

# TALKING WITH

Ben Whitmore

Ben Whitmore, Head of Strategy, Value Equities at Jupiter talks tech boom, charity and Swallows and Amazons with Victoria Hasler at Square Mile



## HOW DID YOU GET INTO INVESTMENT MANAGEMENT?

To be honest it was by accident. I was always interested in business and when my father started a brewery it sparked my interest further. As you can imagine I was pretty interested in a brewing business. I studied geography at university. At that time all the clever people at university were recruited by management consultants. However, I got a job at Schroders, wanting to work in their corporate finance department. They turned me down for that, but invited me to join the investment management division instead.



Head of Strategy, Value Equities at Jupiter



## WHAT DOES A TYPICAL DAY LOOK LIKE FOR YOU?

Generally it is marked by having no contact with anyone from the outside world. My job is to go hunting for value companies. I read reports etc for as long as my concentration will hold on one company and then when I get bored I move on to the next one. I can spend whole days just looking at companies. Management meetings are part of what I do but a smaller part. Looking at companies is what I enjoy though, I don't really want to do anything else.



## WHAT DID YOU LEARN FROM THESE EVENTS?

I don't think it's about the big events - in this industry you learn the whole time. Nothing lasts forever, either the good or the bad. Times of exuberance or depression are both good opportunities but you have to steel yourself to act against everyone else at times such as those.

Some of the behaviours I have witnessed over the last twenty years have been jaw dropping. I think it is important to know your own mind and not get swept away by other people's behaviour. It's easier said than done though. At times like that you really need to have an investment process in which you can trust and not deviate too far from it.

## WHAT HAVE BEEN THE MOST MEMORABLE MOMENTS OF YOUR CAREER?

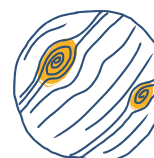
There have been a few farcical ones like early forays into PA dealing at Schroders. One such moment was when the leisure analyst persuaded the whole team to buy shares in a travel company. A little later the company put out an announcement where the first sentence - announced a takeover bid. Obviously we all got very excited. Unfortunately we then read on to find out that it would be at a substantial discount. It was a good way to learn though.

On a more serious note, some of the big events in the market have been pretty memorable. For example, 1998 was my worst ever period for performance. The tech boom and banking crisis were also periods that are unlikely to be forgotten quickly. Thankfully they are also unlikely to be repeated.



## WHAT HAS BEEN THE GREATEST CHALLENGE IN YOUR CAREER?

Leaving Schroders and starting at Jupiter. When you make a move like that you always wonder, at least to some extent, if it was your previous company and environment that made you perform well. It exerts a mental challenge. You leave your previous post with the confidence that you can do it and then start to doubt yourself.





## HOW DO YOU RELAX?

I believe it is important not to think about markets outside of work. I have three daughters, each of whom has their own interests, and that helps. As a family we spend a lot of time in the Lake District, mucking around in dinghies, camping, walking etc. The girls are 10, 8 and 6 and love reenacting Swallows and Amazons.

When my father had time off he would tell people at work to call him only if they really had to. Now it's much harder to escape.

## WHAT CONSTITUTES SUCCESS?

At Schroders I was inspired by the head of UK equities Jim Cox, who really could be quite grumpy at times. He didn't talk a lot but would occasionally deliver monologues. These were unexpected but very thought provoking. He would also deliver weird compliments that you didn't recognise as such at the time. For example when

I was running the Recovery fund, Jim congratulated me on having the worst performance at Schroders. Value was going through a bad time so what he meant was that I had been truest to the value philosophy. I had to think it through though.



## WHAT ADVICE WOULD YOU GIVE SOMEONE STARTING OUT TODAY?

When you start out you believe everything, but after a time you become bitingly cynical. You must try to find a way to balance the two, otherwise you end up not believing anything.

Also, be sceptical of forecasts. Nobody knows what is going to happen and history shows that nobody can predict, at least with any accuracy, either macroeconomic or company results. It's liberating once you realise that forecasting is a waste of time. It frees you up to concentrate on your day job. Don't get carried away with what the CEO is telling you. Look for doom and gloom in the markets, that's the best way to find ideas.

Good investors don't forecast the future they just know where to look for good investment ideas.

## WHAT IS THE BEST STATISTIC YOU HAVE HEARD RECENTLY?

In the last twenty years, in the year immediately prior to a recession, the IMF have failed to predict a single one of them. I'm not having a go at the IMF, but it shows how difficult it is to forecast.

Vanguard did a study of what predicts future stock prices. Forecast earnings growth and forecast GDP growth are less successful than the rainfall patterns. Even if you are good at forecasting it doesn't help you to do your job.

## WHAT DO YOU STILL WANT TO ACHIEVE?

Professionally I just want to make sure the clients have a good experience. I also want to know that there is a good core of value investing at Jupiter and allow people to come through and take on the baton over time.

More generally I think it's about helping others not so fortunate in society. My father had his own brewery and when he sold it he thought long and hard about what to do with the proceeds.

He felt guilty that alcohol, which was his business, is a poison and can have a bad societal effect, so he established a charity to give the proceeds back into the areas in which he was selling the beer. I'm now a trustee of that charity. In that role I spend time thinking about who and what to give money to and where it is hardest for people to raise money. I would like to do more of that in the long term.



## WHERE IS YOUR EDGE?

The industry is not short of resource or talent and you can't get an edge from information. It's really about sticking to what you do. Mistakes tend to come from pressure forcing you to do something you shouldn't do and didn't want to. It is therefore vital to stick to what you said you would do. Don't give up on what you know works, and particularly don't do it at the wrong moment. Reasonable fund managers have destroyed their careers by doing crazy things at the top or bottom of a market.



## HOW DO YOU EXPLAIN WHAT YOU DO TO CLIENTS?

It's difficult with value investing. If you stick to your guns you will deliver good returns over time but the process can result in long periods of underperformance and that's hard for clients to understand. To be at the top you have to take contrarian views which by nature means you will be at the bottom at points too.

I remember a client writing to Bruno Schroder in 1999 to complain about the lack of technology companies in my portfolio. I forced a laugh and took it as a signal that we were near the top of the market, but it felt like we were hanging on for grim life. I was never going to pay the kind of multiples that technology stocks were on at the time. The client was happy with the returns that came over the next few years though, and never complained again.

The problem with being a client is that you assess things with the benefit of hindsight. That said, the onus is on the manager to explain what he is trying to achieve, his process and the likely results. If you can't then you're not doing a good job.

In my role as a charity trustee I sit on the other side and am the client. Once you trust your fund manager you need never worry, but it's a leap of faith to get there and that's the hard thing to do. As a manager I see it as my job to earn clients' trust and build long term relationships.

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