




April 2018

Executive Spotlight: Jesse Barnes, HighVista Strategies

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Recommended Citation

Beecroft, Victoria (2018) "Executive Spotlight: Jesse Barnes, HighVista Strategies," *Marriott Student Review*. Vol. 2 : Iss. 1 , Article 5.

Available at: <https://scholarsarchive.byu.edu/marriottstudentreview/vol2/iss1/5>

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Cover Page Footnote

A special thank you to Jesse Barnes.

EXECUTIVE SPOTLIGHT:

JESSE BARNES

BY VICTORIA BEECROFT

“Econ 388? I loved 388.” Jesse immediately turned the conversation away from himself. He expressed genuine interest in my semester course load, and even recommended classes. The first five minutes of my conversation with Jesse Barnes, Managing Partner and Portfolio Manager at HighVista Strategies, were all about me.

Jesse is an entirely unselfish conversationalist. Just as he focused his interview on me, he focused his conversations with employees on their hobbies, children, and camping trips while I visited his firm. His ability to connect with other people quickly makes him a favored leader, and reflects a theme that he lives by: business requires well-rounded professionals.

BARNES' RELATIONSHIP WITH ACADEMIA

Barnes loves learning. His voice grew excited as he described his academic endeavors over the phone. He graduated from Brigham Young University with a BS in Economics and Mathematics. As an undergraduate, he considered a variety of professional paths. Barnes explored consulting, investment banking, and other economic avenues. He originally planned

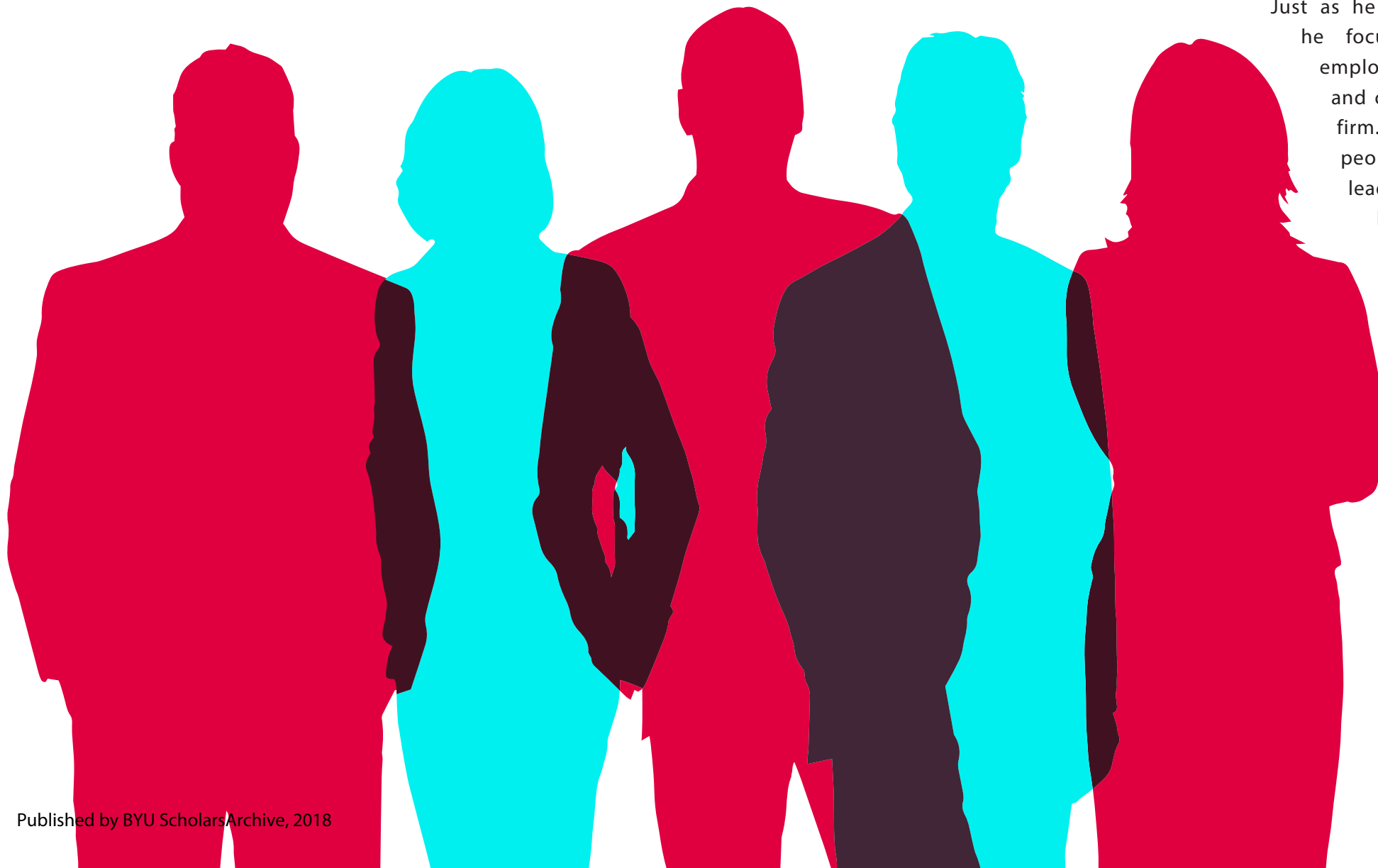
only to study economics, but when he realized that he wanted to pursue a PhD, he decided to major in math as well. An intensive math major would not be an afterthought for most students, but Barnes mentioned it casually. After graduating, he was accepted as a PhD candidate in Economics at Harvard University, and moved to Massachusetts with his wife and young children. “I was getting paid to go to school...There was no downside.”

Discussing his transition from academia to investing, Barnes said, “I fell in love with finance.” His passion developed as he took business classes and read about the markets. He thought that the quantitative approach would fit him well. Barnes planned to finish his PhD at Harvard and then move to the private sector. However, his studies took an interesting turn when he temporarily left the program to work for The Investment Fund for Foundations (TIFF). At TIFF he made connections that would later shape his career.

FROM FRIENDSHIP TO HIGHVISTA

Barnes explained, “At [TIFF]...I met the people that became HighVista.” (Note that he described the company in terms of its people and not vice versa.) He collaborated with the friends he made working for TIFF—Harvard professors, endowment managers, tech-savvy programmers—and they decided to create their own investment approach. It was an opportunity “too fun to pass up” for Jesse.

When asked about the firm’s creation, Barnes said that he was “the first person sitting in a room by himself writing code.” That code eventually became the skeleton



of a successful firm that has over \$3 billion in assets under management and investors across the world. HighVista Strategies works in investment management to generate superior, risk-adjusted returns for long-term clients. It develops solutions for a variety of client needs, and is careful to address employee needs as well. As we would expect from a company founded with Barnes' influence, the HighVista website reads, "Exceptional businesses are predicated on having great people." Its 50 person office is tight-knit, and Barnes spends a large part of his day on foot, making small talk as he rushes between meetings.

Currently, Barnes is a managing partner who uses his time to help the business run. But his job was not always this way. HighVista was launched 13 years ago, and throughout its development Barnes has taken on new responsibilities. "I was a quant," he said, "I wrote models and was a portfolio manager." What did he think of the transition when he left his quiet presence behind the computer screen to play his central role in the company? "It kept it interesting." He likes arriving at work each day with a new, difficult problem to solve.

INVESTMENT IN COMPANIES AND PEOPLE

To share his opinion on investing, Barnes referenced history. "History repeats itself," he said, "and people usually forget." While all of us understand this cliché, Barnes used it in an economic context. He referred

specifically to the story of history that you learn as an investor. He conveyed, "At some point markets will correct and people will remember why passive equities are not necessarily the best strategy." He described the impending difficulties by comparing them to a fire. He explained that if your house never burns down, you might not want to buy fire insurance. However, if you look at the long stretch of history, you realize that your house may actually be at risk.

Investing is difficult, according to Barnes, because the world is always changing and investors must constantly anticipate what is coming next. "You're only as good as your most recent performance," he explained. He likes the challenge, however, because it allows him to work with high-caliber people, who are dedicated and hardworking. "The industry is undergoing significant changes," Barnes noted. "[You] have to know what's happening in the world from a business perspective."

So what does Barnes value in these high-caliber employees? Inter-personal skills. The ability to present, to connect with investors, to communicate with others. He says that the most useful class he took in college was a grammar-heavy business writing course. He had to study punctuation like he studied derivatives, and now he sends emails, communicates with investors, and works on quarterly reports with ease.

Now when Barnes looks back on HighVista, he says, "I had a hand in building that business...that to me is pretty motivating."

"FOCUS ON YOUR OWN LEARNING AND GROWTH MORE THAN ANY OTHER FACTOR."

—Jesse Barnes

THE STEPS TO SUCCESS

So what does Jesse say to business students? First, he warned us to be wary of advice—everything is "framed through [your] own experience." However, he did agree to give a few lessons.

THE FIRST: "Don't get trained, get educated...focus on your own learning and growth more than any other factor." Barnes cautioned against specializing in one specific skillset and limiting our ability to switch roles. He reminded us that we don't know where we're going to end up, and that the most valuable employees are versatile. He also said that employers look to hire people that have challenged themselves, academically or in the workplace. Taking a variety of classes and investing in education will pay off.

THE SECOND: If you're thinking about a career in investment, find blogs, find books, and read! Barnes instructed students to "decide whether [they] have a real passion for that...if [they] think it's boring, maybe investing isn't the right place for [them.]"

THE THIRD: Learn to write. Take MCOM 320. Barnes was a math major, but he still took time to study writing. He said it was "huge" for him, and that it gave him a very valuable skillset. Strong writing is effective communication, which is essential to success in finance.

CONCLUSION

At the end of our discussion, Jesse signed off after giving me twice as much time as I had requested. I asked him if he'd be in the office late—the workday was already over. "We're actually going to welcome a new employee," Jesse responded. That new employee will

quickly learn that he is not just joining a company, he is joining a team. He will not only be expected to use spreadsheets, but also to explore the business world. He will learn to create.

The welcome event is one of various evenings that Barnes will spend dedicated to his co-workers and employees. It made me think of the firm's annual bowling competition—a highly anticipated, highly competitive tournament. Teams are carefully organized, predictions are made, and bowling shoes are shined. When I was in the office during last year's competition, employees jokingly asked if bowling was a required class at BYU. Barnes, apparently, was the projected victor. Yet his focus was not solely on the game. In the bowling alley I observed as he switched lanes in between strikes to converse individually with each person present.

Thus we see that Barnes' profession revolves not only around the markets' games, but also around the people that work within them. The firm he continues to bolster strengthens relationships with investors and among employees. And by helping employees reach their potential, the firm is growing. One of my final questions for Jesse was, "What motivates you?" His response: "I want to build something great."



JESSE BARNES