

STERLING CAPITAL'S
**MONTHLY ASSOCIATE
SPOTLIGHT FEATURING**

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STERLING
CAPITAL



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Q: What is your best memory from your time here at Sterling?

A: It is a pleasure to answer these questions in writing, despite being told early in my investment career, “Don’t write what you can say, don’t say what you can imply.” But since I can’t say it to each of you individually, I’ll have to write how wonderful each day has been when I was able to spend a few minutes of it with you. It may have been face to face, it may have been through something that we worked on together, it may have been a success in which we each played a small part. Good companies are built on a foundation of good people. And the people are always the best memories.

I am very fortunate to have many memories from my days at Sterling. Participating on the team making a winning finals presentation; attending an America’s Cup soccer game, Redskins football games and pro baseball games with prospects and clients; helping clients solve problems by digging into the minutia; making presentations to groups where you could sense they left with a greater understanding than when they arrived; nearly hitting our president, Alex, in the head with a golf ball at a mutual fund board meeting; getting married to my beautiful wife Lynne (okay, not really a Sterling memory); James Brown being one of the gifts at a holiday gift exchange; and, as some of you may have heard, karaoke nights at sales meetings and more. It’s not possible to select one as best, and since there’s no way to have a playoff, I’ll choose to highlight just one, maybe a bit before our formal Sterling affiliation.

My colleague, Mike Peasley and I were off to New York. Abu Dhabi Investment Company had found our little Equity Income portfolio, asked for information and now wanted us to come to the Intercontinental Hotel so they could meet us and learn more. E-mail communications to this point had been irregular and left us a bit on edge, with not many details forthcoming, but that seemed to be the way they liked it.

We arrived on the first flight of the morning into LaGuardia and hopped a taxi to the Intercontinental, arriving well before our appointed meeting time of 10:00 a.m. We would soon be meeting Abbey and Maitha in a conference room upstairs, so we settled into the lobby reviewing our materials one last time.

Around 9:30, Mike reached for his cell phone in his pocket, then his other pocket, then his briefcase, then in and around the furniture where we sat, all to no avail. After assisting in the search, we decide to call his phone from my phone (neither phone being very smart at this point in technology). Mike dials, and to his amazement, someone answers in a heavy Jamaican accent, “Ya man! Ya, I got your phone. It fell in the gutter as you got your of your cab. I drove over and picked it up, but you were gone.” Relieved, sort of, Mike wonders how he is going to get it back. “Can you bring it inside?” The reply, “No, man, I’m at the airport

now. But I should be back in town soon, and will call you and you can come get it. Probably 30 (Jamaican) minutes.” So, how do you minimize the meeting disruption when the Jamaican cab driver calls with your cell phone? Hmmmm...

Shortly thereafter we get the call to come upstairs. We enter the conference room to find a gentleman in a business suit and a young lady in traditional dress, I’m guessing a Niqab (veil) and Abaya (cloak). Mike thinks, “Hmm, okay, we’ve got Maitha and Abbey ... the girl’s gotta be Abbey, right?” He walks up to the gentleman and says, “Hello Maitha, I’m Mike Peasley.” The response, “I’m sorry, I’m Abbey, she is Maitha. It is good to meet you.” Introductions were completed and we moved to our chairs, hoping we hadn’t sealed our fate. We talked at length about the portfolios in a room that must have been 100 degrees, doing our best not to sweat through our suits. They had research books at least three inches thick in front of them, with every holding and portfolio characteristic over a variety of time periods all at their fingertips. We talked about holdings that worked and holdings that didn’t. We spent some time on portfolio construction, looking for how our performance would be impacted based on their needs (no ADRs, unknown until now). We continued the meeting as if nothing happened when my phone rang and Mike slinked out of the room, gave the Jamaican cabbie a \$20 and got his phone back downstairs at the curb, and then came back up (we had prepared them at the beginning that Mike would be excusing himself). While the meeting went well, I don’t think we fit easily, and our strategy was still limited in AUM (only a billion or so, and this was ABU DHABI), so despite e-mail follow ups, we could not ultimately call them a client.

But we had a great story... and all our original cell phone equipment!

Q: What made you decide to start a career in the investment industry?

A: “When opportunity knocks, you have to decide if you want to answer the door.” I’m not sure who gets credit for saying it first, but it’s dead-on for my investment career.

An accounting major with a CPA, I worked in public accounting for nearly a decade before switching careers and joining a publicly-traded telephone company, ultimately becoming CFO. With my team, I had checked and prepared and filed the financial statement numbers, while also heading up the HR, IT and Treasury departments. I was able to implement a new accounting system and push down budgeting to each department, creating management information to be used throughout the company. After 7 years, I was anxious to expand further and I left the security of an established company to head a telecom start-up in Richmond, funded by some of the local telco’s including my company. After growing it for less than a year, MFS Communications wanted to buy us at a nice profit. Nice profit for the telco’s... now what am I going to do? MFS offered me the opportunity to grow with their company through Washington DC, Chicago and Omaha, a geographic career path that was not enticing. So, a job search ensued.

Separate from my search, Strother Scott, a corporate financier at Scott & Stringfellow (S&S), called. It turns out S&S was helping with a fundraising for a new PCS (cellular-like) company that was planning to acquire licenses in an upcoming auction and needed capital. S&S needed someone with telco contacts and he asked if I’d like to help on a success-based consulting agreement. I made some calls, set up some meetings, and S&S was able to close a deal. A win for them and few shekels for me while I continued my job search looking at accounting and finance jobs.

You didn’t know it at the time, but that was opportunity knocking. Shortly thereafter, the S&S director of research called (a guy named Chip Ford) and asked if I’d be interested in talking about a research analyst job. We had several conversations/interviews, including a meeting with a number of senior managers from S&S. Ultimately, despite having no direct experience, they hired me, realizing their need for exposure to the very hot telecommunication sector of the market and how translatable my skill set likely was. I built a research practice covering telecommunications and technology services companies from 1996 until mid-1999 during this heyday of telecom, recommending mostly stocks that nobody these days has ever heard of (Winstar, LCI, Advanced Communications Systems, Excel Communications, etc.). Clients made very nice returns, and nobody will ever know if I’m any good as an analyst or not, since almost everything in telecom went higher as the wind was at my back.

Most importantly, I met a stock picker named [George Shipp](#). So a consulting gig became an analyst opportunity became a career in asset management. It’s been my privilege to work with George for over two decades now.

Q: What hobby would you get into if time and money weren't an issue?

A: I've developed a strong interest in wine over the last couple of decades, and I look forward to learning more about my palate. But I can't say that drinking is a good hobby. I also love to cook, enjoying a New Orleans flair or a Spanish paella or a yeasty Belgian waffle, and I'm hoping to smoke more foods and gain a better appreciation for the use of spices in my dishes. But with my waistline I can't say that eating is a good hobby, either. I've often thought how much fun it would be to join the known names and the no-names at the World Series of Poker, hoping a heaping helping of luck would be joined with my limited abilities. But gambling isn't a good hobby either, is it? So I'm going to say my hobby will be travel, because both Lynne and I enjoy our explorations and have many plans for enveloping ourselves in the local culture on future trips. Which leads to some other questions:

Where is your favorite vacation spot? What are you most looking forward to in the next 10 years?

I'm looking forward to finding my favorite vacation spot, hoping time and money won't run out over the next 10 years. But as the Equity Opportunities Team reminds me often, "hope is not a plan."

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