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Alexandra Altinger **The Big Interview Feature**

Keeping on the other side of the alpha spectrum



JO Hambro Capital Management's CEO Alexandra Altinger talks to Lauren Mason about staying true to the firm's boutique roots, the two sides of the coin when it comes to flexible working, and the pros and cons of inorganic growth

WHEN I JOINED JO HAMBRO I was convinced – and I still am – that if I had to build an asset management company from scratch, I would build it in the same way that JOHCM was built," the firm's CEO Alexandra Altinger tells *Investment Week*. "I believe in investment-led asset management firms, and I believe in giving portfolio managers very high degrees of latitude to generate alpha in order to achieve strong investment performance."

Altinger joined the firm in September 2019, just six months before the throes of the Covid pandemic. Prior to this she was the CEO of multi-family office Sandaire, although had spent 11 years previously working in asset management at Wellington on the client relationship management side of the business. It was her time spent as a financial analyst that made her decide to venture into the world of asset management, despite having held previous roles as a prop trader and on the sell side of investment banking.

"I am half Italian and half German, so I spent my childhood moving around a lot," she explains. "I ended up studying economics and Japanese in Paris, and I

got my first job in Tokyo as a prop trader before joining Goldman Sachs, which sent me to New York.

"After about four or five years in the business, I decided I wasn't really cut out for investment banking, and decided that what I really wanted to do was go into asset management.

"When I got my shot at being a CEO at Sandaire Investment Office years later, I saw it as an opportunity to step up into my first CEO role. I remained open minded, but I knew that I always wanted to return to asset management."

When the opportunity arose, Altinger says she was attracted to JOHCM – a long-only equity specialist with £31.3bn of AUM – because its business model is "centred around attracting investment management talent".

"In many ways, the managers run their own book of business but we provide them the tools and the platform to succeed," she explains. "I believe very strongly that in today's world, to build an asset management business model you either need to be really big and therefore scalable, so you can play in strategies where your way of competing against passive is going to be priceless.

"Or, on the other side of the alpha spectrum where you are more capacity constrained, you need to offer really high conviction, high alpha investment strategies. That is where JOHCM is, and what drew me to the company.

"I believe very strongly we will survive, despite the growing ETF markets and alpha basket trades, so long as we remain on the other side of the alpha spectrum."

It hasn't been a straightforward tenure for Altinger so far, given the pandemic hit just months into her appointment. She says that, in a matter of days, the entire team managed to adapt to working from home so, from a day-to-day perspective, it was less of a challenge than many may have first thought.

"I remember asking about the BCP [business continuity plan] in very early February and I was told they did the BCP literally three months before I joined and that everything was fine. But because I hadn't been there, I asked if we could do another one," she explains. "A BCP cannot be a one-day event where people think they are fine for the day. I believed we needed to be prepared for at least a four to six-week period.

“Through that process, we actually found that a few issues needed to be resolved, which we did over the coming weeks. Then sure enough, we all began working from home on 16 March.

“We were quite early to pull the trigger relative to our peers, and long term I think the transition was quite smooth.”

Longer term, however, Altinger says there are challenges in leading a team while everybody is working from home.

“Effective leadership is about motivating people and being really close to the business. People are our biggest assets, so I think effective leadership is as much about taking good strategic decisions as it is about ensuring the teams are motivated.

“In a virtual environment if you do not read body language, or get the eye contact you need, you don’t pick up the subtleties.

“You can end up in a situation where a lot of the staff start feeling close to breaking point. Our commuting time has been substituted by meetings. I think it becomes more difficult for a leader or even a team manager to see when people start to get close to that point.”

The CEO adds that it can be more difficult to speak up while communicating with each other in a virtual environment – in particular for women.

“Because we are all in our home offices or kitchens, I think we feel more exposed for some reason. Women can often struggle to get heard in physical meetings, but this becomes harder still virtually,” she explains.

Altinger adds working from home is “fine when you have strong trusted relationships with people”, but this was an added challenge for her given she had not yet had the chance to build such connections with people across different parts of the business.

“You are having to trust your judgment and reach out far more to get people to open up and feel comfortable speaking to you about things which, even in a physical office environment, they may find uncomfortable discussing,” she adds.

As a staunch advocate of diversity, and a mother of five children herself, the CEO says the firm will remain flexible after the pandemic subsides and that this is a positive in terms of retaining female talent – particularly when it comes to returners.

“The biggest rate of attrition is when women who have just come back from maternity leave with children at home feel it is not worth their while,” she explains.

CV

September 2019 - present
CEO, JOHCM

2014-2017
CEO, Sandaire Investment office

2001-2013
Various roles, Wellington Asset Management
Formerly held trading/analyst roles at Lansdowne Partners, Goldman Sachs and BNP Securities. Founding member of The Diversity Project’s advisory committee; spearheaded JOHCM’s involvement in Investment20/20

“Very often, they weren’t given the flexibility that their new life with babies at home required. From that perspective, it will most likely be a more inclusive environment because we will be able to cater and flex the working week to accommodate parents or those with caring needs more effectively than ever before without some kind of stigma being attached to it.”

That being said, the CEO warns that firms must enter this new way of working with their “eyes wide open”.

“There are going to be other challenges in terms of knowing when somebody is ready for a promotion, or whether to give somebody the benefit of the doubt when they haven’t been in a position to prove themselves,” Altinger points out.

“For example, one of the biggest career challenges for women is moving from a subject matter expert, to a team leader, then a team manager. Very often women are good at what they do and they receive recognition because they have become very, very good at their specific domain.

“What is far more difficult as a woman is to be given a chance at general management, and beyond that the opportunity to obtain a seat on the board or a C-suite role.”

The CEO says this requires a vastly different skillset, including juggling a wide range of considerations across a broader spectrum.

“How does a woman get the opportunity to prove they are able to do this when they only have a track record as a subject matter expert? And, more importantly, how do you give them that opportunity in a virtual environment where she might not be heard as much, or in an environment where she is working flexibly but her male colleagues are not?”

“Working flexibly can be great, but

there are two sides to the coin.”

The other downside to more time spent working from home, according to Altinger, is giving young trainees the time and attention they need to excel.

“One of the biggest barriers is not just gender or race, but socioeconomic and not having that network, but it just doesn’t get called out enough. These young individuals are now having to work from their home environments,” she argues.

“Even if they come into the office, but most of their management teams are working from home because of flexible working arrangements, are they really getting the exposure and the guidance that they need?”

“Flexibility will lead to more inclusion and better retention of women, but may hamper some people’s ability to progress.”

While working from home may present a number of challenges, it hasn’t prevented JOHCM from having a busy 2020. Over the last year, JOHCM has poached two brand new ESG teams alongside sister company Regnan – the impact team run by Federated Hermes’ Tim Crockford; and Fidelity fund managers Bertrand Lecourt and Saurabh Sharma, who will launch a sustainable water and waste strategy later in the year.

“There are advantages and disadvantages [to onboarding existing teams],” Altinger says. “The advantages are you have a team with an existing track record and existing credibility, where the narrative is already formed. If you feel that there is an opportunity or a need in the marketplace, it is the easiest way to find a solution for that and the fastest way to bring a product to market.

“The challenge is, you need to make sure they are embedded within the company, and that they become part of the culture and the broader fabric of the organisation. If you do not, you will end up with silos, particularly with the business model we have because we like to give investment teams independence.”

That being said, Altinger believes the teams have integrated successfully into the business, in part thanks to JOHCM’s work to make a majority of its portfolios ESG compliant in-line with the first phase of the EU’s Sustainable Finance Disclosure Regulation (SFDR) which came into effect in March this year.

“This was a huge undertaking,” Altinger explains. “But there is a lot of commonality around tools and data each investment team needs, and in terms of what they can learn from each other.

“My vision is to become one of the leading ESG, multi-boutique, high-conviction asset management firms.”

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