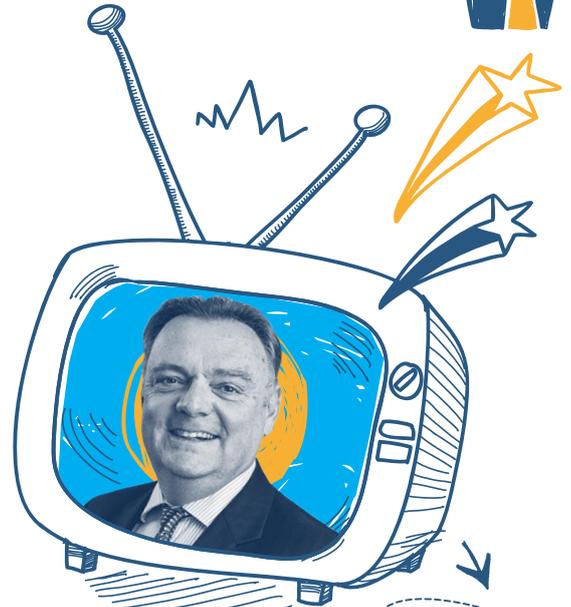


TALKING WITH

Neil Dwane

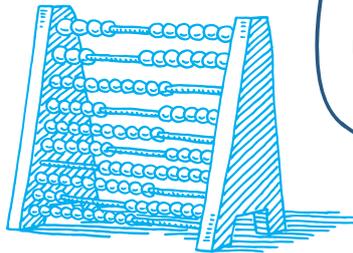
Talking being a team player, a family man and the Great Barrier Reef with Neil Dwane, Global Strategist, Allianz Global Investors and Richard Romer-Lee, Square Mile



Neil Dwane, Global Strategist, Allianz Global Investors

HOW DID YOU GET INTO THE INDUSTRY?

I trained as an accountant and there were three traditional paths I could have followed – to become an auditor, a management consultant or join the City - which at the time was coming into its own. I joined Kleinwort Benson in 1988 having qualified as an accountant a week after the crash in 1987.



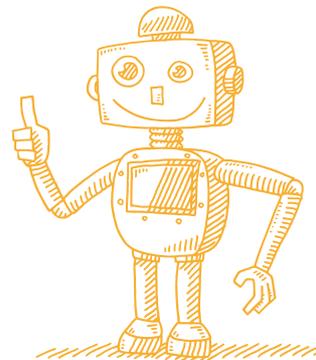
WHEN DID YOU BECOME A FUND MANAGER?

I started as an analyst on the electricals, electronics and telephone networks sector. Within a year I became a balanced fund manager and was running money in a team. That's how it worked. Back then, everyone became an expert – I became a UK and then a European equity

manager. Some 30 years later, I am now loosely a balanced fund manager. It feels like the whole industry has come full circle. But a never-ending specialism eventually meant people couldn't see the wood from the trees.



IS THE INDUSTRY REACTING WELL TO THE CHALLENGES?



It feels like just a few are willing to embrace them – many organisations are clinging on to what they've historically done. It's demonstrated by companies' approach to Artificial Intelligence, for example. They wonder, is it really the way forward or an attack?

WHAT IS THE BIGGEST CHALLENGE FACING THE INDUSTRY?

Developing investment solutions that are relevant for clients. It used to be that fund managers had ideas which were turned into products that were then bought and sold without too many questions being asked. Now both institutional and retail clients rightly want to know more and for their managers to justify their fees.

Clients don't want to invest solely on markets going up. They now have more of an absolute return mentality, which has meant we have to change how we think about risk-free return. As we now know, equities, property and interest rates don't always go up.



WHAT ADVICE WOULD YOU GIVE TO SOMEONE STARTING OUT IN THE INDUSTRY?



To the interns and graduates I come into contact with, I tell them they need to love the markets (it's the wrong job if you don't) and see the industry for the privilege it is – you could meet the CEO of Fever-Tree or Bill Gates. It's also crucial to appreciate the generosity of the opportunity it affords you.

Know that you are going to make mistakes. Understand what you believe in and what works for you – the combination will allow you to develop your investment style.

WHAT MAKES A GOOD FUND MANAGER?



Being a team player and knowing how to get the best out of your colleagues. Being part of a team enables people to collaborate, be open-minded and work through the bad times.

You also need to be a Jack of all trades. Clients have to find you credible as you are the point of the relationship between them and your firm. You need personality and humility. It's when people lose that you really see how they behave.

WHAT ARE THE MOST VALUABLE LESSONS YOU HAVE LEARNT?



I failed to pay attention to the unit size of a fund. I applied for 4 times the amount of shares I should have, and ended up with largest order and a full allocation. No damage was done but I had to admit to the client I had made a mistake – there's nothing worse than having to do that.

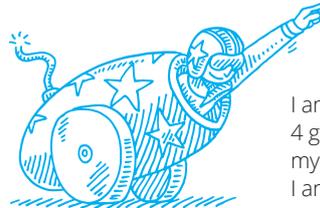
The second is to remember who you are talking to. I was challenging an analyst on a stock they were recommending. The more I challenged, the more monosyllabic their answers became. I realised they thought I was acting as a CIO and threatening their job rather than as a fund manager colleague seeking to understand the strength of their conviction.

WHAT WORRIES YOU ABOUT MARKETS AT THE MOMENT?



I am concerned that politics are beginning to have an effect. What worries me the most is that something untoward occurs in the Middle East. Geopolitics has worsened as the oil price has risen. The Sunni versus Shia/ Saudi v Iran situation could last a very long time; the US approach to Iran; Israel being actively engaged in Gaza, Syria and Lebanon which probably unifies the Arab world against Israel; Turkey and the Kurds – these are now all hitting the headlines.

WHAT WAS THE SEMINAL MOMENT IN YOUR CAREER?



Taking the opportunity to move from London to Frankfurt to take a job I was probably not qualified for – from running an 8 person team in London to teams in London, Paris and Frankfurt. I did it for 14 years. I decided to lead by example, by being totally transparent on things like promotions and pay and run a meritocracy. It worked – the Germans are very similar to us culturally. They are straightforward, speak good English, are easier to read than the French and Italians and less cynical than the British.

HOW DO YOU RELAX?

I am a family man - with a wife and 4 grown-up children. I like to ski with my wife, play golf and enjoy holidays. I am looking forward to reading 'A Field Guide to Lies and Statistics: A Neuroscientist on how to make sense of a complex world'. I am also a bit of a country bumpkin.



WHAT GOOD ADVICE HAVE YOU BEEN GIVEN?



Many years ago I was a member of the UK specialist team at Flemings and came second in a pitch to a potential client. I was too focused on performance and process, got lost in the detail and didn't come across as myself. The advice that followed was to be myself, stand out and have self confidence... it has stood me in good stead over the years.

WHAT EXCITES YOU ABOUT MARKETS?

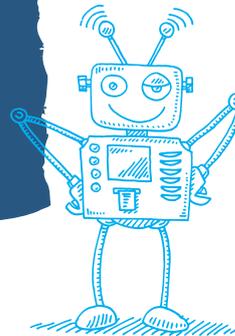
One of the remarkable privileges of our job is that markets are different every day. This brings a constant freshness to our work. It's important to appreciate how lucky we are. Imagine being a golfer – it must get pretty monotonous – yes the courses and weather may change – but it's pretty samey.

The global Goldilocks scenario is ending and so is the economic rising tide. We need to think carefully about risks. I don't think interest rates will rise very far especially in Europe and Japan for the next 3 to 5 years, so cash will continue to act as a drag. But it may be a useful place to park some money in the short term providing you know what opportunities you are looking for – but not long term as it's frictional.



I have broadly two types of clients – those hunting for income and those for growth. I am excited about Europe for income and Asia for growth.

DO YOU THINK AI WOULD REPLACE FUND MANAGERS?



I don't think so. I'm encouraging our fund managers to have self-confidence so that they can see through the noise in markets, know what's important and to back it. I suppose if you are capable of processing vast amounts of information, could there be value in the noise? I'm too old for that but maybe for the nanotech sector.

WHAT IS THE MOST EXTRAORDINARY THING YOU HAVE SEEN?



Becoming aware of the volume of plastic in the sea – courtesy of Blue Planet. I was blown away. I am fortunate enough to have seen the Great Barrier Reef in its full splendour years ago and am worried we won't see it again. Watching how humans treat the planet has been a siren call for me.

And to show you how far the City has moved on – I once saw a CIO, who had enjoyed a long City lunch on a warm afternoon, fall asleep with his head slumped on the table during a meeting with the CEO of BTR, who was singularly unimpressed!