

Richard Colwell, Head of UK Equities at Columbia Threadneedle talks teamwork, holding your nerve and Charlton FC with Victoria Hasler at Square Mile

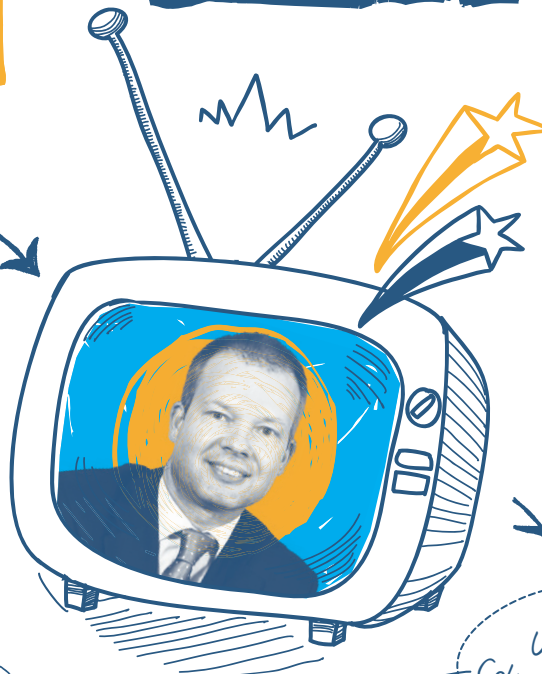


TALKING WITH

Richard Colwell

WHAT GOT YOU INTO FUND MANAGEMENT?

I was at school in the 80s and things were all very vocational then. I was going to do a business degree but NatWest offered me sponsorship to go to university so I worked for them for a year and then went to do a banking and finance degree at Bangor at their expense. In my final year we had a visiting lecturer from the IMF who made a great impression on me and suggested I apply to the Bank of England. It sounded interesting so I did, and ended up working in the economics department and banking supervision. It was a very good experience and I learnt a lot. From there I went on to a job on the foreign exchange floor at BZW. I was only there about a year, but it made me think about what I really wanted to do. I liked doing analysis so decided to give fund management a try. At that time Schroders was growing rapidly and looking to employ people who had a few years of experience especially at the Bank of England. I already had some contacts there from my time at the Bank of England and so managed to get a job in fund management with them.



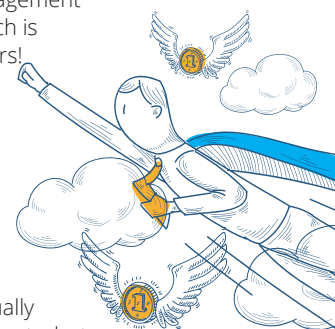
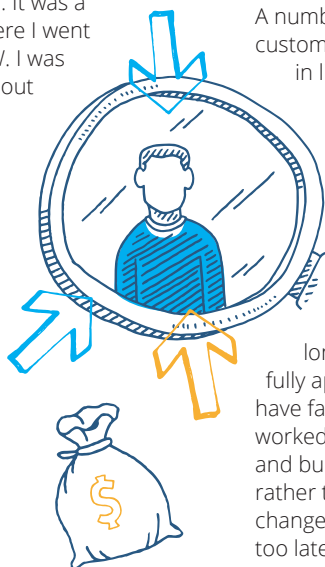
Head of UK Equities at Columbia Threadneedle

WHAT KEEPS YOU IN FUND MANAGEMENT?

A number of things. It is a privileged job. We are custodians of customers' money and have a responsibility to generate returns in line with their long-term plans.

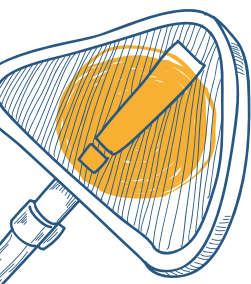
I love interrogating company management - it is fascinating. You can't rely wholly on what a company says, and have to do your own due diligence, but having access to management can give you an edge. The longer you are in fund management the more context you have, which is definitely helpful... And it's indoors!

For example, take Morrisons. I have known the company for a long time and have sometimes not fully appreciated the headwinds they have faced in the past. However, we have worked with the board to effect change and build up a big position in the stock rather than sitting back and waiting for changes to happen (by which time it is usually too late). There will always be disappointments, but the winners make it worth it.



WHAT ARE THE MOST IMPORTANT LESSONS YOU HAVE LEARNT IN YOUR CAREER?

Don't panic. Animal spirits can swing around wildly. Don't underestimate behavioural finance, and don't get too bogged down in things you can't control. Don't crave to be in the in-crowd and just buy the stocks that are going up every day. Look elsewhere for potential opportunities that may excite the crowd in the future.



WHAT HAS BEEN THE BIGGEST CHALLENGE OF YOUR CAREER SO FAR?

I think it is the realisation that it can be very lonely if you are on the wrong side of a trade, for example I was underweight technology stocks when they were roaring away as I believed them to be overvalued, and I also sat out the China super cycle. I didn't want to take part in these momentum trades but it was difficult to stay out when everyone else was getting involved.



WHO INSPIRES YOU?

Jim Cox - the way he invested at Schroders had a big impression on the way I invest. Bill Mott at Credit Suisse also inspired me in terms of his clarity of thought and engagement with clients.



WHAT IS THE KEY TO JOB SATISFACTION?

Getting on with people. We spend a lot of time each day in the office and you don't want to be isolated so you need to get on with those that you work with. Being part of a team is good, and I don't just mean your immediate team. The wider team, the middle office for example, are often the ones who end up watching my back. I enjoy the team environment but recognise personal accountability.

WHAT CHALLENGES DO YOU SEE FOR THE INDUSTRY?

To be honest I don't really think the challenges have changed much. There is a heightened focus on charges from the regulator and you need to be transparent and prove that you add value for the investor. We had the same issues 5 years ago but there is more pressure to do something about them now. It's good that these issues are debated though.



WHAT DO YOU STILL WANT TO ACHIEVE?

I don't want to overstay my welcome. I worked hard to get where I am and would be happy just to not mess things up. I'm not after world domination. It would be nice just to consolidate where I am now and perhaps be seen as well respected in my generation of fund managers. I would like it to be said that I set things up well so they didn't go wrong when I passed the baton to someone else.



WHAT MAKES A GOOD FUND MANAGER?

Accountability, team work and the ability to hold one's nerve.

I think a good fund manager should not come out of a cookie cutter mould but should have something different. You don't have to be the brightest person ever, just look at the number of Nobel prize winners at LTCM, but you do need some common sense. You also need an edge. Whether that is forensic accountancy or intuition is less important than the simple fact that you have one. It probably helps to be nosy as well. There is so much data out there that knowing what to look at, and wanting to look at it, is important.



WHAT WORRIES YOU?

I try not to get too worried; getting bogged down in things just doesn't help. Try to remember what worried you last year - chances are you're not worried about it now.

Charlton letting in a 94th minute equalizer puts things into perspective. Don't get overly despondent when investments aren't doing well, there's always another day.

I have always found a good philosophy to be: don't worry about the megalomaniacs.

HOW DO YOU RELAX?

I endure watching Charlton FC. I'm trying to diversify my sources of entertainment though because it's too depressing. I have started watching rugby and some other football teams. I read a lot on the train, like the Secret Footballer Series, and I like music as well. I enjoy spending time with my wife and I have 3 teenage daughters so I don't have time for much else.



WHAT WOULD YOU HAVE DONE IF YOU HADN'T BEEN A FUND MANAGER?

I would probably have been a NatWest branch manager. I would have accrued a lot of stock along the way, the value of which would all have been wiped out and then I would have been really bitter!

HAVE THERE BEEN ANY PARTICULARLY MEMORABLE MOMENTS IN YOUR CAREER?

Several. The first was when the UK came out of the ERM. I was working at the Bank of England at the time - nowhere near the front line though, don't worry!

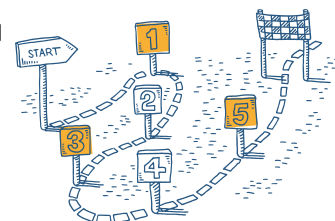
During my time at Schroders I lived through the collapse of LTCM, the Asian currency crisis and the Tech bubble also figured. This was a pivotal moment in my career and the first time I was really tested - I had to hold my nerve.

Waiting for the US housing market bubble to blow up was another. We all saw it coming but a lot of people lost their nerve and gave up about a year before the market blew up which must have been incredibly frustrating.

Closer to home, Brexit was also an experience. These types of events all give context to markets. You have to learn from them and take what you know into the next event, but you also have to allow the younger guys to contribute.

WHAT ADVICE WOULD YOU GIVE YOURSELF IF STARTING OUT TODAY?

There will always be somebody better than you. Most of them fall by the wayside at some point. Life is a marathon, not a sprint - take your luck when it comes and trust yourself. Networking is good but don't overdo networking to the point of not doing your job. Just get on with it.



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