



# Meet the Manager: Andrew Ness

January 8, 2019

Andrew Ness has been investing in emerging markets for 25 years. Formerly a rugby player, today Andrew is a portfolio manager with Franklin Templeton Emerging Markets Equity. Learn more about his investment approach, and where he sees value in an active management approach to investing.

## **What first attracted you to asset management as a career?**

I was a keen student of economics and at one point considered remaining in academia to pursue further economic research. However, upon contemplating my future career path, I realized what I enjoyed most was the study of individuals and individual firms. I was much more interested in human behavior and motivation—real people operating in the real world—and not with the classical assumption of perfect markets with rational buyers and no externalities. Investing allows me to study society and individual behavior in the context of the real world with all its imperfections and opportunities.

The purpose of asset management also drew me in. It's something that in my view, much of the industry has lost sight of over the years. I think active management has a great opportunity to demonstrate its purpose and societal value if our industry is to remain relevant in the future. For me it's about the efficient allocation of capital to support economic growth, being responsible stewards, fulfilling our fiduciary responsibilities and engaging actively with management of companies.

## **Tell us more about your early career.**

I started my career in 1994, a time when big political and societal changes were taking place, and relatively few people were investing in emerging markets. I was given a great deal of responsibility and autonomy at a relatively early point in my career, covering emerging European markets including the Central European Three (CE3) countries of Poland, Czech Republic and Hungary, along with Russia, Turkey, South Africa and Greece.

As a young portfolio manager, my first-ever research trip abroad was to Moscow, which I recently had a chance to revisit. It was great to see the mass development that has taken place there since my last trip. I found Moscow to be a very different place today.

## **What do you love most about your job?**

The most enjoyable part of my job has been meeting thousands of people across the globe over the course of my career. Whether it's meeting my colleagues in different countries, or meeting political leaders, policymakers, captains of industries or ordinary citizens, I'm always reminded how there's more that connects than separates us as human beings. You don't always appreciate that if you don't travel and just read the headlines.

## **What are you most excited about as an investor in emerging markets right now?**

The default arguments for investing in emerging markets have been consistent over time: long-term demographic trends of growing working-age populations, ongoing urbanization and the rise of the middle-class consumer. However, what's new and really exciting is that these trends have been accelerated through the adoption of technology. Digitization and the growth of digital platforms have helped create new goods and services for consumers across emerging markets, and at the same time creating growth opportunities for many companies located in emerging markets, and for investors.

For example, much of the hardware to support this new digital world is designed and manufactured in emerging markets, while many of the fastest-moving, most-innovative disruptors are also located in emerging markets. With almost 90% of young people (those under the age of 30) in the world living in emerging markets, we think there are tremendous opportunities for businesses that can effectively capture and serve this target market.

### **What's been the most enjoyable part of your career?**

Foreign travel and good food are passions of mine, so I couldn't have ended up in a better career. My father's career was in the oil industry, and it involved a lot of travel when I was young. I've subsequently traveled extensively during my own career, having been used to it from a young age.

### **What's been the most challenging part of your job?**

The most challenging part most recently has been to remain relevant as an active investor in a world where "passification" is becoming more prevalent—that is, the growth in popularity of index-linked investment strategies.

### **Can you share some accomplishments or interests outside of work that you enjoy?**

My grandmother was a chef and my grandfather was a baker, so I've grown up in a house that was always passionate about food. I enjoy cooking and baking, especially with my daughter Daisy who seems to have inherited her great grandfather's bakery skills.

The other passion in my life is sport. I was a semi-professional rugby player and team captain for Scotland at all junior age group levels. Alas, I retired early to focus on my investment career, but it was probably for the best as I always seemed to be getting injured!

Nowadays, most of my time is spent ferrying round my two children to and from events. My other sports passion now is golf, which my wife would say I play too much of.

### **How do your experiences in life shape your career?**

The type of collaborative environment I experienced as a rugby player is very similar to what I experience today as a portfolio manager. I love collaborating with others. Franklin Templeton Emerging Markets Equity holds an off-site research meeting where members of the team get to sit in the same room to discuss and build ideas out. It makes me appreciate the scale of the platform we have.

### **As an alumnus of the University of Strathclyde, what's your best memory from your time there?**

My university was one of the leading business schools in the United Kingdom, and I had great exposure to a broad range of topics in my first two years of study before going on to specialize in economics. Away from the academic side, however, Glasgow was a great place to be as a young person in the early 1990s. The European Union designated it as the European City of Culture in 1990, which lasts one year and includes various cultural events with a pan-European dimension. From a student's perspective, it meant that bars were open till 1 am and nightclubs till 5 am.

### **Is there a piece of advice you've received during your career that you still rely on today?**

David Briggs, a highly regarded Scottish investment trust investor, was my first boss. David had a similar approach to the late Sir John Templeton. He was a patient, long-term, value-oriented investor and regularly drummed into me the importance of cash flows and sustainable capital returns. Those characteristics form the core of my investment approach today.

Another piece of advice I've received is to recognize the power of doing nothing. Too many managers, in my view, trade for the sake of being seen as active. We should regard doing nothing as a conscious, active decision: think busy, but act idle.

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