



TALKING WITH



Talking great management teams and an emotional return to the office With Stephanie Butcher Chief Investment Officer and European Equity Fund Manager of Invesco and Richard Romer-Lee, Managing Director at Square Mile.



Stephanie Butcher

Chief Investment Officer
and European Equity Fund Manager
Invesco

October 2020 - 070

HOW DID YOU GET INTO THE INDUSTRY?

My choices led me here by chance. I took history at university having studied law for a year before realising it wasn't for me. I took a role in corporate finance – it was a choice between that and the civil service – but I chose the City because I felt it was an industry where I would be continuously learning. Luckily, I joined Lazard on a great internship during which I worked in different parts of the business. After spending four weeks in investment management I knew that's what I wanted to do. A week later, the leader of our team resigned and I was thrown in at the deep end. It was a great learning process working with fantastic people.



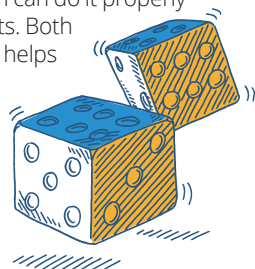
WHY DID YOU CHOOSE TO WORK IN EUROPEAN EQUITIES?

Having started in US equities, I wanted to gain experience of a different market. I fell in love with European markets. Like the US they are very diverse and European companies were becoming more stock market aware. 'Shareholder' became less of a dirty word and changes were afoot.



WAS IT YOUR AMBITION TO BECOME CIO?

I never thought about it. I never had a clear career plan, partly to keep my options open and also because it's hard to predict what might happen. My appointment came about more due to encouragement from others as I really enjoy working with people. This is a people business, after all. I still run money and intend to for as long as I can do it properly – it's important to be involved in markets. Both parts of the job feed off one another. It helps to understand the tensions and pressures of being a fund manager, but I can also bring broader perspectives into the European equity team.



WHAT DOES YOUR ROLE AS CIO ENTAIL?

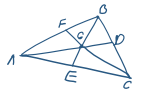
There's lots to it! There's the investment side, making sure teams are properly resourced, supported, issues dealt with, observing what works well and what constitutes best practice to help other teams. It's also being responsible for the structure of the floor, the teams themselves, products and the right forum to share information.

Getting the right level of challenge in the business is crucial. I have refined the CIO challenge process by bringing in different voices and perspectives. Then there's the corporate side – the interface between the Henley investment team and the wider group. Historically we were quite siloed – and as a result lost some of the benefits of being part of a much larger business, which now manages some \$1 trillion globally. I am also a member of the EMEA executive team.



WHAT ARE THE CHALLENGES AND OPPORTUNITIES HAVE YOU FACED?

It was important to make some structural changes early on that were needed. One of the big opportunities is to make sure we can add value by understanding companies from an ESG perspective. It fits well with our long-term, valuation driven active investment approach. It's not about buying the top-ranked company but identifying where the market is underestimating the underlying value of a business, and where we can really add value by looking properly at what improvements can be made in the longer-term. There is a broader challenge for active investment managers – active needs to be really active. I am not frightened by that – but you need a strong philosophy and to stick with it. Clients are becoming more sophisticated and demanding.



WHAT'S YOUR EDGE?

Sticking to our discipline. We are committed long-term, valuation-driven, active fund managers. It involves engaging with businesses to help drive through changes we want to see which will benefit the companies and society. We build good relationships over the longterm and have to work at them to drive change, criticise, encourage and chivy along as necessary.

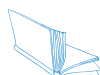




WHAT CHALLENGES DO INVESTORS FACE?

Finding diversification. While there is lots of crowding in certain areas of the market – albeit in some fantastic businesses – investors need diversification. Our valuation approach is there for a reason, as when

valuations are skewed there are always other opportunities. Making sense of ESG is also a challenge. We don't have all the answers, so we need to give clients as much information as possible. Ultimately it is no different to other analysis and the notion of it being different will go away.



WHAT CHANGES WILL COVID BRING ABOUT?

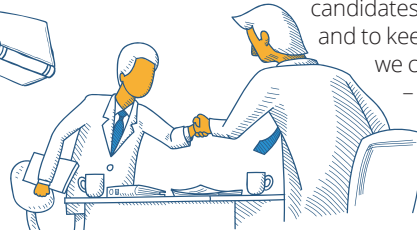
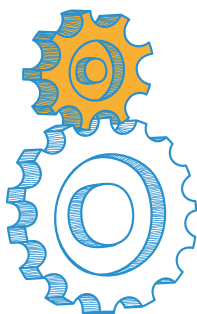
Flexibility in how and where we work is now widely accepted and will benefit many people, which historically was associated mainly with working mums.

This should open opportunities for careers and possibly a more naturally diverse workforce and creative ways of working across industries. There will be a massive win for equality too. However, as we progress through the pandemic, we must work out how to integrate new joiners. Another challenge now is how to get the best of both worlds. It will be neither all working from home forever, nor all in the office five days a week. Getting a sense of unity and productivity right is important. Coming back to the office was emotional – we had missed each other. We now have broadly half of the staff working from home and the other half working two weeks in the office, two weeks at home.



WHAT'S YOUR VIEW OF WORKING IN A MALE-DOMINATED INDUSTRY?

I have never had any issues and just get on with it. I really enjoy the working environment and believe people will remember who you are rather than what you are. The advent of networks is really powerful, and the single most powerful thing is mentoring. It's been really useful for me. There's always danger with generalisations, but there is a tendency for women to undersell themselves. When I have worked with really talented women, it's often the case they think they can't do the role they've been offered, when they are perfectly capable. The real problem is getting more women to join the industry. We try to do our bit by talking to universities and getting graduates to apply, but it takes time.



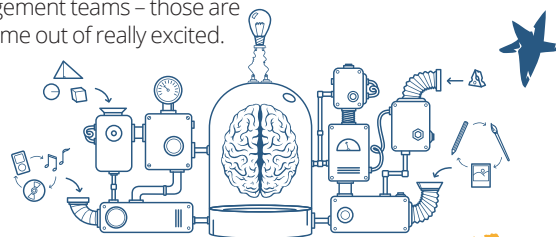
WHAT ADVICE HAS SERVED YOU WELL?

Sometimes you have to appear more confident than you feel at times. I remember that point in my career when I had to put my hand up. It was the case when taking on my current role. Doug Sharp, Head of our EMEA business, encouraged me to do so.



WHAT EXCITES YOU IN MARKETS AT THE MOMENT?

Companies that have successfully identified a threat and are using technology to transition and transform. It's the mark of a great management team. Deutsche Post, which has a legacy business at its core, owns DHL Express – a fantastic business in e-commerce. The complexity in the transition is extraordinary. Ahold, the Dutch retailer moving to online, is the Dutch Amazon. Carlsberg, a legacy business with a certain image which is now running a fantastic Chinese business. It has successfully managed the difficulties of tough periods. Companies with great management teams – those are the meetings I come out of really excited.



WHAT'S YOUR APPROACH ON DIVERSITY?

Our big focus is diversity in its widest context, including ethnicity, social, sexuality. We are working really hard, through a number of events with these groups, to increase awareness and understanding and to encourage people to think about it and how different people feel. It's so important to make sure there are a diverse range of candidates for interviews, on both sides, and to keep our eyes as wide open as we can. Social diversity is a big one – and can bring different perspectives from the range of personalities, religions, backgrounds etc.



HOW DO YOU RELAX?

I like running and I play the piano. I decided to learn when I took the job in Henley to do something useful with the time I saved by not commuting. I play the likes of Bach, Mozart and Chopin and find it genuinely relaxing. We have also recently become the owners of some hens.



This publication is for the use of Professional Advisers and other regulated firms only and is issued by, and remains the copyright of Square Mile Investment Consulting and Research Limited (SM). No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of SM. The views expressed are not necessarily those of SM and SM does not accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.

