

BUSINESS INSIDER

Dennis Lynch reveals the epiphany that shaped his investment career

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- **Dennis Lynch, is the Head of the Counterpoint Global Team at Morgan Stanley Investment Management.**
- **In an exclusive interview with Business Insider, he reveals an epiphany he had early in his career that has informed his decision-making process ever since.**

The greatest epiphany of Dennis Lynch's career came while he was on paternity leave.

It was during that time that Lynch — who now serves as Head of the Counterpoint Global Team at Morgan Stanley Investment Management, where he is the lead manager of six funds and directly oversees \$27 billion — was able to detach from many of the short-term trappings of the investment business.

Oh, and you may have heard of the stock that inspired him. It was an online bookseller called Amazon, which had developed quite the stigma following the dot-com era.

"It made you sick to your stomach to think about owning it," Lynch told Business Insider by phone. "People were classifying it as a retailer, and most people felt like it was one of the poster children for the internet bubble."

But the new perspective adopted by Lynch allowed him to look past the fresh wounds opened by the dot-com bubble and focus on Amazon's long-term growth potential, which most were still ignoring.

"It dawned on me that there's a whole other way to look at this, based on how the company was run from a long-term perspective, constantly reinvesting profits into bigger ideas and innovation," he said. "There was a whole other way of thinking about it, and that felt like an aha moment."

Now before you go and say you already knew this about Amazon, consider that back then it was not a widely held view. Both the company and the stock may seem like unstoppable juggernauts now, but buying Amazon was a contrarian move at a time, with traders still climbing out of the tech bubble's wreckage.

For evidence of this, look no further than the company's almost 5,000% stock price increase over the past 15 years — 25 times the return generated by the benchmark S&P 500 over the same period.

How Lynch's epiphany informs his management style

The implications of Lynch's Amazon epiphany stretch far beyond his decision to buy any one stock. He has applied the big-picture analysis of potential targets to his entire investment approach — one steeped in seeking out disruption and then acting on it before others.

It also informs how Lynch runs his team of portfolio managers. He knows his grand Amazon realization was possible only because he was disconnected from the traditional groupthink so common in the investment field. And because of that, he implores his employees to take at least one day a month out of the office to brainstorm ideas.

After all, the holy grail for Lynch are the types of potentially paradigm-shifting ideas that make portfolios soar in the long term.

"The idea is for them to shake up their typical daily routine and focus on big ideas and bigger thoughts," Lynch said, adding that, culturally, he thought his aha moment "helped us get to the point where we're leaving time open for thinking and processing."

In the end, it all fits into Lynch's management puzzle, which also includes running team-wide personality tests and maintaining a reading network.

"If you accept that the market is a complex adaptive system, by definition you'll have an evolutionary mindset about how to spend time, find new ideas, and develop differentiated thinking," Lynch added. "You have to be willing to be different, which also means sometimes you have to be willing to lose. It comes back to how important temperament is."

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