



TALKING WITH

Audrey Ryan

Investment Manager, UK Equities
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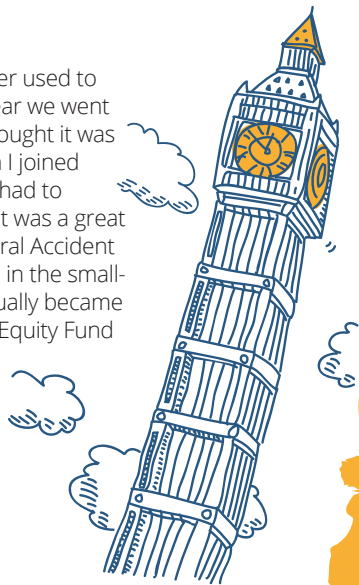


Talking ESG, technology and running with Audrey Ryan, Investment Manager, Kames Capital and Richard Romer-Lee, Square Mile

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HOW DID YOU GET INTO THE INDUSTRY?

I was intrigued by markets from the age of 10. My father used to take my 3 sisters and me to London each year. One year we went to the Stock Exchange – I still remember it clearly - I thought it was amazing. I studied accounting at university, after which I joined a small accountancy practice. Being at a small firm we had to do everything – cash reconciliations, tax and auditing. It was a great experience, but auditing was not for me. I joined General Accident in Perth in 1995 in research working with Neil Hermon in the small-cap team. In 1997 I moved to the company that eventually became Kames Capital and I have managed the Kames Ethical Equity Fund since 1999.



WHAT IS THE GREATEST CHALLENGE AS A FUND MANAGER?

Time management is crucial as is focusing on what's important. It is also vital not to be too short-term-ist. Though that's sometimes easier said than done. Fund management is both challenging and rewarding. It's a privilege to be custodians of peoples' money and to meet so many company management teams.



WHAT HAS BEEN THE SEMINAL MOMENT OF YOUR CAREER?

There have been two. First, getting into the industry. Second, managing ethical equity portfolios which I have now done for over 20 years.

WHAT MAKES A GOOD FUND MANAGER?

A variety of things and there is no right or wrong answer. I have the greatest respect for many fund managers and their skills and personalities are all different. It's important to have conviction in your views and a willingness to accept that not everyone will agree with you. It's also important to accept that you will make mistakes. I have made plenty.

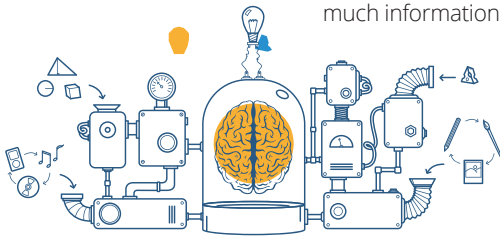


WHAT'S YOUR VIEW ON ESG BECOMING MAINSTREAM?

The marketplace continues to evolve but there is increasing evidence to support the premise of integrating ESG into investment decisions. It's hard to argue against trying to know more about the companies that we invest in. Society in general and our clients are increasingly interested in behaving more sustainably, including how they invest. Certainly younger generations seem more engaged in the idea of investing ethically and sustainably so as a fund provider we need to future-proof the products we offer. Finally, it feels like there is an increasing number of genuinely sustainable investment opportunities for us to invest in.

HOW DO YOU DEAL WITH ALL THE INFORMATION?

I focus on what I think is important – the investment case for each stock and what could question it. I engage with companies, meet the management teams, their competitors, other industry players to gain an understanding of what they do. Experience helps. There is almost too much information available.



HOW DOES IT MAKE A DIFFERENCE TO INVESTORS?

For investors and fund managers, it brings three key benefits. First, it deepens our knowledge and allows us to better understand a company's operating environment, meaning we can assess the risks and opportunities. Second, it strengthens our conviction in the businesses that we invest in. And finally, assessing ESG factors help us to avoid short-term distractions and focus on long-term prospects.





HOW CAN INVESTORS MEASURE IMPACT OF THEIR PORTFOLIOS?

For our ethical fund range, there is a clear impact from the way our portfolios are constructed; we don't allocate capital to sectors which our investors tell us they have a problem with. It is one of the reasons our ethical funds remain popular – they have a clear purpose. But 'impact investing' in its broader sense takes various forms and we are cautious on how we measure it. We still find that much of the data quality (eg, greenhouse gas emissions) is mixed. Some companies report reams of sustainability-related data. Many others don't, but that doesn't mean their products and services aren't having a positive impact.



WHAT ABOUT GOOD THINGS?

Some of the great investments we have made. We owned Rightmove for many years and made many times our clients' money for them.

WHAT SUSTAINS YOUR DRIVE?

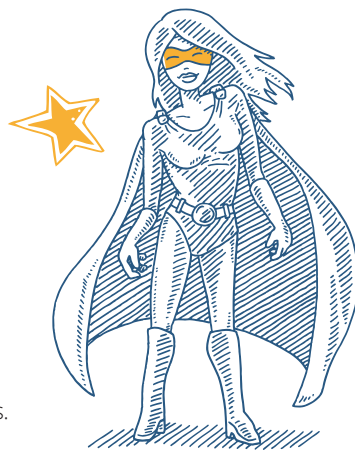
The everyday challenges. You come into work expecting to do a specific thing and nine days out of ten something else happens. I really enjoy meeting companies and I love backing management teams with good strategies – particularly in medium-sized and smaller companies, where it can make a huge difference.



HOW IMPORTANT IS ACTIVE MANAGEMENT TO ESG INVESTING?

Active management is crucial. Currently, it's popular to launch new funds or re-badge existing funds as ESG, including passive offerings. Many of these products use off-the-shelf third-party ESG ratings to construct their portfolios, or indices. However, ESG issues can be a bit more nuanced and whilst we use ESG datasets, they never drive our investment decisions. This is why we believe truly integrating ESG into passive strategies is difficult.

As active managers, it's possible to be very active voters. The Financial Times once reported that asset managers support boards 90% of the time, suggesting that the industry was failing to hold companies to account. Our records show that in 2018 Kames Capital voted 58% for, 23% against and abstained 19% of the time.



IS IT TOUGH BEING A FEMALE FUND MANAGER IN A MALE DOMINATED INDUSTRY?

I've never had any problems. I grew up in a home mainly full of women. I am one of four siblings – all girls – and now live in a house full of boys as I have 3 sons. It's never been a hindrance. To me, diversity should be considered in its broadest sense and will bring better experience, knowledge and skills.

WHAT EXCITES YOU ABOUT MARKETS?

There are always opportunities – I would say that, of course. The market is always changing and today is no different. There are lots of disruptions in industries, much of it being driven by the effect of, and opportunities created, by technology.

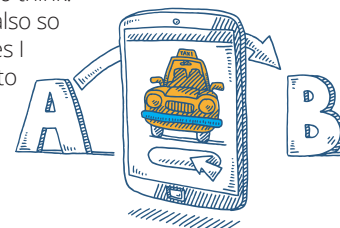
WHAT ADVICE WOULD YOU GIVE TO SOMEONE STARTING OUT TODAY?

Don't panic. You will make mistakes early in your career – after 25 years you can be less emotional. Just make sure that you learn from them and think about what you could have done better. Work hard, and treat others the way you would expect to be treated.

HOW DO YOU RELAX?

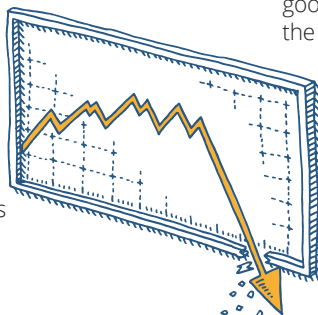
By being a weekend taxi service for my boys! I try to keep fit by running and playing tennis – although I am not very good at either. They do get me away from the telephone and people in general, which gives me time to think.

There are also so many places I would like to see...



WHAT HAS BEEN THE MOST EXTRAORDINARY THING YOU HAVE SEEN IN MARKETS?

The tech bubble – and where euphoria and multiples go to. Hindsight is a wonderful thing! It's hard to forget the financial crisis – but what is extraordinary is the time it has taken to unwind the damage.



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