

TALKING WITH

Toby Vaughan, Head of Fund Management at Santander Asset Management talks life, career and Tranmere Rovers with Victoria Hasler, Head of Research at Square Mile.



Toby Vaughan

HOW DID YOU GET INTO FUND MANAGEMENT?



From a young age I was always interested in economics and I studied economics and finance at school and university. I had to choose between the buy side or sell side but was more motivated by managing money and taking on that holistic responsibility. I started out on the institutional side of things as I thought it would be beneficial from a career progression perspective. I was fortunate enough to get on the graduate rotation scheme at Royal Sun Alliance. Here I worked across and gained experience of various functions within investment management including macroeconomics, equity and fixed income research and sales and marketing. My interest in macro economics and the broad exposure I gained quickly led me down the path of multi asset investing.



Head of Fund Management at Santander Asset Management



WHAT WOULD YOU HAVE WANTED TO DO IF YOU HADN'T BEEN A FUND MANAGER?

At school I was interested in criminal psychology, however I quickly realised that there was a big difference between the theoretical aspects of this profession and the reality. I did some work experience with the police, which was generally perceived as the best way to get into this career, and it became clear that I wasn't cut out for a career in the police force!



WHAT IS THE NEXT CHALLENGE IN YOUR CAREER?

The most important thing for me is to look back with pride (and as little regret as possible) about what I have done and the decisions I have made. I always try to be progressive and do things in the right way and want each year to feel I am a better fund manager than I was the last. I recall a conversation early in my career where a senior manager sat me and my colleagues down and reminded us in no uncertain terms that we were stewards of people's money and thus had a fiduciary responsibility. You always need to be aware that your actions will impact the end investor. I want to stay grounded and maintain a broad balance between work and home life.

WHO INSPIRES YOU?

Inspiration can come from a lot of places, whether it be someone highly recognisable to the man on the street, or someone less obvious. My best friend's father was someone I looked up to and who I feel did things right. He was in the medical profession, was very well respected and achieved a lot for others as well as himself. He went on to win an OBE, but despite this he remained incredibly grounded and always gave his time to family, friends and the local community. For me this is real inspiration.



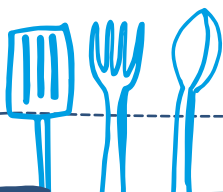


WHAT DOES A TYPICAL DAY LOOK LIKE?

I like to start the day early and usually kick it off with porridge, raisins, banana and honey. When I arrive in the office, around 7.30, I spend the first part of my day catching up on overnight markets and any fresh data which has been released which may change my shorter and/or longer term thinking. I then oversee any trades we have agreed to make in the portfolios. Depending on the day of the week the rest of my time could be spent in management meetings, process meetings, talking about a specific part of the portfolio, client work, marketing and/or managerial responsibilities for one of my team.

HOW DO YOU RELAX?

I love international rugby union, and football-wise I am a Liverpool fan. Actually I enjoy most sports, particularly playing tennis and golf but am not as active as I was 10 years ago. Like most people I enjoy spending time with friends and family. I really enjoy cooking and my signature dish would be some form of chicken in a creamy tarragon sauce. Herbs really do make a huge difference in cookery, particularly with sauces. I also enjoy making stir fries, but you really do have to marinate the meat or it's just not a stir fry.



WHAT ARE YOU MOST PROUD OF?

Playing at Prenton Park (Tranmere Rovers football ground)! In terms of my career, a big achievement for me has been building the Global Multi Asset Solutions team and process here at Santander Asset Management, developing the product range and growing assets. I'm also extremely proud throughout my career of sticking to my process despite the outside pressure you can sometimes get to change. Whilst we don't do our job to win awards, validation in the market in the form of awards is very gratifying indeed, and we have won a few of these over the years of which I am proud.

WHAT KEEPS YOU AWAKE AT NIGHT?

Not much actually. I sleep pretty well, although I wish I slept more. Like most people I have the odd sleepless night worrying about decisions I have made and whether they will turn out to be the correct ones. Generally I have accepted that you can't get everything right all the time and as long as you make decisions for the right reasons then you have done your job well. If things haven't gone our way my natural thought process is has something happened that we don't understand and do we need to change our view? I do spend a lot of time thinking about how to better manage my time and also thinking about improving the decision making process. I also think

WHAT ADVICE WOULD YOU GIVE TO YOUR 18 YEAR OLD SELF?

I'd probably tell myself to play more sports, particularly tennis, and to remember that there is life outside of work and that it is important to get the work-life balance right. I would tell myself to listen to people, particularly people who have more experience than me. They may have valuable lessons to teach. And finally I would say always ensure your behaviour is driven by your principles and not your emotions. Too much behaviour in fund management is driven by emotions.



as investment professionals we should be able to clearly articulate ourselves to clients both internally and externally. For example explaining what has happened in the bond market over recent years and why and managing expectations around what should be expected over the medium to longer term.

WHAT HAS BEEN THE MOST VALUABLE LESSON IN YOUR CAREER?

It is important in this job to stay open minded and resist the temptation to become overly wedded to a particular outcome or thesis without adequately weighing up the constant flow of information. The global financial crisis was a tough period for most people, however tough situations do teach you valuable lessons. Without wishing to sound blasé about my stewardship of money, a period of poor performance can be a good test of process. I try to remain aware of all the potential risks and look at the portfolio in a holistic way, but I will not avoid risk altogether. One of the lessons I have learnt is that valuations are often given too much time and thought. In reality valuations don't drive returns unless you have a very long time horizon and valuations are at extreme levels.



This publication is for the use of Professional Advisers and other regulated firms only and is issued by, and remains the copyright of Square Mile Investment Consulting and Research Limited (SM). No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of SM. The views expressed are not necessarily those of SM and SM does not accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.