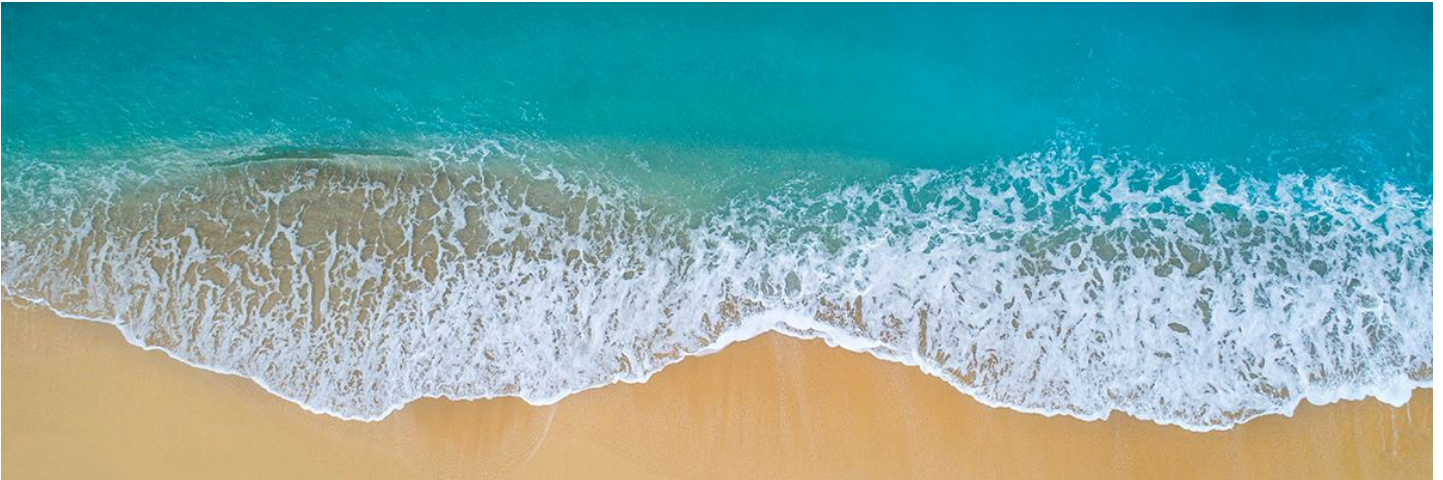


Gatekeepers share their biggest fears for the rest of the year



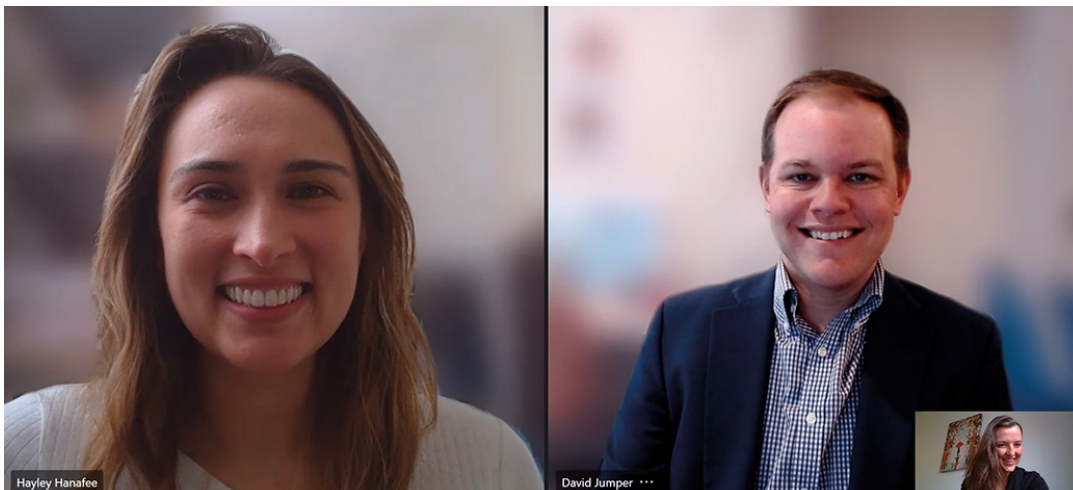
Photograph: iStock



Amelia Garland , Hayley Hanafée / 06 July 2021, 13:36

Amelia and Hayley talk shop with three fund buyers before they go on vacation.

‘Out of office’ doesn’t mean the same thing it once did. Thanks to the pandemic, we may never be at work anymore, but we are also never not working either. That is until the great summer vacation arrives! Before they hit the beach, three fund buyers told us about their best calls of the year so far and where they fear storms clouds are gathering.



David Jumper

Cerity Partners

Partner

What is at the top of your to-do list?

As our firm grows, our investment office must continue to grow with it. This means expanding our research team, developing our manager database, and more recently, enhancing our capabilities within alternative investments, including private direct investments.

Where has the sun shone for you this year?

We remain overweight stocks relative to bonds given future earnings expectations and low, though rising, long-term interest rates. Within fixed income, we own very little, if any, US Treasurys. This has led to strong relative performance within fixed income this year given their sensitivity to rising rates.

We have also had a focus on private debt and private real estate, specifically middle-market direct lending and core commercial real estate. Both of these areas remain attractive today given that they consistently produce above-average levels of income in this yield-starved environment.

Where do you see storm clouds on the horizon?

If inflation continues to rise and central banks feel compelled to act, this should negatively impact fixed income markets. Equity markets will also be at risk as higher yields make it harder to justify current price-to-earnings multiples. This will place more emphasis on earnings growth, which may also be impacted if companies cannot offset rising input costs via increased productivity.