



TALKING WITH



Hendrik du Toit

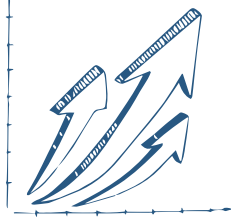
Founder and CEO
Ninety One

Talking close-knit teams and greenwashing With Hendrik du Toit, Founder and CEO at Ninety One and Richard Romer-Lee, Chief Executive Officer at Square Mile.

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HOW DID YOU GET INTO ASSET MANAGEMENT?

I was on my way to becoming an academic economist. I first realised, sitting in the library at Cambridge, that a PHD was probably not what I wanted to do. The financial markets opened up, it was the Thatcher revolution and I'd always had a penchant for the stock market. Economics doesn't teach you all that much about capital markets. You need to go and learn – and I'm still learning every day.



WHAT LED YOU TO SET UP INVESTEC ASSET MANAGEMENT?

I worked at a large insurance company as an investment analyst. A friend of mine worked at this very small banking organisation called Investec in Johannesburg. He introduced me to some of the senior people and I thought they were interesting, but I turned down a job. A year later, he got in touch again and I told him I'd like to start an asset management business. Investec agreed to my conditions – I woke up to the fact that a profit share would be a great idea – and off we went.



DOES HAVING ROOTS IN AN EMERGING MARKET INFLUENCE YOUR SUSTAINABILITY APPROACH?

It has informed our approach. We see fishermen in small coastal towns whose parents did quite well, and now live in destroyed communities where there are no opportunities. I'm a diver and I enjoy a bit of spear fishing and I can see what's happened to the coastlines. On top of this, we are continuing to witness the destruction of corals, increasingly intense droughts and floods. As a result of increasing greenhouse gases, primarily caused by human activity, accelerating the rate of climate change, these natural disasters will only get worse. We need to stand back and ask what kind of world we want to live in. That's why I'm so excited about the current generation, they're really thinking about it, they're asking questions.



It doesn't mean we shouldn't pursue profit, I'm a big supporter of what the market does and how the markets solve problems of society over time. It just means that, as the famous economist, Arthur Okun said, "The market has a place but needs to be kept in its place."

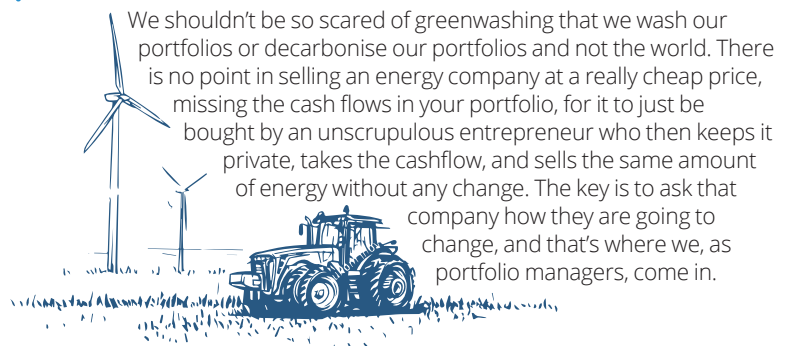
WHAT'S YOUR VIEW ON THE SHIFT TO RESPONSIBLE INVESTING?

The single biggest revolution of our lives is the post-individual shift to a more sustainable world – it is even bigger and more comprehensive than the tech revolution, which we have been living through since the 90s. If firms fail to adjust, they will miss out, and you'll probably be on the wrong side of history. Without capital playing a role in genuinely financing the transition, the world will not succeed, and our children and grandchildren will be living a far less comfortable and hospitable world than the one we grew up in.



HOW CAN ADVISERS GUARD AGAINST GREENWASHING?

This witch hunt on greenwashing is not productive. The good thing is people are trying to be greener than 10 years ago, than 20 years ago, not in a perfect way, but they are trying.



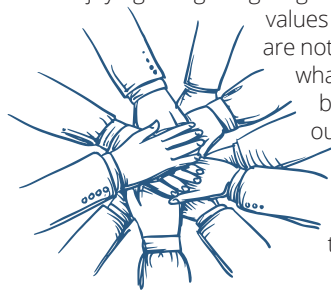
HOW DOES THE DRIVE FOR SUSTAINABILITY IMPACT INVESTORS?

Most investors are saving for their retirement and will need that money many years from now. Those savings would be substantially degraded if the world is a less hospitable place – it's as simple as that. Many people save money which they will leave for their children and grandchildren, and it's that world that we leave to them which is at stake in the next decade. Investors can use their resources to both serve themselves, but also ensure that we have a sustainable system because if we destroy the environment, we are going to have problems that we haven't even begun to think about. I have no doubt that we, as an industry and as a society, need to deal with this issue and do so properly and comprehensively.



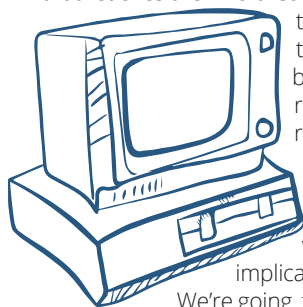
WHAT'S THE BENEFIT OF A CLOSE-KNIT MANAGEMENT TEAM?

I think it's about sharing an objective, being aligned, and enjoying doing things together. We all agree on the basic values within which we operate – we are not chasing money and we enjoy what we do. We are entirely and brutally honest amongst ourselves and we don't tolerate a lot of politics. We're also very excited about and committed to making this a truly intergenerational firm.



WHAT'S IN STORE FOR THE NEXT 30 YEARS OF NINETY ONE?

That's a big question. After 31 years we've built a platform that reaches the kind of saver we want to serve around



the world. We're going to scale that platform and become better. The sustainability revolution and the tech revolution are not completed yet, so there's massive technological change coming, as well as huge changes in the way we live. All of this will have implications for the investment world.

We're going to go into a truly multipolar world, with much more complex systems to navigate.



WHAT'S YOUR ADVICE ON NAVIGATING THE CURRENT MARKET?

Regimes change in markets. We've had falling interest rates and falling inflation for most of our careers and you need to operate differently in those markets. This is a time for near-term memory. It's also a time to be calm because the worst thing is chopping and changing or panicking. To me, inflation is better than deflation. The world economy is still (in general) growing, and we haven't got a depression. Although the media tries to depress us every day with bad news, we should look through this – invest in businesses which can adapt. UK advisers have been pretty good compared to many countries about using exposure to high quality businesses to protect their clients.



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WHAT'S YOUR VIEW ON ACTIVE VS PASSIVE MANAGEMENT?

Active and passive shouldn't be juxtaposed as competitors. They're part of the same ecosystem. In our case, since inception, well over anything between 80% and 90% typically beats the benchmark over longer than a 10-year period. Clients with patience have been handsomely rewarded. If you outperform 1% a year over 50 years or 100 years, you create a vastly larger portfolio, depending on the interest rate that you used. The incentive to go for that extra 1% or 2% over the benchmark is worth it. Whether you achieve it or not depends on near term circumstances or which manager you've chosen, but I would say there's no reason why a client can't use both to their advantage.

WHAT SUSTAINS YOUR ENERGY AND DRIVE?

I'm very fortunate that we do what we love, and we work with great people. Life is short. One can be a miserable son of a gun, or you could actually just smile and enjoy it. We are so fortunate in this industry and I pinch myself every day that I can come to work. After lockdown, I wanted to come to work. Of course, I do a lot of other things: riding my bicycle, watching sports and travelling, to name a few. However, I am very fortunate to have a work environment which doesn't feel like work when you go there.



NINETY ONE IS ACTIVE AT GIVING BACK TO COMMUNITIES. WHAT IS THE CURRENT FOCUS?

We recently had severe floods in one of the provinces in South Africa, where 500 people died over three days and thousands have been left with no livelihood, no home and are unable to work. We were involved in providing immediate assistance through some fantastic charities. We encourage our people to do things, real world stuff. With our trust, Tusk, we support the conservation efforts and balancing human and natural interest in societies where people live at the margin. In addition, a number of our employees will be running a marathon in Kenya in the next few weeks and we match what our employees raise.



If you want to do something to improve your community somewhere and it makes the grade, it gets matched by the company. We create a culture where we try to contribute to a better world in a positive way.

WHO HAS INSPIRED YOU?

Along the way, many people have inspired me and not always famous and great people, just sometimes people who do their job really well. I had a teacher at school who inspired me more than some of the greats we read about. I must say I was privileged enough to meet Nelson Mandela in person and spend an hour talking to someone who has dedicated his life to a worthwhile cause. When you see that you just say, life is too short to waste the time we have out here and just do what we can and do it well.

