

The More Things Change, the More They Stay the Same



We are Allspring Global Investments, an independent firm committed to elevating investment management.

As 2022 takes shape, investors find themselves in the midst of a rapidly evolving market environment. In this report, we've challenged our investment leaders to consider what this means for their approach to managing risks and opportunities in their respective markets. While so much about the market environment has changed recently, we understand that investors' concerns about the role of government, the need for income and growth, and the importance of sustainability and planning for retirement remain top of mind. The time-tested strategies we use to confront these concerns will remain the bedrock of our future shared success.

This letter presents our CIOs' consideration of key themes this year and goes on to introduce the Allview approach, our value proposition to you—we think of it as a more efficient way to deliver our native capabilities to investors to meet tomorrow's challenges.



It is in the regular course of asset managers to review the year’s events—to acknowledge notable milestones and to reset the table with new facts that have shaped what is believed to be true about the state of markets going forward. Last January, we discussed how the onset of the coronavirus pandemic two years ago would mark a historical inflection point—one that would be as consequential for markets, the global economy, and society as the collapse of global financial institutions in 2008. In many ways, 2021 has confirmed this assertion. In other ways, we find ourselves confronting a new set of challenges.

We are very fortunate to be emerging as an independent entity during this extraordinary period. As investment leaders, we’ve had the rare opportunity to structure our organization from the ground up with the defining principle of delivering a unique and valuable offering to investors.

We believe our *Allview* investment approach captures the essence of that grounding principle and we expand on it throughout this report.

One year into a new U.S. administration, the appetite for fiscal stimulus has waned rapidly in the lead up to midterm elections, challenging the likelihood of further rounds of transfer payments, eviction moratoriums, and student loan deferrals that have added to debt and kept consumers freely spending. We note that the ability of central banks to monetize this debt, to stabilize asset markets, and to spur employment with outsized liquidity injections is approaching the limits of what is achievable with available tools, thanks to the return of an old nemesis—breakout inflation.

The story of 2021 is that, for the first time in decades, rising prices have escaped the confines of asset markets and have spread to everyday staples of food, energy, transportation—you name it. When inflation becomes painful on Main Street, history has shown without fail that policy changes soon follow. What we and many other market observers expect is a reset of interest rates to some new equilibrium level, which should bring a long-awaited rotation among assets that make up your portfolio.

With this development at the forefront, we have asked senior investment leaders to comment on the challenges and opportunities they expect to confront in their respective markets and portfolios in 2022. We’ve challenged them to frame their responses as solutions to concerns that investors have raised with us regularly in our daily interactions in the field and that we believe are of central importance to pursuing their long-term objectives.

We’ve listened to you, and we will continue to share thematic and market insights in the months to come as we dive into a complex; challenging; potentially volatile; and, hopefully, productive 2022. For now, we’d like to thank you for the honor and privilege of managing your capital.

We are committed to elevating investing to be worth more. Expect more from us.

Sincerely,



JON BARANKO
+ Chief Investment Officer
Fundamental Investments



DAN MORRIS
+ Chief Investment Officer
Systematic Investments



Allview: Different by design

Developing multiple unique and uncorrelated insights is the wellspring of active management. There are many talented individuals in this industry, but few organizations are structured to allow the best ideas to be expressed efficiently—that is, in ways that enable investors to reap their full value. ***That's why we don't have a house view. We have Allview.***

Allview is very purposefully designed to overcome three fundamental challenges that all investment organizations face:

01 **Cultivating seeds of insight.** Asset managers, like all other organizations, naturally gravitate to points of view. Whether these are held intentionally or not, accepted views, by definition, gain their own constituency and can drown out the seeds of newer and better ideas before they can reveal their potential. Our role as leaders is to fight inertia and cultivate new seeds of insight. One of the ways we encourage this is to avoid a “house” view and allow market experts the autonomy to execute their defined strategies without undue influence.

02 **Fostering a healthy ecosystem.** Another way we've observed that many asset management organizations fail is by facilitating a “star” system, where single voices dominate. Even the brightest individuals have blind spots—often fatal ones. We make a point that each of our investment strategies is team managed and guided by stated objectives within carefully defined risk parameters. We work with the leaders of client practice areas to design products and strategies that are custom tailored to meet specific investor needs and not to “finding a home” for ill-conceived approaches. Our role as investment leaders is to channel energy and resources to areas specified by investor demand.

03 **Building what's possible.** In the same vein, we've found that asset managers often push their own narrative to markets. We believe the potential that is built into Allview will only be realized if we can effectively communicate with our investors, which implies active listening. We team up with our distribution leaders to meet our investors, to absorb their concerns, and to provide valuable content to help them make their own decisions for our assigned mandate and for their broader investment goals. In short, we actively seek a multidimensional partnership with you. In this respect, we'd like you to think of Allspring as your marketplace of ideas.

In keeping with this spirit, this written and digital report is the first of many insights we plan to share with you in the months ahead. We have little doubt that 2022 will bring unforeseen challenges, but we are excited to embark on this journey with you and to begin to harvest new value from our partnership.

To this end, we would like to share the five key themes investors have raised with us as we jointly look ahead to 2022.

Allspring's "Big 5" for 2022

This year we've identified five global themes—how we think they will affect the macroeconomic landscape and how we are positioning as a result:

GOVERNMENT/ECONOMY

- 01 Moving in the right direction ...
How will central bank policies affect pandemic extremes?



YIELD/INCOME

- 02 Inflation is creeping back, but yields are low ...
How do we protect the purchasing power of fixed-income investors?



GROWTH ASSETS

- 03 The essential growth engine in 2022 ...
How can active management play a significant role?



RETIREMENT

- 04 Feeling the squeeze ...
What can we do to meet the challenges of retirement planning?



SUSTAINABLE INVESTING

- 05 Ambitions and aspirations don't mean action ...
How can we thoughtfully help move the needle forward to meet net-zero requirements?





To learn more

We want to help clients build for successful outcomes, defend portfolios against uncertainty, and create long-term financial well-being. To learn more, investment professionals can contact us:

Contact details

- To reach our non-U.S.-based investment professionals, contact us at **AllspringInternational@allspring-global.com**.

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