

Ladies and Gentlemen,

Thank you again for taking the time to join us today, notwithstanding your important responsibilities and considering the times in which we are living.

I trust you have found this Colloquium constructive and helpful for the challenges we are all facing and for what we have heard about the long road ahead.

I say 'long road ahead' because it seems clear that one of the key points of consensus to emerge from today is the structural angle of this crisis for the financial services industry.

To our eminent speakers, thank you for being with us, for providing such invaluable, fresh and in-depth focus on the current crisis and for putting our brains and minds at work!

Before we close for a well-deserved break and, I hope, reflection on many of today's insights, let me add just a few observations that I feel are relevant for us, as asset managers and institutional investors.

The long cycle of securitization we have experienced from late seventies to early 2000s has given asset management a key role to play in the long-term stability of the financial services industry and from that to the real world.

We heard today clearly that it is and will remain nonsense to talk about Wall Street as independent to Main Street and the other way round, and if we recognise we are in a structural break we have to design and deliver integrated solutions for the new world order.

Through us individuals have massively accessed financial markets over the last 30 years and that they are all now active participants.

Saving and investing in financial markets is no longer the privilege for the few, (or the problem one can say now) but is affecting a wider audience just as cars and other durable goods did in an earlier generation.

However, this has put tremendous responsibilities on our shoulders.

The second deep market correction since the start of the 21st century has had a huge impact on retirement plans, with real and potentially very heavy losses for individuals close to retirement.

This is even truer for many medium-term portfolios invested in equities and fixed income. It is not therefore surprising if our industry faces criticism and challenges.

We are in the midst of a substantial and unprecedented closure of fixed income credit markets, as well as a perception that the long-term excess return premium for holding risk will (if it's not already) be put at stake. Are we already in an irreversible setback in confidence that will completely change the way we do business?

Yes, but potentially for the better.

Let me say we are now even more confident than before about the future role of institutional investing and we believe that asset management products and advisor services will also be one of the few survivors amongst services offered by distributors such as banks and insurance companies over the medium-term.

I'm even more convinced of this after today.

In a nutshell, what we have heard today can be summarised in a simple but very powerful conclusion:

The current crisis is providing a dramatic but unique opportunity to all of us to redesign a product/service model where the utility function of manufacturers and distributors are fully aligned with those of our clients. We also have to recognise that this was not always the case in the past.

We certainly need to review and improve many aspects of the asset management industry.

Though we have proved in this crisis, an ability to spread risk and provide liquidity back to savers better than anybody else, we must recognise where we have failed.

Excessive leverage, poor liquidity risk assessment, procyclical pay out in product design and no risk management of tail events have all affected performance.

But let's be clear:

Active management based on fundamental analysis will remain key for a future sound financial and regulatory equilibrium.

We need to learn the lessons, return to the basics of a long-term investment model and show our stakeholders, starting with clients and ending with regulators that this is an optimal way to ensure long-term risk distribution and reduce intrinsic market volatility.

We are a distributed risk model.

But this is only possible if we all start to think, act, advise and produce products and services for the long-term, whilst opposing short-term attitudes and behaviour to investment that cause excessive volatility.

The asset management industry is structurally anticyclical and it is precisely because of this that we are able to generate outperformance.

Our task is to bring valuation back to the mean: if the horizon and risk behaviour of our clients or the liquidity frameworks of the markets are not consistent with this target, we cannot deliver on our objectives as we will most likely aggravate the procyclicality.

Put simply: live in a contest allowing us to buy low and sell high.

Asset management decentralizes and diversifies risk. Active management should not leverage for the sake of targeting short-term gains, rather it should be supported by strong, independent research to facilitate the kind of in-depth control that underpins mean rationality and construct optimal portfolios.

As the outcome of this crisis is still uncertain, as are the characteristics of the new order that will follow, we must be able to voice our opinions on sound governance and transparency, working with regulators to provide solutions that will help prevent a recurrence of future excesses and risks that characterizes the present moment.

We are the most regulated, transparent and best governance led part of the financial services industry. We have heard today that this is exactly what the future will require and what you are looking for.

We are already building on that ... and by the way, with the market pricing dislocation we are currently experiencing, ...let me tell you that generating outperformance will not be so tough over the next 5 years!

Let me conclude by saying that we are proud in Pioneer Investments to have put sound governance at the heart of our organization, with crucial roles for trustees and independent directors as we build and manage client portfolios.

We are particularly proud to provide our clients with a platform of independent research and will continue to focus our efforts in this area.

Let me thank you all again for the time you spent with us today and for the trust you give to Pioneer Investment every day.

A special thanks to Robert Solow, Michael Spence and George Akerlof.

Let me also, finally, give a warm thank you to all those who made this event possible and successful. ISEO, and its important contribution to post-graduate studies, with its invaluable academic network. The Pioneer Investments' Marketing department that convinced us to hold this event despite the difficult moment, as well as our Economic Research team that has worked with our speakers on the topics for this event. Last, but by no means least, our Events team for their wonderful work. And finally, thank you, our guests, as representatives of the institutional investment professionals in our industry.