



## When experience matters

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I've always believed that if you manage money\*, deep down you need to have an optimistic view of the future. You have to believe in better. Especially for our clients, who've placed their trust in us to help build a better future for them. I still think this is the case, despite everything the current year is doing to suggest otherwise.

As years go, 2020 has indelibly left its mark, from the ongoing global COVID-19 pandemic to the justified public outrage against racial injustice. So, what right do we have to feel any optimism - to believe things can be better - in the midst of this?

The global outlook is more volatile, and fraught with more challenges, than at any point I can remember in my 30-year career in asset management. The Great Financial Crisis of 2007/08 shook the global banking system to its core. But the accumulative fallout from the events we're living through now promise to be far more profound.

Globally, the coronavirus has so far claimed the lives of more than 578,000 people\*\* - an unthinkable number just a few months ago. While parts of the world, particularly Asia, are emerging from lockdown, much of the world's economy remains in hibernation - induced by governments desperate to protect their populations.

And this, of course, has consequences. The uplift many countries hoped for at the beginning of 2020 has gone. Fiscal policy across the world has become much more expansive as governments prop up their economies, leaving little room to maneuver in monetary policy. Far from disappearing, quantitative easing, it seems, is here to stay. And the warnings of a post-COVID-19 global recession remain stark.

But the challenges don't just lie with the pandemic. The drift towards greater protectionism and government intervention; the impact of volatile global markets and the acutely sensitive state of US-China relations are all making themselves felt. With these headwinds, the second half of 2020 looks to be just as challenging as the first.

So, what room do any of us have to feel optimistic in the face of this? How can investors navigate the economic turmoil of the unprecedented times in which we're living?

Firstly, simply 'hoping for the best' won't do. As I said at the beginning, I remain cautiously optimistic, but that optimism needs to be fueled by something. At Invesco we call it experience.

In order to make sense of this new and uncertain world we need to follow, I believe, a route that combines innovation with technology and, crucially, experience.

What's clear is that 2020 has become a wake-up call for a fairer society, greater action on climate change and an investment environment that demands a longer-term view. Too much has changed

over the past months for us to simply return to normal once the immediate COVID-19 crisis is over - and we should embrace this.

We're heading into a time when - rightly - the 'social' element of ESG investing (as well as environmental and governance) is becoming increasingly prevalent. We're also moving to a time when people, governments and companies will be judged not just by their actions during the crisis, but by how they acted before.

In the investment management world, this matters in particular. Being innovative, having the right technology in place, building a forward-looking set of investment capabilities and possessing long-term investment experience, isn't something that can simply be switched on.

Of course, nobody truly knows what's just around the corner - the sudden shock of the coronavirus pandemic has reminded us all of that. But I believe it's at times like this when experience and knowledge really come into their own. That's why Invesco operates 16 investment centers globally, drawing on local knowledge, sharing best practices globally and working collaboratively to serve clients in more than 120 countries.

When we talk about our experience as a firm, it's important to remember that this is the combined result of the individual experience of each and every employee. I firmly believe that diversity of thought is critical to uncovering insights and perspectives that lead to new opportunities. Put simply, a variety of experience is essential for success.

Holding a cautiously optimistic outlook, then, comes down to knowing you're working with those who can anticipate and adapt - through experience - to the challenges of the post-COVID-19 world.

\*Invesco Ltd. is a global independent investment management firm. NYSE: IVZ;  
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\*\*As of 15 July, according to John Hopkins University