

INTRODUCTION



Jack Inglis
Chief Executive Officer
AIMA

With 2020 being AIMA's 30th Anniversary year, we were set to host a series of events to mark this milestone in many of the countries we serve. Alas, that was not allowed to happen. But rather than looking back at what might have been, we are looking forward with optimism to the "new normal". This special edition of the AIMA Journal is all about the future and what it may hold for our alternatives industry.

Winston Churchill famously said, "never let a good crisis go to waste". COVID certainly presents new opportunity for skilled fund managers to provide solid investment outcomes for the world's pool of savings, and alternative asset managers are best positioned to deliver.

A major rethink on portfolio allocation must surely see alternatives play an enlarged role in investor preference and we are already seeing that cited in several recent surveys, with hedge funds and private credit at the top of the list.

It is hard to imagine the decade long bull market, that arose from the 2008 global financial crisis, being repeated, so the 60:40 mix simply cannot be the way forward.

For AIMA we recognise there will be much to contend with to ensure our members are not overly constrained as they seek to produce those outcomes. Just as the GFC saw banks reined in, there is now heightened risk that the use of leverage in funds will be subject to greater prudential regulation.

As an industry, we must ensure that market dislocations, seen earlier this year, are viewed in the proper context of several inter-connected factors rather than caused by the activity of just one sector of the financial universe.

The extent of UK's divergence from EU rules post-Brexit, a possible new administration in the US at year-end and ongoing tensions with China accompanied by new security laws in Hong Kong all give AIMA a busy agenda as we prepare for 2021.

It is important, as a membership body, that we come together as a central point of knowledge and impact in addressing these issues which may force some important decisions to be made by member firms.

Looking further ahead, there is little doubt that two significant thematic trends remain intact and will gather increasing momentum. The first of these is ESG.

Over the coming years efforts to integrate ESG across investment products will intensify, led by demand from investors and requirements by policymakers in varying parts of the world.

At AIMA, we strongly believe that alternative managers are well placed to deliver double bottom line benefits: superior investment returns by doing good socially and environmentally while actively encouraging high standards of governance.

They can do this because they have the tools and flexibility that come with their mandates, short selling being just one particular example.

The second megatrend is that of technology. Just as the NASDAQ continues to lead the way in stock markets so managers that fully embrace the use of technology, in both their investment and operational processes, will reap the benefits.

AIMA provides insight and guidance to the key aspects of this: the growing use of alternative data and artificial intelligence, operational efficiency through technology and protection from the ever-growing threat of cyber intrusion.

We don't yet know fully what the "new normal" will look like. Indeed, we don't know when, or if, we are going to go back full time to our offices. This crisis has forced a new way of thinking about our work environments and it may be that it lends itself to a new way of life that is more suitable to achieving our diversity and inclusion goals. Again, AIMA is here to lead on the discussion.

I hope you enjoy reading this 30th Anniversary Journal. In the ensuing pages you will find much to ponder on for the future as envisaged by our sponsoring partners, to whom I am especially grateful for their contributions.