

Press release

Triodos Investment Management publishes Global Investment Outlook 2021

“Different choices needed to build back better from the current crisis”

Zeist, 30 November 2020 – Triodos Investment Management today published its Global Investment Outlook 2021. Amid global economic uncertainty and disruption, Triodos IM’s investment strategists urge the investment industry to start making different choices in order to get out of the current crisis in a better way. They are seeing a big discrepancy between the current rally in financial markets and the unprecedented environmental, societal and economic challenges the world is facing - while still in the middle of a global pandemic.

“Due to the COVID-19-related lockdown measures, 2020 will go into the record books as the year that saw the deepest global recession in peacetime”, said Hans Stegeman, Chief Investment Strategist at Triodos IM. “For 2021, we expect global growth to rebound, both in emerging and developed economies.”

Across the world, major financial markets largely waived the impact of the economic crisis, rescued as they were by central banks and fiscal measures. With debt levels at record highs, and an uncertain economic outlook, Triodos IM remains cautious in its asset allocation, neutral on average on bonds, negative about US equities and slightly positive about Japanese and European equity.

Developed Markets Outlook

In developed markets, Triodos IM expects the recovery to be slow amid recurring restrictive measures. Pre-pandemic economic activity levels would only be reached once a vaccine has become widely available. Despite positive vaccine developments, Triodos IM doesn’t expect this to happen before the second half of 2021. In the meantime, further stimulus is expected.

“Bold policy choices need to be made for the recovery to become sustainable and inclusive”, said Joeri de Wilde, Investment Strategist at Triodos IM. “This could be a vital first step towards a new economic system, one that is equipped to address the challenges of our time: climate change, biodiversity loss and inequality.”

Emerging Markets Outlook

Triodos IM’s emerging and developing market outlook for 2021 is one of a cautious and uneven recovery, with risks tilted to the downside. After almost a year of global crises - both health and economic - and unprecedented stimulus, support will be nearing an end for most emerging countries. According to Triodos IM there is one swing factor that could help some countries to offset the impact of the pandemic to some extent in the coming year: China’s recovery. As the second largest economy in the world, China is positioned as a fundamental player in terms of commodity demand, a foreign credit provider and a high value-added producer in the technology race.

“Countries are expected to be lifted by increasing trade flows and access to capital markets”, said Maritza Cabezas Ludena, Investment Strategist at Triodos IM. “However, low-income countries with large funding gaps, will rely on debt relief and concessional financing to be able to take part in the economic recovery.”

Different choices

In the thematic part of its Investment Outlook, Triodos IM's investment strategists shed a light on the longer-term investment landscape. Expecting the social, political and economic environment to remain highly uncertain and high valuations across the board, they forecast generally lower financial returns in the coming years. They argue that investment winds have turned: the tailwinds of the last four decades, favouring higher returns, have changed into headwinds leading to lower expected long-term returns across the board.

According to Triodos IM, the financial industry should look at financial returns in a different way. A different, more forward-looking approach would be needed to see what the long-term returns of investments might be. Given the challenges the world is facing regarding the degradation of ecosystems, the loss of biodiversity, the rising inequality and polarisation in and between societies, Triodos IM states that expecting the same returns as before would be equal to financing a collapse: possible in the short-term, but inevitably disastrous in the long run.

Triodos IM thinks these challenges should be taken into account in every strategic asset allocation framework. It chooses to assess them from a positive angle and to invest in impact and transitions, believing this approach will help to avoid risks and guarantee positive long-term returns.

The investment outlook 2021 is available for [download](#) on the website of Triodos Investment Management.

About Triodos Investment Management

Triodos Investment Management connects a broad range of investors who want to make their money work for lasting, positive change with innovative entrepreneurs and sustainable businesses doing just that. In doing so, we serve as a catalyst in sectors that are key in the transition to a world that is fairer, more sustainable and humane.

We have built up in-depth knowledge throughout our 25 years of impact investing in sectors such as Energy & Climate, Inclusive Finance and Sustainable Food & Agriculture. We also invest in listed companies that materially contribute to the transition toward a sustainable society. Assets under management as per end of June 2019: EUR 4.9 billion.

Triodos Investment Management is a globally active impact investor and a wholly owned subsidiary of Triodos Bank NV.