

Chief Investment Officer Conference 2023

The Butterfly Effect: Contagion, collaboration and opportunity in uncertain times

Hosted by Phoenix Group
27–28 September
London

There is an old joke about investors. An equity investor and a debt investor sit at a window, looking out at a pristine lawn. The equity investor sees a fertile, verdant sprawl full of potential and future returns. The debt investor, however, can only think about the landmines surely lurking beneath the surface.

Today's world seems made for the latter mindset.

Recent rate rises have upended an entire generation's assumptions about the nature of interest rate cycles and exposed significant fragilities in our economies. From concerns about bank balance sheets, to the leverage resting on property, there is a sense that we are now seeing the start of a painful adjustment to a normalised interest rate environment. Protectionism is on the rise, as countries focus inward, and societies adjust to the shocks of a changing macro environment. Even longer-term challenges, such as climate change, are not immune to increasingly fractious debate.

These are unfamiliar times for insurers, with more volatility and greater uncertainty. Critical thinking and careful planning have never been more important if we are to look through the present and consider the longer cycle. Adapting our portfolios and identifying where new opportunities may lie also requires an open mind and the ability to innovate.

Most of all, in an interconnected world that threatens contagion, our own networks, such as the CIO Network, offer us an invaluable opportunity to take a step back, reflect on multiple perspectives and collaborate to find the opportunities amidst those lurking mines.

Agenda

(V) = virtual speaker

Conference moderation by **Bob Swarup**, Director CIO Network, The Geneva Association

Wednesday, 27 September

18:30–22:00 **Dinner at Guildhall**
Location: (71 Basinghall St, EC2V 7HH)

Welcome reception in East Crypt followed by a seated dinner in West Crypt

Opening
Jad Ariss, Managing Director, The Geneva Association

Welcome address
Andy Briggs, CEO, Phoenix Group

Thursday, 28 September

- 8:00–8:30 **Check-in and coffee**
Location: Shangri-La The Shard, Sky Lounge, 34th floor
- 8:30–8:45 **Welcome from the host**
Location: Shangri-La The Shard, Ren Room,, 34th floor
Mike Eakins, CIO, Phoenix Group
- 8:45–9:05 **Introduction: The Butterfly Effect**
Bob Swarup, Director CIO Network, The Geneva Association

Part I: The Big Picture

- 9:05–9:50 **Fireside chat**
Moderator: **Mike Eakins**, CIO, Phoenix Group
Gordon Brown, Prime Minister of Great Britain & Northern Ireland (2007-2010)
- 9:50–10:20 **Coffee break**
Featuring book signing with Gordon Brown
- 10:20–10:40 **Invited remarks**
Nicholas Lyons, Lord Mayor of the City of London
- 10:40–11:35 **Session 1: The One-eyed King**
Moderator: **Bob Swarup**, Director CIO Network, The Geneva Association

Panellists:

- **David Marsh**, Chairman & Co-Founder, Official Monetary and Financial Institutions Forum (OMFIF)
- **Gilles Moëc**, Chief Economist, AXA and Head of Research, AXA IM

In the kingdom of the blind, they say the one-eyed man is king. Macro concerns have caught many of us off-guard, even if clearer in hindsight. Inflation is proving stickier than anticipated. Business balance sheets remain highly leveraged. Liquidity is low, yet employment remains strong. The economy seems to be just about avoiding recession for now, and the consumer has proved resilient in the face of a cost-of-living crisis. But the system is undoubtedly fragile, growth is low to tepid and it seems like policymakers are relentlessly faced with one crisis after another.

Will we be out of the woods imminently, or are further risks lurking? In the longer term, will inflation return to the mythical 2%? In today's world of rising economic stresses and multiplying concerns, how adeptly can policymakers continue to juggle key risks to the global economy?

- 11:35–11:50 **Coffee break**
- 11:50–12:45 **Session 2: Decoupling – Rhetoric and realism**
Chair: **Bobby Vedral**, Partner & Portfolio Manager, Toscafund

Panellists:

- **Ben Deng**, Group CIO, Ping An

- **Oliver Robbins**, Director, Hakluyt & Company

Much has been talked of in recent years regarding deglobalisation, and more recently, even of decoupling. Rhetoric aside, practical challenges remain in a multi-polar world. Supply chains are being reimagined through the prisms of near-shoring and friendshoring, but that is easier said than done and has longer-term implications. Emerging markets such as India and China collectively represent almost a third of the world's population and are still perceived as the drivers of future economic growth. The dollar remains for now the currency of choice for global trade, regardless of all the talk of 'dedollarisation'.

In this environment, businesses fret about political uncertainty, which, if unchecked, could retard investment and limit growth. Multilateral institutions may turn anachronistic, formed as they were over 75 years ago on the premise of a search for middle ground. How does one tackle today's challenges pragmatically and how do insurers navigate the current climes?

12:45–13:45 **Networking lunch**

Part II: The Detail

13:45–14:50 **Session 3: Balancing Growth and Stability within Today's Dynamics and Demands**

13:45-14:10 The Policymaker View

Andrew Griffith, Economic Secretary to the Treasury & City Minister, U.K. Government

14:10-14:50 The Stakeholder View

Chair: **Mike Eakins**, CIO, Phoenix Group

Panellists:

- **Randy Brown**, CIO, Sun Life and Head of Insurance Asset Management, SLC Management
- **Charlotte Gerken**, Executive Director, Insurance Supervision, Prudential Regulation Authority, Bank of England

As paradigms shift and economies readjust to new realities, the push from policymakers for long-term capital to fuel growth has gathered yet more momentum. From the Insurance Capital Standard (ICS) to climate risk-related regulation, there has also been notable progress in insurance regulation in recent years. At the same time, for insurers, these paradigm shifts necessitate new considerations. Asset allocation has changed significantly, origination is key and risks have become arguably more complex.

That is all understandable but also fuels tensions between growth and financial stability, potentially between politicians and regulators, and with insurers in between. It is not a comfortable space today.

How should government policy and regulatory frameworks evolve going forward to take into account both changing risks and the current demands on insurers to support the global economy? Importantly, what do insurers feel is needed to satisfy both shareholders and stakeholders in today's environment?

14:50–15:40

Session 4: The Contours of Credit Risk Today

Chair: **Carsten Quitter**, CIO, Allianz

Panellists:

- **Eleanor Bucks**, CIO, Lloyds
- **Justin Muzinich**, CEO, Muzinich and Co

After 15 years, credit risk has re-emerged in force as interest rates rise and growth slows. The tremors around SVB, Credit Suisse and regional U.S. banks have led to growing nervousness and a rapid tightening of lending standards. Alongside, there are growing concerns about refinancing corporate debt and real estate debt in a higher-rate environment.

There are upsides. Widening spreads mean more attractive returns going forward. Public credit markets have begun to look interesting for the first time in a generation. Credit crunches increase the demand for scarce debt capital and offer lenders, especially non-bank lenders, pricing power.

Insurers are both uniquely exposed and uniquely placed in this environment, given their strong bias towards fixed income and significant balance sheets. What are the contours of credit risk today, and what opportunities exist amidst this uncertainty?

15:40–15:55

Coffee break

Part III: Planning Ahead

15:55–16:35

Caveat Insurer

An open, moderated roundtable discussion to share key challenges, ideas and takeaways

16:35–16:45

Closing remarks

Mike Eakins, CIO, Phoenix Group

Bob Swarup, Director CIO Network, The Geneva Association

16:45

Farewell apéro

Location: Shangri-La The Shard, Sky Lounge, 34th floor