



# TALKING WITH



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*Talking being a hands-on leader and the 'looming tech bubble' with Jeremy Taylor, CEO of Lazard Asset Management, London and Richard Romer-Lee, Managing Director at Square Mile*

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## HOW DID YOU GET INTO FUND MANAGEMENT?



I grew up in a remote part of Yorkshire. We had a family-owned haulage business, run from the kitchen table by my dad, ably assisted by my two brothers and me. While we had planned to take on the business, my dad wanted me to get a good education. I was lucky enough to get myself to Oxford University – and took my HGV licence while I was there. After a traumatic end to the business, as I was studying for my finals, I was forced to take a sharp change in direction and headed to London in search of a job.

Fresh out of Oxford, I started work in investment banking at Warburg's, initially in Corporate Finance before moving internally to Research, to become a telecoms analyst. Mark Little (portfolio manager and analyst at Lazard), who told me I was wasted on the sell-side, persuaded me to join Lazard in 2003. It was one of the four or five places that took investment research seriously and where research analysts were also investors. I remained a telecoms analyst when becoming Head of Research and right through to my appointment as CEO of the London operation.



## WHAT MAKES A GOOD FUND ANALYST?

Being naturally inquisitive, strong in logical reasoning, self-motivated and resilient. The ability to relate the real world to numbers – the components of research are not all academic – and to be able to boil a business down to simple drivers.

## HOW DO YOU STRIKE THE RIGHT BALANCE BETWEEN PEOPLE AND NUMBERS?

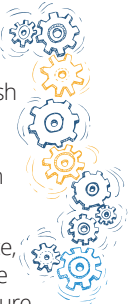
If you only understand the numbers, you won't be successful. You have to be able to talk to people and create an understanding of the dynamics of a company, which in turn enables you to pose focused questions, and anticipate the effects on a company's return on capital. All our research analysts are investors and have to be able to identify change. You can't spot changes by looking through company accounts alone, but through a dialogue and an understanding of a company's strategy, competitive positioning and relationship with its customers and suppliers, and so on. For example, in telecoms there has been a long-term structural challenge where deflationary capex leads to deflationary pricing – it took me a few years to work that out, but fortunately I was on the sell-side at the time! At Lazard I have made a living telling portfolio managers not to buy stuff.



## WHAT DOES YOUR ROLE AS CEO ENTAIL?

It's very interesting. When I first took on the role, I asked Ashish (Bhutani – the Vice Chairman of Lazard and CEO of Lazard Asset Management) how he was going to measure my performance. He said I would work out what is important. I'm very focussed on our people and our performance.

I'm a hands-on CEO. We have 130 people in the London office I know and talk to them all. It helps me as I'm there to facilitate their success and, like all my colleagues, take pride in the culture and environment within which we work. I try to run the London office like the family business – with a flat structure, an open dialogue and facilitating decision-making. It's about making sure we have the right people in the right places and that each person across the organisation feels they can make a difference.



## WHAT'S THE HARDEST PART OF YOUR ROLE?



The bit I wasn't ready for was always being watched. I've had to adapt to this and to think carefully about the direction I give our people on a constant basis. On the flip side, there are always 150 things going on at once, the parts of the role which are not always seen, and lots of smaller, day to day decisions to make. I don't find this hard as we have a strong set of guiding principles that help.



## WHAT'S THE FOCUS OF THE BUSINESS AT THE MOMENT?

There are two large components of our business strategy – sustainability and technology. We have attracted over US\$1bn in sustainable strategies in the last two years. Lazard is carbon neutral in London, changing our energy suppliers and establishing an innovative flight program to achieve this. I have been involved in embedding ESG into our processes since 2008 – it certainly helped having clients in the Nordics and the Netherlands who were ahead of the UK on this. Playing into the sustainability theme, we've also had significant success with our thematic strategies. We have advanced plans to introduce more in fund format, robotics being one of them.

In terms of technology, we have thought about it in two ways. Firstly the impact on our investment process and the exponential growth in data. Our quant team and data scientists are very close to our research analysts and can build all sorts of data sourcing and analytical tools. An early example of this was when we hired an analyst from Google, who was able to use Google Trends to identify which French telecoms business would take market share from the incumbents – things have continued to move on significantly in the last few years.

Secondly, our systems for running an asset management business are innovating fast. As Head of Research I lead the team to a global investment database, which is now the most heavily used piece of technology in the business, but we're currently shifting more data and systems into the cloud to benefit from the platonic shift towards infinite storage capacity and infinite processing power.

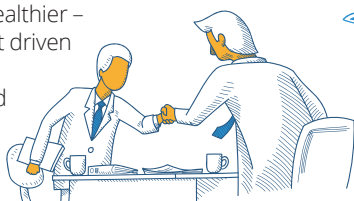




## WHY IS ESG INTEGRATION SO IMPORTANT?

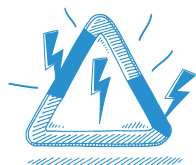
ESG is not an investment fad. After the Paris Agreement, pretty much every regulator on the planet took climate change on board and today the shift in regulations are structurally changing every industry, not just the more obvious ones like power and automobiles, but as broad as shipping, cement and semi-conductors.

There are different groups. The impact investing group, most of which currently must be done in private markets. The sustainable group is seeking exposure to opportunities as the world shifts towards a more sustainable – in our framework we think about a move to a greener, fairer, safer and healthier – society. Then there is the engagement driven group, who want to engage to help companies understand the issues and concerns and provide advice on how they run their businesses.



## WHAT EXCITES AND WORRIES YOU IN MARKETS AT THE MOMENT?

The very narrow focus of equity markets today is fascinating. The performance of technology has been incredible through the COVID-19 pandemic but it's almost certainly leading into another bubble. People have forgotten what value means. Broadly every 10 years there has been a change in leadership in the market. Railroads, banks, technology companies – they lead for a time and then comes a turning point. The next will probably be the sustainability agenda, which is really broad. I can see thematic investing becoming more and more prevalent, for example energy transition, climate change, healthcare and sustainable equities.



## WHAT'S YOUR EDGE?

Our edge is derived from a bottom-up approach which sees us undertaking over 4000 company meetings every year.

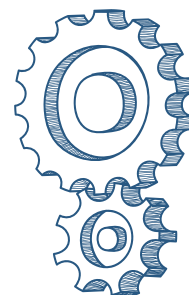


Our portfolio management teams are wholly focused on strong debates with our analysts about the risks and opportunities across sectors. It is a difficult model to create as it needs scale, insights, people who are passionate about understanding everything there is to know about an industry and then bringing it all together to make informed investment decisions. It also provides a more consistent return pattern for our clients, with lower levels of risk.



## WHAT GOOD ADVICE HAVE YOU BEEN GIVEN?

My dad told me, the harder you work, the luckier you become. There is absolutely no substitute for hard work.



## HOW DO YOU CREATE A STRONG AND SUCCESSFUL CULTURE?

Having the right cognitive diversity. It comes down to hiring. You can easily think you are building diversity but still end up with similar people. People tend to hire people who look like themselves. You need to keep thinking about and be aware of it, as it's everyone's natural blindside. For example, we have been bringing women into our investment team for well over 10 years – a third of our analysts are female, even with the shortage of women in finance. The Lazard Women's Leadership Network is just one of our affinity groups which focuses on initiatives to develop and advance women within the firm while also facilitating engagement programmes with schools and universities to make younger women aware of investment and finance as a career from an early age.



## HOW DO YOU RELAX?

I have two children – aged 6 and 9 – who don't give me much time to relax. I also enjoy being practical around the house and the garden. My wife tells me I never stop.

I used to race classic cars – my first car when I moved to London was a 1969 Lotus Elan in Gold Leaf colours (my second car was a canary yellow Mini). I still have it, having rebuilt every nut and bolt of it from scratch.



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