Allocator Intel
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JUNE 9TH

EUROPEAN INSTITUTIONAL INVESTOR INSTITUTE

INTELLIGENCE & BRIEFING: UK

PRESENTED BY NOURI VERGHESE
PREPARED BY SAM FORD & ANDREW STALLABRASS

Institutional Investor

CONTINUOUS ACCESS & INTELLIGENCE

ACCESS BENEFITS

- Access allows members to send one representative to participate in 4 or 5 regional asset owner events.
- These regions include UK & Ireland, Benelux, DACH, Nordics and Italy.
- Members are also invited to attend one peer-to-peer meeting for Heads of Distribution across Europe.

ACCESS: EIII ASSET ALLOCATOR MEETINGS

These events provide access to a European network of institutional asset allocators. They take place physically or digitally depending on Covid regulations. They are not recorded and are held under 'Chatham House' rule. One participant from your firm can attend.

UK

13-14th June 2023 • Syon Park, London

DACH

7-8th November 2023 • The Dolder Grand, Zurich

BENELUX

21st November 2023 • Hilton, The Hague

FRANCE

5th December 2023 • Hilton Opera, Paris

ITALY

1st February 2024 • Hotel Cavalieri, Rome

NORDICS

21st -22nd March 2024 • Elite Hotel Marina Tower, Stockholm

CONTINUOUS ACCESS & INTELLIGENCE

INTELLIGENCE BENEFITS

- **What we're hearing:** 4 or 5 regional insight call events presented by the institute director on what senior asset owners say are their top investment interests and challenges.
- **What we're seeing:** Data on future investment intentions of investors will be provided to build pipeline of relevant prospects.
- **What to do next:** Lead generation will be supported by post-event metrics on each individual allocator participant, subject to GDPR.

INTELLIGENCE – WHAT WE’RE HEARING: INSIGHT BRIEFINGS

These events, attended by asset managers only, provide intelligence on the interests and challenges of asset allocators who attend our summits, and are presented by the institute's director. They take place digitally and are not recorded. Multiple participants from your firm may attend.

UK

9th June 2023 • Zoom

DACH

3rd November 2023 • Zoom

BENELUX

17th November 2023 • Zoom

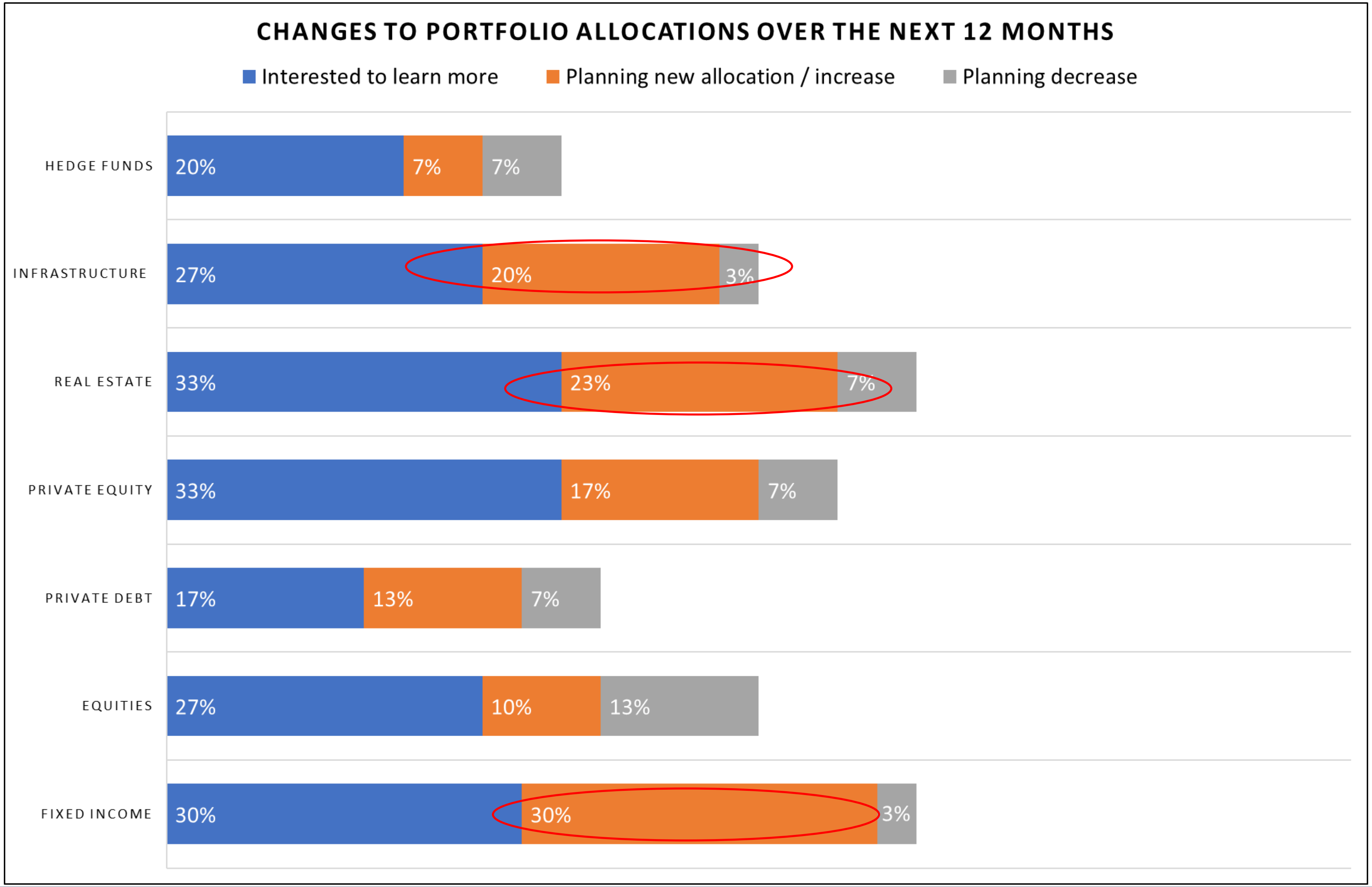
ITALY

25th January 2024 • Zoom

NORDICS

14th March 2024 • Zoom

KEY INTERESTS:
WHAT WE'RE SEEING


CHANGES TO PORTFOLIO ALLOCATIONS OVER THE NEXT 12 MONTHS
Interested to learn more
Planning new allocation / increase
Planning decrease
HEDGE FUNDS
20%
7%
7%
INFRASTRUCTURE
27%
20%
3%
REAL ESTATE
33%
23%
7%
PRIVATE EQUITY
33%
17%
7%
PRIVATE DEBT
17%
13%
7%
EQUITIES
27%
10%
13%
FIXED INCOME
30%
30%
3%

Asset allocation over the next 12 months

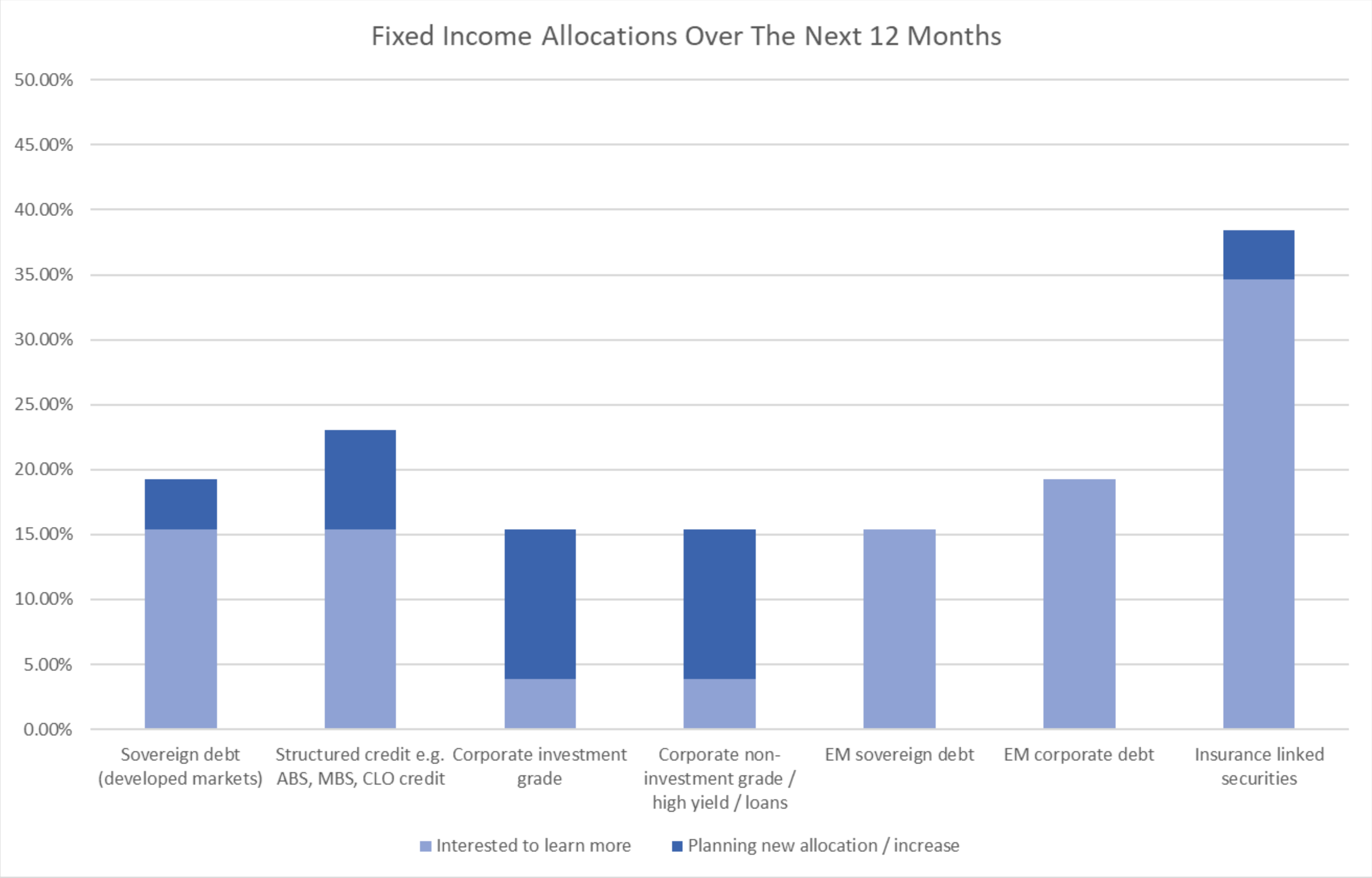
- **High demand for liquid investments and fixed income**.
    - This is likely to be driven by combined factors of continued de-risking strategy for some institutional investors as well as more attractive yields offered by the asset class.
- **Demand for private markets and alternatives**
    - Evidenced by real estate and infrastructure allocations. This is despite the pressures of the denominator effect and changes in risk appetite following the LDI crisis.
- **Planned decreases**
    - No asset class is seeing a significant reduction although equities is experiencing the largest planned decrease in allocations.

Fixed Income

- **Average allocation increase**, of those planning an increase to allocation, is 6%

- **Biggest planned increases** in in corporate investment and non-investment grade, with some additional allocations shifting to structured credit and sovereign debt. Allocations being made by a range of investors including corporate and public pension plans and endowments.

- **High interest in** emerging market debt (both sovereign and corporate) however no planned additional mandates yet. Investors we have spoken with are still reluctant to commit to investing in emerging market debt.

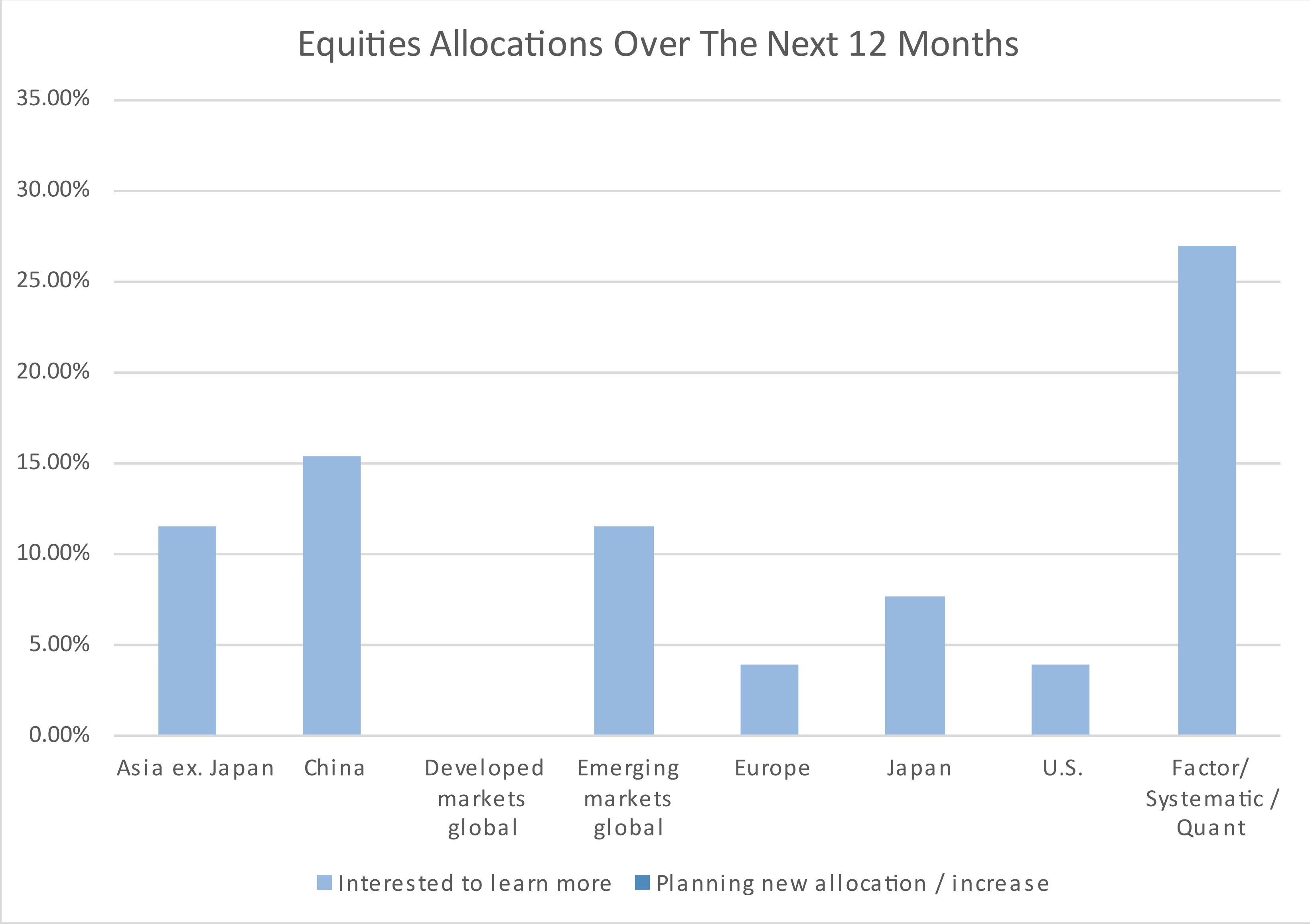


Equities

- **Considerable interest, limited planned execution**. We are seeing significant interest in Factor/Systematic/Quant strategies, as well as across Asian, Chinese and emerging equities, with little interest in developed markets.

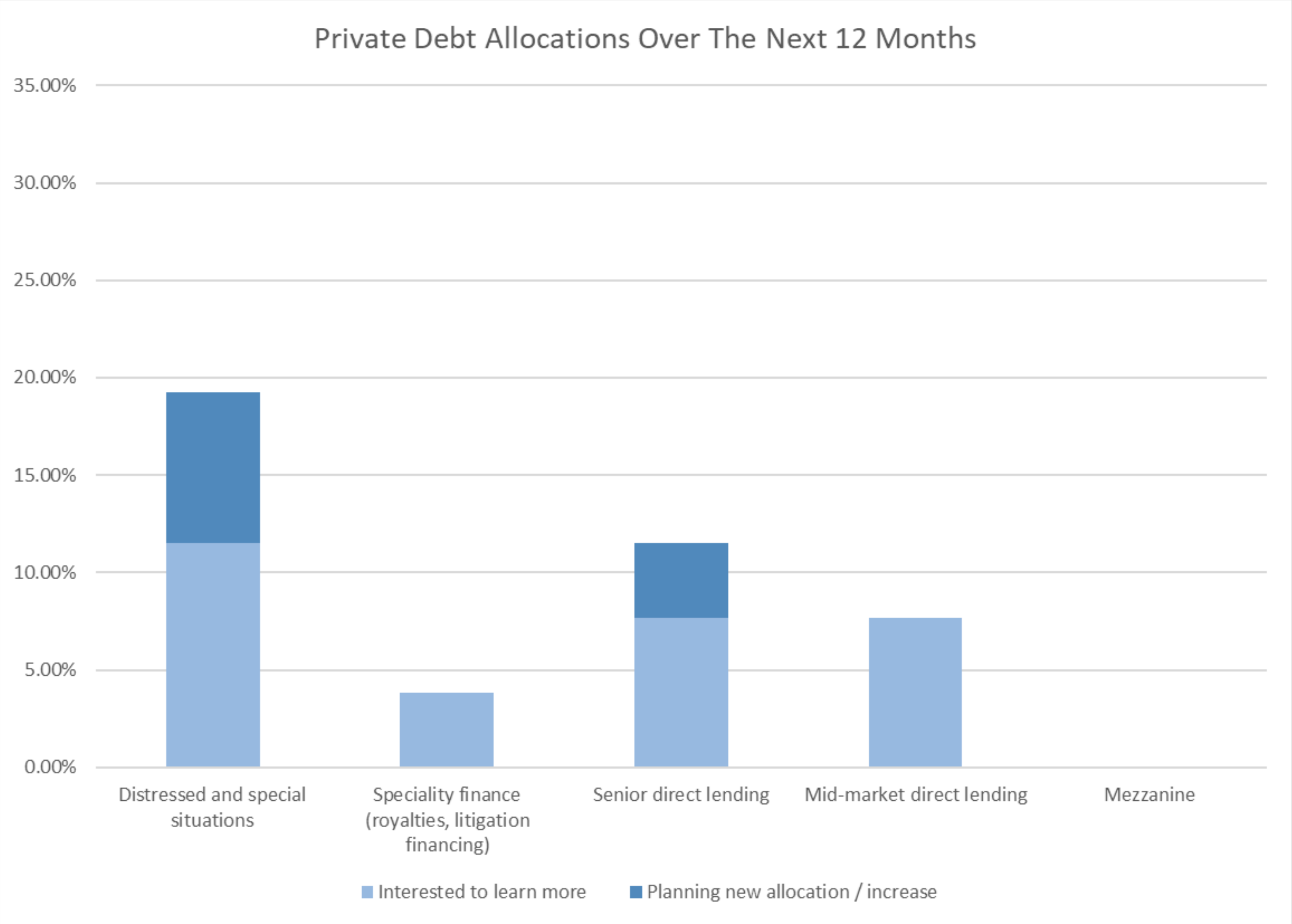
- **There are divergent views** on equity allocations with one corporate plan intending to increase their allocation by 10% - although they have not specified which sub-asset class.

- Meanwhile one pension fund is planning a 15% reduction in their equities portfolio and while one public pension pool, while reducing equity exposure by 5%, is increasing exposure to responsible/green equities by 2%.



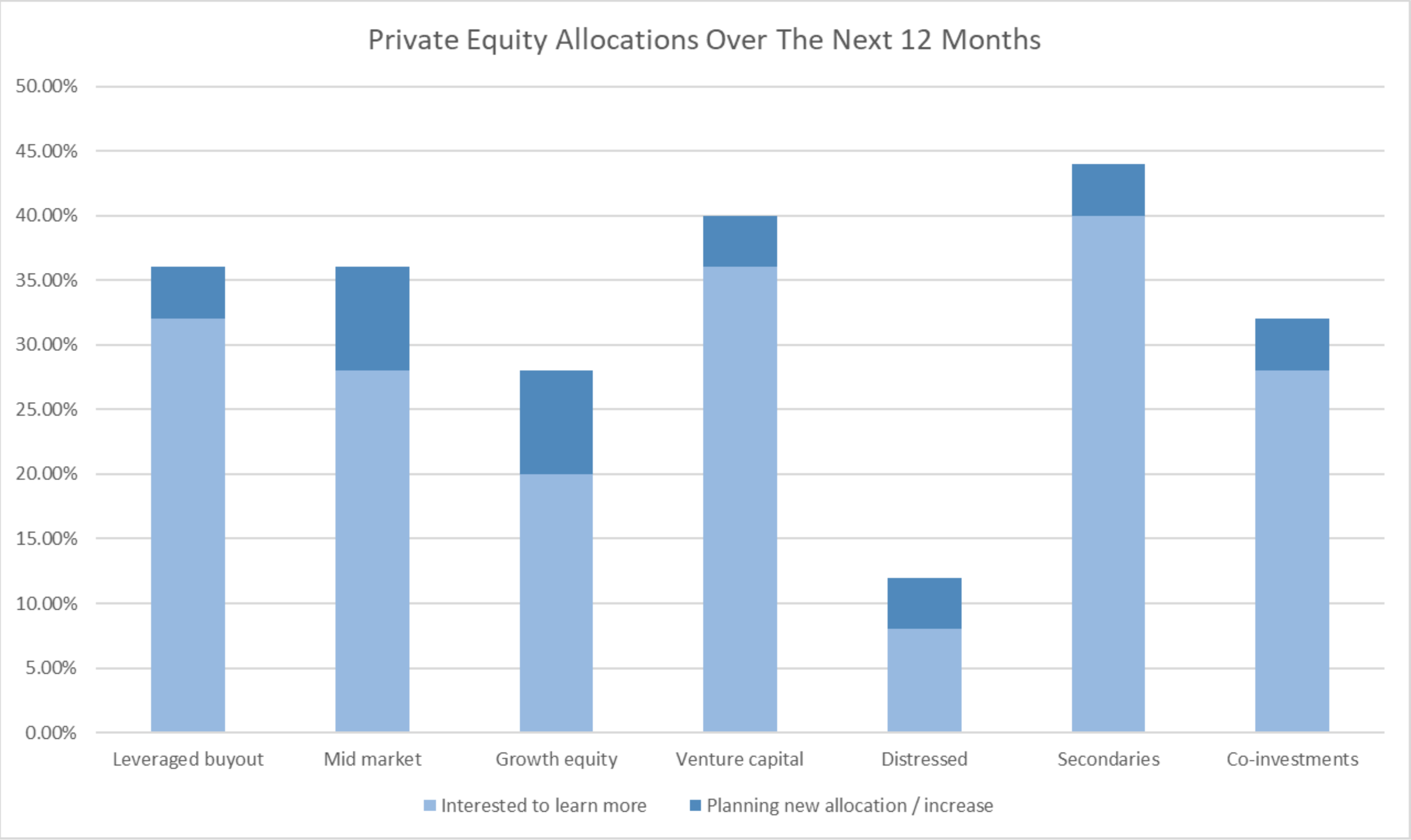
Private Debt

- **Mixed picture within private debt.** Allocations to distressed and special situations as well as senior direct lending are increasing. However, other areas are relatively flat.
- The direction of travel is fund dependent with differing approaches. Amongst those increasing their allocations, the biggest increase of +10% was from an endowment. Meanwhile, the biggest decrease was a corporate pension fund decreasing their total allocation to private debt by 8%.
- Those withdrawing are part of a wider swing from private to public debt.



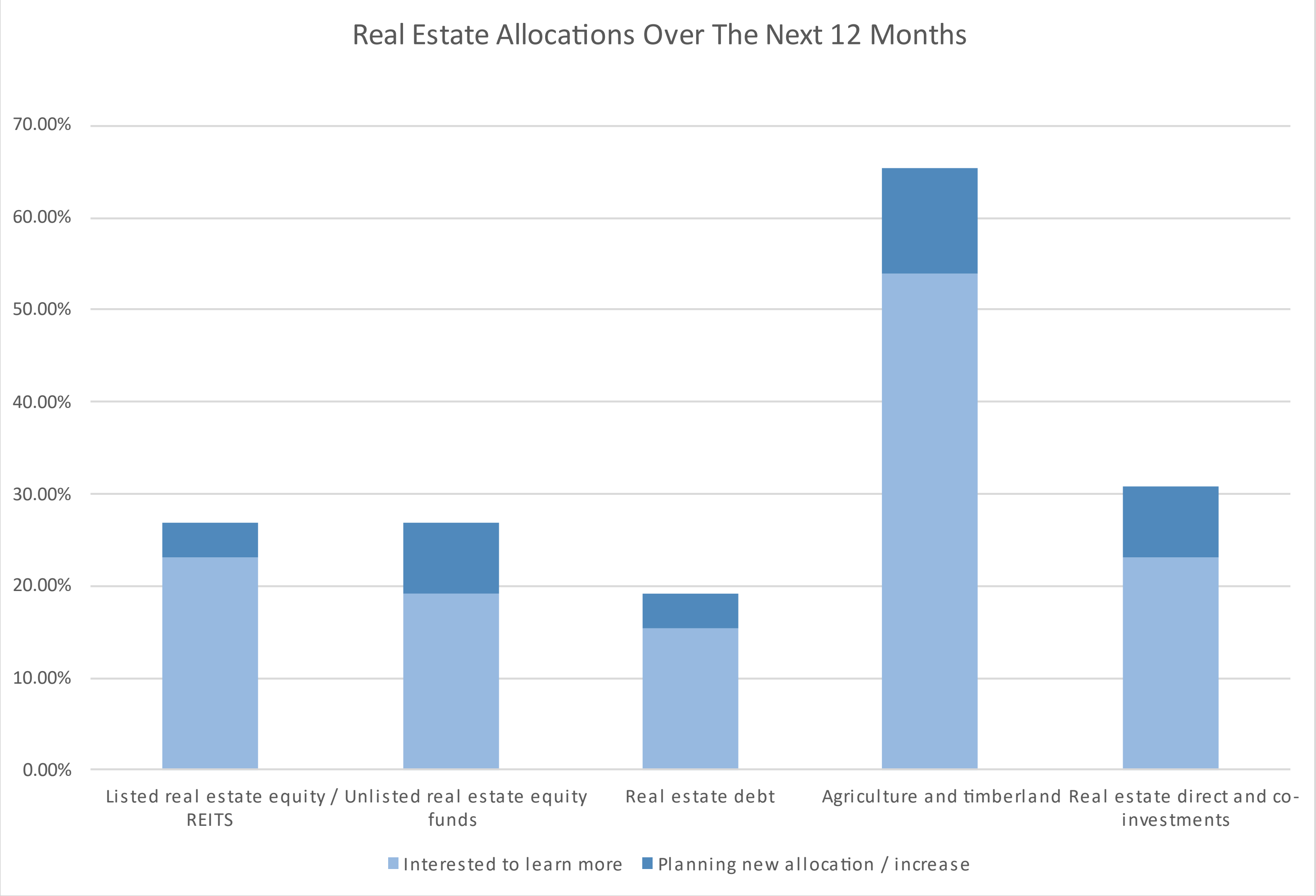
Private Equity

- **Increases across the board** with larger mandates likely to be found in growth and mid-market equity. These sub asset classes proved the most popular for proposed increases.
- **We continue to see high interest in secondaries** from investors looking to space. Significant interest in co-investment opportunities also continues.
- Of those increasing, the largest increase to private equity allocation was by an endowment of 5%.



Real Estate, Agriculture & Timberland

- **Strong appetite across the board** with proposed new allocations in each sub asset class. As seen in 2021 and 2022 data, there remains significant interest in agriculture and timberland.
- **Relative to last year,** there are more planned increases. This year, investors perhaps value the inflation resilience of real estate and inflation linked yields associated with the assets.
- Some investors are less optimistic about real estate. One corporate pension fund is reducing exposure by 4.3%. However, the same scheme is reducing all private markets and alternatives exposure, favouring public markets for the next 12 months.

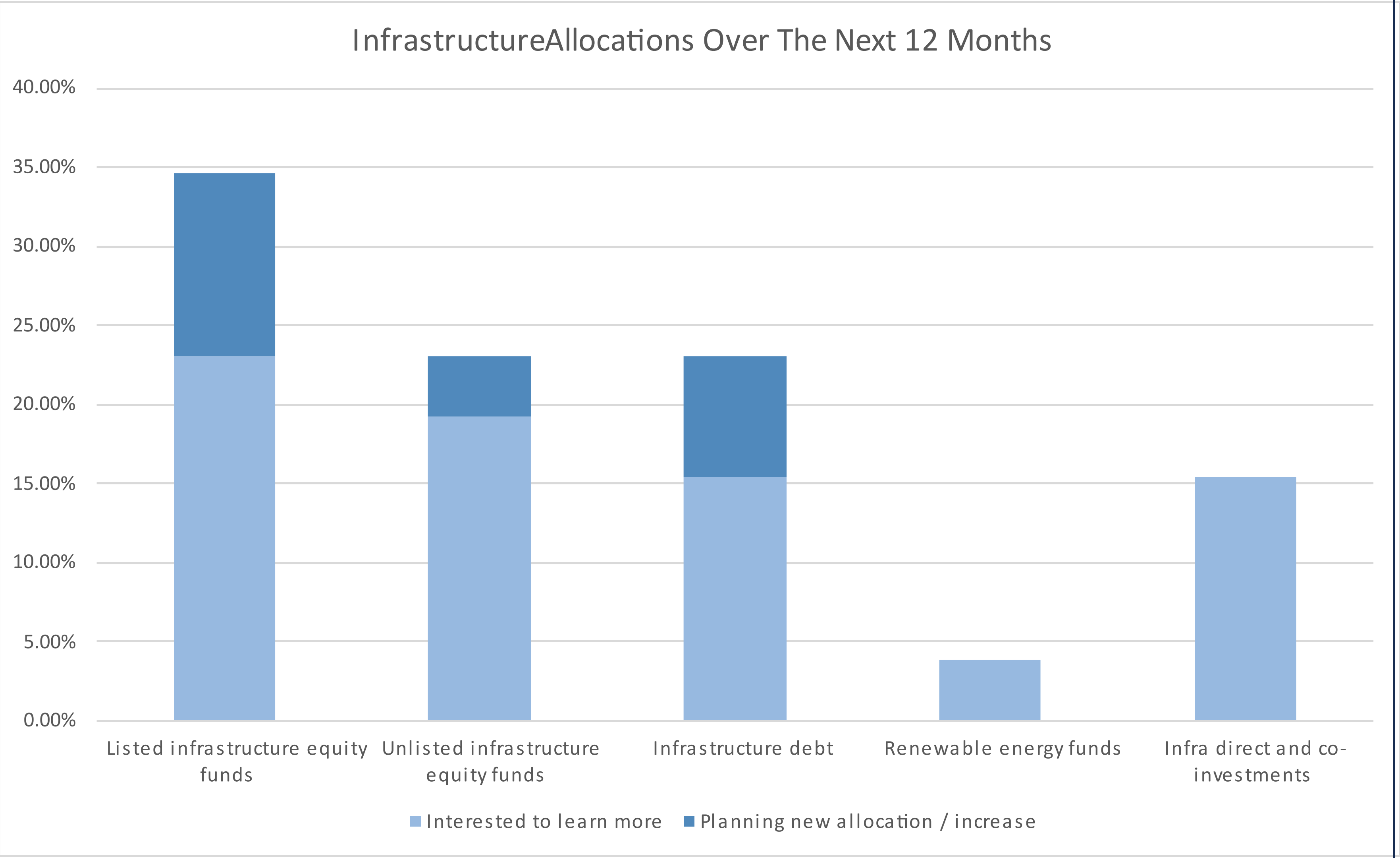


Infrastructure

- **Planned allocations and interest** across listed, unlisted and debt sub-asset classes. Amongst those looking to increase allocations, average increase is 3.65%. The largest increases of 5.7 and 5% coming from public pension pools.

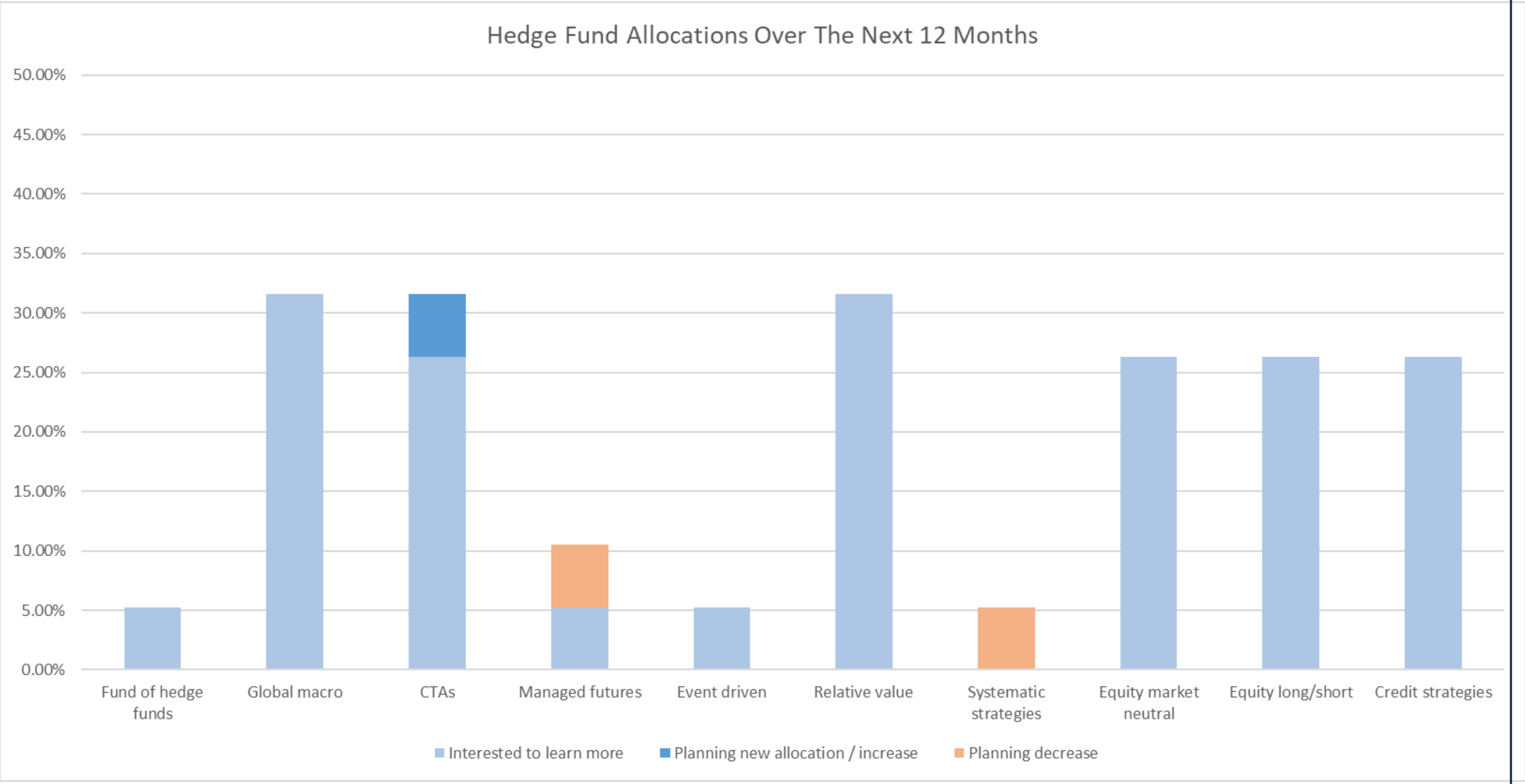
- **Listed infrastructure** a standout in terms of interest and planned investors. Perhaps within the context of the denominator effect.

- **Infrastructure debt** remains an attractive prospect for many investors, with one head of manager selection at a large consultant actively searching to place £500 million within infrastructure debt when we spoke with them.



Hedge Funds

- Corporate and public pension plans are displaying increased interest which is likely a result of heightened volatility in the market and a desire for portfolio protection.
- The average increase, amongst those looking to increase allocations, is 3.16%. One corporate pension fund has reduced their allocation to private equity, redistributing the funds (4.72% allocation) into hedge funds.
- On the other hand, a public pension fund is planning to reduce their hedge fund exposure. They favour less risky assets within fixed income and infrastructure



INTELLIGENCE – WHAT WE'RE SEEING

SINGLE FAMILY OFFICE

AUM Scale	Not disclosed
Are you involved in fund selection?	Yes
Which category best describes your focus?	Alternatives

Question	Response
Agriculture and timberland	Interested to learn more
CTAs	Currently invested
Co-investments	Currently invested
Credit strategies	Currently invested
Distressed	Planning new allocation / increase
Distressed and special situations	Currently invested
Equity long/short	Currently invested
Equity market neutral	Currently invested
Event driven	Currently invested
Fund of hedge funds	Currently invested
Global macro	Currently invested
Growth equity	Currently invested
Infra direct and co-investments	Currently invested

Question	Response
Infrastructure debt	Planning new allocation / increase
Insurance linked securities	Interested to learn more
Leveraged buyout	Currently invested
Listed infrastructure equity funds	Planning new allocation / increase
Managed futures	Currently invested
Mezzanine	Currently invested
Mid market	Planning new allocation / increase
Mid-market direct lending	Currently invested
Real estate debt	Currently invested
Real estate direct and co-investments	Currently invested
Relative value	Currently invested
Renewable energy funds	Currently invested
Secondaries	Interested to learn more
Senior direct lending	Currently invested
Speciality finance (royalties, litigation financing)	Interested to learn more
Timberland	Interested to learn more
Unlisted infrastructure equity funds	Planning new allocation / increase
Unlisted real estate equity funds	Planning new allocation / increase
Venture capital	Interested to learn more

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INTELLIGENCE – WHAT WE'RE SEEING

CORPORATRE PENSION FUND

AUM Scale	million
Are you involved in fund selection?	Yes
Assets under Management (USD)	600
Which category best describes your focus?	CIO & Strategy

Question	Response
Agriculture and timberland	Planning new allocation / increase
Co-investments	Planning new allocation / increase
Corporate investment grade	Currently invested
Credit strategies	Currently invested
Developed markets global	Currently invested
EM corporate debt	Currently invested
Emerging markets global	Currently invested
Equity long/short	Currently invested
Europe	Currently invested
Global macro	Currently invested
Growth equity	Planning new allocation / increase
Infrastructure debt	Planning new allocation / increase
Insurance linked securities	Planning new allocation / increase
Japan	Currently invested
Leveraged buyout	Planning new allocation / increase
Listed infrastructure equity funds	Planning new allocation / increase
Listed real estate equity / REITS	Planning new allocation / increase
Mid market	Planning new allocation / increase
Mid-market direct lending	Currently invested
Real estate direct and co-investments	Planning new allocation / increase
Relative value	Currently invested
Secondaries	Planning new allocation / increase
Sovereign debt (developed markets)	Planning new allocation / increase
Timberland	Planning new allocation / increase
U.S.	Currently invested
Venture capital	Planning new allocation / increase

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INTELLIGENCE – WHAT WE'RE SEEING

LARGE OPEN PUBLIC SCHEME

AUM Scale	billion
Are you involved in fund selection?	Yes
Assets under Management (USD)	27
Which category best describes your focus?	CIO & Strategy

Question	Response
Senior direct lending	Currently invested
Sovereign debt (developed markets)	Interested to learn more
Structured credit e.g. ABS, MBS, CLO credit	Currently invested
Timberland	Interested to learn more
U.S.	Currently invested
Unlisted infrastructure equity funds	Interested to learn more
Unlisted real estate equity funds	Planning new allocation / increase
Venture capital	Interested to learn more

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INTELLIGENCE – WHAT WE'RE SEEING

ENDOWMENT

% of my portfolio / asset class is managed internally	15
AUM Scale	Not disclosed
Are you involved in fund selection?	Yes
Which category best describes your focus?	CIO & Strategy

Question	Response
Agriculture and timberland	Interested to learn more
Asia ex. Japan	Interested to learn more
CTAs	Interested to learn more
China	Interested to learn more
Corporate investment grade	Currently invested
Corporate non-investment grade / high yield / loans	Currently invested
Credit strategies	Interested to learn more
Developed markets global	Currently invested
Distressed and special situations	Interested to learn more
EM corporate debt	Interested to learn more
EM sovereign debt	Interested to learn more
Emerging markets global	Interested to learn more
Equity long/short	Interested to learn more
Equity market neutral	Interested to learn more
Europe	Currently invested
Factor/ Systematic / Quant	Interested to learn more
Global macro	Interested to learn more
Growth equity	Interested to learn more
Insurance linked securities	Interested to learn more
Leveraged buyout	Interested to learn more
Mid market	Interested to learn more
Mid-market direct lending	Currently invested
Real estate debt	Planning new allocation / increase
Real estate direct and co-investments	Currently invested
Relative value	Interested to learn more
Secondaries	Interested to learn more
Senior direct lending	Currently invested
Sovereign debt (developed markets)	Currently invested

INTELLIGENCE – WHAT WE'RE SEEING FIXED INCOME

PUBLIC PENSION FUND

Corporate investment grade	Planning new allocation / increase
Corporate non-investment grade / high yield / loans	Planning new allocation / increase

TRUSTEE COMPANY

Corporate investment grade	Planning new allocation / increase
Corporate non-investment grade / high yield / loans	Planning new allocation / increase

CORPORATE PENSION FUND

Corporate investment grade	Planning new allocation / increase

PUBLIC PENSION POOL

Structured credit e.g. ABS, MBS, CLO credit	Planning new allocation / increase

KEY TRENDS:
WHAT WE'RE HEARING

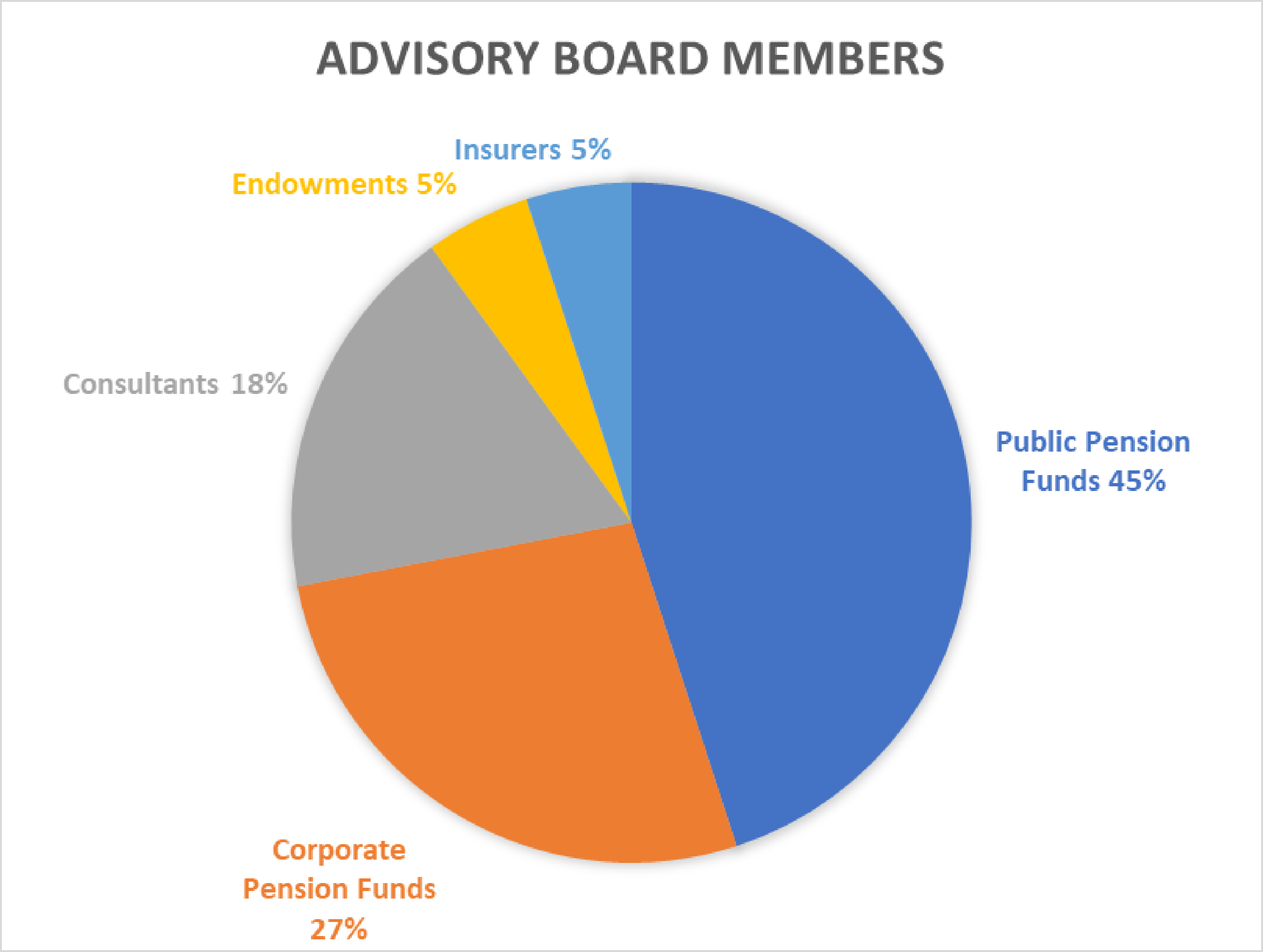
Presentation content

- Direct quotations and insights from investors on their top interests and challenges
- Positioned to an audience of distribution as well as marketing
- In order to provide information on client engagement beyond individual product
- “What we’re hearing” (qualitative) and “What we’re seeing” (quantitative)

ADVISORY BOARD OF 23 INSTITUTIONAL INVESTORS

INSTITUTIONAL INVESTOR SUMMIT

JUNE 13-14, 2023, LONDON SYON PARK



ADVISORY BOARD: WHAT WE'RE HEARING

John Harrison, Interim Chief Investment Officer, **Border to Coast Pension Partnership**

Joe McDonnell, Chief Investment Officer, **Border to Coast Pension Partnership**

Renata Kostrzewa, Head of Responsible Investment, **BP Pension Fund**

Wyn Francis, Chief Investment Officer, **BT Pension Scheme**

David Vickers, Chief Investment Officer, **Brunel Pension Partnership**

Denise Le Gal, Chair, **Brunel Pension Partnership**

Tom Joy, Chief Investment Officer, **Church Commissioners for England**

Abdul Bashir, Investments Manager – Public Markets, **Greater Manchester Pension Fund**

Richard Tomlinson, Chief Investment Officer, **Local Pension Partnership**

Jason Fletcher, Chief Investment Officer, **London CIV**

Miriam Adams , Head of Investments and Treasury, **London Tower Hamlets**

Richard Dell, Head of Equity Manager Research UK, **Mercer**

ADVISORY BOARD: WHAT WE'RE HEARING

Joanne Job, Head of Research, **MJ Hudson**

Peter Wallach, Director of Pensions, **Merseyside Pension Fund**

Chris Grant, Chief Investment Officer, **Nationwide Pension Scheme**

Rob Groves, Chief Investment Officer, **Pension Insurance Corporation**

Ian Scott, Head of Investment Strategy, **Pension Protection Fund**

Craig Heron, Head of Public Markets, **Railpen**

Pete Drewienkewicz, Chief Investment Officer, **Redington**

Ian McKnight, Chief Investment Officer, **Royal Mail Pension Plan**

Cliff Speed, Chief Investment Officer, **TPT Retirement Solutions**

Mirko Cardinale, Head of Investment Strategy, **Universities Superannuation Scheme**

Leandros Kalisperas, Chief Investment Officer, **West Yorkshire Pension Fund**

WHAT WE'RE HEARING:

Part I

BACK TO BASICS

Back to basics: Are more traditional assets now in favour?

- "You can now get 6 or 7% on corporates and high yield so private markets are becoming less attractive. They are more opaque and expensive than public markets" – *Head of asset class, public pension scheme, £20 – 30 billion AUM*

- *"*Any 'marginal pound' that comes back from investments would go into public markets at the moment. It depends on the scheme's growth targets but we're constructive on investment grade credit, high yield, money markets, short-term credit as well as public equities" – *C-suite, multi-employer pension scheme, £10 – 15 billion AUM*

- "Liquid fixed income is back on the agenda for first time in a decade. The question for us is how and when to sell complicated assets and re-enter bonds" – *C-suite, endowment, £10 – 15 billion AUM*

But… all talk, no action?

- “Pension funds are prioritising rebalancing portfolios, which were overweight private markets, as there is an opportunity to add fixed income and cash. But people don’t seem to be jumping on these fixed income opportunities; are people besotted by equities instead and are they waiting for a crack in the equity market?”

    – Consultant, £50 – 70 billion AUA

Maybe the private party isn't over quite yet…

- "We have been investing in privates since early 2000s, so we don't have such big capital calls even if we go overweight. The maturity of our assets means that we always have money coming back. As such, I wouldn't say we were increasing private markets but we're also not decreasing. Our recycled capital can go to new areas such as renewables" – *C-suite, multi-employer pension scheme, £10 – 15 billion AUM*

- *"*We're continuing to fund private debt and real estate*"* – *Investment manager, public pension scheme, £25 – 40 billion AUM*

Maybe the private party isn't over quite yet…

- "We have just finished manager selection for a private debt fund. Likely to launch another one when demand is there and we are confident that demand will come" *– C-suite, public pension fund, £25 – 35 billion AUM*

- "There is more of a barbell approach as we're increasing cash and private markets. On one hand, we have taken advantage of short duration in liquid markets but we have also looked to find distressed opportunities in commercial property. Property and renewables also offer inflation protection" *– Head of pensions, public pension fund, £1 – 5 billion AUM*

A selective approach to public and private markets: two approaches

Approach I: Conviction led

- "There are good returns on certain segments of private markets. Floating rate debt financing structures means you are writing risk into an area where capital and deal flow is scarce and there are higher capital floors. Conversely, private equity doesn't look so attractive as it has to work hard to outrun capital financing costs" *– Consultant, £50 – 75 billion AUA*

- *"*There are specific opportunities in both private and public markets. We're launching an externally managed emerging market capability, we're launching green and sustainable bonds, and we're looking at the levelling-up agenda to deliver a private markets impact fund within UK regions" *– C-suite, public pension fund, £50 – 70 billion AUM*

Taking a selective approach to public and private markets

Approach II: Key questions

- **Resilience:** "We are conscious of asset valuations. We don't want to be caught with things that have been fantastic on the way up but might fall. Equity performance vis-a-vis credit is a case in point as, because of the duration sell off and some widening of spreads, credit has performed similarly to equities. Based on normal risk assumptions, you'd have expected equities to do a lot worse. There are also some assets, like infrastructure, you'd expect to be affected by a rising discount rate and yet it still powers ahead – is this all sustainable?"
  - *C-suite, public pension scheme, £20 – 30 billion*

- **De-risking pace** *"*The question we are kicking around is whether or not we can decelerate de-risking because we don't need to shoot the lights out. You can hit those returns through fixed income products. It is now more about managing re-investment risk around those cash-flow aware portfolios. Last year we invested another 750 million into private equity. Now that's not the last turn on private equity but, given our maturity profile, there are not many more of these to be done.*" – C-suite, corporate pension scheme, £5 – 15 billion AUM*

Deep dive: *in conversation with a Head of asset class, corporate pension fund, £30 – 40 billion AUM*

- "Fixed income as a return-seeking asset class was impossible as there were very skinny spreads on credit and negative yields. Now there are normal-ish spreads on credit and good yields on government bonds. We've gone from TINA (There is no alternative to equities) to TARA (There are reasonable alternatives)"
- "We had limited exposure to fixed income for both tactical and strategic reasons but we're now increasing exposure in credit. We'll be deploying billions over next 12 months tactically and our strategic outlook has gone from underweight to overweight."
- "We're looking at public credit across the spectrum. Investment grade, high yield, emerging market debt -everything looks broadly attractive. Emerging market debt looks cheap and least attractive is investment grade for us due to the spreads. We also feel that spreads on high yield become attractive when they hit 10%"
- **"**We reduced equities and sold Chinese government bonds. We also used futures for US treasuries and our credit increase will be funded by limiting equity risk. We think credit will outperform equity over the next five years which is why we made these decisions"

Summary: A pendulum swing from private to public is not uniform

- Fixed income is back on the table but there is less conviction about allocations towards equities as part of a 60/40 approach.
- Private market allocations are slowing but there is still appetite for their diversification benefits and pockets of growth opportunity.
- How do asset managers differentiate fixed income product propositions?
- What are the fee implications for asset managers as a cheaper asset class like fixed income becomes more popular?

WHAT WE'RE HEARING:

Part 2

WHERE AND WHEN TO TAKE RISK

Should you now be offensive or defensive?

<u>Defensive:</u> Avoiding losses is the key theme

C-suite, public pension scheme, £10 - 15 billion AUM

- “We’re not sitting on a huge amount of cash and, as much as you might want to rotate, sometimes it isn’t possible. It will become more of a stock pickers market and active management might be more important. However, we’re happy enough locking in a low return because of the risk of stagflation. We think it is more important to avoid losses than to chase gains”

- “We’ve looked at uncorrelated options away from traditional assets and found hedge funds have been the place to hide. They have had a good 18 months and, having looked anaemic relative to other assets, they now look attractive. We’ve de-emphasised long/short and focused on CTA, global macro and market neutral”

Should you now be offensive or defensive?

Defensive: consolidation and strong cash positions key

- "We have been very cautious on markets and this has been the case for some time now. We have underweighted in riskier parts of asset allocation and have a more defensive orientation to various asset classes. We want to retain flexibility with strong cash positions" *– C-suite, public pension scheme, £20 – 30 billion AUM*
- "Too soon to be all guns blazing, we're looking to consolidate a bit more first. But we do now have more cash to be slightly more aggressive in deployment" *– C-suite, endowment, £10 – 15 billion AUM*

Should you now be offensive or defensive?

More optimistic and opportunistic

- “We seem to be in a permacrisis so I don’t think that should hold you back. I think now is the right time to seek opportunities and be more aggressive” *– C-suite, corporate pension scheme, £5 – 10 billion AUM*

- “Inflation doesn’t seem to be coming down and there are lots of interesting opportunities so I think there is scope to be more proactive” *– C-suite, public pension scheme, £40 – 60 billion AUM*

- “Sitting and waiting for clarity isn’t the right thing to do. So deployments becomes less about timing the market and more about putting the weight of probability on your side. We see an opportunity and then we commit to a deployment strategy” *- Head of asset class, corporate pension scheme, £30 – 40 billion AUM*

"It's liquidity, stupid" – how should investors think about liquidity constraints?

- "We, along with others, are looking at how to rebalance portfolios. There's a fundamental question around what the regulation will look like, what the collaterals buffer we will need look like and how that will impact asset allocation" *– C-suite, corporate pension scheme, £5 – 10 billion AUM*

- "One of the things that constantly surprises us is the lack of liquidity in markets especially during volatile times. Investors need to be very mindful of their access to liquidity." *– C-suite, public pension scheme, £20 – 30 billion AUM*

- "There are different fund structures which allow liquidity access. We're seeing daily dealing funds, evergreen structures, and more open-end offerings to provide liquidity in private markets, so that may prevent rushes for the exit" *– Consultant, £50 – 70 billion AUA*

"It's liquidity, stupid" – how should investors think about illiquids during buy-ins?

- "How to tackle illiquids in this environment is difficult. There is a greater unintentional overweight to illiquid assets than there is appetite for those assets and buy-ins need to find a way out. Insurance companies have Solvency II requirements and exiting illiquid assets without haircuts is a challenge. There can be predatory secondary funds and difficult to know how to avoid that" *– C-suite, insurer, £15 – 25 billion AUM*

- "Funds are overweight illiquids and do you have to try and run-off illiquids over time? Schemes who have done buy ins are giving over their liquid assets to insurers. The knock on effect is that portfolios are over weight illiquids so are you selling on in secondaries or having to accept higher illiquid allocations? *– C-Suite, multi-employer pension, £10 – 15 billion AUM*

Summary: ‘to re-position or not to re-position’, that is the question

1. Articulating a story around avoiding losses may be just as important as matching liabilities or generating excess returns

2. Thinking about the evolution of portfolio construction in light of increased funding volatility and hedging costs is critical

3. Liquidity structures, ladders and pools is an important way to engage with clients

WHAT WE'RE HEARING:
PART 3
SUSTAINABILITY

Are you paying to go green?

The opportunities

- "We're looking at thematic investing and this is driven by ESG team. This might be healthcare, biodiversity, natural capital, social, mitigation, AI and energy storage. So it can span across different ESG factor. However, we find there aren't many available managers in this space". *– Head of asset class, public pension scheme, £20 – 30 billion AUM*

- "We started measuring carbon footprints five years ago. We're also a TCFD signatory and mapping out our net zero pathway. TCFD has helped us look at metrics and asset allocation decisions including inclusion of Paris aligned equities" *– Head of pensions, public pension scheme, £1-5 billion AUM*

- "I prefer engagement over divestment and have no issues with a 2050 Net Zero commitment" *– C-suite, endowment, £10 – 15 billion AUM*

The challenges

- "There seems to be a first mover advantage of forestry that means you can be too late and then get bogged down in carbon credit. We are losing money on certain asset classes, so are you paying to go green? Do you hold them and lose money? What is the alternative?" *– C-suite, corporate pension scheme, £5 – 10 billion AUM*

- "We've been thinking about TCFD but the carbon footprinting and data coverage is tricky and you have to devote resources" *– C-suite, multi-employer scheme, £10 – 15 billion AUM*

Deep dive: C-suite, public pension scheme, £50 – 70 billion AUM

How can you assess being a net zero market leader when there is little standardisation?

- “We are focused on the roadmap to net zero and how different parts of the industry are addressing that. It is more urgent in the public sector because of the desire to move that forward”

- “The perception we have is that our net zero roadmap is more detailed than most of the asset management industry so who is the leader? We hope that there will soon be good points of comparison between asset owners and managers but there isn’t currently standardisation of net zero practices”

Engagement over divestment

- “How do we do get metrics that shows the benefits of being in businesses which are pollutants but that are making progress and transitioning?”
- “We've defined our carbon reductions with a downward sloping channel from 2019 onwards”
- “We review the carbon footprint of current asset allocation and do not divest but seek to engage and improve”

Summary: How should you articulate the benefits of ESG initiatives?

- Is there an ESG backlash with scepticism about resource requirements and risk/reward – how can asset managers overcome this pushback?
- Who are the Net Zero market leaders if standardisation is difficult to achieve?
- Is there a first mover advantage with ESG and what could that look like for biodiversity or thematic funds?
- To what extent has engagement replacing divestment and exclusions?

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