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Multi-assets roundtable

PANEL



▶ **Sheridan Bowers, Head of UK and Ireland, Vontobel Asset Management**

Sheridan joined Vontobel Asset Management in 2011 as a relationship manager for its UK/Ireland institutional business. He was appointed head of UK in 2015. Sheridan has 23 years investment experience, across sales, consultant relations and client relationship management. He started his career at Fidelity Investments, later moving to Threadneedle Asset Management. Prior to joining Vontobel, he worked at Hermes Investment Management where he was responsible for developing UK client and consultant relationships.



▶ **Andrew Cheseldine, Professional Trustee, CCTL**

Andy joined Capital Cranfield in 2017. Before joining Capital Cranfield, Andy acted as an adviser to trustees and employers at Watson Wyatt, Hewitt Bacon & Woodrow and latterly as a partner at LCP. Using his experience of over 30 years in consulting on both DC and DB pension arrangements, and liaising with regulators throughout the pension and financial services industry, he is able to use his wide knowledge and understanding for the practical benefit of trustee boards. He has served on the PLSA DC Council since 2013 and often speaks at industry events.



▶ **Reza Mahmud, Senior Investment Consultant, PwC**

Reza represents PwC's investment consulting business, advising institutional asset owners in the UK and worldwide on strategy, governance and implementation. He sits on PwC's multi-disciplinary investment committee (pensions, insurance, sovereign wealth, private wealth), and also its firm-wide sustainable investing working groups. He was previously a multi-asset investment manager at Aviva Life and Pensions, and before that served with Brunei's sovereign wealth fund as a portfolio manager and asset allocation analyst.



▶ **John Reade, Chief Market Strategist, World Gold Council**

John joined the World Gold Council in February 2017 as chief market strategist. He is responsible for producing strategy and developing insights on the gold market; leading the council's global dialogue by engaging with economists, academics, policymakers, fund managers and investors on gold; and leading the research team. John has over 30 years' experience in the gold industry and related fields, most recently as a partner and gold strategist with Paulson & Co. Prior to that, John worked as a precious metals strategist at UBS.



▶ **Daniel Seiler, Head of Multi Asset, Vontobel Asset Management**

Daniel heads the multi-asset boutique at Vontobel Asset Management. In this role, he oversees systematic and fundamental investment solutions, which are offered by the Vescore and multi-asset brands respectively. He is responsible for the investment processes, driving innovation in product development and managing the investment teams. Previously he was head of Vescore, the quantitative investing franchise of Vontobel Asset Management. Daniel became CIO at Vescore Solutions AG in 2009.



▶ **Mike Smaje, Trustee Executive, BESTrustees**

Mike joined BESTrustees in March 2020, having most recently worked for Aon Hewitt as an investment partner. Mike is a qualified actuary with over 25 years' pensions experience as both a scheme actuary and investment consultant on both corporate and trustee assignments. He has also worked for a leading investment manager. He has worked with schemes of all sizes, from very small to over £4 billion, across many sectors, including major global corporations and SMEs. He specialises in investment matters and integrated risk management.



▶ **Stéphane Vial, Managing Director, CFM LLP**

Stéphane is the managing director of CFM LLP and head of investor relations, EMEA. He is based in London and is in charge of CFM's EMEA client base. He spent his first two years at CFM in Paris where he was responsible for European client coverage. In 2009, Stéphane moved to Tokyo where he was the director of CFM Asia KK, before moving to London in 2013. Stéphane has 20 years' experience in trading capital markets having worked for Chase Manhattan Bank, Renaissance Technologies and Commerzbank over the years.



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Spotlight on multi-asset investing

► Our panellists look at how multi-asset investing has fared in recent months and what the future might be for multi-asset strategies going forward

What is the current sentiment among the pension funds you are working with, given the unprecedented situation we find ourselves in?

Mahmud: For many, this crisis involves a very busy and stressful period of adjustment to new working and living arrangements, while focusing on identifying and addressing near-term industry issues in light of rapid developments and material uncertainty. Some pension funds have already positioned defensively (maybe even years before), some regret not making changes sooner, and others wish they hadn't acted so early before the crisis profoundly changed the whole situation and outlook.

As an example, one of our clients has

been much more active than usual and is positive. We have helped them track the evolution of the markets for several years now; looking at medium-term risks and opportunities on a monthly basis, preparing for emergent issues such as Brexit disruption. Last year, we supported them in implementing an investment protection strategy and exited out of some illiquid positions. They are now sitting on some cash, reviewing their strategy, and assessing new opportunities.

Another international pension client is looking even longer-term, and we are in talks about developing a sustainable investment framework to address future high-impact risks.

Bowers: Yes, this is a very challenging

time and, as Reza [*Mahmud*] highlights, it is not just about investment performance. Trustees are having to assess the impact of recent market volatility on both their funding positions and their covenant strength. The Covid-19 crisis is likely to have long-lasting impacts on company balance sheets, with some sponsors at risk of collapse, which puts many schemes at risk.

Vial: I agree there will be some long-lasting effects, but to a certain extent the dust is still settling. Investors are still trying to figure out how much damage has been done. Some investors, especially in certain regions, have had to raise cash quickly. One example is in Australia where the government allowed individuals to withdraw a certain amount from their superannuation pension so, consequently, they had to create liquidity within the portfolio, redeeming the most liquid portion of the portfolio (and this may have been the liquid alternative bucket).

Most investors, however, have been cautious and re-allocation work has generally been halted. I don't think investors are allocating to new managers because they don't have the governance to do the necessary due diligence because of the pandemic – those who have re-allocated money are doing so by allocating to existing managers. But we do see people trying to put things in place so that they can do investment due diligence or operational due diligence.

But generally, we did not see investors panicking – they are trying to hold off and wait before making any rash decisions.

One other point worth mentioning here is that the crisis we are faced with today is very different to the 2008 crisis. Back then we saw a lot of businesses

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and managers going bankrupt; it was more of a liquidity crisis. That is not the case this time. We haven't seen people panicking and feeling that they need to sell everything immediately.

Reade: I would echo the sentiment from my fellow panellists. We've been quite busy over the past few months, as many of the pension funds we've been working with over the past couple of years have been thinking more actively about gold. We've had two types of conversations with pension funds as a consequence of the unprecedented situation. For those that have had an allocation to gold, we spent quite a lot of time explaining the reason for the sell-off in gold in late March, when other assets were getting hit hard, and discussing our views on gold's outlook. But interestingly, we've also had a lot of interest from pension funds that had not yet made an allocation, and they are especially interested in gold as a diversifier and hedge during sudden risk events, such as we've seen recently.

What have been the main investment challenges for pension funds?

Bowers: The most important challenge has been to keep focused on where real risks lie within portfolios and identify the areas where taking action is warranted. In most cases, this involves considering

and reviewing the most suitable asset allocation for a pension scheme given its liabilities, degree of hedging and the health of the scheme sponsor. With each asset class being impacted to different degrees, reviewing the scheme asset allocation and sticking to portfolio rebalancing guidelines remains important. Schemes need to act on the plans they have in place.

Smaje: I would add that a significant challenge has been to ensure that portfolios have been sufficiently robust to the increased volatility in markets and, for DB schemes, that assets have kept pace with movements in liability values. In particular, the crisis has once again highlighted the benefit of having a high level of liability hedging, coupled with a truly diversified growth portfolio. Those schemes that have protected capital better will not have to chase higher returns (or contributions) to close the gap. A 20 per cent fall needs a subsequent 25 per cent return to get back to where you started, whereas a 5 per cent fall needs 5.3 per cent.

Maintaining sufficient liquidity and not having to realise depressed assets to meet cashflows has also been a challenge. This is particularly important for more mature DB schemes with negative cashflow.

Vial: Another investment challenge for pension funds is that a fair amount of strategies that were not meant to be so correlated to the stock market did not do particularly well. That's not to say they failed, but they demonstrated the fact that not being correlated doesn't mean that every time the stock market falls, the investments will go up. They have a chance of going down as well. Going forward I think investors will be a bit more cautious when it comes to distinguishing between uncorrelated and anti-correlated.

Reade: I'd agree that the nature of the sell-off, when hedges fell at the same time as risk assets, raised a lot of eyebrows and created challenges. But many of the hedges performed better over a slightly longer-term perspective – gold, for example, is healthily higher this year, up 14 per cent to the end of May in US dollar terms. More generally, I think pension funds are still grappling with two trends that started well before Covid-19, but that have been exacerbated by the pandemic: 1) How much equity exposure to hold when fundamentals are uncertain and valuations high; and 2) How best to replace or at the very least complement their bond exposure amid ultra-low – now we can formally say in the UK, negative – interest rates.

Do pension funds understand the difference between uncorrelated and anti-correlated and what this could mean in tough times?

Vial: Consultants certainly do – even before the crisis they were saying that, while diversification and non-correlation is one thing, what they really want for their clients is something that protects the portfolio during tough times. UK pension funds also were already receptive to this idea before the crisis, but now this has happened – and there are a few products of this nature out there that have shown good performance during the crisis – they are going to be even more interested.

Reade: Diversification is an overused and often misunderstood concept in finance. Pension funds intuitively understand what they are trying to do, but in practice it is common to focus on well-established but misleading metrics such as long-term correlations. One of the most compelling arguments we use for including gold in a portfolio is that the correlation with equities generally



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changes during extreme sell-offs. While gold is normally uncorrelated to the S&P like many other diversifiers, when the S&P falls by two standard deviations or more, gold is then reasonably negatively correlated with US equities. This type of 'negative correlation at the right time' doesn't happen often in financial assets, and it enhances portfolio performance considerably.

Have pension funds to date been open to the idea of multi-asset investing?

Bowers: Yes, pension funds are interested in the opportunities that multi-asset strategies should provide for their portfolio. Managed well, this can be a dynamic allocation for a client, where an experienced investment manager can apply tactical management to capture investment opportunities and reduce downside risk. In this way, multi-asset portfolios can overcome a traditional challenge faced by many pension schemes around timing and how quickly trustees can react.

Cheseldine: I would say many DC schemes have a multi-asset fund (MAF) of some description available on at least a self-select basis. In DB schemes it is more dependent on size. Relatively small schemes don't have the economies of scale available to properly diversify in indiscrete asset cases for their growth portfolio. So, a MAF can be a useful facility to spread risk while limiting costs. Equally, even when very large overall, if your DB scheme is very mature, your growth portfolio is likely to be relatively small and a MAF may again be appropriate.

Smaje: I would say that schemes that have a meaningful allocation to growth assets have generally been open to multi-asset.

Reade: Based on the conversations we have had with pension funds globally,

we also believe there is a growing interest in genuine diversification and that multi-asset investing is becoming more popular.

What sorts of questions do pension funds ask around multi-asset investing? Do they fully understand the variety of options available and how to access them?

Smaje: The main questions are does it work and are the (high) fees and additional governance worth it? How will the strategy perform in various market scenarios? What evidence can you show us that your approach is better than another?

Trustees are normally guided by their investment consultants and so, to some extent, the options presented depend on the consultant used. Pooled funds like DGFs are easily accessible, including through platforms.

It is a big challenge for lay trustees to fully understand the differences between the various approaches and what exposures or techniques are worth paying higher fees for. Development of a set of investment beliefs founded on a base of solid understanding is especially useful here.

Cheseldine: In my experience the key questions are around risk management and cost. How active are the asset allocation decisions? Those MAFs that have a pre-determined and passive allocation between equities, property, bonds and gilts could suffer almost as badly as equity funds. On the other hand, those MAFs that can react to market volatility while taking a long-term view have a significant advantage.

Bowers: The universe of multi-asset funds is very diverse, with varying degrees of complexity and this can present issues for pension funds as they consider which type of multi-asset

strategy they should invest in. A key criticism of many multi-asset funds is that they are too complex and can often be opaque, making it hard for pension funds to understand what's going on. We believe it is important that clients have transparency from their managers, so they can understand how their money is invested and the rationale for the underlying holdings.

Multi-asset funds have a variety of investment aims and differing degrees of complexity and cost and it is fair to say that many clients have been disappointed with the performance achieved by some managers within this asset class. It is therefore very important that pension funds work with their investment consultants to agree their aims and then to consider which investment managers are most appropriate to meet these requirements. Managed well, multi-asset funds can provide a stable core within the portfolio of DB and DC pension schemes.

Have those pension schemes with a multi-asset approach generally fared better before and during the crisis?

Cheseldine: There are two distinct communities to consider here – DC and DB.

In DC, it is difficult to say MAF have done better or worse because it depends on how close an individual member is to retirement. Typical multi-asset funds have performed better for members in their earlier years of contributing than lifestyle or target-date approaches, but not as well for those close to retirement. That is hardly surprising given the respective asset allocations.

What is clear is that those within a couple of years of retirement and invested in lifestyle options have typically weathered the volatility storm of the past few months and are sitting on positive

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investment returns. In short, lifestyling has worked – at least so far.

But that does not mean we should ignore MAF strategies.

Younger members will have experienced much less volatility than those in lifestyle (or self-selecting in equities or property funds) and that, anecdotally, has meant less worry and fewer kneejerk opt-outs.

In DB, an allocation to multi-asset funds is typically a strategic decision and those schemes that have switched from equity investment to MAF will have seen their funding levels remain more stable.

Smaje: I would say that experience to date, both before and during the crisis, has been mixed. DGF returns, for example, have been generally disappointing during a period of strong returns in equities and credit.

During the crisis, there has been a real difference between DGFs – those with a non-directional absolute return approach have fared pretty well, whereas those with high directional exposure to equities and credit have performed poorly.

Fiduciary managers have also been a mixed bag; those able to access genuine diversity have done a much better job. In the future, schemes are likely to seek out managers (traditional or fiduciary) that can access a very broad opportunity set, including illiquid and niche, and can demonstrate value for money.

Bowers: Generally, multi-asset as an asset class outperformed equities during the sharp market falls in February and March. However, many clients are disappointed that their managers may not have provided the degree of protection that they were expecting. Indeed, this represents a significant challenge to the perception clients have of multi-asset investing and its role within their portfolio.

What has been the impact of the crisis on other pockets of the multi-asset space?

Mahmud: Multi-asset funds follow a wide range of objectives, risk-appetites, constraints and benchmarks so performance can differ significantly from one fund to another.

Some multi-asset funds have been too risk averse in recent years due to a focus on high asset valuations and have underperformed during strongly rallying momentum markets but defensive diversification could have been advantageous in the market correction of recent months.

On the other hand, other investors responded to high asset valuations by taking up more risk in order to maintain returns, through increased leverage, taking a different set of risks or going higher in the risk spectrum of asset classes. While helpful on the upside in good times, the fear-driven and indiscriminate ‘risk-off’ nature of a market crisis can reverse the benefits of these positions.

Those following risk premia or quantitative strategies are also going through a real-life stress scenario that can validate (or repudiate) their modelling and back-tests. Other relative winners include funds that had an appropriate configuration of portfolio protection or were fortunate enough to be in asset classes that are bailed out by central banks.

Crisis events will also test wider organisational resilience, in terms of operations, personnel, technology etc, while at the same time government and monetary authorities in every country will affect the investment environment by prioritising different and significant financial, legal and regulatory interventions to mitigate domestic stresses caused by the global pandemic.

Vial: Multi-asset, as Reza [Mahmud] mentions, is broad as a term. I would argue however that, generally, it has not done very well even though it has done better than the stock market. Is that, however, enough to justify having so much in that bucket? I am not sure.

Liquid portfolios have certain benefits – one of which is, as it is liquid, investors can redeem immediately and get fresh cash for other opportunities or to do other things – that is very valuable and too often forgotten. But being down 5 per cent on your multi-asset when the stock market is down 20 per cent, while that is relatively good, it is not what investors are looking for.

Let’s consider CTAs, for example. This is a diversifying strategy. You could put it in a multi-asset bucket because it trades many different asset classes. It has been around for a while; people are somewhat familiar with it; they take it for its diversification benefits; and it did remarkably well in 2008. People in fact piled up on CTAs after an 2008 outlier performance that showed so much negative correlation to the stock market and sometimes they just bought the CTA because they thought it would help them in a crisis. There has even been talks about CTAs being the ‘crisis alpha’ strategy – I don’t think that’s the right approach for CTAs. They have other benefits, and they are de-correlated from the market, so they can go down in equity downturns as well and this is what happened this time.

CTAs in fact have not done poorly this year – they are just trading water. Some are down, some a little bit up, but they have done nothing spectacular by any means. This will make people look into what CTAs are, and whether you are better off to use something a little bit more elaborate than CTAs should you want the strategy to be defensive.



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You could even twist the CTA to make it defensive or protective, meaning that it helps you not lose money in equity downturns and have a much better chance of making money.

Have some multi-asset solutions actually fallen short of their promises?

Vial: I wouldn't say they have fallen short of their promises. If you read what it says on the tin, it will state what it is meant to do – and it will not say that it goes up when the stock market goes down. But perhaps this time around, too many of these types of 'uncorrelated' strategies did go down together with the stock market, albeit not as much.

Also, with multi-asset, broadly, everything liquid had a price quite quickly, so people knew relatively quickly how much they'd lost or gained. Outside multi-asset, there are many other diversifying strategies (eg credit, infrastructure, real estate, private equity) for which the effect of the crisis is not yet known. It is unfair to blame multi-asset solutions as one does not know how the rest of the pack has performed.

Seiler: Due to the prolonged low-yield environment, some multi-asset strategies moved away from their invincible core of equities and sovereign bonds for additional yield pick-up in the corporate, emerging markets and other higher-yielding spaces. This asset allocation shift actually came at the expense of diversification and therefore crisis resilience.

However, multi-asset risk-parity strategies that follow a risk-based rather than a capital-based approach to allocation have fared better in the current crisis than some others. This is because these portfolios have no tilt towards equity risk, like a 60/40 portfolio, which results in lower volatility and a better Sharpe ratio. If leverage is applied, these

strategies can achieve the same risk profile as pure equity investments but at a better Sharpe ratio which smooths over the path of returns.

Read: I agree with Daniel [Seiler] that the hunt for yield and returns has taken some strategies in riskier and less liquid directions, the returns of which are highly correlated to equities in many cases. The consequences of such decisions make it likely that such strategies may be re-evaluated.

How might investors change their approach to multi-investing going forward?

Bowers: You could almost say that the investment industry is at a crossroads for multi-asset strategies with clients and their advisers questioning whether the majority of the funds used by pension schemes are able to deliver on their investment aims. Many of these funds are targeting total returns (cash plus) similar to the long-term expectation of equities but with lower volatility.

Part of the assumption here is that performance should be positive over rolling three-year periods and yet, for many clients, their multi-asset funds have delivered a negative total return over the past three years. 2020 is likely to see the wheat is being separated from the chaff by revealing which multi-asset strategies are able to live up to expectations, or even exceed client requirements.

Pension schemes will often have significant exposure to multi-asset funds and, managed well, these strategies can provide a stable element of a client's growth portfolio. The recent experience might lead clients to review their fund choices, using the scale of their investment and perhaps diversifying their exposure across two or three complementary funds to provide a robust portfolio for the future.

Mahmud: I would add that, regardless of the individual challenges, multi-asset funds that underperform both rising as well as falling market scenarios will face pressure, especially if they touted a defensive rationale for their diversified approach to weather tough times like these.

Vial: Multi-asset includes a wide range of strategies and, going forward, investors are going to be pickier when it comes to making their choices. They won't just go for a broad multi-asset strategy that has everything in it, but rather pick those strategies that have a much better chance of making money in equity downturns.

Within broad alternatives or multi-assets, there are defensive type strategies whereby you impose additional constraints on your strategies. For example, you can forbid a given strategy to have positive beta exposures, ie only allow negative beta risks. In doing so, you may give up performance in bull markets for gaining a real good chance of performing in equity corrections. This is all about tailoring risks to a desired outcome. So pension fund investors should be considering alternative strategies that protect their portfolio and match their needs – so, rather than just



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allocate blindly to alternatives or MA, they should look at those strategies that exhibit a chance to make money when stocks go down.

There are a few that work, or also your manager can put layers in your portfolio to prevent positive beta exposure while only allowing negative beta exposure.

Cheseldine: I suspect there will be greater diversity of asset allocation, a move away from static allocation and to incorporate a wider range of asset classes. Much will obviously depend on how quickly markets recover.

Smaje: I think schemes will be ever more sceptical about claims from managers (both traditional and fiduciary) that their approach is worth paying 70+bps pa. Those that failed to capture much of the market upside in the years before the crisis and then saw falls comparable with equity markets during the crisis are likely to see big outflows.

Given that future economic conditions coming out of the crisis are highly uncertain, schemes will be looking for multi-asset solutions that can demonstrate robustness and potential to perform strongly in a variety of future scenarios. That means constructing portfolios with genuine diversification, with access to a very broad opportunity set including private markets.

As I mentioned earlier, managers that truly embrace sustainability and ESG in their investment process are likely to attract more interest.

Mahmud: After the crisis, there could be increased emphasis on liquid assets, more dynamic investing or increased focus on downside management, especially if clients feel more comfortable with having more flexibility for unexpected scenarios.

With a reversion of asset valuations, some clients and funds may move back towards less complex asset classes to achieve their required returns but without the heavier governance and due diligence requirements.

However, more confident or sophisticated investors with surplus dry powder of uninvested cash will be keen to take advantage of the rare opportunities within the wide universe of the illiquid, private markets and move away from volatility risk to take other forms of risk instead.

As has been highlighted, there will be also more focus on sustainable investing and ESG-related disclosures, for better risk management, alignment with new regulatory requirements/client preferences and potentially enhanced returns.

Finally, the attractiveness of different investment sectors will change as consumers, businesses and governments enter a new post-Covid world.

Read: We expect that we will find an even more receptive audience when we make the case for including gold as a strategic asset. In fact, in North America, we have already seen concrete examples in recent months when gold has moved from tactical buckets to forming a more strategic role in the portfolios.

Vial: We are seeing investors interested in picking defensive strategies within their multi-asset – making sure

they pick strategies that perform in equity downturns. It may be at the expense of cutting the strategies' performance in equity rallies, but if you couple this with your long-only portfolio you are going to see a much better drawdown profile, and that's what drives them.

This is portable alpha in some ways, as investors are seeking to pick the alternative strategies that fit their portfolio, making the combination more robust and with better drawdown profiles, rather than picking off-the-shelf plain vanilla alternatives that may not be tailored to their particular needs.

That was something we saw developing before the crisis but it is very topical nowadays and suddenly investors would only be sorry not to have been invested earlier.

The multi-asset space has evolved significantly in recent years. Will the recent pandemic stop innovation or fuel the need for further innovation?

Seiler: Multi-asset investing has embarked on an innovation journey that actually started during the financial crisis, which laid bare the need for enhanced risk control and asset allocation approaches that deviate from the classic capital-based model that is capped at 100 per cent.

Systematic risk-based approaches emerged that are able to target desired volatility levels with the highest precision while keeping the risk contribution equal between equities and bonds.

In addition, the advent of the low-yield regime in fixed income brought strategies to the forefront that are able to dynamically navigate more risky fixed income segments by becoming more responsive to market movements and make tactical allocation changes depending on the market environment. These are strategies that shift their focus



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from a simple strategic buy-and-hold asset allocation to a more dynamic asset allocation incorporating tactical market moves.

Covid-19 and the extreme market movements emphasised the need to progress on the innovative push that has already been underway in multi-asset investing over the past decade.

Cheseldine: I agree – if anything, the crisis will prompt more innovation. We have (re)learned the important lesson that cashflow is king both for businesses and fund managers.

Reade: I think more innovation is likely but I also think some strategies will be re-examined in light of recent performance. Exchanging (actual) liquidity for (potential) return may come under scrutiny depending on the eventual performance of less liquid alternatives.

Smaje: Looking specifically at the DGF space, I'm not aware of much innovation in the DGF market recently; managers have tended to maintain their existing approaches. Coming out of the crisis, we've seen shifts in asset allocation in many multi-asset portfolios, particularly increased allocations to credit as spreads have widened. I fear there could be some complacency about the level of defaults on the horizon.

Managers are also responding to the surge in interest in responsible investing; the best managers (particularly fiduciary) have embedded ESG principles in their manager selection and portfolio construction, although I think there is more to be done.

Interesting passive solutions have also come to market recently. Other managers have paid lip service to ESG, with a certain amount of 'greenwashing'. The crisis has, if anything, increased attention to investing in companies with sustainable business models.

What other future trends might we see?

Seiler: I would argue that the future lies with modern, systematic multi-asset investment approaches that can harness the power of technology. Artificial intelligence (AI) is able to improve asset allocation processes by removing any behavioural biases from a discipline that traditionally has been strongly dependent on human judgement. Algorithms are able to determine the optimal allocation mix for any market environment.

In addition, these algorithms can be used to improve the prediction of future developments of single asset classes and even securities. Therefore, AI has the potential to lead the way in improving the predictive power of multi-asset strategies.

Vial: As has been alluded to, DGFs were already under the scrutiny of investors before the crisis, as some hadn't done so well in recent years – so I wonder whether that space will have problems in the future. Before the crisis managers were looking to divert some of that money elsewhere, and that will continue. Investors will be looking at strategies that have certain behaviours in the tails of the market.

In terms of the day-to-day, it will be interesting to see at what point people are ready to start allocating to new managers. Are investors ready to handle new relationships? Will they ever be happy to allocate to a manager they have never seen physically? Or will all this be pushed to later in the year?

They will have to at some point because there is a fair amount of chance that they are going to be prevented from seeing managers face-to-face for a while, but I believe the industry is going to find ways to deal with this. Crises like these are accelerators – it will accelerate ideas.

Smaje: I would say looking into the future, the case for a diversified multi-asset approach remains strong, particularly as investment time horizons shorten. The bandwidth for many trustee boards to build a robust portfolio on a DIY basis is likely to be constrained, so delegation in one form or another is likely to be a continuing trend.

Reade: Covid-19 has been a salutary reminder that markets do correct and that it's essential to have assets in your portfolio that can help protect the fund from sharp and unexpected sell-offs. In the aftermath of these unprecedented times pension funds will, we believe, critically examine the performance of their portfolios the costs incurred for the protection and/or diversification that may or may not have materialised.

Cheseldine: From my perspective, Covid-19 changes nothing and everything. The fundamentals of investing are the same, but it is already clear that there are winners and losers in different market sectors. I cannot see property funds specialising in retail stores prospering for a while. But big pharma and tech, together with any industry where employees can work from home, could do much better.

Mahmud: Every crisis feels different but there are often familiar responses in how investors, traders, regulators, authorities, in other words, people, behave and react in the face of major shocks and upheaval.

Innovation and disruption do not happen smoothly, and a crisis can be a catalyst for important changes in the world, both bad and good. The diversification and flexibility of a well-considered, robust and adaptive multi-asset approach can enable investors to participate effectively in the ongoing evolution and growth of the global markets over time.