Navigating Seismic Shifts

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The COVID-19 pandemic accelerated changes that were already taking place in capital markets. We are seeing huge swings away from long-term fundamental value, and as macro investors we seek to take advantage of these seismic shifts for the benefit of our clients.

Watch the video or read the recap below.

It’s been a recurring observation that the coronavirus pandemic accelerated changes that were already taking place and pushed things further in the direction that they were already moving.

In my investment space, which is the top-down capital market world, the same can be observed. Central banks and the world’s monetary authorities were already very accommodative or expansionary coming into 2020 and COVID-19 only made them ramp up their efforts ever more aggressively everywhere.

And this last year has taken the price of some assets to levels of fundamental attractiveness—cheaper than they’re worth—that are greater than have been seen for many years. Whilst at the same time it has pushed some prices to levels that are the most unattractive that we have ever seen as well—much more expensive than they are ultimately going to be worth.
These are seismic shifts in the marketplace. They are huge swings away from fundamental value, and as macro investors we want to observe them, understand them, figure out why they are there, and ultimately take advantage of them for the benefit of our clients.

And as market prices move in accordance with changes in the macro environment—and the economic impact of the coronavirus pandemic was a very significant shift in the macro environment—this both facilitates the allocation of sources of capital around the world and it creates opportunities for our portfolios and our clients to benefit from the ultimate gravitation of prices back to fundamental value.

Navigating this landscape is the core of what we do.

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