



J O Hambro Capital Management

# Our response to the Coronavirus/ COVID-19 pandemic and associated market sell-off

# From the CEO

As the Coronavirus/COVID-19 pandemic continues to affect all of us across the global community, we would like to update you on the measures and precautions we have taken to ensure the health and safety of our employees, while maintaining our ability to continue to service our clients and operate our business effectively.

**As of 16 March, and following the activation of our comprehensive Business Continuity Plan (BCP), all J O Hambro Capital Management (JOHCM) staff based in our London, New York, Boston, Berwyn (Philadelphia) and Prague offices are now working remotely as a preventative measure. Our Singapore office has recently reopened.**

Our well-tested BCP allows us to continue to operate in these types of situations. Our staff retain full access to all critical systems and resources needed to conduct business on behalf of our clients in an uninterrupted manner. Importantly, our fund managers have been able to continue to manage clients' funds and position portfolios as appropriate. This has gone very smoothly.

We have contacted all of our core suppliers and have confirmed their level of preparedness in order to minimise the risk of disruption to our core services.

We have instructed our employees to conduct meetings with our clients and other external parties via electronic means and promoted local social distancing protocols.

These are unprecedented times and the situation is changing daily. We will continue to closely monitor the CDC and World Health Organization updates and practices in local jurisdictions. Where required we will take further sensible and informed action.

If you have any questions or concerns about your portfolio or our operational capabilities, please do not hesitate to contact your JOHCM representative. We will continue to update our website, [www.johcm.com](http://www.johcm.com), as this situation evolves, so please visit the site for the latest information on our response along with the current thoughts from our investment teams.

Lastly, but most importantly, the welfare of our staff and clients, and their families, is clearly uppermost in these most challenging times. I and everybody at JOHCM wish you and your family the best of health.



**Nick Good**  
Chief Executive Officer – US

# Operational matters

## What is your Business Continuity Plan?

- We have a long-established company-wide BCP that provides for the assessment, activation and communication of an event to JOHCM employees.

Our BCP arrangements are such that our essential data and systems are replicated in a virtual server environment at a secure hosted location. We have two point-to-point lines to connect primary and secondary sites. The arrangements maintain uninterrupted, continuously available services. They also provide a high degree of resilience in the event of primary site failure. Our staff access the disaster recovery (DR) site remotely via Citrix with two factor authentication (2fa).

Our secondary site has two separate Bloomberg lines to provide redundancy and ensure availability of the AIM order management system.

Our arrangements provide a near synchronous replication from our live servers to the DR environment for essential data and systems. All critical servers and applications are replicated near synchronous.

## Have any of your material third party service providers triggered their BCP plan? If yes, has this had an impact on your services?

- The JOHCM Funds' third party administrator, the Northern Trust Company, is operating under their BCP plan. Additionally, Foreside Financial Services, LLC, the Funds' distributor activated its BCP on March 18. To date, this has had no material impact upon our operational capabilities. We continue to closely monitor their service provisions.

## How are you managing the communication challenge of working remotely?

- Our leadership team meets daily via video conference to share updates on HR matters, ensure coordinated efforts around connectivity (IT and telecoms) and agree communication strategies, both internally and externally.

In terms of the wider company, we have rolled out Microsoft Teams (an online group chat software and collaboration tool) across each business function. This is providing a highly effective, coordinated, team-based approach to working and a user-friendly communication channel amongst work teams.

## What is the procedure in the event any JOHCM employee tests positively for COVID-19 or believes they are exhibiting symptoms?

- We ask any staff member exhibiting COVID-19 symptoms (or sharing a household with another individual exhibiting symptoms) to inform our HR department and their line manager immediately.

## How resilient is JOHCM's business model in the face of the market sell-off?

- JOHCM is a profitable, highly cash-generative company with a debt-free balance sheet. We have no concerns about our ability to trade through this severe market sell-off and unprecedented global economic situation.

# Investment matters

## How have your fund managers reacted to the market sell-off?

- Please visit our website <https://johcm.com/uk/news-views> where you can find many detailed and informative updates from our fund managers spanning our Global/International, Asia ex Japan and Emerging Market Equities strategies, as well as insightful analysis from our Multi-asset team including a review of the stresses in global fixed income markets. We will continue to provide detailed commentary on our portfolios and the thought leadership from our experienced investment teams.

## Have there been any changes to your investment and liquidity stress testing?

- Where appropriate, we have enhanced liquidity within our funds during this period of market turbulence.

Our investment stress testing already includes historic scenarios as well as those of extreme market, commodity price and currency moves. Likewise, our liquidity stress testing already includes scenarios of reduced market liquidity and large redemptions.

We had already considered whether additional stress scenarios may be appropriate whilst the Coronavirus was in its early stages of transmission (prior to any significant market falls). Our view is that our current range of analysis provides sufficient insight into expected portfolio behavior/performance for a global pandemic. We will continue to monitor the effects of the virus and will conduct any additional analysis we deem appropriate.

## What is your prediction for the direction of financial markets in the coming weeks and months?

- An important element of the JOHCM model is that we do not have a house view on markets, economies or companies. Each of our investment teams has its own investment views.

As many of our clients know, we have a wide

range of investment teams across UK, European, Japanese, Emerging Markets, Asian, Global and International equities, as well as capabilities in the Global Income space.

Our culture is founded on diversity of thought and independent investment processes across the group. Each team is focused on applying the disciplines developed over their long careers, while striving to provide clients with ongoing insight to evolving market dynamics driven by the COVID-19 outbreak.

Furthermore, an important feature of the JOHCM model is client access to our portfolio managers, which we hope you find of benefit as the investment community collectively focuses on navigating these challenging times.

As discussed above, we encourage you to visit [www.johcm.com](http://www.johcm.com) for the most up to date thinking from our fund managers during this very fluid situation. Our website will also give the latest information on our operational response.

We thank you for your continued support and look forward to further discussions in the coming days and weeks.

# Important Information

The information contained herein including any expression of opinion is for information purposes only and is given on the understanding that it is not a recommendation.

Past performance is no guarantee of future performance. The value of an investment and the income from it can fall as well as rise as a result of market and currency fluctuations and you may not get back the amount originally invested.

Information on how JOHCM handles personal data which it receives can be found in the JOHCM Privacy Statement on our website: [www.johcm.com](http://www.johcm.com). JOHCM® is a registered trademark of J O Hambro Capital Management Ltd. J O Hambro® is a registered trademark of Barnham Broom Holdings Ltd. Registered in England and Wales under No: 2176004.

**JOHCM (USA) Inc**  
53 State Street, 13th Floor  
Boston, Massachusetts 02109  
USA

T: (617) 993-0710  
W: [www.johcm.com](http://www.johcm.com)