

# GETTING TO KNOW HEAD OF ASSET ALLOCATION, DAVID HUDSON



**DAVID HUDSON**  
Head of Asset Allocation  
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David Hudson is the Head of Asset Allocation within the Multi Asset team for Perpetual Investments. David's role is part of the portfolio management team managing all multi asset funds. He is responsible for generating and implementing active asset allocation ideas and the strategic asset allocation of multi asset funds.

David is a proven portfolio manager with almost two decades experience in multi asset portfolio management including 14 years as the lead portfolio manager of diversified funds at BlackRock Investment Management. David has a strong fundamental background in macroeconomics and all asset classes.

## **What was it that initially drew you to this type of work and what has kept you here?**

Financial markets are always interesting as they are an intriguing combination of analytics and (sometimes extreme) human behaviours. My background is economics and there was a demand in financial markets in the 1980s and 1990s for economists following the floating of the dollar and the deregulation of the finance sector. What has kept me in markets is that I really like their immediacy and I enjoy passing on some of the lessons I've learnt along the way, often the hard way!

## **Who has had the biggest influence on your career?**

I was lucky enough to work for Bob Hawke when he was Prime Minister. I learnt a lot watching him operate. He has a terrific combination of intellect, optimism and leadership ability.

I was there during the leadership challenge in 1991 and except for a few obvious cases, he always believed most people were on his side (or could be won over). It is a good way to live your life.

## **What was your very first job?**

After high school, and before university, I worked for a finance company called General Credits. It was back in the days when you went to the bank for your first mortgage which had an interest rate capped at 13.5% (can you believe it?) and then got a second mortgage at a rate of 17 or 18% or higher. Seeing people struggle with these mortgages led to a lifetime aversion to debt (which has not been very helpful given what has happened to asset prices!)

**What's the best piece of advice that you have received?**

My boss at BlackRock told me early on when I started in a management role that if someone on your team makes a mistake it is your fault (for reasons like insufficient training, poor delegation etc.) so own it and fix it.

**With your wealth of experience in multi asset portfolio management, looking back, what do you think are the main things that have changed over the years?**

Definitely the trend to sector specialist management and the trend against single manager balanced funds. Accountability has improved in some areas but asset allocation decisions are generally poor. Real return investing is the greatest hope and, I think, will become very popular, particularly after the next bear market.

**What is something that most people don't know about you?**

I am a competitive bridge player. The game is endlessly fascinating and it is easy to become addicted. Like financial markets you are constantly making judgements about what risks to take and the feedback is even quicker!

**What do you see as the biggest challenge for the next 12 months?**

Financial markets are especially challenging at present. After many years of zero policy rates in the major developed economies, many markets have become hopelessly distorted. These policy settings are slowly unwinding and on a 2 to 3 year view I have no doubt value will outperform growth handsomely and active management will come back in vogue. In the meantime, we are being patient and staying true to our process.