



News

Creating Value Through Transformation

Alex Savvides, senior fund management on the JOHCM UK Dynamic strategy explores the potential for hidden value in six large-cap companies



Alex Savvides



10 Jul 2023

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Creating value through change has been core to the JOHCM UK Dynamic investment process since inception in 2008. Change comes in many forms but almost always attempts to address strategic and operational challenges in order to drive sustained long-term value creation.

By focusing on business improvement initiatives we have spent many years understanding how companies can adapt and evolve their business models to deal with disruptive change. Dealing with change is in our DNA and therefore allows us to look through shorter-term uncertainties to focus on the longer-term opportunity that might be available. In doing so we inevitably have to dig deeper, cutting through the current noise to uncover fundamentally ignored or mispriced characteristics be they hidden assets, new growth opportunities or undervalued cash flows.

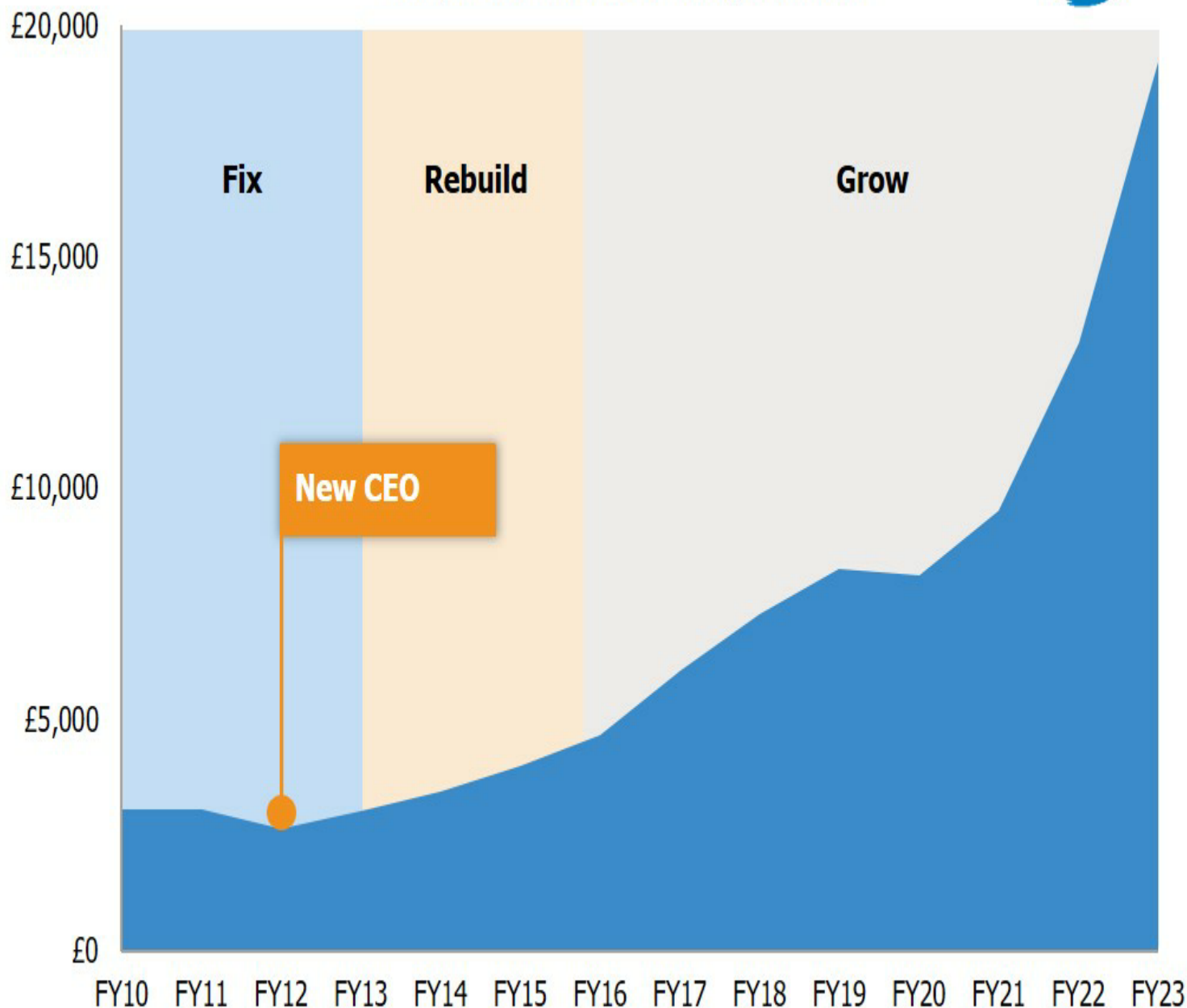
Not all value opportunities are equal. We like companies with infrastructure like characteristics, with brands or business models that have stood the test of time and which may be embedded in customer lives.

New management is often the catalyst for the deeper change we seek. We look for leadership with a long-term ownership mentality. We expect them to approach their roles with a strong sense of stewardship, acting with pace but also a focus on the longer-term good of the company.

As shareholders we are active stewards of our client's capital, engaging closely with management. We look for simple and disciplined business strategies that capitalise on a company's core strengths and

natural advantages. Our focus is on cash generation, return on capital and inclusive decision making to ensure all stakeholder interests are accounted for.

The power of compounding: Ten years of relentless NAV growth at 3i*



Source: JOHCM, 3i, Bloomberg as at 31 May 2023. *Please note that NAV has been adjusted up at year-end for the annual cash dividend. No adjustment has been made for potential re-investment of that dividend.

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Source: JOHCM (unless otherwise stated.)

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