

AN OPEN LETTER ON RELATIONAL INVESTING

Relational investing is a different approach to investing that unites results for investors and returns for humanity.

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We See the World Differently

We see the world differently at Bridgeway. We are trailblazers in relational investing which bridges the gap between investment results and returns for humanity by taking an innovative approach to asset management. It is a statistical, evidence-based investment approach motivated by a passion for servant leadership and global impact which we accomplish by donating 50% of our firm profits to organizations making a positive impact for humanity. For decades now, our clients and partners have chosen us because we value independent thought and relationships, embrace a long-range mindset, and our profits directly benefit humanity.

We believe principles are the foundation of prosperity. This belief pulses deeply through and beyond Bridgeway, in the work we do with our clients, our colleagues, and our community.

What is prosperity? Prosperity is more than financial success. Prosperity is the success we achieve when we follow principles and strive for our highest aspirations for ourselves and others. It's time to reclaim prosperity for all.

For clients, Bridgeway helps achieve prosperity through the discipline and conviction we have in investment principles that are enduring. We build portfolios grounded in principles that are well researched, well developed and overall have withstood the test of time. As our Head of Research, Dr. Andrew Berkin, explains in *The Complete Guide to Factor-Based Investing*, the factors we use in our portfolios must be persistent, pervasive, robust, investable, and intuitive. These are some of the principles of relational investing that drive the portfolios we build for clients.

We draw upon our expertise in relational investing to analyze relationships in financial statements and market prices to understand how these relationships drive investment returns. We then derive a set of principles and rules to govern how we systematically manage portfolios. Principles and research give us conviction in our investment portfolios. Bridgeway is constantly investing in a methodical, intellectually disciplined way to continually confirm the relationships we've already tested. When new information is presented, we adapt and adjust. We have set up an environment and culture where questioning is the norm. Our conviction has been tested over the last 25 years, and we are convinced that we can stick to those principles. Moreover, principles govern how we think about decisions big and small at Bridgeway, asking "what is in the best long-term interest of our current clients?" to guide our actions. We commit ourselves to the principles of stewardship in all that we do which we define as having the passion and discipline to care for an asset for the benefit of others. Stewardship applies to the assets we manage for clients, the people at Bridgeway which our mission states are our greatest resource, the communities we serve, and beyond.

As colleagues at Bridgeway, we prosper as professionals by embracing and implementing leadership principles and a special culture that we've intentionally built since the first day we opened our doors in 1993. Collectively, we are curious and purposeful servant leaders. We strive for a different kind of commitment and relationship among colleagues, which is why we refer to all long-term staff members as Partners, and this is crucial to our leadership in relational investing. Elevated by our commitment to servant leadership, our principles guide difficult decisions and how our teams work. We ask everyone

at Bridgeway to find a place to lead and follow. Leaders ask “how can I serve?” first. When there are team challenges, leaders ask “how am I contributing to the problem I don’t want?”. We apply Robert Greenleaf’s Best Test to our actions asking “Do those served grow as persons? Do they, while being served, become healthier, wiser, freer, more autonomous, more likely themselves to become servants? And, what is the effect on the least privileged in society? Will they benefit or at least not be further deprived?” These are the principles at the foundation of prosperity and relationships with our colleagues at Bridgeway.

In communities, we invest in relationships with experts in the field to ensure that our contributions are making an impact and contributing to prosperity. Shannon Sedgwick Davis, CEO of Bridgeway Foundation, highlights some of our heroes in her book *To Stop A Warlord*. Moreover, in her article, *The four strategies I used to help stop a warlord*, Shannon highlights the principles at the foundation of prosperity in our work in communities including: 1) thoroughly dissect the goal or mission statement, 2) rethink the approach, start by listening, 3) ask what you’re willing to risk for what you believe in, and 4) step “out of bounds”. Shannon says, “joining forces with diverse partners allows us to fill gaps and augment capabilities.” Certainly, these principles are at the foundation of prosperity in communities and also with our clients and colleagues.

But it’s important to recognize principles must never become stagnant. They must be tended to, nurtured and present in our everyday lives in order to stay alive and effective. Principles also need to be challenged and tested.

How do we test our principles as an organization? We stay curious. We question and confirm everything we believe to be true, beginning with our investments. Questioning principles is intrinsic to our organization. Diversity of thought is celebrated, and we intentionally create our teams to foster that diversity. We stay open to criticism, and we wholeheartedly listen.

My heart is in this work. Even as a little girl, I felt called to serve at my highest potential. Today, I feel fulfilled waking up every day knowing that I can take my deeply held principles and contribute to prosperity for our clients, our team and the world. I am excited every day to lead a group of individuals positioned to help clients prosper, make a positive impact for humanity and, at the same time, to make our principles so prominent it changes our industry.

Wealth and other forms of success may be achieved, but prosperity can only be achieved through living and breathing our principles. This is a cornerstone of the relational investing approach at Bridgeway designed to fulfill our extraordinary commitment to clients, colleagues, and community. We are not at the end. We’re at the beginning. We are creating a new world of prosperity. Join us.

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