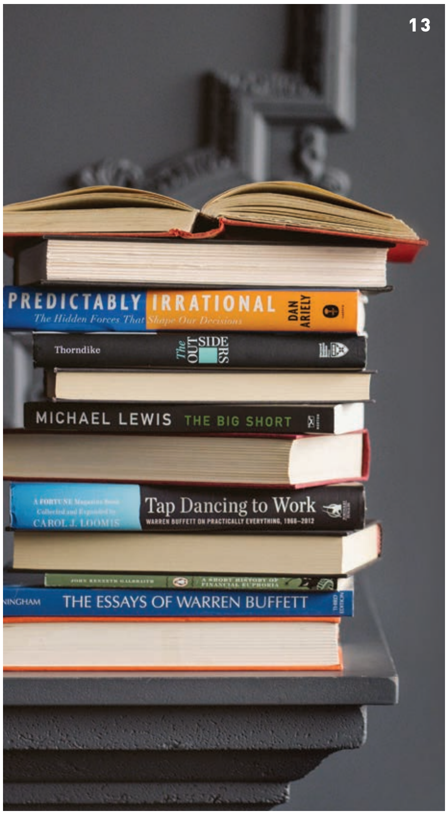
MINERVA

A WOMEN OF BURGUNDY PUBLICATION

THE DEBUT ISSUE

TABLE OF CONTENTS



WHAT'S INSIDE ISSUE / 01

MINERVA

ISSUE / 01 - MARCH 2019

The Women of Burgundy was founded in April 2014. Our mission is to build a community that inspires women to make investing a priority. We will move forward together, fostering curiosity, confidence and continual growth as investors.

Named after the Roman goddess of wisdom and the sponsor of arts, trade and strategy, *Minerva* is a Women of Burgundy publication. An inspirational call-to-action, the goddess Minerva embodies the highest values of wisdom, knowledge and mastery.

Welcome to our DEBUT ISSUE

Lisa Ritchie, Vice President and **Anne Maggisano**, Vice President and Founder, Women of Burgundy.

Welcome to the inaugural edition of *Minerva*, a publication by the Women of Burgundy. Founded in April 2014, Women of Burgundy is dedicated to building a community that inspires women to make investing a priority. This magazine is a shared effort to foster curiosity, confidence and continual growth for women as investors.

The name of this publication was inspired by the Roman goddess of wisdom and the sponsor of arts, trade and strategy. Minerva was, and is, an inspirational, visionary leader who embodies the highest values of wisdom, knowledge and mastery. Very fitting for a publication that aims to inspire deep thinking and to give you a seat at the table where together, we can explore, discover, and debate investment issues.

In this issue, Burgundy's Deputy Chief Investment Officer and Portfolio Manager of Emerging Markets, Anne Mette de Place Filippini, shares what it means to build an immersive research program from the ground-up.

We also bring you the highlights of Anne Maggisano's conversation with Kathleen McLaughlin, Walmart's Chief Sustainability Officer and President of the Walmart Foundation. Prepare to be enlightened as Kathleen shares her approach to business sustainability, economic resilience, supply chain management and progressive practices in human resource management.

In the fall of 2018, the Women of Burgundy Book Club discussed Dan Ariely's *Predictably Irrational: The Hidden Forces that Shape our Decisions*. Our article recaps a fascinating dialogue led by Angela Bhutani and Roz McLean about common behavioural biases that underlie rational and irrational investment decision making.

In "NextGen," Robyn Ross' interview with Irena Petkovic, a Queen's University Commerce candidate, provides an interesting perspective from a young woman entering the investment industry.

Finally, our milestones page remembers Muriel Siebert, known as the "First Lady of Wall Street."

We invite you to explore, engage with and, above all, enjoy the first issue of *Minerva*. We believe it speaks to issues that matter to you as informed and successful investors.

CONTRIBUTORS

VOICES BEHIND *the debut issue*

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Special thanks to Jaclyn Moody, Burgundy's Senior Compliance Officer, and Elizabeth Andrews, Content Writer for Burgundy's Investment Team.

DEEP DIVE
CHINA RESEARCH PROJECT

By: Anne Mette de Place Filippini

No matter how much research one conducts in the office, there is no substitute for boots-on-the-ground exploration. Full immersion is the best way to build a body of knowledge about businesses, cultures, local economic factors, consumer behaviours and trends. This type of comprehensive engagement removes the layer of interpretation that comes from solely digesting reports second-hand, as an armchair analyst might. With this in mind, on October 31, 2018, I embarked on a six-month research trip to China. Joined by two analysts on my emerging markets team, Ching Chang and Terry Ouyang, our "deep dive" project was designed to achieve a richer understanding of China, its investment opportunities and its risks. Our findings will build on the significant body of research already compiled by members of Burgundy's investment team, who have made regular short research trips to China over the last 20 years.

The world's most populous country, China is home to 1.4 billion people and is the second-largest economy in the world.[1] Massive change is taking place as its population undergoes urbanization. Thirty years ago, only one-quarter of people in China lived in cities.

By 2017, 58% of the population lived in urban centres. That number is expected to reach 70% by 2030 (Canada was at 70% in 1960!)[2] The incredible migration from the countryside driven by China's policy to open its economy and become a member of the World Trade Organization has resulted in staggering wealth creation. To put it into perspective, the Chinese have seen per capita incomes rise more than 20-fold over thirty years,[3] whereas in Canada incomes barely doubled over the same period.[4] It is difficult to comprehend the magnitude of economic and social change that people in China have witnessed. In this sea of change, as investors, it is incumbent upon us to build first-hand knowledge around the current and future opportunities.

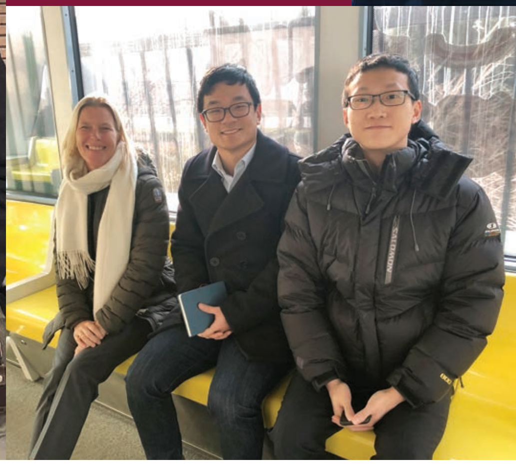
> **"An entire value chain surrounds the digital leaders as they compete for the consumers' time, continually developing new ways for people to chat, obtain news, play games and simply be entertained."**

While in China, the cities of Hong Kong, Beijing and Shanghai have been among our temporary homes. From here, we have visited a large number of companies and also met with industry experts, journalists, educators, diplomats and former government officials to gain a broad perspective. We have traveled to "smaller" cities and also toured plants and stores of a number of companies. We are still learning but here are a few takeaways:

The more we explore China, the more we recognize the regional cultural complexities that exist here. There is not one China, but many Chinas: north/south, coastal/inland, rural/urban, developed/undeveloped. In many of the cities we visit, there is world-class infrastructure with streamlined and highly efficient public transportation. For example, we spent time in the Pearl River Delta, a major manufacturing hub and emerging technology cluster. This is where the special economic zones were first set up 40 years ago, as China began to open its economy to the outside world. It is now home to 70 million people. Consumers and workers here travel with ease via low-cost high-speed trains between the zone's 11 cities. Real estate in these cities is quite expensive, reflecting both pressures from urbanization and a good deal of speculation as real estate remains the main store of savings in the country. GDP per capita is an impressive US$23,000, three times the average for China. Income taxes are low relative to our standards in Canada.

Sophisticated technology permeates the economy. Online purchases can be made using facial recognition and new buildings use fingerprint access instead of keys. Wherever we go in urban centres, people are on their smartphones. China's internet population just passed 800 million and 98% of them are mobile users.[5] By comparison, the U.S. has 300 million internet users. Chinese residents have not experienced the slower progression that we have, with clunky desktop and laptop computers, dial-up internet and reliance on search engines to find information. They instead have gone from "zero" to smartphones with applications that do the searching for them. The average user spends 3 hours per day on their mobile devices well ahead of time spent watching TV.[6] An entire value chain surrounds the digital leaders as they compete for the consumers' time, continually developing new ways for people to chat, obtain news, play games and simply be entertained. These technology companies can then monetize this time with advertisers and merchants. According to the International Monetary Fund, nearly one-third of Asia's GDP growth over the last two decades was derived from digital innovations.

We have found the offline (bricks and mortar) space for consumers to be much less developed than our online experience. The decades of experience in physical merchandising that we have had in Canada does not exist. The supply chain that serves the offline in China is inefficient with multiple layers of distributors. Therefore it is not surprising that online has become the leader as it has brought consumers more choice and better prices. Going forward, growth is showing signs of slowing and businesses have to refocus if they are going to succeed. When we talk to management of consumer companies in China, they all discuss the same things: they are seeing a deceleration in growth and recognizing the need to build premium brands, innovate



Photos taken on the China research trip with Anne Mette de Place Filippini, Ching Chang and Terry Ouyang.

and differentiate to win consumer loyalty, remain relevant and protect market share. The years of winning simply by expanding capacity and distribution are gone. Chinese consumers are becoming more sophisticated and discerning with more options available to them, especially through online platforms.

Tingyi, a producer and distributor of instant noodles, beverages, soft drinks and baked goods, is a company we own and recently visited. Management discussed the changing landscape that comes with slower growth. Up until five years ago, Tingyi's volume growth was brisk, typically well into the double-digits. To keep up with the volume growth, they were building new plants, buying equipment and expanding their distribution networks, all at a very rapid rate. There was no need nor time to focus on brand or product improvement. Today, all that has changed. The business now requires strategies for talking to the customer, for advertising intelligently, for selling online effectively and for becoming the premium brands in their categories.

Determining a company's investment merit involves extensive research into its operations, financial strength, competitive edge, key customers, suppliers, and, perhaps most importantly, management strategies and the markets in which it competes. Not all of this research requires an on-the-premises approach, but having one does provide a fuller understanding of the nuances that are not revealed in a more passive analysis. Speaking with the management of a company and walking the factory floor are invaluable.

It has also been crucial to develop our team's network of contacts, including business people, consultants, advisors, academics, diplomats, civil servants and journalists. Cultivating these relationships will provide diverse perspectives not only now, but also for our research efforts in the coming years. It is about understanding the investment opportunities and risk here and also about the impact of China on investments elsewhere. Ching, Terry and I will be returning with an expanded understanding of the business environment in this diverse country and a first-hand perspective of what it is like to live here as a consumer. **M**

FOOTNOTES

1. U.N. Department of Economic & Social Affairs Population Division
2. The World Bank
3. UNCTAD (United Nations Conference on Trade and Development)
4. Federal Reserve Bank of St. Louis 2019
5. China Internet Network Information Center, Ministry of Industry and Formation
6. App Annie The State of Mobile 2019 Report

LEADERS *in* SUSTAINABILITY

A conversation on sustainable practices and maximizing shareholder value

By: Anne Maggisano & Lisa Ritchie

In September of 2018, the Women of Burgundy hosted a fascinating and far-reaching conversation between Walmart's Chief Sustainability Officer and Foundation President, Kathleen McLaughlin and Anne Maggisano, Burgundy Vice President of Client Relations. The most memorable moments of that discussion about sustainability, mobilizing change in corporate and consumer behaviour, and maximizing shareholder value are captured here.

Anne Maggisano: How has Walmart's sustainability strategy evolved since you first started there in 2013?

Kathleen McLaughlin: People are often surprised to hear that Walmart set out its aspirational public goals for sustainability as early as 2005: to be powered 100% by renewable energy, to generate zero waste in operations and to have more sustainable products. We set these goals right after Hurricane Katrina; the Walmart leadership team was right in the middle of dealing with that disaster. Coincidentally, the leadership had also spent the previous year with folks from the Environmental Defense Fund and Conservation International, to discuss what we were doing about the environment and social issues.

In the fall of 2005, CEO Lee Scott made a speech about sustainability that unleashed this huge wave of energy and execution towards those goals in the company. Once we knew the direction in which we were moving, everyone immediately took off running.

AM: How would you characterize your role in driving Walmart's sustainability agenda? Did you accelerate or change the direction in which the company was moving?

KM: By the time I joined the company, there was already a substantial effort being made to deal with energy and waste, as well as other issues. Globally today, Walmart is powered one-third by renewable energy. We're on target to get to 50% by 2025, and we'll keep going. On waste, in the U.S. for example, we've diverted just north of 80% of waste from our operations.

I'd say the biggest change in the last five years is taking a more systemic, integrated approach to the issues—whether it's climate, waste, social issues—and building the business case around action, then working with many others in those chains to transform them. It's the same kind of problem-solving approach you would bring to any business venture: innovation, technology, changing processes, changing practices, shifting behavior, shifting mindsets, and shifting the way the economics work. That systemic problem solving has helped accelerate social and environmental outcomes.

AM: You've argued that sustainability is not just the right thing to do for society, but it will also increase the value of Walmart as a business, which will eventually translate into increased value for shareholders. Can you expand on that?

> "We must transform the way our economy works – specifically, the way production and consumption work. Otherwise, there's no ability to sustain market growth."

KM: We are talking about fundamental transformation. This isn't just about changing some LED lightbulbs and lowering your energy costs. Yes, you do get cost savings, but there are also opportunities for new revenue streams. When we recycle our cardboard and plastics in the store, we are making money by reselling that rather than paying money to send this waste to a landfill.

We are also fundamentally changing the economics by shifting away from a take, make, dispose linear economy that takes all these resources out of the planet, uses them up and then throws them in the dump. That's not economically viable or sustainable. That material can be repurposed and reused to be more value-creating. We must go from being a linear economy to creating a circular economy, and that requires a massive, system-wide change in behavior.

We must transform the way our economy works—specifically, the way production and consumption work. Otherwise, there's no ability to sustain market growth. That means integrating environmental solutions, social solutions and economic solutions.

AM: How does Walmart think about allocating capital to long-term sustainability projects that might reduce profitability in the short term?

KM: There are always trade-offs. When it comes to energy efficiency and renewable energy, for instance, we have LED lightbulbs, HVAC equipment and our proposed project portfolio includes a list as long as my arm, but we can only get funding for a portion of it in any given year. I have to compete for that capital alongside lingerie fixtures and the remodeling of the store and we're all on the same footing. It comes back to finding solutions that are economic and luckily, so much of what we propose has a very high return on investment and makes a compelling business case.

AM: What is Walmart doing to address climate change?

KM: We've managed to reduce our carbon intensity globally by a third since 2005, while at the same time growing the company. We are decoupling emissions from growth.

We spent 10 years doubling our fleet efficiency in the U.S., and that was hard. We worked with Peterbilt and Cummins on more efficient engine design. We used driver behavior instrumentation feedback to make drivers aware of how fast they were driving and how this affected fuel efficiency. We redesigned the back of the truck and changed how we load packages, as well as how much the trucks could carry. We also reduced the load weight by reducing the amount of packaging. All these initiatives together got us to our goal and enabled us to double fleet efficiency.

If you want to ship a crate of food, there's no better way to do it than on a Walmart truck. But it's still fossil fuel dependent. What we want to do is move to alternative fuel, and we're looking at electric powered heavy-duty vehicles, hydrogen fuel cells and other options. Walmart Canada's commitment is to get to 100% alternative fuel by 2028. That should give us enough time to do the piloting, the testing, the scaling up, and building the capability to move the whole system in that direction.

We are starting with Tesla. We have 40 electric trucks that we have ordered here in Canada. As we learn, we'll work with others and continue to evolve until we hit our goal.

A demand signal coming from Walmart and other major retailers is important. If we're all asking for this and making a long-term commitment, others will be doing this and the transformation will happen more quickly.

AM: You advance the idea that sustainability is important within the operations of Walmart, but also all along the value chain. Who you do business with really matters, and Walmart has a responsibility to elevate sustainability practices all around the world. How does that work in practice?

KM: If I just take emissions, for example, more than 95% of the impact is in the supply chain. When we're selling Unilever shampoo, we ask Unilever to tell us more about what they do to make its shampoo products, and the amount of plastic they used for example.

One of the things we do for every single category is a lifecycle analysis. We work with a group called The Sustainability Consortium, which reports on the impact of consumption on forests and water and other natural resources. Many retailers and

Anne Maggisano and Kathleen McLaughlin at the Women of Burgundy Fall 2018 Speakers Series.

suppliers belong to this consortium. They have a thing called the Sustainability Index, which boils the lifecycle analysis down to the 12 “hotspots” that are most important for every single product category: shrimp, tuna, chicken, cloth-based textiles, synthetic textiles, electronics—every category. And those hotspots—both environmental and social—include things like climate, water quality, labour issues … the whole gamut.

There is a survey connected to every one of those hotspots that goes out to our suppliers and asks about their outcomes and practices. The Sustainability Consortium aggregates that data and shares it with us, so we know who is leading, who is lagging.

AM: Using the lifecycle analysis and survey results, what have you discovered about the seafood value chain?

KM: While Walmart has made significant progress in regard to environmental sustainability in this supply chain, significant challenges still exist. With shrimp, for instance, the main issue is forced labour. Way back in the chain, there are people who go out in vessels in Southeast Asia to catch trash fish that get cut up and fed to the shrimp in the fisheries as they are growing, that then get sold to a wholesaler, that then are sold to a trader, that then are sold to a supplier, and that ultimately are sold to the retailers. The supply chain is very fragmented: we are talking about millions of little fishing boats and people way back in the value chain. So, if you’re Walmart or Loblaw or Sobeys, what do you do about that? What we’ve done is to start by understanding the prevalence and the incidents of those labour practices, then look at the root causes and how to deal with them.

Through the Walmart Foundation, we funded a prevalence study and international justice mission to document and address labour issues in the region. We’ve found that many people from Southeast Asia seeking employment on fishing vessels in Bangkok or Burma, for instance, have to pay exorbitant fees to obtain a passport and in some cases it is not clear where the money goes. They borrow and somehow scrape the money together, and then they’re $2,000 or more in debt. To make things worse, often their passport is withheld and they’re out at sea for six months.

This study helped the industry understand that the recruitment models are at the root of the problem. Walmart’s response was to join an industry consortium called the Leadership Group for Responsible Recruitment. Many retailers, suppliers and social justice groups are working together and providing some additional grants to understand where that money is going. That’s the kind of work that’s happening and the role we’re playing in terms of convening: being at the table, bringing people together, shining a light on a problem, and encouraging others to join us.

The Walmart Foundation funded the Sustainable Fisheries Partnership to introduce vessel monitoring systems that use technology to gather information about conditions at different points in the chain. And then worker tools: hotlines, confidential tip lines and apps. The Foundation also helped fund an app in the Burmese language called Golden Dreams, which is like Yelp for getting a job. Job seekers use it to exchange information about job opportunities. We’re taking a different approach from the conventional: I’m a retailer, you’re my supplier, you’ll sell me shrimp and I’ll write you a cheque. A very different approach. One of the things I spend a lot of time doing is convincing other retailers to join us in this work.

> “Within Walmart, we have a broad program of interventions to shift our whole system and make it more inclusive, whether it’s through our recruiting and hiring practices, our development courses, or implicit-bias training.”

AM: Part of your mandate is to focus on economic opportunity as it relates to the advancement of women.

KM: It is a big priority. About 30% of our senior executives globally are women, which is slightly above the S&P 500 average. Obviously, we want to get to 50%. It’s something we continue to work on.

The first way we approach this is through our own talent pipeline and then by supporting the development of diverse talent outside of Walmart through our philanthropy. Within Walmart, we have a broad program of interventions to shift our whole system and make it more inclusive, whether it's through our recruiting and hiring practices, our development courses, or implicit-bias training. Outside of Walmart, we have made a $100 million philanthropic investment to help accelerate the mobility of front-line workers in retail and related sectors.

The second way that we approach it is through sourcing. If you think of Walmart's purchase order as a form of development capital and what that can do to unlock opportunities for business owners, for small business, and for diverse-owned business, it's massive. With respect to women-owned businesses, for example, we set a goal to source $20 billion for women-owned businesses over a five-year period. And we met that. So looking at every single category, we ask what does the supplier base look like? Which categories seem to have more women entrepreneurs? How do we support them? What are the barriers?

One practical barrier is access to capital. A lot of times a woman with a small business will want to expand, but she can't get the capital because she doesn't have a purchase order. She doesn't have a purchase order because retailers may not buy from her without evidence she can provide the scale and volume. So it's a catch-22. We created something called the Supplier Alliance, where we negotiated an agreement with banks that if someone had a letter of interest from us that would be enough to get the capital to scale up. That really helped. That's what enabled a woman who was selling tortillas in Atlanta and looking at expansion to become a major national supplier of ours and who now employs 3,000 women.

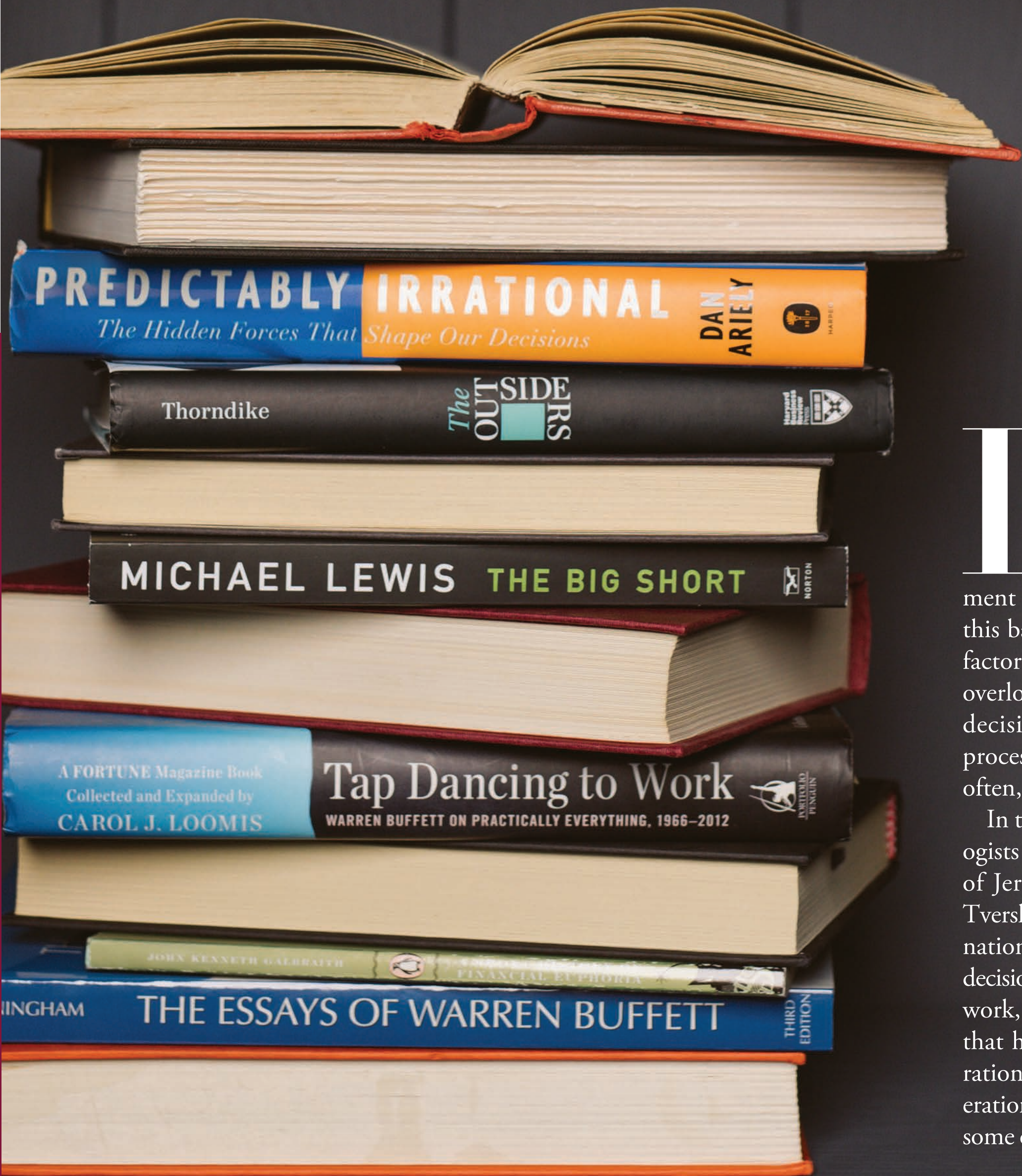
We've also looked to embed our philanthropy into the supply chain and asked, where are the women in different supply chains—farming, retail, retail-type professions in China or in Africa—and what do they need? We set a goal to train one million women factory workers by asking what opportunities for advancement there were for those women and by using philanthropy to invest in their future. A wise investment. **M**

Lisa Ritchie thanking Kathleen McLaughlin and Anne Maggisano.

INSIDE *the* BOOK CLUB

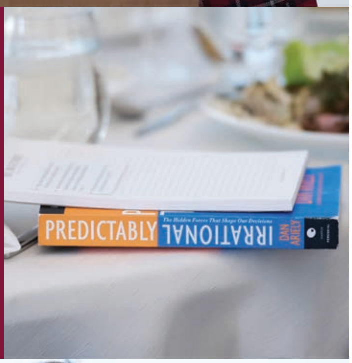
Predictably Irrational: The Hidden Forces That Shape Our Decisions

By: Angela Bhutani & Roz McLean



In the typical path to becoming a better investor, most people spend their time understanding financial concepts such as how to interpret a company's financial statements or learning about investment products available to them. While all of this background may be useful, there is a key factor in the investment process that is often overlooked: understanding the psychology of decision-making. The best-laid investment process can be derailed by emotion, and too often, profoundly alter the desired outcome.

In the 1970s, two Israeli-American psychologists and professors at the Hebrew University of Jerusalem, Daniel Kahneman and Amos Tversky, studied and explored the human inclination to hold psychological biases that affect decision-making. Prior to their ground-breaking work, conventional economic theory dictated that humans were rational beings who made rational decisions based on economic considerations such as cost and utility. Their work was some of the first academia to marry the fields of



Clockwise from above: Kate Mostowyk, Investment Counsellor; Marie-Noël Henri, Montreal Office Manager; Sandy Whitehouse, Executive Assistant; Lisa Ritchie, Vice President; and Rachel Davies, Investment Counsellor.

psychology and economics, and would go on to earn a Nobel Prize. Although the field of behavioural economics is still relatively young, Kahneman and Tversky's seminal ideas have attracted much attention, particularly in the investment industry. The Chartered Financial Analyst (CFA) Institute, which prepares future analysts and investment managers, now dedicates a part of its curriculum and a section of its final exam to the subject of behavioural biases. The introduction of behavioural economics into mainstream financial education programs, such as the CFA program, reflects a recognition that entrenched biases can lead us to make imperfect or irrational economic decisions. In becoming aware that our biases exist, we come one step closer to being able to control them.

Predictably Irrational, written by Dan Ariely and inspired by the teachings of Kahneman and Tversky, brings to light common patterns in our decision-making processes through Ariely's experiments as a professor and researcher at Duke University.

While not all of the biases discussed in *Predictably Irrational* relate to investment behavior, we will address a few that do.

Chapter 1: The Truth about Relativity

Ariely highlights our tendency to evaluate things not on their own merit, but relative to other things presented alongside. Ariely believes that we create or diminish our perception of value through comparison, which can lead to irrational, non-optimal decisions.

To further explore the truth about relativity, consider the following question: how happy would you be if you earned a return of 20% on your equity investments over one year? Most of us would be pretty happy with this figure.

What if I now tell you that in this same year, the market had a return of 63%? Does this change how satisfied you are with your 20% return?

For the twelve-month period ending August 31, 2000, the TSX/Composite Index was up 63%. Market returns were driven by sky-high valuations among technology companies. In Canada, a single large technology and telecommunications company (Nortel Networks) had a spectacular one-year return of 292% and came to represent a third of the Canadian stock index.

Many value investors had decided against investing in Nortel based on weak business fundamentals. When the clients of these value investors compared their returns to the market index, some were quite unhappy with the relative underperformance. By the end of 2001, the market realized that the future earnings of many technology and telecommunications companies were grossly overestimated. A crash in prices ensued, which is often referred to as a bursting of the "tech bubble."

How do we evaluate our satisfaction with independence and resist the bias toward relative judgement? We suggest writing down your investment goals. Define your needs, return expectations and the level of risk you are willing to tolerate. This will guide you to an absolute benchmark and will help you assess how your strategy is helping you achieve your goals over time.

Chapter 8: The High Price of Ownership

In chapter eight, Ariely addresses the phenomenon of "The High Price of Ownership." He says that "as soon as we begin thinking about giving up our valued possessions, we are already mourning the loss."

Ariely also teaches us that "ownership" is not limited to material things. It can also apply to points of view. Once we take ownership of an idea, we have a tendency to value it more highly than it is worth and feel a loss when letting it go.

In economics and psychology, loss aversion is an observed phenomenon where the pain of loss is greater than the pleasure of equivalent gains. This asymmetry is grounded in our evolutionary history. Organisms that treat threats as more urgent than opportunities have a better chance to survive and reproduce.

So what does this mean for us as investors? How do we combat this bias?

As investors, it is important to practice open mindedness and to seek ideas that might break our investment thesis, rather than searching for information that confirms it. This practice of impartiality towards our own ideas can help us more accurately evaluate an investment's economic value rather than its emotional value to us.

Chapter 9: Keeping Doors Open

"Keeping Doors Open" focuses on time spent nurturing opportunities that might distract us from our main goals. Ariely explores the cost of keeping doors open in a literal sense through an experiment called "the door game." In this game, participants had the choice to stay in one room, or move from one room to another. Participants often chose the latter, even though the highest payout and success would be achieved by staying in one room. This experiment is meant to illustrate our tendency to keep doors open rather than staying focused on achieving our objectives by sticking to just one strategy—or to one room in this case.

Ariely compares this experiment to the predicament of one of his students who is having trouble closing the door on an old boyfriend. Even though she clearly likes her new boyfriend better than the old one, she can't let the old relationship go.

Underlying each of these problems is the issue of scarcity. When making decisions, we have limited time and money. We are often challenged—not by a lack of opportunities to spend our time and money, but by an abundance of them. This is especially true in investment markets where there are hundreds of thousands of potential investments and an endless amount of research that could be done on any given investment. In a predictably irrational way, we often seek to keep many opportunities open at the expense of pursuing one strategy vigorously. The fear of missing out overpowers gains that might have come from being focused.

To combat this bias, we must appreciate and harness the power of focus. In an investment context, this might mean narrowing the broad opportunity set of over 2400 companies publicly listed on the New York Stock Exchange to a more manageable subset. This will allow for depth of knowledge.

Ariely's book helps investors realize that in order to begin combating our behavioural biases, we must first be aware of them. Awareness of our own limitations requires humility and discipline—two key ingredients in the investment process and in life itself. **M**

FURTHER READING:

Misbehaving: The Making of Behavioral Economics
by Richard H. Thaler

The Little Book of Behavioral Investing: How Not to Be Your Own Worst Enemy
by James Montier

Thinking, Fast and Slow
by Daniel Kahneman

GOING AGAINST THE GRAIN

A conversation with Irena Petkovic

By: Irena Petkovic & Robyn Ross

Irena is currently in her fourth year in the Queen's University Commerce program, and serves as Chief Strategy Officer of the Queen's University Investment Counsel (QUIC), a student-run investment club that manages part of the Queen's University Endowment. At Queen's, Irena spearheaded a Women's Investing Initiative to empower women to pursue careers in investing.

Upon graduation, Irena is excited to be joining Burgundy Asset Management in Toronto as an Investment Analyst for the Canadian Small Cap Team. Irena spent her past two summers at Burgundy, rotating between the Canadian Small Cap Team, the European Team, and the Canadian Large Cap Team.

Robyn Ross: When was the first time you thought about working in finance?

Irena Petkovic: I came into business school mostly through a process of elimination: I didn't like the rigidity of sciences, but I still enjoyed math, so business seemed like a good balance. My mother worked in a finance firm, so the industry was introduced to me that way, but I didn't consider working in finance until I came to Commerce. The two main streams were really finance or consulting, both of which seemed extremely abstract at the time, but I felt that finance was a better balance of qualitative and quantitative analysis, so I started joining finance clubs. From there, it was almost assumed that I would become an investment banker, which seemed to be the only career option available for people who wanted to work in finance.

RR: How did you move from a broad focus on finance to a more targeted goal of working in value investing?

IP: I was introduced to investing in first year when I joined the Queen's University Investment Council, which is a student-run club that invests a portion of the school's endowment. My main motivation in joining the club was not to become a great investor, but to pursue an excellent learning opportunity. I came to recognize that the real opportunity in being a QUIC member was learning about business and strategy.

I came to value investing very unintentionally. I contacted Burgundy in my second year—I knew there were a lot of smart people there, and that they were true value investors. I saw my summer internship as a learning opportunity, but never considered it a career—it wasn't until a few weeks into my summer that I noticed how much I looked forward to coming to work every morning, and I really felt in my gut that this was what I wanted to do.

What was the most alarming to me was how anxious I felt about the prospect of doing anything else. I started to seek out opportunities for my next summer based on what would allow me to return to Burgundy one day. It took me a few weeks to realize that if I knew that this is what I wanted to do right away, I should just ask.

This internship experience has come full circle, in that now I've been able to use what I have learned to augment QUIC's investment philosophy and education program.

RR: What and who were the influences in your life that have shaped your success thus far?

IP: I owe a lot to my parents, who instilled in me the conviction that learning is not something that begins and ends in the classroom. They always urged me to go beyond what was required, to understand different perspectives and explore alternative strategies. Because of them, I came to regard knowledge as a function of effort and curiosity. I believed that I could learn about anything, and actually enjoy the learning process, not be stressed by it. I find investing enjoyable because it requires that same combination of curiosity and drive to learn—you're always asking, "Is this it? How can I look at this differently?"

They also taught me to work hard and be humble through example. This really taught me that "achievement" was not the result of things that happened to you or accomplishments, but rather a state of constant self-improvement.

> **"Being surrounded by investors who are masters in their field can be intimidating. Sometimes during my internship I would catch myself wondering if my peers would value my ideas. What I've learned is that I can control the effort and research I put into my work. It's more productive to pursue better processes, higher quality analyses, and greater knowledge, and not spend time wondering what other people think."**

RR: What do you think are some barriers for women entering finance?

IP: One is a lack of awareness, another is the perception that women are inherently "behind" or less capable when it comes to studying or pursuing a career in finance. From what I've seen, both misconceptions start in university, if not earlier in their education—well before women enter the workforce.

Students often perceive finance as a black box, an industry often characterized (or mischaracterized) by media as rowdy, cut-throat and a boys' club. That image may not be as off-putting to young men looking at a career in finance, but it can certainly be a deterrent to women.

RR: What has been your greatest lesson so far?

IP: There's a Marcus Aurelius quote that summarizes it more elegantly than I can: "Never let the future disturb you. You will meet it, if you have to, with the same weapons of reason which today arm you against the present." It's the idea that things will work out in the end, not because of fate or destiny, but because if it doesn't you are capable of learning how to get better, and fix it. This subtle shift has really allowed me to take more risks and do things more wholeheartedly.

RR: What have you had to overcome?

IP: Being surrounded by investors who are masters in their field can be intimidating. Sometimes during my internship I would catch myself wondering if my peers would value my ideas. What I've learned is that I can control the effort and research I put into my work. It's more productive to pursue better processes, higher quality analyses, and greater knowledge, and not spend time wondering what other people think.

Choosing to work in asset management full time was also my first experience in going against the crowd. It was the first time that I had done something drastically different than my peers, and it was very uncomfortable. I had to overcome the fear of being different. I anchored myself in my own reasoning and analysis, and the satisfaction I felt from my two summers at Burgundy.

RR: What advice do you have for young women as they choose a career path?

IP: Do as much research and talk to as many people as you can when making your choices. Be skeptical of conventional wisdom. Have the courage to ask, "Is this really what I want? Do I even understand enough about what this job is to know if I want it?" and then have the courage to act on the answer. You can root your courage in the fact that you've done your research, and now you can be deliberate about your choices, even if those mean going against the grain. **M**

Irena Petkovic leading a seminar during her Queen's University Commerce course.

Remembering the FIRST LADY *of* WALL STREET

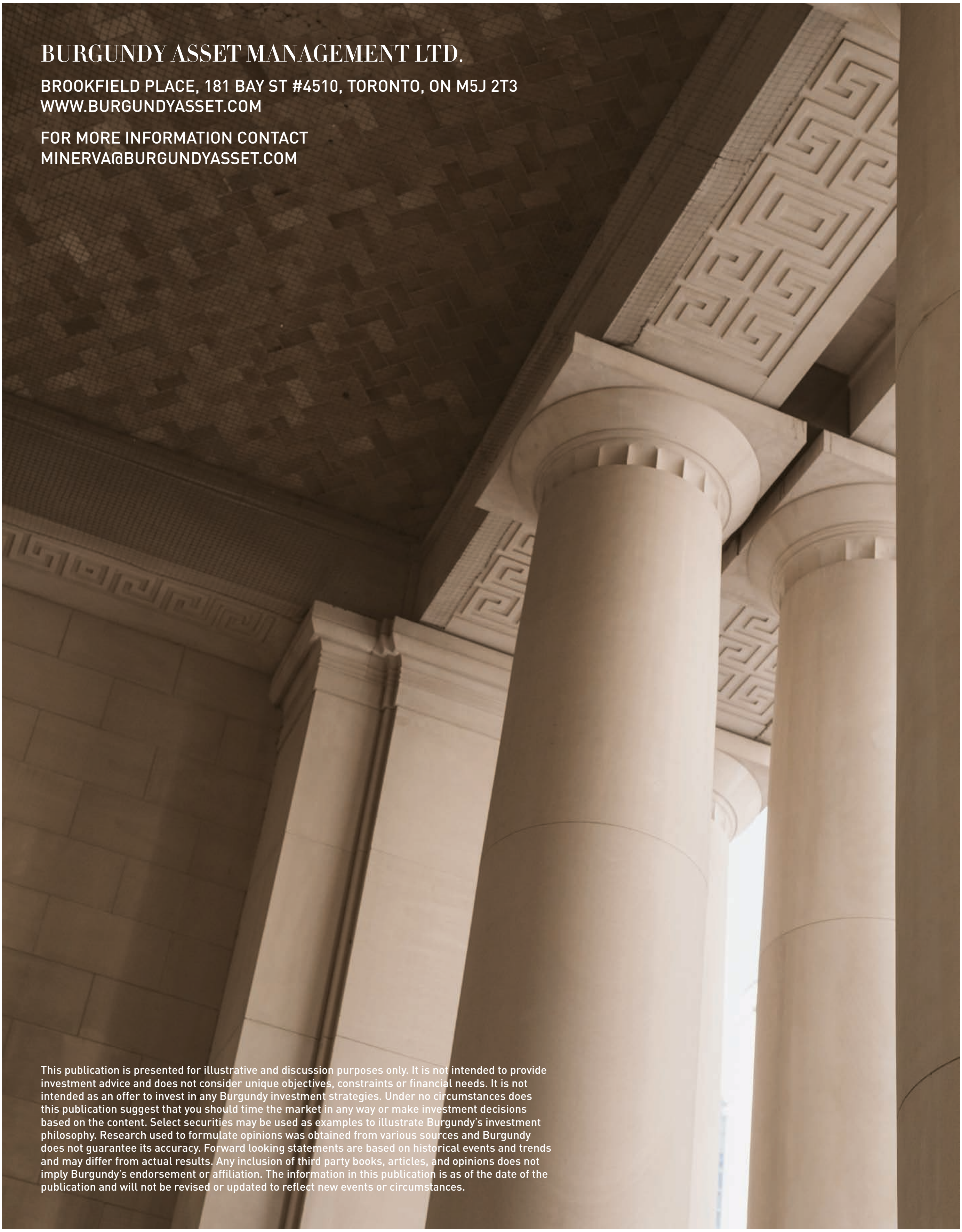
How Muriel ("Mickie") Siebert paved the way for women

Arguably one of the most influential women in finance is the late great Muriel ("Mickie") Siebert. She became the first woman to own a seat on the New York Stock Exchange (NYSE) in 1967.

When Siebert arrived in New York City's famed Financial District in her twenties in 1954, she was rejected initially. She remained steadfast and did not let her lack of experience and incomplete accounting/business degree stop her from re-applying. Not one to let the doors that closed in her face affect her, Siebert eventually landed an entry-level position as a research analyst—and that open door was all she needed to start making major moves.

In 1967 after purchasing her seat on the NYSE, Siebert formed the influential Muriel Siebert & Co., a discount brokerage firm. In 1977, she became New York State's first woman Superintendent of Banking. She also held the title of director of New York City's Urban Development Corporation and Job Development Authority from 1977 to 1982. In 1982, Siebert resigned to run for the U.S. Senate. After losing the election, she returned to her own company in 1983, serving as Chairman and President.

Siebert was inducted into the National Women's Hall of Fame in 1994, a well-earned honour. She passed away in 2013, but her legacy and legend will live on in the dreams, goals, and successes of women in finance. **M**



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