

TALKING WITH

50

Special 50th Edition

Peter Harrison, Group Chief Executive at Schroders talks the next generation, mental health in the city and skydiving with Richard Romer-Lee, Square Mile



Talking With Peter Harrison, Group Chief Executive, Schroders

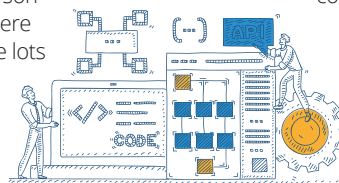
HOW DID YOU GET INTO THE INDUSTRY?

By accident. Like most graduates I applied for a whole range of jobs. Management consultancy and going into the city seemed to pay well. I ended up at Schroders. I arrived on the graduate training programme and discovered I was a social experiment where the non-Oxbridge graduates were sent to asset management and the smart Oxbridge graduates were sent into the investment banks.



HOW DID YOUR CAREER UNFOLD?

I started as a geeky programmer, having done a business degree. When I became an analyst, I was given the first PC on the investment floor to do the allocations. I was the only person who could use Lotus, so I was given all the jobs. I moved to Newton, then Flemings where post the merger with JP Morgan I did some corporate integration. I realised there were lots of people who were smarter than me at investing and found myself doing general management stuff. I ended up moving to a tiny little business – which became RWC. You learned that you have to put the toilet rolls out, sign a lease, put up the shelves, and then find out what a SICAV fund range is and about general management. That was the time when I really learnt my trade.



WHAT DOES THE SCHRODERS OF TOMORROW LOOK LIKE?

We may look back in 10 years' time and say mutual funds and ETFs are really old-fashioned. Mass personalisation and blending public and private will see the regulations start to change. That we can buy tokens and invest in private companies, and that coming together of public and private may well make the business look very different in years to come.

DID YOU HAVE ASPIRATIONS TO BECOME CHIEF EXECUTIVE?

Not a hope. I was surrounded by very smart people who all seemed to be far cleverer than I was. I only ever went up to the top floor once, and that was to give my resignation. I never dreamed of going back to the top floor ever again. I was terrified by it.



WHAT ARE THE HARD DECISIONS A CHIEF EXECUTIVE HAS TO MAKE?

The people ones, because you have to keep evolving. Equally every day there is a decision about; Do we fund this fund? Are we going fast enough? Do we make this acquisition? Do we hire this team? Are we doing enough in thematics? Are we doing enough in these other areas? I need to make sure we're holding the organisation's feet to the fire to run hard enough at a time of change.

WHAT ARE THE GROWTH AREAS FOR SCHRODERS?

We want to be closer to the consumer by making our products more accessible and easier to understand. The Lloyds joint venture is one manifestation of that. We must also have access to good private assets, because if you take the view that in the long-term buildings will be tokenised, companies will be tokenised, all the best businesses are not on public markets these days, so how are we going to get access to those? If you blend those two things together, you can effectively turbocharge the growth of your core business.



HOW DO YOU CREATE THE RIGHT ENVIRONMENT FOR FUND MANAGERS?

I spent 25 years as a fund manager – but there's not one answer for all. I'm proud of when we see people like Andrew Rose, who worked with us for 38 years. Everything that you do to enable a portfolio manager to be good at his job is positive, and everything you do to get in the way of that is a negative. You just do a lot of the former and not much of the latter.





WHAT ARE THE IMPORTANT INGREDIENTS OF CULTURE?

The formula I live by is the proportion of staff who say they're proud to work for Schroders - we're running at over 90%. For some people it's the physical environment, for others it's a pacey environment, or one where they can be really professional and worry about clients. For others it's about collaboration and having the right technology. When you get it right, the motor is ticking, you feel that people are happy and engaged, and that they're innovating and they're moving quickly, that feels to me like the sort of place that I want to come to work in. Right now we're in a moment that feels pretty good on those things.



HOW DO YOU ENSURE DIVERSITY?

Around 93% of the people who join asset management join from within our industry. Going outside the industry is critical to having more different perceptions. Some of the most interesting people we have hired have been from the motor racing industry, for example. The real business of asset management is solving problems, which is best done by diverse groups. This is not a politically correct thing to do, this is something which makes your business better. It comes as much from social diversity as it does from gender diversity or race diversity.



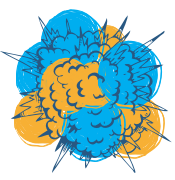
HOW WILL YOU APPEAL TO THE NEXT GENERATION OF INVESTORS?



We won a very interesting mandate the other day from an American pension fund that said, 'I don't just want you to deliver those returns, I want you to demonstrate impact'. That is representative of where the future is. This next group of savers say, 'do something with my savings, which are above and beyond something that is just for me, but make it relevant to me'. So, how do we make that point of personalisation address their needs, their specific needs?

IS THAT LEVEL OF PERSONALISATION ACHIEVABLE?

I think it is the next iteration from here, but does the technology exist? Yes. Does our understanding of individuals exist? It's getting there. Tech companies would certainly say that they would know enough to understand life events. We would need to come together and do this. Part of the challenge to the industry is that it's in a comfortable place - highly fragmented and not very concentrated. Making that next change is going to be a tough one, unless there is an exogenous shock.



BRUNO SCHRODER SADLY PASSED AWAY THE OTHER DAY, DO YOU HAVE ANY SPECIAL MEMORIES OF BRUNO OR ANY SPECIAL ADVICE HE GAVE YOU?

Many, many special memories. He was an amazing guy. His passion for this business was phenomenal. He never missed the opportunity to be present and he was very, very clever. He used to sit me down regularly with a cup of tea, and say, "Give me the 20-year view." The guy was 86 and he wanted a 20-year view! You've got to admire the family. They gave us a long-term perspective and a willingness to carry a conservative balance sheet. If you think you're somewhere near the end of the cycle, a strong balance sheet is going to be critical, because you'd be able to invest through that downdraft when a lot of people would go the other way.

BEING PASSIONATE ABOUT MENTAL HEALTH HOW DO YOU ENSURE IT IS TAKEN SERIOUSLY?

I had a real learning about mental health at a Samaritan's function - I was there for personal reasons rather than for a corporate event. I met someone who asked if they could come and present. We filled our auditorium on a mental health discussion. We asked staff for volunteers to tell a mental health story, thinking we might get one or two. We were inundated and started to realise that this is a stressful job and you have got to address the downside of that.



AS A BIG SUPPORTER OF CASCAID WHAT ARE YOU PLANNING THIS YEAR?

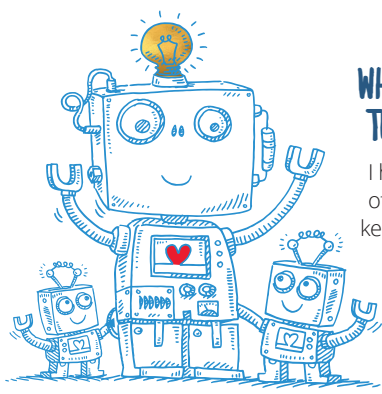
CASCAID has really brought the industry together. Last year I abseiled off a building, even though I am not very good with heights. I challenged Phil Middleton asking what are we going to do this year. He said, 'let's do a skydive'. Rather foolishly, I was on the phone, slightly alpha male and said, 'yeah, great, no problem at all!'. Then the date came through. So I am leaping out of an aeroplane somewhere in Dorset.



WHAT DOES THE INDUSTRY NEED TO DO TO REGAIN TRUST WITH INVESTORS?

A lot. Things like PRIps (Packaged Retail and Insurance-based Investment Products) don't help, because we put out information, which is actually suggesting that fund pricing is different from what it is, with negative transaction costs and factsheets which are predicting performance. Not all regulation is helpful in this regard. We need plain English, a lot more transparency, more talking about pounds and pence rather than percentages and compound growth rates, and we need to help people understand what their investment actually means for them. There is a huge opportunity here around sustainability and ESG. Most people want their money to do more than simply grow. If you can say it will grow and have some social benefit and that we are going to press companies to deliver more, we're going to be able to connect with people in a way in which we haven't done.

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WHAT DO YOU DO TO RELAX?

I have got a couple of young kids, they keep me very busy.