

## Invesco

### David Aujla – Multi-asset investing: Allocating capital in a challenging environment

- Today, politics feels like the predominant factor in markets – the US and China, the UK and Europe – but going forward it is difficult to see the same distorting impact
- There is likely to be pressure for fiscal stimulus from governments – meeting what the man in the street needs
- The Japan situation was starting from more extreme levels, which led to ‘lost’ years, but there are parallels
- If things are slightly different to the market’s current expectation, there could be a significant change in which assets perform
- The valuation on those assets that haven’t done well is so extreme that even if the economic environment is just ‘OK’, investors might be surprised at the upside
- Everything has been very synchronised for the past two years. Last year, there were limited hedges, while in 2017 everything felt risk-free
- It is a tough ask to repeat the returns we have seen in recent years
- Protection doesn’t exist without real growth
- Greece and Spain have had the strongest growth in recent years. There is always a danger in extrapolating weakness into future
- We are transitioning to a less certain environment with lower future returns
- Recession risk is lower than the market currently believes

**Written by Cherry Reynard on behalf of MiP. Please note these are for reference only and should not be distributed or relied upon in any way. These are intended as a refresher of the boardroom sessions and a useful reminder for delegates. Please note that this content has not been approved by compliance teams.**