

# PM Spotlight: For the Love of the Journey

## Manju Boraiah Senior Portfolio Manager



This issue of *PM Spotlight* profiles **Manju Boraiah**, senior portfolio manager, head of Systematic Fixed Income, and co-head of Custom SMA. Manju's philosophy of life—to love the journey—has served him well, from working in the research labs of Stanford University to building and driving the strategic vision for a transformative platform for separately managed accounts (SMAs).

**Q:** YOU HAVE SUCH A UNIQUE BACKGROUND. WHAT FOSTERED YOUR DIVERSE INTERESTS?

**A:** I was born in Bangalore, India, which is known as the Garden City because of all the parks and greenspace. It's also very multicultural and multi-linguistic. And because of that, I grew up learning five languages, which had a profound influence on me as an individual. It really helped me appreciate and value our differences as human beings.

Linguistic research shows us that being exposed to different cultures and different languages builds neuroplasticity. Perhaps that's connected to why, even growing up, art and math were my two passions. Creativity and logic are two sides of the

same coin. I see the beauty in drawings, sketches, and paintings, and also in mathematical solutions.

All of this, combined with the values instilled by my family, defined my direction in life. I learned from my parents, and I've always believed, that no human being is limited in their life and that, if you open up your heart and soul and pursue your passion, anything is feasible. That's helped me view every day as an opportunity to learn something new and to connect with someone new.

**Q:** DID YOU STUDY MATH OR ART IN COLLEGE?

**A:** I actually started out studying computer science engineering with a focus on computer graphics. Then for graduate studies at Stanford University, I decided to focus on computational graphics, which is a field of graphics where you model real-life motion, like flowing water or facial expressions. It's essentially using mathematics to make dynamic motion look real.

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While at Stanford, I also pursued opportunities in two research labs. One was the Project-Based Learning Lab, where I worked on a patented mobile technology called “Talking Paper,” which involved translating voice and written content on paper into digital video. The other lab I worked at was the Stanford-NASA Biocomputation Center where I ended up working on a cool technology involving a CT scanner that could be used on the International Space Station. Both experiences helped me understand that I really enjoy using mathematics to solve problems, which led me to an interesting class in finance. And that’s when I realized that I could use math to build innovative solutions to complex investment problems.

One other passion that I picked up while I was at Stanford is running. My love for running hasn’t waned and I still run daily, religiously. Running has taught me to appreciate the journey more than the destination, which is a great lesson in life. If you love the process, then the goals will happen. The destination becomes a byproduct when you focus on the journey.

**Q:** YOUR NATURAL CURIOSITY AND LOVE OF PROBLEM-SOLVING LED YOU TO A FAIRLY COMPLEX AREA OF INVESTING: SYSTEMATIC EMERGING MARKETS FIXED INCOME.

**A:** This was, again, a great opportunity. I was at Barclays Global Investors (now BlackRock) helping construct and manage sovereign bonds across countries with different economic regimes, monetary policy environments, growth cycles, and inflation regimes. When we started to build these hedge fund strategies to invest in emerging market rates, foreign exchange, and credit, the advice we got from colleagues was to just take what works in developed markets and apply it to emerging markets. But what seems to work in developed markets, where things are more stable and more predictable, often doesn’t translate to emerging markets because of the idiosyncratic risk and the nature of these different countries. Take Chile, for example. Around 70% of the economy is driven by one commodity—copper. South Africa, on the other hand, is also dependent on commodities, but it’s more economically diverse. There is quite a lot of economic diversity across these countries that have very different characteristics.

That’s also the case when you look at inflation and growth. Some central banks in these countries are fighting inflation; others are focused on maintaining currency value. Some have free-floating currencies; others have tightly managed currencies. When you put it all together, you need a model to work across all these variables consistently.

But no model is perfect. Models can have blind spots and they can run their course. I truly believe that a hands-on-the-wheel approach is best. It helps you identify and understand an investment model’s pitfalls so you can enhance it. It should be an iterative process. I think of this process as “predict-decide-

learn.” We start with a predictive engine, using systematic tools or systematic insights or translating fundamental insights into systematic insights. We use that predictive engine to decide how to invest in these diverse markets. And we learn from the whole process to continually enhance the model based on what’s working and what’s not working.

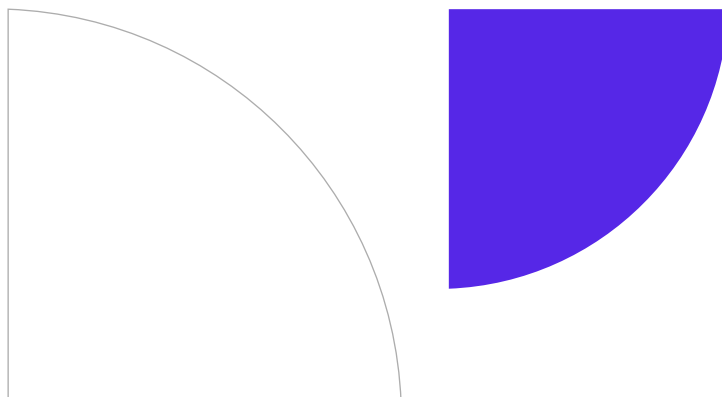
**Q:** IS THAT SIMILAR TO THE APPROACH TO CONCEPTUALIZE AND BUILD REMI, ALLSPRING’S CUSTOMIZED INVESTMENT PLATFORM FOR SMAS?

**A:** We had the underlying capabilities and optimization engine for building and evolving institutional fixed income portfolios, which helped us build customizable, tax-optimized SMAs for individual investors at scale. Remi uniquely combines our systematic and fundamental multi-asset capabilities on a scalable technology platform. For example, our first SMA strategy on Remi combined our systematic capabilities with fundamental capabilities for municipal bonds, or munis.

Munis are a very quirky but interesting asset class. To start with, there are a million muni issues outstanding, but the broadest benchmark has only around 60,000 bonds. Going from thousands of bonds to efficiently selecting just 20 or 30 calls for systematic rules. And it’s not just how to select the individual bonds but how to do credit and issuer selection. That’s where fundamental research comes into play to help manage the left tail risk. We can translate our fundamental research team’s recommendations into alpha.

**Q:** HOW DOES DIRECT INDEXING FIT INTO THE PICTURE WHEN YOU’RE CUSTOMIZING EXPOSURE?

**A:** By the same token, Remi expands access to direct indexing for a broader range of investors. While direct indexing is not new, it was historically used only by institutional or high-net-worth investors due to higher investment minimums. Today, we use direct indexing to customize client exposure—whether the goal is to capture tax alpha opportunities, reduce concentrated positions, or efficiently tilt toward a specific sector or values preference.



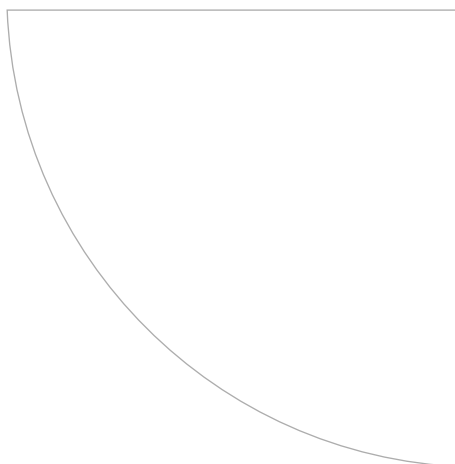
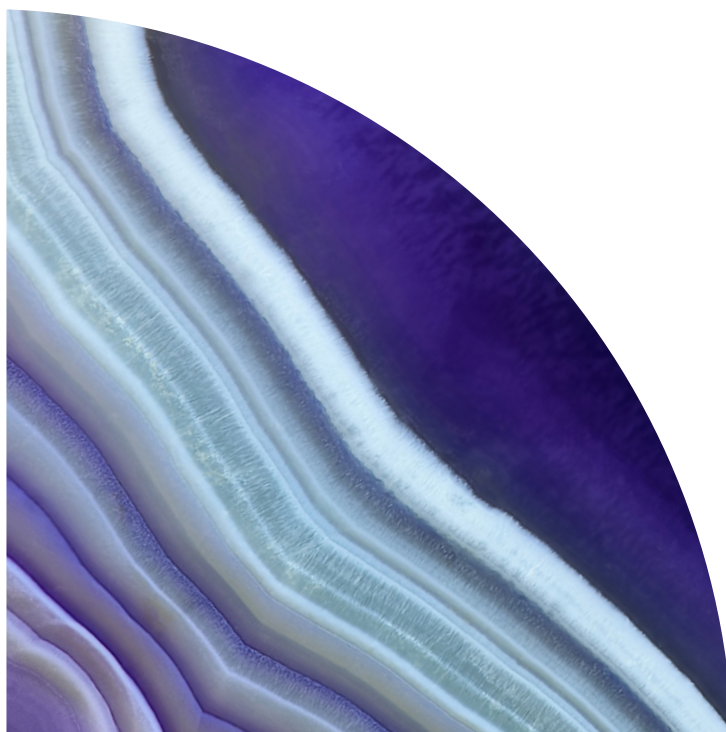


Our underlying technology and optimization capabilities enable us to personalize and transition portfolios in a tax-efficient way. Emerging markets again provide a great example here. A client wanted to diversify their emerging markets allocation, but there was no off-the-shelf solution that fit their desired risk/return profile. We collaborated with a major index provider to design a custom emerging markets index of American Depositary Receipts, holding roughly 120 to 150 securities. This gave the client efficient, diversified exposure while retaining the ability to harvest losses. It's a perfect example of how we let clients' needs drive innovation by keeping the client experience at the center of everything we do.

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**Q:** DOES THE FOCUS ON CLIENT EXPERIENCE EVER CONFLICT WITH LOVE OF THE PROCESS?

**A:** They can and should go together. It's like art and math—they can be two sides of the same coin. An important lesson I took from my startup days is that it doesn't matter how innovative the technology developed to solve a problem is if it doesn't enhance the client experience. We all know that innovation is difficult, but the only way to innovate successfully and to improve the client experience is by focusing on the process and accepting the fact that sometimes you must fail gracefully in order to succeed. The key is to really learn from your experiences and apply these lessons to future endeavors. Those are the moments that allow you to look at a problem in a new way and to appreciate every step of the journey.





## For further information

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