

AN ACTIVE APPROACH IS IMPORTANT TO UNDERSTAND HOW TO ALLOCATE CAPITAL OVER TIME, TO BRIDGE THE WHITE SPACE BETWEEN SECTORS, TO FOCUS ON WHAT'S NOT OBVIOUS, AND TO DRIVE STRONG CLIENT OUTCOMES.



**STEPHANIE G. BRAMING, CFA**

*Partner, Global Head of Investment Management at William Blair*



*Stephanie Braming is the global head of investment management at William Blair and serves on the firm's executive committee. Since joining William Blair in 2004, she has worked in portfolio construction, portfolio design and as a portfolio manager, and been involved in a mandate to enhance the firm's systematic research tools. Benefits Canada asked her about her current role, disruptive trends and emerging opportunities – and why active management is as vital as ever when, as she says, "I've read articles that say the number of ETFs [exchange-traded funds] and passive strategies now outnumber the number of stocks in the world."*

**You are responsible for setting the strategic direction for investment management at William Blair – what are some of the factors you consider?**

Our purpose – to drive strong client outcomes – guides our strategic direction. Strong client outcomes include capital creation and preservation, as well as engaging clients, understanding their

goals and hurdles, and ensuring that what we're delivering helps them achieve those goals. So, to drive strong client outcomes, we start with our culture, make sure that's correct, and then we can move forward with our strategic direction.

Our strategic direction is geared towards broadening and deepening our investment excellence and launching new strategies to add potential alpha generation sources. That means doubling down on our investment-led culture, fostering intellectual curiosity and innovation, and encouraging our teams to question beliefs about the universes we evaluate, how the market is changing, and the tools we use. We believe this should enable us to generate strong results for our clients and improve the peripheral vision of our investment teams and how they think about managing the portfolios.

**What's the rationale behind integrating environmental, social and governance (ESG) factors into your investment decision-making?**

We began considering ESG factors around 2010 and became signatories

of the United Nations Principles for Responsible Investment (UN PRI) in 2011 when it wasn't as well-known in North America. The reason is that the kinds of companies we want to invest in are high-quality firms that are generating strong returns on invested capital and that have good relationships with all their stakeholders, including shareholders, suppliers, customers and employees. We think that if a company is a good global citizen it's going to have strong results over time, assuming the strategy and financial metrics are there.

**Why is an active approach to investment management important in today's environment?**

As the number of ETFs and passive funds has increased exponentially over time, an active approach is important to understand how to allocate capital over time, to bridge the white space between sectors, to focus on what's not obvious, and to drive strong client outcomes. In addition, the performance of passive strategies versus active strategies has been cyclical, and passive

# THE PERFORMERS

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strategies generally have outperformed active strategies over recent time periods. We believe that will change – and we've seen it change this year and, to some extent, last year.

**What disruptive trends are you monitoring, and how do you respond to industry disruption?**

As we focus on the white space between sectors and asset classes, blending our vertical expertise with a broad viewpoint, we are evaluating the self-renewal of companies, industries and sectors as a result of changing consumption patterns, supply and demand factors, governmental regulations and technological innovation.

For some time, this has included a comprehensive review of electric vehicles [EVs], examining the impact on automakers, suppliers, the aftermarket, technology, semiconductors, and demand

for various chemicals or other materials. Through this analysis, we can get a more holistic view of winners and losers and find strong investment insights to implement in our portfolios.

Another disruptive trend we're focusing on is blockchain – and not just how it's being used from an asset management perspective in terms of clearing and contracts and other ways to improve efficiency and lower costs. We're also looking at the implications from an investment perspective, so we've put together a cross-disciplinary team at William Blair that includes operations, strategy, finance and the investment team to take a holistic approach.

**Where do you see emerging opportunities that could benefit institutional investors?**

The China A-share market is one of the broadest and deepest markets in the world. Until recently this market was open only to local Chinese investors, but we can now access it efficiently through the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect. It's interesting for its breadth and depth and because of the changing dynamics of the Chinese economy as it moves from manufacturer/exporter to innovator. Also, these companies are now being included in indices that investors benchmark against – for example, the FTSE and MSCI indices – and we expect weightings will grow over time. It's an untapped area for foreign investors and relatively inefficient at this point.

*William Blair*



**WHAT'S YOUR IDEAL SATURDAY MORNING?**

*A run to clear my head and give me focus, drinking coffee, reading and spending time at extracurricular activities with my husband and daughters.*



**WHAT BOOK IS CURRENTLY ON YOUR NIGHTSTAND?**

*I'm re-reading Self-Renewal by John Gardner. The premise is that for countries, companies, economies and organizations, the key to growth and expansion is renewing themselves, and it's extremely difficult to do because what makes you successful can become your prison. It reminds me to ensure there's always innovation and disruption going on within my internal process and within our organization.*



**WHERE IN THE WORLD WOULD YOU MOST LIKE TO TRAVEL?**

*Thailand, because of its unique geographic mix of urban areas, jungle and beach.*



**WHAT ARE THE MOST VALUABLE LESSONS YOUR MENTORS HAVE TAUGHT YOU?**

*One is to empower people and believe in them more than they believe in themselves, because that's how you will get the best of them and drive results. Another is to read as much as you possibly can and be curious.*