FUTURE-PROOF YOUR INVESTMENT CAREER
Welcome

By Jane Coffey, ASIP, Founder of Investor Coaching, Chair of the CFA UK Careers Committee

Welcome to the CFA UK’s Careers Guide 2017

Given the accelerating pace of change in our industry, “Future-proofing Your Career” may seem a bold promise for this edition of the careers guide, but it is a challenge that we in the Careers Committee are keen to pursue. The guide offers engaging and pragmatic information to help you negotiate future circumstances, whether you are embarking on an investment career, seeking a change of direction, or looking for guidance on how to maintain your best performance.

We highlight the most relevant themes that affect members’ career opportunities. For instance, political and regulatory changes such as Brexit and MiFID II will obviously exert major influence on near- and long-term prospects. Despite agreed deadlines for implementation, interpreting the variety of outcomes will keep forecasters busy for years to come. Other evolving topics are covered, such as the expansion of technology, the related analysis and consumption of information, and our ever-present fiduciary duty. Additional subjects include the importance of stewardship and the awareness of incorporating ESG factors into our decision-making. All these issues are creating new areas of growth in the industry.

The later part of the guide focuses on the career benefits of CFA membership, as well as the skills and competencies that will help you progress. Interviews with CFA members throughout give invaluable insight, as they relate their career path, visions of the future and advice for those looking to take a similar route.

As the Chair of the CFA UK Careers Committee, I would like to thank all the contributors to this guide for the articles, opinions and advice that they so generously provided. I hope you find it useful and we always welcome any suggestions for career-related events, articles and support that you would like us to offer in the future.

Jane Coffey ASIP, Founder of Investor Coaching, Chair of the CFA UK Careers Committee

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Introduction to proactive career management: manage and future-proof your career

By Jane Coffey, ASIP, Founder of Investor Coaching, Chair of the CFA UK Careers Committee

Proactively managing your career has never been so important. The days when decisions made at university put you on a conveyor belt to the top of your chosen profession at well-defined stages are long gone. Taking personal responsibility for your career and making the most of your working life is an active and lifelong process.

Managing your career involves looking at your job situation strategically and dynamically rather than passively accepting what comes your way. Future-proofing means taking action to ensure that you are as employable in the future as you are now.

In our fast-paced world, the goals we set for our career need an alternative mode of definition. Holding a vision of what you want to achieve in ten or even 20 years is still motivational and provides direction for our actions, but we need to remain flexible and aware of how quickly business models and working patterns are changing so we can intelligently anticipate where the best opportunities will lie. Anticipation and agility are key ingredients for today’s career plans. At least once a year, set aside time to update your plan including your thoughts on how your job and that of your bosses may have altered in five years’ time. Which companies will have the winning business models? Which are the roles that will add the most value? What skills will you need to develop and be successful in those roles?

Where do you want to be?

Many of the skills and behaviours that have made people successful in the past will be even more important in navigating the next 20 years. Knowing yourself, your strengths, values and comparative advantage and finding a company and role that brings out the best in you is vital. Whilst it remains important to keep your technical skills up to date, as your career progresses developing transferable skills in leadership, communication, innovation, interpersonal skills and resilience will be an increasing differentiator between those who get promotion or those who stagnate. Developing your emotional intelligence, to better manage yourself and your relationships with others, will also pay dividends.

How will you get there?

Whilst your long-term vision works to inspire you, a concrete plan broken into small steps and to identify short-term goals is the best way to ensure action and progress. Where possible, take the initiative to develop the activities in your current position that help you acquire the new skills you wish to learn and look for opportunities to extend the scope of your role and raise your internal profile.
Finding a mentor/sponsor within your firm is also a smart way to progress within your existing company. Learn from them and get the right people to notice your achievements.

Cultivating your external profile and network is no longer optional at any level, and is an essential part of successful career management. Whilst the number of contacts on LinkedIn is no measure of networking success, your digital footprint is an important part of how you present yourself to the marketplace, whether you are currently looking for a job or not. LinkedIn can be a great way of managing your network, ensuring contact details are always up to date and making it easy for you to stay in touch and reach out to them when you can assist or you need help. But always bear in mind that your network needs to be developed offline as well as online. For example, e.g. attending conferences and networking events by industry bodies such as the CFA can broaden as well as deepen your network. A strong network will be your best source of information on industry trends, such as which companies are expanding and other valuable (and often prescient) information. Recent studies show that over 40% of job applications now come from networking rather than advertisements.

A job for life is increasingly rare; indeed, many people will have several completely different careers in their lifetime, some by choice, others less so. By regularly reviewing your career plan and adjusting your goals and skill set for a changing world, you should be better prepared to deal with the inevitable external shocks along the way and ready to make the most of evolving opportunities.
On sustainability

By Paul Smith, CFA, President and CEO of CFA Institute

I recently had the good fortune to join a small group of securities regulators, investors and industry leaders in a discussion about sustainability hosted by His Royal Highness the Prince of Wales. Attending this event was an honour for CFA Institute. The Prince’s “Accounting for Sustainability” (A4S) initiative (www.accountingforsustainability.org) aims to inspire action by finance leaders to drive a fundamental shift towards resilient business models and a sustainable economy. I found the discussion stimulating and aligned with the strategy of CFA Institute that calls for revising business models in the investment industry.

Experts agree that the term “sustainability” has no single definition, nor is there only one way of addressing sustainability in investing. At its heart are the relevance and importance of environmental, social, and governance (ESG) practices, which vary between companies, industries and countries. It’s a bit of a maze, because these entities are literally and figuratively all over the map, making comparison of company practices problematic.

Yet consensus is emerging in many countries that it is asset managers’ fiduciary duty to incorporate ESG factors into their financial analysis, especially when material to a company’s long-term prospects. These factors are relevant for a broad array of investors, including those who pursue dedicated “responsible investment” strategies and particularly for investors who hold global, cross-sector portfolios (universal owners), because positive and negative externalities can arise.

Examples of ESG issues include:

- **Environmental** — pollution, biodiversity, climate change, water scarcity, and energy efficiency
- **Social** — employee retention, data protection and privacy, labour standards, diversity, and equal opportunity
- **Governance** — bribery and corruption prevention measures, whistleblower schemes, executive remuneration, lobbying, competent and independent boards, separation of chairman and CEO, and effective internal controls.

So where do the problems lie, and how can we address them? First, ours is a complex and heterogeneous industry, which makes it challenging to craft solutions that meet every market player’s needs. Companies are subject to a plethora of both short and long-term risks, including those arising from ESG factors. It is essential that investors grasp how effectively corporations are managing these risks and ensuring organisational sustainability. For this reason, transparency and effective disclosure are critical and something for which we all must advocate.

The term "sustainability" has no single definition, nor is there only one way of addressing sustainability in investing.
On sustainability

Policymakers need to facilitate greater investor engagement on reporting improvements, specifically coordination and consolidation of reporting initiatives that enable better investor engagement and improved communication of ESG factors. Our Standards & Advocacy team advocates for adoption of the integrated reporting approach, an umbrella framework encompassing both financial and non-financial information. This approach is currently voluntary and applicable for companies globally, allowing for experimentation with reporting, application of feedback, and distillation of the information most useful for investors. It acts as a vehicle for understanding applicable ESG performance factors that can provide insight into strategy, business models, and value creation over time.

"Increasing transparency makes markets more efficient and economies more stable and resilient."

*Michael Bloomberg*

At some point, we will need to shift from voluntary to mandatory reporting frameworks to ensure comparable and informative reporting across a wide universe of companies. Michael Bloomberg is frequently quoted as saying in the Financial Stability Board Task Force recommendations on climate change disclosures (available at www.fsb-tcfd.org) that "Increasing transparency makes markets more efficient and economies more stable and resilient."

Second, as our recent Future State of the Investment Profession study confirms, capitalism needs to become more purposeful. Though only 11% of investment leaders surveyed currently see the investment industry’s effect on society as very positive, 51% think it could be very positive in the future, contingent on stronger principles. An industry that is truly professional is trusted and value-focused and has a “clean licence to operate”; in the end, both the industry and society ultimately flourish. This is where our community of investment professionals can become more influential, by adding focus to longer-term value creation and sustainability.

When we surveyed investment leaders about the most important skills for future investment leaders, the most cited attribute was the ability to articulate a compelling vision for the institution. Participants reported, however, that this skill is also one of the hardest to find. Leaders say that training particularly needs to focus on developing an ethical and professional orientation. Diversity in its many forms also warrants increasing leadership attention, yet the investment industry is just now starting to see the value of this important factor for improving investor outcomes.
On Sustainability

Third, the investment industry lacks institutional commitment to long-horizon investing. Humans are innately weak at doing anything for the long term, and this behaviour is not easy to change, especially when money is involved. We need to see stronger institutional commitment to long-horizon investing in governance, including processes, structures, and contracting. We also need to see changes in firm culture and, most of all, trust in the implementation of long-horizon investing. Effective long-term relationships are based on trust and are about so much more than the numbers.

How can the investment industry promote sustainability? Responsible investment begins by first developing beliefs and governance that are agreed upon at the board and leadership levels. Other mandates will be ineffective until such agreement is in place. I believe that many of our members are well positioned to influence this critical step at the top. The mission of CFA Institute states that we lead the investment profession "for the ultimate benefit of society," and I believe this aim equates to investing sustainably. Our industry’s effectiveness is best judged relative to its ability to produce sustainable societal wealth and well-being, which are measured directly by financial success. We have a key role in providing investors with foundational and continuous education on ESG and sustainability, and we fulfil it by including ESG education in the CFA Program curriculum.

Our emphasis on ethics arguably includes considering the effects of investing on both society and the environment. Our member societies have also expressed interest in sustainability. For example, CFA Society United Kingdom is currently involved in a government-sponsored advisory group, chaired by CFA Institute Board of Governors member Elizabeth Corley, FSIP, that will advise the UK government on how to make social impact investments accessible to a broader range of investors. A lot is at stake. Literally hundreds of billions of dollars of investor wealth would result from building a stronger, trust-driven, sustainable institutional investment system. We can all play a role in supporting greater investor engagement with companies on sustainability strategies. We can model what it looks like to be responsible investors. As His Royal Highness the Prince of Wales says, "It is not necessarily a choice between making money on the one hand and ‘doing the right thing’ on the other. On the contrary, once it is recognised that ‘business as usual’ is unsustainable, it follows naturally that those organisations which start to develop resilient business models will be the ones that succeed."

Paul Smith, CFA, President and CEO of CFA Institute

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Rebecca McCartney
Social Impact Investment Associate

"Impact investing is still a growing market and it’s exciting to be exploring and considering new investment opportunities that support that market growth and ultimately make a positive social impact."

What is your current role and what are your main responsibilities?
I am an Investment Associate at Big Society Capital – my responsibilities are what you’d expect from an investment professional but with a social impact twist. Firstly, I explore the role of impact investing to address employment and community related issues to originate new deals. Secondly, I lead investments through due diligence to completion, taking into account both financial and social impact considerations. Finally, I manage a number of investments in Big Society Capital’s portfolio ranging from funds targeting social innovations to lenders providing small loans to charities, actively working with the managers to maximise social impact and generate a financial return.

What do you most enjoy about this role?
There is unfortunately no shortage of social issues that need tackling, which makes my job quite varied. I enjoy engaging with these challenging issues and thinking creatively about the routes to how investment can help shift the dial. Impact investing is still a growing market and it’s exciting to be exploring and considering new investment opportunities that support the market growth and ultimately make a positive social impact.

What are the most important skills for success in this role?
Impact investing requires a diverse skills set which are all underpinned by a social motivation. Traditional transaction and portfolio management skills are important but must be matched by an ability to grasp social issues, and analyse and measure the causation and data of social interventions. Working in partnership is particularly important in a growing market, as is flexibility and creativity to develop or assess new solutions that tackle social challenges.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?
Impact investment professionals come from diverse backgrounds, many from traditional investment, but also, like myself, from the public and charity sectors. An impact investor will look for people with investment skills but often the key differentiator is how someone demonstrates their social passion and acumen. This can be tough to do but start by engaging with a social issue you care about and then finding opportunities to engage with social issues such as mentoring a social enterprise or helping out at your local charity.

How has the role changed over the past five years?
Impact investing has grown rapidly in the past five years to the point that it has become a viable profession in which to pursue a career. Over this period there has been a shift to more proactively explore how diverse financial mechanisms can help address social issues. And while there is increased specialisation, the role still often requires broad knowledge of investment and social issues.

How do you see your role changing in the next ten years?
There will likely be more impact investing roles in a broader range of investment organisations but with increased specialism by social issue and/or asset class. Based on current trends, there will be a convergence with traditional investing, whether in practice, product or investees, given there’s an upward trajectory of mission-driven businesses. The evidence base will be more robust to support professionals to innovate and test hypotheses around the use of impact investing to drive solutions to social issues.
Jessica Ground, ASIP
Global Head of Stewardship and UK Fund Manager

"I oversee Responsible Investment. This includes the integration of Environmental Social and Governance (ESG) factors into investment processes across asset classes and geographies."

What is your current role and what are your main responsibilities?

I have two key roles as Global Head of Stewardship and UK Fund Manager. With two colleagues I manage £9bn for a variety of clients with lower risk tolerance. As Global Head of Stewardship I oversee Responsible Investment, which has been identified as an important area for the future of Schroders. This includes the integration of Environmental Social and Governance (ESG) factors into investment processes across asset classes and geographies. I lead a team of eight specialists. We vote on over 5000 AGMs, have over 500 ESG engagements, educate investors, and produce thematic research into issues such as Climate Change. A burgeoning part of our work is to develop leading edge investment solutions in this area. Finally, I serve on a number of industry bodies, including the Investment Association's Corporate Governance and Engagement Committee and Metos's Banking Futures project.

What do you most enjoy about this role?

Its scope. From thinking about how water shortages will impact investments across the firm to having conversations with non-executive board members about what to do next when a management team has got it wrong, there is never a shortage of problems. It's also satisfying to deliver good risk adjusted returns to clients over the long term.

What are the most important skills for success in this role?

The CFA is great at teaching you technical knowledge, but I think success in any area of investment requires the ability to clearly articulate the ideas and conclusions. Presentation skills, both verbal and visual, a strong writing ability and a desire to collaborate are essential.

How did you get to this position and how would you advise other CFA Charterholders who would like to do a similar role?

To think laterally. I covered the bank and insurance sectors during their respective crises. I realised that Corporate Governance and poor oversight had a huge part to play. I began thinking more widely around the topic, which led me to give evidence to the Parliamentary Commission on Banking Standards. It meant that I had developed the right skill set for what was in 2014 a new strategic focus for Schroders.

How has the role changed over the past ten years?

Low investment returns have changed almost every aspect of investing. Identifying which companies will thrive in this environment requires a much deeper analysis of the companies themselves and the environment in which they operate. At the same time it has naturally put pressure on our fees, which in turn has forced us to consider how efficient we are as an industry.

How do you see your role changing in the next ten years?

Transparency is increasing. Investment managers have to show that they can generate strong risk adjusted returns, after all the fees and charges. In addition, society's expectations are increasing. It's no longer enough to manage money or own companies but not to hold them to account. We have to be able to demonstrate that we are good stewards of assets, or lose our clients and social licence to operate.
How MiFID II could impact the future of the investment industry

By Gillian Elcock, CFA, Founder and Managing Director at Denny Ellison

This article summarises the recently finalised MiFID II legislation and its potential impact on the investment industry. We then have a Q&A session with regulatory expert Neil Scarth of Frost Consulting.

After a long wait, the MiFID II final rules or ‘delegated acts’ were published on April 7 2016. While this legislation will have an impact on many areas of finance, this article focuses on the implications for the investment management and equity research industries in the areas of payments for research and commission unbundling.

MiFID II can be seen as the latest development in a regulatory evolution of the research payment industry in the USA and the UK that began around the year 2001. Supported by the FSA (the predecessor to the FCA) in the UK and the SEC in the USA, the use of commission sharing arrangements such as CSAs and CCAs grew rapidly from that time. These mechanisms allowed companies that provided research but not the execution of trades (such as independent research providers or ‘IRPs’) to be compensated indirectly by asset managers, through the commissions they generated by trading with the investment banks.

Since the financial crisis of 2008, there have been moves by regulators, mainly in Europe, to tighten up the legislation around dealing commissions and research payments even more. As commissions are ‘client money’, there was a view that the wide, cyclical swings in commission-based research payments that were regularly seen in the industry were unfair to these clients. Why should they pay $x for a research service one year and then $3x (for example) for virtually the same service another year, merely because asset levels and trading volumes had increased the level of equity commission spending by a factor of 3? The chart below illustrates this historical link between commissions and research payments, and also what research spending might look like if this link was broken under a ‘research budgeting’ methodology.

Source: Frost Consulting
altogether (a move which was strongly resisted by many on both the buy-side and sell-side), MiFID II does not take this somewhat drastic step. Nevertheless, the legislation contains some very meaningful changes that are likely to have a far-reaching and profound impact on the investment industry in Europe and beyond.

As had been widely expected, the implementation date for MiFID II was pushed back by a year from its original date, to January 3 2018.

Under MiFID II, asset managers can pay for external research using a new construct called a research payment account (RPA). RPAs can in turn be funded either by the familiar commission sharing agreements (CSAs) or by the asset manager increasing its fees to its client (the asset owner, such as a pension fund). In today’s competitive environment, many believe that the latter is unlikely to be possible, though only time will tell.

Asset managers are of course free, as they have always been, to pay for research out of their own P&L i.e. using ‘hard dollars’. There are three ways for asset managers to pay for research under MiFID II, as outlined in the chart below.

Crucially, under MiFID II there can be no link between trading volumes and research payments. Asset managers’ research budgets must be set at specific amounts in advance (in pounds, Euros, or an appropriate currency).

Another major change included in the legislation is a requirement for asset managers to give detailed disclosure about their research costs to their clients, i.e., the asset owners. Furthermore, in a step that goes further than any UK or European legislation up until this point, this disclosure must be provided at a client level in advance, not just at the firm-wide level.

Given that a client’s research charge should reflect the investment product(s) that it is invested in, the legislation makes it likely that asset managers will start providing research budgets at a fund or strategy level (though this is not a regulatory requirement).

The asset manager must also show that its research costs have been fairly allocated, and that no one client is being treated unfairly when compared with another.

In addition, asset managers are required to have a robust valuation methodology for the research they purchase from providers (sell side, IRPs or others) if they are using their clients’ money to pay for it i.e. if they use RPAs funded either directly or via CSAs. The traditional ‘broker vote’ is unlikely to be deemed sufficient as a valuation tool for research and the FCA has stated that this methodology is ‘inherently flawed’.

The potential impact of MiFID II on the amount spent on investment research is one of keen interest for many players, as it will likely have an impact on jobs and opportunities. Though the industry has already experienced a large decline in spending since the market peak in 2008, many observers seem to believe that MiFID II’s increased scrutiny and regulation of research budgets will lead to continued downward pressure on them in future years. Indeed, Frost Consulting estimates that global investment bank research budgets (which make up an estimated 90% of total external spending on research by asset managers) will fall from US$4.8 billion in 2013 to US$3.4 billion in 2017. The latter would be a 59% decline from US$8.2 billion in 2008.

Impact investing is still a growing market and it’s exciting to be exploring and considering new investment opportunities that support that market growth and ultimately make a positive social impact.
How MiFID II could impact the future of the investment industry

Paying for Research – Current and under MiFID II

Current Payment Process

- Asset Owner Via CSA
- Asset Manager
- CSA Trades
- CSA Broker 1
- CSA Broker 2
- Research Providers

MiFID II Payment Options

1. Asset Manager Via P&L
- Asset Manager
- Research Providers

2. Asset Owner Via AMC Charge
- Asset Owner
- Asset Manager
- AMC
- Additional research charge?
- Research Payment Account
- Research Providers

3. Asset Owner Via AMC Change
- Asset Manager
- CSA Trades
- CSA Broker 1
- CSA Broker 2
- CSA Balances
- Research Payment Account
- Research Providers

Source: Frost Consulting
Much more could be said about MiFID II, but a few more points are worth noting here.

The legislation applies to all asset classes, not just equities. This presents quite a dilemma for users and providers of fixed income research, in particular, who are grappling with how best to adopt the research budgeting rules to their industry.

It should be noted that research would not be allowed to be provided for free by investment banks, as this would be considered an inducement under MiFID II.

For asset managers in the UK in particular, there may be some differences between the EU-wide MiFID II legislation and rules set out by the FCA. As an example, the use of dealing commissions to pay for corporate access is not allowed by the FCA but there doesn’t seem to be a corresponding ban under MiFID II.

Firms in the UK will have to continue to comply with FCA-issued rules. It will be interesting to see if there will be any changes to them as MiFID II is implemented in the UK. If there are substantial differences between EU and UK guidelines, British-based firms could argue that they are being placed at a disadvantage to their European counterparts.

In fact, now that the final MiFID II rules have been issued, each country in the EU will have to interpret them at a local level and give guidelines to the relevant market players. This raises the question of how Brexit will impact implementation in the UK. There is probably no definitive answer on this point yet, but it is notable that the MiFID II implementation deadline is in January 2018. So even if the UK triggered its exit from the EU in early 2017, the anticipated two-year negotiation period would mean that the UK should have to adopt MiFID II regardless, before the actual exit took place. The FCA issued a statement after the Brexit decision, noting that until any changes were made by the government, UK firms must continue their implementation plans for any pending EU legislation. From a competitive standpoint, if UK asset managers want access to European investors they would have to virtually follow European rules to establish “equivalence”.

The next steps in the unfolding MiFID II story will depend largely on how the buy-side chooses to react in the following ways: the amount they spend on research; whom they choose to buy it from (e.g. investment banks, IRPs and/or others); and the methodologies they use to value and pay for external research. There are already signs that some asset managers are finding RPAs and the required associated infrastructure and disclosure overly cumbersome. However, others in the industry are making a concerted effort to establish best practices for RPAs that will enable them to be widely adopted.
**Q&A with Neil Scarth of Frost Consulting**

**How substantial is the MiFID II legislation in terms of the impact it will have on the industry?**

Groundbreaking.

**MiFID II is a European piece of legislation but some people think that it will be adopted by asset managers globally. What is your view on this?**

It is very likely to be adopted by large global asset managers for three reasons:

1. The harmonisation of their operating procedures, as it is complex to run different commission allocation systems in different regions.
2. There is a growing requirement for asset managers to treat all of their clients equally. IBM US (pension fund) might want to know why it is being treated differently from IBM UK (pension fund) by the same asset manager.
3. Asset owners will demand greater transparency about research spending costs, regardless of the regulatory jurisdiction the asset manager is in.

**What are the main actions that asset managers will have to take to comply with the research budgeting part of MiFID II?**

Establish research budgets at a level that will allow them to allocate these costs fairly between clients at a fund or strategy level. Doing this just at a firm-wide level will not be sufficient.

**How will these regulatory changes impact the sell side, in your view? And what will be the difference in this impact, if any, between: a) bulge brackets b) mid-tier firms and c) independent research providers (IRPs)?**

For the bulge brackets, they may have to concentrate their coverage in areas where they have an actual competitive advantage. MiFID II will force asset managers to have a greater understanding of their research spend. Banks will have to figure out which of their products no one will pay for.

Independent research providers may find that their relative value will become a lot more apparent. I've seen cases with our asset management clients where they go through the exercise of ranking firms based on how useful they are, and they find that they are paying a bulge bracket firm 3x while paying an IRP 1x, even though they rank the IRP higher.

For all research providers, you have to be good at what you do in order to get paid. There may even be an increased opportunity: if you can get paid by every single fund under MiFID II, you might end up getting more than you would under the old broker voting system.

**There is some concern that smaller asset managers could be disadvantaged by these new rules, as they may not have the same access to sell side research as the larger ones. What is your view?**

I'm not sure that I agree. If the use of commissions to pay for research had been banned (and it had to be charged to the P&L), then this might have been the case.
How ready is the investment industry for MiFID II in the UK? What about in other European countries (France, Germany, the Nordic region etc.)?

The UK is more ready than the rest of Europe because the FCA’s PS 14/7 directive has been in place for over two years. As a result, all UK-based asset managers should have firm-level research budgets. The challenge for them will be instituting research budgeting at a more granular level.

On the continent, most firms are starting from far behind, with no research budgets and no CSAs, in many cases. One exception is France where many of the large firms use CSAs. Otherwise there is very little CSA usage in Southern Europe or in Germany.

These countries will have to move from a broker voting system to a fund-level multi-asset class mandatory research budgeting system, a huge challenge.

The picture in the Nordic regions is mixed, with some countries (e.g. Sweden) already making significant moves towards unbundling.

Do people truly understand the implications of MiFID II at a fund level?

They are struggling to decide at which level to aggregate spending. They will need to have a written research valuation methodology by January 2018, one that is publicly available to clients. It must state i) how the firm values research and ii) how it divides research costs between clients in an equitable manner.

Some firms started making changes even ahead of the required implementation date in 2018. What are some of the most radical measures you have seen taken by asset managers or sell side firms in preparation for MiFID II?

One of the most radical measures asset managers have started taking is deciding to pay for research out of their own P&Ls. Bailie Gifford is one example of this, with a public announcement made.

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**European Legislation – UK’s PS 14/7 vs. EU’s MiFID II**

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<thead>
<tr>
<th>Regulator: FCA</th>
<th>Regulator: ESMA</th>
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<tr>
<td>Regulation: PS 14/7</td>
<td>Regulation: MiFID II</td>
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<tr>
<td>Status: In force/June 2, 2014</td>
<td>Status: Consultation/Live 1Q 2018</td>
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<td>Jurisdiction: UK</td>
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**Key Provisions:**

- “Finite, ex-ante, monetary research budgets.” *Broker-vote* not sufficient
- Managers must value unpriced research if purchased via commission
- Managers cannot use commission for research they don’t use
- Research and execution services purchases completely separated. *No link to turnover in research purposes*
- Impact: More specific research purchases.

**Research Budget – Firm Level**

- Research budgets mandatory – assets owners must be informed of their expected portion
- Only way commissions can be used to buy research is via CSA funded Research Payment Accounts (RPAs) – controlled by the asset manager
- *No link to turnover in research purposes*
- All asset classes covered by research budgeting rules
- Impact: Ends bundled commissions in Europe.

Source: Frost Consulting
While buy side firms are (or will be) required to have a valuation methodology for the sell side research they consume, the sell side providers have seemed reluctant to price their research. Meanwhile many independent research providers do set a price. Why is this and is it likely to change?

No, I don’t believe this will change. The same research can be worth different amounts to different people (and the regulator realises this). Many sell side firms think that if they set a price for their research, they are likely to lose revenue overall. Therefore, I believe that the sell side is unlikely to price their research unless they are forced to by the regulator.

What is the potential impact on jobs and careers for investment professionals (including buy and sell side analysts, fund managers, etc.) in your view? It would be interesting to hear about opportunities as well as risks.

Demand for analysis in an increasingly complex world will not diminish. However, the jobs that provide this research might change.

Investment banks currently account for around 90% of all asset manager research budgets. Before the advent of CSAs, the buy side could only use research from firms that also provided trade execution. With CSAs, asset managers can buy research from anyone. This means that new types of research providers are possible for asset managers.

Investment professionals can therefore develop differentiated sources of insight and a unique portfolio of research assets, which they can take with them from job to job. This is in contrast to investment banking research, which is distributed to everyone at the same time, which means it is not a source of competitive advantage.

The other impact we could see is that younger analysts may be less tied to an investment bank for a career.

**Will there be fewer investment jobs? Or has most of the fall in jobs happened already?**

There is likely to be another step down globally as people put the required research budgets in place. This will probably result in more job losses at the investment banks, though some parts of the sell side could do well. There could be more jobs on the buy side, especially at the larger firms, as they can amortise the cost of additional people over a larger asset base. There could also be more jobs at independent research firms.

**If a bright, ambitious young person was starting out today and wanted to have a career as a research analyst, what advice would you give him or her about where to work: buy side/sell side, bulge bracket/boutique, etc.?**

If one is going to work on the sell side, it would be good to have an appreciation of the relative advantage of the product of the firm. Is it me-too research or is it truly differentiated?
What is your current role and what are your main responsibilities?

I am a Director/Senior Portfolio Manager responsible for managing the Global Fixed Income and Currencies portfolio at Amundi Singapore. I construct and manage currency portfolios, each of which characteristics that appeal to different institutional investors. I need to communicate the funds’ strategies effectively to attract investors and then deliver performance in excess of the benchmark. Similarly, debating our views internally on different investment themes is a key part of the process.

What do you most enjoy about this role?

The evolving and sometimes tumultuous nature of financial markets means there are always new opportunities, so each day pushes me to learn, develop and question myself.

I enjoy solving problems and trying to find patterns/trends in data which can be exploited to drive investment returns. Daily shifts in markets can appear chaotic, but these movements present opportunities to create value. Generating consistent client returns is highly motivating.

What are the most important skills for success in this role?

Analytical and communication skills are critical but the most important quality is to have a strong sense of ethics, because you are managing people’s hard-earned money. Looking at the bigger picture and separating emotion from rationale is also essential. It’s important to believe in your own ability. If you don’t believe in your decisions, no one else will.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?

Initially I worked in project management, process re-engineering, before becoming a quantitative analyst and then a trader. A broad range of skills makes me able to respond to changing markets and technologies and has given the opportunity to learn from some of the brightest minds in the industry. I believe it’s incredibly important to develop new skills in different fields. Exposing yourself to different areas helps you understand your strengths and overcome your fears, which is critical to make sound investment decisions.

How has the role changed over the past ten years?

A lot has happened since the financial crisis; the role of a fund manager has had to become more client-oriented, in order to earn trust. The issue of increased regulatory scrutiny ensures that clients’ interests take priority. To generate consistent risk-adjusted returns in the new world of negative interest rates, demands a new approach. Some traditional financial theories are redundant, and we are still learning the effects of new tools central banks/policy-makers have never used in before.

How do you see your role changing in the next ten years?

Technological change advances at an exponential pace and will enable us to analyse data sets in ways we haven’t considered, such as ‘real time’ measures of economic activity. Another aspect of that change will be Artificial Intelligence and its prominence in many areas. The next decade will see tumult in the league table of global economies and far more use of behaviour sciences in policy responses.

"The daily shifts in markets by changes to various economic indicators, political sentiments and world events can often feel chaotic, but these shifts and movements also present opportunities to create value in our funds."
Return on equity diversity

By Caroline Connell, CFA, Investment Director at Tilney Bestinvest

CFA UK represents the interests of over 12,000 UK investment professionals. CFA UK is part of the worldwide network of member societies of CFA Institute and is the largest society globally. As such, it is no surprise that CFA UK has driven forward with the Gender Diversity Network, formerly Women’s Network.

We have found that the 21st century has been the start of a new way of thinking, a more diverse way of thinking, and from our research it points out why it is so important to take notice of these results. A more diverse way of thinking improves not just company returns* but to steal a line from Apple "inclusion inspires innovation."

It has been well publicised that both companies and the government are looking to ensure that gender equality is moved forward. The most recent policy has been for the gender pay gap to be brought in line, which is being led by Nicky Morgan. Before this, it was great to see that the Lord Davies report back in 2011 (FTSE 100 boards aiming for a minimum of 25% female representation by 2015) was embraced fully and the target was achieved early.

Lord Davies has now come out to say the target should be that all FTSE 350 companies should have 33% female representation by 2020, which we are well on the way to achieving. Lord Davies’ quote “Corporate boards perform better when they include the best people who come from a range of perspectives and backgrounds” is one that resonates with CFA UK. In addition we believe a diverse financial industry at all levels will achieve greater results.

We often see targets for companies to achieve a more diverse board or workforce, but what do the numbers look like? The numbers prove the importance of this policy. Credit Suisse wrote a report “The CS Gender 3000: Women in Senior Management” that demonstrates that more women in the boardroom bring better returns and companies outperform on the stock market.

Where there is one female in the boardroom, companies have seen an average ROE of 14.1% (sector adjusted)

2015 25% female FTSE 100
2020 33% female FTSE 350

since 2005 compared to 11.2% for all male boards. The nine year average P/B for boards with women directors has been 2.3x vs 1.8x for all male boards. In terms of share price appreciation, companies over $10bn market capitalisation with one female director have outperformed male only teams by 40% since the start of 2006. This is a compound excess return of 3.8% annually.

The CFA Institute expresses diversity as a key belief and at the Diversity Conference 2015 further statistics were quoted that should make companies take note.

Research by McKinsey suggests in most industries diversity in general has a beneficial impact on earnings. Companies in the top quartile for racial and ethnic
diversity are 35 percent more likely to have financial returns above their respective national industry medians*. Companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians. Companies in the bottom quartile for gender and ethnic diversity are statistically less likely to achieve above-average financial returns than the average companies in the data set (that is, bottom-quartile companies are lagging rather than merely not leading)*.

CFA Institute CEO, Paul Smith, CFA commented "Mixed gender investment teams bring much needed diversity of thinking to the investment process and improve investment outcomes." (CFA Institute Diversity Conference 2015)

The science behind diversity is also strong, with Katharine W. Phillips of Scientific American stating that socially diverse groups (that is, those with a diversity of race, ethnicity, gender and sexual orientation) are more innovative. Diversity jolts us into cognitive action in ways that homogeneity simply does not.

Within the Financial Industry there is a lot further to go. Helena Morrissey has been an advocate of promoting gender diversity and was one of the founders of the 30% Club (30% being when the proportion of critical mass is reached and the voices of the minority are heard within a group setting). It is one of their key focuses to ensure that it is not just women at the board level, but also a pipeline of senior females in the industry. Currently, where there is greater concentration of senior women is also an interesting read. Credit Suisse show where the jobs are held by women within the management team of companies. The figures of how companies with a more diverse senior management team perform should inspire the next generation of future senior management. Tilney Bestinvest have also published an article that analysed the five largest Investment Management Association sectors and found that only 7% of retail investment funds, such as unit trusts and OEICs are managed or co-managed by female fund managers. This is a far smaller number than we should see and there is no meaningful difference in performance.

Bloomberg have recently launched a new index, Bloomberg Financial Services Gender Equality Index (GEI), which includes 26 public companies that are best in class in the financial industry in terms of providing opportunities for women. This will help provide further insights to use for the future as to how companies whom take the matter most pertinently perform. Barclays launched an ETN (exchange traded note) back in July 2014 that tracks exposure to US-based companies that satisfy one or both of the gender diversity criteria of having a female chief executive officer or having at least 25% female members on the board of directors. Time will tell how this performs over the longer term, but certainly there will be more data for future analysis.

The current data points to the importance of diversity and numerous studies have proven that diversity is good for the bottom line – including one 2015 report which found that women CEOs in the Fortune 1000 drive three times the returns of S&P 500 enterprises predominantly run by men. Consequently, it is the focus of CFA UK to bring you events and support to help the financial services industry to move closer to other industries such as accountancy and medicine, where there is a more diverse workforce.

(* McKinsey Diversity Matters 2015)
Robo-advice: job threat or opportunity?

By Alastair Dean, CFA, Analyst, Equity Manager Selection

Most robo-advisors in their current form aim to provide financial advice, making use of automated algorithms to provide a service encompassing risk-profiling, asset allocation and portfolio rebalancing. At present, robo-advice is centred on broader investment management as opposed to more complex aspects of financial planning. They aim to assess an investor’s risk tolerance and appetite, before recommending a portfolio often using Exchange Traded Funds (ETFs), and then using portfolio rebalancing to achieve tax efficiency to keep asset allocation within a certain tolerance.

Many robo-advisors were founded post the Global Financial Crisis, but really came to the fore in 2012 as they started to offer low-cost automated services, usually between 15-35bps p.a., and began to see more media coverage.

The US has so far proved to be the largest market for robo-advice. There are around 200 firms managing approximately $60bn in assets at the end of 2015, with main standalone robo-advisors Wealthfront and Betterment managing close to $6bn each. Surveys performed in the US suggest AUM in the space could be anything between $2-5 trillion over the next five to ten years. The UK market is smaller; according to recent reports, automated advice covers less than £1bn of assets. Prominent names in the UK include firms such as Nutmeg, Money on Toast, Fiver a Day, and more recently, Scalable Capital.

Robo-advice vs human advice

Today, most traditional Financial Advisor’s clients are part of the ‘baby boom’ generation. Advisors have so far struggled to effectively serve the mass-affluent (sub $1m in investment assets) because of the difficulties involved in serving a large number of people with smaller asset sizes and the issue of client acquisition costs. As a result there has been significant hype around robo-advice, focusing on the following areas:

- It offers a way to service the mass-affluent at lower fee rates than traditional advisors
- The ‘advice gap’ may grow. As advisors focus more on clients with greater asset sizes, those with less assets may find it difficult to seek advice
- There have been dramatic improvements in technology, evidenced by Google’s AI computer beating the world’s best Go player
- Many other areas in people’s lives have been improved by technology e.g. Netflix, Uber
- People like convenience, and often like to self-serve where possible e.g. self-serve supermarket tills, online banking

Superficially, it appears that human advisors could be usurped by robo-advice – however, there are still difficulties that robo-advisors face, such as the issue of client acquisition costs.
Robo-advice: job threat or opportunity?

Potential impact on industry

A number of scenarios examine the potential impact of robo-advice upon the industry.

- Robo-advice takes significant marketshare from traditional advisors: this scenario appears unlikely in the medium term, mainly because existing high net worth clients and large institutions still value human interaction, and the concomitant skills and experience that can bring. In the longer term, market share of robo-advisors may rise as younger generations who use automated services grow older and wealthier. Conversely, as people grow older the complexity of their affairs increases, and this may require the services of a human advisor. Notwithstanding significant enhancements in how robo-advice copes with more technical issues, there still seems to be a role for humans to play.

- Robo-advice dies out: this scenario appears less probable given the capital being invested in the sector, the obvious technological improvements and the need to shrink the ‘advice gap’. There will be likely be consolidation in the industry as the larger players crowd out the smaller entities, due to better economies of scale.

- Given the marketing power of many established financial services firms, they would appear to be well placed to solve the client acquisition problem, and could offer automated and human services side-by-side. There have been recent examples of this, with BlackRock acquiring US robo-advisor FutureAdvisor, and Vanguard launching its own robo-advice service. There is also an opportunity for many firms to take advantage of the improved technology to enhance their current offerings.

Potential impact on jobs

There exists some anecdotal evidence regarding the negative impact that robo-advice can have on jobs. For instance, in March 2016 RBS cut 220 investment advice positions as more customers chose automated services, whilst HSBC has also started offering online financial advice for those with smaller investment pots. This trend is likely to continue for firms who are focused on smaller asset sizes, while the impact is likely to be mitigated for those whose concern is high net worth clients. Overall, this means that there will be fewer opportunities overall in the industry, with more advisors chasing a limited number of high net worth clients.

It also offers opportunities however, as there will be roles available to improve current robo-advice services. Those already in or looking to enter the financial advice industry should concentrate on developing their technical abilities, as well as refining the communication and soft skills that will differentiate them from robo-advice. Further value can be attained by utilising the developments in technology to improve their own offerings and the way they provide advice. There may also be opportunities for those who can effectively combine portfolio management with computing and programming skills.
Gary Webber, CFA
Senior Project and Business Consultant for a software consultancy

"Sitting between development and the client demands adaptability, creativity, and leadership in creating a 'total' solution that is acceptable to the client."

What is your current role and what are your main responsibilities?

My current role is SME Technical Lead within a software consultancy performing professional services and solutions implementation for post trade derivatives and risk management business functions within banks and financial institutions. I am responsible for solution design, development and implementation with the client and internal project teams. Sitting between development and the client demands adaptability, creativity, and leadership in creating a 'total' solution that is acceptable to the client given the constraints of the application set they are buying from ourselves.

What do you most enjoy about this role?

The possibilities to lead, create and optimise a 'total' solution for the client. What I most enjoy is programming (which I don't always get the chance to do), learning new software tools, enhancing existing software and leveraging business knowledge in support of projects. I also enjoy helping the client to understand how their requirements can be met given the constraints of the application and project scope. I'm approaching 55 and look forward to doing this or a similar role well into my 60s.

What are the most important skills for success in this role?

Inquisitiveness, desire, negotiation, listening to client and internal stakeholders, leadership, creativity, adaptability and the ability to set expectations well (on all sides). Some projects require extended periods at client sites which can be overseas, so one has to be able to handle situations 'away from home' with the 'crowd against you'.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?

I came into this position through an internal promotion six months ago within my company FIS (formerly SunGard). I was previously a senior project and business consultant with FIS since joining nine years ago. Prior to that I was with Citi for 18 years (various software roles and business units) and took some time out voluntarily in between. My last role at Citi was as a Credit Derivatives technology team manager. Embarking on the CFA (age 41) helped me obtain and perform in this role. It was tough doing a front office development management role and studying for the CFA at the same time. After passing level 3 (age 45) I decided to take eight months out. The opportunity to join SunGard came about by chance but I liked the role (project/business consultant).

How has the role changed over the past ten years?

Up to five years ago clients were prepared to accept solutions based on applications that were essentially static and in maintenance mode. This is rightly no longer the case. I now undertake more customisation of existing solutions and I'm heavily involved with initiatives on new solutions.

How do you see your role changing in the next ten years?

Banks and financial institutions are increasingly seeking commoditised (or even canned) technology solutions for core business functions such as risk management and post-trade clearing and operations. Complexity and standardisation of solutions will continue evolving in line with clients' demands and expectations, which is exciting, as it opens many opportunities for new and innovative applications in financial software solutions.
Innovative investment managers are becoming aware that data is the new oil. Recently, a top five global asset manager stated that: "Big data is under appreciated in the sense that its rise represents a watershed moment in the history of investment management. The rise of smart beta strategies means that the traditional boundary between passive and active has become blurred, with true alpha proven increasingly elusive. In response, managers across the spectrum from equity to fixed income to impact investing are looking to big data for an edge".

Here are five examples of data that is being integrated into the investment process:

- **Consumer transaction data:** several firms analyse the spending patterns of consumers and a variety of point of sale technology providers anonymise SKU-level sales data.

- **Trade data:** one of the world's largest transport and logistics companies has created a 'Trade Nowcasting' product that leverages all of its data and any 3rd party data it can obtain. The data can accurately forecast items including imports and exports.

- **Tracking business trends across multiple channels:** for a consumer retail product research analysts use online search trends to track search activity, satellite imagery to track store visits and wi-fi Beacons to track in-store activity.

- **Web crawling:** a technique that can be used to analyse consumer products/brands listed on various websites, which can be crawled to estimate short and long-term trends in average selling prices, market share, and sales ranking for the bestselling products/brands in a category.

However, a large proportion of non-quantitative research analysts haven't come across data science languages like Python and R, which means they are unable to analyse these raw data outputs. This has led to a major skills gap, with the result that many firms have had to re-assess their hiring decisions.

In the short-term the managers of several larger firms are building dedicated 'Data Insights' teams. For the medium to long term, firms will look to recruit fundamental research analysts that are more 'quantamental' and therefore comfortable analysing raw data outputs.

Research analysts that become data literate will have an edge over their peers. As W. Edwards Deming, the economist, stated: "without data you're just another person with an opinion".

Managers across the spectrum from equity to fixed income to impact investing are looking to big data for an edge.
What is your current role and what are your main responsibilities?

I am Head of Data Insights at Schroders, managing a team who use various kinds of data, traditional and ‘alternative’. Our goal is to help investment analysts and fund managers make better buy/sell decisions on companies and assets to invest in. I liaise with the various investment teams within Schroders, addressing opportunities with data or advanced statistical and machine learning methods.

What do you most enjoy about this role?

It combines two things that I love – analysing data, and making a difference to people. We take data, use powerful statistical tools and techniques, and turn those into charts and tools that are used by the existing discretionary investors, the analysts and fund managers. I find it immensely satisfying to devise an insightful graph – something that tells a story, as well as revealing a profound truth about the world.

What are the most important skills for success in this role?

An effective data scientist needs three things – a solid grasp of maths and statistics, so you draw valid conclusions; strong skills in using technology such as an ability to code, and good ‘soft’ skills like communication and consultancy. We rely heavily on our investment analyst colleagues for their deep knowledge, so need to be effective communicators to work alongside them, integrating the data science tools that solve critical problems.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?

Before I joined Schroders I did all sorts of other data science jobs, including: helping people make better pitstop decisions as a Race Strategy Analyst at McLaren F1; planning optimal locations for building new stores at Tesco; and making sense of the big data from mobile phones when I was Head of Analytics at Telefonica Smart Steps. Therefore, I had broad experience of making sense of data and using it to assist others, which is ideal for the role.

My advice would be that if you don’t feel like your job is helping you grow as a person, find a new position in your current firm or hunt out a big challenge. You spend 40+ years of your life in your career, so you might as well make it as interesting as possible.

How has the role changed over the past ten years?

As far as I can tell almost no discretionary investment management firms had a role like this five years ago. So it’s been an interesting challenge creating a whole new kind of function making sure it’s fully integrated into the investment research process.

How do you see your role changing in the next ten years?

It’s very clear that machine learning, AI and data science are on a steep upward curve of adoption throughout all parts of the economy. Having said that, I do not believe that machines will replace smart investors. Machine learning is taking over areas like translating text, and in the future things like driving cars, but these are still ‘closed systems’ – well-defined problems with a stable and clear structure. Markets are much more chaotic, especially if you are investing for the long term. Ten years from now I fully expect humans to be driving the investment process just like they do today – my goal is that those people have a world-class set of tools and analytical specialists to support them.
In the last year, Artificial Intelligence (AI) has gone from the purview of science fiction movies to something that appears almost daily in our newsfeeds.

Commentators display almost an almost religious zeal in predicting the changes that will be brought about by this latest technological leapfrog.

This is not something to which investment management is immune, with techno-optimists confidently asserting that even the most successful fund managers will find themselves replaced by omnipotent robots.

But if we take a more scientific look at how AI is actually applied to decision-making, the evidence suggests a continuum of technological sophistication, rather than a binary switch.

In fact, far from an existential risk, the version of AI that is slowly taking hold in investment management actually offers opportunities for human fund managers to develop their capabilities and cement their position in the investment process.

AI’s different guises

Colloquially, the term “artificial intelligence” (first coined in 1956), is increasingly being applied to any situation where a computer can simulate cognitive behaviour that is normally associated with humans, be that learning, analysis or problem-solving.

As a label, however, AI is actually a blunt tool when used to describe accurately how far technology’s intelligent capabilities extend practically into different sectors and fields.

A more useful framework for measuring this can be found in the work of PwC’s Anand Rao. Rao presents AI as a continuum which ranges from Assisted Intelligence through to Autonomous Intelligence:

- **Assisted intelligence**: Computers take on automation of existing processes, including the replacement of repetitive and standardised tasks previously done by humans.
- **Augmented intelligence**: Where humans and technology learn from each other, empowering humans to do things they could not previously accomplish.
- **Autonomous intelligence**: Computers make all the decisions and can program themselves.

Could do better

Where does investment management sit on this AI continuum?

Given how much data is involved in every aspect of the asset management business, there is more than enough information available for multiple forms of AI to be possible.

Fund management firms should already be exploring how they can use technology to reduce the number of decisions that rely on human judgement down to solely those where human judgement is a bona fide competitive advantage.

We’ve seen the emergence of augmented intelligence on dealing desks through smart order routing and algorithmic execution. But when it comes to the pre-trade investment process, use of AI is stuck largely on the left-hand side of the spectrum – assisted intelligence - with little real advance on the original automation achieved by Microsoft Excel.

This may not be a surprise. As someone who was in the midst of the internet bubble of the late 90s, I can tell you that even if technological progress is fast (and getting exponentially faster), human adoption often lags behind.

The investment management sector is known for being especially conservative and slow to adopt new technology. Indeed, in PwC’s 2016 Data & Analytics
Survey of over 2,000 senior executives, the Asset Management industry was conspicuous for its reliance on human judgement in decision-making.

Time to change
This dependence upon humans, with processes and tools that have changed very little in the last 20 years, is one large reason why many are concerned about the active fund management industry’s ability to compete with lower-cost computer-driven alternatives or with new competition from data giants such as Google.

But this context doesn’t mean that active fund managers can’t compete. Rather, it means they have no choice except to compete, and to do so more effectively. Investment management firms need to embrace technology as a partner and move toward the centre of the AI continuum for the sake of survival.

What’s possible?
Those who predict that autonomous intelligence solutions (machines that can program themselves) will replace human fund managers in the foreseeable future are commenting from a position of hyperbole.

Certainly, successful autonomous intelligence solutions do exist. But they work best in completing tasks that exist in structured environments where all relevant information can be considered and where there is a knowable set of outcomes. For example, most of the chatbots emerging today are aimed at this type of task: scheduling meetings, ordering food, playing games and the like.

By contrast, AI experts are the first to explain the limitations that exist for technology in investment management and other areas of complex decision-making. Even at its most advanced, the technology still requires human intervention in some form – either as a final decision or in the creation and modification of the algorithm.

The future of active management is augmented intelligence.

Technology needs you
Augmented intelligence helps humans to do things they couldn’t do easily before.

An example of the augmented intelligence at work in investment is nicely encapsulated by David Zweig’s recent article, How to be your own Quant.

Zweig relays how UBS was unable, despite its best efforts, to develop computer models that could beat the skill of their own human analysts in creating successful earnings forecasts.

However, by reframing the situation from one of competition between man and machine to one of co-operation, they saw the chance to use technology to help counter a very human frailty: inconsistency. In fact, Zweig observes that “Human judgment is inconsistent. People are good at knowing what matters, but not very good at always looking at it the same way.”

UBS therefore developed an augmented intelligence approach through which human analysts are involved in advising the quant team on which earnings variables are the most useful, and the quant team then incorporates them into the model, improving the overall consistency and performance of the forecasts.

This combination is a win-win for both humans and technologists. It encapsulates the synergy between human and computer that is a key feature of augmented intelligence. As Jason Zweig summarises in his article, augmented intelligence allows you to “…couple your human judgement about what works with a computer-like discipline of applying it.”
**Investment AI: More partnership than takeover**

**What are you waiting for?**

There’s one fact that today’s investment managers can be sure of: the number of human portfolio managers is not likely to grow from here – indeed, some are predicting that the world will have one-third fewer PMs in five years’ time.

In order to compete, PMs don’t necessarily need to change their investment processes, but they do need to update the role that technology plays.

The first step in applying augmented intelligence to your investment process should be to use technology to look in the mirror and ask yourself which aspects of your decision-making have added and destroyed the most value in the past, and in what contexts?

What questions do you wish you could answer, with zero effort on your part, about what works and what doesn’t?

This is what Essentia clients are able to do, via the intelligent technology and analysis-driven feedback that’s provided to support clients using our Insight service.

In addition, when Essentia sends one of its clients an automated nudge (for example when a position looks vulnerable to a behavioural bias that’s been damaging in the past), it’s the PM who makes the decision about whether to act, not the computer. In a proven partnership between man and machine, the computer acts as a sort of ‘wingman’ in the investment process, providing an objective, data-driven feedback loop that a human would simply not be able to produce on their own.

Beyond the hype, and despite the portrayal of AI as the ‘enemy’ of human investors, the reality is that AI – in the form of augmented intelligence – is fast becoming the secret weapon of enlightened human portfolio managers. Assisted by technology, they can generate measurably more alpha by focusing their own energy on what they do best, and leaving computers to do everything else.

**In a proven partnership between man and machine, the computer acts as a sort of ‘wingman’ in the investment process.**

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*Clare Flynn Levy, Founder and CEO Essentia-Analytics*
What is your current role and what are your main responsibilities?

I lead the Operations team for the German market at iwoca, a London-based FinTech company offering fast, flexible lending to small and medium businesses.

My responsibility is to develop and implement a scalable value chain that provides outstanding customer service without compromising our risk assessment standards.

What do you most enjoy about this role?

The scope which ranges from constantly improving every aspect of our value chain, to understanding the wider regulatory and economic landscape.

I also understand the bigger picture: competition, regulation and economic landscape. Plus, leading a team of over 20 people is an exciting challenge. I have had both great and terrible managers so becoming a better leader myself is rewarding.

What are the most important skills for success in this role?

Credit decisions are at the core of what we do. Accordingly, financial analysis skills and accounting knowledge are critical. Working in FinTech requires a good understanding of quantitative concepts such as probability theory and hypothesis testing.

Strategic thinking, leadership and the ability to give constructive feedback are essential, underpinned by a shared vision.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?

After five years in investment banking, I wanted a more entrepreneurial environment with increased responsibility.

So I re-invested in my education, completing an MBA at the London Business School and obtaining my CFA Charter.

During the MBA I worked for Uber and LinkedIn, which aroused my interest in young, dynamic tech companies.

The MBA and CFA programs crystallised the ambition to leverage my finance skills in an operations environment. iwoca is the perfect match – management responsibility in a company that is entrepreneurial and adds customer value.

In terms of advice:

If you want to work in operations: I encourage other CFA Charterholders to hone their practical skills. Practical experience is crucial. If possible try every role in your organisation – don't be afraid to get your hands dirty.

If you want to lead a team: value the opinion of everyone in your team – commit to meritocracy. Approach challenges with a positive mindset and be transparent and honest – this forms the basis for great productivity.

If you want to work in FinTech startups: Go out and network – you never know who may help you land your dream job. Get your foot in the door – you can start as an unpaid intern and lead a team a year later if you are great what you do.

How has the role changed over the past ten years?

iwoca is just five years old, so my exact role did not even exist back then. Generally speaking, leadership Operations roles in Fintech companies have evolved in the last five years. As a whole, Fintechs are more sophisticated, mature and prone to more regulation.

How do you see your role changing in the next ten years?

The growth of iwoca means an increasing focus on scalability and automatisation. It will be imperative to understand our tech framework and the programming languages we use. My role will concentrate on strategy, recruiting and continuous improvement of our operational setup.
The Investment Consulting space has rapidly expanded in recent years. This growth has been driven by the regulatory requirement for pension schemes to receive independent investment advice. However, another very important part of this sector has been the expansion of Fiduciary Management.

This fast-growing area offers many benefits to pension trustees by bringing in expert experience and creating a clear separation of duties to assist with designing an investment approach aimed at meeting investment objectives. As such, it is an area that offers a variety of interesting roles for financial professionals across a range of specialisms.

This article aims to present an overview of the Fiduciary Management proposition and the rise of this investment solution approach over recent years. There is also an overview of the investment framework, together with an outline of the main types of providers in this area. Finally, there is an examination of the main roles in Fiduciary Management and the associated skill set required in order to achieve a successful career.

Fiduciary Management, often called delegated consulting or Outsourced Chief Investment Officer (OCIO) as referred to in the United States, offers a solution to pension trustees, where they appoint an experienced partner to advise and implement an investment strategy.

This solution benefits pension trustees as it frees up their time, allowing them to focus on the strategic decisions that impact the pension scheme. Additionally, a study has estimated that a robust governance structure, which Fiduciary Management aims to improve, may result in 1-2% higher returns when compared to organisations with poor governance. Some of the key factors in the decision to appoint a Fiduciary Manager include: decision-making expertise, journey planning and de-risking expertise, and certainty of reaching end goals.

There's one fact that today's investment managers can be sure of: the number of human portfolio managers is not likely to grow from here.
Investing Consulting and Fiduciary Management

The growth in use of Fiduciary Management is clearly captured by KPMG in the firm’s annual survey on Fiduciary Management in the UK:

**Continued growth in number of mandates**

![Graph showing continued growth in number of mandates](image)

- **719** Total mandates in the UK

**Continued growth in assets under management**

![Graph showing continued growth in assets under management](image)

- **£123 billion** Assets under Fiduciary Management

To put these numbers into perspective, total pension assets as recorded by the Pension Protection Fund (PPF) 7800 Index were £1,247.5 billion and total liabilities were £1,469.8 billion as at 31 December 2016.

The Fiduciary Management relationship involves the clear definition of a process and responsibilities that would lead to improved governance and performance:

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<th>DECISION</th>
<th>ADVICE</th>
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**FM** = Fiduciary Manager  
**Trustees** = trustees of the pension scheme  
**Manager** = investment manager responsible for designated asset class mandates

Pension schemes would typically target a benchmark return for the entire scheme of "Liabilities +X%". As such the two most important components to manage are:

1. **The Liabilities**: Trustees work on achieving a funding level that would allow them to manage the pension scheme comfortably on a self-sufficient basis or on a buy-out basis (in case they would like to transfer the pension liabilities to an insurer).

2. **The Assets**: Because pension schemes are often underfunded, the assets need to work harder to achieve specific objectives. In this case more often than not, we would observe a dual approach to the management of the asset portfolio:
   a. **The Liability Driven Investing sub-portfolio** – aims to provide a close hedge to interest rate risk and inflation risk, while achieving modest returns.
   b. **The Return Seeking sub-portfolio** – a well-diversified portfolio of assets that will aim to generate sufficient return to bridge the scheme’s funding gap.

There are three main types of Fiduciary Management providers:

- **Investment Consulting Firms**
  - Asset Managers
    - Traditional asset managers who have multi-asset class investment teams who manage outsourced mandates or manage multi-asset portfolios. Some managers may also offer LDI investing capabilities and have typically well-resourced external manager selection teams.
  - Specialist Fiduciary Management Providers
    - Specialist providers who offer the full suite of Fiduciary Management services and provide sophisticated management techniques together with LDI portfolio management.

A study has estimated that a robust governance structure, which Fiduciary Management aims to improve, may result in 1-2% higher returns when compared to organisations with poor governance.
The roles within Fiduciary Management focus on the core service of providing investment advice, implementation and monitoring. Some of the main roles that are typically seen within the teams of Fiduciary Management providers are outlined below:

**Investment consultants and relationship managers**

These are usually the client-facing roles and the professionals will have frequent interaction with the client. The role is varied and involves helping to establish the Statement of Investment Principles, designing a strategic implementation, discussion of the appropriate allocation of the overall pension assets, establishing reporting requirements, presenting at quarterly trustee meetings on the performance of the overall portfolio and meeting the client’s objectives. It would typically require good communication and presentation skills, with detailed knowledge of the overall client portfolio and market drivers.

**Trading**

This is the function that would manage the portfolio on a daily basis and will structure and instruct trades. The traders will also perform daily portfolio monitoring, portfolio rebalancing and would be involved in the implementation of new managers, setting investment guidelines, etc. The role is very technical and requires detailed understanding of specific investment products and derivative instruments, use of leverage in the portfolio, and settlement periods. Good organisational and planning skills are essential.

**Investment managers/Market idea generators**

These types of roles are similar to the ones found in many of the multi-assets Diversified Growth Funds or Multi-Asset Absolute Return Funds. These cover the following areas of expertise:

- **Strategists** help establish the long-term investment positioning. They are usually involved with establishing mathematical models to forecast returns of asset classes. Strategists are also heavily involved in setting risk budgets and structuring the overall multi-asset investment framework.

- **Markets professionals** focus on shorter-term opportunities where they seek to implement a tactical component in client portfolios in order to profit from market dislocations, policy shifts and macroeconomic developments.

**Manager research and selection**

This is one of the most important roles of the motivation to hire a Fiduciary Manager. Even though traditionally asset allocation has been thought to deliver over 90% of the total portfolio returns, recent studies suggest that active management has gained equal importance. As such, Fiduciary Managers have dedicated teams who cover a large universe of investment managers in traditional and alternative asset classes. Manager research may be split by asset class and will involve frequent contact with the investment managers, analysis of investment returns and risk characteristics as well as close analysis of the stability of the investment management company. An additional layer is the operational due diligence element, which examines the control environment, risk management, and conflicts of interest present within an asset management organisation.

**Reporting**

A key component of a fiduciary relationship, reporting provides a holistic view to the trustees of how the pension scheme is managed. Performance reporting is usually delivered on a monthly basis with additional risk reports, funding level reports and portfolio reviews delivered to clients quarterly or as agreed. The role combines a detailed knowledge of the portfolio with performance and attribution skills. Individuals in these roles usually have proactive attitude in order to understand how portfolio changes (e.g. reallocations or additions of new managers to the portfolio line-up) may impact client reports.

Other roles that indirectly touch on the Fiduciary Management relationships may involve:

- Fiduciary Manager selection and monitoring
- Legal functions
- Independent trustees
- Regulatory roles

All of that said, Fiduciary Management aims to meet clients’ needs by helping investors formulate appropriate investment strategies and provide tailor made implementation options in the context of a well-diversified portfolio. Looking ahead, we would expect this approach to gain further popularity not only with defined benefit pension schemes but also with defined contribution pension plans – where designing an efficient and well-communicated pension structure and a thought-out default option would help address the main priorities of pension trustees.
What is your current role and what are your main responsibilities?

I’m one of three analysts in the equity manager selection team. My main responsibilities include monitoring and review of existing fund investments, and identifying new funds to be used in client portfolios. In addition, I contribute to asset allocation discussions within the wider investment team, and assist our client teams with investment-related queries.

What do you most enjoy about this role?

Primarily the variety, as well as the opportunity to meet talented equity investors. For example – one month I can be researching UK equity managers, then looking at Asia and Emerging Markets, while reviewing what’s happening with our US and Europe fund managers. Equally, I find it satisfying when I have to coalesce various messages from the managers into an overarching view.

What are the most important skills for success in this role?

It’s vital that you have the ability to critically analyse arguments and investments. You also need to be a lucid communicator, have a flexible approach and be willing to debate your views with conviction.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?

I started my career as a Trustee and Collateral Administrator for CLOs in 2007, which I found interesting. However, after a few years I wanted to move into Investment Management. Because my role was administrative in nature, I realised I needed the CFA to help me stand out and demonstrate my analytical skills and commitment to the industry. At first it was difficult to find what I wanted, given the dearth of hiring post the crisis, but it was important to persevere and keep trying different avenues.

How has the role changed over the past ten years?

Far more rigour has been required since the financial crisis, which highlighted the importance of liquidity and the need to understand your investments and their potential to go wrong – these aspects are very important now.

How do you see your role changing in the next ten years?

I expect there to be further rigour and analysis required as technology and transparency improves, and there’ll be even more focus on trying to generate above benchmark returns after fees. Given the fee pressure and regulatory cost pressures impinging on investment firms, the trend is towards further consolidation and more crowding in the top performing funds. I expect this to continue. The result is that we will have to work harder to find the best funds.

"One month I can be researching UK equity managers, then looking at Asia and Emerging Markets, while reviewing what’s happening with our US and Europe fund managers."
Eimear Walsh, CFA
Principal, Delegated Investment at an asset management firm

"No two days are the same when dealing with clients. There's always something new to think about, whether it's solution design, tailoring advice or prospecting."

What is your current role and what are your main responsibilities?

My role as a Principal within Mercer’s Delegated Investment business covers a breadth of responsibilities, from advising clients on asset allocation and manager selection to the creation of bespoke solutions. I also contribute to the expansion of our business within the UK, which involves prospecting and coming up with new ways to engage with clients.

What do you most enjoy about this role?

I enjoy the variety and level of interaction that my role brings – no two days are the same when dealing with clients. Plus, there’s always something new to think about, whether it's solution design, tailoring advice or prospecting. But what really makes a difference is the culture at Mercer. It's great to work with smart, enthusiastic, fun people who come from a diverse set of backgrounds. For me, organisational culture is a major factor in career satisfaction.

What are the most important skills for success in this role?

Being an effective communicator is paramount, both internally/externally and also in terms of creating a good personal brand. You also need the ability to envision a comprehensive view and not get too encumbered by details, particularly as you progress through your career.

How did you get to this position and what would you advise other CFA’s who would like to do a similar role, to do?

Before joining Mercer, I worked as part of an in-house investment team for a large insurer. I came from an investment background so the challenge of moving into consulting was learning about clients and their objectives, rather than focusing solely on the investment perspective.

For those interested in advising and implementing ideas on behalf of clients, I think spending time in an investment management role gives a greater understanding of investments.

If you’re looking to move into the investment industry from another background, working towards becoming a CFA Charterholder is an excellent way to get your foot in the door, as it shows interest and commitment.

How has the role changed over the past ten years? (or five if you prefer)

The consulting model has undergone significant change in the last five years. More clients are delegating responsibility for certain areas to third parties in order to focus on key areas, such as the investment strategy. As a result of this trend, my time has progressively moved from advising clients to creating and implementing the right solution for them.

How do you see your role changing in the next ten years? (or five if you prefer)

I envisage that my role will expand more into the business management side, which is one of the areas I enjoy most since it provides the ideal environment for my skills.
The financial sector is currently undergoing a period of reputational, regulatory and technological change. Throughout this process, graduates have continued to pursue careers in the investment profession. But what are their current attitudes towards finance as a career and what can be done to continue to entice the brightest prospects to consider this profession?

Changing perceptions
Over the past decade, the banking industry has seen its reputation tarnished among the general public and students alike. The percentage of MBA students choosing banking as a career has fallen by 40% from 17.4% in 2008 to just 10.6% in 2014, according to analysis carried out by the Financial Times. Similarly, the Deloitte Talent in Banking Survey 2015 found banking had been knocked off the top spot as the most popular industry with business students, falling from 20% of the vote in 2008 to only 15% in 2015.

The same survey reveals the aspirations of the students who are more inclined to pursue a career in this industry. It suggests prestige and high levels of pay are the factors attracting new graduates, rather than considering the industry as being innovative or creative. In fact, only 27.6% of students expect financial sector employers to be innovative, as opposed to 43.1% of general corporates.

Technically speaking
This is a problem for the financial sector that is built on innovation: from stock exchanges and ATMs to online portfolio management – all these rely on innovative use of the very latest technology. Yet the financial industry cannot seem to shake its stuffy image. It is clear many graduates think that the finance sector is miles away from the glamour of Silicon Valley, where tech firms are attracting the very best of world graduate talent.

The problem is that financial institutions “do not tell their employer brand story in an authentic, engaging way” that would reach the current generation of graduates, according to Universum, a company that analyses student preference data from more than 2,200 universities and academic institutions across the globe. Examples include financial institutions downplaying the importance of social media, or being poor users of it, especially when compared to their non-financial peers. Given the importance of this communication medium as a critical channel for
reaching the Millennials, and upcoming Generation Z, financial institutions risk appearing irrelevant to their consumers and potential future employees.

Of course, the industry blames its regulators and compliance for stifling its ability to communicate with the same ease as non-financials. And yes, it is all but impossible to fit even the start of a typical disclaimer in Twitter’s 140 character limit. But this point, although made repeatedly, is actually a mistake made by the industry. Social media should not be viewed as a tool for broadcasting marketing material but instead as one for genuine engagement, both with customers and those it wishes to recruit.

Even regulatory burden can be considered in a positive light and one the financial industry should be shouting about. It is, in fact, presenting career opportunities for graduates because financial services firms now see compliance, valuations and risk as integral functions and are running dedicated graduate recruitment programmes in these areas.

The power of attraction

Graduates also increasingly wish to align themselves with companies that have similar social values as their own. In this area, progress is being made. For example, the PwC 2016 Global CEO Survey found that the priority for top talent was not competitive compensation but to work organisations with social values aligned to their own. This result was based on a poll of CEOs from the Asset Management industry. The survey also revealed that 40% of the CEOs are considering changing their company’s organisational purpose to take account of their impact on society. This should help to bring these firms more in line with the career preferences of the current generation of graduates.

When it comes to attracting talent, the financial services industry could look to the example of the FinTech sector for inspiration, since the latter has been a bright spot and growth area for both revenue and market impact. It’s a part of the industry that has been successful in sparking graduate interest and connecting with the younger generation. This small but growing sub-sector combines the innovation of Silicon Valley start-ups with more traditional financial markets. These firms are generally seen as creative, tech savvy and having social or society based values – exactly what the current generation of graduates is looking to connect with.

On the other hand, graduates tend to accept that positions within FinTech may pay less than traditional firms because they also tend to come with other perks such as company shares, a sense of autonomy or a more relaxed working environment. However, the growth in interest in this sector shows that many are willing to make that trade off.

Continued competition

Graduate expectations of employers is a concept that is evolving; meanwhile, competition for the best graduate roles is as strong as ever. Investment banks are typically only taking on around 2% of applicants. In fact, 77% of Investment Banking jobs are filled by graduates who have already worked for the employer, which demonstrates the impact of a successful internship programme. Some banks are starting even earlier, with Bank of America Merrill Lynch, for example, not alone in offering a pre-internship. Its ‘Insight Programme’ running in April 2017 is aimed at 2019 graduates.

The continuing challenge for the industry is to realise that attracting and projecting innovation as well as establishing and aligning firm values with prospective employees are key to attract the best graduates today.
Today in the United States there are 72,000 centenarians. Worldwide, probably 450,000. If current trends continue, then by 2050 there will be more than a million in the US alone. According to the work of demographer Professor James Vaupel and his co-researchers, 50% of babies born in the US in 2007 have a life expectancy of 104 or more. Broadly the same holds for the UK, Germany, France, Italy and Canada and for Japan 50% of 2007 babies can expect to live to a staggering 107.

Understandably, there are concerns about what this means for public finances given the associated health and pension challenges. These challenges are real, and society urgently needs to address them. But it is also important to look at the wider picture of what happens when so many people live for 100 years. It is a mistake to simply equate longevity with issues of old age. Longer lives have implications for all of life, not just the end of it.

A redesign for life
Our view is that if many people are living for longer, and are healthier for longer, then this will result in an inevitable redesign of work and life. When people live longer, the arc of their life stretches – they are not only older for longer, but also younger for longer. There is some truth in the cliche that “70 is the new 60” or “40 the new 30.” If you age more slowly over a longer time period, then you are in some sense younger for longer.

But the changes go further than that. Take, for instance, the age at which people make commitments such as buying a house, getting married, having children, or starting a career. These are all fundamental commitments that are now occurring later in life. In 1962, 50% of Americans were married by age 21. By 2014, that milestone had shifted to age 29.

Extended options
While there are numerous factors behind these shifts, one factor is surely a growing realisation for the young that they are going to live longer. Options are more valuable the longer they can be held. So if you believe you will live longer, then options become more valuable, and early commitment becomes less attractive. The result is that the commitments that previously characterised the advent of adulthood are now being delayed. An added effect is that new patterns of behaviour and a new stage of life is emerging for those in their twenties.

By Lynda Gratton and Andrew Scott

Careers for centenarians
Longevity also pushes back the age of retirement, and not only for financial reasons. Yet, unless people are prepared to save a lot more, our calculations suggest that if you are now in your mid 40s, then you are likely to work until your early 70s; and if you are in your early 20s, there is a real chance you will need to work until your late 70s or possibly even into your 80s. But even if people are able to economically support a retirement at 65, over 30 years of potential inactivity is detrimental to cognitive and emotional vitality. Many people may simply not want to do it.

And yet that does not mean that simply extending our careers is appealing. Just lengthening that second stage of full-time work may secure the financial assets needed for a 100-year life. There is the consideration that such relentless work will inevitably deplete precious intangible assets such as productive skills, vitality, happiness, and friendship.

More milestones with time to enjoy the journey

The same is true for education. It is impossible that a single shot of education, administered in childhood and early adulthood, will be able to support a sustained, 60-year career. If you factor in the projected rates of technological change, either your skills will become redundant, or your industry obsolete. That means that everyone will have at some point in their life have to make a number of major reinvestments in their skills.

It seems likely, then, that the traditional three-stage life will morph into multiple stages containing two, three, or even more different careers. Each of these stages could potentially be different. In one, the focus could be on building financial success and personal achievement, in another on creating a better work/life balance, another still on exploring and understanding options more fully, or becoming an independent producer, another on making a social contribution. These stages will traverse sectors, take people to different cities, and provide a foundation for building a wide variety of skills.

Transitions between stages could be marked with sabbaticals as people find time to rest and recharge their health, re-invest in their relationships, or bolster their skills. At times, these breaks and transitions will be self-determined, at others they will be forced as existing roles, firms, or industries become obsolete.

Variety is the spice of long life

A multi-stage life will have a profound impact not only in how you manage your career, but also in your approach to life. An increasingly important skill will be your ability to deal with change and even to welcome it. A three-stage life has few transitions, while a multi-stage life has many. That is why being self-aware, investing in broader networks of friends, and being open to new ideas will become even more crucial skills.

These multi-staged lives will create extraordinary variety across cohorts of people simply because there are so many ways of sequencing the stages. More stages mean more possible sequences.

With this variety will come the end of the close association of age and stage. In a three-stage life, people leave university at the same time and the same age, they tend to start their careers and family at the same age, they proceed through middle management all roughly the same time, and then move into retirement within a few years of each other. In a multi-stage life, you could be an undergraduate at 20, 40, or 60; a manager at 30, 50, or 70; and become an independent producer at any age.

Closing the generation gap

When age is no longer the determining factor of stage, the work of managers and HR leaders changes. And more fundamentally, people of different generations will interact differently with one another. As those of different ages embark on shared activities, they’ll understand each other better. That raises the possibility, amongst much else, that older people will “age young” simply through the company they keep.

50% of babies born in the US in 2007 have a life expectancy of 104
Current life structures, career paths, educational choices, and social norms are out of alignment with the emerging reality of longer lifespans. The three-stage life of full-time education, followed by continuous work, and then complete retirement may have worked for our parents or even grandparents, but it is not relevant today. We believe that to focus on longevity as primarily an issue of aging is to miss its full implications. Longevity is not necessarily about being older for longer. It is about living longer, being older later, and being younger longer.

When age is no longer the determining factor of stage, the work of managers and HR leaders changes.

**Careers for centenarians**

Lynda Gratton is Professor of Management Practice at the London Business School where she teaches an elective on the Future of Work and directs an executive program on Human Resource Strategy. Lynda is a fellow of the World Economic Forum, is ranked by Business Thinkers in the top 15 in the world, and was named the best teacher at London Business School in 2015. Her most recent book is The 100 Year Life: Living and Working in an Age of Longevity, co-authored with Andrew Scott.

Andrew Scott is Professor of Economics at London Business School and a Fellow of All Souls College, Oxford University and the Centre for Economic Policy Research. He has served as an advisor on macroeconomics to a range of governments and central banks and was Non-Executive Director on the UK’s Financial Services Authority. He is the co-author, with Linda Scott, of The 100-Year Life: Living and Working in an Age of Longevity.
Setting up your own business - an increasingly attractive option?

By Jane Coffey, ASIP, Founder of Investor Coaching, Chair of the CFA UK Careers Committee

Setting up your own boutique asset management company, hedge fund or independent research house is an increasingly viable and attractive career option for CFA Charterholders.

The asset management and broking industry has been party to a plethora of M&A as the big players get bigger, while medium-sized companies’ business models are seen as vulnerable. Hence, there is also an increasing trend for investment professionals to set up their own business and escape the stresses of life in a large corporation. Developments in IT and the ability to outsource many non-core activities has reduced entry costs allowing people to focus on where they can add value and form a business around it.

Having spoken to an array of successful investment entrepreneurs (whose stories are seen around these pages) this article aims to find out what attracted them to founding their own business, the problems they encountered and the tips would they give to others looking to take the plunge.

For many, the main benefits come from the integrity of being independent and the freedom to set your own vision. They cite a lack of conflicts of interest, a feeling of being in control of your own destiny and the satisfaction of being close to the business decisions. They value having greater flexibility to meet customer demands, and they enjoy the ability to make quicker decisions, making it easier to be innovative.

On the other hand, there are also different stresses and difficulties. The necessity of being a jack of all trades, involved in the administrative side of running the business as well as its marketing, whilst providing a quality research product or strong fund performance, was often worse than they expected. Additionally as they took on extra staff, the responsibility of being able to pay their salaries led to some sleepless nights!

What are the essentials for success?

1) Have an in depth understanding of your vision of the business, its purpose and the business model.

   What is your motivation to run your own business?
   What are your ambitions for it? Is it for a lifestyle business/one man band, a multi-million £/$ fund, or to become a major player in your area?

   What are you offering your customers and why would they buy it? What is your value-add and what problem do you solve for your clients?

   How will you get paid? Fixed fee, subscription model, performance fees?

   What is your exit strategy? Sell the business, list on an exchange, or simply retire?

For many, the main benefits come from the integrity of being independent and the freedom to set your own vision.
2) Choose your partners carefully

Many people felt that their choice of partner was a critical factor in the success or otherwise of the venture. You need to know you will work well together (many had worked together in the past), have complementary skills and often complementary personalities in order make balanced decisions, but above all you need to share the same vision and be able to communicate effectively particularly when under stress. Make sure responsibilities are clearly defined both on a day-to-day basis and at a strategic level.

3) Have a detailed business plan and budget for the early years but remain flexible in execution. Make sure you allow for unforeseen delays in revenues and that you can still survive

As with any start-up, cash is ultimately king. Whilst there is a certain scale of expenses you need to incur to get a credible start, the more you can grow from retained earnings rather than debt, the more resilient your business will be.

David Bowers (pictured) founded Absolute Strategy Research with Ian Harnett in 2003. The company specialises in top-down strategic research for asset managers and now employs 14 researchers. David told me “Although Ian and I had not previously worked together, we both shared the same vision of the service and product we wanted to provide for clients and we were finding it increasingly hard to get our respective employers to dedicate the necessary resources to deliver strong macro research. With over 20 years of experience each, a clear view of how we could add value to our clients and most importantly an existing network of potential clients, we felt it was time to take the plunge and leave our respective Investment Banks.” He added, “There has been a massive change already in how clients value and pay for research and with MiFID II due for full implementation at the start of 2018, models are still evolving. Whilst regulatory change is a massive risk in our business, it also gives opportunities … I believe it has never been more important to understand what the clients want and to adapt as that evolves. You must be able to show how you are making a difference to their fund’s performance and not just giving them something interesting to read!” Whilst David and Ian come from a traditional IB background and have applied that experience in building ASR’s proprietary products and bank of historic data, David sees opportunities for younger CFA Charterholders to break in to the market with new radical business models and offerings. Big Data will increase the demand for quantitative analytical skills and coding experience, whilst innovative delivery platforms for both data and analysis could also come from players with diverse backgrounds and skills.

Cash is ultimately king. ...the more you can grow from retained earnings rather than debt, the more resilient your business will be.

Sean Maher decided to become independent in 2004, setting up London-based economic consultancy called Entext after 14 years working on the buy-side and sell-side. For him, the main attraction was the freedom it gave him to take a holistic view about markets and avoid the silo mentality, which can often be a danger in the bigger houses. “I also feel I am more productive as I have to focus on where I add value and make sure I am using time well” he told me. “I do three roadshows a year to see clients in Asia and the US, but otherwise spend at least 80% of my time thinking and writing about my views drawn from the raw data.”
Andy Mcnally and George Cooper founded Equitile at the start of 2015 with a shared investment philosophy built on the lessons of the Global Financial Crisis. It places financial stability and human behaviour at the centre of their thinking, aiming to identify the most resilient companies and avoid behavioural biases to build portfolios which generate good long-term returns.

Andy’s view is that “We both felt that now was the time to launch something different in asset management. We share the view that in a world that has seen exponential growth in debt, a well-chosen equity portfolio will be a more resilient investment to preserve your wealth over the coming decades. We also wanted to re-examine how investors pay for the service … One of the key benefits of setting up your own business is that you can challenge the status quo.”

Martin Woodcock started his hedge fund Millgate Capital in 1997, in partnership with James Lyle, who had been his client over many years and was an experienced long/short investor. “Whilst we knew we could talk about stocks together, I think one of the most important things we did well initially was spending time on agreeing our vision and in particular asking and answering the tough questions about how we would act if things went wrong.” Martin told me: “Our investment philosophy was a classic long / short bottom up value based strategy running concentrated portfolios with low turnover. In the 14 years that we ran the fund to 2011, it generated over 10% annualised return with roughly 2/3rds the market volatility, however as you can imagine performance was difficult in the late 1990’s running into the TMT bubble. Fortunately as the bubble burst in 2000, the market began to notice the attractiveness of the stocks we were holding and our portfolio performed really well. Whilst it still took time to build the assets under management, we knew then that it was worth continuing. “At their peak, assets under management grew to over $2bn. However, knowing when to continue and when to change your business model is a key part of running a successful business and maintaining good relations between partners. The fund was liquidated in 2011 and Martin and James are still friends but are now pursuing different strategies. Martin’s new fund concentrates on opportunities in Africa.

Gillian Elcock is the Founder and Managing director of Denny Ellison, which provides equity research services to asset management and family offices. In addition, they provide training to make equity analysts more productive and to help people succeed in their interviews to become investment professionals. For Gillian, the upsides of building her own business far outweigh the disadvantages. "You are more motivated and you make the key decisions and choose who you want to work with." She notes, though, that it is harder to separate your work from your personal life and you have to be careful to make sure you give yourself time off. Gillian's top tip for people wanting to set up their own business is to focus on how you will win business. Using existing relationships and referrals can produce your first customers; however, it is also wise to invest in training or external expertise to ensure your marketing works. Don't underestimate how long it will take to establish your business and do seek out support from others in your industry. "I found being involved with the CFA was particularly helpful in keeping me in touch people and trends in the industry."
What is your current role and what are your main responsibilities?

I am the Founder and Managing Partner of Cebile Capital. We are a secondaries advisor and placement agent in the private equity industry, raising capital for leading General Partners and advising buyers and sellers of private equity funds and direct interests. My responsibilities range from strategy and operations to deal origination, execution and client service. Brand and community building in the private equity industry is also an important part of my role.

What do you most enjoy about this role?

Mentoring my team members is the most rewarding part of my professional life. It is a rare privilege to be able to develop, coach and guide individuals in their careers. We have learned through experience that there is no substitute for a person whose values align with ours. As a result, we now conduct several types of interviews to screen for such a culture fit.

What are the most important skills for success in this role?

Negotiating skills are absolutely critical. We are advisors to private equity investors and fund managers and we are constantly bridging the gap between them to ensure a fundraise is successful or a secondaries deal is closed. I make sure that I understand the different levers of negotiation and also keep abreast of the latest research from Harvard Business Review and other leading business schools.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?

I got my undergraduate and Masters degrees in Engineering from Stanford, worked in Silicon Valley for a few years, and then went to Harvard for my MBA before joining the asset management industry. Cebile Capital was started six years ago. We have hired CFA holders and candidates who have done very well at our firm and as private equity deal advisors, in general. My advice would be to build a core skill set that can translate across industries. If you're going to be a deal maker, become a good negotiator and build a deal track record. If you'd like to become a private equity investor, build core competency in valuation.

How has the role changed over the past ten years?

The private equity advisory landscape has changed significantly over the last decade, not least in the area of technology. Regulation has certainly become more onerous after the Great Financial Crisis. Business has become even more global from an investor perspective and new pockets of investor capital have emerged in the last decade like a burgeoning number of Asian family offices. The fund of funds industry has come under intense pressure in private equity with consolidation and fee pressure. Finally, the financial crisis really helped to weed out the underperforming General Partners who had to wind up or restructure in a meaningful way to continue building their businesses.

How do you see your role changing in the next ten years?

Consolidation will continue amongst General Partners and funds in private equity. We will also witness technology truly disrupting the PE industry itself through greater transparency and reporting to portfolio monitoring. To go one step further, we would see ourselves potentially devising tech solutions to common industry problems as part of our advisory practice. What we don't foresee changing is the emphasis on private equity being a relationship-driven industry.

"It is a rare privilege to be able to develop, coach and guide individuals in their careers. We have learned through experience that there is no substitute for a person whose values align with ours."
The making of a successful investment professional

By Jane Coffey, ASIP, Founder of Investor Coaching, Chair of the CFA UK Careers Committee

Recently I spent a fascinating morning at the CFA conference on the making of a successful investment professional. There is a link to the document they have published which summarises the study into the essential skills and competencies required of today’s investment professionals, which is well worth reading. For those short of time, the main points are summarised below, alongside my own observations.

Naturally, technical ability including analytical skills, financial modelling and increasingly programming skills remains a core part of the required skill set, but interestingly, other behavioural competencies are given equally high regard. In particular, good performers are seen to have a high level of curiosity and creativity, as well as strong communication and collaboration skills. Exceptional performers also showed additional, distinctive qualities. Many of their skills are linked to higher emotional intelligence, for example, focusing on self-development, responding well to direct feedback and being able to learn from failure. It was noted that exceptional performers work well in teams, are attentive listeners, have a clear sense of direction, are efficient and can translate complex notions into simple ideas.

Trends of the future point towards functional segregation of order initiation from execution and the growth of large teams of in-house analysts within buy-side firms to support the fund managers. Ironically, while specialism is on the increase, it is acknowledged that excellent performers require a holistic mindset and a greater awareness of the global context in which they operate. Competition for an investment career is now global, with little tolerance for mediocrity or poor performance.

Will Roberts, Head of Talent at Columbia Threadneedle spoke in the panel discussion about the importance of promoting the right leaders within the business. One long-standing problem in the City is that people with the best technical skills and investing track record were elevated to leadership positions, despite many having neither the motivation nor aptitude for such roles. Columbia Threadneedle believe in promoting those with both the desire and the competencies for leadership. Employees are supported with performance coaching to increase their self awareness, with an accent on the type of leader they want to be. The firm and the individual need to appreciate the commercial value of being an effective coach to the team, thus allowing them to delegate aspects of their role with confidence. Similarly, there needs to be sufficient flexibility to reward exceptional fund managers and analysts without the need to move into leadership if they are not suited.

The conference left me optimistic about the direction the industry is taking and the best practices that are evolving to create a more professional and positive culture within investment firms.

Skills and Competencies of Today’s Investment Professionals Report

Good performers are seen to have a high level of curiosity and creativity, as well as strong communication and collaboration skills.
Arran Pierson, CFA
Head of Equity Investment Risk

"Our core responsibility is to work closely with our portfolio managers in order to ensure that our funds are being managed in accordance with their investment objectives, and facilitate investment decision-making with respect to risk."

What is your current role and what are your main responsibilities?
As the Head of Equity Investment Risk for Vanguard's European business, I lead a team of analysts who are responsible for managing all aspects of investment risk for our UCITS fund range, which is comprised of around 60 portfolios. Our core responsibility is to work closely with our portfolio managers to ensure that our funds are being managed in accordance with their investment objectives, and facilitate investment decision-making with respect to risk. We use models to inform us as to the risk factors and what these exposures mean from a risk perspective. The prime investment objective for our index funds is to replicate the performance of the designated benchmark as closely as possible.

What do you most enjoy about this role?
Our team has a high degree of involvement in product development when a new fund is taken to market. It’s exciting and rewarding to be involved throughout the entire development and management lifecycle.

What are the most important skills for success in this role?
Although strong analytical and conceptual thinking skills are essential, I’d also cite communication and relationship management as indispensable. While it’s important to understand the numbers, you have to be able to communicate the meaning to decision-makers and other stakeholders.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?
Before I joined the risk team at Vanguard, I spent four years working for a financial technology firm specialising in risk management and gained a pretty deep understanding of systems, data and modelling tools. I also spent a lot of time out of the office speaking to a broad range of clients, which gave me first-hand experience of the industry. If you’re a CFA looking to move into risk management, start by identifying your particular area of interest. You also need to focus on developing the right skills beyond technical or subject matter expertise.

How has the role changed over the past ten years?
There are two obvious themes – first, the role of risk management within buy-side investment firms, and second, technological advancement. A robust risk management framework has never been more critical, and investors are cognisant that the risk function adds an extra dimension of value. Many firms perceive risk management as being more of an integrated function within the front office and less of an independent second line portfolio monitoring/reporting function. Technology, ergo advancements in risk management systems and underlying models, enables deeper analysis, and provides the tools to share information more effectively.

How do you see your role changing in the next ten years?
Key trends in asset management include the growth of low cost passive investing, the popularity of exchange traded funds (ETFs) and the rise in demand for broadly diversified multi-asset class (MAC) portfolios. For risk management, this means adapting systems and processes to provide an accurate depiction of risk. In the case of passive investments, the level of 'active risk' is lower, meaning that basis points as opposed to percentage points float to the surface quickly. This requires accurate data, robust risk systems and models which can handle finer margins. Increased demand for MAC means that several risk model vendors have rolled out modelling capabilities that provide enhanced flexibility around 'risk model building blocks', in order to customise risk model factor definitions and weightings. Ultimately, you have to keep abreast of industry developments and be able to adapt accordingly.
Jonathan Platt, ASIP
Head of Fixed Income at an asset management firm

"After working in asset management for nearly thirty years, I'm lucky in that I enjoy every aspect of the role."

What is your current role and what are your main responsibilities?
I am Head of Fixed Income at Royal London Asset Management (RLAM). There are four main aspects to the role. First, I manage a team of 28, alongside team heads responsible for our key areas of cash, government bonds, high yield, credit and research. Second, I manage a range of client portfolios – predominantly credit-based strategies, with aggregate bond funds as well. Third, I am responsible for team investment strategies. Also I work with senior colleagues outside the fixed income area to develop the wider business.

What do you most enjoy about this role?
After nearly 30 years in asset management I’m lucky in that I enjoy every aspect. The intellectual challenge, variety of the work, and the objective nature of success. Any role is influenced by those you interact with daily too, and I’m fortunate to work with hugely talented colleagues.

What are the most important skills for success in this role?
There are several. At a technical level an ability to analyse and price risk; taking in a range of factors and assessing their relative importance. At a broader level having a clear investment philosophy, to be prepared for medium or long-term investment horizons, have an ability to keep your nerve when markets move against you – with awareness to know when you are wrong or the strength of your convictions wane. It is also important to trust people and to delegate responsibilities. Leaders have to take responsibility, and not just when things go well. Ultimately the most important skill is building a team than can deliver what clients require.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?
I studied Philosophy, Politics and Economics at university; this was excellent training for a career in fund management. It encouraged absorption of information and for conclusions based on a wide variety of views.

However, I know colleagues who studied many different disciplines and some who went straight into finance from school, so there is no single ideal route. More relevant is an enquiring mind and an interest in markets.

As a CFA member I appreciate the importance of setting high standards within our industry. We encourage all investment personnel to study for their CFA and use CFA resources to monitor, record and encourage Continued Professional Development.

How has the role changed over the past ten years?
RLAM’s business has grown over the last ten years; I lead a larger team and we offer a broader range of investment strategies which now cover high yield, cash and short duration liability driven investment (LDI), Buy & Maintain credit, multi asset credit and absolute return. At a fund management level, now deal with a far wider range of entities; infrastructure, social housing, universities, emerging market companies as well as government and large corporates are funded through debt markets. I think team motivation has become more important too.

How do you see your role changing in the next ten years?
As recent events have shown, the best laid plans can quickly unravel. It’s important to keep an open mind. This said, I think my role will be substantially the same but with greater emphasis on team leadership, looking for new business opportunities and coping in a world of lower fees. I need to ensure that RLAM continues to offer differentiated products that appeal to investors who want an active manager to offer something other than a ‘me-too’ product.
The changing face of recruitment and smart ways to get ahead with your job search

By Jane Coffey, ASIP, Founder of Investor Coaching, Chair of the CFA UK Careers Committee

Ten years ago, if you wanted to move jobs within the City, you updated your CV, put in a few calls to the relevant agency or headhunter, maybe asked a small number of trusted contacts if they knew of any suitable vacancies and then waited for the calls. Nowadays, your to-do list is longer and more complex. The upside, however, is that you are far more in control of your destiny. Understanding the new recruitment landscape means that you can use it to greater career advantage.

Rise of the in-house headhunter

One of the biggest changes comes from the increased scale of recruitment departments in the investment banks and asset management houses. For example, JP Morgan now employs more than 500 in-house recruiters. This is not only due to cost considerations and the opportunities thrown open by IT developments and the internet; when properly executed, it can improve the quality of the candidates’ experience and gives the company control over the impression conveyed to potential employees. Careers websites and multiple job boards make it easy for firms to advertise positions. The increased ability to actively search for candidates through social media and employee referrals gives greater reach. Whilst HR departments have often tried to keep speculative CVs of potential candidates on file, it was a difficult resource to manage. Now there are quality in-house databases modelled on client relationship management tools. These facilitate warm relationships with potential candidates, feeding them updates on vacancies and developments within the firm and even approaching them directly when a suitable role arises.

Growth of Recruitment Process Outsourcing (RPO) solutions

Whilst invisible to the candidate, this simply means that an external firm runs all or a part of their institution’s recruitment and is a key factor in bringing specialist recruitment expertise in-house. For many banks this started as a way of managing their annual graduate recruitment programme. Vivienne Marshall (Dykstra), former Head of EMEA Client Development and Early Careers Lead at Korn Ferry, is an expert in this area. She founded Graduate Solutions Ltd in 2003 following seven years’ experience as Campus Recruitment Director for Deutsche Bank. Between 1997 and 2003, she managed a team of 30 professionals recruiting 800 graduates per annum and co-ordinated an extensive programme of campus visits and recruitment days at 57 Universities across four continents. "I realised that for many small to medium-sized financial services companies developing
the sort of in-house expertise required to run their annual graduate programme was challenging and yet they needed to compete head-on with the big firms to attract the best talent.” Viv explains: “By using an RPO solution, firms could bring in expertise and implement best practice in screening large numbers of candidates, through psychometric testing, telephone interviews and running of selection days.”

Senior, specialist and difficult to fill roles still tend to use an external executive search firm

Whilst the number of roles that are filled by external headhunters continues to fall, they remain a core resource for firms looking to fill more specialist roles. One of the main attractions of using a retained executive search firm is that they research the whole of the market and can approach people not actively looking for a job. The best firms ensure they know their industry inside out, such as the rising stars and deputies who may be ready to make the step up at a new firm. They also preserve candidate confidentiality, often allowing them to have conversations about interest in a position that would not happen if the candidate were to be approached by a competitor’s in-house recruiter.

Alan Cutts specialised in recruiting senior managers for asset management firms. He explains: “Because we establish long-term relationships with both the recruiting firms and a wide range of industry professionals, we … recommend firms interview candidates that they may otherwise have overlooked due to some unconscious bias.” He added: “It is obviously in everybody’s interest otherwise have overlooked due to some unconscious bias.” He added: “It is obviously in everybody’s interest otherwise have overlooked due to some unconscious bias.” He added: “It is obviously in everybody’s interest otherwise have overlooked due to some unconscious bias.” He added: “It is obviously in everybody’s interest otherwise have overlooked due to some unconscious bias.” He added: “It is obviously in everybody’s interest otherwise have overlooked due to some unconscious bias.” He added: “It is obviously in everybody’s interest otherwise have overlooked due to some unconscious bias.” He added: “It is obviously in everybody’s interest otherwise have overlooked due to some unconscious 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Managing your job search

1) Ensure your LinkedIn profile is current and presents your skills as well as your experience

Even when you are not actively looking to move roles, ensuring you have a professional and updated profile is key. This is the initial destination where people check you out ahead of business meetings so it’s important to make a good first impression. For those who are actively job hunting this is even more vital. Make sure that it showcases the skills you need for the new role and is not just a chronological list of previous job titles. Bring out the transferable skills you will need for your new role, by reordering the endorsements you have from your connections, and seek out referrals that highlight your suitability for the next role.

2) Know the best jobs boards for your industry and level

There are now a multitude of locations to search for jobs and this can make it difficult for candidates to keep abreast all the relevant opportunities. Whilst LinkedIn and efinancialcareers.co.uk advertise a wide variety of roles in financial services and are particularly useful for more junior positions, the launch of the CFA UK’s jobs board this autumn will offer a growing selection of roles for CFA qualified candidates and should become the first port of call for any member searching for another position.

3) Referrals are an increasing part of a recruiter’s toolbox

Many more people and firms are finding that referrals are an increasingly successful way of bringing together high-quality candidates with attractive jobs. For years people have been encouraged to use their network to seek out opportunities in business and a recent survey showed that over 40% of jobs are filled without being advertised. It is known for firms to pay bonuses to employees who recommend candidates. Being alerted by a friend that a role is being created and/or advertised internally is also key in these markets. Inform your network of your career aspirations and the kind of role that captures your interest. In the same way, make sure you reciprocate by passing opportunities on to your contacts.

4) Increase visibility to your network and recruiters

There are many ways to make yourself more visible to recruiters such as posting interesting articles on LinkedIn, taking part in online discussions and joining specialist groups. Traditional media outlets are always looking for content; what articles could you write for industry journals? Do you have the potential to be interviewed on Bloomberg and CNBC?

There are also offline ways to raise your profile. CFA UK has an active network of volunteers who work on improving professionalism within our industry through education, ethics and advocacy. There are many opportunities to contribute as well as regular events that you can attend which will expand your network.

5) Research the market and make a list of the firms where you want to work

Company websites are devoting increasing amounts of space and resource to the careers section of their site and so should you. There is no excuse not to know about the company’s plans for the future or the scale and scope of their operations if it is on their website. When you have narrowed down your targets, register your interest in roles they may have in the future by filling out their registration form or even sending in a speculative CV. That way you will be on their radar and be contacted with relevant updates.
What is your current role and what are your main responsibilities?

I am an Equity research Analyst in the GEMS team at USS. Key responsibilities are fundamental company research with an aim of stock selection in the EM space. I cover Malaysian, Indonesian, Chinese Telcos and Media, South African and Indian Hospitals, Taiwanese textiles. This list is evolving and getting built as I progress and take on more responsibilities.

What do you most enjoy about this role?

The immense opportunity to learn about the many facets of the investing world. Finding out about new sectors, countries and companies is a rewarding process. In the EM world in particular, investment is a dynamic activity which requires one to have an appreciation of global and country-specific macro environment, country specific risks (politics, central banks, currency) and the challenge of operating in an informationally-asymmetric world.

What are the most important skills for success in this role?

Intellectual curiosity, the drive to know more in an informationally-challenged space, prioritising and identifying key drivers of stock prices/valuation amongst the endless news and information, fundamental analysis skills (company accounts, modelling) and the humility to accept and learn from mistakes.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?

When I was an Equity Associate in Putnam Investments my ex-manager referred me for this vacancy. My advice is to wait for the right opportunity and draw from networking. Making as many applications as possible is a good strategy as it keeps you in the thick of the job market sentiment at the time. Every opportunity to meet someone informally or for an interview is very valuable as it leads to the next step and makes the search more and more refined.

How has the role changed over the past ten years?

I used to cover European TMT at Putnam. Now I am looking at various sectors within Global Emerging Markets. This in itself is a big change as EM is far more intricately dependant on specific and non-specific investment factors. Political stability, currency and macro are key to ascertaining value for the companies. The company-specific information in EM is not as readily available and there are more nuances in stock picking.

How do you see your role changing in the next ten years?

Change is constant and therefore I expect the role to evolve with changes in the global environment. However, it is hard for me to pinpoint how exactly this will manifest in my role. That said, I believe that the requirement to have skills to analyse companies fundamentally, to ask the right questions and the drive to know more will stay constant within this evolving environment.

"In the EM world in particular, investment is a dynamic activity which requires one to have an appreciation of the global and country-specific macro environment, country specific risks and the challenge of operating in an informationally-asymmetric world."
In 1789 Benjamin Franklin wrote that "nothing in the world can be said to be certain, except death and taxes". Well, he could have tagged on to the end 'job interviews', and created a truly miserable triumvirate.

Being interviewed is the bane of many of our professional lives. It is a necessary evil of career growth and career change. Most of us don’t enjoy it, but if we want to build and enjoy successful careers, we have to be at least effective – and ideally brilliant – at interviewing. For those inexperienced in interviewing, uncontrollable nerves and the feeling of being dragged out of one’s comfort zone are commonplace. Even those who have interviewed a lot and feel they deliver a solid performance still fail to get hired, and find the process somewhere between baffling and hugely frustrating.

Skills are just the start
Most of us think successful interviewing is about having the right skills. And up to a point, that’s exactly right. After all, companies explicitly state required skills (and experience and competencies) in the published job description. This is why we have CVs – to showcase our relevant qualities and help recruiters and hiring managers match them up to the requirements of the job. In fact, without the right skills and experience we are highly unlikely to pass through the filtering process to the interview stage.

But the fact is that companies don’t hire skills, they hire people. ‘People’ are complex things that come as a package, and mixed in with skills and experience comes ‘attitude’. Attitude is the difference between “I can” and “I can’t”, or “I will” and “I won’t”. Attitude shapes whether we choose to help a struggling colleague, or coach a young member of the team, or volunteer to take on a project. Hiring managers are smart. They look for people who can come on board and have an impact, move the needle. They want to hire achievers. And so in an interview they quickly look past skills and try to identify the right people with the right attitude. We need to approach a job interview determined to highlight a great attitude.

Impressing the unconscious interviewer
To make things more difficult, hiring managers often decide they will hire or reject a candidate within the first few seconds of laying eyes on them. This ‘unconscious bias’ drives hiring by gut instinct. It’s not fair but it’s very hard to suppress the workings of the unconscious mind which has over two million years of evolution on its side. Our body language communicates all the time, and if it is saying something that triggers even the slightest concern in the hiring manager’s unconscious mind, we could be doomed. The science – and neuroscience – behind this is well understood and has a huge bearing on the outcome of an interview.
Delivering polished performance

So interviewing is a far more complex process than we imagine. All these pitfalls explain why most candidates struggle to bring their best self to the interview, or deliver an effective and memorable performance. The good news, however, is that every problem has a solution and there are many ways to polish up an interview performance. Preparation is of course, critical. Most candidates will have a good idea of the role and the company, but it goes much further than that. Digging deep into company strategy, leadership and industry context are key to building a complete (and impressive) understanding of the opportunity. But even before that, the best preparation requires a process of introspection – examining and understanding our best qualities, our passions, our motivators. Essentially understanding what makes us who we are today. After all, that’s the person who shows up and shines in the office.

Above all, be yourself

Great interviewing is about being authentic, believable and most importantly, trustworthy. It’s risky hiring people; I was lucky to hire some great people over the years but also made a few mistakes – and the hiring manager wants to trust that everything we say (and our body language says) is true. Exaggerate or mislead at any point, and we should expect to be found out.

So while I suggested at the start that undergoing a job interview is up there with death and taxes in the world of unpleasantness, there is a route out. By taking the time to understand the complexities and nuances of the process, it is possible to go into an interview fantastically well-prepared and energised by a supreme inner confidence, one that will give us the best chance of being hired.

Ian Morgan is an interview coach and the founder of www.interviewbuddy.com. His career in finance spanned over 20 years, starting at the Bank of England before working at a number of high profile investment banks including Barclays Capital, Merrill Lynch and Société Générale, where he ran a successful team of 40 sales people across Europe. During this time he interviewed and hired many people from interns and graduates up to senior brokers/traders and sales executives.
What is your current role and what are your main responsibilities?

I am a Request for Proposals (RFP) Writer at a specialist fixed income asset manager. My main responsibilities include responding to tenders and questionnaires from prospective clients who are looking to allocate a portion of their investable assets to fixed income strategies. I also prepare content for the launch of new funds and respond to client queries from existing investors.

What do you most enjoy about this role?

I enjoy the fact that the role is very commercial and technical at the same time. Often times as an RFP Writer I am responsible for creating a piece of work that represents the very first contact that our firm has with investors. This means I need to understand the investor’s objectives and constraints, but also to be very knowledgeable about the firm's product range and position it in the context of the prospect's needs.

What are the most important skills for success in this role?

It's essential to understand the client’s objectives and the context in which they’re making an allocation to a specific investment strategy. You need strong commercial awareness supported by a profound knowledge of how strategies are managed in order to win new business for the firm and create an enduring partnership.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?

My first RFP role was at a Paris-based asset manager and since then I have had the opportunity to work at a number of organisations where I have accumulated direct client contact and portfolio management experience.

As such, I would advise people who are keen to do this type of role to develop their technical skills but also to focus time and effort on understanding the context and the market dynamics in which institutional and third party investors operate. This gives an edge that allows you to offer a customised proposal to each client and deliver a powerful message, which is the foundation of a long-lasting and successful relationship.

How has the role changed over the past ten years?

The role has definitely changed over the last five to ten years. To me, this reflects the context in which investors operate, the complexity of the markets and the evolution of solutions-driven investment offerings. As such, RFP writers, having largely been considered administrators have become a natural extension of the sales force. The role has extended to encompass more technical skills and specialist product knowledge.

How do you see your role changing in the next ten years?

I expect that the role will continually evolve, requiring technically-proficient people who understand the market dynamics and can communicate ideas clearly and convincingly. I also think that we will see lines between different teams start to dissipate, for example between sales professionals, RFP Writers and product specialists. I can see further need for a broader skillset from individuals who understand the client context and are able to create and articulate appropriate investment solutions.
Developing a diverse work force in today's investment management industry is now a mainstream agenda item. Some leading investment companies, such as M&G and Man Investments, have initiated HR and business practices to ensure that women and men who leave the industry to care for a young family can successfully navigate their way back to work.

In 2015, Office of National Statistics figures showed that there were approximately 2.1 million women at home looking after families and 240,000 men (this figure does not include those who are balancing part-time work with family care). This figure gives a scale of the challenge ahead in terms of ensuring that corporates in all sectors encourage active workforce participation from this particular cohort. This article outlines the route back to work and identifies transition strategies that allow successful integration.

Encouraging a better balance

In 2008 some US corporates established an HR strategy for this group of returners, exemplified when Goldman Sachs trademarked the term "Returnship Programme." In the UK, Credit Suisse, Morgan Stanley and Deutsche Bank established their own format for the "Returnship Programme" in 2014. At time of writing in 2017 it is estimated there are approximately 20 corporates in the City engaged in developing a structured HR programme for women and men returners. It can be assumed from this number of corporate sponsors that the number of professional returners benefiting from the schemes is limited, leading to the conclusion that there is still a long way to progress. Traditionally, some corporates have perceived women returners as potentially risky to take back in the work place after a prolonged absence for maternity leave. There's a view that the returner will not manage the work and family balancing act and will return to family duties after a brief period.

These programmes create an entry ramp over three months and function as a trial period for both employees and employers. They comprise of a programme of coaching and mentoring which allows the returner to enjoy a project based re-entry back to work and receive suitable compensation for this grace period. All things being equal, this grace period is then converted to permanent employment. Some investment management firms like M&G ensure all their recruitment is open to women and men returners, whether they have been out of the industry due to child care, elder care or further study.

In 2015 there were approximately 2.1 million women at home looking after families and 240,000 men.

Source: Office of National Statistics
Returning to work

Small, not sideways steps

Experts in career transition such as Professor Herminia Ibarra, The Cora Chaired Professor of Leadership and Learning Professor of Organizational Behaviour at INSEAD suggests in her book on career transition, Working identity, that small steps in any transition are more useful than one big leap. Sheryl Sandberg, COO of Facebook, noted in her book Lean In that careers today are more like “jungle gyms” consisting of sideways moves rather than an upwards trajectory. Using these insights from Ibarra and Sandberg, returning to work should be a carefully managed, subtle step forward into the career stream. Women and men should view time away from the office as a means to gain new perspectives on life and work, which should build self-confidence rather than detract from it.

Tactics for a return to the workplace

What are the tactics for those who want to return to work but have not been able to access the appropriate programme? The strategy here is like any other career transition. The returner has to be proactive and take the long view, since any career transition usually takes six to 12 months. It’s vital that the returner continues to develop and maintain both social and intellectual capital to learn the trends and discontinuities in their niche and the existence of career openings. This means keeping up to date with technical developments in one’s own area of the investment market. Virtual resources like the CFA Knowledge Centre can help, as well as the CFA UK jobs board.

Julianne Miles of Women Returners states the importance of making time for these activities. She recommends building a local neighbourhood network of trusted friends at a similar life stage who might be able to exchange time and childcare, for example. She also advises casting a ruthless eye on current activities to release more time for career development since finding a job is a job in itself. Entering the employment sphere requires deft logistical management to give you the best possible chance of success. Meanwhile, there are recruitment firms that deal purely with returners, such as The Return Hub, led by Dominie Moss (thereturnhub.com).

Returning role models

The Diversity Project (www.diversityproject.com) is helping the Investment Association promote greater diversity in all aspects of the industry. With the support of CFA UK and other entities, they have been running various initiatives, including one focused on encouraging returners to the investment management industry. A specific output of this work will be a targeted returners database for women and men, which will launch in Autumn 2017. This will be proactively supported and used by members of The Diversity Project and hosted by The Buy-Side Club. Further details will be found on their website come Autumn 2017 (www.thebuysideclub.com).

So what does the future hold for companies and returners, current and future? It is hoped that there will be a ripple effect, with other companies reviewing their approach to returners. This strategy should create more role models of women and men who have successfully returned to work after a break. It is worth noting that when Mohammed El Erian stood down as CEO from PIMCO in 2014, he mentioned the appeal of spending more time with his family, having missed some key milestones in his family’s early life (apparently his daughter had pointed this out to him). This type of CEO message may become more common and begs the question of corporates needing to develop a mature business culture which allows for a successful and sane balance between work and life.

It is hoped that there will be a ripple effect, with other companies reviewing their approach to returners.
Volunteer: Give more to your career

By Jane Coffey, ASIP, Founder of Investor Coaching, Chair of the CFA UK Careers Committee

At a time when we're all busy trying to fit more activity into a crowded schedule, it seems perverse to suggest adding another commitment, in the form of volunteering. However, many people derive great personal satisfaction and career-enhancing benefits from their charitable and voluntary pursuits.

A different, diverse perspective

Whilst the motivation may originate from a sense of reciprocity (a desire to 'give something back') or to show gratitude to those who have helped us, most people find they receive at least as much as they contribute, if not more. From a careers perspective, it’s an opportunity to expand your skill set and gain experience in a scenario that you may not previously have considered. Volunteering provides a comfortable environment where you can develop your critical thinking, persuasion and presentation abilities. It’s also advantageous for your network, bringing you into contact with people from a range of backgrounds, with a different perspective.

Encouragement and excellence

Volunteering at the CFA UK can be particularly useful in building your network within the industry and gaining a more expansive view of the issues that face the profession. The CFA UK is a member-led organisation and encourages members, whatever their background, to volunteer in both the running of the society and in setting its direction and priorities. Last year 380 members volunteered to work with committees, councils, panels and working groups, organising events and supporting the production of 15 structured learning and CPD courses. These members are also crucial in the society’s advocacy efforts when representing the profession's views to the regulator, government and the media. They play a vital part in setting best-practice guidance across a range of technical and ethical areas for the investment management profession. CFA UK has a wide range of volunteering opportunities to suit all levels of experience, from taking part in a time-limited working group project such as Value of the Investment Profession, to becoming a CFA UK Ambassador within your firm, joining a committee such as our Continuing Education Committee, or even stepping up to the Board of the CFA UK.

Another dimension to your development

Certain career moves can prove difficult when transferring from purely technical expertise to a management or leadership position that requires more 'soft skills'. Paul Hughes, CFA at Martin Curry noted, "My day job is in quantitative investment risk management and usually involves being in management or leadership situations where I am a technical expert. Working with and chairing the
Scottish Committee has given me valuable experience in leading a program where I am not necessarily the subject matter expert in the room and is something I am sure I will draw upon as my career progresses." Andreea Georgescu CFA credits her experience on the Marketing and Communications Committee for improving her leadership, communication and organisational skills. As a member of the Ambassador Council, she raised her profile with senior management and within her own firm, as well as developing a greater understanding of the CFA’s activities.

Volunteering for charitable causes can add another dimension to your personal development. Whether you are using your financial modelling or accounting skills, planning a strategic vision, or bringing your investment knowledge to their portfolio, working with people outside of the industry can give you a fresh perspective on your clients. If your aspiration in later life is a Non-Executive Directorship, then becoming a charity trustee builds the right kind of experience. Watch out for a new CFA UK initiative to match volunteers with external charities for mutual benefit.

Why not start today? Volunteering is an enjoyable and stimulating way to acquire new skills, meet your CPD requirements, add a bit of flavour to your CV and demonstrate that you have the aptitude for progression.

Contact us at volunteer@cfauk.org for more details on how CFA UK can help your 'voluntary career'.

Certain career moves can prove difficult when transferring from purely technical expertise to a management or leadership position that requires more 'soft skills'.
Want to know what it takes for a career in research analysis, sales and distribution, portfolio, risk or relationship management? The CFA UK Competency Framework will guide you.

How will the framework help members of CFA UK?

The main priority of CFA Charterholders is job mobility, closely followed by the desire for an investment industry map that can advance their aspirations and delineate a career strategy. However, with such an abundance of learning resources available, such as online, internally via employers and a plethora of learning providers, selecting the right career-development tools can be a challenge. CFA UK recognises these issues and the pressure of a rapidly-moving industry that is defined by the unrelenting demands of deadlines and competition.

As part of CFA UK’s mission to Build a Better Investment Profession CFA UK is setting an industry standard for investment success. Aided by current investment practitioners and talent leads in top asset management and investment banking firms, the aim is to give individuals a practical step-by-step guide to advancing their careers. The framework will also be a key component of the global CFA Institute move from a CPD input (collecting hours) to an Output (reflection) model (see the Spring 2017 Professional Investor article Introducing the concept of CPD Output).

What does the framework look like?

A number of other professional bodies have been guiding their industries for years – see the CGMA Competency Framework, the CIM Professional Marketing Competencies and CIPD’s Professions map. Skills and knowledge are mapped to levels of mastery for different career paths within the sector.

The CFA UK framework sets the pathways for research analysis, portfolio management, risk management, sales & distribution and relationship management. Development of technical, professional and business effectiveness, ethical and regulatory competencies are displayed, from junior to leader level. The framework helps investment professionals identify where they are and how to progress in their career. Appropriate resources from CFA UK, CFA Institute and external providers connect to the skills and knowledge that need improvement to get to the next stage.

By Viktoria Girdenyte, Head of Outreach and CPD, CFA UK
Here is a sample of the research analysis competencies determined by the Analyst Working Group:

### Technical
- Critical Analysis
- Modelling and Accounting
- Technological Proficiency
- Idea Marketing
- Legal Knowledge

### Professional and Business Proficiency
- Communication and Presentation Skills
- Emotional Intelligence
- Intellectual Curiosity
- Client Management

### Ethical and Regulatory
- Adherence to the CFA Institute code of ethics and standards
- Managing Grey Areas
- Self-policing
- Pragmatism
- Maintaining Regulatory Knowledge

### What do employers think about the framework?
In order to ascertain the ideal competency framework, CFA UK consulted with 20 asset management and investment firms, including Standard Life, State Street, BlackRock and Henderson Global Investors. The unwavering consensus among all firms – many of whom have sophisticated frameworks of their own – was for an industry benchmark covering the skills and knowledge required to be an effective practitioner in a highly regulated and competitive investment sphere. Employers see CFA UK as the standard-setter for industry competence. As such, they require a model with which to compare internal appraisal, promotion and recruitment frameworks, which can support career discussion and guidance for new joiners.

### How can investment practitioners get involved?
The skills and knowledge in the framework are determined by current investment practitioners working in research analysis, portfolio, risk and relationship management, and sales & distribution. Therefore, member and non-member involvement is crucial. CFA UK will continue to invite investment practitioners to provide feedback on the framework model, the competencies and the best resources to support their career development.

Email cpd@cfauk.org and contribute to the journey
What is your current role and what are your main responsibilities?

I am a Senior Portfolio Manager working on Xtrackers ETFs; the team currently manages over $5bn of assets on over 120 different ETFs. I am the lead portfolio manager for the Americas ETFs, but also oversee the management of ETFs for all other regions.

My main responsibility is to see that the ETFs are run in line with their mandate, ensuring that they closely track their benchmarks while reducing transaction costs to a minimum to optimise the returns for our clients.

What do you most enjoy about this role?

It’s a very diverse role where I get to interact with many other parts of the business. A skilled portfolio manager needs to look at every area of the fund including portfolio construction, liquidity screening, trading, risk, corporate actions and performance.

What are the most important skills for success in this role?

Passive portfolio management requires robust processes, good systems and an intense focus on detail. The highly competitive environment in which we operate means that ETFs in particular are constantly evolving, so every basis point counts.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role?

Experience is key to becoming a passive portfolio manager. A background in corporate actions, performance or another related area is a great starting point.

Before managing money I had a role in the middle office while studying for my CFA, working alongside experienced portfolio managers. I learned a lot from my colleagues, gaining valuable experience of the various skills and techniques involved in efficient portfolio management. This allowed me to take the next step of managing money when the opportunity arose.

How has the role changed over the past ten years?

In the last few years passive management has undergone significant growth, coinciding with a meteoric rise in the variety of ETFs available for investors. So it’s a much more competitive environment and we have to look for ever-more inventive ways to offer clients differentiated products.

Ten years ago the vast majority of passive portfolios would have tracked market cap indices. Now, so-called ‘smart beta’ products are springing up, offering investors a rules-based, transparent, low-cost alternative to active management. The portfolio manager’s role is therefore much more diverse and innovative and needs to keep evolving to ensure products stand out from the crowd, while staying on top of risk and performance.

How do you see your role changing in the next ten years?

The trends of the last few years are likely to persist into the foreseeable future, with passive investment – particularly smart beta – taking up more space in the market. Passive managers will be faced with new opportunities and new challenges when designing and managing portfolios.

There will also be increased focus on regulation the implementation of MiFID II in 2018 means that there will be increased focus on regulation will come more into focus and this will bring new challenges for asset managers.
The facts
CFA Institute encourages its 134,000+ Charterholders to complete 20 hours of voluntary continuing education as a commitment to lifelong learning every year. In 2016, 71% members attested to doing this, demonstrating that learning is integral to their career development. CFA Society of the UK engages its 12,000 members through a wealth of resources via weekly live events, webinars and online learning. Where is the proof that investment practitioners value learning? 252 CFA UK members who regularly do CPD responded to a recent survey, highlighting that competence is fundamental to being a professional. Most of the CFA UK CPD users have over ten years’ experience, linking industry experience with an affinity for learning. 67% of the survey respondents do CPD voluntarily and find technical skills, markets and behavioural finance most interesting. CPD is most popular amongst research analysts, risk and portfolio managers. So, how do you measure up?

The Practitioner’s Voice

**Daniel Murray**, CFA, Chief Economist and Global Head of Research at EFG Asset Management, CFA UK Board member and Chair of Structured Learning Committee

“The finance profession is fiercely competitive, both in terms of gaining employment as well as investment performance. It is therefore increasingly necessary for individuals to be able to differentiate themselves in a manner that raises their own personal standing, enhances their knowledge base and, perhaps most importantly, improves the outcomes for clients. Performing ongoing Continuing Professional Development is vital in this regard, both for personal reasons as well as for the health of the profession in general. Staying abreast of the latest industry developments via appropriate CPD demonstrates to employers and clients alike a passion for lifelong learning. CPD is not just a good idea – it is essential good practice in the investment industry today.”

**Mike Edlinger**, CFA, Managing Director at Coutts

“As practitioners, it’s easy to overlook personal development – taking the necessary time out from a hectic working schedule to develop one’s knowledge base and understanding. Today there is a much greater emphasis on Continuing Professional Development as a means of demonstrating a level of professionalism for our clients. In the past, this has been a box-ticking burden to some. The industry is becoming increasingly about specialisation, which is great, but clients expect us to have an awareness of a broad array of knowledge and CFA UK has a unique role to play in this.”

71% of CFA Institute members complete 20 hours of annual continuing education to further their career. Do you?
The practicalities
Don’t mind the learning but feeling wary of capturing it as CPD? You are not the only one. It might be helpful to follow these three steps:

**ID**
What you want to learn and how you want to learn it. You know best what works for you.

**ACT**
Find an appropriate learning activity and upon completion ask yourself how much of it was new and relevant to you. Be honest, it is your career development.

**REFLECT**
On what you can do now that you couldn’t before. Learning should take you outside your professional comfort zone; reflecting on what you gained will help you choose better learning in the future to get you further in your career.

The big picture
CFA UK works with the top employers of CFA Charterholders to simplify and encourage learning. The overwhelming trend across all firms is to identify star performers by their engagement with learning and desire to develop into leadership positions, either as a people leader or a technical expert. From ethical email time-bombs, secondments, internal academies, open-floor forums where front office staff justify their investment decisions, coaching and mentoring to sharing your knowledge as an internal subject matter expert, learning in investment is trending.

Think about how much learning other industries do and how you compare as an investment professional. Ask yourself whether you would go to a doctor who wasn’t up to date with the latest medical advances and realise that your client probably asks the same question about you before handing over their assets.

Give learning a go by starting with some of the most popular industry resources below and remember, as a member, you have complimentary access to several hours of continuing education in the CFA UK Knowledge Centre. You can also log all your CPD and reflect on your learning using the automated CFA UK CPD log.
Andrew Ford, CFA
Product Specialist

"If you enjoy talking about markets then it's ideal, as you will spend a lot of time discussing positions, fund performance and market conditions with existing clients or when pitching for new business."

What is your current role and what are your main responsibilities?
I am an investment specialist covering absolute return and multi-asset investment strategies. My role is to be the main interface between the investment team and our existing and potential clients.

What do you most enjoy about this role?
Variety is the main attraction, since it involves working with a wide range of people both internally and externally and fulfilling several functions through the day. Investment specialists need to know the portfolios as well as the fund managers, so a fair amount of time is spent in meetings, as well as conducting research. If you enjoy talking about markets then it's ideal, as you will spend a lot of time discussing positions, fund performance and market conditions with existing clients or when pitching for new business. Other interesting facets include writing notes with colleagues from marketing, as well as launching new funds.

What are the most important skills for success in this role?
Analytical ability and communications skills are needed to be able to grasp the key elements of investment strategies and distil them down into clear messages which are then shared with a wide range of people through different mediums. Interpersonal skills are important to help you build relationships. You also need a genuine interest in financial markets is essential.

How did you get to this position and what would you advise other CFA Charterholders who would like to do a similar role, to do?
A lot of investment specialists have worked in other areas such as portfolio management or research before moving into this type of role. I used to work in sell-side equity research and find many similarities with my previous jobs. That said, asset managers are hiring increasing numbers of junior specialists. These positions can provide a fantastic grounding in the industry. Being able to demonstrate an interest in markets through, for example, running one's own portfolio or competing in an investment challenge can help you secure one of these roles. Candidates with language abilities are at a definite advantage.

How has the role changed over the past ten years?
The role has changed as investment products have evolved; the industry progression is towards generating outcomes or solutions. The latter can be defined as satisfying a broader need when compared to traditional funds, which mainly provide different flavours of index + alpha. Therefore, it's about working closely with clients to identify their specific needs and using an ever-increasing range of tools and techniques to build appropriate outcome-focused products.

How do you see your role changing in the next ten years?
As data availability increases dramatically and technology continues to develop, the line between quantitative and fundamental investment approaches is becoming increasingly blurred. Successful active investment managers of the future will have processes that combine qualitative and quantitative expertise. It will become increasingly important to be able to articulate the role that new tools and techniques can play in achieving your clients' desired outcomes.
Careers Committee Members – Bios and Top Career Tips

Jane Coffey, ASIP

Jane Coffey is Chair of the CFA UK Careers Committee, and an accredited executive and career coach. She also works with Essentia Analytics, helping portfolio managers identify their behavioural biases and work on optimising their investment process and embedding a data driven continual improvement feedback loop.

Prior to this, Jane was an equity portfolio manager for over 25 years, initially running European equity portfolios. She headed the European Equity team at Aviva Investors, and Sun Life of Canada before becoming Head of Equities at Royal London Asset Management in 2003. She was also on the executive board of RLAM until 2013.

Jane holds a BA in Economics and German from the University of Sussex, is an ASIP member of the CFA UK and Fellow of the Institute of Directors. She also holds a diploma in Executive Coaching from the AoEC and in Company Direction from the IOD.

Top tip: Remember to build, nurture and maintain your network throughout your career and not just when you want to move roles or need help. This doesn’t mean collecting hundreds of LinkedIn contacts (although LinkedIn can be very useful) but constantly thinking of how you can support and help your contacts and network and reach out to them in a non-transactional way. The more you give, the more likely you will find people looking out for you.

Gillian Elcock

Gillian Elcock is the Founder and Managing Director of Denny Ellison, a research and training firm focused on the equity research and asset management industries.

Before founding Denny Ellison, Gillian worked as an equity research analyst for several years at asset management companies in the USA and the UK, including Putnam Investments and Insight Investment. She started her career as a management consultant at the Boston Consulting Group.


She is a member of the Careers Committee of the CFA UK as well as Co-Chair of the Research Analysts Special Interest Group (RASIG), a member of the Membership Committee, and Chair of the SIG Steering Group.

Gillian holds an MBA from the Harvard Business School and MEng and BSc degrees from the Massachusetts Institute of Technology.

Top tip: Try to find something that you really enjoy doing, that motivates you to get up every morning. It may take you one, two or even more tries before you find out what that thing really is. The worst thing in the world is to hate or even only barely tolerate your job, but that’s the state of play for far too many people. Don’t compare yourself to others – your true calling may be totally different from that of your classmates or your friends. Imagine if Roger Federer had tried to become a chef, or conversely, if Jamie Oliver had tried to establish a career in tennis. Even if we don’t all quite achieve the levels of success of these two people, we can all try to find a job that we enjoy, are good at, and can earn a living from, all at once.
Alastair Dean, CFA

Alastair Dean has worked for Stonehage Fleming since July 2015, and works within the Equity Fund Manager selection team where he is responsible for due diligence and research on global and regional equity mandates. Prior to this he worked on the investment team for four years at Mazars Financial Planning and was responsible for fund manager selection across a broad range of asset classes and portfolio construction for private client portfolios. Prior to this he worked as a CLO Trust Analyst since 2007 for a variety of banks, including US Bank, ABN Amro and Bank of America Merrill Lynch.

He graduated in 2007 with a degree in Business Maths and Statistics from the London School of Economics, and began his career at ABN AMRO. Alastair qualified as a CFA Charterholder in 2014.

Alastair is a member of the CFA UK Society, and is also a member of the Careers Committee.

Top Tip: Hone your skills and aim for improvement every day, be it in areas that you are already good at, or areas where you need work. The more skills and experience you have the more employable you are!

Elena Koycheva, CFA

Elena Koycheva joined the Global Business Development Team at BlueBay Asset Management in September 2016. Prior to this, Elena was a member of the Lead Portfolio Management Team within the Global Portfolio Solutions Group at Goldman Sachs Asset Management, where she worked on providing pensions and multi-asset class investment management solutions to defined benefit pension plans and worked on global business development opportunities for institutional investors, sovereign wealth funds, insurers and third party distributors.

Elena started her investment management career at Candriam Investors Group (formerly Dexia Asset Management) where she acquired experience in performance analysis and business development.

Elena holds a Master’s Degree in Portfolio Management and a Master’s Degree in Corporate Finance from IAE Gustave Eiffel, University of Paris XII and a Master’s Degree in Banking, Finance and Risk Management from the University of Paris XIII. She holds a Summa Cum Laude Bachelor of Arts (Hons) in Business Administration: Finance, Minor in Economics from Richmond, the American International University in London. Elena is a CFA Charterholder and a Level 2 candidate in the CAIA Program.

Elena is a member of the CFA UK Society Membership Committee where she co-leads the Membership Growth working group. She is also a member of the Careers Committee and works closely with the Society’s Gender Diversity Network.

Top tip: Never stop learning! Investment management is more dynamic than ever before and we owe investors a professional understanding that keeps up with the latest trends. This also ensures long-term career success. In addition, be comfortable with being uncomfortable. Always challenge yourself and believe in your own values.
Anna Salim, CFA

Anna Salim is a Senior Investment Associate at Revolution Capital Group, a pan-European and North American mid-market private equity investor, focused on special situations such as turnarounds and corporate carveouts. Based out of Revolution's London office, Anna leads the firm's European origination efforts and works within the deal team to evaluate and execute investments in companies that can benefit from Revolution's operational and strategic expertise.

Prior to moving to London and joining the world of private equity, Anna was based out of Toronto where she worked in Institutional Equity Research at Cormark Securities, covering the Canadian Financial services sector. Anna also has extensive experience in asset liability management, having worked as portfolio manager within Corporate Treasury at TD Bank Group, where she managed the market risks of TD’s non-trading banking book. Anna holds an Honours BA in Economics from Victoria College, University of Toronto and an MBA from Ivey Business School, University of Western Ontario. She received her CFA Charter in 2012.

Top tip: Take an entrepreneurial approach to your role – get involved in as much as possible, bring a unique perspective to every deal, and show real passion and curiosity for getting into the details of every project.

Chris Whitcome, CFA

Chris works as a Quantitative Analyst for 400 Capital Management where he focuses on investment analysis and research in European structured credit. He helped to establish the European office of 400 Capital in January 2016 having joined from Kinson Capital, an advisory firm specialising in fixed income and derivative valuation. Chris began his career working in Securitised & Principal Finance at Dresdner Kleinwort IB. He is a CFA Charterholder, CIPM certificant and has a Maths degree from the University of Bath.

Chris joined the CFA UK Careers Committee in 2017 and aims to help CFA UK continue to extend the range of resources and events they provide to help give members the tools they need to progress further in their careers.

Top Tip: My top tip for a career in Finance is to always continue to learn. There are always ways and means to do this, no matter the current job title: learning a new role, taking on more responsibilities, learning a new skill, learning from a peer/colleague/mentor or through outside of work courses/research. There are always opportunities to expand your skillset to develop the tools and experiences you will need to progress to where you want to be in your career.

Oksana Yudenko, CFA

Oksana Yudenko is in charge of Business Development and Operations at Alterest, a data analytics startup bringing transparency to alternative lending. Prior to transitioning to FinTech Oksana spent seven years on a discretionary wealth advisory team in Toronto, where she built multi-asset portfolios for high-net-worth investors. Oksana holds an MBA from London Business School and is a CFA Charterholder.

Top tip: Go after your goals with determination but stay open-minded. You never know what opportunity ends up being your dream job.