

ROUNDTABLE WITH NUVEEN

Multi-Sector Fixed Income

Our panel of experts discuss the current market outlook within the fixed income universe, and Nuveen's approach and framework for constructing fixed income portfolios

Chair: This roundtable discussion addresses the benefits of multi-sector fixed income. We will start with a market backdrop to tell you what we're thinking, and how we're looking into year end. We then want to discuss the relevance of multi-sector fixed income strategies, given how tight spreads are. We'll also discuss some features we've found throughout our experience that make multi-sector fixed income portfolio construction successful.

In terms of current markets, what are you interested in hearing from us on? Or is there anything that worries you that you want to know more about?

Donadini: My concern is about how much the rush into privates is making the job of asset managers harder. In the sense of making sure you don't invest in things that you shouldn't, because you must basically try to expand your AuM, or comply with your clients.

Dixon: I have a similar question around how you think about the whole infrastructure associated with private assets. We've seen banks having to shift away from holding assets post GFC now they've got origination partnerships with counterparties, because they're seen by those counterparties as a good way to originate assets. You've got new asset managers in there also providing capacity. The whole landscape is changing. How best can you navigate that as you're thinking about allocations to those assets?

Persson: We've seen many peers turning to partnerships, joint ventures and acquisitions to bridge public and private markets. We've been ahead of that curve, with a long-established integrated public and private fixed income platform, which I'm tying in as a backdrop as we start addressing your questions.

Wilgar: Taking Daniel's question a step further, what do you think about liquidity mismatches? In the way you might get liquid vehicle structures with fundamentally illiquid underlying assets.

Isaac: What about differentiation, both geopolitically and geographically? With inflation, we've seen different countries follow the Fed on the way up. I think it's going to be different on the way down, because different countries have different issues. France, England, the US, etc. What

do you think that's going to do to the market?

Mathieson: I also had a question linked to the France point. Insofar that some of the developed markets and certain assets are starting to fall out of favour, and there are people moving into gold, or crypto. What are your views on that?

Grant: I'll flip back to private assets. With the rapid growth in investor interest, there are a lot of new managers, products and funds that haven't ever been properly tested through a proper recession. On paper, I'm often told they've been stress tested and it's fine, but can you get your head around how much you can really trust that kind of assertion?

Isaac: This is as much about the asset as the manager, and if you don't measure twice, cut once, you're just going to lock yourself into a world of pain. Whether it's this year or next. There's going to be a differentiation between managers' performance based on what they've been purchasing for the few years.

Shah: We've touched on this ability to toggle between private and public. I wonder how realistic that is in execution, and how quickly can you do it?

Chair: We thought this may be an area of interest, so we have some thoughts on that.

Cooper: The dominant theme that has persisted across markets this year has been heightened uncertainty. We've had to navigate this new trade regime with the US imposing the highest tariff rates in more than a century. We've all had to navigate the new US administration, the policy uncertainty on the back of that, and investors challenging the thesis around US exceptionalism.

And then to overlay this with geopolitical risks, how is that going to rewire supply chains? What are the inflationary and central bank implications? The confluence of macro forces suggests that uncertainty is going to remain heading into next year, leading to greater sector and regional dispersion.

Despite the unknowns, the Fed resumed its rate cutting cycle last month, though caution on the policy path remains warranted. We can think about Fed credibility concerns, tariff-led inflation that is yet to play out, and the US government shutdown creating an air pocket



Chair: Kyrylo Sukhanenko, Managing Director, Head of UK Insurance, Nuveen

Kyrylo is the managing director and head of UK insurance at Nuveen, a TIAA company, where responsibilities include leading insurance asset management efforts in the UK and Ireland since September 2023. Prior to this role, Kyrylo spent over 13 years at BlackRock, serving as director of the Financial Institutions Group, where accountability encompassed the UK life insurance client segment, establishing engagement and asset management strategies, and adapting services to meet client needs.

for data dependent policymakers. It all begs the question of how can we position portfolios to mitigate against potential duration and macro shocks as we head into next year?

A key theme, from a global lens, will be one of central bank divergence. Disinflationary pressures in Europe could materialise against an elevated price pressure backdrop in the US. But our base case remains that the ECB has likely finished its cutting cycle at 2% and could be in a position to hike rates by mid-2026 – the same time the Fed is likely still to be in a cutting cycle. We also think the UK rate path is mispriced, and the Bank of England will have to cut more aggressively, given downside growth pressures.

Looking ahead, we believe fiscal dynamics even more than central bank reaction functions will be a predominant market driver through 2026, with cross asset implications. From a fixed income lens, as we expect rates to shift and spreads to widen next year, we will need to have flexibility and be nimble in portfolios to navigate these dynamics.

Persson: Expanding on Laura's comments, despite the macro uncertainty, yields remain attractive, especially from an insurance perspective, and we're continuing to see strong inflows into fixed income globally. While we expect the yield curve to keep steepening and are cautious about extending duration, credit fundamentals still look solid, overall, with pockets of risk forming in lower quality



Anders Persson, Chief Investment Officer, Head of Global Fixed Income, Nuveen

Anders is chief investment officer, head of global fixed income, and a member of the Nuveen senior leadership team. He oversees all public and private fixed income activities, including portfolio management, research and trading. Anders is also a member of the global investment committee and chairs the global fixed income investment council. Anders regularly appears in the media.



Laura Cooper, Head of Macro Credit and Global Investment Strategist, Nuveen

Laura provides directional guidance to internal portfolio managers and strategic insights to clients, helping to shape macro and top-down investment views. Prior to Nuveen, Laura led a team of multi-asset strategists at BlackRock providing macro insights and tactical investment research.

segments of the market.

Our preference is for shorter duration and diversification across securitised assets – commercial mortgage-backed securities (CMBS), asset-backed securities (ABS), and collateralised loan obligations (CLO) – where selectivity is key. We're more cautious on private credit given the capital flow into the space and elevated deal leverage coupled with tighter spreads. However, we continue to work closely with our private credit teams at Arcmont in London and Churchill in the US and they continue to be very disciplined in their underwriting approach.

Overall, the theme is a shorter-duration, multi-sector approach. Many clients are reassessing their legacy direct lending strategies, staying in private markets but also expanding their focus towards investment-grade (IG) private opportunities.

Chair: I'm reflecting on some comments about liquidity and structure. Within private assets, investors effectively have three options: commingled funds, separately managed accounts, and structured finance vehicles such as CLOs.

Over the past year, we've onboarded several multi-sector private credit mandates from Bermudan and European insurers. All of them chose separately managed structures, the reason being flexibility. It's the only structure that allows investors to control liquidity by stopping new investments when needed. Once you've made a commitment to a closed end vintage which has a certain drawdown profile, that is the strategy. Whereas in the separately managed accounts, you can stop or start

whenever the opportunity feels right.

Mathieson: I agree that works better for insurance, but in my experience many managers struggle to maintain this from a multi-sector perspective, in terms of the different sub asset classes. So how do you approach that?

Chair: The problem is not every manager will have every single strategy, and it's likely that you end up with several managers who can offer different, complementary solutions. But the access point, all the peers that I'm speaking to, they're thinking internally, how do we offer a more scalable version of separately managed accounts? Because that is where the overarching demand is.

Isaac: That's quite capital intensive, though, isn't it? Because it's hard to wrap a separately managed account to obtain the most efficient capital structure.

Chair: It is. That's why you have a different structure in these asset classes and a different margin profile for managers.

Dixon: There's probably a scale point to that as well. I'm sure you need to have a certain scale before it's worth it.

Isaac: Is there a split between these clients and how many are P&C?

Chair: No, it's a similar trend across both markets. With life, you get the scale, but you are unlikely to get the multi-sector requirements, because it's very likely they will have a single asset requirement with it. Within P&C, you are more likely to have multi-sector requirements, but you don't necessarily have the scale.

Persson: To reinforce some of these points, I think it's very key what Maeve and Todd alluded to earlier. Making sure you understand the underlying expertise of these managers, and it takes time to get that track record, but doing that extra diligence is very important.

As already mentioned, we have mandates that cut across public and private, and we're increasingly doing more blended versions of that. Several of our current blended mandates include public fixed income acting as a liquidity sleeve for direct lending strategies, so that we can be a bit more dynamic.

Typically, we're including loans as the liquidity portion of that, and that's something more clients are asking us to overlay, and partly to

make sure we can deploy the capital more quickly. We can then rotate into middle-market loans and junior lending as we're finding those opportunities. But again, making sure that those are established managers with true track records, that's key here.

Dixon: As you're thinking about those blended mandates and looking across the capital structure and the asset classes, we're in a relatively benign environment for credit. Do you think investors are losing the perspective on risk premium, particularly as they move into private assets?

Building on Todd's point, what does liquidity really mean when we go through a downturn in credit and all those other arrangements which Maeve mentioned might not have been tested? Does the industry currently have the right framework for those types of risks, or are we looking through rose-tinted spectacles?

Persson: Investors are maturing, so they are starting to become more sophisticated. Two or three years ago, I would have been more concerned about the amount of private credit being pitched, and it's a good sign that investors are embracing the fact that the rose-tinted lens of it shouldn't be there as much.

But I do worry private credit hasn't been truly tested in a significant credit downturn scenario. And with the blurring lines of public and private credit we also have to be more mindful of market volatility. A key lesson came in late 2022 when public markets sold off sharply, yet our private credit team were not seeing much of that selloff moving into the private markets. We stressed to them that when public opportunities were yielding 12-14% they would need to also adjust their underwriting spreads higher. They realised they couldn't operate in a bubble and needed to integrate a public market awareness.

Now, our public and private teams are meeting weekly to compare spreads, underwriting and market signals. I believe that cross-market collaboration is critical to minimise tail risk for our strategies. I'd be more concerned about a private credit manager who doesn't maintain that public lens, because the two markets are converging, and investors need to evolve with them.



Tony Appiah, MD, Client Portfolio Manager, Equities & Fixed Income, Nuveen

Tony is a managing director and client portfolio manager for Nuveen Equities & Fixed Income (NEFI). In this role, he serves as an extension of the portfolio management team in articulating NEFI's capabilities and investment views to European clients. Prior to joining Nuveen in 2022, Tony spent seven years at UBS, five in the firm's global wealth management business as lead funds analyst for taxable fixed income and two years as head of UK fixed income specialists within the asset management business.



Vishal Shah, Group Head of Investments & Treasury, Chaucer

Vishal manages the \$4bn investment portfolio at Chaucer, a non-life insurer, alongside the treasury and capital functions. Vishal has over 15 years investment experience in the Lloyd's of London market having spent seven years at Brit and seven years at Catlin.

Isaac: As an insurance company, we tend to do that internally as well. We have large IG books in the P&C space. We have private assets and participate in secondaries. I can look across all those metrics in my own portfolio and the multitude of research that is available, and then I need to trust we made right underwriting decision with managers or correct for it. And then it all depends on what your risk appetite is. You've got to be able to understand and stomach your investments while really performing due diligence on who you invest with.



Investors are maturing, so they are starting to become more sophisticated

Persson: It's a fair point and that's what I alluded to when I said the private wrapper has become popular, particularly with insurance investors. Where I would push back is we're trying to make sure we aren't investing in rich asset classes, whether bonds, loans, or ABS, because public and private markets are increasingly blending. That's the part that I'm trying to really push our team to think through, as we are managing mandates across institutional, insurance and wealth channels, including on behalf of our parent TIAA, one of the world's largest institutional investors.

Donadini: If privates and publics are becoming more graded and emerging, meaning the financial conditions of private markets will be more volatile in the future, how are the issuers of that debt aware of those potential risks?

Persson: We're seeing issuers increasingly evaluate both public and private markets to determine where they can achieve the best overall execution. This doesn't necessarily mean the lowest coupon or tightest spread, but factors like deal size, market access, or confidentiality.

It's like what we've seen in high yield and leveraged loans. Issuers might look across unsecured bonds, secured bonds, and loans to find the most efficient outcome. Our responsibility is to remain disciplined, avoid overpaying for rich bonds or loans, and ensure we invest prudently on behalf of clients. This also ties to Mark's

question on liquidity versus illiquidity. There is a liquidity premium, but it fluctuates, and investors must be conscious of that.

Chair: On this, we conducted a study using US insurance company filings, which disclosed their annual sub-level asset allocations available through the S&P IQ database. Over the past three years, we've analysed this data, filtered the securities to focus on the IG private fixed income space, to understand at what point issuers lose the illiquidity premium. We also wanted to assess whether this is tied to the level of syndication of those securities.

Our findings showed that once a security is distributed to more than eight investors, the illiquidity premium effectively disappears. At that stage, it behaves like a broadly syndicated issue rather than a truly private one.

Dixon: Is there a next stage of this test? So, if they're liquid whether you can do anything with it?

Chair: No, often they're not included in the indices, depending on the wrapper. And often they are quite esoteric and specific.

Dixon: My concern, as you say, is that the premium is lost. In terms of the overall build-up of your risk premium and what you're getting paid for, are you being rewarded for that? As with more money flowing into things, there's more activity, etc. It feels like that's certainly under pressure.

Chair: That's why focusing on how widely distributed a security is would be a good proxy to determine if it still has that liquidity or not. Historically, the private fixed income universe has been geared mainly towards long-duration investors.

However, our data now shows a notable shift. Over the past five years, short-duration IG private fixed income has grown from almost zero to more than 20% of the market. This reflects both the convergence of public and private markets and increased issuance in the

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Todd Isaac, Chief Investment & Treasury Officer, Hiscox

Todd is an investment, treasury, and accounting professional with over 30 years' experience in the insurance industry. He has worked in a range of markets including North America, Europe, the UK, and Bermuda. His experience covers investing in public and private markets, financial systems debt capital markets and joined Hiscox from Monument Re, where he was deputy chief investment officer for Europe.

one-to-five-year range. Investors can now access these asset classes without relying solely on long duration. We think this is a healthy evolution for portfolio construction.

Isaac: If a P&C company is investing in private assets to do asset liability management, they're probably not using privates to offset liabilities due to the inherent duration/liquidity gaps, especially if utilising closed ended funds. They are most likely investing surplus fund, essentially like a term deposit. I know the spread, I model the risk and return, and I resign myself to the fact that the money's tied up for five-to-seven years, which is why it's only a set percentage of the portfolio. That is what makes manager selection so important.

People stress about illiquidity, but unless you're a very high percentage in private assets, which regulators wouldn't allow, it can be very manageable. The key is choosing the right sectors and managers. You can overanalyse forever and miss opportunities, losing hundreds of basis points each year trying to create liquidity with illiquid instruments, when the result is liquidity is an asset that should be invested wisely.

Wilgar: I agree. We've done that much the same way. There's an element of distinction when asset cash flows are short, say, with an average life of one-to-two years. Strategies like subscription line lending fit that profile and are becoming more accessible. There is a case to be made for P&C insurers to look at that. But I agree when you're investing, you want that optionality. You

want the capital to come back, an amortising cash flow profile is ideal, and no reliance on having to sell or restructure the investment.

Isaac: Then you can ladder in privates, and suddenly you have an asset class that is returning capital and income every year at a certain rate. It's tough at first when everything's seven years out. That's a benefit of blending secondaries and primaries, to try and smooth out the investment cycle.

Mathieson: Are you anticipating that the growth in the secondary market will also grow parallel to this?

Persson: Absolutely. We've capitalised on that growth with one of our private equity secondaries strategies to capture those opportunities. Extending that to private placements or middle-market loans is more of a challenge, but Wall Street is creative and we're watching closely. The line between the public and private credit markets, particularly for larger issuers, will continue to blur.

Mathieson: Why do you think it's trickier for the middle-market loans?

Persson: Junior capital and private equity positions typically don't trade unless the sponsor refinances the transaction, or sells the company. Middle market loans are small, as are the lender groups holding them. That creates challenges to liquidity. Those assets are generally held to maturity. Attempts have been made to develop private credit trading platforms but so far without much traction. Of course this pricing stability can be advantageous to private credit investors.

Isaac: We'd never try to buy secondaries directly, the deal evaluation is too complex. On direct lending funds can hold 40 to 90+ positions,



Danny Dixon, Chief Investment Officer, Brit Insurance

Danny has been at Brit for 18 years and chief investment officer for the last seven years. He is also responsible for the Treasury function. Prior to being at Brit, he was head of investment & Treasury at Equitas Ltd. He has an economics degree from Manchester University, is a chartered accountant and associate member of the Corporation of Treasurers.



Maeve Grant, Chief Investment Officer, Inigo Insurance

Joining Inigo in its first full year of operation, Maeve has enjoyed immensely the challenge of building out an investment function from the ground up, and the evolution required in support of its rapidly building AuM; the flex and growth in investment strategy, liquidity and risk analytics that comes hand-in-hand with such expansion. Prior to joining Inigo, she worked at Liberty Specialty Markets.

unlike private equity funds with around 10, so the underwriting is much heavier compounded even further with the manager review. But with the right partner, direct lending secondaries can be attractive and managed appropriately.

Donadini: How is your stress test liquidity in short duration privates? It's fair to assume that when a loan will mature, when we have a liquidity stress in the system, we are going to get that money or be forced to renegotiate.

Persson: That's tricky in terms of stress testing. Unfortunately, if you have something that smells like a default, then it doesn't matter if it's a one or 30-year paper. If the recovery rate is 50 cents on the dollar, you're getting 50 cents on the dollar.

Donadini: For me, this isn't about creditworthiness, it's about liquidity. In a market freeze like 2007/08, even healthy companies can't pay simply because they lose access to funding. In that scenario, I'd assume we're not getting anything back.

Persson: Private markets can handle liquidity stress better through amending and extending approaches. That's one of the advantages of club-underwritten private deals.

Donadini: That's positive, but if we need the money as investors, how should we take that in terms of the big picture?

Persson: That's part of the illiquidity premium. Back to Todd's point, you need to balance public and private exposure based on your asset-liability mix. Our general account can go long duration since our obligations are locked in for a longer time period, so we can diversify widely. Other insurers with shorter liabilities must manage that balance more carefully to avoid mismatches.

Dixon: As Todd said, this sits in the 20%, not the 80%. You must assume that in some scenarios those assets may be gone or restructured. We're managing liquidity events with hard contractual obligations, and unlike the asset side, we don't have the option to extend our liabilities to the same degree.

In a true liquidity event, there's simply no buyer. During 2022 and the gilt crisis, many clients struggled to sell assets to meet margin calls and ended up selling CLO books at steep discounts about 5-8% below value. From a



London market perspective, we always lean into that with a much higher degree of caution than perhaps is necessary, but it's just the most comfortable position to be in.

Isaac: Unlike life companies, we don't have longevity tables. We don't know exactly when our risks will materialise, so we must underwrite managers and strategies for the fact that there is a higher degree of uncertainty. That's why we consider the blended investment in IG and risk asset strategies as one portfolio where risks are highly diversified. We have liquidity, credit, private assets, etc. If you focus only on one sector, you could spend all your time on that while the other 95% of your portfolio doesn't get the attention it deserves, it's all about balance.

Persson: Lately we're seeing investors taking a more dynamic asset allocation approach, rather than just picking one asset class like high yield or private credit. They're recognising the need to diversify across sectors with securitised products like CMBS, ABS, MBS, and parts of CLOs offer dislocations and opportunities beyond traditional public IG. We're also focused on higher-yielding areas like leveraged loans, which provide a yield pickup over high yield bonds and benefit from floating rates as insulation from traditional rate risk factors.

Appiah: To put some numbers around this, securitised markets are offering about twice the spread of short-duration corporates with similar credit quality. There are two points here which are diversification and being nimble, and then being able to capture opportunities.

Even when spreads briefly dislocate, they tend to snap back quickly, so a manager's flexibility to capitalise on these moves is crucial alongside proper portfolio diversification.

Isaac: Your recommendations resonate, but the challenge is how and where to hold these investments as many of us will have Solvency II facing portfolios so internal structuring/allocation is also a focus of investment teams. The right assets have to be held in the right place to be efficient and effective



Aileen Mathieson,
Group Chief Investment
Officer, Aspen

Aileen Mathieson joined Aspen in November 2021, as the group chief investment officer and is based in the London office. She brings more than 15 years of investment and financial experience, and previously served at Aberdeen Standard Investments where she was global head of insurance. Prior to this, Aileen was CIO, UK life for Zurich and during her career also held senior finance roles at Nucleus Financial Group plc, Standard Life Group, Diageo plc and EMI Music.



Chair: I suspect you have an internal model within the Lloyd's book and balance sheets outside of Lloyd's. A natural way would be to apply some trades away from Solvency II at least. By 2027, you may see a much better relative value, given the capital changes that are being proposed.

Dixon: You do wonder whether regulators will eventually view risk retention through a private asset lens, like securitisation. They'll probably act after a credit event but given the changing dynamics we've discussed with regards to different counterparties and how risks pass through the system, it seems like a relevant approach.

Chair: There's already more scrutiny on internal credit rating frameworks. The PRA's guidelines for managers and insurers emphasise having adequate risk requirements to ensure they understand the credit risk, particularly if you hold an illiquid asset. That's likely the first step.

Wilgar: Municipals and high yield seem to carry high conviction in your data. I'm curious as to where that's born from.

Persson: Munis have lagged dramatically in the year to date, particularly tax-exempt bonds, due to a combination of heavy issuance, supply-demand mismatches, and uncertainty around tax exemption status that led many traditional retail investors to exit. Their longer duration also made them vulnerable to rising rates. It's been a bit of a perfect storm in a bad way.

That said, the big tax concerns are now behind us, and while the duration risk remains, it's largely priced in with an upward sloping yield curve. From a credit perspective, munis are generally holding up well, though sectors like healthcare and higher education face some challenges.

On the high yield front, we continue to view both high yield bonds and senior loans as



Lately we're seeing investors taking a more dynamic asset allocation approach

flexible and liquid options to swap in and out of. We prefer senior loans due to the higher carry coupled with a default environment that looks to be in line with long term averages, which fits with our expectation of limited increases in defaults in the near term.

Appiah: Adding to that from a client perspective, about \$50bn of our \$200bn muni exposure is taxable, with a good chunk of that in Japan. I'm continuing to see Japanese clients allocate to taxable munis because of the attractive relative value, not just versus what they have internally but also against IG corporates.

For the first time in a while, you have an asset class offering better credit quality and better spread versus high IG corporates, which tend to be lower rated. Relative to other comparable asset classes, this makes taxable munis attractive on a buy and hold basis.

Dixon: How do you approach the political risk around it and then how that affects budgets, local budgets, and state budgets, etc?

Appiah: It's always something we think about. We do consider the risk, but pragmatically speaking given the US setup, we don't see it likely to curtail muni demand or lead to a deterioration in credit. State and local governments retain a lot of autonomy, and much infrastructure is managed at the county level. A lot of the market is still insulated, but it's always a tail risk.

Persson: We also integrate a top-down view with hybrid bottom-up. Unlike some peers who apply top-down calls uniformly across mandates, our fixed income portfolio managers are accountable for their mandates. We look at top-down quantitative assessments from an efficient frontier perspective, so looking at correlations, diversification, and 12-month spread forecasts – to identify dislocations or mean-reversion opportunities.

Securitised assets have been an area where we've found dislocations, while in taxable and traditional munis we don't see any structural issues preventing a return to normal. I would though say the upward-sloping, longer-duration muni curve is going to probably normalise towards the rest of fixed income. All in all, that's how we're trying to think about it from a credit shop perspective, and with a top-down aspect as well.



Mark Wilgar, Head of Manager Research & Selection, Riverstone International

Mark is responsible for leading selection, oversight and due diligence of external asset managers as part of the investment team at Riverstone International. Prior to joining Riverstone in 2022, he was senior investment director in the Credit Investment Group at Cambridge Associates in London.



Guillermo Donadini, Chief Investment Officer, Lloyd's of London

Guillermo Donadini is the chief investment officer of Lloyd's, with over 35 years of global leadership in investment and asset management across life, pension, and general insurance portfolios. His career spans executive roles in Europe, Latin America, North America, and Asia Pacific, including serving as global CIO for general insurance at American International Group (AIG), where he oversaw multi-asset portfolios exceeding \$100bn.

Wilgar: In munis, as the term credit risk premium normalises, is that what's driving the shape of the curve?

Chair: The muni curve is upward-sloping because issuers tend to prefer long-duration debt, which as you go further out tends to offer less liquidity and therefore requires higher yields. That structure may persist, but simply buying long duration hasn't always worked, such as when central banks cut rates. We make sure we aren't just credit picking.

Mathieson: In the multi-sector approach, how do you see sustainability fitting in?

Persson: We're often asked whether investors still care about sustainability, especially in the US. ESG and impact investing have been part of our approach for decades, and TIAA's General Account has a net-zero 2050 target. Many of our peers initially adopted ESG for marketing reasons and selling more mandates, which became a little distracting for us.

I do think investors are now more informed. We're seeing renewed inflows into impact strategies and having more genuine discussions around sustainability rather than forced conversations, so I think there's a healthy aspect of sustainability we have certainly embraced.

From a multi-sector perspective, we assign an ESG rating to every issuer we invest in, and all our analysts and portfolio managers are trained to integrate these considerations. Even if they're not running a sustainable fund or mandate, we still want to make sure we're informed from that perspective, as we believe ESG analysis can help inform credit risk.

Appiah: For us, ESG is day-to-day. It's not just a product discussion. In emerging markets, for instance, we've also come to understand that ratings agencies tend to score developed markets much higher, because in developed markets there is naturally more disclosure.

We've created a proprietary framework that is curated, comparing countries with similar income levels rather than using a one-size-fits-all model. This allows you to channel capital to some of these poorer countries that are doing the right things from a sustainability standpoint, so catering by asset class is hugely important.