Think Forward, Pay Forward

INVESTOR STRATEGY NEWS
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Meta Trends and Investment Strategies

Summary report

31 October 2023
South Yarra VIC

Challenges and opportunities
positively shaping the future for investment industry leaders

Think Forward, Pay Forward

Meta Trends and Investment Strategies

SYNOPSIS

Meeting for the first time, attendees at Think Forward, Pay Forward brought the rich conversations of Investor Strategy News (ISN) to life. Published since 2012, ISN has covered key themes across the institutional landscape and been prepared to make bold calls on the emerging trends. In capturing this ability to offer expert insights into the future, this event explored the meta trends across the next decade for fiduciary capital. These included debate around the monetary policy, climate finance, demographic shifts, regulations and member experience.

One of the defining characteristics of the day was the breadth of expertise shared across this inaugural meeting. Present were 15 different asset owners representing sovereign wealth, retail and industry superannuation funds. Alongside the fiduciaries we also welcomed leaders from consulting, academia, wealth management and asset management that are invested in the ongoing growth and success of our institutions.

The depth of experience was also particularly notable with delegates including CEOs, CIOs, non-executive directors, investment committee members, heads of strategy, heads of responsible investing, asset class specialists, plus experts in insurance, regulation and law.

Unlike some other activities that take a somewhat didactic approach, with a marked delineation between stage and audience, Think Forward, Pay Forward took an egalitarian ethos to discussions. The culture was one of inclusion, exchanging of ideas and rich debate.

Not only did Think Forward, Pay Forward offer purposeful dialogue into the disruption and opportunity our institutions will face in the years to come, it also acted as an intentional investment in all of our futures by offering all proceeds to Adara Group. Working with the women, children and communities of Nepal and Uganda to focus on health and education, Adara Group conducts inspiring work which The Inside Network has proudly supported over the years.

The intention of this short report is to help capture some of the key talking points of the forum and to act as a reminder in integrating them within the organisations that oversee fiduciary capital in Australia.

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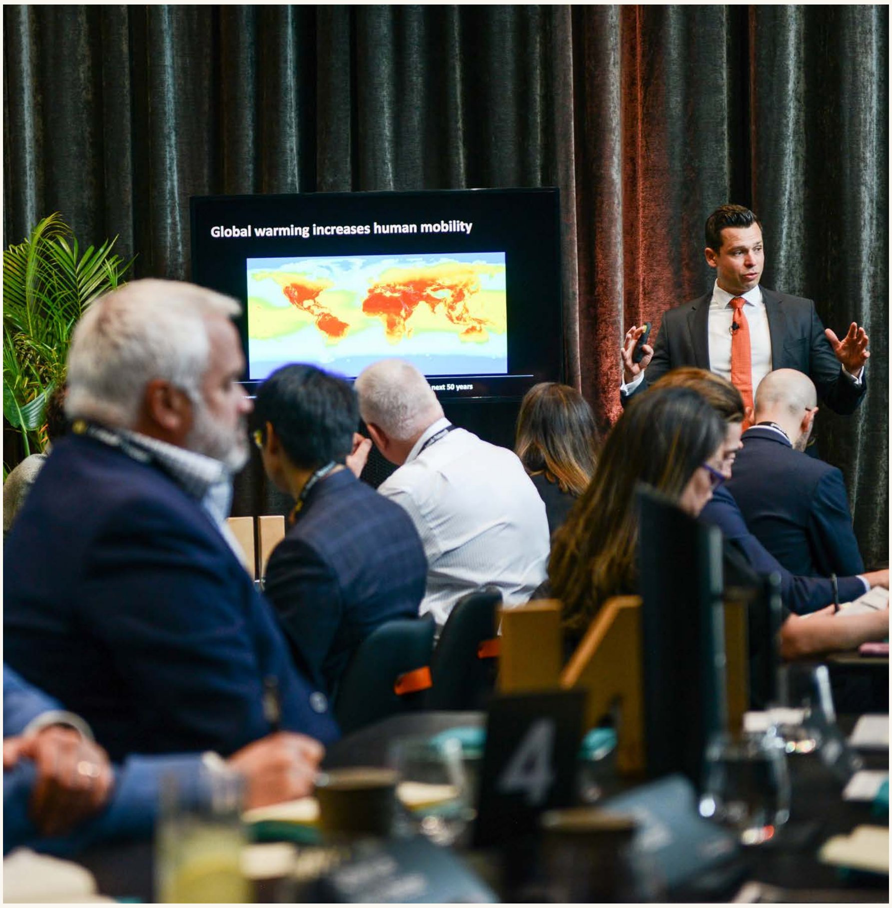
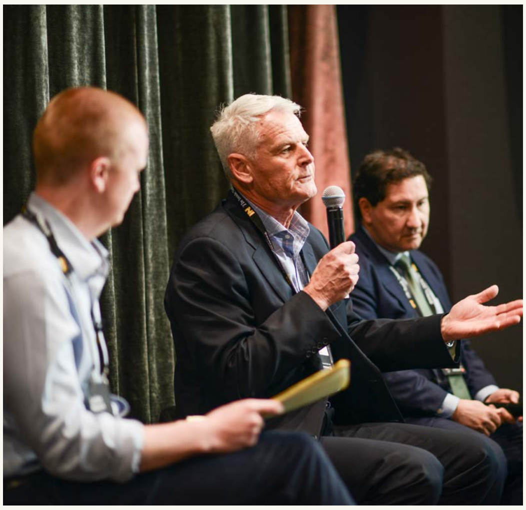
A snapshot





2:00PM | SESSION #1

Australia @ 2030: Migration, aging populations, and urbanization

- There is likely to be a pronounced skills gap across Australia as one of the largest cohorts in the employment market nears retirement age. This means retaining staff will become an increasingly important aspect of organisational strategy.
- Australia is creating a barbell effect whereby there are multiple households with either high or low levels of wealth and income, but a narrowing centerground. This will reward businesses that can offer premium goods and services; likewise there will also be a market for high volume, low thrills products at the other extreme of incomes.
- The intergenerational wealth transfer is gathering momentum and will offer the nation the opportunity to address many structural challenges, including high density dwellings and the scarcity of housing.

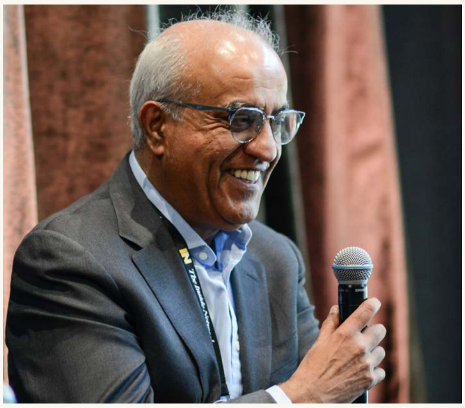
Simon Kuestenmacher
The Demographics Group

3:00PM | SESSION #2

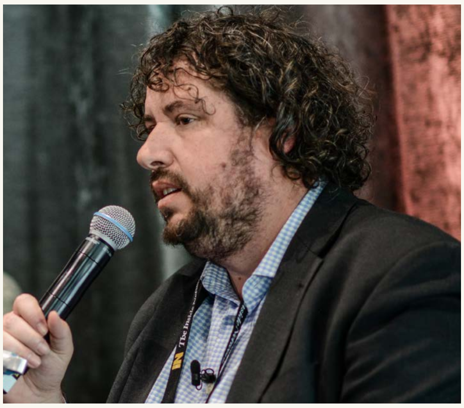
End game for Central Banking:
R-star, structural drivers, and balance sheets

- Inflation appears to be under control and the trends around demography and technology suggest that we will soon revert to an ongoing baseline of low inflation, albeit not at the same levels as pre-pandemic.
- Central banks around the world will aim to unwind their large balance sheets through a process of quantitative tightening which will seek to transfer public debt onto private markets in a pragmatic and measured fashion.
- The inversion of accommodative central bank behaviour will have structural implications for different asset classes with equities facing significant headwinds, whilst fixed income will receive ongoing tailwinds.

Laurence Parker-Brown
(moderator)
The Inside Network



Mahmood Pradhan
Amundi Institute



Thad McCrindle
Sandhurst Trustees

Michael McQueen
Foresters Financial

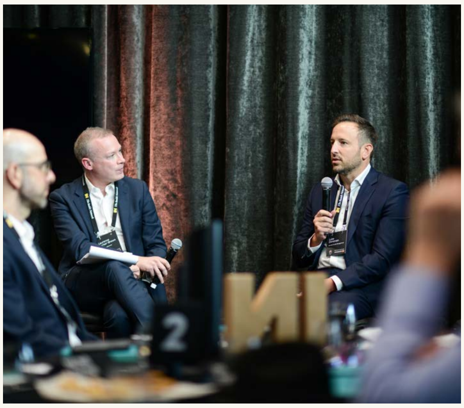
4:00PM | SESSION #3

New paradigms: Carbon as an asset class

- Whilst Australia has only recently launched a compliance market for carbon, similar markets are much mature in other regions around the world.
- Whilst volatile, there has been a broader trend of the price of carbon rising as more regulators and governments around the world require carbon credits for the businesses operating within their jurisdiction.
- Carbon markets offer a solution to the issue of pricing carbon and incentivizing innovation across societies, with the implication being that this could have a significant role in supporting institutional investors to meet their net zero targets.

Laurence Parker-Brown
(moderator)
The Inside Network

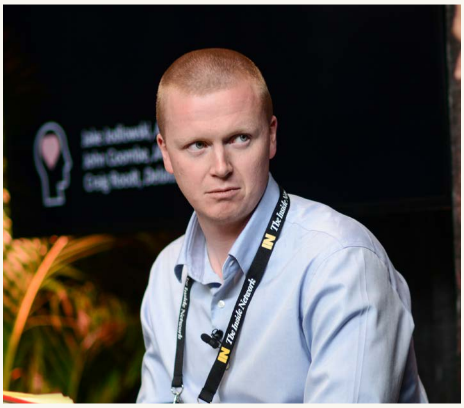
Luke Donovan
Apostle Funds Management



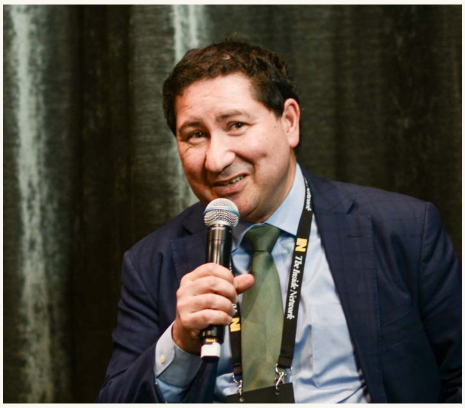
4:40PM | SESSION #4

Paying Forward: Responsible investing in 2030

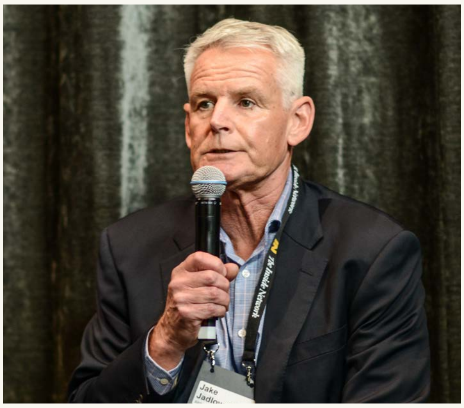
- Responsible investing will continue to be an area of contention as members, regulators and asset owners each develop their own aspirations and targets for fiduciary capital.
- ESG ratings are complicated to reconcile given disparate taxonomies, metrics and standards, meaning there are examples of confusing and at times contradictory outcomes.
- The risks around greenwashing mean that many funds are now much more circumspect about their targets, processes, and performance.



Lachlan Maddock (moderator)
Investor Strategy News

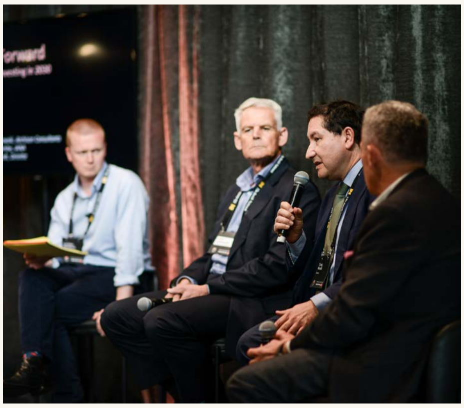


Craig Roodt
Deloitte



Jake Jodlowski
Atchison Consultants

John Coombe
JANA



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