TALKING @HOME WITH

Talking bonds and reduced carbon footprints at home with David Roberts, Head of the Global Fixed Income team at Liontrust and Richard Romer-Lee, Managing Director of Square Mile

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HOW ARE YOU ADAPTING YOUR BUSINESS TO THE CURRENT CLIMATE?

Liontrust went into the crisis in a strong position with good processes that we have been able to use and benefit from with everyone working from home. We are operating as normal - minus the physical presence. For the Global Fixed Income team, our concentration on large, liquid and listed entities with an emphasis on business sustainability has stood us in good stead. We continue to focus on this. Reduced travel, working from home and even greater use of technology has reduced Liontrust's carbon footprint significantly, while allowing us to work to the same or higher standards.

WHAT CHANGES HAVE YOU MADE TO YOUR FUNDS SINCE THE MARKET FALL?

Our investment grade bond weighting has increased from around 35% to 50% within our Strategic Bond portfolios. The high yield weight has been raised from 15% to 30%. We have not chased the lowest reaches of the bond market. Defaults are likely to increase. To benefit from price recovery we won't be bottom fishing and we'll need to avoid most of the travel and leisure, energy and consumer discretionary sectors.

WHAT CHALLENGES HAVE YOU FACED WORKING REMOTELY?

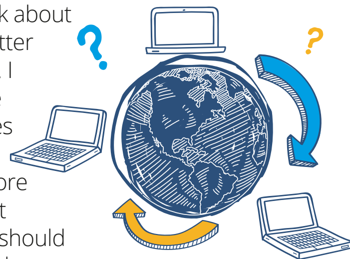
There have been few. We are a small team running four funds, concentrating on core assets. I was seldom in the office more than two days a week prior to the lockdown anyway. My colleagues Phil and Donald prefer it that way, as apparently I'm a distraction! Our IT platform has been robust – and the coffee is better at home than in the office.

WHAT ARE YOUR TOP TIPS FOR WORKING FROM HOME?

You don't sit at your desk in the office from 7am to 12pm and then from 1pm to 6pm, so don't do it at home. Get up, move around and don't feel guilty about it. The world won't stop turning if you make yourself an espresso. Stay in touch and communicate as much as possible. Stick to your investment process – through good times or bad, in or out of the office. If your process is good and robust, it will see you through. And it's what you've sold to your clients.

DO YOU THINK THIS EXPERIENCE CHANGES OUR INDUSTRY FOR THE BETTER IN ANY WAY?

There is a real potential to make positive change. Remote working and the use of conferencing platforms could make a major difference to carbon footprint. I suspect it will also highlight how unimportant some meetings really are. Cutting down on travel and unessential meetings puts a huge amount of time back into my day to think about markets and hopefully make better investment decisions for clients. I also suspect that after a decade of supporting zombie companies and depressing productivity, central banks will need to be more prescriptive in who they support going forward. Asset managers should be taking a lead in this, avoiding legacy investments where the only "value" is created by central bank support.



WHAT DO YOU EXPECT THE BIGGEST CHALLENGES TO BE IN FUND MANAGEMENT OVER THE NEXT 12 MONTHS?

The challenges and opportunities should be a bit more asset class specific than they have been for a decade. Asset allocators simply needed to take a view on central bank action as pretty much all assets were correlated. Investment timing poses another challenge. We all react to the daily virus updates. In the heat of the crisis, we forget the unprecedented fiscal and monetary stimulus and that there is bound to be a timing issue – bad news now, better news tomorrow. The biggest challenge for retail investors is thinking rationally, and not emotionally, about markets.

WHAT'S THE HEADLINE YOU WOULD MOST LIKE TO SEE ON THE FRONT PAGE OF THE FT?

Fed raises rates as virus wonder drug kicks in.