

Investment Insight

The Oxford University Business Economics Programme has produced a series of lectures on the Economics of Post-Crisis Recoveries that we are proud to be sponsoring. We had an opportunity to discuss lessons from the pandemic with members of the Economics faculty and it was interesting to note the extreme dichotomy of impact Covid-19 has had on people, companies, and economies.

Those who have been able to work because they are part of the “Zoom-economy” have been able to maintain their incomes and increase their savings, while those who have been directly impacted by the closure of businesses have had to rely on government income support. Big companies like the ones we invest in have come through the crisis with their businesses intact while smaller businesses have struggled. The sales and earnings reported by many of our companies have been astonishing in their resilience, and even where they have been impacted by issues like the slowdown in consumer spending or the closure of hospitals to elective procedures, their competitive positions have been strengthened by the troubles of their smaller competitors.

We said as part of the conversation that our outlook continues to be positive as the vaccines are rolled out in the US and in Europe and countries can begin to take back measures to contain the virus. The dichotomy we described means first of all, that we expect a significant rebound of the service economy as people go out and consume the goods and services they have been unable to for so long. The immediate employment effect will set off a virtuous cycle as people gain income and visibility.



It also means however that we will have to be sure to put in place measures to benefit those who have been impacted to enable them to find employment where their companies have shut down, to receive training where their jobs have been permanently displaced by the disruption that has accelerated because of the pandemic, and to provide education for the children and students who have not been able to learn remotely because their schools and universities have been unable to provide the necessary education or their circumstances have made it impossible for them learn. Some of those effects have taken place but others are yet to come as businesses may become unsustainable without government support or rent and interest holidays.

We are optimistic by nature and by conviction so we prefer to see the opportunities to create business and employment by business embracing the shift from off line to online, by workers benefiting from the efficiency of online access and remote working, and the need to increase capacity in the many areas exposed by the pandemic, including important areas that cross the

private and public sectors like health care infrastructure and care homes, social services, education, and as capital investment accelerates in communications and renewable infrastructure.

The entire discussion lasted about an hour and has been split into three sections short-term impacts, long-term consequences and lessons learned. The third section is perhaps most relevant in terms of perspective on the pandemic and our outlook for the recovery. You can watch all three on our website or follow the link [here](#).



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February 2021

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