



**John W. Geissinger, CFA**  
*Chief Investment Officer*



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*Portfolio Manager*

## ***A Conversation with Chief Investment Officer John Geissinger and Anujeet Sareen***

This quarter John Geissinger is joined by Anujeet Sareen, Global Fixed Income Portfolio Manager for Brandywine Global Investments Management, a specialist investment manager of Franklin Templeton and sub-advisor to CBIS' CRI Bond Fund and CRI Opportunistic Bond Fund. Mr. Sareen's team focuses on high conviction investment opportunities in sovereign bond markets, currencies, emerging markets, corporate bonds, high yield, and structured product.

**We've been hearing talk of "deglobalization" lately. What does deglobalization mean?**

**Mr. Geissinger:** Essentially, deglobalization is when economic trade and investment between countries declines. It's literally the antithesis of globalization.

**We understood globalization to be a good thing.**

**Mr. Sareen:** The very concept of globalization is a curious one. It's a good thing insofar as it depresses the price of things we are buying. At the same time, it erodes labor's power.

So you get cheaper goods and services but your livelihood may just have been transplanted 10,000 miles away.

**Does it take some kind of extracurricular event(s) to trigger a swing?**

**Mr. Geissinger:** From a geopolitical standpoint, the beginning of this swing may have been Brexit. Because of the Trump Administration, America became a little more isolationist. Then we had the supply/demand disruption from COVID followed by the shock to the energy complex following the Ukraine invasion. So, we've gone from just-in-time inventory management to unreliable supply chains in relatively short order. How do you manage that? You bring your supply chain closer to home.

**Mr. Sareen:** To me, deglobalization is at some level a re-regionalization of supply chains. You want to build closer to home because you can fix those issues more readily.



*“...we’ve gone from just-in-time inventory management to unreliable supply chains in relatively short order.”*

– John Geissinger



In a way, Europe’s already there. If there is a trend toward deglobalization, Europe may be better positioned.

**Does regionalization mean the advantage investors have held by being U.S.-centric is going to diminish?**

**Mr. Geissinger:** I believe so. Multinational companies won’t be as multinational anymore. They’ll be multi-regional companies. Being close to the local consumer is going to be more effective. Even with economic growth, when trade is collapsing smaller-cap companies tend to do better than the larger cap because they are so focused on the local markets.

**Is it fair to think that deglobalization might reverse the investing trends we’ve seen over the last 10-12 years where the largest U.S. companies dominated returns?**

**Mr. Sareen:** I think that’s fair. There’s no doubt that the multinationals were the largest beneficiaries of globalization. Margins expanded by far in the largest of large manufacturing companies. So, to the extent that environment reverses, and that’s reflected in that relative performance, the relationship between large caps and small caps would start to reverse.

**Mr. Geissinger:** It’s been an easy one-way trade for investors over the last 12 years. Buy large-cap U.S. stocks and go home.

*“...deglobalization is a clash of civilizations.”*

– Anujee Sareen



Going forward, I must think investors too focused on the S&P 500 will be disappointed. I think they need to expand into not just small-cap, but global small-cap as well.

**Who's going to take the lead on how far — and to what degree — this trend go? There's a lot of real estate between globalization or no globalization.**

**Mr. Geissinger:** We're talking about trajectory. We're looking at the first derivative maybe even the second derivative of trends. We're not saying that individual countries will all live on their own island, but at the margin, this trend has impacts. These catalysts are calling into question the viability of this global supply chain. So at the margin, are we going to negotiate another contract with a local supplier of chips or are we going to try and figure out a way to have a plant in Mexico?

**Mr. Sareen:** I don't want to be too sensationalist, but deglobalization is a clash of civilizations. It is a deep abiding question about whether we trust other countries and if they trust us? To the extent that trust erodes, there is a degree of deglobalization that happens of its own accord. I don't know how far that goes, but it's happening.



## Contact Us

**We want to hear from you!**  
If you have questions please reach out to our Catholic Responsible Investments<sup>SM</sup> team at:

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