

# Asset manager briefing

## Fixed income breakout

Paul Cavalier, Global Leader, Fixed Income Boutique  
Luke Perkins, Fixed Income Specialist  
Michael Talbot, Fixed Income Specialist

Europe Global Investment Forum | 29 March 2022



# Fixed income specialists

## Americas

Ron Hetzel, CFA, Chicago, 37 yrs  
Daniel Natale, CFA, MBA, Chicago, 17 yrs  
Nolan O'Neill, CFA, MBA, Minneapolis, 16 yrs  
Jeff Bunce, CFA, Toronto, 12 yrs

Phil Bauer, CFA, Chicago, 10 yrs  
Jeff Waters, CFA, Denver, 10 yrs  
Radhika Badiani, CFA, Chicago, 7 yrs  
Jarren Lewis, Chicago, 6 yrs

Nicholas Gray, Minneapolis, 2 yrs  
Shivani Patel, Chicago, <1 yr

## Europe

Paul Cavalier, London, 39 yrs  
Noel Collins, FIA, Dublin, 31 yrs  
Stephen Hobbis, PhD, MSc, London, 30 yrs  
Lewis Emmons, London, 24 yrs  
Kirstin Irvine, CFA, London, 19 yrs  
Mehul Patel\*, London, 14 yrs

Marc Marsilio, CAIA, London, 13 yrs  
Michael Talbot, London, 7 yrs  
Puneet Minocha, CFA, MSc, London, 5 yrs  
Luke Perkins, London, 2 yrs  
Semi Akingbe, London, 1 yr  
Gavneet Johal, London, <1 yr

## Sustainable investments\*

Clare Bryant, CFA, London, 20 yrs  
Sarika Goel, CFA, MBA, London, 17 yrs  
Ellie Westby, London, 3 yrs  
Abby Grierson, London, 1yr

## Asia Pacific

Indaka Nanayakkara, CFA, Singapore, 28 yrs  
Buddhilini de Soyza, MBA, CFA, Sydney, 17 yrs

Prasanka Rajapaksha, CFA, Melbourne, 14 yrs  
Jean de Kock, CFA, Singapore, 13 yrs

Nianchen Yang\*, Shanghai, 8 yrs  
Wen Hao Tay\*, Singapore, 5 yrs

Data as at 1 March 2022.

\*Across asset class resource.

# Lead research committees

## Asia

Noel Collins  
Jean de Kock  
Indaka Nanayakkara  
Wen Hao Tay

## Benchmark agnostic<sup>(a)</sup>

Phil Bauer  
Lewis Emmons  
Kirstin Irvine  
Daniel Natale  
Michael Talbot  
Jeff Waters

## Canada

Jeff Bunce  
Ron Hetzel  
Daniel Natale

## Emerging markets

Phil Bauer  
Noel Collins  
Jean de Kock  
Buddhilini de Soyza  
Marc Marsilio  
Michael Talbot

## Europe and UK

Stephen Hobbis  
Marc Marsilio  
Mehul Patel

## Global/international

Radhika Badiani  
Jeff Bunce  
Stephen Hobbis  
Marc Marsilio  
Indaka Nanayakkara  
Prasanka Rajapaksha

## Global passive

Radhika Badiani  
Noel Collins  
Michael Talbot

## Pacific

Noel Collins  
Buddhilini de Soyza  
Prasanka Rajapaksha

## UK LDI

Lewis Emmons  
Stephen Hobbis  
Michael Talbot

## US single sleeve<sup>(b)</sup>

Phil Bauer  
Ron Hetzel  
Daniel Natale  
Jeff Waters

## US core<sup>(c)</sup>

Radhika Badiani  
Jeff Bunce  
Ron Hetzel  
Jeff Waters

## US LDI

Radhika Badiani  
Ron Hetzel  
Daniel Natale

(a) multi-asset credit, absolute return fixed income, secured finance, unconstrained, other

(b) High yield, municipal, mortgage-backed securities, loans, convertibles, investment grade credit

(c) All other US strategies not listed in (b)

As at 1 March 2022.

Individuals listed in alphabetical order (by surname).

# What is keeping us busy?



## Research priorities

- Ongoing research still our “day job”
- Explore new opportunities
- Rightsizing universes



## Macro environment

- Inflation and the rising rate environment
- Geopolitics and market volatility



## ESG and DEI

- Fields for managers to complete on GIMD®

# Where we found new ideas

## Summary of our efforts during 2021

Product type	New investable ratings
US	12
International benchmark agnostic	9
International core	5
UK	3
Europe	2
Emerging market debt	2

Source: MercerInsight® as 31 December 2021. Does not include passive ratings or sub-advised strategies. New investable ratings represent those that were previously N or R rated, and are now A or B+ rated. Please see the Guide to Mercer's Investment Strategy Ratings: <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-wealth-guide-to-mercers-investment-strategy-research-ratings-mercer.pdf>

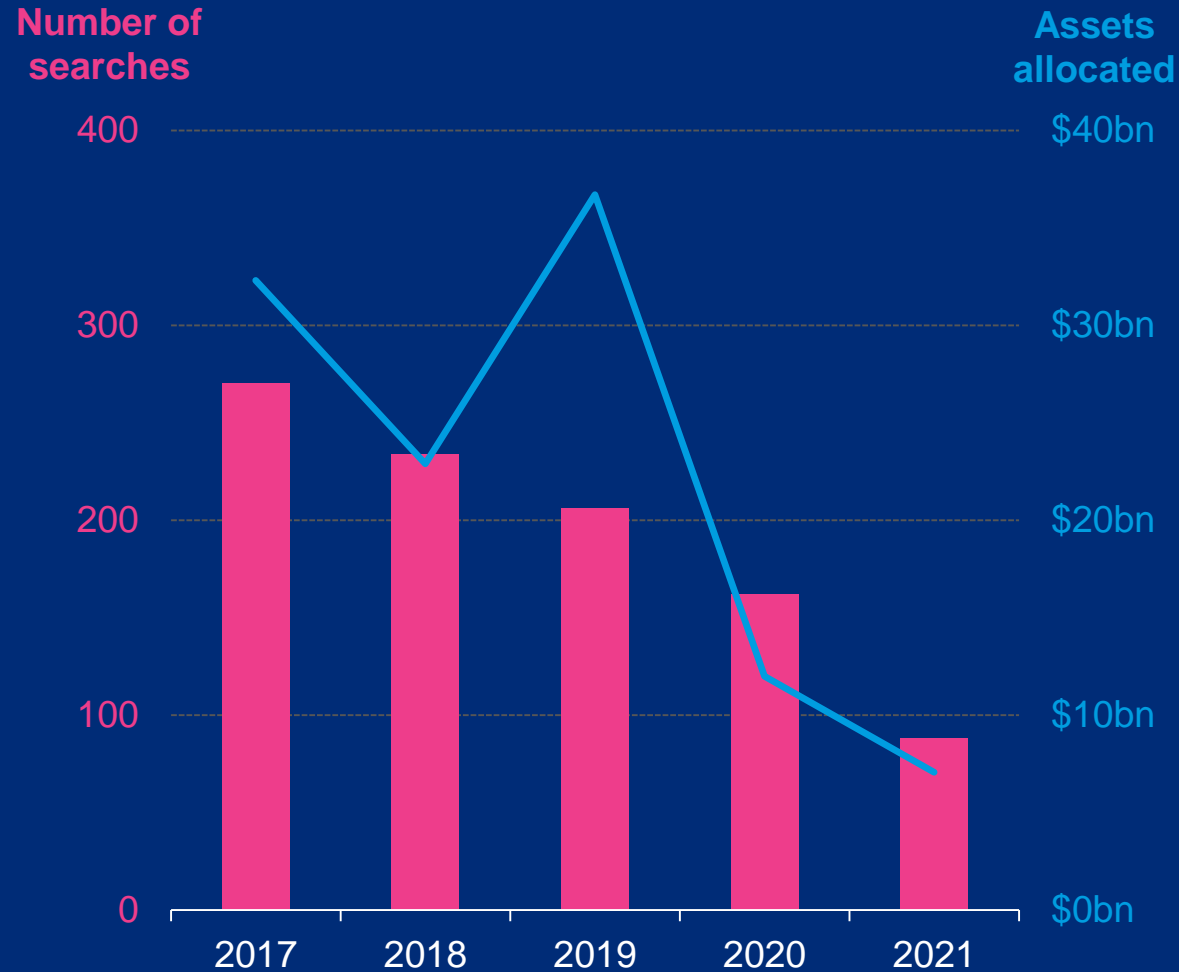


# Where we are spending our time

Asset class	Number A rated	Number B+ rated	Potential for expansion?
Absolute return	11	6	+
Emerging markets total return	4	4	+
Europe & UK credit	22	6	-
Global buy & maintain	11	3	=
Global high yield	8	5	+
Multi-asset credit	18	11	=

Source: MercerInsight®. Manager and strategy statistics as at 31 December 2021, excludes sub-advised strategies. Please see the Guide to Mercer's Investment Strategy Ratings: <https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-wealth-guide-to-mercers-investment-strategy-research-ratings-mercer.pdf>

# Global search activity

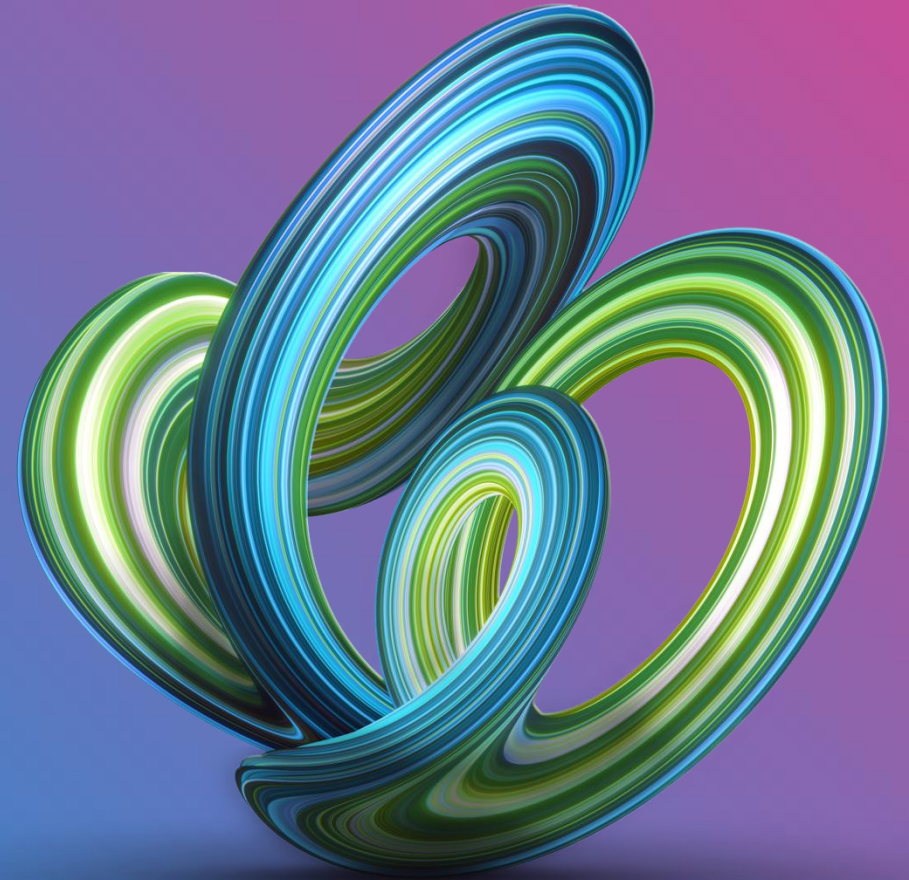


Source: MercerInsight® as at 31 December 2021.

- Global search activity is down compared with 2020 and 2019
- Global credit, emerging markets, secured finance and multi-asset credit remain popular allocations amongst clients globally
- US client search activity in 2021 has been focused in multi-asset credit, core/core+ and long duration

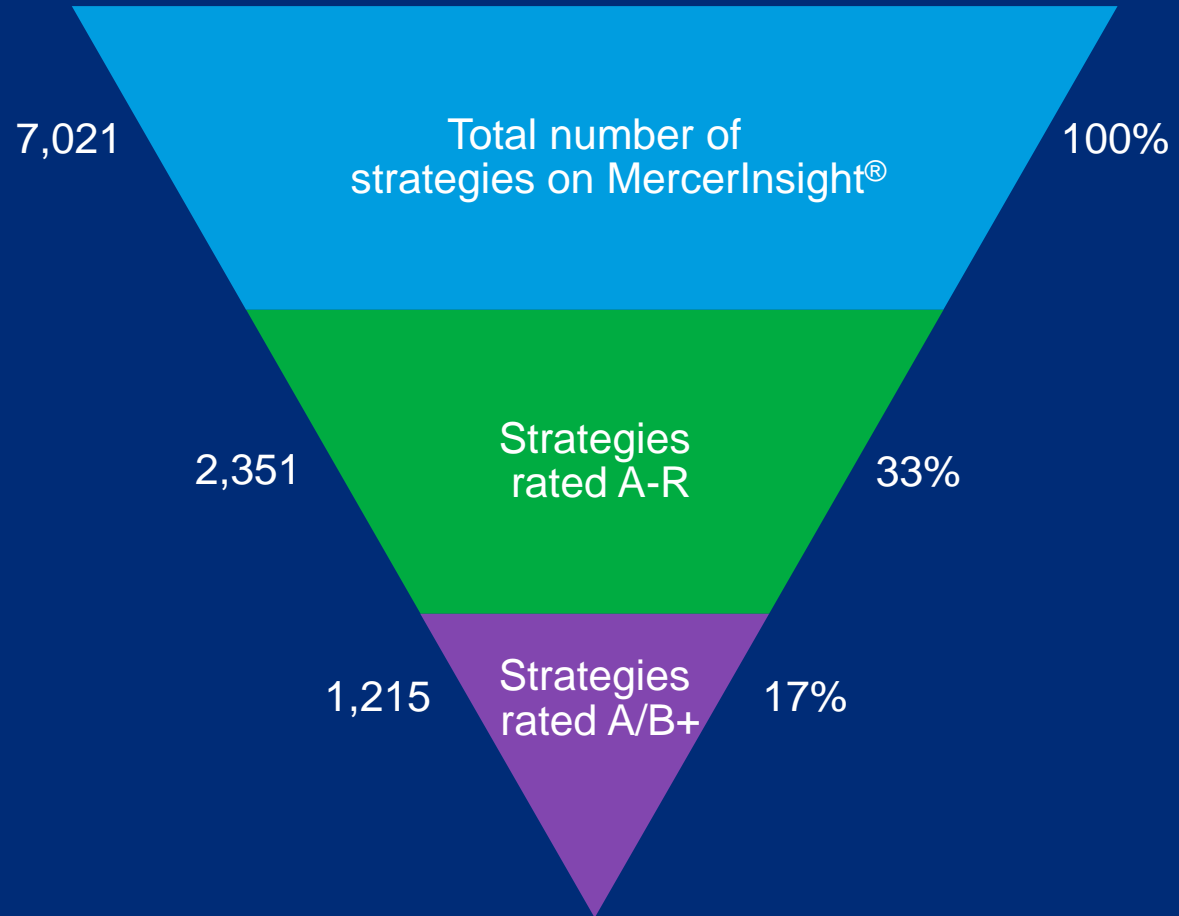


# Appendix





# What we cover – fixed income



Subset of categories	Strategies	A rated
Absolute return	83	12
EM hard currency	105	11
EM local currency	79	13
Europe and UK credit	207	22
Global high yield	113	8
Multi-asset credit	130	18
Secured finance	28	8

Source: MercerInsight®. Data as at 31 December 2021. Please see the Guide to Mercer's Investment Strategy Ratings:

<https://www.mercer.com/content/dam/mercer/attachments/private/nurture-cycle/gl-2020-wealth-guide-to-mercers-investment-strategy-research-ratings-mercer.pdf>

# Top 20 fixed income searches in 2021

By amount allocated – globally

Asset class	Amount placed in 2021 (US\$m)	Number of searches in 2021	Amount placed in 2020 (US\$m)	Number of searches in 2020
Global credit	2,446	4	1,084	6
International fixed - Multi-asset credit	1,569	17	769	32
US fixed income - Core opportunistic	462	4	290	8
Emerging markets debt - Blend	441	2	3	1
Passive - US fixed income index based	387	5	88	4
International fixed - Secured finance - Multi-asset	292	4	204	6
US fixed income - Credit - Long duration	200	1	655	4
US fixed income - Long duration	200	1	178	4
Emerging markets debt - Local currency	183	3	420	5
Global fixed income sovereign	183	2	3	1
US fixed income - Stable value	93	2	51	3
Passive - Global fixed income - Government	85	2	176	1
US fixed income - Liability driven investment (LDI) - pooled	80	1	-	-
Global fixed income broad market/aggregate	77	1	990	4
Canada - Fixed income (other)	73	1	400	1
International fixed - Absolute return fixed income	56	1	280	8
Australia - Short duration credit	42	2	-	-
Canada - Mortgage	40	1	439	6
Europe fixed (non-govt)	35	1	-	-
International fixed - Unconstrained bonds	27	3	81	3
<b>Total of top 20 (based on 2021 data)</b>	<b>6,971</b>	<b>58</b>	<b>6,111</b>	<b>97</b>
<b>Total fixed income</b>	<b>7,068</b>	<b>88</b>	<b>12,046</b>	<b>162</b>

Source: MercerInsight®. Data as at 31 December 2021.



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