PGIM FIXED INCOME

Fixed On ESG, Ep. 2

Transcript

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Female Voice: You're listening to *Fixed on ESG*, a monthly podcast series brought to you by PGIM Fixed Income, an active global fixed income investment manager.

Nuvneet Dhillon, ESG Specialist: Hi, everyone. And thank you for listening to episode 2 of Fixed on ESG. My name is Nuvneet Dylan, and I'm part of the ESG research team here at PGIM Fixed Income. My role is primarily focused on ESG integration, so I spend a lot of my time undertaking sector, thematic, and issuer-level ESG research across all fixed income asset classes and regions. So, today's episode is on a very interesting topic. We're going to be discussing the social impacts of rising food prices with the focus on the financial implications and risks to emerging markets. Rising food prices is a very typical issue. We saw the FAO food price index reach an all-time high in March 2022. But food prices have been soaring for some time. We've seen how the Russia-Ukraine conflict has exacerbated food instability. But there are multiple other factors that have come into play including the pandemic, and increase in demand from growing populations, and extreme weather events. The implications are significant to ESG as net food importers face food insecurity which can lead to rising hunger undernourishment, and an increase in global inequality and poverty, as food security issues tend to have a disproportionate impact on the poor who may spend over half of their income on food. To provide us with some insight on this topic we have Giancarlo Perasso, who is responsible for formulating the macroeconomic outlook for Africa and the former Soviet Union supporting alpha generation in rates, FX, and sovereign credit markets. We also have Todd Petersen, who is a portfolio manager for PGIM Fixed Income's emerging markets debt team. Todd is responsible for USD sovereign and local emerging market debt in the Africa and Middle East regions. Welcome. So, Giancarlo, inflation has been front and center in the news recently. We've seen here in the UK, inflation hitting a 40-year high of 9% and the news is full of stories of people struggling to pay their household bills, parents skipping meals to feed that children, and lots of social impacts. Can you speak to us a little bit about how countries should be dealing with these shocks?

Giancarlo Perasso, Lead Economist for the CEEMA region focusing on Africa and the former Soviet Union: Sure. Inflation is a tax on the poor. If you think of it's a proportional increase in prices and the proportional increase isn’t the same for the rich person and for a poor person. Clearly, poor person is more affected by increasing prices. What has been happening in the recent months has been an acceleration in inflation due to the supply chains from the recovery post pandemic due to the price of oil rising and food prices rising since last spring, summer. What do we see now is a further jump in food prices because of the invasion of Ukraine on the part of Russia. So how do we deal with that? The textbook pure technocratic approach is to avoid the diffusion of the price increase. You want to keep price increases very contained to as few items as possible. So, you hike interest rates, basically. By hiking interest rates, you lower the growth of demand and for the demand for goods and services, and prices slow down. The risk is that to buy goods so you might fall into a recession. And that is the big debate now, are we going to have a recession? Are we going to have a soft landing? So, everything is going to be well? We don't know. Clearly, the increase in food prices as another component, because food is a very important element in our lives. Therefore, especially in emerging markets is a large share of the consumption basket of households. Now here, the problem is that in a country where the population has a very low per capita income, and a lot of recurring income is going into food, and food may not be available or too expensive, a change in diet is going to take place. Changing diet often means a lower energy, less energy intake. And less energy intake has severe consequences. We are not talking about starvation. We're talking about people eat less than before. So, they are not starving, but they are eating less than before. And that means that they are less productive. They do not have the energy. They do not have the strength to work. That's for the adults. For children, they do not have the strength to pay attention in class. So, therefore, education does not have that impact that could, must have in order to foster the development process. So it is a bad thing. And in terms of children which is something I really am passionate about, you know you end up having children not going to school because they have to work to help their families to increase their income. You have horrible things like having children and children being sold, which is horrible. And this all because there's poverty, there's increasing food prices, and priorities have changed.

Nuvneet Dhillon: Thank you for that. It's obviously a complicated topic with a lot of different impacts to it. And in every economic situation, there's always winners and losers. And the discussion so far in the news articles, and the information out there has tended to focus a lot on food importers. So, does that mean that exporters are the winners in this situation?

Giancarlo Perasso: Well, theoretically. Yes, but what we are seeing is that there is a bit of a panic and understandingly in that respect, because Russia and Ukraine have a very large share of international trade and exports in some basic commodities. You know everybody's talking about a wheat, sunflower oil, corn, barley, rye. So, there's a lot of stuff that is being exported by these countries. And this is missing because Russia has decided not to export to *this country*. Ukraine, we know the logistical problems of exporting wheat. So other countries have imposed some restrictions to their exports. India, the other day. And these restrictions affect then other countries, are imposing they themselves restrictions. So, we have diminished a smaller supply, and some of it is man-made by policy decisions. So. there are, theoretically, winners but the fear of not being able to feed their population blocks or restricts the exports of these goods. On top of that also by not exporting, authorities think that they can reduce or keep under control the prices or these food commodities in the country. This is not the right policy in my view, or in our view. The view is that you subsidize the most vulnerable groups in the population. You do not impose price control. And, this is an irony, if I may. In the old Soviet Union prices were controlled, were frozen, and whatever, and there was no agricultural production. Agriculture in the Soviet Union was a joke, and a very inefficient and so on. Nowadasys, Russia the country is a market economy in respect to agriculture and it’s a top explorer for some agricultural products. So, price controls do not work. Price subsidies are, again, regressive because if you fix the price of an item, it is the same price for the rich person, and for the poor person. What we need is targeted assistance to the most vulnerable.

Nuvneet Dhillon: So, touching on the point there, maybe Todd, you can jump in. But we've seen in the past how food security can lead to protests and social unrest. So, we saw that with the Arab Spring. In your opinion what should governments be doing or rather not doing to prevent this kind of uprising and social discontent?

Todd Petersen, Portfolio Manager, Emerging Markets Debt: It's not an easy solution. And I think a lot of the work has to be done ahead of time. And that's kind of what we've seen in some of these countries. I think you know one of the corollaries that we've seen is that patience and that they have done their routine checkups, they have done all the policy measures ahead of time are at least in a better starting point to handle these exogenous shocks. And you know one of the countries that's been kind of in the headlines is Egypt, that really relies on a lot of wheat imports from both Russia and Ukraine. But they're actually likely to get an IMF program. And why is that the case? I think a lot of it comes down to the governance and the will of the government to do the right thing. They were successful with a previous IMF program. They really did a lot of measures to reduce subsidies, and they've maintained a good relationship with the [International Monetary] Fund. And that's likely resulted in a new IMF program, some additional financing from the Gulf allies. It doesn't mean that it fixes the problem. It doesn't mean that there's challenges, but it does go a long way to mitigating some of these factors where the question is are we going to have another Arab Spring. I do think that there's imperfect policy choices for these countries. So, it's not easy. And the countries that are really postpone those kind of preventative maintenance checks from their doctors are the ones that are going to be most at risk because you know whether you're trying to patch it together through holding FX rates steady by intervening or maintaining subsidies. At some point in time that has to get paid, right? So, by the time a country calls for help with the IMF, is it too far gone? Is it running into distress and then political volatility? And you know you're starting to see some cracks in these countries like from Tunisia. And I think Giancarlo put it properly that there should be targeted aid. And in the past, the IMF has been willing to grant social safety nets for some of these countries. And I think in the case of some of these countries allow longer-term fiscal consolidations, but the country has to be willing. Right. We see Ghana unwilling to go to the Fund for a program. I mean, Tunisia, there's just so much domestic turmoil that I think there's higher likelihood of a restructuring. And then within that restructure and economic distress there is the case for, maybe, protests.

Giancarlo Perasso: If I may add the one thing, Todd makes a very important point about the IMF and multilateral organizations. Often, we think that it is good that we send food to these countries. One thing is emergency food in case of starvation. Another thing is occasions like now, because we do not know exactly what these people need. We do not know about their diets. We often sending our stuff to these countries as a subsidy to our farmers and not helping them. What is important is what Todd mentioned, a well-targeted financial assistance, the comprehensive program, the IMF is very well-equipped in doing this. The World Bank as well. There's plenty of international organizations. So, let's try to do that.

Todd Petersen: You know these multilateral institutions actually have been very adaptive in the past. It's not that long ago that we had a similar impact these poor countries from Covid. We saw this exceptional SDR (Special Drawing Rights) release to these countries. So, I think things can be done. It's just how quick can we mobilize aid for these countries and in what manner? And there will be humanitarian aid, and I hope that avoid some of this political unrest, but it's a different argument potentially for investors, right? From is it a good decision to buy this bond or not?

Nuvneet Dhillon: And what do you think the biggest bar is to how quick you'd take to mobilize.

Todd Petersen: When it comes down to a lot of this age, I think there's humanitarian aid. And then there's also like potentially budget support from the IMF. That has to be sustainable for an IMF program to make sense. So that's kind of first and foremost, and you know it’s a similar argument even for some of these green and social bonds that have kind of been the rage for recent years. At the end of the day the debt still needs to be repaid. You know we talked about targeted aid for food, but I think there's also additional scope for targeted financial assistance for these countries as well whether it's project finance, that is more on the public side that lowers financing costs for these countries. And I think that's a big change that can happen. But these aren't overnight. And we did have to wait like probably over a year for some of these SDR allocations to be made. And that's the question, how do we bridge the gap between financing needs now and this aid, and what breaks in between. That's the risk.

Nuvneet Dhillon: What are the market implications of rising food prices? What does this mean for us?

Todd Petersen: You know we're in a world of tighter financial conditions right now whether it's coming from the Fed or as Giancarlo mentioned, impacts to disposable income which is that much lower of a buffer in these poorer countries. These tighter financial conditions put at risk countries that need to raise funding that have financing gaps. As Giancarlo mentioned, it's taxed whether it's food or energy it has to be paid somehow. So, for now the focus from us as investors is who has the lowest financing needs who can support to pay these additional costs. And the exporters are the winners in the near term, because you know whether it's a B country like Angola that has an oil revenue windfall or even like a Saudi Arabia which is a A credit, they can afford to pay for some of these food costs whether it's your subsidies or even having a more stable FX rate which we're seeing in both of these countries. So that's kind of in the here and now, and then how much of those risks are present to markets for the countries that are more susceptible to financing needs. It doesn't seem like it's the right environment for that now, but it does open up some opportunities for countries that we like over the medium term that might just be challenged right now.

Nuvneet Dhillon: So, in the ESG world where we think about these issues really deeply, and one of the things we're really focused on is the potential ripple effects increasing food prices might have. We're always differentiating between short-term and long-time horizons, and separating the difference between risk and impact, and viewing that between two lenses. So how does this translate into actual investment decisions?

Giancarlo Perasso: Well, again, it's the short-term or long-term, right? So, Todd has mentioned Angola and oil. As an oil producer, Angola also has a very strong program of diversifying its economy. So, the climate allows them to do it. It's not a desert country. Actually, it's part of the Congo basin, the second largest in green, if you want, for the earth. So, they have embarked in this big program for diversifying the economy, promoting agriculture. It is a long term thing that will not yield the success in the short term, but they will do things right. And that is important. Going back to their local authorities' willingness and commitment to do what we think is right thing. I think that the worst thing we could do is to impose these things on them but try to convince them that these are the good things to do for everybody. Speaking of longer term, actually, this Russian invasion of Ukraine made medium, long-term consequences is that a lot of things Russia and Belarus, which is an ally of Russia are the largest producer of fertilizers. So, in terms of food prices per se I am afraid that we, to paraphrase an old president, "We ain't seen nothing yet." Prices are going up. I was recently in Africa and the talk was all about fertilizers, the price of fertilizers, and the availability of fertilizers going forward. So that is another issue, another problem. The concentration of production of essential inputs in one country or one area or in a bunch of countries only. I'm not advocating protectionism. Protectionism is bad, but clearly some reassessment is necessary in terms of more seamless flows of trade.

Nuvneet Dhillon: And just on that point and that's something we're thinking about in the ESG team as well. So, we've seen how the Russia Ukraine conflict has pushed up fertilizer prices which were already soaring. And then given how different crops have very specific time frames and windows to harvest. That's obviously knock-on effects to future harvests. And then given the interconnectedness of global supply chains, we need to look at which countries are going to be most affected. And then within that, which segment of the population of those countries will be most affected. So really considering the different ripple effects.

Todd Petersen: From a positioning perspective, you're trying to avoid the countries that are most susceptible to an environment where the macro backdrop is going to continue to be challenged. Like we said, we haven't seen anything yet, potentially in food prices. And the Feds still hiking interest rates. I think we need to be prepared for continued challenges and it's kind of impossible to figure out what will be that tipping point in some of these countries. In Lebanon, it was some tax over WhatsApp. In Egypt, we knew that there's pressures from food but we didn't predict the Arab Spring. No kind of crisis is exactly alike from the past but we can identify characteristics that might be at risk. We talked about Tunisia and some other countries, you just don't know whether the financial pressures on countries like Ghana, or Nigeria, or Kenya will result in social unrest. And especially as some of these countries are entering election cycles. It's so hard to predict that but you position defensively in those names. And then over the long term and Giancarlo said in the medium term, and this kind of ties in to how do you avoid these risks as well--it's all about growth. It's having structural, diversified growth. It's not hurting countries like an Angola, they currently generate all their revenue from oil, but it's trying to invest in countries that are diversifying themselves, and investing back in education. And also working, I guess basically to expand on their value-added sectors. And I want to make the point here because I think it's important. You know, as investors, it's tough to try to look at these different timeframes but you want to be patient, but it's tough to be patient as investors. It's kind of the here and the now, but a lot of these qualitative factors that are going to drive this structural growth and better fundamentals, they just take time. Education is something that takes generations to actually come to fruition. We want countries to be investing or targets for investment but this doesn't happen overnight either. So, you're trying to balance the susceptibility to unrest in the near term with longer term growth potential. So, for now, we're worried about the financial funding needs of a Ghana or a Kenya but these are countries that are going to be, I think, big opportunities for the medium term because those should be big investment destinations. And similar to what Giancarlo said about Angola, there's countries that are going to be benefiting from oil in the future. We shouldn't hold that against them. I think, at the end of the day, just trying to find a balance between not punishing countries that have commodities as their sole source of revenue. And allowing them the opportunity to grow and to challenge these countries to diversify. And I think over the past few years they have gotten the message and we see that in roadshows when we meet with these issues all the time. They are really taking into account the impact of changing environment, of food pressures, and things such as that. Countries like Gabon which has really done a lot to protect their forest and we're seeing that in other countries like Congo. It's sometimes underappreciated because we focus on the bad, whether Brazil has been impacting their rainforest negatively but know we also need to reward these countries that are trying to protect their natural resources as well.

Giancarlo Perasso: If I may, I want to add a positive thing. These countries also benefit from the progress in our country. So, in terms, in a very simple, the awareness of the environment, and the awareness of about education, and Todd has mentioned and so on, all these has improved tremendously. But what do you see, for example, is that population in this countries has conscious has skipped basically many steps that we went through through the decades. And very simple immediate example is that these countries moved from barter, of very little use of currency to mobile banking within a couple of years. Honestly, 10 years, less than 10 years. So, they skipped the credit card, and they skipped the checks. They have no idea what the check is, and things like that. So, they have the possibility of leveraging on this. Doesn't mean that, again, everything happens tomorrow. Because Todd is right, and education takes generations. Institutions need to be strengthened and so on. So, one has to be careful in investing, doing their homework, rewarding they quote good countries and not rewarding bad ones [chuckle] quite simply.

Nuvneet Dhillon: I want to pick up on that point about how you can't always see these investments and the results that takes generations to change. So access to education and access to healthcare. How do you identify that? Is that good governance? What kind of factors do you consider when you're looking at these countries and you don't have the long-term impacts yet?

Todd Petersen: I think governance is key and eliminating waste. Not all countries are created equal even when they're blessed with similar natural resources. You know Nigeria ends up wasting a lot of their fiscal benefit on subsidies. I mean it is important to have lower food prices but essential banks hasn't gotten it through to them that having a flexible exchange rate is actually key to having a diversified economy. And although there might be short-term pain from inflation due to a weakening Naira, the longer you postpone this, the longer you make it a challenge to diversify your economy versus a country that has had the right policy decisions. So, you know whether it's in flexibility for public sector wages or other ways, it just diverts money away from these longer term strategic investments which will ultimately show up in weaker growth. And that's why Nigeria kind of stuck in this slower growth environment versus--even a Kenya, as much as we don't like it from other aspects, or a Ghana. There are countries that just have better growth potential.

Giancarlo Perasso: One thing Todd has mentioned is the institutions that are very important because they provide the foundation for civil society. What I'm looking at especially, I'm very focused on freedom of the press because we have seen throughout centuries that freedom of the press, freedom of expression is important. Now there are countries where the press is extremely free and it stimulates the government, it criticizes the authorities, and again, we have talked to Ghana very often here. Ghana as a democracy is not perfect. Perfect democracy doesn't exist but it's pretty close to perfect democracy, Ghana. So yeah you know there's a freedom of the press. Of course, corruption's everywhere, right in our countries as well. A bit of corruption is there in any country. But freedom of the press, independence of the judiciary, they are very, very important.

Nuvneet Dhillon: Maybe following on from that. So Todd, are there any countries, or industries, or companies that seem better prepared to address some of the issues we've discussed today? So whether you think the opportunities are in your opinion.

Todd Petersen: For now, we are in favor of some of these energy exporters because I think we're in this challenging environment. But as Giancarlo said, we're constantly looking for opportunities for the medium term and longer term. We are long-term investors. The alignment of positive policy changes and longer-term strategic improvement, that's where we're going to be most overweight and kind of favor those countries. Unfortunately for some of the countries in the medium term like the Ghanas and Kenyas is tough right now on the financing side. But I would say is that valuations have really repriced in a lot of these countries. And I think it sets the stage for great opportunities in upcoming years. And I know Giancarlo and I have worked together for a long time because we think the similar things. I was actually going to use the same example as the leapfrogging in technology and mobile banking because that's a thing that we've talked about. What we didn't mention is, I think, there's really room for technological advancements in agriculture as well over the medium term. So, the most challenged countries are a lot of these African countries that are really under the most pressure from food prices. But if you take a step back and you look over the next few years, we're dealing with all these supply side shortages, right? I think they're going to be here with us for the medium term. Where's the productive capacity going to be at the greatest to fill that void whether it's oil or food. And I think Africa stands up really well from that perspective. How do we get from here to there is the big question. And we have seen innovation in tough times in countries like Benin. They've actually done a lot to improve on the technology and the farming industry. Maybe there's just things that come about that improve their use of water or energy. And there's definitely ample workforce there in Africa in general. So, it's a risk but it's also a potential reward. So, I think there's opportunities in a lot of these higher yielding countries, but it might be an end of 2022, or 2023, opportunity for now. I think we do favor a little bit more higher quality countries.

Giancarlo Perasso: I think that at present, long-term trajectory can be good in many places. And that we see the commitment, we talked about education, healthcare, institutions, and so on. The important thing is that this process is not derailed by inflation, the food crisis, the fertilizers crisis, and all that. And that has to be a joint effort by the local governments because they are the government of the people of the country. And they're responsible for that. Together with the multilaterals as we mentioned at the beginning, so the IMF, the World Bank, the African Development Bank and so on. So, it is important that we, all of us, do not close in but we stay open to these countries. So, let's not erect the barriers to trading with these countries. They are not oil exporters. We want oil now, okay, because we want oil. Maybe that country is exporting coffee or cocoa. Okay. Let's not put barrier to cocoa and things like that. That is I think the important moment that we are living, the important measures that we have to take and some of them to avoid. Because, again, the trajectory is there that we haven't talked about the demographics in this country. Africa has the only countries where the population is increasing. Half of the population is under 25. It’s a blessing and a curse in a way because you have to feed these people, right. But it's a large pool of young enthusiastic people who can work and provide improvement and the quality of life over their population.

Todd Petersen: They talk about challenging macro environments and China always comes into focus and I'm just thinking about what Giancarlo is saying here. We'll try to grow at a rate that it did over the past five to 10 years. It's clearly not going to -- I mean we're not overly worried about China collapsing, and we think China's going to be fine. And in a more moderate growth trajectory. The growth engine may just be these larger growing emerging market economies whether it's India or Africa. And there's going to be winners and losers for these countries that are going to be able to attract investment and to build a more value-added industry. So, I do think it's a great opportunity. And for emerging markets I think this will be the engine of growth maybe a little bit away from Asia and towards Africa over the medium term.

Nuvneet Dhillon: So, a lot of the things we're thinking about in the ESG space is the interconnectedness of global supply chains. And following the pandemic and the Russia-Ukraine conflict we're kind of seeing the other side of that and seeing the risks of offshoring and globalization. It feels and kind of appears that the world's not going in the other direction. And we're hearing a lot of buzzwords like strengthening countries' resilience, and onshoring, or friend-shoring. Do you think this is the right response in your view?

Giancarlo Perasso: Absolutely not. I am a free trade supporter to the core. No. You know I always make this example which may be stupid but I don't think it is. So, I say in African countries growing cocoa, sends the cocoa beans to Belgium. Belgium, they make the chocolate bar, and then they sell the chocolate bar back to the country. So that has been happening, is happening still in some places. And that is not good because Todd was mentioning increase the value added of the production. An increase in value added of production means a better life, higher income, better lifestyle, better quality of life for the population. So, restricting trade is a bad thing. It is a risk, as you mentioned at the beginning. We hear politicians and policymakers mention it, especially in the West, that it's called the West, or the G10, and mentioning that I hope it doesn't happen but it is mentioned more and more often unfortunately. We'll see, we'll see how it goes. And I am afraid that this risk is not minimal, but we have to see and hope.

Todd Petersen: It is a world where these natural resource constraints are an issue. And in this kind of environment that we're in, you know, we talked about like a polarization of Russia and even from the standpoint of natural resources kind of. We talk about protection and natural resource security and supply chains. When it comes to China, they really hold a lot of the cards when it comes to this whole push for renewables, whether it's these rare earth minerals, and such as that. In practicality, the U.S., and developed worlds want to control their supply chains, but I think there's a bit of a limit to how much mining for minerals is going to take place on U.S. soil, and in Canada. So as much as I think we want to have energy independence, and independence over supply chains, I think there's a limit to the practicality of how that gets achieved, and having partners in some of these democratic countries whether it's in Africa or countries in Asia, I think, is really going to be a key in this partnership. And this is the opposite of what we just talked about with onshoring. In practicality, it's going to be a balance. I tend to be more of an optimist, so I hope that we won't go down that route.

Giancarlo Perasso: The risk with pursuing an onshoring or friend-shoring strategy on the part of the G10 is that then people in emerging markets, after a while, realize that you know we are not making higher value added. Our incomes are not growing as quickly or to the same extent that we were thinking of. And the whole geopolitical thing becomes an issue. Like it can be migration to the G10 countries with all the tensions that we know about could be changing government in the country itself, in the emerging market there may be allegiances, alliances and blown up. Who knows what's going to happen there. Again, it's a risk. I hope it's does not happen, but we have to think of that as well.

Nuvneet Dhillon: So, I think this has been a super interesting conversation. I know from the ESG side we're really thinking about these issues deeply, and they're global and they're complex. For us it's really important not to look at ESG risks in isolation, but you've got to consider these issues simplistically, and always be on the lookout for these ripple effects. But maybe if you could just leave our listeners with one final thought. What do you think is the key takeaway from this discussion?

Todd Petersen: I think when we talk about food security and food price inflation, there is this global shock and this global risk. I don't think we're going to avoid that. And as Giancarlo said earlier, I think it might get more challenging in 2023. And we have said that probably the emerging markets are the most hard hit but that's also a pretty big umbrella term, emerging markets. And it really encompasses such a wide variety of countries. What that leads me to is that there's just a ton of differentiation between credits. And this means investment opportunities. I do worry about political instability and risks. I do think that there are going to be some countries that just don't make it because there are these risk factors do boil up and they result in some unrest. But I think that's kind of specific cases. And I think, generally, when tough times with the innovation, I do think multilaterals and developed markets will come to the aid of countries that are the most stressed. But, again, we need to have countries that are willing to reform that are willing to change and kind of make those tough policy decisions. So, for me, it's an opportunity as an investor to be able to invest in a very diverse asset class, these challenges aren't going to go away. But, again, this is what we're good at doing is differentiating credits between the ones that are going to just survive who are the ones that are going to excel.

Giancarlo Perasso: And if I may, on a global scale, I want to remember that at the time of the financial crisis, almost 15 years ago, the G20 was formed. And the basis of a G20 was to enhance cooperation, avoid protectionism. Let's work together. Here, for now, because of the invasion of Ukraine and because of different allegiances and alliances in the world, the world is more fractured. And that is something that worries me as I mentioned before. I hope it doesn't happen. I hope that some leader will emerge, some good leader will emerge and they can lead the world towards more globalization. Maybe with some rules about workers protection you know, environment, social issues, and stuff like that. Very good. But let's hope that we are not closing the doors to others, our doors to others. And then the market will take care of it without any problem. And Todd will provide the money for financing everything. So, he manages the money.

Todd Petersen: Nothing happens in a straight line. There's always twists and turns. You know every kind of crisis leads to opportunity. And we have to be hopeful that these conversations that we're having, and these risk factors get mitigated and set the stage for a better world going forward. But I think we do have a challenge ahead of us. We'll see.

Nuvneet Dhillon: I want to say a massive thank you to Giancarlo and Todd for joining the podcast. I hope everyone enjoyed this episode as much as I did. And make sure you're on the lookout for future episodes of Fixed on ESG, available wherever you get your podcasts.

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