

News and Analysis

Conference Coverage

Pension Bridge: CIOs bullish on emerging markets, worried about trade war outcomes

'Our president is playing with fire,' warned New York City Pension Funds' investment chief, Scott Evans.

Michael Paterakis | 12 Apr 2018 | Pension Plans

Institutional investors place a vote of confidence on emerging markets, despite heightened concerns about the possibility of an all-out trade war between the U.S. and China.

All four CIOs participating on the flagship roundtable of the *2018 Pension Bridge* conference in San Francisco on Tuesday, April 11 - **Scott Evans** of the \$198bn **New York City Pension Systems**, **Russell Read** of the \$62.3bn **Alaska Permanent Fund**, **Mansco Perry** of the \$93.4bn **Minnesota State Board of Investments** and **Craig Husting** of the \$41.5bn **Public School & Education Employee Retirement System of Missouri** - highlighted emerging economies as a space with increased alpha potential.

At the same time, they all appeared concerned about the recent turn of events, warning about the unpredictability of consequences stemming from such policy actions.

"I think our President is playing with fire," said New York's Scott Evans. "I hope these are negotiating tactics. No question, China has taken advantage of the situation. But trying to start trade wars is playing with fire."

Although the panel participants acknowledged that funds of their size are slow to move, Missouri's Husting admitted he is planning ahead in case of a major incident that would send international markets crashing.

"It's really hard to predict the probability of trade wars, so we want to make sure we have plenty of liquidity," Husting said.

Barring a catastrophic scenario, the investment chiefs agreed that emerging markets present unique opportunities that developed economies no longer provide. They also emphasized their preference for active strategies that focus on specific subsets of the market than those treating the entirety of the class as one thing.

"We look at population growth as a factor," said Read of the Alaska sovereign wealth fund. "We are particularly focused on where we can harness high growth returns."

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