmaking

"We are not basing our investment decisions accordingly to a potential outcome since this would be a real conundrum. We believe that both the Brexit ending and the final result of the different asset classes quotations is very unpredictable.

"However, we believe the deal and relationship finally agreed between the UK and the rest of the EU members will have a significant impact in companies from every sector. Firstly, many companies from the industrial, health and servicing sector could face member staff issues to recruit or keep people from other member countries. Secondly, we could also end seeing a decrease in investments in the UK and a relocation of some banks' headquarters."

Ion Zulueta, head of Manager Selection, Arcano Partners in Madrid says that while his firm, like many others, is following developments in terms of the risk posed, it is also keeping an eye out for related opportunities.

"We are following the situation as closely as any other investor. That said, we are not only focused on the potential risks but also on the investment opportunities that may arise. The British pound is cheap, UK corporates pay a decent premium compared with euro corporates and investors have been underweight UK equities for quite some time. We think at some point this regional under allocation may revert."

Zulueta's colleagues responsible for Europe focused funds are predominantly approaching the decision on whether to invest in UK assets from a bottom up perspectives, he notes. Discussions have been ongoing with "every manager we are invested with" asking them to report their UK and counterparty exposure to gauge risks, including concentration risk.

"We have not invested in UK domiciled funds for a while, thus we did not have to make any change/switch," he continues.

"This said, we are seeing that UK asset managers managing UK domiciled funds with a decent exposure to European investors have been launching Luxembourg domiciled funds in order to give these clients the chance to move their money from one fund to the other.

"We have kept [clients] properly informed about the political situation and the economic and market impact of the different possible outcomes. At the same time, we have updated them about their current global Asset Allocation, thus not only regarding their exposure to UK assets, as an unfortunate outcome could have global ramifications."

PASSPORTING

Guillaume Di Pizio, chief investment officer at Dauphine Asset Management, highlights the danger to passporting from Brexit.

While this is a risk, it can be mitigated. In his case he says it is "irrelevant for our allocations" because UK based financial institutions have already based their mutual funds elsewhere, mainly Luxembourg and Ireland.

"The second more indirect impact, is that of a hard Brexit which is not priced into English securities and bonds. The markets completely obscure a 'lose-lose' situation for the EU and the UK. In fact, equity and bond risk premiums

"WE ARE NOW SYSTEMATICALLY EXCLUDING UK DOMICILED FUNDS FROM OUR SCREENINGS WHEN IT COMES TO SELECTING NEW INVESTMENT VEHICLES"

Benoît Ruelle, Degroof Petercam

184 MPs who voted for plan to revoke Article 50 in UK Parliament on 27 March; 293 voted against

have been heavily compressed on English assets: the level of risk becomes asymmetric with poor earnings prospects but a significant profile drop.

"We are pretty much absent from UK exposures, likewise with European companies or sectors that would also be impacted by, for instance, GETLink or the European banking sector. This cautious approach has gone done very well and has been taken onboard by our customers and partners."

CURRENCY

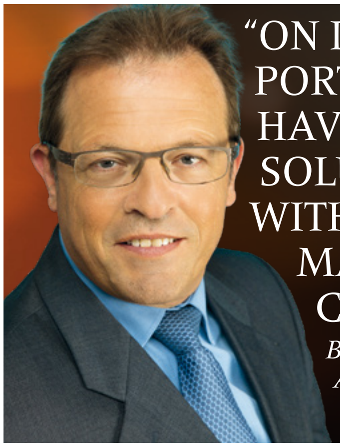
Jérôme Cognet, director and investment specialist at UBS, advises against taking a view on the direction of sterling, but to remain alert to "entry and exit opportunities if volatility persists"

"Given the uncertainty, we do not advocate taking directional views on sterling, but we remain alert to entry and exit opportunities if volatility persists.

"For the time being, the most sensible approach seems to be to hedge sterling's downside risks. Within equities we recommend a diversified dividend strategy that is likely to outperform in most circumstances. We favour international equities exposure. In our global tactical asset allocation, we are neutral on eurozone equities and underweight UK equities as their volatility is likely to exceed their historical norms, and we see better value in emerging market USD-denominated sovereign bonds."

Benoît Ruelle, responsible for Third Party Funds Selection at Degroof Petercam Private Banking in Brussels says the choice of vehicle in regard to the Brexit outcome – deal/no deal – is important for those like his firm, which have significant exposure to retail clients.

"We have to make sure they are invested in Ucits compliant investment vehicles. We are now systematically excluding UK domiciled funds from our screenings when it comes to selecting new investment vehicles. Concerning our pre-existing investments in UK funds, most of the asset managers fortunately have done the job for us. Large UK managers have indeed transferred the assets invested by continental European clients from their UK structure into the corresponding strategies from their management company located in the European. This move has the advantage for our clients of avoiding the fiscal burden of an outright sale of their positions in UK domiciled funds."



"ON DELEGATED PORTFOLIOS, WE HAVE PLANNED SOLUTIONS WITH THE MANAGERS CONCERNED"

Bruno Veillet-Lavallée, Amundi

RETAIL CLIENTS

Bruno Veillet-Lavallée, senior analyst, head of External Managers Solutions, Amundi is another who touches on the particular impact Brexit is having on those charged with serving retail clients. He notes that Brexit is being followed closely in France particularly in context of the French Equity Savings Plans – PEA.

"The choice of external managers as to whether or not to maintain the eligibility of their strategy for these equity savings plans, will have an impact on their offering to French retail clients. Where the plans are not eligible, we will enable the funds to restore eligibility. On delegated portfolios, we have planned solutions with the managers concerned."

Louis Abreu, head of Fund Selection at Dorval Asset Management, says simply that he has been involved in reducing exposure to the UK, and favouring European equity funds that exclude or underweight UK assets, but adds: "We will not hesitate to reposition ourselves if there is positive progress on the matter."

David Wehner, senior portfolio manager, Do Investment in Munich, like his Iberian and French peers expresses the need to maintain continuous monitoring of Brexit development, but argues he is "convinced that there will be a regulated Brexit anyway."

And this is important to keep in mind of what has happened to stocks at different market capitalisation levels in the UK; the small and mid caps have underperformed the large caps on the FTSE 100 since the referendum in June 2016.

"In our view, shares of small and medium-sized companies offer catch-up potential if the framework for a regulated Brexit is set. In addition, the European bank index (STOXX Europe 600 Banks) should recover. The reason for this is a recovery of the general market sentiment, slightly rising interest rates and growing clarity about London as a banking location. Sterling also offers appreciation potential, despite the recovery that has already taken place in recent weeks. "

Petra Zamagna, managing director, Ambitus GmbH Asset Consult, recommends clients shy away from UK exposure as long as the political uncertainty continues.

There is also a view of a high probability that London's role as a financial hub may disappear "over time" – although currently nobody really knows what the impact will be.

"It is more than obvious to everybody following political news, that what the UK is doing to their own industrial base and their standing in the worldwide political arena is more than damaging. It seems this little country is still living in a Commonwealth/global empire world which for our Continental European understanding does not exist anymore and does not look likely to ever come back either."

Hanno Kühn, CIO of apoBank, explains that for the very risk averse clients to this German bank, the advice is to reduce UK exposure until the uncertainty become negligible.

"All in all, UK funds have not played a big role for Continental European investors in the past and will not do so in the future. Bringing UK based strategies into new EU regulated funds will lead fund flows from Great Britain to the EU and strengthen the Continental European fund market." ■

2.5% Increase in Italy's exports in January

GIUSEPPE PATARA

Giuseppe Patara joined Credit Suisse in 2005 and has been managing multi-asset class portfolios since then, with a focus on fund selection and asset allocation for balanced and total return products.

He has also worked as a portfolio manager on the Asia Pacific investment team at Credit Suisse Asset Management in Singapore. His main areas of expertise are macroeconomic analysis for unconstrained asset allocation, and multi-asset/ multi-manager portfolio construction.

449,000 Children born in Italy through 2018

Credit Suisse's Giuseppe Patara outlines the firm's selection process highlighting the relevance of the macro factor as the building blocks on which selectors should base their allocations. Eugenia Jiménez reports

Start with the big picture

Patara believes that fund selectors should always start by looking at macro matters when performing their asset allocation because that will define their risk appetite.

As a portfolio manager, director and fund selector at Credit Suisse IM – which currently manages over CHF60bn and present in nine locations across Europe and Asia – he is responsible for managing an unconstrained multi-asset strategy while being part of the global fund selection group for discretionary portfolios.

As part of the asset allocation team of a global fund house, he explores all asset classes and geographical areas.

"One of the key characteristics of our process is that all fund selectors in the group are also portfolio managers. As such, we tend to consider all funds in a portfolio context, not just on a stand-alone basis," he says.

"I am constantly looking at the best way to express an asset allocation view in a portfolio, seeking to find the most suitable vehicle to do so."

This openness implies the manager considers the overall range of investment opportunities, from passive – ETFs and indexed funds – to active strategies.

"The expected length of any investment view, and the level of efficiency of the asset class are the key factors we take into account when selecting the most suitable investment instrument, whether active or passive," Patara explains.

"WE TEND NOT TO INVEST IN A FUND WITHOUT HAVING MET AT LEAST ONCE THE KEY DECISION MAKERS"

SELECTION PROCESS

Patara explains how his team's aim is to select the best risk-adjusted fund strategies for their clients. And to do so, they run quantitative screenings at peer group level, and apply a scoring system that rewards equally performance and relative risk parameters.

After the quantitative analysis, they look at the strategy with more details and the replicability of past performances. During this qualitative process, direct contact with fund managers might be needed.

"We tend not to invest in a fund without having met at least once the key decision makers. With most of the managers we invest in, we have been establishing a direct long-term relationship. Having the global selection team spread across nine regions globally helps in this sense, " he states.

When referring to the key attributes he likes in managers, he admits to focusing on those who have been able to outperform their mandate benchmarks consistently in various market environments.

Another essential characteristic to Patara is coherence. Fund managers must be consistent regarding their historical performance and their declared investment process/philosophy.

"When analysing past performances, we want to find some evidence that they are coming from a replicable investment process and not from one-off trades or temporary style drifts. In most of the fund houses, it is easy to spot a top performer that has actually drifted from the investment universe or simply took a concentrated lucky bet on some investments. Chasing those managers could be really dangerous," Patara warns.

FOCUS ON FIXED INCOME

Patara is paying special attention to the fixed income universe given the low level of interest rates of government bonds and the decision of central banks to maintain real rates low over a long period.

In this sense Patara adds: "All types of 'spread' investments that have been used historically as satellites (high yield and emerging bonds for instance), are likely to increase their weight in allocations."

SLUGGISH GROWTH AHEAD, BUT NO RECESSION

Patara thinks that although short term indicators are likely to improve from their current depressed levels, there are still reasons to be bearish about global growth in the medium term.

"Tightening financial conditions, widespread recession concerns, fading global auto sales, and weak energy investment suggest that the global growth trend occurred from mid-2016 until early 2018 is over and that we are set for a year of sluggish growth, but no recession.

"Labour markets in developed economies are still resilient despite weak manufacturing and volatile financial markets. Policy makers, the Fed, and the ECB in particular, are coming more dovish in response to this weakness." ■

2.7% Spain's Business Turnover Index from December 2018 to January 2019

MoraBanc places clients at the centre of expansion plans

MoraBanc's Lorenzo Casaus outlines the key pillars of the firm's business strategy, including recent agreement with Goldman Sachs AM, aimed at creating a more agile and digital organisation with the focus on clients. Eugenia Jiménez reports

"AS PART OF OUR CURRENT BUSINESS PLANS, WE ARE FOCUSING ON OFFERING INVESTMENT SERVICES TO OUR CLIENTS RATHER THAN BECOMING MERE DISTRIBUTORS OF PRODUCTS"

Lorenzo Casaus, MoraBanc

BIOGRAPHY

Lorenzo Casaus, chief strategy and investment officer at MoraBanc, joined the business development team of the Andorran bank in 2016.

Prior to that, he worked for the investment team of the global alternative asset manager Värde Partners. He started his career as an investment banking analyst at Deutsche Bank.

Launched in Andorra by the Mora family in 1952, MoraBanc remains family-owned, giving it a stability throughout the decades that allows the bank to think long term while continually adapting to what the client needs.

The Andorran bank, which currently manages €6.54bn in assets, is split 81% private banking; 10% institutional; and 9% wholesale.

Headquartered in Andorra, MoraBanc has also offices in Zurich and Miami via its subsidiary Mora Wealth Management, which specialises on independent advisory.

Earlier this year, the bank announced the restructuring of its investment teams into four departments in a move aimed at improving efficiency and client service.

The new Strategy & Investments area resulting from the reorganisation, led by chief strategy and investment officer Lorenzo Casaus, includes four departments: Morabanc Asset Management, led by Oriol Taulats and focusing on discretionary and fund management; advisory, led by Enric Galí; fund selection, a newly-created department led by Juan Hernando, and corporate strategy, under Miguel Ángel Delgado's leadership.

When asked for the main reasons behind the merger, Casaus explains: "There are two main reasons. First, upgrading our services to provide comprehensive investments solutions to our clients is one of the pillars of MoraBanc's business plan and most of the strategic projects we run, were conducted in conjunction with the different investment teams.

"Secondly, MoraBanc is complementing its historical product range with a renovated range of discretionary and advisory services, for which it was vital to have a unified leadership team to make sure all our cross-asset experience is passed to our clients."

GSAM DEAL

The restructure followed the strategic deal MoraBanc and Goldman Sachs AM (GSAM) reached earlier this year, which gave MoraBanc's clients access to GSAM's range of investment portfolios designed by the US investment bank specifically for the Andorran bank.

"In our view, it puts Morabanc in a

16.5 million Overnight stays in hotels in Spain, February 2019

privileged position in terms of wealth management, planning, and client advisory," reckons Lorenzo Casaus.

Both moves are part of MoraBanc's business strategy, which was launched last November with the objective of transforming the organisation into a 100% client-oriented company, according to the lender.

Casaus, who highlights that the bank keeps on transforming its business as it has been doing for many years, says: "The firm's business plan (called internally Plan 360) was launched in 2018 with the goal of transforming the organisation into a fully client focused firm. To do so, we concentrate on creating a more flexible and less complex organisation that delivers a new set of value-adding wealth management services leveraged on best-in class agreements."

He continues: "The need for adaptation has become even more relevant in recent years as MoraBanc has expanded to new international markets, financial regulation has evolved, and our clients' needs have become more complex.

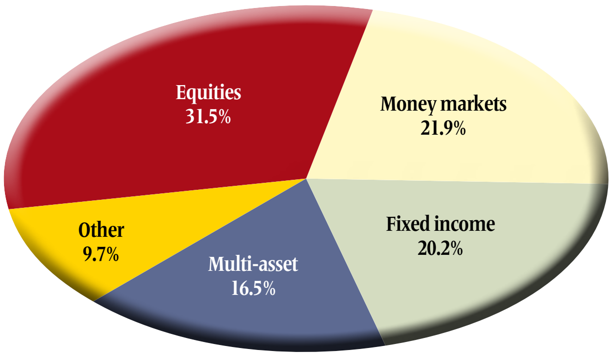
"As part of our current business plans, we are focusing on offering investment services to our clients rather than becoming mere distributors of products: offering wealth management services via discretionary and advisory investment solutions, which are global, built around our cross-asset expertise and leveraged on partnerships with best in-class players. In addition, we are simplifying our product range in order to focus on our areas of expertise where we think we can add Alpha. We are also reinforcing our investment teams."

INVESTMENT PROCESS

According to Casaus, designing a well-defined and methodical plan to extract value from fundamental and valuation-based metrics while focusing on risk management are two of the key drivers for achieving long-term sustainable returns.

He says: "We believe that a strong emphasis in risk management is paramount to achieve our goals efficiently.

BUSINESS SPLIT BY ASSET CLASS



As of March 2019 Source MoraBanc

"We therefore incorporate our strong quantitative skills into our valuation based return drivers in order to accomplish the best possible risk-adjusted returns."

With regards to MoraBanc's asset allocation, Casaus outlines that the bank is positive on equities despite admitting that first quarter of this year may end reducing the asset class' potential.

He adds: "From our point of view they are structurally less recession-prone now, with anchored inflation and reduced impact from oil. In equities, we find the US attractive in spite of its valuations, which may look expensive according to the traditional metrics.

"Although we are invested in Europe, political uncertainty remains across the continent so we are more positive on US and emerging markets."

The Andorran bank has also positive views on emerging markets, both in equity and fixed income.

Casaus comments: "We believe emerging markets present good investment opportunities.

"When you focus on company fundamentals instead of on the country where they are based, you may identify companies that have been unfairly punished in recent months."

Conversely, he admits to being cautious on investment grade corporate as well as on US and German government bonds, in particular after the good start of 2019.

LOOKING AHEAD

Enhancing the discretionary and advisory services to clients through the agreement with GSAM while focusing on the strategies they can generate alpha with are some of the bank's top priorities for the remainder of the year.

"Another important priority, at a company level, is to continuing the digitalisation of the bank, since part of our value proposal is based on innovation while delivering on the best solutions to our clients. To do so, the bank is not only developing in-house solutions but also partnering with the most innovative technology suppliers/fintechs," Casaus explains.

At a global scale, MoraBanc is revising its product range focusing on those funds where it believes it can add some alpha.

Although most of the bank's own investment products have been traditionally domiciled just in Andorra, the firm recently registered three of its funds in Luxembourg in order to distribute them abroad.

The three strategies – Mora Iberian Equity, Mora Global Currencies and Mora Absolute Return Luxembourg – had a great track record in their Andorran versions, underlines Casaus: "Since these funds were outperforming indexes and peers, we decided to launch Luxembourg vehicles as there were interested investors abroad.

"This is an exciting project with international growth potential."

When asked what the key people skills MoraBanc may be looking to boost, Casaus stresses talent.

According to the bank's CIO, talent is the main competitive advantage in today's financial services.

"We are always open to talented people. We are looking to boost talent in most of the areas of the bank but especially in client servicing, technology and investment services.

"Additionally, we are collaborating with leading international firms in product development and technology. The main goal is to specialise in clients servicing while offering them the best solutions of the market," he concludes. ■

2.2% Decrease in number of larger businesses established in Germany in 2018

The real estate industry is key to reducing carbon emissions. Ridhima Sharma reports

Property in the front line of war against global warming

Sustainability in real estate is not only a question of returns, but also the responsibility and potential of the real estate industry to reach climate and environmental sustainability targets.

At COP21, the Paris climate conference that took place in December 2015, 195 countries adopted the first ever agreement which sets a target for reducing negative effects from climate change by limiting global warming to well below 2°C.

The World Bank estimates that the real estate sector has to reduce CO_2 emissions by 36% by 2030 to support staying within the 2°C threshold. If the world's nations do not reduce global warming quickly, temperatures may increase dramatically in the coming decades.

The World Economic Forum states in their report *Environmental Sustainability Principles for the Real Estate Industry* that the real estate sector consumes annually over 40% of global energy; and that buildings originate 20% of global greenhouse gas emission and use *ca* 40% of raw materials, respectively.

The results of runaway global warming are predicted to include: scarcity of food and fresh water; the spread of diseases; and rising sea levels, which will flood coastal cities and submerge many island nations.

The United Nations Intergovernmental Panel on Climate Change (IPCC) estimates that a 1.5°C average rise may put 20-30% of species at risk of extinction.

In addition, increasing extreme-weather events like storms and floods are likely to affect the property industry and infrastructure having a major impact on economies and investment performances.

According to Richard Peiser, the Michael D. Spear Professor of Real Estate Development and director of the Master in Urban Planning Program at the Harvard Graduate School of Design and Thomas Wiegelmann, managing director of BLUE Asset Management, Honorary adjunct professor at Bond University and member of the Harvard Alumni Real Estate Board: "In a rapidly urbanising world, the real estate industry lies at the centre of an unprecedented level of growth and activity. Investors, occupiers, cities as well as governments can and have to play a key role to achieve a reduction of greenhouse gases in the context of the construction and operation of real estate.

"Governments and cities shall further proceed in establishing and adopting sustainable and comprehensive long-term policies incentivising real estate investors to collaborate and support such initiatives. This implies that the real estate sector will remain a prime target for policy action. This presents new challenges and opportunities for the real estate industry with profound implications for both owners and occupiers," they add.

DECISION MAKING

For industry practitioners at all points of business, weaving climate and sustainability considerations into key decisions is a responsibility. But what many do not yet realise is: guiding market decisions toward sustainable, climate-friendly outcomes will actually generate financial and economic payoffs for the real estate industry and for investors, especially in the medium and long terms.

Peiser and Wiegelmann comment: "Sustainable property investments have developed from a niche concern to a mainstream product for new real estate developments and investment products over the past decade. Green buildings represent a significant share of

"SUSTAINABLE PROPERTY INVESTMENTS HAVE DEVELOPED FROM A NICHE CONCERN TO A MAINSTREAM PRODUCT"

Richard Peiser, Harvard Graduate School of Design

1,456,039 Estimated population of Munich as of 21 March 2019

global development projects, which is expected to further grow."

When financiers invest into new development projects, they are increasingly selecting those that have or qualify for a sustainability rating.

"In order to achieve the reduction in CO_2 emissions necessary to preserve the environment for future generations, the industry also has to increasingly consider sustainability-minded retrofits and renovation of existing buildings," they state.

This process is bound to be burdensome in the short term – certain sustainability-driven features pay for themselves, while others do not at this time – but it is nevertheless a reasonable cost-efficient way to achieve the reduction in CO_2 emissions that has been deemed necessary.

When underwriting existing property, energy efficiency is an important component of commercial due diligence as well as capital expenditure requirements for green retrofit and renovation of existing stock.

Peiser and Wiegelmann say: "We are convinced, that many existing properties will be rated as not 'future-proof' and will successively fall behind when competing for customers and occupancy rates and investors in the mid to longer term future.

"As a result, we expect that for those properties a significant discount for a lack of sustainability (grey discount) will have to be considered in the future. Mindful investors anticipate and understand the impact of such developments and trends to reduce exposure to long term risks," they further add.

THE CHALLENGES OF INVESTING IN MORE SUSTAINABLE BUILDINGS

The causal chain between the effects of cost-spending on sustainability investments and the resultant effects and benefits tend to be diffuse, but a number of data points and case studies illustrate key and pivotal trends, and suggest the factors that will play increasingly weighted roles in long-term costs and values.

In the absence of one fully uniform certification system, it is still difficult to measure, standardise and compare monetary valuation of sustainability aspects. Standards include, *inter alia*, LEED, BREEAM , HQE, DGNB , Green Star and CASBEE.

Higher initial costs for sustainability features are particularly obstructive when short amortisation periods and high yield expectations are at the centre of investors' attention. Investments into sustainability characteristics are expected to "pay off" in the medium and long run.

It is also to be noted that from the perspective of owners and investors, sustainability costs are not symmetric with resulting energy savings.

In other words, energy-saving measures require significant one-off capital expenditures typically to be borne by owners and investors, but the resulting reduction of operating costs usually occurs over time and benefits mostly tenants.

SUSTAINABLE BUILDING PRACTICE EFFECT

The core challenge for many investors still lies in the frequently diffuse causal chain between the effects of costs and the resultant effects of benefits of investments into sustainability measures.

Research has illustrated that property pricing is increasingly distinguishing between properties and portfolios that exhibit different sustainability-related features and resulting performance. Also, evidence shows that more sustainable properties correlate positively with higher rental premiums.

Furthermore, green buildings tend to have lower vacancy rates as well as lower operational costs. At the same time, there is still a need for enhanced empirical evidence of causality between sustainability and performance/ value.

It is important to further develop "business cases" for sustainability in a transparent way. Life-cycle assessments and resulting life-cycle cost considerations are becoming increasingly important and turn the focus on the long-term benefits of sustainable real estate.

And not to forget, technology is undoubtedly playing an important role in providing cutting edge solutions to monitor, in close to real time, the performance of buildings. ■

1.5% Increase in general crime in Luxembourg in 2018

Responding to change

Product, people, progress and prediction were the four 'Ps' in focus at the most recent pan-European event hosted by Alfi in Luxembourg. Jonathan Boyd reports

This year's edition of the European Asset Management Conference hosted by the Association of the Luxembourg Fund Industry, took place in early March, offering speakers and delegates the chance to touch on key industry developments.

Ostensibly bracketed under the four 'Ps', the presentations and panel debates touched on some very real world challenges. These included: demographic and labour market changes across Europe ; automation; Brexit; climate change; sustainable finance and ESG; trends in the active/passive debate; M&A trends in asset servicing; and priorities for Esma, the European Securities and Markets Authority.

ESG

A significant portion of the event was dedicated to presenting or discussing ideas around sustainability and use and measurement of ESG criteria.

Setting the scene for these discussions was Gabrielle Walker, a strategist on climate change – former Climate Change editor at *Nature* and features editor at *New Scientist* – who described how easy it would be for Earth to become more like Venus should carbon emissions not be drastically controlled.

Uli Grabenwarter, deputy director, Equity Investments, European Investment Fund, followed up Walker's warnings by noting that pollution means that there is an 80% greater chance of ingesting plastic from seafood than obtaining Omega 3 oils.

Putting forward some views on how the industry could react to such challenges, a panel considered the impact of the EU Action Plan on Financing Sustainable Growth. Panelists included Sabine Dittrich, head of Regulatory Intelligence, UBS Asset Management; David Brennan, director – Distribution, UCA Funds Management, and Henrik Pontzen head of ESG, Union Investment Institutional, and Marie-Laure Schaufelberger, group stewardship Officer, Pictet Group – all under the moderation of Sandra Crowl, stewardship manager, member of the Investment Committee, Carmignac.

The ESG debate (from left to right): moderator Alain Kinsch, EY; Apricot Wilson, Luxembourg Microfinance and Development Fund; Seb Beloe, WHEB Asset Management; and Marco Caldana, FARAD Group

Case studies of ESG implementation in investment management came through a panel featuring Apricot Wilson, deputy director and head of Risk, Luxembourg Microfinance and Development Fund (LMDF);

Seb Beloe, partner, head of Research, WHEB Asset Management, and Marco Caldana, chairman & founder Farad Group – under the moderation of Alain Kinsch, country managing partner, EMEIA Private Equity Fund Leader, EY.

AOB

As noted, there were a number of other key areas being considered at the event, in light of latest industry developments.

One was pitched as a 'battle' between a supporter of active versus a supporter of passive management.

Another considered the changes taking place in Europe's pensions industry, particularly in the form of the Pan-European Pension Product, or Pepp, which will require companies such as Amundi and Fidelity – two of those taking part in a panel discussion on the change – to invest in systems that can keep track of a truly portable product, which can meet defined contribution needs across borders, as part of the broader thrust on CMU – Capital Markets Union – being pushed by the European Commission.

Yet another concerns the ongoing M&A activities seen in the industry, but in the case of Luxembourg, particularly those M&A deals that strike into the asset servicing element rather than necessarily individual portfolios.

Aspects of anti-money laundering and the priorities of the European Securities and Markets Authority also were put forward for delegates to ponder.

Perhaps the biggest challenge will come from a demographic shift noted by Martine Kerschenmeyer, senior client partner, Korn Ferry; she predicted a "talent crunch" by 2030 across sectors globally will see a shortfall in staff to cover positions of some 85 million – some 10 million will be in financial services – which represents more than $10trn in lost output. ■

FURTHER INFORMATION

To read more and obtain insight into the event programme, visit: https://events.alfi.lu/eam19.

3.2% Increase in house prices in France in Q4 2018 YoY

Pierre Valentin, chairman of the executive board of Ecofi Investissements, recently outlined his focus for 2019 and the role SRI plays. Elisabeth Reyes reports

SRI focus drives expansion

Ecofi Investissements executive board chairman Pierre Valentin's currently has an eye firmly on the changes being wrought in the industry as it responds to demand for socially responsible investments.

However, his relevant industry experience goes back to well before SRI was a known acronym, when he joined CPR in 1989, later being appointed deputy CEO.

Via a role on the executive board of hedge fund manager Equalt Alternatives AM, he became CFO at Crédit Coopératif and was subsequently appointed deputy CEO for Finance, International Division and Bank Credit. By July 2015, he joined the senior management team of Ecofi Investissements, Crédit Coopératif's fund management business, and ultimately taking on his current role.

Together with his executive board peers Christophe Couturier (vice-chairman), Gauthier Poppe (BTP Banque company secretary) and Marc Becquart (head of Finance of Crédit Coopératif), Valentin oversees some €9bn of assets and a commitment to a range of 100% SRI open ended funds, and a desire to maintain relevance in an industry undergoing profound change.

Valentin believes that SRI fundamental analysis is essential but is not sufficient.

"Our SRI commitment is based on strict processes, naturally, but voting and dialogue are also essential when considering ESG requirements in business practices."

Ecofi routinely votes at shareholders' meetings of their portfolio companies and engages those involved in controversial areas – human rights violations, pollution, business ethics, and so on.

"We are a demanding voter at shareholders' meetings," says Valentin.

"2018 focused on transparency and diversity, specifically tax liability and the gender diversity ratio, encouraging more women into management."

'IMPACT ISR' PROCESSES

Ecofi has developed two SRI processes for selecting corporate and sovereign issuers. They rely on handling non-financial data from the ESG rating agency Vigeo Eiris, as well as their in-house SRI research.

Valentin describes the "new strengthened SRI process", dubbed Impact ISR as "thorough and transparent" with the following triple approach:

- Exclusion of sectors (controversial arms, tobacco, gambling, coal) and tax havens; and
- Selection of companies that are the most responsible in terms of their Environmental, Social and Governance performance on the basis of Vigeo Eiris research applying the I-Score methodology:

  Overweighting results indicators in the overall ESG score to assess the company's true performance – in contrast with declared policy – from the viewpoint of risk management. For instance: CO_2 emissions per Mwh per annum; frequency and gravity of workplace accidents, etc;

  Overweighting four criteria with high ESG impact via the 'Ecofi Touch': balance of board powers; responsible customer/supplier relations; fair tax policy; non-discrimination.
- Governance regarding controversial behaviour by excluding companies facing major incidents – pollution, human rights, environment, and so on.

Scale of SRI intensity – 1 (lowest) to 3 (highest) – is applied depending on the fund's degree of commitment.

"These filters allow us to select only best-of-breed companies using a reality check – comparing their words with their deeds," states Valentin.

"We are convinced that our SRI approach allows us to better control risks and thus generate long-term performance. This is what our clients want." ■

0.3% Increase in GDP in volume terms in France in Q4 2018 compared to Q3 2018

AURÉLIA CARUSO

Aurélia Caruso joined Vega IM's team as a portfolio manager in December 2018. Prior to that, in January 2018 she was involved in the creation of SF2, the Société Française des Sélectionneurs de Fonds.

From January 2017 to December 2018, she was head of Asset Allocation at Scala Patrimoine. In 2015, she worked for Fintech Hedgeguard as a product specialist.

Caruso started her career at Amundi in 2012 as a junior portfolio manager, she then worked as a financial analyst at Société Générale and BNP Paribas respectively in 2012-2014.

She graduated with a Bachelors degree in applied mathematics and a Masters degree in asset management.

€2,315.3bn Accounted for Maastricht debt as at the end of Q4 2018

ESG: the bigger picture

Aurélia Caruso, portfolio manager at Vega Investment Managers, has outlined her vision on ESG. Elisabeth Reyes reports

In the space of a decade, ESG assets went from $3.8trn in 2006 to about $22.9trn by 2017.

The pace of change illustrated by this shift is now something that all fund selectors need to factor in, suggests Aurélia Caruso at Vega IM – even if there are differences in the appetite for ESG in different regions.

"It is common knowledge that Europe is ahead of Asia and the United States in this regard, but it is important to distinguish between those leading the pack, for example the Netherlands, the Nordic countries, but also France and Portugal, and those trailing at the bottom ie, the United Kingdom, Ireland or Greece.

"Interests differ: Portugal in particular stands out on environment; Denmark is more focused on the social agenda; and the Netherlands on governance. Similarly, E and G are slightly more important than S for a French investor; whereas the S will be more important for the Danish."

Caruso believes that for investors who do not incorporate ESG criteria into their investment process, the damage to performance, perceived as inherent in ESG, is a major issue.

Nevertheless, she notes that many studies, such as that published by Morningstar showing that in 2017 16/20 ESG indices outperformed their non-ESG equivalents, demonstrate the opposite. That the US ESG index was one of the four that underperformed might explain why the RBC Global AM study for 2017 suggested 26% of US respondents viewed ESG as negatively impacting performance.

ANOTHER VIEW

On the basis of such findings, Caruso takes a different approach to the markets she invests in.

As far as US markets are concerned, there are still relatively few labelled funds; she therefore favours funds with a "best-in-class" approach for a particular industry or category rather than selecting those that practice "sector exclusion".

For Japan, she emphasises governance : "Something this country is far from exemplary at," she says.

"To the extent that companies with governance problems are generally more volatile and do not perform well in the long term, for me it's important to focus on management companies paying particular attention to this criteria."

> "WOMEN AND MILLENNIALS ARE MUCH MORE OPEN TO ESG INVESTMENTS AND TO SPECIFIC CRITERIA"

At the moment, existing labels, though still necessary, are not sufficient in themselves for use in fund selection, she says, noting strong disparities between different label requirements, particularly in terms of exclusion.

This was highlighted in a February 2019 Febelfin study. For example, Caruso points to the French ISR label, which is "unlikely to be compliant" on the requirements applicable to the armaments and coal sectors.

For Caruso, this observation is further reinforced when looking at the corporate social responsibility data correlation of performance ratings from the three main providers MSCI, Sustainalytics and Thomson Reuters.

The correlation is relatively low, which Caruso suggests "...may be explained by the diversity of weight given to E, S and G" as well as by "the different criteria used in evaluating these three aspects, for example, supply chain, board structure or carbon use".

More analysis requires adopting a tailor made approach, she adds.

"If your customers are particularly sensitive to the animal cause, you cannot simply select an SRI labelled fund: a large majority of these are invested in companies that perform animal testing, which would be at odds with your customers' values. The selection therefore must be more thorough."

DEMOGRAPHIC FACTORS

She also notes that gender and age may determine the objectives of end investors.

"Women and millennials are much more open to ESG investments and to specific criteria in particular, than others."

Caruso herself uses different gross Sustainalytics ratios available in the Morningstar database, as well as the MSR (Morningstar Sustainability Rating).

"To me this work is essential when it comes to the issue of ESG because it is very difficult to assert general truths when there are so many existing criteria that are subject to cultures and generalisations," she concludes. ■

3.5% Global growth forecast by IMF for 2019

As investors see storm clouds gathering over the fixed income asset class, Eugene Costello reports on some flexible and absolute approaches

Have faith, but bring an umbrella

The bull appears finally to be corralled. What has been described as "the longest bull market in history" for bonds finally closed up shop in 2018, signalling an end to traditional diversification strategies.

It was a triple whammy, with equities, corporate bond indices and US treasuries all ending the year in the red and spelling trouble for managers of what had hitherto been seen as safe balanced portfolios.

Counter-intuitively, this should not precipitate a headlong rush to the predictability of absolute fixed income funds, but calls instead for a more sophisticated way of forecasting and protecting against the downside, argues GAM.

As of December 2018, the firm announced a new dynamic credit strategy on its Systematic Platform ($4.3bn AUM), stating that the strategy "seeks to outperform global credit markets on an absolute and risk-adjusted basis over the cycle, but with downside risk mitigation."

It plans to achieve this by taking long positions in credit markets and will respond to less benign markets by "reducing exposure to, or even shorting, credit" while at the same time taking long positions in safe-haven fixed-income.

The new strategy seeks to combine tactical credit, directional credit and market neutral credit. Anthony Lawler, co-head of GAM Systematic explains: "These act analogously to a credit trader, a credit strategist and a credit analyst, respectively; the strategy aims to outperform global credit markets over the cycle."

"WE WOULD RATHER EXPAND OUR OFFERING THAN COMPROMISE EXISTING OFFERINGS TO ADDRESS EMERGING DEMAND"
Iain Lindsay, Goldman Sachs Asset Management

Lawler suggests that as investors are increasingly looking for diversity in portfolios, applying a dynamic approach to credit helps meet this need.

"It offers credit returns, but is also equipped with crisis indicators which seek to reduce portfolio credit risk in challenging markets and thereby diversify returns away from traditional credit allocations."

THE POST PEAK ENVIRONMENT

So why the move for such dynamic and automated diversification? Lawler points to research carried out by GAM, which points to active credit selection adding value in a "late cycle, post peak environment".

Traditionally, bull markets mean that positive sentiment drives broad price momentum, creating "a rising tide that lifts all boats somewhat indiscriminately" with the consequence that favours beta performance over active management.

That dynamic fades in a late cycle, post peak environment when investors begin to time exposures and select securities that they believe will better weather the late cycle pressures. Based on analysis of past results and trading conditions, GAM believes that its dynamic platform will outrun current markets, with inbuilt downside protection.

Naturally, there are multiple players in the flexible and absolute fixed income markets that seek to protect against downsides.

Karsten Bierre, manager of the Nordea 1 – Flexible Fixed Income Fund, says that trying to second-guess the irrational behaviour of markets lacks the rigorous discipline of "…understanding the behaviour of asset classes in order to find an optimal combination of lowly correlated assets able to generate positive returns over a full investment cycle."

"It is increasingly challenging for a single bond sub asset class to offer attractive returns alongside low levels of overall risk in the coming years," he says.

So, he points out, it is important to identify which fixed income sub asset classes, when combined in a truly balanced and flexible portfolio, are best placed to smoothly ride bouts of volatility.

Nordea avoids taking any directional bets, says Bierre.

"Our multi assets team took the decision more than a decade ago to shift away from top down or directional/beta investments and focus on risk/return drivers, or risk premia."

Other fixed income investors manage duration and credit exposure actively and often reshuffle portfolios according to top-down views, says Bierre.

"This means these managers need to try to anticipate and interpret announcements of central banks or macroeconomic data."

"Strongly tilting a portfolio towards an expected market or macro scenario, hence heavily overweighting a particular fixed income sub asset class, is a delicate and difficult exercise over the long run and often leads to inconsistent returns and higher risk."

Nor does Nordea subscribe to the view it is a necessity to 'pick the winners' in order to achieve robust returns from fixed income markets, he adds.

"Instead, we choose to rely on our risk balancing approach – which allocates risk evenly between conservative and aggressive fixed income assets."

"This allows us to be well positioned in different market environment and therefore generate more consistent and positive returns over time."

FLUID SITUATION

Iain Lindsay is co-head of Fixed Income, Goldman Sachs Asset Management (GSAM). Asked to characterise the manager's flexible funds and to what extent they seek to offer downside protection, Lindsay points to a "broadly diversified approach of a multiple of small individual investment decisions" that aggregate to target the defined investment objective.

The portfolio risks are diversified geographically, by sector, and investment theme, he adds.

"Wherever possible, we employ symmetrical investment decisions," he says, allowing the portfolios to capitalise upon both rising and falling markets – preparing as best possible for risk and downsides.

"Top down interest rate, currency, and sector allocation investment decisions are combined with bottom up security selection among all major fixed income sectors and added into the one portfolio."

Continuous assessment of market themes and analysis to spot mispricing results in investment decisions. But it is a fluid situation; issues such as Brexit pose a dilemma, as political outcomes are hard to predict with certainty.

"The outcome tends to be binary (rather than distributed) so the quality of investment is more carefully assessed and sized accordingly."

A flexible approach means seeking opportunity wherever it comes, Lindsay suggests, noting that means consideration of "governments, mortgage backed securities, corporate bonds, bank loans and emerging market debt, and all their associated derivative instruments".

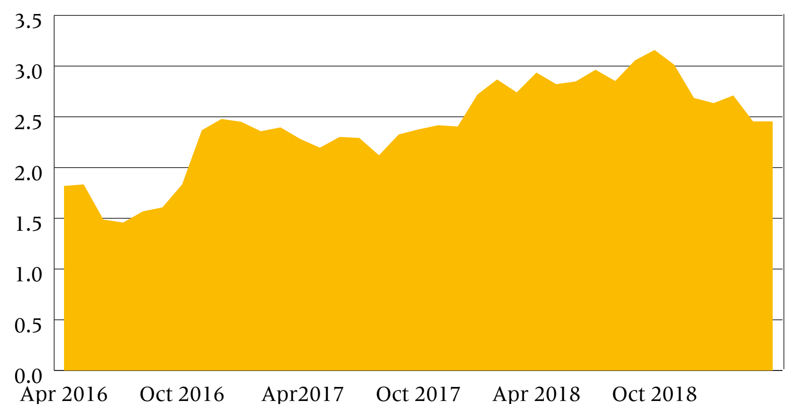
Asked whether the fixed income fund market been influenced in any way by continued growth in interest in multi-asset portfolios, or if it has encouraged or forced GSAM to alter any of its strategies, Lindsay says not: this reflects both the plethora of fixed income strategies offered by the manager, including multi-asset portfolios.

GSAM's multi-asset offering comprises a 'partnership' between fixed income, equity, an quantitative investing investment styles brought together with a specialist asset allocation team, he notes.

"Our ability to offer such a broad array of investment styles ensures we are able to seek to perfect each individual solution offered without any need to compromise in face of changing investment needs."

"We would rather expand our offering than compromise existing offerings to address emerging demand." ■

US 10 YEAR TREASURY



Source Federal Reserve

6% Proportion of financial services firms' chief executives who are women (World Economic Forum)

Celebrating and promoting the achievements of women working within Italy's investment industry. Eugenia Jiménez reports

Entries open for *InvestmentEurope*'s Women in Investment Awards

To honour the inspiring achievements of women across all parts of the investment industry in Italy, *InvestmentEurope* has launched the Women In Investment Awards, taking place on 2 October in Milan.

Nominees for the awards can be involved in roles including, but not limited to, fund management, wealth management, investment research, financial advice, investment analysis, marketing, sales, human resources, compliance, middle-, front- or back-office within the investment sector.

Once the nomination period is over, the nominated women will be contacted by *InvestmentEurope* and asked to complete a questionnaire. Our panel of judges will then review the questionnaires to decide a shortlist that will be announced in mid-July.

A NECESSARY INITIATIVE

Commenting on her participation in the Awards as a judge, Paule Ansoleaga Abascal, director, Rothschild & Co Asset Management Europe, said: "I am delighted to be a judge at the Women in Investment Awards Italy 2019.

"In a male-dominated industry such as ours, where women are significantly under-represented despite the well-known correlation between gender balance and profitability, this type of initiatives are of utmost importance; they aim to increase women's visibility, encourage women's growth and celebrate women's achievements.

"For this reason, I encourage women to participate or nominate their peers. This is not about winning or losing. It's about championing female talent, celebrating today's female leaders and inspiring tomorrow's. Together, we can shape a future for the financial industry underpinned by inclusivity and opportunity for all."

Kate Webber, managing director, head of Product Development at Calastone, another judge, commented: "I am delighted to be invited to participate in the judging panel for these awards.

"Success breeds success, which is why role models are so important (particularly role models that we can all genuinely relate to).

"By seeing what great looks like and by being brave themselves, many women can reach their own individual goals. This is why awards such as these are so important to creating a broader movement of inclusivity and wider talent growth in the workplace."

The judges (from top): Paule Ansoleaga Abascal, Silvia Bosoni, Manuela Fröhlich and Kate Webber

HUGE IMPROVEMENTS

Silvia Bosoni, head of Italy ETFs, ETPs and open end Funds, Listing and Market Development, Borsa Italiana – London Stock Exchange Group, who will also join the judging panel, said: "I am delighted to be part of the Women In Investment Awards Italy 2019 judging panel.

"It is encouraging to see that the topic of gender diversity is getting more and more drive across most industries. As a female working in financial services, I have seen the sector making huge improvements and I am extremely proud of the efforts that my workplace, Borsa Italiana – part of London Stock Exchange Group – is making in promoting gender diversity. At LSEG, we are committed to providing an inclusive environment where colleagues can be their true selves and we celebrate difference, but we still have some distance to go.

"We are actively working to have a female presence of 40% by 2020 across the Group. We also encourage the entrepreneurship of our colleagues in the sector through the internal network WIN (Women Inspired Network) with the creation of cutting-edge initiatives in support of 'diversity'."

And Manuela Fröhlich, global head of Business Development (LRI Group) and co-founder at FondsFrauen, also a judge, added: "I am very honoured to be able to participate in such a great initiative along so many impressive judges. My passion to support women has been demonstrated in co-founding Fondsfrauen in 2015, by now the largest speaking network for women in asset management in German speaking countries.

"Offering my experience and expertise to support women in other countries is a very meaningful commitment, which I am pleased to participate in.

"These awards will be another important and necessary step towards the visibility of successful women in our industry and to pave the way for attracting a lot more female talent to it. We certainly need it!" ■

● For full details visit the Awards website at: http://events.investmenteurope.net/womenininvestment/static/home.

24.6% Average by which the pay of male staff working at the Bank of England exceeds that of their female peers

Diversity, ESG, Brexit discussed on International Women's Day

From left to right: Sara Silano, Grazia Orlandini, Manuela D'Onofrio, and Patrizia Bussoli

The role of women in the financial industry, diversity, ESG, a prospect for stock markets, Brexit, and the main geopolitical risks to look at, were some of the hot-button topics discussed at the Milan Forum 2019's all-female panel session held on 8 March.

Moderated by Morningstar Italy's managing research editor Sara Silano, the panel counted on Manuela D'Onofrio, co-general manager and head of Investment & Products area at Cordusio Sim; Grazia Orlandini, chief investment officer at BPER Banca and member of the board of directors of Optima Sim; and Patrizia Bussoli, responsible for heading the team of Asset Allocation products in Pramerica Sgr.

GEOPOLITICAL RISKS

Geopolitical risk accounts for 50% of the valuation we make of an asset class, according to Orlandini. However, she considered this risk should not be overlooked, given the overall fragility of the economy. "We must remember that fundamentals have always their value, which cannot be neglected.

"Although taking into account the political context helps us to manage the tail risks, we also know the medium-term fundamentals return. Therefore we have to be careful not to scare too much of the political scenario if there is a solid economy behind it."

Bussoli explained how attention to geopolitical issues has been growing since 2011, becoming one of the key factors to look at in the analysis phase. What she considered particularly novel is the fact that developed countries face now greater political risks than the emerging ones.

She said: "It means looking at developed countries with the eyes of emerging economies."

ITALY

When asked about Italy's political risks, D'Onofrio commented: "The reason why I am optimistic about Italy and Europe despite all the political turmoil, is because there is need for change, and this is happening."

D'Onofrio emphasised: "The period of transition is never pleasant, one is scared, but I am sure that it is in the interest of all European countries that Europe finds the strength to go beyond these absolute restrictive fiscal policies.

"The positive side of the current situation is that there is desire of change as many question whether the Europe of the past two decades is the best version of itself."

D'Onofrio gave the example of the European Central Bank's expansionary monetary policy – in place since 2015 – which had failed to meet its inflation target of almost 2%. "Inflation is still nailed to 1% and the ECB cut its growth expectations for the eurozone recently, saying essentially it had failed from the inflationary point of view.

While D'Onofrio said she expected a last-minute extension to the Brexit's transition period, she said that no scenario should be ruled out. "I do not even exclude the possibility that the ECB's latest announcement of anticipating the TLTROs (Targeted Longer Term Refinancing Operations) may have a connection to Brexit."

She concluded: "Should it actually occur, it would not be the end. I think that Germany and France would consider using the tax lever."

EQUITY OUTLOOK

"This year has started very well after a very tough 2018," said Orlandini. "Although it is clear that we are seeing less tension on the front of the trade war, which will certainly benefit markets, a global economic slowdown needs also to be managed. But the markets cannot continue with this growth rate. If the current situation gets soon resolved, we will have to stabilize the markets, even if volatility might remain, since we are in a final phase of the cycle."

Bussoli added: "A global recession was priced in the bearish phase of the market, an excess of pessimism that resulted from an implosion of the system – above all trade.

"This excess of pessimism has been reconsidered. The correction offers opportunities to differentiate assessments on the various geographical areas. We must try to understand where we are and in what countries we can expect recession. Germany, for example, is flirting with recession."

6.1% Increase in export to non-EU countries from Italy in Febraury 2019

Visiting the community

Various colleagues working on *InvestmentEurope* have been travelling the region in the past couple of months, visiting fund selectors as well as sell side professionals, as Jonathan Boyd outlines

February and March saw *InvestmentEurope* staff head off on research trips to Italy, Germany, France and Belgium, both to inform about upcoming events, but also to gain insight into key investment topics of ongoing interest to locally based fund selectors.

Milan

Luisa de Vita, Fund Selector relationship manager Italy & Ticino, visited Italy's key financial hub on 12-15 February.

Meetings included:

- Patrizia Simona Bussoli – Asset Allocation – Pramerica SGR;
- Gianluca De Cicco – fund manager – Azimut;
- Claudio Ferrari – Pro Active Wealth Advisory senior advisor – UBI Banca;
- Betti Candia – CIO Italy – Gruppo Zurich;
- Giuliana Gatti – regional marketing manager Europe – Aberdeen Asset Management;
- Michele Inzeo – director, head of Mutual Funds – Deutsche Bank;
- Roberto Fenoglio - vice-president Investment Advisory – Deutsche Bank
- Mara Angela Compagnoni – Direzione Investimenti – CheBanca! Gruppo Bancario Mediobanca;
- Matteo Riccardi CFA – finance director – Bipiemme Vita; and
- Giorgio Solfaroli – portfolio manager – CNP Vita (Unicredit Group).

Upcoming trips

InvestmentEurope's events programme for 2019 can be viewed on p36 of this issue.

Staff will be visiting the cities mentioned ahead of these events to highlight to locally based fund selectors the latest information on particpating sponsor groups, speakers and topics.

A full calendar of events for 2019 is available at: https://opendoormedia.turtl.co/story/iecalendar2019.

Hamburg

Alexandra Laue, Fund Selector relationship manager, visited the northern German city on 21 February for discussions with local buy side professionals.

Meetings included:

- Christoph Michaelis – MD – and Wolfgang von Malottky – CEO – HPM Hanseatische Portfoliomanagement;
- Klaus Walczak – MD – Ariad Asset Management;
- Udo Meyer – director Asset Management – Pensionskasse der EDEKA Organisation VVaG;
- Nico Baumbach – Team leader Fund of Funds – Signal Iduna Asset Management GmbH; and
- Henner Struthoff – director Asset Management, IT, Administration – Joachim Herz Stiftung.

Paris

Vanessa Orlarey, head of Fund Selector Relationships, Alexandre Duransseau, Fund Selector relationship executive, and Elisabeth Reyes, French-speaking markets correspondent, visited Paris on 27-28 February.

Meetings included:

- Charles Verneuil – Fund Selector – BNP Paribas REIM;
- Xavier d'Ornellas – gérant pôle flexible et fonds dédiés – & Jean François Castellani – directeur du développement- Amplegest;
- Aurélia Caruso – portfolio manager – Vega IM;
- Constance Charrier – Sales – Ossiam;
- Louis Abreu – Multi Asset Selection Fund – Dorval AM;
- Béatrice Coquelin – gerant – B* Capital;
- Isabelle Simon – investment adviser – AGAMI family office; and
- Hassan El Meouch – head of Financial Department – Astoria Finance.

Brussels

Vanessa Orlarey, head of Fund Selector Relationships, Alexandre Duransseau, Fund Selector relationship executive, and Elisabeth Reyes, French-speaking markets

45 million People in employment in Germany as of 31 January 2019

HAVE COPY, WILL TRAVEL

As *InvestmentEurope*'s visits to fund selectors and other financial professionals continues across the region, so too does the photo album of the magazine in situ. Here are some examples of recent trips to Antwerp, Frankfurt and Munich.

We would be happy to publish your pictures of the magazine visiting other places.

Send your photographs to: jonathan.boyd@odmpublishing.com.

correspondent, visited Brussels on 5-6 March.

Meetings included:

- Marc Danneels – CIO – Beobank;
- Sophie Jeroen Guekens De Wever – Investment Solutions and Selection analyst – Belfius;
- Olivier Pauwels – CIO – Generali; and
- Tim Peeters – head of Securities Portfolio – Miles Ahead Investment Company /Portolani.

Rome

Luisa de Vita, Fund Selector relationship manager Italy & Ticino, visited the Eternal City on 11-13 March, ahead of the Italian Summit 2019, taking place 6-7 June. (For further details on the event visit https://events.investmenteurope.net/italiansummit.).

Meetings included:

- Daniele Cappellini – Investment Solution Desk – BNL Gruppo BNP Paribas and CFA Society Italy;
- Lara Pederzolli – partner – Mangustarisk;
- Elsa Placanica – director – Fondaereo;
- Marco Proietti – wealth manager – Azimut WM; and
- Luigi Ballanti – director – and Stefania Luzi – Finance – Mefop. ■

For further information on all of *InvestmentEurope*'s events, visit: www.investmenteurope.net/events.

63,818 Succesful applicants for Swedish citizenship in 2018

Systematic approaches, ESG and insight into digitalisation were among the highlights of the Nordic Summit Stockholm 2019. Jonathan Boyd reports

North stars

The most recent Nordic Summit Stockholm 2019, which took place in the Swedish capital on 12-13 March saw 12 groups present to some 40 delegates from across the region.

Taking part were Comgest, EI Sturdza, Fiera Capital, GAM Investments, JO Hambro Capital Management, Kempen Capital Management, Lazard Asset Management, Macquarie, MainFirst, Ossiam, RAM Active Investments and Tokio Marine Asset Management.

Covering a spread of different asset classes and approaches, their presentations nonetheless were similar in respect of the significant amount of discussion dedicated to ESG; either as part of an ongoing investment goal or as part of an investment process, it was clear that the participating groups have stepped up to the challenge of sustainability and addressing 'E', 'S' and 'G' issues on behalf of their investors.

KEYNOTE

Johan Eriksson (pictured left), leader of the organisation for innovation and branding within Google and part of the management team for Northern Europe, provided the dinner keynote.

He urged financial professionals not to forget to give themselves time to continue learning – or risk being left behind by the increasingly rapid pace of change being wrought by digitalisation.

Computers cannot do everything themselves. "It's an 'and' story," Eriksson stated; adding that people still very much will be required to do jobs, but that they will need the required skills.

For people, this means a need to learn faster than things change. This is the only way to guarantee remaining in employment. But this depends on committing to time needed to keep learning, he advised.

"Ask yourself what you need to learn," Eriksson asked the audience.

EUROPEAN EQUITY

Rosie Bichard of Lofoten Asset Management (EI Sturdza) outlined a process of seeking out 'quality value' in the European equity landscape. This has led to a preference for less cyclical stocks and an agnostic approach to geographic allocation; the strategy is significantly more weighted to the UK, for example, than its benchmark MSCI Europe index. By sector, consumer staples weigh heavily, with the top three holdings as at the end of January this year constituting consumer staples providers Nestle, Danone and Unilever.

EMERGING MARKETS

Taking on the discussion around emerging markets, Thomas de Saint-Seine of RAM outlined how investors can think differently about EM by considering a systematic approach to the asset class.

Jason Williams of Lazard was another outlining opportunities in EM. He argued for investors to consider a multifactor approach – which would necessitate having a view on value versus growth, or large versus small cap.

Tim Love of GAM noted that there are a number of opportunities to invest in EM, driven by political and regulatory changes, which have left certain assets such as Mexican government bonds at valuation levels that merit consideration.

GLOBAL EQUITY

Klaus Petersen of ValueInvest discussed global equity, arguing that it is an asset class in which short term bias in

1,915,537 hectares Sweden's largest municipality by surface area, Kiruna

the market offers mispricing opportunities, and in which it is important to invest with a business owner's mindset.

Also taking on global equity was Laura Cohen of Fiera Capital. As a global/US equity specialist she argued the opportunities could be greatest in a concentrated portfolio seeking to maximise return on capital invested in companies that exhibit strong ongoing cashflow, among other facets.

Zak Smerczak of Comgest approached his outline of global equity by suggesting that sustainable earnings per share growth coupled with high return on invested capital leads to above average returns at below average levels of risk.

Robert Lancastle of JO Hambro Capital Management highlighted the return of volatility as he discussed his approach to global opportunities. This makes screening out overgeared balance sheets and overvalued assets even more important, he argued.

MACHINES

Increasing digitalisation was not just a theme touched on by the event keynote (see box), but also Alexandre Duriez at Ossiam, who outlined a strategy focused on machine learning – as applied in a systematic way and one that deliberately takes account of ESG data.

The volume of data has become such that only the application of machine learning to ESG databases can start to provide relevant investment decisions, Duriez suggested.

Another group putting forward data as core to the success of a particular strategy was Kempen. Jorrit Arissen presented the 'new world' of property (real estate), in which it is important to be able to crunch large datasets to gain insight into local property markets, in order to make investment decisions.

JAPAN

Christopher May outlined reasons why Japanese equities should be considered by investors in Europe, on the basis of data pointing to strongly growing corporate profits, and a Topix index that seems to be breaking out of a 30 year downward trend

CONTRARIANS

Björn Esser of MainFirst put forward the contrarian investor point of view, explaining how use of long and short positions on index futures can be used for diversification and quality of return purposes. ■

Speakers

Thomas de Saint-Seine is the CEO, a Senior Systematic Equity fund manager and a founding partner of **RAM Active Investments**.

Klaus Petersen is a portfolio manager for **Macquarie**'s ValueInvest Global Equity team, which he joined in 2006 as a portfolio manager.

Christopher May joined **Tokio Marine AM** London in 2014 and has been a product specialist for Japanese equity strategies since 2017.

Jason Williams is a portfolio manager/analyst on **Lazard**'s Equity Advantage team. He began working in the investment field in 2001.

Tim Love is the investment director responsible for **GAM**'s emerging markets equity strategies. Previously, he was a senior portfolio manager at CQS/Oceanwood on long/short emerging markets equities.

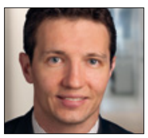
Zak Smerczak joined **Comgest** in 2016 and is an analyst and portfolio manager in the Global equity team. He started his career in 2006 at Deloitte in London, joining Mirabaud AM in 2011, and Polar Capital in 2015.

Rosie Bichard joined **Lofoten Asset Management** in 2018 as a senior equity analyst. With some 25 years' experience, she has worked at Newton IM and Deutsche Bank.

Jorrit Arissen joined **Kempen Capital Management** in 2015, having worked in global real estate securities at APG, F&C Asset Management and PGGM

Robert Lancastle is a senior fund manager of the **JOHCM** Global Opportunities Strategy and the JOHCM International Opportunities Strategy. He previously worked at Orbis as an equity analyst.

Björn Esser has been a portfolio manager in the Multi Strategy Solutions Team at **MainFirst** since 2016. He previously was a senior portfolio manager in multi-asset at Allianz Global Investors.



Alexandre Duriez runs the portfolio management and quantitative research activities, alongside Tristan Perret at **Ossiam**. He joined in May 2018 from Barclays Investment Bank.

Laura Cohen joined **Fiera Capital** in 2015 and is the Global/US Equity specialist. She serves both the Global Equity team and client servicing groups, serving as the link between the investment team and account managers.

After the storm, the calm?

Around 40 Italian fund selectors attended the first annual edition of *InvestmentEurope*'s Milan Forum 2019 following a year investors will be keen to forget. Eugenia Jiménez reports

InvestmentEurope's Milan Forum celebrated its ninth year at the Four Seasons Hotel on International Women's Day, taking the advantage of the occasion to bring an all-female panel discussion held for first time in collaboration with the CFA Society Italy as an educational partner.

Five leading asset management groups addressed a wide range of asset classes and investment trends at the Forum: Acadian AM on its multi-factor approach towards European equities; Comgest on its quality growth approach to invest in global equities; Eurizon AM on its absolute return strategy aimed at generating positive absolute returns in bearish markets; La Financière de l'Échiquier on European small- and mid-cap investment; and Vontobel AM on the influence of sustainability in the economic growth of Emerging Markets Local Currency Bonds' universe.

EUROPEAN EQUITIES

Mark Webster, vice president and portfolio manager at Acadian AM, introduced the Acadian European Equity Ucits fund, a blend all cap strategy seeking long-term capital appreciation by investing primarily in common stocks of European issuers listed or traded on equity markets.

Acadian believes market inefficiencies caused by behavioural errors can be exploited. "Our dynamic multi-factor approach applies fundamental insights in a systematic manner in an effort to remove emotions and uncover attractive stock opportunities," Webster said.

Acadian's portfolio manager explained how the firm delivers a cutting edge investment analysis to over 40,500 securities globally, including approximately 6,000 European equity securities.

"Our sophisticated risk management framework has been an important component of managing uncompensated risks; thus reducing drawdowns and delivering stable risk-adjusted returns," he said.

Starting from an overview of the European SMID-Caps universe and its structural attractiveness, Stéphanie Bobtcheff, senior portfolio manager Small & Mid-Caps at La Financière de l'Echiquier, outlined the firm's approach when investing in this asset class. According to the portfolio manager, it is essential to have a rigorous and disciplined process (screening, fundamental analysis and portfolio construction) in "such a wide and inefficient universe".

Echiquier Agenor Mid Cap Europe is a stock-picking fund invested in European small and medium growth companies, selected above all for the quality of their management, Bobtcheff explained.

Next is a fundamental analysis of each stock, based on an internally developed rating according to several criteria including: the quality of the company's management, the quality of its financial structure, visibility on the company's future earnings, the growth prospects for its business, environmental and social aspects, and the speculative nature of the stock.

GLOBAL EQUITIES

Zak Smerczak, analyst and portfolio manager of global equities at Comgest, outlined the manager's quality growth approach towards global equities, designed to tackle increasing volatility while delivering long term growth.

Systematic and simultaneous integration of ESG criteria has been applied to Comgest's global emerging markets equity strategy and then to the firm's global equity fund as well as to European equity strategy.

According to the French manager, its

2.32 billion Monthly active users worldwide of Facebook in Q4 2018

approach to ESG integration is clearly differentiated from that of other asset managers, as it is tailored to the specific characteristics of each company, including its structure, its business sector, its geographic location, the regulations applicable to its activities, etc.

One of the firm's strategies taking this approach to ESG is the Comgest's Global Equity Strategy, which invests in companies operating in developed countries that are not generally at direct risk as a result of their own activity. Nevertheless, the upstream activities on which their operations depend, may be exposed to extreme climatic events including droughts, storms and tsunamis, extreme rainfalls, rising sea levels, and heat stresses.

"Our rigorous methodology is the result of a mix of a bottom up investment approach with the ESG criteria integration. Through those elements we build high conviction concentrated portfolios with the aim to deliver long term growth even in today's competitive and increasingly volatile markets," the firm said.

ABSOLUTE RETURN

Luca Sibani, head of discretionary and total return investments at Eurizon's Epsilon SGR, manages a team of 13 fund managers overseeing over 130 portfolios with €30bn in AUM.

Sibani expounded the firm's absolute return investment strategy, which aims at generating returns in bearish markets while providing stability in a more bullish environment.

Eurizon Fund Absolute is a total return strategy articulated over two risk profiles: Absolute Prudente (cautious) and Absolute Attivo (active), both with a max volatility ex ante 4% and 7.5% respectively.

Epsilon Absolute Attivo seeks to achieve an absolute investment return by investing in shares, bonds of any kind including for instance convertible bonds or with warrants, or in any case with options on shares, in money market instruments, and in derivative financial instruments, denominated in any currency, on the main international markets. .

Epsilon Absolute Prudente will mainly invest in bonds of any kind (including for instance convertible bonds or with warrants, or in any case with options on shares), in money market instruments, and in derivative financial instruments, denominated in any currency.

EMERGING MARKETS

Thierry Larose, executive director and senior portfolio manager at Vontobel AM, shared his views on emerging markets local currency bonds' universe while presenting the Vontobel fund Sustainable Emerging Markets Local Currency Bond.

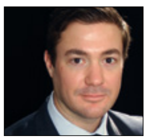
The fund primarily invests in securities denominated in various emerging market currencies as well as in convertible bonds and similar securities. The strategy can use derivatives for hedging to efficiently manage the portfolio and to achieve its investment objective.

Larose noted that from the wide emerging market universe of around 50 countries, just a small number of bigger, commodity dependent economies dominate the major benchmark.

"As many investors blindly follow the benchmark, this creates inefficiencies that an active manager can exploit. These inefficiencies tend to be related to structural, constraint-driven and governance inefficiencies," Larose said. ■

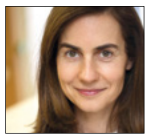
Speakers

Mark Webster, vice president and portfolio manager, joined **Acadian Asset Management** UK in 2015. As a member of the portfolio management team, he is responsible for contributing to improve the investment process, while managing portfolios and supporting marketing and client service efforts. Prior to Acadian, he worked as an investment director at CCLA.



Zak Smerczak, analyst and portfolio manager Global Equities, joined **Comgest** in 2016 from Polar Capital Holdings, where he held the position of analyst/portfolio manager for the firm's global multi-asset income strategy. Prior to that, he joined Mirabaud Asset Management in 2011 working as an analyst covering global equities.

Luca Sibani, head of Discretionary and Total Return Investments at **Eurizon's Epsilon SGR**, started his career in the asset management industry in 1997, when he joined the fixed income team of Fondigest SGR, now Eurizon Capital. In 2000 he was appointed head of Emerging Fixed Income funds and in 2005 he became head of global bonds team of CAAM SGR, now Amundi Italia. In 2009 he moved to Epsilon as head of discretional and total return investments.



Stéphanie Bobtcheff, senior portfolio manager Small & Mid-Caps, **La Financière de l'Echiquier**, has specialised in mid-cap investments for over 18 years. She joined La Financière de l'Echiquier in September 2013 as a portfolio manager in the small and mid-cap team. After being a portfolio manager at Indosuez AM, Crédit Agricole AMand Oddo AM, she spent seven years in Geneva at Pascal Investment Advisers.

Thierry Larose, executive director and senior portfolio manager at **Vontobel Asset Management**, is currently a portfolio manager within the Emeging Markets Bond team, where he manages the Vontobel Fund – Sustainable EM Local Currency Bond. He joined the firm in 2018 from Degroof Petercam, where he worked for seven years.

Approaching events

InvestmentEurope's events programme spreads across both southern and northern Europe with events in Barcelona, Rome and Oslo in May and June

NEXT EVENTS

INVESTMENT EUROPE
IBERIAN SUMMIT BARCELONA 2019

BARCELONA, 30-31 MAY

The Iberian Summit Barcelona 2019 takes place 30-31 May at the Hotel Sofia in the capital of Catalonia, and will target some 40 fund selectors based in Spain, Portugal and Andorra for two days of boardroom sessions, panel discussions and networking with peers.

Groups taking part in this event include Artisan Partners, Eurizon, Mirabaud Asset Management and WisdomTree; collectively they will consider asset classes including flexible equity, systematic approaches to commodities, and further insight into how ESG factors can leverage additional return from investment themes.

As a Summit event, the programme will include ample networking time through coffee breaks, lunches and dinner.

Presenting the keynote on the first day will be Javier Santiso, CEO & founder of Mundi Ventures. A panel will consider aspects of alternative investments on the second day.

To register your interest in attending the Iberian Summit Barcelona 2019, please contact Angela Oroz at angela.oroz@odmpublishing.com or telephone +44 (0) 20 3727 9920.

INVESTMENT EUROPE
ITALIAN SUMMIT ROME 2019

ROME, 6-7 JUNE

InvestmentEurope will host its first event in Rome on 6-7 June at the Aldrovandi Villa Borghese.

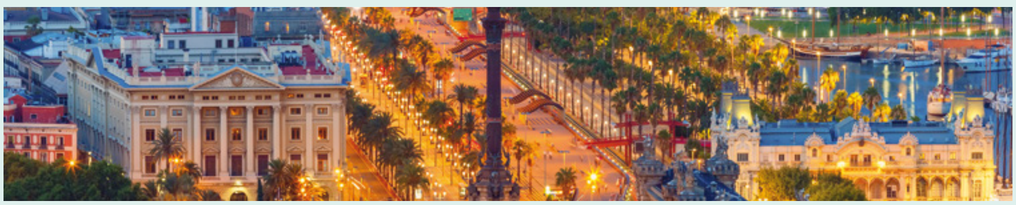
Offering two days of boardroom sessions, networking, a panel discussion and activity for delegates, this event is targeting some 40 fund selectors based in Italy, with a bias to those active in the institutional space.

Groups taking part include Carmignac, Edmond de Rothschild Asset Management, La Financière de L'Echiquier, Principal Global Investors and RWC Partners. Collectively they will address areas of investments such as how to weather volatility in fixed income markets globally, the role of convertible bonds, and the relationship between ESG scores and performance.

Overseeing the panel on the second day of the event will be moderator Vittorio Eboli, financial journalist at Sky TG24.

Networking for delegates and sponsors alike is provided via coffee breaks, lunches and dinner.

To register your interest in attending, contact Luisa de Vita at luisa.devita@odmpublishing.com or telephone +44 (0) 20 3727 9932.



TAKE PART IN THE DISCUSSION

Delegates to the Iberian, Italian and Pan-European ESG Summits are encouraged to connect ahead of the events by tweeting using the hashtag #IESUMMIT. For the Oslo Roundtable 2019 use the hashtag #IEROUNDTABLE.

InvestmentEurope's website offers additional opportunity to learn more about our upcoming events: https://events.investmenteurope.net. There are also LinkedIn pages dedicated to events and other news. Visit https://www.linkedin.com/showcase/6403794 for further information.

LOOKING AHEAD

INVESTMENT EUROPE
OSLO ROUNDTABLE 2019

OSLO, 5 JUNE

Marking a return to Norway's capital, the Oslo Roundtable taking place on 5 June will encompass some 20 locally based fund selectors, with a format that includes quickfire presentations by participating groups as well as a networking opportunity both with peers and speakers present.

INVESTMENT EUROPE
PAN-EUROPEAN ESG SUMMIT ZURICH 2019

ZURICH, 13-14 JUNE

Building on last year's ESG event, *InvestmentEurope* will this year host its Pan-European ESG Summit Zurich 2019 on 13-14 June at The Dolder Grand in the Swiss city.

Designed to offer delegates access to a special programme of speaker and panel sessions, the event seeks to highlight aspects of ESG across the value chain – from analysis and incorporation into investment processes, to delivering positive impact and enhanced performance from strategies.

For further information on this and other events visit www.investmenteurope.net/events.

➤ The calendar of *InvestmentEurope*'s 2019 events up until September is presented overleaf.

For information on sponsoring any of these events, please contact Eliot Morton on +44 (0) 203 727 9945 or e-mail eliot.morton@odmpublishing.com.

EVENTS CALENDAR 2019

30-31 May	Barcelona	Iberian Summit

InvestmentEurope returns to Barcelona for an Iberian Summit attracting delegates from Spain, Portugal and Andorra, who will experience a programme of boardroom sessions, panel discussions, keynote and networking

5 June	Oslo	Roundtable
6-7 June	Rome	Italian Summit
13-14 June	Zurich	Pan-European ESG Summit

Building on last year's successful ESG Roundtable, InvestmentEurope is offering a content-led event with a programme that speaks to the myriad of issues and challenges facing fund buyers on this theme

24 September	Helsinki	Roundtable
26 September	Reykjavik	Roundtable
2 October	Milan	Women In Investment Awards

After the successful launch of the Women in Investment Awards by our sister title, Investment Week, InvestmentEurope is delighted to launch the Women in Investment Awards Italy taking place on 2 October 2019

8 October	Lisbon	Roundtable
16 October	Frankfurt	Roundtable
24 October	Madrid	Roundtable

***InvestmentEurope*'s calendar of events for 2019 is available in an electronic format here: https://opendoormedia.turtl.co/story/iecalendar2019.**

Remember to check the website for regular updates at www.investmenteurope.net/events.

For further information on sponsoring these events, please contact Eliot Morton at: eliot.morton@odmpublishing.com.

72 Countries where users of SharingAlpha are based

While the number of types of rankings has remained stable over the past month, the programme of webinars involving ranked funds has continued to grow amid a focus on content, notes SharingAlpha CEO and co-founder Oren Kaplan

Content is king

The past month has seen some changes to look-and-feel, but no changes to the methodology or adding of new rankings, explains Oren Kaplan.

"We feel we have reached a good spot now; enough for people to get rankings at the global and country level, with ranking for fund selection and allocation capabilities. There is a lot available for people to get recognition of their achievements."

However, SharingAlpha is now looking to build relevant content around the rankings, with an eye to adding content as another reason for fund selectors to become part of the community, Kaplan continues.

"The idea is to build out the community, which has grown beyond expectations."

Webinars are a key area of content ongoing, and a key focus of Kaplan himself, who is involved in getting fund managers to discuss their strategies and approaches to alpha generation, and to attract people to view them.

The Meet The Managers programme has seen M&G and Danske Bank take part already, with Vanguard and GAM among those scheduled for April.

"The setup works, it works for the community and works for providers," Kaplan says.


Oren Kaplan, SharingAlpha

HIGHLY RATED FUNDS

Ratings are based on the preferences expressed by users of its platform, on the factors of people, price and portfolio, and are rated on a maximum score of '5'. Start your own rating. Visit www.sharingalpha.com for more information.

Fund name	Domicile	Average rating	Raters	Move from prev
Liontrust European Income Fund	United Kingdom	5	8	◆
Prosperity Prosperity Cub	Cayman Islands	4.86	7	◆
Russian Prosperity Fund	Cayman Islands	4.83	8	▲
azValor Iberia FI	Spain	4.83	6	▲
Magallanes European Equity FI	Spain	4.83	22	▼
Vanguard US Opportunities Fund	Ireland	4.82	6	New
azValor Internacional FI	Spain	4.81	17	New
Schroder GAIA Two Sigma Dvsfd	Luxembourg	4.81	18	▲
Cobas Selección FI	Spain	4.8	8	▲
Dodge & Cox Intl Stock Fund	United States	4.8	6	New

As at February2019 Source www.SharingAlpha.com

RATINGS CHANGES

In the most recent monthly update, the Vanguard US Opportunities, azValor Internacional and Dodge & Cox International Stock funds joined the list of the 10 most highly rated funds, as indicated by the ratings applied by fund selector users of the SharingAlpha platform.

The Russian Prosperity, azValor Iberia, Schroder GAIA Two Sigma Diversified and Cobas Selección advanced on the ratings table, while the Magallanes European Equity slipped down.

The Liontrust European Income and Prosperity Cub remained the funds most highly rated according to the factors of people, price and portfolio.

The scores represent the 'wisdom of the crowd' as they are based on qualitatively derived expectations of fund selectors rather than backward looking quantitative filtering. ■

To view the interactive fund manager webinars, go to www.sharingalpha.com.

InvestmentEurope's Editorial Board members give their views on the lead set by Norway's sovereign wealth fund, upcoming European elections, and exposure to China

Ideas generation

Would you like to join *Investment-Europe*'s Editorial Board and share your views as a professional fund buyer/investor? For further details, contact: jonathan.boyd@odmpublishing.com

JON BECKETT

Author of *New Fund Order*
London
http://jbbeckett.simpl.com/get_the_book.html

BERNARD AYBRAN

CIO Multi Management
Invesco
Paris
www.invesco.com

Norway's Pension Fund Global is further cutting exposure to coal, oil and gas; should fund selectors follow and do the same?

It makes sense that Norway is diversifying its long-term sovereign fund, funded by oil receipts, from reinvesting in carbon intensive extractors. Something similar is happening in the Middle East. This should be a wakeup call to fund selectors to the long term risks of "stranded assets". To date fund selectors have been too slow to respond.

Applying Sustainable Development Goals and Principles of Responsible Investment Selection, Appointment and Monitoring as a framework should lead fund buyers towards clearer policy to invest, divest and importantly assess and act on fund managers with exposure. This will be further driven by the PRI adopting the Task Force on Climate-related Financial Disclosures.

The fund's decision is both based on an overall drive toward an ESG approach and on the sheer, common sense, diversification; which seems obvious for an investor who derives all inflows from the oil industry.

Whereas most fund selectors should not be concerned by the latter, the former has been gaining traction over the past decade and it looks like its ramifications are becoming relevant for the whole asset management industry, including fund selectors.

The question for them is about the way they can meet their client demand. Opting out of any ESG approach is not an option any longer.

THOMAS ROMIG

Managing Director
Head of Multi Asset Portfolio Management
Assenagon
Frankfurt
www.assenagon.com

Do you expect any particular regulatory shift to from May's European elections that could affect either fund managers or selectors?

The legislative procedures of the European Union are dominated by the EU Commission and not by the EU Parliament, which will be elected in May 2019. The composition of the new EU Commission is only influenced indirectly through the European elections. In general, the legislative process of the EU is complex and not very transparent, which makes forecasts of regulatory shifts difficult.

We would be especially looking forward to a new president of the Commission, which could bring a breath of fresh air to the regulatory agenda.

EMMANUEL FERRY

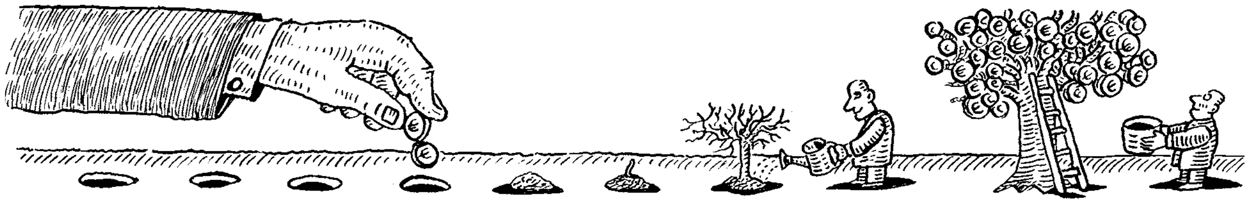
Chief Investment Officer
Banque Pâris Bertrand
Geneva
www.parisbertrand.com

What is your estimate of the correct level of long term exposure to China?

China is one of the most compelling opportunities in equities for the coming years. Policy is supportive, inflow potential is significant, corporate earnings downgrades seem to be over and valuations are attractive.

Investors are underweight China relative to their benchmarks. Moreover, the current China weight in MSCI World All Country (5%) is about to rise to almost 6% assuming a full inclusion factor for A-shares.

We currently recommend a 10% allocation. It remains far below the size of China relative to world GDP on a PPP basis (19%). This gap means that the potential re-rating of China is significant.



APFI brainstorming: fintech and quants models

The Association of Professional Fund Investors (APFI) is a registered Swiss non-profit, all-volunteer organisation exclusively composed of and led by professional fund investors. Founded in 2011, it serves members on six continents.

For more information visit www.profundinvestors.com.

Advances in modelling tipping into the asset management world from academia may have implications for the skill-sets required of fund selectors. Questions to ponder for the future include whether they will need to learn coding or become Excel fiends to leverage most value out of quants.

Members of the Association of Professional Fund Investors have come up with aspects to consider in respect of these questions.

QUANTS SCREENING

Quantitative screening is already playing a significant role in context of the breadth of funds available 'of the shelf' today. But with more assets moving passive, then selection may become even more quants driven. And together with fintech developments, it may become imperative for fund selectors to become more adaptable and willing to learn and incorporate new ideas into their processes.

As quant models become more sophisticated, the new skill set which may become most crucial will be how to interpret the information; to differentiate 'white noise' from information that actually helps select funds.

It will be important to have the skills to both use large quantities of information while remembering the big picture – the purpose of the quant models will be to extract the value necessary to select funds rather than focusing on the details of the quant models. Too much focus on the technical operation of quant models could skew the purpose of the models – avoid more black box situations.

Selectors also need to be aware that with increasing sophistication of quant models come increasing risk that sensitivity to subtle statistical changes could lead to a lot of trading costs.

DATA MINING & CODING

While selectors are not necessarily employed for their ability to code and mine data, there will be advantages in being able to do so where it provides a competitive edge for more informed decision making.

Technology is likely to play a pivotal role in effective monitoring of the funds on buy lists, and fund selectors may benefit from developing a harmonious relationship with their IT colleagues – even if they themselves do not code.

Fund selectors do not necessarily need to be experts in coding or modelling but should be able to properly interpret the outcomes of the quantitative analysis; there does, however, remain a strong argument that coding as a skillset will become increasingly necessary for all investors, particularly those at junior levels and those entering the industry.

DIVISION OF LABOUR

One of the outcomes of implementing more sophisticated modelling and use of coding skills to better leverage value from quants may be increased specialisation between fund analysts; particularly between those focused on qualitative skills versus quantitative skills.

This division may make the role more fulfilling, as fund selectors can focus on specific skills where they excel. This would also lead to better decision making.

However, the increased specialisation will also require a greater understanding of the complementary skill. In other words, those doing quants will need greater knowledge of qualitative analysis to understand the quant applications. Analysis in isolation will not work.

Communication improvements will be required to make the best of this type of specialisation, as not only will those specialising in quant or qual need to understand each other's skill sets, but they also need to ensure the end investor also understands the improvements derived from any change to the status quo.

Similarly an ability to explain future developments may be required, in order to deal with the likes of quantitative complexity management (QCM) and self-learning strategies.

NETWORKS

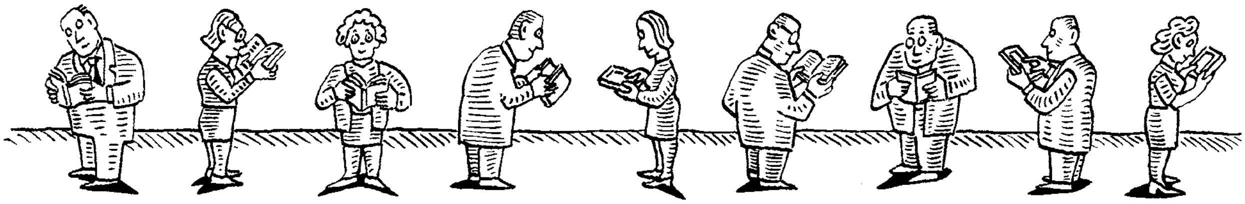
Despite the advances promised by technologies and concepts such as artificial intelligence, from a certain point of view, these simply represent new tools applied to old processes.

Certainly, these tools will facilitate faster evaluation of, say, quantitative strategies. However, the fundamental job of fund selection broadly remains the same: to understand the investment process of the underlying investment strategies, including all limits or parameters of the strategies and the risks and opportunities that all of these portend.

That implies that some of the response to the 'new' is to simply learn the new jargon, and apply the appropriate quantitative model.

But there is still likely to be a requirement to learn how to apply long established principles of fund selection in new ways, such as comparing different types of crowd sourced strategies that have been developed through social networks.

Use of social networks may help remove behavioural biases of individual investors, while also avoiding 'group think'. ■



The small, mighty girl focuses on the importance of female leaders in business and also on the change that needs to be made. Ridhima Sharma reports

'Fearless Girl' stands tall in London

***Fearless Girl* is on display in Paternoster Square, London EC4M 7DX**

State Street Global Advisors placed *Fearless Girl* for the first time in front of Wall Street's massive bull in 2017 on the eve of International Women's Day.

After two years, the US asset manager brought the campaign to London on 5 March 2019, just before the world celebrated International Women's Day on 8 March 2019.

In the heart of another financial district, *Fearless Girl* stands in Paternoster Square, against the backdrop of St Paul's Cathedral and outside the London Stock Exchange.

The small, grade school-aged girl draws attention to the lack of gender diversity on corporate boards and the pay gap of women working in financial services.

State Street also announced new global diversity impact numbers on the campaign's second anniversary.

CALL TO ACTION

Since first launching the *Fearless Girl* campaign in 2017, 445 companies of the 1,265 identified by State Street Global Advisors have responded to the call to action by either adding a female director or committing to do so.

"We are delighted to bring this impactful campaign to London and continue to take a stand for the important issues of gender diversity at the board and senior leadership level," Lori Heinel, deputy global CIO for State Street Global Advisors, said at the London launch.

"Studies have shown that companies with greater gender diversity at the senior leadership levels generate better returns than their peers. That drives our conviction to continue our engagement and voting efforts as we look to make further progress on this important topic," she added.

"We are delighted to welcome *Fearless Girl* to the City. This builds upon the City of London Corporation's continuing efforts to increase the recognition of women in the City's public realm," said Catherine McGuinness, chair of the policy and resources committee at the City of London Corporation. "I hope that *Fearless Girl* will serve as a reminder of the progress we have made and the progress we still need to make."

> "STUDIES HAVE SHOWN THAT COMPANIES WITH GREATER GENDER DIVERSITY AT THE SENIOR LEADERSHIP LEVELS GENERATE BETTER RETURNS THAN THEIR PEERS"
>
> **Lori Heinel, State Street Global Advisors**

David Schwimmer, CEO of the London Stock Exchange Group added: "The London Stock Exchange Group fully supports her mission of raising awareness of the importance of diversity on boards and within senior corporate leadership."

PROGRESS

State Street Global Advisors also announced the new impact numbers demonstrating continued progress for the firm's gender diversity asset stewardship programs in the US, UK, Australia, Japan, Canada and Continental Europe.

Concluding its second year, 423 companies identified by State Street Global Advisors have now responded to the firm's call by adding a female director to their previously all male boards and another 22 have committed to do so.

Starting in 2020 in the US, UK and Australian markets, and in 2021 in Japan, Canada and Continental Europe, the company will vote against the entire slate of board members on the nominating committee if a company does not have at least one woman on its board, and has not engaged in successful dialogue on State Street Global Advisors' board gender diversity program for three consecutive years.

As a result of State Street Global Advisors' *Fearless Girl* campaign, companies and shareholders worldwide have been inspired to focus on the issue of gender diversity. Highlighting just two examples since the firm last reported impact numbers, it has seen the number of companies adding a female director increase by 57% in the UK and 48% in the US.

The sculpture was created by artist Kristen Visbal. *Fearless Girl* is expected to stand her ground in London for the next three months. ■

If you'd like to contribute to this page, please email the editor at jonathan.boyd@odmpublishing.com

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