

PENSION FUND MANAGERS INCREASINGLY CONCERNED BY STAGFLATION

- A third (34%) of pension fund managers believe USA will go into recession within six months and 88% within 12 months
- 73% believe the UK and the Eurozone will be in recession within the next 12 months
- But just 9% believe China will enter a recession within six months

New research* from Ortec Finance, the leading global provider of risk and return management solutions for pension funds and other institutions, reveals pension fund managers are increasingly worried about the risk of global stagflation.

Its study found six in ten (57%) pension fund manager are 'very concerned' about the threat of stagflation while another 40% are 'quite concerned' about the risk of high inflation combining with low economic growth. Ortec interviewed pension fund managers in the US, UK, Australia, Canada, the Netherlands, Switzerland, and the Nordics.

The international study with pension fund managers responsible for a collective \$1.946 trillion assets under management reveals that this concern is very real, with 34% of pension fund managers predicting that the USA will enter a recession within the next six months. This rises to almost nine in ten (89%) within the next 12 months.

Many pension fund managers believe the Eurozone and the UK won't be far behind. Almost half (47%) predict a recession in these regions within the next nine months, rising to 73% predicting a recession within the next 12 months in the Eurozone and 73% in the UK.

There is less concern about China and Emerging Markets in the short term with only 9% and 10% of pension fund managers respectively predicting they will enter a recession within the next six months. However, 62% expect China to be in recession within 12 months and 70% believe Emerging Markets will be in recession during the same period.

Marnix Engels, Managing Director, Pension Strategy, Ortec Finance said: "Pension fund managers have real concerns about stagflation and looking at their predictions for when regions will enter a recession, these are not only justified, but could become real very soon."

“As we experience significant volatility in the markets and with major economic events predicted in the not-too-distant future, pension funds need to keep one step ahead and manage allocations carefully to minimize the impact that inflation and even a period of stagflation could have. Carrying out detailed mapping and modelling can help fund managers to navigate these uncertainties to achieve long-term objectives while dealing with short-term risks.”

Ortec Finance models and maps the relevant uncertainties in order to help pension funds monitor their goals and decisions. It designs, builds, and delivers high-quality software models for asset-liability management, risk management, climate scenario modelling, portfolio construction, performance measurement and attribution, and financial planning.

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Notes to editors

* Independent research company PureProfile interviewed 201 pension fund managers responsible for a collective \$1.946 trillion assets under management based in the US, UK, Australia, Canada, the Netherlands, Switzerland, Denmark, Finland, Norway, and Sweden using an online methodology during June 2022

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About Ortec Finance

Ortec Finance is the leading provider of technology and solutions for risk and return management. It is our purpose to enable people to manage the complexity of investment decisions.

We do this through delivering leading technologies and solutions for investment decision-making to financial institutions around the world. Our strength lies in an effective combination of advanced models, innovative technology, and in-depth market knowledge. This combination of skills and expertise supports investment professionals in achieving a better risk-return ratio and thus better results.

Headquartered in Rotterdam, The Netherlands, we also have offices in Amsterdam, London, Toronto, Zurich, New York, and Melbourne. www.ortecfinance.com