

TALKING WITH

Marcus Brookes

Richard Romer-Lee,
Managing Director of
Square Mile caught up
with Marcus Brookes,
Head of Multi-Manager
at Schroders.



WHAT STARTED YOUR INTEREST IN INVESTING?

When I was 15, I had a small inheritance (about £500 in today's money) which a friend of my father's, who did penny shares and the like, persuaded me to invest. I thought it was my chance to make a million. I lost 98% of my money in a Hong Kong property investment trust. That started my quest to find out how I lost my money. I did an O' level in commerce, an A' level, degree and masters in economics, none of which provided an answer. Eventually I worked it out myself...I was born in 1971- I lost it in the 1987 crash.

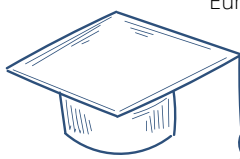


Head of Multi-Manager at Schroders

HOW DID YOU GET INTO FUND MANAGEMENT?

I applied for a job as a graduate trainee at Friends Provident. I was taken on because I knew how spreadsheets worked, not because of my degree. It was unusual as I did not come from the traditional background, but I knew how an IBM 286 worked and I could plug Datastream into Lotus 123. That meant I was considered a genius - in the land of the blind and all that. I was able to save people in the investment teams a lot of time, in return for which I received a proper training as the managers had to explain to me what they wanted to know in order for me to help them.

I worked on different desks as part of the rotation of graduates, including the UK, European, which was run by Tony Zucker, a master of his time, Asia and Japanese Equity desks. That experience showed me that I wanted to get into managing money.



AND HOW DID YOU MAKE THE LEAP INTO FUND OF FUNDS?

To get into the fund management team, I need the IIMR, which was a difficult exam and takes three years. However, I realised I could do a one-year MSC in Investment Analysis, which would qualify me for an exemption. So I resigned and went to the University of Stirling.

I came back to London and got another job at Friends Provident. Soon I was helping out with the asset allocation committee, implementing decisions, and working with the fund of funds team under Bambos Hambi. I then realised that the world is a much bigger place than inside just one company, there was no monopoly on talent in the real world, and that multi-manager investing was where I wanted to be.



WHO HAS INSPIRED YOU?



Bambos Hambi - he was a revelation when we worked together. He knew it was a joy to spend time with fund managers and how to get the most out of them. His "five Ps" was a brilliant framework. He is passionate about funds, doing the right thing and a worrier. We worked together for eight years and he helped develop my career.

WHAT ADVICE WOULD YOU GIVE TO SOMEONE STARTING OUT TODAY?

Do something you really care about – it's the way to get the best out of yourself. It's the difference between a job and a career.

WHAT MAKES A GOOD FUND MANAGER?

Someone who has learned how to invest to the best of their ability, knowing who they are, what they are good at and why that works. Talented people should be given the freedom to do the best for their clients, who pay the fees. They should not be consumed by the dangers of getting things wrong. However, the industry has not been designed that way and too many people have been limited in the risk they take, which detracts from their ability to be who they are and do the best for their clients.

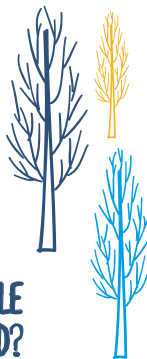
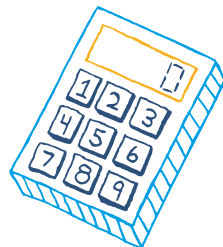
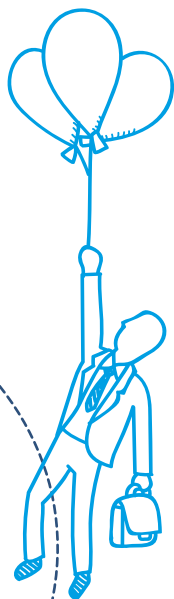
WHO EPITOMISES THIS?

Alastair Mundy – an awesome value contrarian. He won't make money or outperform every year, but he knows how he should invest and will not stray. Also Richard Woolnough. He will go down as a legendary investor in fixed income. He was given a huge corporate bond book, but applied a philosophy and process, with flexibility and conviction, which has performed strongly. In addition he is brilliant at explaining to clients what he does.

WHAT'S THE MOST EXTRAORDINARY THING YOU HAVE SEEN?

2008 – the global financial crisis. I hope it is the most extraordinary thing we see – otherwise something worse will happen - particularly the speed with which sacred cows were being slaughtered. Ben Bernanke saying the US has never seen a housing problem...Chuck Prince of Citigroup saying the music hadn't stopped and they were still dancing...Trichet trying to raise rates. It was truly extraordinary.

Bear Stearns and Lehmans was just the beginning. For investors it was the worst since 1929. We are still feeling the aftermath now.



WHAT IS THE MOST VALUABLE LESSON YOU HAVE LEARNED?

We learn new lessons every day. Once you think something can't happen, it does. For example, we thought there was no way the Swiss currency peg could break and no way we would have negative interest rates.

WHAT DO YOU SEE AS THE BIG CHALLENGE FOR THE INDUSTRY?

To remain relevant. A lot of people are talking about fees. There is a little way to go to achieve full transparency, which will be great. We can then focus the debate on value for money. Managers who deliver high alpha deserve to charge fees.

WHAT DO YOU STILL WANT TO ACHIEVE?

I have the best job in the world – I want to get better at it, adapt to whatever markets throw at us. I've had the same job title for 16 years and I love it

WHAT IS THE BEST ADVICE YOU HAVE BEEN GIVEN?

Someone, I forget who, said to me early in my career that your opinions can change, but your principles can't. We live in a fast moving world, so it's sometimes vital to change your views. However, be honest, fair and hardworking – go the extra mile.

WHAT ARE YOU PROUD OF?

It was expected I would be like my father – who worked for brewing companies and in factories. I am proud to have had the career I have had. I was the first in my family to go to grammar school, which really opened my eyes to the big wide world. I was the first to do O' and A' levels, to go to University, which is where I met my wife. I was proud of growing the Cazenove multi – manager business in a sensible way. I am also proud of the partnership with the current team at Schroders – Robin MacDonald and I have worked together for 15 years and counting...

HOW DO YOU RELAX?

I force myself to read, and try to make it about subjects other than finance. I'm not good at fiction so I read some philosophy. Having said that I did read Flash Boys by Michael Lewis. If that is correct, perhaps the regulator needs to look at it again.

It's important to switch off and engage in real life. I live in the middle of some woods, I love my family and support whichever sports they are involved in – that means netball, hockey, cricket and rugby. And as those who know me will testify, I love being with people and having a good chat.

WHAT DO YOU WORRY ABOUT?

As fund managers, we are paid to worry. I am most worried when there is complacency. When everyone thinks there is a defined narrative, it usually means something else will happen. It is a truism and a cliché, but we like being away from the herd – its beholden upon us to think differently.

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