

Talking AI, dairy farmers and Manchester City with Jonathan Platt, Head of Fixed Income at Royal London Asset Management with Victoria Hasler, Square Mile.



TALKING WITH

Jonathan Platt



Jonathan Platt, Head of Fixed Income, Royal London Asset Management

HOW DID YOU GET INTO FUND MANAGEMENT?

At university I didn't know what a fund manager did, so I can't say this was something I had always wanted to do. However, the job description of a fund manager sounded interesting and seemed to play to my strengths. I joined Royal London in 1985, when working in fund management was a fairly unknown profession.



WHAT KEEPS YOU IN FUND MANAGEMENT?

Every day is different. I enjoy learning and being able to weigh things up. I like the fact that you can objectively assess how you have done versus the benchmark and peers in terms of performance and business growth. I also like working with a team and being able to watch them grow. In fund management people tend to be self-starters, but the danger is that this comes with a common trait of arrogance, so trying to get people to work together can be interesting at times.



WHAT MAKES A GOOD FUND MANAGER?

You have to be good at assimilating information, but you also have to be able to doubt yourself. Always be aware that you could be wrong and be thinking ahead about how to best protect your clients. Also, don't get wedded to views – strong convictions can be good, but things change so quickly and factors such as geopolitics are often unforecastable, particularly over the longer term so no view is infallible.



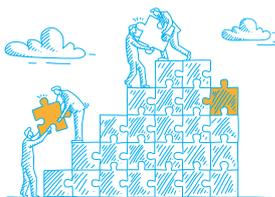
WHAT ARE THE MOST IMPORTANT LESSONS YOU HAVE LEARNT IN YOUR CAREER?

The years 2008/9 taught me to diversify and spread risk. As a credit investor you want to invest in instruments that pay more than governments, diversify and mitigate risk through research and investing in bonds which have claims on assets. You then need to hold these bonds for a long time to compound returns. This should give better results than the benchmark or government bonds over time. The crisis really brought home the need for diversification, and taught me not to get caught up in my own hype and that we can all be wrong. More generally you have to trust your colleagues, particularly in small teams – save the competition for the peer group – and manage internal competition. Trust is essential to that.



WHAT DO YOU FIND MOST REWARDING?

I find the social aspects of investing an interesting concept. We will never be dealing with life or death situations in fund management, but creating savings for people can contribute to wellbeing and the comfort of people's lives, for example through provision of funds for social care. To be able to contribute in this way is rewarding. Beating your peers is always rewarding too. While personal profiles matter in this industry, working as a team is more gratifying and brings better results. Going from a team of me plus two, to 30 people managing money for some of the biggest companies in the world has been incredibly rewarding.



WHO HAS BEEN THE BIGGEST INSPIRATION TO YOU?

The ex-CEO of Royal London, Mike Yardley, was a big influence. He conducted himself well and was a good investor. Our Head of Credit at RLAM, Eric Holt, is another great investor in my view. I look up to him in terms of how he assesses risk and return, something which can be pretty hard in bonds. In fixed income returns tend to be asymmetrical, which often leads to investors misjudging the risk and return trade-off. Eric stands against that and often sees price falls as buying opportunities. Of course, this can be a dangerous tactic if you get it wrong, but that's where diversification and experience come in.



WHAT HAS BEEN YOUR GREATEST CHALLENGE?

I have really enjoyed my time at RLAM, but making the transition from a small to a larger asset management business was a challenge. Trying to push the business in the right direction was tricky. In 2000-2003 fixed income stopped being a backwater of asset management and became core, as life assurance companies shifted their asset allocations in favour of bonds. Royal London was growing during this period and fixed income became a larger part of an expanding business. That was a challenge, as was the financial crisis - meeting clients and getting them through it. More recently it has been around the challenge of success. One mustn't get complacent. I ask myself, how do you reinvent yourself from a position of strength when there is no obvious reason to change what you are doing?



WHAT IS THE NEXT CHALLENGE IN YOUR CAREER?

I am still motivated by managing money. The emphasis is now more on embedding this in my 3 teams (investment grade bonds, cash and rates and high yield and loans) as well as the culture of challenge and motivation.

WHAT ARE THE BIGGEST CHALLENGES FACING OUR INDUSTRY?

Can AI replace fund managers? No. The human brain works in a certain way and will always work better than programmed data mining. You can't teach a machine doubt, and decisions should never be black and white. What would a machine make of Brexit? There is a lot of information surrounding Brexit, but it's not data and it's very hard to analyse. However, I do believe that technology will depersonalise things over the next 15 years. Passive investments do not need human input, so may be more mechanisable. Fees are under pressure, which will change things. I would expect consolidation with scale winners and boutiques and not much in the middle.



WHAT WOULD YOU HAVE DONE IF YOU HAD NOT GONE INTO FUND MANAGEMENT?

I come from a long line of dairy farmers. But I am the black sheep of the family as I never wanted to be a farmer and was the first in my family to go to university. Maybe I would have been a criminal barrister. The legal profession has some of the same traits as fund management, like being able to assess a lot of information and convey it back simply. I could see myself losing the personal trainer, putting on weight and sitting in the Old Bailey - my version of Rumpole.

WHAT ADVICE WOULD YOU GIVE YOURSELF IF YOU WERE STARTING OUT NOW?

Learn as much from those around you as possible. Be prepared to challenge and make mistakes. That's hard in a regulated industry as nobody wants to make mistakes or sets out to be wrong, but some of the best learning experiences come from things that don't work out.

WHAT KEEPS YOU AWAKE AT NIGHT?

My iPad. I am not tech savvy really but I like to check things and listen to audible books before bed - my wife isn't always too happy about it! Leadership and dealing with the team keeps me awake more though. I think about how to help people grow, deal with conflict, and how to keep the team motivated. This is often more challenging than what is happening in financial markets.



WHAT MAKES SUCCESS?

Luck definitely plays a part - being in the right place at the right time. You don't have to be the most intelligent person around to be successful, but you have to know how to deal with bright people. It's not always the most intelligent individuals that make the biggest contributions though. To be successful you may also have to do things you don't necessarily want to at times. And you certainly need to be able to convey your ideas to others simply and make it understandable for them - don't overcomplicate things.



HOW DO YOU RELAX?

I keep active so try to go to the gym a couple of times a week - I have a personal trainer to lose weight - which has worked! It's a basic gym and my personal trainer shouts but it makes me do it. I play real tennis - which is a strange game. I have an ambition to play on all the real tennis courts in the UK. There are only 25 and so far I have played on about a third of them, so I have a few more to go. I also like watching football, particularly Manchester City, having grown up in Cheshire and going to school in Manchester. At school most of my mates were Manchester United fans so I was on the wrong side of that trade for 40 years but have stuck with it and it has come good. There has to be an analogy with investment there somewhere!



This publication is for the use of Professional Advisers and other regulated firms only and is issued by, and remains the copyright of Square Mile Investment Consulting and Research Limited (SM). No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of SM. The views expressed are not necessarily those of SM and SM does not accept any responsibility for errors, inaccuracies, omissions or any inconsistencies herein.