ALAN BROWN, FSIP

Former Chief Investment Officer, Schroders plc

Alan, tell us about your first job straight out of college.

After college, I decided to apply to two places—the civil service and the city. And that’s when I got my first two pieces of good luck. First of all, I was offered a job in the city, rather than in the civil service, at Morgan Grenfell. Second, they allocated me to the investment division rather than to either corporate or commercial banking. So, I have to admit that my first steps were heavily conditioned by luck. Under other circumstances, I could have ended up as a commercial banker or a civil servant.

So, there was no attempt on your part to actually go into investments intentionally?

No, I have to admit that’s true. There’s always the luck element in everyone’s career development—right place/right time, right opportunities, and those kinds of things. But I also think one should not leave it to Lady Luck, as I did, at least in the first instance.

After that, how did your career progress?

I was still guided by luck for a while; it wasn’t really until I had been in the business for say four or five years that I began to actually make a more conscious effort to at least try to steer the boat. But in the first instance, I did what everybody did going into Morgan Grenfell’s investment division: I became an equity analyst. And then after about three years, they suggested that I should attend the J.P. Morgan Commercial Bank Management Program in New York and that when I came back, I should transfer from being an equity analyst to being an international bond manager. This was in the days when people were generalists much more than the narrow specialists of today; that’s a theme I’ll come back to in a minute.

But at the time, I wondered what I had done wrong because fixed income and international fixed income didn’t sound like a terribly interesting place to be. This was in the day when you could go away on holiday and come back and still call a bond price to within a quarter or so after two weeks of absence from the office. And we didn’t have a huge international business at that time. But I couldn’t have been more fortunate. I got some good...
training through J.P. Morgan, which ran an excellent program. And to be honest, at that
time, J.P. Morgan owned about a third of Morgan Grenfell. Morgan Grenfell used to send
people they thought could do well in the program. But they also did think it would be useful
training before I moved into the international business. The good fortune for me was that
it exposed me to another asset class, fixed income, and it exposed me to a different kind of
client base—an American and Middle Eastern client base of insurance companies, pension
funds, and sovereign wealth funds. And that was my second major piece of good luck.

At this point, we have moved from 1974, when I started, to the end of 1977. And so it was
only about that time that I actually began to try to plan my career to the extent that one
could. I liked the fact that I had this multi-asset class experience. And although I wasn’t in
any way setting my aspirations as high as being a CIO, I did realize that having had some
generalist exposure put me in a very good place to be able to deal with broad issues rather
than just heading up the very narrow circuit of fixed-income managers. So, I resisted all
tries to specialize in just one area of the bond market, like dollar bonds or Treasury
bonds, and I tried to make sure that I remained in a position of taking a very broad view
of fixed income. And also—reflecting my original degree and interest in science—as we
moved toward the 1980s (we were getting to the point where there were some pretty prim-
itive computers and pretty primitive datasets out there), I began to be able to think about
(instead of having a hunch and buying a bunch!) doing some modeling and some early
quantitative work. And at that point, I also began to soak up finance theory.

Now, you may say that it’s pretty shameful that I spent four years before getting on to that,
but you have to remember what it was like in the 1970s. Finance theory was something
that was going on at university, but it had barely penetrated institutional money managers.
I think I’m right in saying that Wells Fargo launched its first index fund in 1974; it might
have been 1973, but somewhere around then. Although a few used words like “alpha” and
“beta,” 99% of the industry didn’t have the faintest idea what you were talking about. But I
started to teach myself at that point, and then I began to try to use the sort of computing
skills I had learned in the physics environment to bring them into play in the investment
environment. I began to take my career in a more quantitative direction.

And then, after 10 years at Morgan Grenfell, I moved to head up fixed income at another
firm, which was initially called American Express Asset Management and later called
Posthorn. I really began to build some quantitative approaches for fixed income and cur-
rency management. After five years of doing that, I was asked by Posthorn—15 years into
my career—to form a joint venture with Nippon Life, which then became PanAgora Asset
Management. PanAgora was to be a pure quant investment management firm, and I took
the role of CIO. So, here’s where I got my first CIO role.
The fact that I had equity experience was relevant as well because I was CIO across all asset classes. The only problem was that I had to raise my quant skills yet again to start dealing with equity markets as well as bond markets. I stayed there for another five years, and then I moved to State Street Global Advisors, originally running their UK business and then becoming CIO there. I stayed at State Street for 10 years, which was a house that was originally built around a passive business and then around active quant. But I also did some traditional work; so, again, the fact that at one time I had a foot within a traditional house, Morgan Grenfell, was still useful in understanding that mindset. When I left State Street, I was called by the CEO of Schroders, who had been at Morgan Grenfell with me, and so I moved there as CIO. So, I’ve now been a CIO for over 20 years. I think it’s a great job.

And it’s also one where if anybody thinks that they too would like to be a CIO, they need to steer their career in a way that they get exposure to more than one asset class—and, hopefully, get a pretty broad experience rather than a narrow one.

As you progressed in your career and as you changed employers, did you make a conscious effort to decide which job you should take next, which employer you should work for?

After my first move, yes, I did. Opportunities present themselves in different ways, but I found the move out of a UK merchant bank into a US bank/institution was immensely helpful at the time. UK merchant banks did very, very well during the 1980s and early part of the 1990s, but they basically dropped the ball in the second half of the 1990s. And most of the leading UK firms lost their way. I think it was because they really felt that they were walking on water, that they had cracked it. They weren’t paying attention to developments in finance theory and, in particular, more systematic ways of managing money. They handed over the baton to American firms. I found that working in an American firm—which had a much greater readiness to absorb finance theory, compute data, do things much more systematically, and have close links with academia, for example—was very, very refreshing. And it was something that I consciously wanted to stay with.

I did learn an important lesson, though, in working with American firms—which also influenced me in taking the job with Schroders—which is that, at the end of the day, you may think that if you’re working with a broader financial services firm, the “Chinese walls” are high enough and the alignment of interests are good enough, but they are not. And there is something great about working for a firm that is a pure active manager. I think that the last couple of years have borne that out. We’ve seen firms being sold off, like BGI, which was, in many ways, a jewel of a firm; who knows how it will get on within BlackRock. Also, SSgA, in my view, won’t survive in the form I knew. SSgA is part of a much larger custody bank, and it is the custody bank, at the end of the day, that calls the shots. I think that, from a career point of view, asset managers are different. They simply thrive in organizations
where they are allowed to do their job with as little interference as possible and are given the resources to try to succeed. It doesn't impress them to hear that it's Merrill Lynch or J.P. Morgan or Goldman Sachs. What matters is how interested that firm is, how passionate it is about actually trying to manage money better than other people. So, I think it's a little bit different from other financial services businesses in that respect.

**What would you say would be the most important things for individuals to concentrate on in the initial stage of their career?**

I think, at the outset, one has to recognize that people will not have a very good idea of what asset management means compared with, let's say, brokering—the difference between the buy side and the sell side, the difference between being transaction oriented as opposed to relationship oriented. Those kinds of differences, if you mention them to a graduate, are not going to be well understood at that point. So, I think in the first phase of a career, people have to recognize that it's possible that they may have made a wrong choice, that they might be better suited to the sell side or better suited to the buy side. And I would suggest that they remain open to the possibility that they've made a mistake and be prepared to change it before they're stuck in a rut and unable to change, before they get pigeonholed as being one thing or the other.

I have seen that happen and have helped a number of people move either from the sell to the buy or from the buy to the sell after they've been in their job for a year or two. I often think that unless people are entering the business already loaded up with a PhD in finance or something like that, they need to realize that just because they graduated from some good school somewhere, their education isn't over; in fact, it's just starting. They are going to have to knuckle down and get some more education, whether that's the CFA Program or whether it's setting out to do an MBA or a master's or something like that. They need to realize that they've got to study to be successful—and be willing to put that effort into it.

They've got to be able to ask themselves whether they are really enjoying what they are doing and whether they are truly passionate about it, because if they are just coming in as a sort of journeyman in the morning and doing their stuff and going home, they will not succeed. You want a job you really are utterly passionate about; you leap out of bed in the morning because you want to come and do it. If you can find yourself that kind of job, not only are you going to tend to be better at it, but also you are inevitably going to be able to enjoy it that much more.
So, Alan, when you started your career in investments, you obviously didn’t have a great deal of knowledge about the profession, and so your level of passion was pretty low; and perhaps today you are much more passionate about this profession than you were 20 years ago. You clearly went through a process by which you actually built a passion for your profession. Share with us a little bit how one goes about building a passion.

I think there was precious little training given when you arrived at a job back in the early 1970s. In fact, I remember I was given a desk and a book titled *Investment Analysis* by Dennis Weaver. And I was told to read the book and get on with being an equity analyst, and so it went on from there. It was a completely laughable degree of training. But the net result of being effectively thrown into the swimming pool was first to think, “Oh my goodness, what am I going to do about this?” And the next thing I remember thinking was, “OK, this is susceptible to some kind of structured analysis; I could use some of the skills I learned in physics and apply them to investments.” And so, I set out trying to do that; but very quickly I learned that while that was certainly useful, it was much, much harder than I ever could have expected. I very quickly realized that there were a lot of people out there who were pretty bright, who were all trying to outguess and outperform each other, and that this was a very real challenge. It wasn’t as if there were a whole lot of mugs out there waiting for you to exploit them, so to speak.

The thing that began to make me passionate about this was that it’s a quite extraordinary job in many ways because it’s a career where if you do well, you get a very high level of responsibility very early. It’s a job that, while it has some quite rigorous academic aspects, it nonetheless still involves a lot of judgment. You’ve got to understand the behavioral biases that we’re all subject to. It also has some very interesting people connotations, both in terms of managing people and in terms of interactions with clients. Are you effective in terms of being able to make a presentation to those people? I’ve always said to people when they start that you are taking on an external role for the company, not just an internal job. Anybody who gets invited to the final presentation has already met the minimum qualifications for the mandate. And whether or not you are the one who walks away with the mandate is really going to depend on how passionate you are, how well you project yourself, and whether the client on the other side of the desk or table feels that they would like you to come back every three months rather than the next person.

You are in what I call the “investortainment” business. It’s a job that has wonderfully different dimensions to it in a way that so many other jobs don’t. It’s also one where you can never, ever relax, because the world is constantly changing. As soon as you think you’ve discovered some relationship, the very act of discovering it means that relationship begins to change. And as we all know, we’re not operating in a scientific world. For my money,
that’s what makes this one of the most interesting and fascinating jobs that could be out there. It’s got so many different dimensions to it, and it’s really difficult to do well; that’s what makes it fun. Winning is obviously extraordinarily satisfying. By the way, I also think it’s possibly the only job that I’ve been able to think of where you can come in and do absolutely nothing all day long and yet have done the best possible job for your client! Don’t tell that to many others, I should add.

**What do you consider your biggest achievement, professionally speaking?**

I really wonder how to answer that. I don’t think that I’ve achieved what I yet want to achieve in this business, so that is at least another mountain to climb. But when I think about it, I had an experience when I was working for Posthorn. I was managing and helping to sell a retail global bond fund. And so, periodically, I would go to the United States and go around to brokers’ offices and meet different brokers or, quite often, the clients. I’ve never forgotten that I went to Valdosta, Georgia—which I’ve been to actually several times and not many people from Britain can say that—and the office in question would bring together maybe 100 of their clients at 7:00 in the morning to hear me talk about global bonds and the prospects of this fund. And that brought home to me the real fiduciary responsibility that goes with this job. It is particularly so when you are dealing with individuals, but it’s also true when you are dealing with the less-sophisticated institutions. It’s not a game. It really matters to these people whether you do well or not, and you’ve got to be extraordinarily honest with them.

We live in a world where people go through school and university and don’t get taught Finance 101. We live in a world where there are all sorts of people in our industry who do things that may be legal but are not necessarily ethical. For me, the most satisfying part of this business is (1) trying to uphold the highest possible standards in terms of what we do and (2) really trying to help save people from themselves. If you get ill, you don’t prescribe your own medicine; you go to the doctor and get him to do it, and you rely on him. It’s totally possible that where people have investments to make, they will make their own decisions and quite likely they are going to make bad ones—certainly individuals, and also often both the small institutions and the big institutions.

For me, the greatest, most satisfying achievement that comes out of this business is when you know that you’ve done your absolute best and hopefully been successful in getting a better result for clients, institutional or retail, than they would probably have gotten on their own. And that tends to be not necessarily a narrow matter of outperforming some market benchmark. Rather, it tends to be—and this is one of the rich things about a CIO’s job—where you are able to sit down with clients and talk about the holistic purpose of that pool of capital and help them organize their thoughts about how the whole fund or a significant part of that fund should be managed. That, to me, is the most satisfying part of this
job and where I think the biggest achievements lie. Basically, it’s in improving the results to the clients way beyond what they can ever achieve on their own.

**You mentioned that you haven’t really achieved what you set out to achieve despite all your success in your professional life. So, what are your plans for the future?**

I tried to define this for myself quite a number of years ago, shortly after I took on the CIO role—probably after I had been at PanAgora for some time, or maybe just after I moved to SSgA. Basically, the questions I asked myself were, “If you are the CIO, what represents success? When have you got the job done, if you can ever say that you got the job done?” It goes without saying that before you can begin to think about declaring success, you have to be able to demonstrate that you are able to perform for your clients and have been doing so. That’s necessary, but it’s not sufficient. You’ve got to be able to show that you deliver that performance through a process that is likely to be repeatable in the future—not just some happenstance that works for a couple of years or so. That’s necessary, but it is still not yet sufficient because you then also have to develop the organization in such a way that you could leave it and its succession will be smooth; the organization will go on and continue to flourish and be able to deliver performance in a way that clients will hopefully believe will be repeatable.

Getting all these three things done—and doing them as well as anybody else out there—is extraordinarily difficult. I sometimes think I’ve got one or two things in place, but then I realize that the third one—perhaps the succession one, the ability not only for you to leave but for others in your organization to be able to leave without damaging the business or damaging clients—is really hard, and I don’t think I’ve managed that yet. Not completely.

**Professional integrity seems to be one of your main professional core values. So, Alan, tell us a little about two things. First, tell us about your professional core values, other than professional integrity. And second, have you ever been in a circumstance where there was a conflict of core values between you and your employer or between you and your manager? And how did you deal with that situation?**

Outside of the ethics and integrity side, I am a huge believer in process—and in teams, rather than individuals—in this business. Back to what I was saying earlier about performance being repeatable, I think you can only lay claim to the fact that hopefully it will be repeatable if it is based on a team effort—rather than just on an individual star effort—and on a rigorous, defensible process. So, process and team are absolutely essential to my core values. We should be using the words “we” and “us,” not “me” and “I,” all the way through. And we should demand real rigor in our work, so if somebody is buying a security or a market or selling it, why are they doing that?
In no way am I insistent upon the whole thing being done quantitatively—far from it. I’m perfectly happy for people to use other kinds of investment processes. As a quant, I’ve enjoyed it, but it is not a core belief. I think there are many ways of “skinning the cat.” But I think the cat needs to be skinned in a very precise way whereby you can explain exactly what it is you are doing and why you are doing it. Too often when I’ve sat on the other side of the fence, as a trustee of a fund or as an adviser to a fund, and I’ve listened to managers being quizzed as to why they’ve done or not done certain things, I’ve heard such wooly answers. It really doesn’t boil down to much more than, “I had a hunch and bought a bunch.” So, for me, a core belief is rigor in the process.

You asked about a conflict. Yes, I had one. In one firm (I’ll keep this anonymous), I and a number of others became concerned that the CEO of the firm was effectively engaging in insider dealing. We had to ask ourselves what we were going to do about it. And what we did was that a small delegation went higher up the organizational chain, presented our evidence—which wasn’t conclusive; it was all circumstantial but it certainly convinced us—and demanded that the right of that individual to manage portfolios or trade securities or influence anyone else in the firm in terms of the management of portfolios or the trading of securities be removed. That wasn’t an easy thing to do because this gentleman was effectively our boss. But we did it, and that was exactly what happened.

This was in the days when the actual formal rules were nowhere as rigorous as they are today or as they have been for the last 15 years or so. But purely from a moral point of view, we felt that it was the right thing to do, and that is exactly what we did.

**Did any of you suffer because of that?**

No, we didn’t. It was a pretty tricky time in the office, as you can imagine, when we had to confront him with what we had done, to explain it, but other than that, no. It wasn’t as if we were then fired; we were not penalized for whistle-blowing, which was good.

**But were you cognizant of the fact that you could have been fired?**

Yes, we realized that in going above this person, it was possible that the person above could have taken the view that he wanted to support the person we were accusing and he could have ended up terminating a lot of us. We didn’t think that was a very high probability.

**So, Alan, based on this experience, which is truly an amazing one, what lessons do you draw and what guidance would you give to young professionals?**

I think that the basic guiding instruction—particularly in a world where regulation and compliance are a complete minefield today and extremely complicated—would be to
certainly obey all the rules, but don’t just stop there. Think about the principles behind
the rules, and make sure that you’re adhering to the principles as well as to the letter of the
rules. It’s quite often possible to find a way around rules, but in doing so, you can breach
the principles.

Well said, Alan. Let’s move on to the next topic, which is leadership. It is generally
said that people who are successful are pretty good at managing up, or managing their
managers. On the basis of what you have just told us, it seems you are pretty good at
firing your manager. But what do you have to say about managing up? How important
is that in one’s career?

I think it is quite important, particularly if you’re a manager who’s not necessarily very
good at managing. An awful lot of people in our business are asked to take on manage-
ment responsibilities when they’ve been very good in a portfolio management role. But
that doesn’t mean they’re going to be good business or people managers. And many peo-
ple who are good portfolio managers are essentially lousy at people management. I think
someone has to help them. So many people in this business shy away from the appraisal
process. What I’m saying, first of all, is to make sure that whether your manager wants
to or not, he meets with you pretty regularly, at least in the early stages. You may reach a
point where you have such a level of bonding between the two of you that you can almost
second-guess each other; you know when you need to inform him and you know when you
need to consult. But until you’ve reached that point—where he is comfortable with you and
you will always go to him when you need to—you need to lean on the side of more contact
rather than less.

I don’t think there is a single model. When I am managing people, I always say to them,
“OK, how do you like to be managed? Do you like to have formal sessions set out on the
calendar going on once a month to eternity, or do you like a more flexible approach where
you come to me when you think you need to and I go to you when I think I need to?” Again,
I think there is more than one way to skin a cat. But at the end of the day, your manager is
going to have to feel confident with you. Behind this, you have to recognize that this is a
business where the organizational model is very different from most other organizations.
So, for my money, the one that works is a meritocratic model, not a hierarchical one. In
the British military, your power is determined by the number of pips on your shoulder.
If you’ve got more pips than the people you are talking to, you can tell them what to do.
In other organizations, it may be the ability to hire or fire—or to control information or
something like that—which really gives you power.

And I think in our industry, which has a very high intellectual element to it, it really needs
more of a university-type of approach, where the most important people in the room,
at any one time, are the ones who know most about what they are talking about. Since
managers, by definition, are usually generalists and not specialists, a lot of the time they won't be the most important person in the room. They may think they are, they may have the bigger title, and they may have the bigger pay packet, but a good manager will realize that he needs to give room to the people underneath him to demonstrate expertise in their more specialized areas. So, I think fostering that kind of relationship is important. I can’t think of an active management firm where I could walk into a bunch of really talented fund managers and say to them that I want them to jump through certain hoops today. You just don’t tell them to jump through hoops; you have to persuade them that jumping through hoops is a good thing to do.

**Did you ever work with a manager who clearly did not understand these principles, and how did you deal with that situation?**

Yes, absolutely I have. It’s quite interesting because at various times, I worked in firms where there was a true partnership spirit; and other times, it has been a more hierarchical firm. I think that the partnership model works well, and the hierarchical one doesn’t. I’m not sure I know the answer to how you deal with a hierarchical model, particularly if the manager is equipped only with sticks and no carrots. And it’s an issue that will be reflected down the firm very quickly because managers at the top of the firm do set the tone, the culture, for the rest of the organization. If the organization is looking for a partnership structure and is not finding it and instead finds a hierarchical one, I think that can lead people to leave you for another opportunity.

I don’t think people just leave because of pure dollars and cents. I think a lot of the reasoning has to do with whether they feel they are in an organization that is allowing them to have the best possible chance of being successful, to do a really good job. Is it a firm that is genuinely investment-led in terms of its culture, or is it business-led and sales-led? Are they being recognized for what they’re doing? Are some people bearing more than a fair share of the workload while others are being carried along for a free ride? Are squeaky wheels being oiled? Nothing can annoy someone more than to find that some squeaky wheel in the organization has been paid off handsomely, and another individual who just got on with it and did the job is left behind. All sorts of things like that can really frustrate people.

**How does a CIO like you build effective teams? What’s the process for doing that?**

It starts with being careful about the people you recruit. So, I would consciously go out and look for people who demonstrate, first and foremost, common sense and an ability to work in teams rather than perhaps the other extreme—individualistic, rather arrogant, brilliance. I will put teamwork and cooperation and common sense at the top of the kinds of things I look for in individuals I bring into the team. And then, I think it’s very much a
question of leading by example. You listen to people, you talk to them, you frequently take their advice. You don't try to drive every decision from the top. But you let them help you make the right decisions.

I also think that when you are recruiting people, a common mistake made by many is that they feel threatened if they recruit somebody who they think might be better than they are. This is a colossal mistake. I have always gone out to recruit people who I think are at least as good as, and hopefully better than, I am. And really, the reason for it is if you are indispensable in some role because you are the only person who can do it, guess what? You are going to stay in that role. But if the people above you can see that what you’ve got in your organization are other people who are at least as talented as you, then they can move you on in your career without worrying that the unit you were working in will fall apart. In a sense, you get the opportunity to float like cream to the top. So, I think people should not be defensive as their career develops in hiring people who might be better than they are. In fact, quite the reverse. They should go out of their way to look for people who are better than they are, and then they can enjoy the fruits of being cream rather than milk!

**In your opinion, what is more important: leveraging your strengths, overcoming your weaknesses, or striking a balance between the two?**

I think I would concentrate mostly on overcoming weaknesses. It’s very easy for people to play to their strengths. They probably enjoy it, and it comes naturally. But if you’re not careful, you won’t address your weaknesses. So, I think you’ve got to constantly lean against the bias to just play to your strengths and actually force yourself to do things that may not come naturally to you. I can remember—you may find this hard to believe—when I was absolutely terrified of getting up and making a speech or giving a talk. And I decided I was going to consciously fight against my nerves in that area.

**Any other career management advice?**

We’ve talked enough about ethics and integrity, I think. While I don’t think any of us can plan our careers exactly because there is always going to be an element of luck, I think people should be asking themselves fairly early on in the process whether they have put themselves into an area where they’re going to be most comfortable. We talked about sell side and buy side, but it’s not just sell side and buy side. Let’s say you’re on the buy side. Do you want to be an analyst? Do you want to be a portfolio manager? Do you want to be on the distribution side of the business? Do you want to have a very narrow, very specialist role, or do you want to have a broader, multi-asset role? Those are all questions you should answer to try to influence your decision early on before you get pigeonholed into a spot where you may not necessarily want to be.
You’ve also got to give some thought to words like “balance.” I remember when I went to the J.P. Morgan Commercial Bank Management Program that they had a session on balance that I have never forgotten. The image you need to have in your head is a stool with three legs, and you had better make sure those legs are of roughly equal length if your life is going to be stable: one leg for work, one for your family (say, your spouse, parents, and children), and one for yourself. If you let any of those legs get too short, then your life will likely be unstable.

**Alan, is it really possible to achieve that balance and yet pursue organizational success?**

I think so. When I’m out of the office, I’m a complete BlackBerry addict. I’ve just come back from the Atacama Desert, and except when I went up to over 14,000 feet, I had BlackBerry coverage all the way. But I very rarely take work home on the weekends. I make that time from Friday evenings through Sunday evenings pretty much the time for myself and my family. Of course, there will be exceptions. There will be times you’ve got to burn the midnight oil; you’ve got to go the extra distance. You may not get home in time for dinner for a couple of weeks because you’re trying to write an article or whatever, so yes, that will be there. But I think it is important that you do what you can to retain a degree of balance.

**Looking ahead, what would you view as some of the potential positive and negative influences on the careers of young professionals in the investment industry?**

I think this business has come a long way from when I started, but it still has a long way to go. If I look back at what we were doing in the 1970s, by today’s standards, it was extraordinarily amateurish. But anybody who would think that we are anywhere close to the end of the road here is kidding themselves. There’s an awful lot in today’s investment practice that I think is badly flawed. And I think the main lesson of the last decade or so is that the basic model for our industry needs to be rewritten.

I think that people coming into this business need to realize that where we are today is probably not where we will be tomorrow in terms of the way best practice operates. Therefore, the nature of the jobs that we’ll be asked to do will change. And I think there will be a return to much more dynamic asset allocation than there has been in the past 20 to 30 years. In fact, I expect that strategic asset allocation will probably be torn up and thrown away pretty much completely. Now, if I’m right on that—and it may not happen quickly—then it means that the demand for people with multi-asset skills will go up substantially, and there’s not a very large body of people out there at the moment with those skills.

Today, most people in the asset management industry are good segment providers—for example, a small-cap manager, a credit manager, a currency manager—for investors looking for good component pieces to fill in some kind of implementation plan around their
strategic benchmark. I think that is going to change, and there will be a real shortage of people with true multi-asset skills. So, my recommendation to individuals here would be if you really want to work in a very narrow area—say, small-cap UK stocks or whatever it may be—there will always be demand for that. But if you want to try to address the clients’ broader problems—to deliver the real-world outcome they need—then you should think about a career in a multi-asset space where you can have a greater impact on your clients’ well-being than you will ever have if you just limit your career to a narrow, specialized product. Ask yourself which way you want to go.