

## RICH THINKING

An interview with Barbara Stewart, CFA; partner and portfolio manager, Cumberland Private Wealth Management.

Sara Pacella, BA



### What precipitated your decision to become a CFA charterholder?

In 1992, I moved from a career in technology equipment sales at Xerox to a brave new world of foreign currency sales on the BMO trading desk. Fortunately, my instincts with customers were strong enough to help me survive in a rather cut-throat environment, but I had to learn about world markets through osmosis and on the fly. I had always loved math, and over time I felt I was lacking in the theory behind the practice of what I was doing on the desk, and I wanted to gain a better understanding of how all the various markets (equity, bond, and currency) were interconnected. The day I obtained my CFA charter was one of the proudest days in my life.

### Can you share some of the highlights of your career and how the CFA designation and the knowledge gained has contributed to those highlights?

The most recent highlight in my career occurred on March 8th of this year. I spoke in Istanbul on International Women's Day at a conference hosted by Accenture. The topic was "Defining Success My Way." It was a very personal celebration for me because it felt as though all of my studies, professional skills development, and creative efforts had come together. If I hadn't earned my designation, I would never have felt qualified to embark on my independent research work on the topic of women and finance. The CFA designation provides me with a badge of honour, and it is literally recognized around the world.

### How do you see the industry evolving over the next few years?

I am not sure that this will apply to all CFA charterholders, but I foresee a lot of us moving well beyond the traditional "I am a portfolio manager" job description. We will be advocates for causes like women on boards or doing our own research into how individuals become financially literate. Our clients still need people to help them build portfolios and select securities, but I think we need to do more than that in the 21st century. The future of investment management isn't just about buying and selling stocks, it's about thought leadership. Firms and individuals need to sponsor ideas and do a better job of understanding the evolving needs of our customers.

### What made you begin your research surrounding women in finance?

In the dark days of the financial crisis in 2008 and 2009, I was struggling to retain my sense of self-worth. As I am sure any of my peers would admit (whether we liked it or not), our credibility in offering financial advice seemed to diminish by the day. Although my private clients were patient for the most part, many were not as interested in discussing their portfolios, and it was extremely difficult to attempt to encourage prospective clients to invest. I had been wondering how I could keep busy and somehow find a way to remain inspired about my profession. From the time I entered the industry, I had always been interested in the topic of women and investing, and I stayed current with anything written on the subject. It mystified me that most of the media portrayals of female investors were so negative, yet in my day-to-day life as a portfolio manager, I had many strong and capable female investors. In late 2009, my husband and I were on a hiking vacation in the Rockies, and after about five or six peaceful hours

of being surrounded by beauty, I came up with the idea of making a research contribution of my own in the area of women and finance. I felt it was time to see if we could find a more positive message for future generations of girls and women.

### Can you give a brief glimpse of your current research on women and how they are investing/spending their resources?

I interviewed 100 accomplished women around the world and asked them about: (a) their current asset mix (percentage weighting in cash, bonds, equities, and real estate) and (b) how they are spending their time/energy/money—what are they most passionate about and why? The most fascinating discovery was that the traditional asset mix question does not tell the whole story. At least half of the women told me that they are spending some portion of their potential retirement funds on what matters to them now, rather than investing in securities. In fact, a quarter of the women interviewed said they are investing a sizeable portion of their entire wealth in a business that is directly related to their personal cause. Women are busy defining, creating, and financing their futures now. Read the full report for inspiration. It's available to download on [www.barbarastewart.ca](http://www.barbarastewart.ca).

### What advice do you have for people just starting out in the investment industry?

I have always loved the Woody Allen quote "Eighty percent of success is showing up." The investment industry can be very intimidating. Sometimes there can be a lot of technical jargon and outsized egos. I found the best way to learn was to saturate myself in the environment. Attend all of the meetings, conferences, informal get-togethers, and don't be shy to ask questions—oh, and keep your sense of humour at all times.

### Can you share some of the best advice you have received in your career or in life?

My first sales manager at Xerox taught me to "focus on activities, not on results." Her words have stuck with me for my entire career. It is really easy to fall into the trap of feeling demoralized if you haven't closed a sale this week. But the business of dealing with private clients is about trust, and the sales cycle has a life of its own. It is smarter to focus on spending your time wisely and productively—the results will follow. Another piece of advice that I received was from Gerry Connor, the CEO of Cumberland. This advice was tough to follow, but it is certainly paying off now. He said that the best time to prospect for new clients is when the market is in a recession. They might not seem interested, and they might not give you money to manage, but if you build the relationship during the tough times, you will be their first phone call when they are ready!

### What about the worst advice?

The worst advice I have ever received was to spend almost all my time with my larger clients. Fortunately, I ignored this advice as it made no sense to me. I believe in offering the same level of service to anyone who is a client. Many times a smaller client will be the one who refers you your next large client!

### If you could ask any question of Warren Buffet, what would it be?

It was recently announced that a team within Morgan Stanley's wealth management division is starting a new portfolio that seeks to invest in companies that have demonstrated a commitment to including women on their corporate boards. In a report last summer, Credit Suisse's research institute found that over a six-year period companies with "at least some" women on their boards did better, in terms of share price, than those with none. My question for Warren is this: "How do you think investors can best capitalize on the success of female entrepreneurs and the trend towards advancing women in the workplace?"

### Who is your career role model? Why?

I can't say that I have one role model in particular. I have never been afraid to ask questions, and along the way, several people have given me great advice at various points in my career. One of the surprising results from my research in the last year was the number of successful women who credited their husbands as being their mentors. My husband, Duncan Stewart, is also a CFA charterholder. We sometimes talk about stocks, but not that often. Where he has been a role model is in the areas of marketing myself and social media. Nothing will ever replace face-to-face meetings with my clients, but LinkedIn and Facebook have been fabulous tools for me to discover information on my research topics, find women to interview, and disseminate my research findings.

### Are there any books or research papers that have influenced your work?

*Think and Grow Rich* by Napoleon Hill. I started reading this book when I was 25 years old, before a hugely important job interview. I got the job, so it has been my good luck charm ever since. I reread it every year on New Year's Day. The title is more of a metaphor; he acknowledges that riches cannot always be measured in money. The point is that all achievements that earn riches of one form or another have their beginnings in an idea. Know what you want and be determined to stand by that desire until you realize it. 

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