

DYNAMIC, CHALLENGING AND STIMULATING – CAREERS IN FUND MANAGEMENT

Five leading female investors from Columbia Threadneedle Investments give their views on markets, share advice for women wanting to work in fund management and celebrate the women who inspired them.

NADIA GRANT, HEAD OF US EQUITIES, EMEA - COLUMBIA THREADNEEDLE INVESTMENTS

'US equities currently enjoy a robust backdrop. GDP growth is set to accelerate supported by a fully-employed consumer getting a tax cut, a pick-up in investment, and government spending. From a market viewpoint, earnings are set to grow in the teens supported domestically by a sound economic backdrop that is further aided by tax reform; and internationally by the synchronous global growth. Finally, valuations are reasonable with S&P 500 forward price/earnings within 1 standard deviation of its historic average.'

What do you like about working in fund management and what advice would you give to a woman considering a career in the industry?

'Being a portfolio manager is incredibly stimulating intellectually, as we interact with company management teams, buy- and sell-side analysts, strategists and economists. The role is both broad and deep. I also love the objectivity of the portfolio manager role; we are all measured in the same fashion, performance is factual. In my opinion it is very fair, transparent and humbling.'

In terms of having a career, I would first encourage women to join the industry. I would also advise having a mentor from another department who can help navigate an organisation and help them to think strategically about a career path. Lastly, I believe the role of portfolio manager is very compatible with family life.'

Which women have inspired you?

'A lot of women have, and continue to inspire me greatly. Growing up in Paris, Simone Veil had a great impact on me for her courage, determination and compassion when advocating for and advancing women's rights in France in the 1970s. Marie Curie is another extraordinary woman: the first female Nobel Prize winner, first female professor at the University of Paris, and the first woman at the Pantheon in Paris. She embodied intelligence, thrust for knowledge and her path shows women in the world that we are as bright and can make a difference in any field we choose.'

Finally, earlier on in my career as a fund manager, I had role models that inspired me: Mary Erdoes, CEO of JP Morgan Asset Management, is one of them, showing that a talented woman with young children can successfully take the helm of such a large and complex organisation.'

TAMMIE TANG, PORTFOLIO MANAGER, FIXED INCOME - COLUMBIA THREADNEEDLE INVESTMENTS

'Our current position towards the credit market is that we are guarded against a growing list of things that will challenge the status quo. For so long bond markets have been supported by strong net demand. This trend will most likely deflect as key buyers retreat, among other reasons. Global central banks, cash-flush corporates and institutional buyers have begun to show signs that they have less reason to support the bond market.'

We are also at a point in the cycle where corporate balance sheets have significantly increased the quantum of debt, particularly to give back to shareholders or for aggressive M&A. The market has so far shown limited concern, and may only pay attention upon an earnings or confidence shock. Both of those factors could be hard to time. The point is, it may not take much to stress debt serviceability.

While recent US tax reform is a positive tailwind, it has not incentivised corporates to deleverage in any meaningful way.'

Photos: Archive Columbia Threadneedle Investments



Nadia Grant

What do you like about working in fund management and what advice would you give to a woman considering a career in the industry?

‘I really like being a part of the asset management industry. We help clients, whether institutions or pension savers, manage their wealth. As a portfolio manager I like how we engage with others – with our clients and teams – and with the markets, which we follow closely and watch for the changes that can influence our future. I like how we aim to be ahead of the curve. Overall it really is a dynamic and challenging role.’

As for advice, I would say go for it. If you’re aiming for a portfolio manager role, have some appreciation that you need to be comfortable with taking risks, as well as having the skills to take good risks, whereby the upside is much better than the downside (a portfolio manager can have a very high number of risk positions under her control and is ultimately responsible for them). Other attributes that will help are sharp analytical skills, a strong interest in the markets and a good capacity to work in a team.’

Which women have inspired you?

‘I gain a lot of inspiration from the

women I know well. These are the women in my family, my friends and my colleagues. They all show traits I respect and admire: generosity, selflessness and fearlessness are some that stand out.

These women shape who I stand for and what I value. I am grateful to learn from their experiences, particularly when they share their own stories and their own set of circumstances.’

MAYA BHANDARI, PORTFOLIO MANAGER, MULTI ASSET - COLUMBIA THREADNEEDLE INVESTMENTS

‘The global economic outlook over the next months appears sound, with greater breadth of good economic indicators than we have seen for over a decade – 70% of the world economy is growing above trend, for example. And much of the last 12 months’ equity returns have been about this good news finding its way into corporate earnings, in stark contrast to the previous five years when changes in valuation were driving the lion’s share of returns. When it comes to judging where we are in the cycle, there are four chief risks I am focused on: an emerging outline of synchronised monetary policy tightening after a decade of intense easing; tight labour markets and rising real wages which, with absent productivity gains, eat straight into corporate margins; over-exuberance, notably in government bond valuations but also in some equity markets; and geopolitical risk.’

All in all, we are taking risk in portfolios, but selectively, in equity markets like Japan, Asian emerging markets and Europe where we see the positive reflationary global macro setting as being under-discounted. We favour commodities (the quintessential reflation asset) and own UK commercial property for its diversification and income characteristics. Core government bonds by contrast have particularly poor risk/reward characteristics and our funds run with commensurately light duration risk.’

Which women have inspired you?

‘My mum is and always has been my greatest inspiration. I owe much of who I am today to her and her values.’



Maya Bhandari

SONAL SAGAR, DEPUTY PORTFOLIO MANAGER/SENIOR ANALYST, UK EQUITIES - COLUMBIA THREADNEEDLE INVESTMENTS

‘Even though the FTSE 100 is trading at close to all-time highs, the UK equity market remains out of favour with investors. Global funds are continuing to allocate away from the region and UK equities is ranked as one of the least liked asset classes globally. The uncertainty of the protracted Brexit negotiations, recent strong sterling and lacklustre domestic growth, not helped by the tough backdrop in the retail space, are clearly impacting sentiment. As a result, there is a growing valuation discount for the UK market versus other developed economies.’

What is clearly being ignored is that 76% of the revenues of the FTSE 100 are generated outside the UK and 34% of the index is classified as defensive. This mismatch won’t be ignored forever, and in the short term is creating some extremely interesting opportunities for active investors. Furthermore, and unsurprisingly we are seeing high M&A activity in the UK market at present with names such as Fidessa, Laird, Aveva and UBM all involved in takeover approaches. The UK market is also seeing a shift – in



Tammie Tang

both dialogue and action, towards greater sustainability and responsible business practices. As a fund manager on the Threadneedle Ethical UK strategy, this is extremely encouraging and will become a growing focus going forward.'

What do you like about working in fund management and what advice would you give to a woman considering a career in the industry?

'I love the strong team dynamic and continuous discussions around exploring macro themes, sectors and specific companies when making portfolio decisions. This is a key part of the investment process and ultimately drives performance.'

The industry is changing, with diversity considered a positive, especially when working in a team. As far as advice goes, you need a thick skin, resilience and strong values to succeed. Having conviction is important, but make sure you've done your work to back it up – attention to detail is key and will get rewarded.'

Which women have inspired you?

'I am lucky enough to meet senior company management on a regular basis. What has been quite heartening to see is a growing number of female executives



Sonal Sagar

coming through the doors over the last few years.

I would highlight Carolyn McCall as an inspirational leader. She recently finished seven years as CEO of Easyjet, where she has been lauded for achieving excellent operational performance, and is now starting as CEO of ITV. I would also mention Moya Greene, CEO of Royal Mail, who has been instrumental in the turnaround there. Hopefully, I can add to this list in years to come!'

MELDA MERGEN, DEPUTY GLOBAL HEAD OF EQUITIES – COLUMBIA THREADNEEDLE INVESTMENTS

'Growth stocks have had a remarkable period of outperformance of late. For many investors, this means their allocation to growth stocks has increased, leaving their portfolios underweight value. Now may be a good time to reassess allocations and make sure exposure to value stocks is where it should be in the context of a balanced portfolio.'

The recent outperformance of growth stocks, combined with the current stage in the economic cycle, sets the stage for value stocks to outperform. But many value sectors are experiencing structural headwinds, so the answer isn't as simple as predicting a convincing winner between growth or value. We're staying focused on the fundamentals of stock-picking, and at a company level there are still growth companies with attractive valuations and value companies with earnings growth potential.'

What do you like about working in fund management and what advice would you give to a woman considering a career in the industry?

'The best part of my profession is knowing that I can have a direct, positive impact on people's lives. As stewards of investors' capital, our role is to help people achieve their life's goals through financial success. I keep this front of mind as I come to work each day. I also enjoy the opportunity to see the big picture, while digging into the details



Melda Mergen

and analyzing markets, economies and companies. There are a lot of great opportunities for women in financial services for the taking, so I would encourage someone starting their career to go out there and take them. Don't let small insecurities hold you back. Be fearless, take risks and believe in yourself, because if you don't, no one else will.'

Which women have inspired you?

'I have always been surrounded by strong women in my family, starting with my mother. She had a very successful career herself and loved what she did. She never suggested to me or my sister that there was anything we couldn't do because we were girls, but she also never let us believe that we could be discriminated because of our gender. She always encouraged us to set our own goals and trusted that we controlled our destiny if we worked hard. By not identifying gender as a factor for success or failure, she prevented me from building mental barriers and helped me see opportunities with an open mind.' «