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# The king is dead, long live the king

Gerold Permoser



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I have been Head of SRI with Erste Asset Management for more than five years. The new Head of Responsible Investments will be Walter Hatak. Time for me to write my last contribution for the ESG Letter and to take stock.

## On the shoulders of giants

When I took over five years ago, the situation was not easy for me. I was not fully up to speed with the field yet, and a large part of the team had left prior to that. But more importantly, we also had retained a fantastic team. I have to thank every single team member for what we have created in the past five years.

To paraphrase Newton, standing on the shoulders of giants this was not difficult. I take pride in the fact that our team for sustainable investments does not only consist of colleagues from the Department of Responsible Investments any longer. Rather, it includes a far more expansive array of people from our company. Sustainability is not a niche subject anymore.

## You cannot teach an old dog new tricks

When I became Head of Responsible Investments, I had almost 20 years of investment experience in traditional asset management under my belt. But I had no personal experience with the topic of sustainability/responsibility and was at the same time aware of the prejudice with respect to performance and risk vis-à-vis this field. I found it exciting and enriching to “start over” and to study up on a new field of knowledge my way.

After five years, I can highly recommend it. It is fun, and the feedback from my colleagues seems to refute the old adage; apparently, you CAN teach old dogs new tricks. Since many sectors will have to face this challenge in the coming years, I can tell you to look forward to it!

## The world in a nutshell

I spent the first 20 years of my professional life without asking questions about sustainability. Over the past five years, those questions have moved to centre stage. I have therefore experienced exactly what the sector as such is about to face.

We are bracing ourselves for a number of EU regulations that will make sustainability a part of all sales negotiations and thus all product documentation, all investment processes, the entire field of risk management etc. Given our experience with similarly comprehensive changes such as MiFID, the incoming trend will be keeping our industry busy for years. People in the sector will therefore be emulating the kind of experience I have had over the past five years.

## Burning Love

I believe that people who love what they do are particularly good at doing it. They are better at it and come across as more authentic because they are and feel happier about what they do. After almost a quarter of a century where I have met many portfolio managers, I am convinced that this is true for asset management as much as for any other field.

When one's profession becomes one's vocation, everything is possible. One of the strengths of the field of sustainability is that people love what they do. You can feel it, and it is contagious.

## Tell me a story

Everywhere in our sector, hordes of product managers, marketing agencies, and portfolio managers are busy trying to tease out the stories behind investments, i.e. to make them tangible and accessible to people, so as not to bore the client with technical jargon. Shout it from the rooftops, as they say. The field of sustainability is a never-ending source of stories.

## Treasure Island

When I took over as Head of Responsible Investments five years ago, sustainable and traditional asset management were clearly delineated within EAM, and points of contact were few and far between. I never understood that. I have always seen sustainability as “Treasure Island”. Sustainability analysts have a mountain of information at their fingertips, which can be more or less valuable for investment managers. But it is there, and it would be a mistake not to make use of it.

Many traditional asset managers say they look at the quality of Management or the corporate culture of a company before taking an investment decision. Sustainability analysts can provide important input in this process. Sticking with the metaphor above, it is relatively irrelevant on what side of Treasure Island you land. What is important is to find the treasure. We have worked on that in recent years and will continue to do so in the future.

### Should I stay or should I go

A few months ago, I had the privilege of having an almost private lunch with Larry Fink, CEO of the world’s biggest asset manager. One of the topics that Larry wanted to talk about was sustainability. I could not have made it up – sustainability had arrived. The topic has come to stay.

To me, this means that I will not be EAM’s Head of Responsible Investments in the future, but as CIO I will continue to deal with sustainability and our Treasure Island. In the future, the Chief Investment Officer will automatically also be Chief Sustainable Investment Officer. That is also necessary, given the challenges that are coming our way from the EU. I will be sad to step down as Head of SRI, but at the same time I am looking forward to my tasks as Chief Sustainable Investment Officer.

The King is dead, long live the King.

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## Gerold Permoser

Gerold Permoser has been Chief Investment Officer at Erste Asset Management since early April 2013.

He is responsible for all asset management activities and investment strategies for all investment funds held by the Erste Asset Management Group in Austria, Germany, Croatia, Romania, Slovakia, the Czech Republic, and Hungary. Before joining the company, he served this function at Macquarie Investment Management Austria KAG. Permoser has gathered experience in investments since 1997.

He began his career as a fixed-income analyst at the Creditanstalt in Vienna. He moved to asset management at Innovest KAG in 2000. He made significant contributions in the investment field there and advanced to CIO (director of asset allocation and research). Gerold Permoser studied at the University of Innsbruck and is a CFA charter holder. He offers training at the University of Vienna and at various post-graduate institutions for analysts and portfolio managers (i.e., at VÖIG, the Association of Austrian Investment Fund Companies).