# TALKING @HOME WITH

*Talking asset allocation and new employee packages at home with Stephen Jones, CIO of Kames Capital and Richard Romer-Lee, Managing Director at Square Mile*

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## HOW ARE YOU ADAPTING YOUR BUSINESS TO THE CURRENT CLIMATE?

To the surprise of the asset management industry, it's been remarkably easy to adapt to working from home. The downside is that you lose the dynamic of being around a desk with your team, and the opportunity for debate, interjection and being challenged on a view. I don't mind video conferencing – though I do wish the world could land on using just one system.

## WILL THIS EXPERIENCE CHANGE THE WAY YOU WORK IN THE FUTURE?

To retain talent I expect we will need to redesign employee packages to facilitate flexible working from now on. This might include providing kit to work from home like ultra-fast broadband, a decent chair and an extra screen. It's important to acknowledge, however, that working from home is not necessarily a good experience for everyone. We don't intend to give up an office base. I must admit, I used to frown on working from home. I can see the benefits and I will do so more in the future. Those who think we're going to continue to trundle around the world for meetings have had the future shown to them. It's good for cost, efficiency and the environment to stay put.

## WHERE SHOULD PEOPLE BE ALLOCATING MONEY AT THE MOMENT?

Bonds and investment grade credit. Interest rates are not going up. The level of debt we are pushing into economies and corporates means that to sustain them the price of that debt cannot rise. In terms of investment grade credit, there's a very high quality issuer base as you're looking at companies that have survived shocks in the past and will survive this one. The more difficult time will come in three years when we have been through finding a remedy or learned how to manage Covid-19 and how then you capture growth and recovery. The two contenders at that stage will be equity and property – both real assets which offer increasing cash flows in that cycle of improvement. This experience has served as a reminder that diversification is something to be sought. In extremes there's only one uncorrelated asset – and that's cash, but away from these moments a spread of exposures works well.

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

For now, economically we're just kicking the can down the road with vast liquidity support but the odds of a V-shape recovery look to be getting worse. The consequence is how much more difficult it will be to restart the economy and it's likely there's going to be a major period of asset upheaval from a stressed economy. Our job is going to be to capture assets and businesses that can performance through this upheaval. Active managers have much to do in navigating through the recapitalisation that will come. The equity asset class in 18 months to two years time will be interesting where the new set of leaders and winners will come through. After the dot com boom of 2000 the market rotated to fundamental growth, into commodity super-cycle and growth in the east over the west as the major trends. After the financial crisis of 08/09 it was back into dot com and pharma. We should be looking for and ready to sponsor the next wave of innovation and value creation that will inevitably ripple through economies. I'm surprised that currency hasn't been more in play. In developed markets, relationships have stayed surprisingly stable. Maybe this will be something that raises its head when we come out of all this.

## WHAT IS YOUR TOP TIP FOR WORKING FROM HOME?

Buy a warm pair of slippers.


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

'Effective treatment drug found for Covid-19 symptoms'. I don't believe a vaccine will happen anytime soon.