



TALKING WITH



James Sym

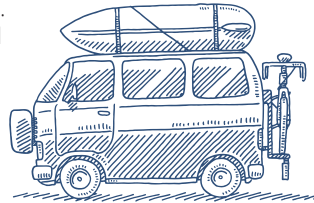
Partner and Head of European Equities
River and Mercantile

Talking reputation and lockdown gardening with James Sym, Partner and Head of European Equities at River and Mercantile and Richard Romer-Lee, Chief Executive Officer of Square Mile.

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HOW DID YOU GET INTO THE INDUSTRY?

Not in the traditional way. After university, I bought an old VW camper van with my girlfriend at the time – she is now my wife – and we travelled around Europe until we ran out of money. I moved to London from Manchester in 2007 seeking to scratch an entrepreneurial itch which runs in the family, although as iron founders. I was offered jobs at Cazenove and Bear Stearns and luckily made the right choice, joining the former in its private clients division. Within weeks I saw Tim Russell and Chris Rice, who worked in Cazenove Capital Management, present their business cycle approach to fund management. I found it completely compelling and even though there was no job available, I managed to elbow my way in.



WHAT'S FUND MANAGEMENT REALLY LIKE?

Incredibly intense. I was lucky enough to have my first 6 years being in the top quartile, yet there was an analyst who wouldn't recommend my fund until they had seen how I fared through a bad spell. I understand that sentiment better now - inevitably I had one which lasted a couple of years, it's part of the job, but until you've experienced it, it's hard to describe the impact it has. You can do well in this role but not feel like you have – I have learned to manage that. Having said all that, being a fund manager is an absolute privilege.



HOW DID YOU DEVELOP YOUR INVESTMENT PHILOSOPHY?

It is based on being pragmatic and contrarian – like me. Ray Dalio's books showed me how life and business/ investment principles are intertwined. It was also coloured by my early experiences – for example Tim Russell taking a stance against the commodity bubble – which proved to be an amazing contrarian call before it came crashing down. In terms of being pragmatic, that was



forged having worked in a small business, where if you underperform, there is no hiding place. When we launched the fund in 2020, it was reasonably balanced as we wanted to get off to a good start. When the vaccine news broke, the market was up yet we were not up as much as we should have been. After a restless night we changed 15% of the portfolio – we had to be quick on our feet.

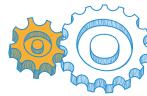
WHY EUROPE?

There's so much serendipity in anyone's career. I started in UK equities, learning the trade as an analyst before making the grade and being given the chance to manage a fund. There was an opportunity to create a European Income fund – sparked by the search for



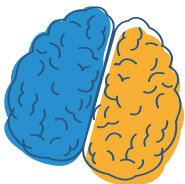
income and lots of suitable stocks in Europe. The entrepreneur in me jumped at the chance. The UK is a good market but a highly competitive one with fewer opportunities as a young investor. There are many incredible European companies and when I started, so many of them were a bargain by comparison to their UK or US counterparts.

Pirelli on 6 times earnings was a steal whichever currency you did the analysis in.



WHAT MAKES A GOOD FUND MANAGER?

When I was at Schroders, Louise Hoskins did a masters in the psychology of fund management. In essence she looked at fund managers' Information Ratios and the results of personality tests and, caveats abound, found the strongest correlation was open-mindedness. That resonated with me – be receptive to new ideas and experiences and don't get bogged down in dogma.



WHY RIVER AND MERCANTILE?

It's a special business – a good partnership structure with a corporate listed entity as your partner. What clinched it was meeting the other managers and seeing the passion and harmony in the team, with a similar philosophy and the ability to help shape the business and make an impact.





HOW HAVE YOU ADAPTED YOUR APPROACH DURING THE PANDEMIC AND LOCKDOWNS?

I love talking to business managers, brokers - about economics, strategy and companies – and clients. I have missed being in that harmonious environment and the creativity that comes with it. Clearly we have adapted along with everyone else by embracing technology, but I am looking forward to being back in the office.



Having joined River and Mercantile during lockdown, I have been impressed by the systematic elements of their process, which is a clever way to segment the market. This has helped me adapt my approach to seeking investment opportunities beyond my normal way of interacting with people and attending conferences. This will arm me in future with the ability to be more targeted in the companies I meet.



WHAT CONCERNS YOU?

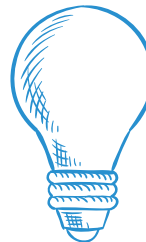
Inflation. For many years – decades even – people haven't had to worry about it. However, the winds of change are here. They were before Covid, and the policy response has thrown napalm on the fire. History tells us that those who underestimate inflation fear hurt more than those who overestimate it. We will need to think about the assets that will protect the value of clients' investments. The next 5-10 years will see change and there will be enormous investment opportunities. This is as much a political comment as an investment comment, but there is evidence of this all around – Trump, populism in Europe, the friction between China and the US – as the consequences of monetary policy and globalisation has made the rich richer more quickly, as many people have been left behind.



WHAT'S THE BEST ADVICE YOU HAVE BEEN GIVEN?



My first boss, William Fox, said if you look after clients then everything else will look after itself. At Schroders, I learned the importance of reputation from Peter Harrison. It gives you the ability to shape things yourself – be it for clients, the business or funds.



Lastly, never make an investment because you are scared of looking stupid. Leon Howard-Spink told me good fund management is about dancing when the lights are off – no-one can see your decision-making.



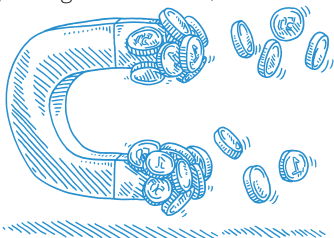
IS FUND MANAGEMENT AN ART OR A SCIENCE?

As a scientist – my degree was in physics – it's definitely an art. Science can create a counterfactual which can be tested through experiments. In investment, we don't have the counterfactual for companies or markets. Human judgement will always be key. In passive investing, for example, people are making a judgement that the current market construct is correct. In Europe, the average active fund beats the average passive fund nearly every year. It's not an efficient market. There are lots of good fund managers, and lots of opportunities to be so. In the US, where much of the data comes from, this is less the case.

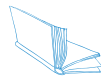


WHAT ARE YOU EXCITED ABOUT IN MARKETS?

I am on the record as saying there are lots of ESG bubbles out there. But I am genuinely excited about being part of the positive moves being made by the industry to tap into long-term growth themes, albeit with a strong valuation discipline, and to help drive change - for example in energy transition.



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HOW DO YOU RELAX?

I play hockey – and now with three young children I coach hockey too. It's a great sport as you can carry on playing to an age. We love sailing as a family. In 2017 we took the summer off (I had a good number two who looked after the fund!) and sailed around the south coast. It reminded us you don't need much to get by and have fun. In lockdown I got massively into gardening, although that will probably stop when it comes to an end.



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