

## **Perspective Hall of Fame** **– Mr. Jack Bogle, Vanguard Founder.** *Daniel's Perspective*

21 January 2019

### **Daniel Malan**

*Managing Director & Chief Investment Officer*

[daniel@perspectiveim.co.za](mailto:daniel@perspectiveim.co.za)

*This document reflects the personal views of its author as of the date indicated. The author reserves his right to change his views whenever the facts change, without notice. This document is for information purposes only and should not be used for any other purpose. The information contained herein does not constitute an offering of advisory services or an offer to sell or solicitation to buy any securities or related financial instruments in any jurisdiction.*

# Perspective

Investment Management

## **Perspective Hall of Fame - Mr. Jack Bogle, Vanguard Founder.**

It may strike you as odd that, as a practitioner of an *active* investment philosophy and process, I would write and share a perspective in memory of someone best known for inventing the *passive* investment management industry.

I put Mr. Bogle's professional legacy on a pedestal, because he made it his life's mission to pursue the concept of **stewardship over client assets**. To him, this involved minimising total costs and maximising total returns. Robust data analysis led him to argue on an irrefutable, evidenced basis that the average investment management firm underperforms broad market indices after costs. Hence the birth of index funds, which his firm, Vanguard, pioneered back in 1976. It has been extraordinarily successful as an investment and business strategy. Today Vanguard manages US\$5 trillion in passive products and it has indeed outperformed the average active investment management firm.

However, what you may not yet be aware of is that Vanguard is also the world's 3<sup>rd</sup> largest *active* fund management firm, with US\$1.6 trillion under management. Vanguard's active investment approach involves the same basic principles as its passive approach - to minimise costs and maximise returns.

I never had the privilege of meeting Mr. Bogle, but what I learnt from paying attention to him was the knowledge and conviction that if I was going to compete as an active money manager and had any hope of being successful at building an active investment management firm, that I needed to go all the way and do it properly - or not to bother. This concept became an integral part of our blue-print for Perspective.

Mr. Bogle, may you rest in peace sir. Thank you very much for making the world a better place. You have left an unsurpassable legacy, a permanent impact and a professional example worthy of serious study and introspection. Respect.

Our work continues...