



Weekly Digest

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Revenge of the Tiger Loaf

As August remains reasonably quiet on the investment news front, I thought I'd tell you about the time I had a week-long argument with one of my colleagues about bread.

A few years ago, I wrote an article in which I made a bit of a cheeky aside about buying a tiger loaf (so named for its mottled crust). My soon to become bread-nemesis asked for that part to be removed as he'd never heard of or seen one, didn't think anyone would know what I was talking about, and was convinced the joke made no sense. Despite my many protestations that anyone who had ever been to a bakery would definitely know, that it was absolutely a real and popular thing, and that all of my jokes are always brilliant, as the more senior person he got the final say and so the reference was cut. Now, because I like to get my own way and he has since retired, here's a full Weekly Digest based on the queen of breads.

After a first few bits of lightweight banter, we started to bicker, and by the end of the week I'm not proud to say I became a little undignified in the attempt to keep the line in the article. My team told me that it was like listening to a set of rowdy student union debates about gender roles

in shopping and the supremacy of Morrisons over Waitrose (read: every north vs. south stereotype you can think of) except without the fun of a bottle of Lambrini or a tepid pint to make it tolerable.

Ultimately, what we were really quarrelling about wasn't bread, but our 'lived experiences'. This refers to the set of perspectives each of us develop as a result of our backgrounds and the different ways we live our lives. Our argument was a very simplistic reading of this concept: I did the weekly shop for my household, he didn't. So I knew tiger loaves existed, and he didn't. Because we all interpret the world through the lens of our own experiences, it's really easy to see how he would think that if they were an alien concept to him that they would be to most others, and how I thought everyone would just know. We were both arguing for our own view of the world when neither was correct, and the escalation came because we both kept finding new ways to justify why our own experience was the 'right' one. The reason I remain petty enough to write about it three years on is not due to a devotion to a tasty crust, or even the ego hit of someone not wanting one of my jokes, but because deep down I'm still aggrieved that by cutting the line out, his set of experiences were effectively deemed to be more important than mine.

So the bread saga is a flippant story, but one that can point us to something a little more serious. Understanding the differences between lived experiences – whose are thought of as the most relevant, whose dominate, and whose subsequently get left out – is at the heart of the



debate about inclusion and diversity (whether race, class, gender, age, or any other type). We are increasingly coming to realise that leaving out different sets of experiences has wide ranging and significant implications impacting society, the economy, and even the stock markets. Though it is becoming easier for those whose experiences are being discounted or ignored to have a voice, this can also feel threatening to those who are comfortable with their experiences being accepted as the default.

Our petty spat was an example of us both retrenching into our positions, fearful we were going to lose the argument. But what happened instead? Nobody won. I didn't get my pithy yeast-based joke in the article, the readers didn't get to enjoy it, and I'd bet that he still can't pass a Greggs without a shudder. And you know what?

There was a really easy solution which I've employed here right at the start, by simply telling you briefly why the tiger loaf is named as it is. I mean, it's laughably basic.

If we'd have opened our minds a bit more to what the other was saying it would have taken a whole thirty seconds to realise we needed the grand total of six words and couple of brackets. I'd have been happy (and more willing to accept that bread opinions are a subjective thing), my joke would still have been funny, and he'd have been tempted to have a new experience for breakfast. I'd probably even have put it in the toaster for him.

In situations where people listen to each other and incorporate diverse views into their own knowledge it's not just that you can finish up with a better 'win'. What's equally as important is the fact that nobody loses. Thinking or hearing about something from another angle is always an additive process, and detracts only when we discount those views blindly or actively seek to destroy them. But in reality, it takes guts to seek other perspectives, be open-minded, and show willing to adjust what you do. It's a bit messy and quite difficult, and so that's why it's easier to brush others off, convince

yourself you and only you are correct, then go on the attack to prove it.

If you want a better example than bread, look at the announcement last week that Kamala Harris is to be Joe Biden's running mate for the 2020 US presidential election. There are numerous lived experiences that Harris brings to the table that Biden will never have had, which – if they win the election – have the potential to make their decision making better for a wider range of people. And if you disagree with that sentiment, that's fine, but I'd challenge you to argue seriously that anyone loses representation by her being there. As is to be expected though, Donald Trump has chosen to attack, disputing Harris's eligibility to be a candidate. What does he have to lose? Not just the election, but the comfortable feeling that he and a large part of his voter base get from it being their lived experiences that are currently accepted as the norm.

The idea that diversity can make for better decisions also has huge implications for investing. As the world becomes increasingly complex and information abounds, finding an 'edge' when investing is becoming much harder. Technology is often touted as a solution but, while algorithms and software can be clever, they are ultimately accessible to anyone who is willing to pay. So if there is any other way to improve your chances of getting an investment decision right, you'd be bonkers not to take it.

This is why we think the weakest investors are those who surround themselves with people who will do exactly as they demand and who will always agree with them. These managers also tend to proudly state that they hire only according to set criteria – usually involving the same university and professional qualification – thinking it's a badge of honour when it's really just the investment equivalent of an attack on the 'other'. The benefit of this is always given as decisiveness, but I'm not convinced. They might be able to make a decision quicker, but it's unlikely they'll be able to make it better.



In last week's Digest, Andrew wrote about some of the more short term things the funds team have been working on, but we also have some longer term projects that are focused on the diversity concept. We continue to test how well the managers on our list incorporate various perspectives into their investment choices; in the people and information sources they select, the structures they have in place to make sure they are heard and implemented, and the impact this has on returns. Not long ago, we removed a fund from our list with a great performance record but where we thought that future returns would be compromised by a lack of enough inputs. We also continue to work closely with the boards of investment trusts to ensure that they are both holding managers to account and are looking at their own diversity of views. We have been very active where we view challenge as lacking, and see this as something that we will only continue to develop more in the future.

And finally, we're looking at ourselves, submitting our own processes to the same tests we're giving others and trying to incorporate anything we see as best practice. I'm not going to pretend it's easy, but if it can help us make better selections it will be worth it. My contribution has been constant repetition of a simple question to anyone I speak to: "What do you see here that I don't?" Let's call it the tiger loaf question



Last week's Economic Highlights

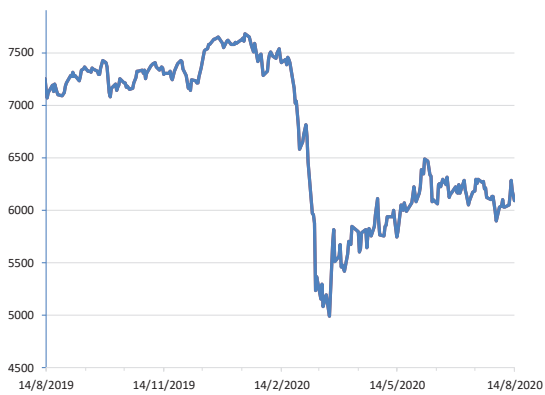
FTSE 100 Weekly Winners

Evraz PLC	11.5%
Admiral Group PLC	6.7%
GVC Holdings PLC	6.2%
InterContinental Hotel Group PLC	6.1%
Burberry Group PLC	6.0%
M&G PLC	5.8%
Persimmon PLC	5.3%

FTSE 100 Weekly Losers

Avast PLC	-6.4%
Fresnillo PLC	-5.5%
Hargreaves Lansdown PLC	-5.1%
Phoenix Group Holdings PLC	-3.2%
Sage Group PLC	-3.2%
AVEVA Group PLC	-3.1%
Rentokil Initial PLC	-3.1%

FTSE 100 Index, Past 12 Months



Source:FactSet

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