Transcription of recorded conversation: ***Anthony Curl, Senior Analyst (Negotiation 1 year)***
Location: Restaurant, The City, London May 2013

(Sections of the text have been redacted by request)

MC: Hold on…would you mind saying something?

AC: Say if I say something like this can you hear me?

MC: Absolutely can, that's fine…what I wanted to ask…eh…if I can ask…first your name and what your title is?

AC: Okay. I'm Anthony Curl. My official title is Senior Credit Analyst at *Lucida plc.*

MC: Okay…and can you tell me a little bit about what you do, Anthony?

AC: Effectively I co-manage the portfolio of investments which the company has…ah…it's about £1.5 billion, which is the equivalent of every pound coin in fact, in the country…eh (*laughs)*…that's to give it some perspective or scale. So I work with my colleague [redacted] we manage the portfolio. It's an insurance company, as I mentioned I think, so the other 18 or so employees are accountants…mostly.

MC: Can you tell me a little bit about how that works in terms of *managing*…the sort of portfolio…can you unpack that a little bit for me if you don't mind?

AC: Well, again because it's an insurance company, it's…it's highly regulated in terms of what we can do particularly as…our *end-clients* are pensioners – in effect we're investing pension assets, eh, so there's a whole heap of regulation around that…so we are constrained to some extent in to what we can invest and can't invest. So the majority of the portfolio is in pretty…low-risk, bond investments…ah…*sovereign bond investments* as well as investment grade, as it's termed, *corporate bonds*…

MC: Can you tell me what *investment grade* means?

AC: Investment grade means at least *Triple-B rating* from one of the larger rating agencies…so, we've got probably…60 to 70 per cent of the portfolio in UK Guilds, French Sovereign Bonds and Investment Grade Corporate Bond and then the rest of the portfolio is in…ah…sovereign investment grade called *Junk bonds*, which aren't as bad as they sound, as well as…um, some leverage loans…loans used in leverage buyouts and asset-bank securities.

MC: Hm-mm…okay. Can you describe then what a typical day is for you…if there is a typical day?

AC: There isn't a typical day as such, ah…but it would start with...reviewing the portfolios, seeing if there had been any major movements…recently, identifying trends and…and acting on them…

MC: In terms of *the market*…

AC: In terms of the market…ah…generally we're a buy-to-hold investors; we don't like to do a huge amount of trading; we prefer to buy something if it's good value and keep it until *maturity* or it's sensible to switch out of…but this morning for example, y'know, I did *a trade* over breakfast (MC: Okay.)…it was a £3 million bond that we…we bought and that was as part of a *relative-value switch*…so there'd be trades like that, y'know…

MC: Can you explain to me what a *relative-value switch* is?

AC: If we think we can be paid better for the risk in buying that, eh…than the asset that we're holding…so there'd be trading like that during the day, in addition to…ah…

MC: And is that a case where you would ring a broker or is that…would you…?

AC: We're in touch with, y'know, a number of brokers in banks…ah…in the market; ah…regularly we speak to them. They might have...um…positions that they're *long in* or *short in* and they might ask us if we'd like to buy so…ah…similarly we could just ring around and ask…ah…if someone's got something…it's not…it's not like the stock market (MC: Yes.) in the sense that if you see a price on the screen you can just trade at that price. It's a much *less liquid market*…um…

MC: Cos you're in for a…well, a *medium/longer-term* as opposed to the…

AC: Exactly and also these are mostly *institutional* holders rather than individuals, yes.

MC: Okay, okay.

AC: Yeah…um…but we also work…we have a sort of partnership arrangement with another *asset manager*…which…eh...to some extent manages a lot of that investment brief, so we'll liaise with them in the actual execution but…um…but we execute and also they can execute the…the trades, which is simply a case of a phone call or instant message on the computer or text or e-mail (MC: Sure.) and then it's confirmed and a ticket is sent and that gets passed onto the back-office.

MC: And can I ask how you monitor the market in terms of your role in what you do? Do you use technology in that regard?

AC: We have…we have *Bloomberg terminals*…um, which give…ah...*current feeds* on…on prices and leverages and so on, as well as various *key indices* that we look at in relation to our particular *asset classes*…so we look at those but…and we also have daily feeds on our actual portfolio…ah…which we…we monitor…so in addition to those sort of trades, there are internal meetings…ah…*risk* is a very important function of…of what we do and that ties back into the regulatory environment…so, um…y'know, we have *regular risk committee meetings*…ah…there might be an *investment committee meeting* for…purchases above 5 million…ah, so we have delegated authority for that; above…committee or if it's sub-investment grade – that also still needs to go to committee…um…there would be new issues in the market, so if a company wants to raise loans or issue bonds, eh, for example, this lunchtime there's a French company that's looking to issue a…a bond…they would present to investors, ah…and then there would be work required on analysing that company, essentially analysing the credit risk involved in that investment and…

MC: Can you talk a little bit about how you…you analyse or assess that risk, is that…?

AC: Yeah, I mean it depends on the kind of investment it is…ah…if it's *fairly vanilla, corporate*…um…y'know, we would look at its trading history, would look at the industry it sits in and try and assess its relative position in that. We would do quite…um…granular financial modelling looking at projecting its…its earnings and ability to pay its…its cash interest…ultimately on the bonds, and then you'd also consider technical factors about how this bond would sit relative to other bonds in that space; ah…what the technical drivers, how demand-wise, could affect the price of the bond in the short term; how the…the liquidity of that asset and so on…so for a…for a high yield issuer…the sub-investment grade, they could …um…launch the bond process and then if the market is particularly…hot…y'know, as it is at the moment, they would look to probably close that a day and a half later.

MC: Okay, okay…so there's a quick turnaround…

AC: So the turnaround can be…can be quite quick…ah…and even if you put in a…a decently-sized commitment, say, you would like 10 million of these bonds, you might get scaled back so much that it's probably not worth your…your while doing the work. (*Both laugh*)…ah…it depends partly on your relationship with the bonder I think…banks as well.

MC: Okay, okay. So the personal network is important to you. (AC: Exactly.)…would you deal with a lot of similar people, a lot of…y'know…

AC: I…well, I…I have relationships more with…the banks and the brokers, more than other investors like myself…I was slightly different actually in my last job…ah…I worked at [redacted] in their debt management…and that was more…in loans…so leverage loans…and that's a much smaller market (MC: Okay.) one…one could say, and in that market it's probably…very useful to compare notes with other investors…ah…especially in small club deals where there are only, y'know, four or five investors…um…to make sure you haven't missed anything; to make sure you analyse the credit in the right way. That's slightly…different in…in the public market.

MC: Can you tell me…just before we move on…*vanilla corporate*, can you define that for me?

AC: Ah…sorry, I just meant bog-standard (MC: Yeah.) corporate, say a company that people will have heard of…um…y'know, there are lots of other large companies that people haven't heard of but they do jobs that you would…you'd know about so…

MC: Okay. Can I ask then, cos…in terms of, y'know, a little bit about your background as it were, where you've come from and how you got into doing what you do.

AC: Ah, well I left university in 2005…I then joined a bank called *Standard Bank*…it was a South African…

MC: So that's what you studied?

AC: I…I read *PPE – Philosophy, Politics and Economics*, which isn't relevant at all if that's your next question to me. (*Both laugh*) Eh, so I joined the South African bank as a *graduate trainee* in London…and…

MC: Was that something you applied for or was…how did that come about?

AC: Ah…I didn't have the job lined up before I finished my finals so I think it was the day after I finished my finals I had a call from a recruiter…and said – I don't know how they got my CV but I'd been applying for loads of jobs - and said *would this be of interest?*…so I…I followed it through…eh, so there were seven of us who joined on that graduate programme in London. They then sent us down to Johannesburg for six months as part of their graduate programme, eh…rotating us through different business areas.

MC: And what was the title of that job or was it a graduate programme or is that a…?

AC: Ah…I suppose you'd just call it *analyst* (MC: Yeah.)…or *graduate trainee* or something. (MC: Sure.)…so, at the end of your rotations the idea was to settle into a permanent role within one of the departments you'd been exposed to…I'd spent three months in asset management…investing in *emerging market debt* and *high-yield bonds* and that's where I wanted to…to stay career-wise. Unfortunately, they weren't looking to take on people permanently there…so I…eh…I started to put feelers out and…moved on to a Japanese bank [redacted] (MC: Okay.)…in the investment management arm in London (MC: [In London?])…in London, yes…and that was investing in leverage loans…and I…y'know, liked the people in the team and…and that was a large part of the reason why I decided to move there, in fact. So I moved there right towards the end of the *credit bubble*; this was May 2007. (MC: Okay.)…so…eh…y'know, it was…looking back at it now it was quite interesting time. (MC: I was gonna ask, yeah, how…) and there were a lot of deals being done, trade cheaply and essentially…risk was being…*mispriced*…one could say…ah…simply because the number and extent of defaults that followed sort of (MC: Bears witness to that; it's a testimony.)…yeah, so 2008…was actually…was actually probably the most interesting time for me.…about a year after I joined you could see the *sub-prime bubble* bursting in the States, and at that time there hadn't been full follow-through to the *real economy* as people like to term it…and so there were lots of *spikes* in financial markets…eh…that people on the street weren't immediately aware of (MC: Yeah, absolutely.) and I remember thinking – and we had this discussion in investment committees then - that there is a lag and there will come a point when this *financial noise* has a direct bearing on the…on the economy, ah…and therefore underlying investments which are heavily geared to…um…economic performance. So, ah…learned the whole of that a year later…well…y'know, Lehman's went under that…that autumn. (MC: That's right.)…ah…all of the noise, the banking industry as a whole…ah, there was *contagion risk* and everything else and 2008…latter half of 2009 in particular were a real struggle for our…portfolio companies, and we saw a huge wave of defaults which were way beyond what people had predicted in our *stress scenarios*, clearly we had down-side cases and…so my role changed from looking at new deals essentially to…eh…to restructurings and being involved in workouts of these portfolio companies.

MC: Could you call that *crisis management* or was that…?

AC: Ah …you could call it crisis management…eh…it was making the most out of a situation…so then the groups had to form committees to…to get the most…out of their positions and enforce their security, a lot…a lot of the times. So in those…in those structures – they're typically private equity banks and once they've *breached covenants* and everything else and value being *eroded* so much – they were left with no value in…in terms of their investment and they weren't willing to put up new money…good money after bad. So…ah…in a kind of few cases, the lenders took control of these companies…um…with a view to…to selling at some point…and recovering some value. So I was involved in that and…ah…they were making people *redundant*, not just in my department, but clearly across *the City*…people would take a phone call opposite you and *disappear* to a meeting and never come back (*laughs*). (MC: Okay.)…ah…so it was a real…(MC: Extraordinary times though…?) I wouldn't say it was depressing but it…it was a very different atmosphere. (MC: Yeah, true.)…and I took the view that I'm still very young and I might as well take some time out and have some…fun, so I asked for a sabbatical, which they didn't give me (*laughs*) so I ended up resigning (MC: Okay!) and I went back down to South Africa and worked as a safari guide for a year. So that was completely different…

MC: So, 2009…2010?

AC: This is…it's from, sort of…late 2009 'til…yeah, about a year later.

MC: And can I ask, was it a case…if you don't mind, did you…was it a case you just wanted some time out; that this was…(AC: Ah.) was it difficult…because it must've been difficult to sit across from you…I'm sitting across from you…we know each other, we chat and then you suddenly get a call and disappear…y'know?

AC: I…I don't think it was…to a large extent the function of…of the market, as it was then nor the, y'know, recession…I think that probably had some role to play….it was more…I'd done…y'know, three or four years of working now; I was getting a little bit bored and restless…why not try my hand at something else? It wasn't ever a *career-shift*; it was more like a late *gap year*. (MC: Yeah, gotcha.)…so I did that and came back and in the end they offered me my old job back…so…I…I took it…um…y'know, it was quite difficult to get a job so I thought might as well go back there. Um…our department was then…well, shortly afterwards bought by 3i which is the British private equity firm to be their debt-management arm. So I worked there until two years ago, so June 2011 and…eh…decided to move on to where I am now, which is a much broader role…in terms of what I can invest in...so, y'know, more asset classes…ah…and I thought that leverage loans were if not more about a declining industry so I wanted to get increased exposure to other asset classes…so I've been here two years now.

MC: Okay, okay and it's…it's obviously been a good move for you…
AC: I enjoy it, y'know…it's…it's different. Ah…there are lots of different aspects to my job and because we're such a small team we have to do a bit of everything

really…ah…and also [redacted] y'know, travels a lot (*laughs*) so…ah…but y'know…nothing is…nothing is permanent and y'know, between us, our owners, eh…which is a US private equity firm, are looking to sell the company…so if that happens, it will probably happen quite quickly and then I'll have to take a view on the rest of my career (*laughs*).

MC: Okay (*laughs*) and does that mean you going with…the sort of…

AC: No, they would…any potential buyer would just buy the *balance sheet* and not the people.

MC:…*and not the people?*…so may mean you need to move again or (AC: Mm…yeah.)…and is that really, I suppose, that in a way is part of what you do…would you see that as…in terms of, I suppose…living with that possibility that (AC: I think…)…I mean, you've experienced a lot in a short space of time…

AC: Well, yes…I've only been working since 2005 which…y'know, isn't a long career by anyone's standards but I suppose we have seen such huge swings, both in terms of…the fundamentals of the market…technical aspects, but also the shift in *culture* that's been seen…both regulatory and also from the country as a whole, or the *world as a whole*…y'know, the financial services industry is a bit of a *demon*; there's no escaping that now (MC: It's become that.) and it has been tainted, um…probably permanently.

MC: You think...can I ask cos that is the thing at the moment; we've got a…you mentioned earlier about the…the markets, the way they are at the moment…em…do you think there is, at the moment, a *disconnect*…between…say, some commentators say there's a disconnect between *the market and society* or *the market and the real economy* even…even in those terms?

AC: I think they're more aligned now because a lot of the noise is being flushed out…ah…people talk about the sub-prime mortgages and everything else…these *subordinated asset classes* and everything else being a catalyst for it all…ah…and the…the *Triple-A ratings* that weren't justified and all the decisions that were based on those, and the leverage on leverage and all of that. A lot of that's worked through the system; banks themselves are in a lot better shape, their balance sheets are much cleaner and they're much smaller as well…with Dodd-Frank and so on in the US, there has been a split between *retail sides* of banks and the *commercial sides* and investment banking and trading. So…I would struggle to see as big a disconnect as result of that now (MC: As there was…) as there was…

MC: But what about the sort of increase, it seems, to take on risk; there seems to be…there seems to be now a…I dare say a…you would have noticed it more better than I (*both laugh*) that there seems to be now more, sort of a…well, *growth in risk* again?

AC: Um…I would say that because interest rates are so low and credit spreads…spread you're being paid above that for the *credit risk* - is also very low, people are struggling to get their required returns and there's been a search for yield which has driven up…the price of risk assets enormously…eh…in simple terms one could even think of it as people…trading down capital structures or upping risk terms to get the same reward or yield and…if people view that as *froth* then that's potentially dangerous. Personally I don't think these assets are being over-valued because of that…ah, I think they're still fairly valued…if not slightly cheaply *but* there are still huge *uncertainties* in…in the world…eh…not just the financial world but more broadly and when once people saw gold as a risk-free investment, let's say, ah…now that's being called into question. You know, we've seen 10…15 per cent movements in gold within a week and y'know, it's when real assets like that are used as speculatory…ah…investments – it can be *dangerous*.

MC: Why do you think that is? I mean, I know there's that saying…for example, gold but there was also talk of Cyprus selling off some of its gold reserves to help pay for its debt. One wondered actually what…eh…y'know…

AC: Yeah, I…I don't think…I don't know how much…gold's worth…(*laughs*)

MC: No, but it…it…well, more that it would set a precedent with other governments, sort of…maybe jettisoning some of their…eh…dumping their gold on the market…

AC: Yeah, I…I don't really know too much about the gold market. (MC: Sorry…yeah…)…you're right about setting precedents…um. For example, in the Cypriot case, when they're asking initially…depositors to take a hit – now that's a very dangerous precedent to set in…in peripheral Europe…similarly for holders of sovereign bonds…um…which…you know, we saw in Greece that y'know, which…which sparked a big sell-off in peripheral…European sovereign yields but…y'know, I…I think the tail risks of the European crisis at least have diminished…but they are still there.

MC: Okay…and can I ask you…this is kind of…just kinda curious about…cos of…cos of what you do and I do actually find this fascinating…but *China* at the moment, I mean there's lots of rumours now, y'know, that…the wheels are coming off the economy…doctoring books, y'know, there's cities being built because…to keep maintaining growth. (AC: Yeah.)…do you have any, y'know…I mean obviously if the wheels came off that (A: Yeah.) that's…I mean, that's what we did in Ireland but I think exponentially obviously, massive, massive…?

AC: Well, the…the world's economy is very levered, eh…to put it that way, to the Chinese growth story. Um…a lot of companies' business plans cite (*laughs*) the emerging economies in particular *bric* and China is by far the largest component of that, and we see *equity markets* sell off quite dramatically when…when there is negative news flow on China…eh…but we must remember that it is still growing. It's not 10 per cent…likely to be six per cent but it's still more than most other countries…um…with the exception of Ghana or a few others (*laughs*) (MC: Sure.)…to what extent…I think that's being artificially kept going by infrastructure projects and…I don't know…um…I don't know…it's…it's not that that straightforward in the [unclear], I don't think. I think the conversion to a consumerist, middle-class society would have huge implications…ah…and…eh, y'know, whereas before China was thought of as a cheap producer of things and then become a net buyer of consumables; I think that's probably in some way off in having a meaningful shift but, eh, no…it is an important economy and a driver of world markets…as an aside…a friend of mine actually just set up an ice-cream chain in China. (MC: Okay.)…he has a Chinese partner because you have to have a local partner and, eh…they're sort of ice-cream parlours but…he would hate me for describing them in that way – it's more like a fashion…it's not a fashion store but they have fashion displayed in there…and it's very hip and you can charge your *ipad* on the desk and…y'know (MC: While you're eating your ice-cream…) and…and it's this Italian gelato ice cream which they're all mad for, apparently…I don't know but that's just an aside (*laughs*).

MC: Okay…no but related…

AC: Yeah!

MC: It's also I presume for the *middle class*…

AC: Yeah, yeah, exactly…and the more expensive the ice cream, the better it is.

MC: Yeah…absolutely…so people buy this…it's a *prestige* or...well, can I ask you, in terms of when you....can I ask…if I can ask you, sort of, because what I'm also curious as part of this project…what is it that drives you…in what…what you do? In some ways you've talked a little bit about what it is in sort of a pragmatic way…

AC: Yeah, I mean, I take pride in what I do..…I like to do my job well…ah…whether that's analysing a company properly and making an informed judgement on any investment decision or…or just seeing..…how best to play the market to the extent we can. I mentioned our hands are quite tied, in terms of the asset classes we can do or the timeframe we can operate in. That…um…judging at…the margin, getting those calls right and outperforming similar institutions or people with similar mandates…ah…it's a motivation for me…um, y'know, and I'm *incentivised* in that way and…ah…

MC: So that's reward in terms of…

AC: Yeah, ultimately…I…I do the job largely for the money. If I had a private source of income that was the same, I wouldn't choose to do this as my hobby, so…(MC: Okay.) (*Both laugh*)…and longer term I don't see myself staying in the industry, you know, I don't see myself doing this in 30 years time…I hope that I would have found something more interesting to do if I'm able to do that, so…

MC: South Africa maybe…

AC: Well, maybe…yeah.

MC: Yeah…okay…can I ask you, just as a…just to unpack a little bit…you mentioned too about, y'know, what we were speaking about…well, look the sub-prime isn't as bad…junk bonds…can you just talk about that a little bit…just what they are or how they are now as opposed to how we were supposed to understand them to be in the past?

AC: Um…well, I suppose now people are…are more aware of how these are structured…and what risks are involved and entailed by the structure, whereas before it was just a volume-gain…how quickly these banks can produce these sort of *notes* to sell to investors, and people – because it was a *one-way market* – everything was just going up…um…house prices and…and people's…affordability and so on…people didn't really give much thought to the underlying…ah…collateral. Whereas now, we've seen *stress tests* as far as market stresses are; people have that as a benchmark; rating agencies are *much* more savvy and if not, y'know…too conservative, they've most certainly gone the other way and are covering their backs. So, the…the risk is more fairly price and doesn't create the sort of bubble or…or contingent liability that there was before.

MC: Okay, okay…and can I relate it…you mentioned earlier about…y'know, that maybe the role of the financial sphere, particularly as being tentative maybe in one way…do you think there's anything you can do, in terms of…somehow or other…y'know…eh…addressing that? Like you mentioned, y'know…to address that in terms of…because I mean, as much as it is improved…the narrative still is, for example, coming from Ireland, where there's *a need to return to the market* (AC: Yeah.) that this is, y'know, the…even though…this is the only narrative we've been told (AC: Yeah.) but only through this will you come out of the, sort of…have some economic future.

AC: Yeah, I think, ah…there are two things…as it…the role and reputation of the banking sector and then also of governments and how they fiscally manage the economy, talking about economies in America for instance, and…and also how they regulate the sector…there is a huge amount of regulation in this sector, eh…which a lot of people don't realise on the street. The number of meetings that we have to minute in…in the company, ah…is…ludicrous (*laughs*) and the number of restrictions we have…um…I just helped to produce our…ah…business plan for…it's now the *FRA* - what used to be the *FSA* – (MC: That's right.) and we went out to 2070, which is…(MC: 2070?)…2070 because our longest liabilities…are paid out then, and to have that amount of regulation is a safeguard, it's also a huge pain at times; it's not always required and they can be overly conservative and prudent…ah, but that's always been the case, even before the crisis there was a huge amount of regulation; it's just that…ah…they were focussing on the wrong things arguably.

MC: Okay…in terms of…?

AC: And…well, I wonder if the FSA understood these *sub-prime bonds*…ah, in the same way that investors didn't, arguably. I don't think so…ah…and we've seen, y'know, *RBS* directors and so on, offer to return their *knighthoods* and everything else – I don't think that's [unclear]. (MC: Yeah.)...in terms of repairing that reputation, there's not a lot you…you can do…a lot of what happens in the sector goes unnoticed, both the ups and the downs, by people on the street, and it's all too easy for people to blame…well, to be honest I'm not even sure what they're…what they're blaming…bankers…yes, there are a lot of…eh…needless *risk-takers* who have been incentivised short-term and…and they've taken on risks and that's cost not them but other people. But, those are very few and far between…eh…y'know, the economy does depend on a functioning money market and credit market…ah…and the role of banks and other financial institution companies plays *intermediaries* in that market, ah…in essence linking borrowers to lenders is crucial in that.

MC: And what do you think…some would…would sort of say that actually the…the *nation-state* has this role to regulate. However, the nation-state maybe doesn't understand the models and type of products that are being, y'know (AC: Yeah.) one could argue, indeed some people I have already spoken to…that…anonymously, that sort of say, they *still* don't understand…but also too that the nation-state becomes just a conduit for capital; that somehow or another the sort of money market…it's beyond the as it were…we live in a global market (AC: Yes.) it's become pretty globalise…em…and so, y'know, it's no longer just about, y'know, nation-state…or within the national boundaries of…

AC: Yeah, no, that…that's true, y'know, individual countries can do themselves damage by setting the bar too high…um…just in the same way that if they change the tax rates…people consider moving…I think…London is still one of the top three or four financial centres in the world and it's difficult to see it losing that spot in the *short-term*, simply because of something like that. I do agree though that in some cases overly prudent regulatory…eh…regulation is just another layer of bureaucracy; the risk-takers should have their own checks and balances in place – it's in their interests to do that. So, that's going to be a pretty robust framework…it's only going to be above and beyond that they need to be concerned.

MC: Can I ask you just again it's important Anthony…it's just the…there's also the notion too that these things are *cyclical* obviously and that actually somehow or another as I mentioned the rating agencies rated particular *products* they knew maybe weren't the ratings (AC: Yeah.) that they should have. So, y'know, this glass became *crystal* and sold as such, eh…on one level but actually somehow or another that it was actually where…y'know…it was almost *a construct* actually, that in some ways, maybe through one level there's a mis-…not understanding…that in some ways (AC: Yeah.) in itself it is a construct…that actually…

AC: I…I think…I don't understand it fully but I think…the markets in the looser sense are…are cyclical to some extent, for sure…ah…and part of the reason is probably around the short life that people play in…in the markets (MC: Okay.) and people have *short memories* and…eh…people are still incentivised, let's say…shorter term rather than incentivised over their 20 or 30 year career. Clearly, even if it's five years, which is a lot longer than it was, that's still a relatively short-term, and…um…now we've seen the re-emergence in the US and now in Europe of these *collateralised loan obligations*, for example, which are vehicles used to finance leverage loans, which was always a *symptom* of the market crisis that…ah…are not quite as cheap as they were before but certainly pricing has come down a huge amount since the bubble burst, and people are beginning to think *oh, hey, are we heading back into another…tight spot, another bubble beginning to…to form?*. I don't think it is, people are more aware now, as I said, of…of the risk and everything else. *But*, give it another five years of the same trend and *a lot of people will…who were there in 2007 - won't be there.*

MC: So the short-term is…?

AC: The short-term isn't…does have a role to play and…and it's *still present*?.

MC: Can I ask you just…it's kind of related…I'm conscious of the time too…eh…for yourself…em…in terms of the…in terms of what you do…is there a role in technology…like I've talked to other guys who are trading and that's more to do with the stock market and the role of algorithms…

Server: Is everything alright or will I get the menu?

MC: It's okay…thank you. [To Anthony:]…em…the role of things like *algorithms* and so forth but in terms of what you do, is there an impact in terms of technology…in terms of…?

AC: Well, people do phone me up trying to sell various software packages that help…um…analyse the credits we have with various *risk metrics* and everything else. To be honest, there is some value to that but I'm conscious you don't want to get bogged…bogged down in the technology. You've got to have a…wear...put a fundamental hat on and go with your judgement, which is based on a number of things, not just…ah…*a spread-sheet report*…um…so, technology definitely does have a role to play…ah…*but* at times it's also a…a hindrance…um…

MC: You think *human judgement* is still required…

AC: Human judgement is definitely still required and you need to have proper engagement…um…on…on the investments you're making, talking to real people and trying to understand the drivers of that business or…well, the fundamentals of the credit but also putting it into a technical context in terms of the market and you need a combination of, y'know, both human judgement…ah…*IT support* to enable you to do that and identify opportunities and so on, and everything else. So, like all these things it's…*it's an art rather than a science*.

MC: And can I ask then, this is kind of related, in terms of the future, how do you see…I know for example in terms of the stock market they're talking maybe in ten years there'd be no human traders…which may be overstating it but in terms of what you do…your area, how do you see the future in relation to what you're doing?

AC: I think because the nature of the markets I invest in *are* different to the stock markets, which are more automated, more granular, ah…I don't see it being automated to that extent but inevitably there will be some progression towards that.

MC: Okay. Well, Anthony thanks very much.

AC: Thank you!

MC: That was excellent. Thank you.