Magellan – In The Know: Special Episode

From noise to signals: Vinva's unique approach to systematic investing

Announcement (00:00):

The information contained in this podcast is for general information purposes and does not constitute investment advice. You should seek investment advice tailored to your circumstances before making an investment decision.

Host (00:14):

This is a special episode of In The Know, the investment podcast, brought to you by Magellan Asset Management.

Morry Waked (00:20):

We're an intellectual capital firm. We have our trade secrets, we guard them closely, but ultimately, our great ideas come from people. It's our people that come up with the ideas. It's our people that look through the windscreen, understand what data is important, understand how to put different ideas together in a single portfolio, understand the market dynamics and market microstructure and trends and changes in market to understand what sort of things we should be looking at and researching into the future.

Host (00:45):

That's Morry Waked, founder of Vinva Investment Management. Morry, along with Magellan's Head of Distribution, Mark Burgess, sit down for a fascinating discussion about systematic investing. They explore how Vinva's experienced team drive the insights behind their data-driven and disciplined processes to generate strong investment performance. But first, a warm welcome from Mark Burgess.

Mark Burgess (01:12):

Welcome. My name is Mark Burgess and I'm thrilled to be joined here by Morry Waked. Morry is the founder of Vinva Investment Management, which was formed back in 2010 and today manages over $25 billion of active equities around the world. Prior to that, Morry was the Global Chief Investment Officer at Barclays Global Investors, which oversaw assets of $300 billion in that space, making it one of the largest global managers. Welcome, Morry.

Host (01:39):

Thanks, Burgess. Thanks for having me.

Mark Burgess (01:41):

Now, Morry, today we want to unpack systematic investing and the Vinva process. Perhaps as a starting point, could you talk us through how you ended up in funds management?

Morry Waked (01:52):

Yeah, going through school and certainly uni, I didn't know anything about the investment markets. It was never on my horizon. I was very good at maths at school, very good at numbers and thinking quickly and processing information like that. I went to university and did a degree in actuarial studies, actuarial science, and that's obviously very mathematical driven and it requires a lot of problem solving. And so I started off my career at a firm called Legal & General in the Actuarial Research Division. To cut a long story short, they gave me a scholarship to go through uni, which was an enormous help for me. And so a couple of years into that journey working at Legal & General, I was approached by a firm called Rothschild Asset Management. One of my former colleagues at Legal & General had moved over to Rothschild Asset Management and they gave me a call and said, "Do you want to come and work for this asset management firm?" And I said, "Okay." I had a lot of respect for this gentleman. And I said, "Okay, I'm happy to go along and have an interview."

(02:43):

And then during the interview, they're asking me a bit more about my background, some questions basically to get to know me as an individual. Then they started asking me some questions about investment markets, the All Ordinaries Index, as it was at the time, stock picking. And I had absolutely no idea what they were talking about, and I got the job. And I think they saw some potential there, of course. So I started off in the quantitative research area at Rothschild, was headed up by a gentleman by the name of Greg Bourne. He was an early mover in bringing into some quantitative people and tools into traditional funds management. I ended up being the Head of Quantitative research at Rothschild. I think it was about '23, '24. And then I left Rothschild in 1997 when a firm by the name of Barclays Global Investors, BGI for short, poached me from there and asked me to start up an active equity business in Australia. And that was really the start of my journey in the funds and management industry.

Mark Burgess (03:31):

Yeah, wow. That's a great backdrop into thinking about how you sit here today managing systematic equities, assets all over the world. Maybe taking that systematic definition, you've interchanged already the quantitative and systematic, and you're commonly known for pioneering the term systematic equity, certainly here in Australia. Can you perhaps unpack for the listeners what is the difference between quantitative and systematic investing?

Morry Waked (03:58):

Yeah, if I wound back the clock to my time at BGI, we were seen as a bunch of weirdos back at the time. We were bringing in quantitative and statistical and mathematical discipline to investment markets, and then people started referring to us as quantitative, and that was the growth trajectory. And people starting to become familiar with what quantitative investing was. And then quite can mean a range of different things. It's a big spectrum. So what we've defined ourselves as systematic investing and systematic is really being effectively insight driven. Everything that we do has to start with the investment idea, investment insight. So just like any investment manager out there, fundamental or otherwise, everything that we do has to be based on sound economic principles. We have this four-letter thing that we use, SPCA. Everything that we do has to be sensible, has to be predictive, has to be consistent, and has to be additive. And that's really the research philosophy that we live by.

(04:52):

So systematic to us means it's insight driven and it's disciplined, it's unemotional. It's about looking through the windscreen, not looking through the rear-view mirror because yeah, there's so much data and so much computing power these days that you can put some strong computing power into historical data and get some relationships that may have worked in the past or can certainly tell you what worked in the past and how to optimise that sort of relationship. But really, where the skill comes into is looking through the windscreen and understanding market microstructure, market dynamics and what is likely to work in the future. And everything that we do is ground in sensibility, and that's what we mean by insight-driven systematic.

Mark Burgess (05:24):

And so taking that further, where does the role, and you mentioned unemotional, you mentioned the systems, where do people fit in the process of systematic investing?

Morry Waked (05:33):

Yeah, we've been asked in the past, "Are people important? Why do you have people on computers?" It couldn't be further from the truth. Like any investment manager, people are our greatest asset. Our biggest cost as a firm is our people. We pay them very well because they're valuable and they're the ones that will ultimately help us deliver outcomes to our clients. We're an intellectual capital firm. We have our trade secrets, we guard them closely, but ultimately, our great ideas come from people. We certainly want to hire people with very, very strong technical skills, very strong in the quantitative disciplines. It's you have maths, engineering, statistics, machine learning, so forth. But above that, what we rate is people who are passionate and have insight and common sense. And unlike the name suggests, common sense is not that common. So they're the things that we prioritise above technical skills.

(06:19):

And everything starts with the people. It's our people that come up with the ideas. It's our people that look through the windscreen and understand what data is important, understand how to put different ideas together in a single portfolio, understand the market dynamics and market microstructure and trends and changes in market to understand what sort of things we should be looking at and researching into the future. I commonly phrase it as we're a firm that's people leveraged by technology. All technology does is it leverages people's insights. It doesn't replace people. So people will always be our greatest asset, and that's never going to change.

Mark Burgess (06:50):

And so people obviously forming the important part of identifying the investment opportunities.

Morry Waked (06:56):

Yep.

Mark Burgess (06:56):

How do you leverage technology into that process and how has that evolved over time?

Morry Waked (07:01):

Yeah, I try and keep it pretty simple in that just like any investment manager, people come up with the ideas and come up with a vision as to how a portfolio should look like, some of the themes that we should exploit, where the inefficiencies exist, where they may not exist, and what sort of investment process we should put together. Where technology comes into play, it allows us to implement those ideas systematically, unemotionally every day without fail. It gives you that consistency. For example, if history was to repeat itself, we'd end up with the same portfolios and same performance. We believe that emotion detracts from investment performance. That's what we believe on average.

(07:33):

So having a process where it's grounded in strong sensibility, strong data-driven research, and implemented in an unemotional manner, we think over time is beneficial for clients. Basically, we ignore the story behind the numbers. We're very unemotional about that. So we've got very strong buy and sell disciplines in our portfolio. We've done some research in the past. We typically find on average that fund managers have a bit of an asymmetry, generally that they're better at buying stocks than they're at selling stocks. So we're very symmetrical in now buy and sell disciplines, and that comes from being unemotional. We don't fall in love with stocks, we don't fall out of love with stocks.

Mark Burgess (08:05):

It's a great message. We might come back to that when we think about maybe talking about some of the parts of the portfolio. You've mentioned signals, and that's a really interesting one because I think signals for what we understand are really the identifiers of your process and you can wait to these different signals over time. You also changed these signals over time. Since 2010, maybe can you share with us some of the signal stories and some of the changes that have happened over that journey?

Morry Waked (08:28):

Yeah, I could go back to the late 1990s and how things have changed. Also, what we mean by signal is we have these investment ideas, right? And as I mentioned before, everything's grounded in sensibility. That's first and foremost. Before we do everything, we have some investment thesis as to why this particular idea will work, why the markets are inefficient at processing this information and impounding in stock prices. So those are what we call investment themes. So things like we look at really valuation metrics. We look at the quality of the balance sheet of a company and some sort of the creative accounting that can go on. We look at customer supply chains all around the world. For example, we cover over 15,000 companies around the world, and we've identified over 12,000,000 linkages across those 15,000 companies. That's the power of data and technology that enables you to do that.

(09:11):

Signals are effectively how we model each of those investment ideas. Some of it may be behavioural stuff as well, sentiment, some tactical things that we do as well. So for example, when it comes to valuation type metrics, we might have nine or 10 different valuation signals that we look at. Some may look at cash flows, some may look at earnings, some may look at more enterprise value metrics that delever the company, look at companies on a delevered basis. We look at asset-based valuation models, a whole suite of different things that we look at. That's what we mean by signals. We have this motto that says, "You have to keep running just to stand still." If you don't innovate, if you don't move forward, the market's going to catch up.

(09:47):

So you mentioned before, how does our model today compare to the one in 2010 or the one even back in 2000? I can give you an example that about 20% of what we do today was actually being used 15 to 17 years ago. So it gives you a rough idea of the amount of innovation that goes on in our process. And the majority of our innovation is more evolutionary rather than revolutionary. Maybe once a decade or once every five to six years, we might come up with some revolutionary idea, but the majority of it is really about coming up with small incremental enhancements over time. We mentioned people earlier on, if I could just digress and go back to people a little bit.

(10:21):

To succeed in this industry, you need people that are not only smart and driven and sensible and so forth, but you need people that are competitive and driven and relentless. So the types of people that we hire, people that are relentless, they're competitive, they want to win because ultimately investment management's about delivering outperformance to clients. On average globally, investment management is a negative sum game. If you add up all investment managers holdings around the world, you get something like a global index fund and they all incur transaction costs of trade, you're going to end up with negative performance. So we need to be good enough to outperform. And so basically, having people that are relentless and driven is the backbone of our innovation and research.

Mark Burgess (10:58):

And that's a key takeout, isn't it? That you can have the best systems in your mind, but if you haven't got the right people to implement and execute-

Morry Waked (11:05):

100%. Yeah, there's no investment model, no fancy piece of technology that can take bad information and turn it into positive outperformance. It's not possible. So everything starts with the people, starts with the insights, starts with the data, and then technology just allows you to harness that information very, very quickly and efficiently and get it into your portfolios in a timely fashion without emotion.

Mark Burgess (11:24):

And maybe just thinking about the way you've got your people structured, maybe just give us a brief outline of how you've got your team set up, how do you think about that?

Morry Waked (11:31):

Yeah, so I'm a big believer in having an integrated team. One of the things that we pride ourselves on at Vinva is it is a team effort. It's not about an individual, it's not about me, it's not about anyone else. It's about the team, the collective. And I'm a big believer that the whole is greater than the sum of the parts. So we have an investment team, 15 people, and we look to add to that in the future. Across the organisation, we've got about 30 people. And the investment team is over half that, and we've got people that are focused more on research and innovation and data to keep them occupied with that and not get caught up in the day-to-day market dynamics of trading and portfolio management. We've got a sector of the team that really focuses on the managing the money day-to-day and trading and overseeing the portfolios on behalf of our clients.

(12:09):

And we've also got a part of the investment team, which is really investment professionals, but focus purely on the investment technology and the investment technology that supports the investment process. And I separate investment technology from firm-wide technology because investment process technology gets priority. It's a team effort, very collaborative, and that's the way we harness everyone's ideas and get the best outcome for clients.

Mark Burgess (12:29):

Thanks, Morry. You mentioned the investment technology, investment team technology. There is so much hype around AI. A little birdie told me that you were the first investment manager to introduce a large language model into your investment process all those years ago. Can you perhaps talk about the original LLM that you've put in place or the thoughts behind that, and then how do you manage your investment technology versus what you can buy AI off-the-shelf models today?

Morry Waked (12:57):

As far as we know, my team back in 2006 were the first investment team globally to bring natural language processing algorithms into investment management. We could take texts and read it, whether it be broker reports, company financial statements, company conference calls. It's almost 20 years ago now. Fast-forward to now, most good quant or even some fundamental guys use some form of AI or natural language processing. So the world's moved we are 19, 20 years into that journey. So really, the thing for us is if I look back, I say we were early movers in a lot of ways, and now the rest of the world has reacted and moved towards us.

([13:29]()):

So how do we keep our competitive edge? I suppose one thing is experience. One thing that we understand is it's not just about the models themselves. It's about the information that you feed into those models. Some information, some textual information, for example, is more valuable than others. There's so much textual information around the world. We analyse over 3,000,000 news articles a year, over 1,000 financial statements a week around the world. So it's the type of information that you feed, and also ensuring that the information you're getting, going back to what I said before, SPCA, the A bit is additive. It's giving you something new that adds something incremental to your return forecasting models.

([14:05]()):

Now, you can get a lot of really good AI models, machine learning type stuff off the shelf. And the real challenge then is to understand how much you need to do internally, in-house in terms of proprietary, and how much you can leverage off the shelf, ensure you've got the optimal combination to ensure that, as I said before, the most important thing is the information going into it, how you process that information and differentiating between what's more valuable than what's less valuable. Just to digress a little bit, on the topic of machine learning and AI-

Mark Burgess ([14:32]()):

Yes.

Morry Waked ([14:33]()):

It gets a lot of airtime now, and if you look at investment markets, there is so much information, investment markets. They are data rich, and that attracts computing power and all this sort of stuff. But I also would ask people to... You need to tread with caution. We use machine learning in AI in our investment process, but it's a certain targeted part of the investment process, not the majority of what we do. It's got some good power, good tools that can enable us to process information, pick up certain things that we want to pick up, but ultimately, everything is grounded in sensibility, as I mentioned before. And the majority of our investment process will steer away from machine learning techniques.

Mark Burgess ([15:08]()):

Right.

Morry Waked ([15:08]()):

Machine learning requires data that's stable, information that's structured, and the majority of information, especially returns data in investment markets are very, very unstable. And the majority of data that flows through to investment markets, a lot of it is unstructured. So knowing how to navigate your way through all that sort of data minefield is very important that we use machine learning in a targeted part of our investment process.

Mark Burgess ([15:28]()):

Look, that's a great segue because I wanted to talk about looking at your investment process and the flexibility that you need to apply. You just mentioned particularly investment markets and as we sit here today, you couldn't get a more volatile investment market period. We're seeing what's going on with Trump and tariffs and obviously the Mag 7.

Morry Waked (15:45):

Yep.

Mark Burgess (15:46):

Maybe introducing to the listeners your investment process and how you think about portfolio construction and making sure that you remove that noise, that unemotion approach to your investing?

Morry Waked (15:57):

Yeah, we've got this saying that it's important to know what you know. It's even more important to know what you don't know. So to be successful in this game of active management over the long term, it requires a certain amount of humility. We all as humans have a bias to tend to think that we know a lot more than what we do, but the reality is if you look at what I call the signal-to-noise or information-to-noise ratio in stock markets, it's very much driven by noise. That ratio is very low. A large part of the stock price moves that you see go on day-to-day and intraday stock prices is really more driven by noise rather than information.

(16:31):

So it's very, very important, first and foremost, when constructing portfolios is focus on what you know and ensure you're taking active positions overweights and underweights in your portfolio where with a laser-like vision where you're taking advantage of your comparative advantage, and there are other parts where we don't know what the outcome is of a presidential election potentially, or what policies and tariffs more recently may come on the back of that, and try and hedge out as many of those unknown risks or things that you don't know in your portfolio as much as possible. We define ourselves as a style-neutral manager, which is very, very important, we believe.

Mark Burgess (17:05):

Or core is another way.

Morry Waked (17:06):

Yeah, and that translates into a very important core part of most of our client's portfolios. We don't take large industry bets. We don't take large country bets. It's very much style-neutral. I view it as probably one of the most pure forms of stock selection strategies anywhere in the market here in Australia and globally.

Mark Burgess (17:21):

And so thinking about that, and maybe we can move into, back in August last year, you partnered with Magellan and the reason for that was largely around the distribution capabilities that Magellan can bring both here in the wholesale market in Australia, but also looking offshore. Maybe can you talk about that decision and the opportunities that you see, and then maybe we can talk about the actual products that have been launched and then we can talk about those?

Morry Waked (17:45):

Yeah, so to come up with a distribution partnership with Magellan was not an easy decision for us. The number one objective for myself, for every team member at Vinva, not just the investment team but across the whole organisation, our number one objective without compromise is delivering investment performance to our clients. We are not a distribution house. We believe we've got some great capabilities in our global equity products in particular, and Australian equity products of course, and we felt that the retail wholesale market should benefit from our capabilities. I don't want to go out there and build a retail wholesale distribution network. So I wanted to look for the right partner that had an alignment in terms of understanding that we are an intellectual capital firm. Our number one objective is investor performance, our independence, and we weren't going to compromise on that.

(18:27):

And fortunately, we've had a conversation with many firms, majority of them global actually, but I landed on partnering with Magellan, and Magellan is an organisation which if I look through the windscreen and where they're heading, the future is going to look very different to the past and have a great footprint and distribution network here in Australia, in particular the wholesale space. So the partnership there is really to, via Magellan, give the wholesale market access to our investment products, which we think will be a great benefit to them.

Mark Burgess (18:51):

And it's tremendously exciting. I know from my perspective, thinking about the team here in Australia, New Zealand, there's 18 in the distribution, four in the marketing, and it's incredibly exciting opportunities. So we look forward to representing your products.

Morry Waked (19:04):

Magellan, as we know, are building out some distribution in North America and Europe. They're really into that journey and I'm happy to go with them on that journey too because we do get a lot of reverse inquiries from offshore investors and we don't have the bandwidth to cope with a lot of that, to be honest. So having some distribution people as part of Magellan in North America and Europe is going to be a great benefit and will open up some doors for us globally as well.

Mark Burgess (19:23):

And that's certainly exciting to be part of that journey. Just thinking about the products that you've launched to the wholesale market via PDS, here in Australia, you've got a global long only, Australian long only, an alpha extension in Australia, and you have an existing global alpha extension. Maybe can you talk through the differences between what is the long only and the extension and how should investors think about that?

Morry Waked (19:45):

Yeah, so first and foremost, the investment philosophy, the investment process is almost identical between them. What really differs is the portfolio construction. We view ourselves as a solutions provider. So we create portfolios to meet any certain risk-reward characteristics the clients are looking for. If you take a long only, which is a majority of what equity funds around the world and how they're managed, it's really about buying stocks and owning long positions in your portfolio. If you like a stock, you'll own more of it. If you don't like a stock, you'll own less or don't own it at all.

(20:14):

One of the shortcomings of what we call long only investing is if you've got good and strong negative views on in particular mid and small cap companies, the best you can do is just not own those stocks in your portfolio, but with extension strategies, you can implement a bit of shorting and now end up effectively owning negative positions in those stocks and taking advantage of that negative information that you've got and negative skill in forecasting negative outcomes for mid and small caps in your portfolio more efficiently, and that's really the main difference between long only and alpha extension. Alpha extension opens up more opportunities, in particular on the underweight side. We can take advantage of negative information in mid small caps around the world.

Mark Burgess (20:51):

And so maybe just drilling into that because I think if in the fundamental world, shorting has a number of different views and risks associated to it as well as opportunities. Can you give us a couple of examples or maybe an example of where in the last six to 12 months you've taken that shorting view of a sector or where that's paid off for you?

Morry Waked (21:09):

Yeah, so first and foremost, we've been running long-short strategies since 1999. One of the first long-short funds I set up in the late '90s had a Australian super fund invested, and that was the first institutional fund in Australia to invest in long-short.

Mark Burgess (21:22):

And that's a key point, isn't it? The starting point, you've got to have experience in shorting.

Morry Waked (21:26):

Absolutely.

Mark Burgess (21:26):

You've got to have been through market cycles, you've got to understand it.

Morry Waked (21:28):

Yeah, from our perspective, shorting a stock is broadly speaking, not too dissimilar than selling a stock. There's a third leg where you need to borrow and create that sort of short position, but ultimately, it's just another self-decision in your portfolio. So really from our perspective, allowing us to take some short positions is really where we found most valuators really about being able to exploit some alpha opportunities or performance opportunities in mid and small caps around the world. If you take a global equity benchmark portfolio, some of those mid and small caps may only be one or two basis points of those 1,500 stock developed market benchmark. So if you've got a whole bunch of opportunities that you see in the mid-small caps space, some would be overweight, they're easy to take, but some underweights that you want to take advantage of, how do you take advantage of that? You've got to create some negative positions, and that's what our alpha extension does.

(22:14):

So it's really the opportunity sets really around being in small caps and we've been fortunate enough to be able to extract quite a bit of value in our alpha extension strategies from those over the past few years.

Mark Burgess (22:23):

And so thinking about that inside your portfolio construction for... And this is a question I was certainly interested in thinking about the financial planner that's all of a sudden being introduced to Vinva in the wholesale market for the first time. They're used to talking to Magellan representatives about fundamental investing, 20 to 30, 40 stock portfolios. You can talk about a couple of positions and that's well-known. We call them our insights being those stock positions. You're a financial planner, you're talking to the client. How do you position Vinva? How would you sell Vinva to that particular client?

Morry Waked (22:56):

Yeah, look, first and foremost, not here to say that what we do is better than others, it's an alternative. A lot of global equity managers run concentrated portfolios. You gave an example there of 30 to 50 stocks. That is not our style. Our global equity portfolio would have north of 300 or 400 stocks in the portfolio. So we're much more highly diversified. That allows us, one, to control a lot of incidental risk in the portfolio, and that allows us to be what we call, as I referred to before, style neutral, but also allows us to pick up a lot of small opportunities that are typically overlooked by people. I think that's where we add a lot of our value. Having a portfolio of 300 or 400 companies means that there's plenty of opportunities that we're looking to exploit every day, every week, every month, continually.

(23:39):

And so basically, that's a big differentiator. And as I said before, when you're managing a portfolio like ours, we're style neutral. If you are looking to run a concentrated portfolio, whether you like or not, you could have the best stock picking capabilities. You're going to end up with some inadvertent exposures to certain styles, certain macro events, certain countries, certain industries. You can't control those risks with 30 to 50 stocks. In our portfolio, say 400 companies, we can control and hedge out a lot of those risks as best we can and ensure we're taking pure stock selection decisions, overweights and underweights within country, within the industry.

(24:10):

I like to use this example. If you look at our portfolio, if we're looking to add 2.5% of outperformance a year, just to keep it nice and simple, there are 250 business days in a year. If we can add one basis point, 0.01% of outperformance every day, on average, we end up with 2.5% outperformance. If you want to outperform by 5% a year for maybe a higher risk strategy, we are looking to add about two basis points a day. That's how we break down the problem. And if you look at our past performance, you'll see that on average, we've outperformed on about 54%, 55% of business days. We've outperformed on about 95% of rolling three-year numbers, and our alpha extension long-short strategies have never had a negative five-year number. So that daily 54%, 55% translates into a very, very high hit rate when you look at one year, three year, five year numbers.

(25:00):

If I digress here and use a sporting example, Roger Federer, one of the greatest tennis players of all time. He did a speech to Dartmouth last year, the graduate school of 2024 I think it was, and he won over 80% of his matches during the course of his career, one of the greatest tennis players and athletes of our time. And during his speech, he mentioned that even though he won over 80% of his matches, he only won 54% of the points that he played. And it got me thinking about some of the things that we've been talking to our clients about for almost 30 years now, that's really about having a hit rate that's just a bit above 50% on a daily basis. That translates into a good hit rate on a monthly and [inaudible 00:25:35] high hit rate on annual and three year numbers and so forth. That's the power of what we do.

Mark Burgess (25:40):

That's the way to think about it. The incremental alpha accumulation.

Morry Waked (25:42):

Correct. That's what we're about.

Mark Burgess (25:44):

And the power of the compounding.

Morry Waked (25:44):

Consistent outperformance.

Mark Burgess (25:46):

Morry, what do you believe differentiates Vinva from the rest of the investment community?

Morry Waked (25:52):

Things that I think are comparative advantages of ours and differentiators are one, our proven long-term track record. The genesis of what we do in our team, it goes back to the late 1990s, so almost 30 years together, a lot of us. We've had a long and proven investment track record. So we've been able to deliver performance a very long period of time. The experience of the team and stability to the team, it relates to my earlier point, is very, very important. It's important in this industry that you have an experienced team, but also a stable one that understands how to work with each other, how to navigate a common vision, but also complement that with some younger people and new people over the years, and we've done that.

(26:27):

Our portfolio construction, that leads to a style-neutral approach. Being able to take a range of different information across many, many different insights from fundamental to more technical type things, to looking at the linkages across thousands of companies around the world, some tactical stuff as well, and putting them all together in a single investment process and constructing a portfolio that takes into account not just a cross-sectional differentiation between stocks, but also, what I call the time series element and how different pieces of information are impounded in stock prices over different horizons. That's a huge strength of ours, and I think we're world leaders in that respect. Our relentless pursuit of innovation and getting better as a team, as people. We don't rest on our laurels. We're never happy. We just want to keep getting better and better because ultimately, that's what our clients expect from us.

(27:13):

And finally, without going into any many more points, the strong alignment of interest with our clients. We are majority owned by our employees. We are an independent investment management firm, and the majority of our employees have equity in the firm. So it gives us a very strong alignment with our clients, and that's a very, very powerful combination, allows us to attract and retain talent as well.

Mark Burgess (27:33):

The last thing I would say, Morry, a question I think is always worth, what keeps you up at night?

Morry Waked (27:39):

Yeah, so I think one thing I'm very cognizant of is that we don't rest on our laurels. So it doesn't keep me up at night, but it's a worry of mine in that where things can go wrong is complacency. And that's why it's important to have people that are driven, that are relentless and that are competitive, and ultimately, everyone's objective is the client. All we care about at the end of the day is the client outcome and driven by investment performance. And to deliver investment performance consistently over time, we need an investment process and an investment research agenda that's always forward-looking and continually evolving and improving. So what would keep me up at night is if we rested on our laurels, took it a bit easy, thought we were better than what we are, that would be a danger, that's a danger for any active manager.

(28:19):

So it's important for us to keep having a team that's driven, bringing in younger talent into the organisation as we've been doing over the past few years, and we'll continue to do to keep that sort of energy up and the new sort of skills and disciplines that are required given the amount of data that's available now and the technology that's available, I think we've got a pretty good handle on that, but we can't rest on our laurels. We've got to keep moving forward.

Mark Burgess (28:39):

Well, thanks, Morry. I think that's a fantastic way to wrap up today's presentation on that point. Really appreciate the time you've taken today, Morry, to give our listeners a better understanding of who is Vinva, what is systematic equities, and how they can invest in your process.

Morry Waked (28:52):

Thanks, Mark. Appreciate the opportunity and more than happy to do this anytime you want.

Mark Burgess (28:56):

Great. Well, I hope you the listener, found that interesting and found that of value. If you are looking for more information on Vinva, please go to the Magellan website, click on the systematic banner, or click on the Vinva funds.

Host (29:08):

That was Magellan's Head of Distribution, Mark Burgess, in conversation with the founder of Vinva Investment Management, Morry Waked. We trust you've enjoyed this special episode. For more information on previous episodes, visit magellangroup.com.au/podcast, where you can also sign up to receive our regular investment insights programme. Thanks for listening.