Experience vs education in fund management

Treadneedle chief says experience adds to fund performance

BY SRI HOOI LING

EDUCATION or experience – which matters more in fund management? Senior figures of Treadneedle Investments, who has 30 years of experience in the sector, offers the view that experience is the key.

"There is a fine balance for the manager of a fund," Treadneedle’s managing director, Mr David Davies, said. "If you have too much education and too little experience, you tend to make mistakes. But if you have too much experience and not enough education, you may not be able to come up with new ideas." 

"In the end, it’s about finding the right balance," he added. "But experience is definitely more important than education. You can’t just have a degree and expect to be a good fund manager. You need to have a lot of experience too." 

Mr Davies said that Treadneedle Investment’s stock market returns were all made when licences were given out, and the building of the company was based on the idea that experience was the key.

"And the fund’s managers have all been fully disclosed," he continued. "Similarly for the investment boom that’s come up in recent times, the stock market has all been fully disclosed. So experience is very important." 

"But having noted the three caveats, Mr Davies still thinks experience is very important. In which wins education or experience? The beauty is, investors don’t have to choose between the two. They can have both. And we’ve seen that happen," he added.

Other characteristics crucial in a fund manager are having an open mind and being realistic about their skills. "As for your career, if you are educated, try to get as much experience as possible. You can fast track yourself by reading economic history. For investors, make sure the company you are buying products from has people with education as well as experience. This industry is not short of competition. It’s not short of people who want to sell you services. So why should you buy from someone who actually learnt from your bad experiences?" 

Mr Davies:
"My advice if you ever end up running a fund management company is to get people to work together. Since some very bright Odas and part-time work with people with years of experience. The key is that they must have mutual respect for one another’s skills." 