



Evli Podcast Series 2

Transcript

Episode 2: Legacy

Petter von Bonsdorff: Hello and welcome to the second series of The Evli Podcast, which explores the roles of legacy and continuation in our industry, talks about why it is important and dives into Evli's interpretation of the concept of legacy and continuation. I'm your host, Petter von Bonsdorff. A warm welcome.

In the first episode of this series, we sat down and talked with our very talented colleague, Mr Juhamatti Pukka, to talk about his ranking in Citywire's Eurostars comparison and what it means to him and Evli as a company. He told us about his humble beginnings, the key traits of a portfolio manager in today's day and age and also described what his legacy would look like. If you missed that episode, tune in to it after this one, please.

However, today in the second episode, we will be taking a deeper dive into the very core values of Evli, legacy and why these are important, both in our industry and on a wider scale. The focus will then shift to Evli's interpretation of legacy and continuation, and how we embed it in our way of working to empower our employees.

To better understand if Evli's legacy has evolved over the years, I have with me in the studio today two members of the Evli team from different generations. Again, Juhamatti Pukka, head of fixed income and with more than 10 years of experience at Evli, and Maunu Lehtimäki, the CEO of Evli, who has been with the company for nearly 25 years. A warm welcome to you both.

Maunu Lehtimäki: Thank you, Petter.

Juhamatti Pukka: Thanks, thanks.

Petter: Now, what we can think of here a little bit is that can legacy be defined, does it mean different things to different people? Maunu, what are your thoughts about, and we have been mentioning the word legacy here, but what comes to your mind when it concerns Evli?

Maunu: Well, Petter, legacy, as you said, I think is quite difficult to define and I actually had to look up the dictionary to get the correct or exact definition of it. The dictionary says that it is a gift or a bequest that is handed down, endowed or conveyed from one person to another. It has a lot about the fact of transmitting something from one to another. And, in that sense, I would say that legacy, in our case at Evli, is very much tied into the company culture. In a way, I would say that legacy is the end result of culture. A culture that is existing and continuing for generations.

Petter: And how would you define this culture, how would you like to describe it?

Maunu: Well, as you said, I have been with the firm almost a quarter of a century, and the culture really has hasn't changed. The culture is not something that is written and then the people desperately try to remember exactly what it was. But it is real, you can feel it and the culture that Evli embraces is a culture that has certain traits, like hard work or entrepreneurship. It is about respecting one another, respecting our clients. It's about continuously seeking to learn new things. And, of course, it's always about trust and integrity. So, these are, I would say, the main characteristics of Evli's culture, and each generation become the new ambassadors of it, to make sure that that culture lives on way after we're not there.

Petter: We're great people but we will not be here forever, unfortunately, because this is a really cool place. Juhamatti, while we are talking about culture, would you like to add something when it comes to the portfolio manager, such as the on-floor thinking?

Juhamatti: Well, it's the same thing in portfolio management, because we are in the same company and it is the same culture for us. I really feel that when you talk about the culture, it's from generation to generation. I think it's about generations working together, because it is not something that you are passing on to the next generation, it's something that both of the generations have been carrying forward over the years within the same company. So, it is something that the people are formulating together over a long time. When you have a long history of culture within the company, it is something that makes the real roots of the company, a basis of how we do things - especially at Evli.

Petter: And that translates automatically into good results for the investors. Which actually takes me to another thought I have about the 'Evli Way' and how we might differ a little bit from others in the industry. At Evli, we like to mention a word which we called stewardship, which is also part of the way we want to take care of our investors and their investments with us. Stewardship, Maunu, how would you like to embrace that in the discussion of culture and legacy?

Maunu: Well, Petter, I think that it is a very good point. To me, stewardship is the opposite of salesmanship and what that means is that when you have stewardship you are really putting your clients' interests before your own. Stewardship is a word that, in many cases, is actually quite difficult to translate into other languages. But, the way I understand it is about making sure that your client is ultimately going to do well in the end. So, looking after your client from the start to the very end, whatever that period might be. It is a way of doing things where you really put your client always to the fore, to the front.

Petter: And that translates again, going to Juhamatti for the portfolio manager view, do you have any thoughts about stewardship when it comes to very day-to-day business that you are doing, looking into companies or new investments. Do you think about stewardship, then?

Juhamatti: Yeah, like I said in the last part, it is really something that is within the company but also within portfolio management. As a portfolio manager, I feel that I have to have stewardship with my clients, that my clients know that what they need, whether my fund is suitable for them. I feel that our job is not to acquire clients, rather it is about taking care of the existing clients. When you are doing that well, you get new clients and so it is a long-term process that you have to do. When it comes to day-to-day portfolio management, I feel that every single decision that you make for your portfolio is, at the end of the day, is to do with stewardship. You make promises to your clients and every single decision that you make connected to the portfolio is reflected in that promise to your clients.

Petter: Indeed

Maunu: Well, I would say that if you are thinking about stewardship, earlier when I was talking about culture and the different characteristics of the culture, the last point I was referring to was trust and integrity. To me, stewardship is the personification of trust and integrity.

Petter: That's true

Juhamatti: Yes, indeed. I would like to say that in the long-term, when you are involved in portfolio management, for example, you are building that trust over the years. You have to be consistent, you have to deliver your promises, you have to make sure that what you are saying to the clients is actually happening. I think that it's a very long process to actually gain their trust as a portfolio manager, as an advisor. But you can lose it very quickly if you don't consistently think about the stewardship side of things when you are interacting with the clients or going about your day-to-day management.

Petter: That's true. I mentioned at the beginning that Maunu has been with the company with for 25 years...

Maunu: 24! But who is counting?

Petter: Nobody counts here any longer! But I think that this is something where Evli differs a little bit, because Evli's advisors and portfolio managers tend to walk along with the clients during the tenure of their own careers, when they are working as professional portfolio managers. And, that is perhaps where the difference comes in compared to the rest of the industry.

Now, going back in time again, we did it in the last pod but now we want to visit a time even before Juhamatti joined the company. We go back to the time when Evli was launched and that is already quite some time ago. If we think about legacy again, if we use that word, do you think, Maunu, that it has changed dramatically since the company was founded, the way we think about legacy today?

Maunu: I would say that it has not changed tremendously. Of course, every new year, every new generation brings something new to the table and makes it stronger and gives more flavour to it. But, in the grand scheme of things, I would say that the legacy or the culture has not really differed that much from one time to another.

Actually, in 1996, when I joined the company it had been something that I had already been contemplating for a number of years. I was just waiting for that opportunity to come where I could join Evli, because as someone who was not part of Evli but knowing the company, and actually being their customer at the time, I was drawn by their way of doing things. And I said to myself at the time, 'wow, that is a company I would really like to join one day if the opportunity ever arises'. Fortunately, it did in 1996. As I said, the culture the company had at the time is still very much alive and in place today. Back in 1996, Evli was known for its fixed-income competence and,

looking at Evli almost 25 years later, that is one of the things that we are really known for - it's deep-rooted fixed-income experience and competence.

Petter: That's true. Actually, we have been talking with a large number of investors over the past few months and, to our own surprise, we are seen as a very strong fixed income house, although we also have other ambitions.

Now, we have been two old guys talking about how it was 25 years ago. What do you think, Juhamatti, as the representative of a younger generation, what do you think about your contemporaries' attitude towards the notions that we have been talking about, company culture and how stewardship is played out? Do you have any thoughts about that?

Juhamatti: It is difficult to speak on behalf of a generation!

Petter: Of course, but you are the only one in the studio now!

Juhamatti: What I really like at Evli is that you have these people who have been with the company for 25, sometimes 30, years and then you have the younger generation like me, who have been with the company for more than 10 years. Every single year you get new persons coming into the company, And I feel that the culture is really deep-rooted within the company. When you have new people coming in, they learn how we are looking at things very quickly. That's very good and comes from the legacy of the company, from the culture and how the people are doing their day-to-day work. I mean, as a newcomer you can clearly see that. If you don't understand it within, let's say, three months, then maybe it's not your place to be. I feel that every single person who comes to Evli for the longer term, they understand the relationship and they buy into the idea of how we are doing business.

Petter: So, Maunu, perhaps it is taped to the walls?

Maunu: Yeah, in a way. That's the ambition we've always had at Evli. That the competence, the know-how, the way of doing things is not written in a playbook or a process manual, but it's actually plastered on the walls. By which I mean that it exists, and it sticks to anyone new who joins the company. After a short while, a month, a year, two years, that sort of thinking and behaviour has stuck on to that person, as well.

Actually, if I may, I'd like to bring up another pretty interesting topic that is very much related to Juhamatti, and other key performers at Evli. Some time ago, a few years ago, I was attending a professional services seminar at a business school. They had

been studying professional services and how transportable the performance of an individual or a team can be. The idea that you can go in, recruit an individual and then expect to have that performance continue that the individual had in his or her previous employment.

The result, based on the studies that that they had done that were quite large, was that performance, in a way, is the by-product of nature and nurture. In order to have strong performance you need to have strong people and strong performance, hence the nature part.

But, there is also the nurture part and that ties in with culture a lot, because, according to the study, you had these strong performers that had gone from one employer to another and then what happened was that the performance went down. And, it just showed that performance is always linked to environment. If you have an environment that is based on mutual respect, trust, a culture of working hard and thinking about what is best for your clients, being honest and open about it and all of these things, then it is the right sort of environment for really strong individuals to flourish. I would say that, in my experience, over the last, as I said, 24/25 years or so, has been the case.

But you need both, you need the really top individuals, but you also need to have the right environment and the right culture, the right management policies, and so on.

Juhamatti: I feel that it is very important to understand that the culture is something you are not really able to change with one single decision. You are not able to just decide, 'okay, the culture is now going to go forward'. It is something that is within the company DNA, which has been formulated over the years.

You can acquire people, you can acquire new consultancy strategies, for example, how company strategies are carried forward, but the culture is very, very difficult to change. That is one of the core competencies for the company. If they have a very strong culture that has been around for decades.

Petter: **That's true, and looking into this and going forward, how can we ensure that our investors are being taken care of within this culture, with this esteem that we have at Evli right now? How are we going to make that go for another 10 or 20 years?**

Maunu: Well, in my opinion, one thing is for certain: we really need to make sure that the culture and things we just talked about are never sacrificed. They are, in a way, non-negotiable. They are things that we are not willing to bargain with. So, in very extreme cases you might have a clash. If you have an individual who is not willing to

abide by this culture and live by these rules, then I would say that we are the wrong environment for that person.

So, that's the only way I can see that it can continue for another 10, 20, 30, 50 years, whatever it is. The people who join Evli have to very quickly become the sort of ambassadors of the culture that they take it to the next period.

Petter: Thank you. With these forward-looking comments from Maunu, I would like to round off today's pod. Thank you both, Juhamatti and Maunu. We talked a lot about the values, we discussed what we think legacy is about, as well as the culture and how it's going to be taken forward.

In the next episode, I will go to London to see those who measured all these ratings and what they were thinking of when analysing the company from the outside. But for this time, over and out from Evli. Thank you.

Maunu: Thanks

Juhamatti: Thanks for having us.

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