

## Risk management re-think



Olaf Scholz, the German Chancellor, has called the Ukrainian crisis a 'zeitenwende', meaning a turning from one epoch to another. It is probably also a 'zeitenwende' for the fund industry and its approach to risk management.

The international development of the fund industry dates back just to the late 1980s. And the alternative side

of this business started more recently than that. No one who has ever been employed in this industry has had to work through a sustained period of geo-political instability. The first and second Gulf wars caused a few temporary problems but life quickly got back to normal. The same applied to 9/11.

'Never before in my career have I seen this big a disconnect between an immensely destabilising geo-political situation and investor sentiment,' says Tina Fordham, who was Citigroup's chief global political analyst before setting up her own consultancy, Global Foresight. [Continued on page 10 >>](#)

## A shot across the ESG bow for fund boards



Morningstar's decision to strip 1,200 funds, with assets in excess of \$1 trillion, of their ESG tag has huge implications. It is particularly significant for their directors.

Morningstar has announced that it is taking away the ESG designation from more than 1,200 funds in its classification system. Morningstar says that these funds

have failed to deliver on their stated ESG goals.

Hortense Bioy, global head of sustainability research at Morningstar, told Bloomberg that sustainability tags were taken off 'funds that say they consider ESG factors in the investment process, but that don't integrate them in a determinative way for their investment selection.' Bioy said funds that used 'light or ambiguous ESG language' were targeted. [Continued on page 12 >>](#)

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