

chief investment officer

# The Knowledge Brokers

All Stars 2020



Chief Investment Officer's ninth annual list of the world's most influential investment consultants and advisers.

**WARREN BUFFET QUOTES** are often memorable, especially when he talks about our industry. "There's been far, far, far more money made by people in Wall Street through salesmanship abilities than through investment abilities. There are a few people out there that are going to have an outstanding investment record, but very few of them. And the people you pay to help identify them don't know how to identify them; they do know how to sell you," said Buffet.

At CIO, our goal, as always, is not to present a list of salespeople. It's to present a list of top performers, or the top knowledge brokers in the industry, recommended by your CIO peers.

Each year, we ask a varied group of respected chief investment officers and allocators which consultants and advisers have "done right by them" for the current markets.

Hindsight is always 2020; quite appropriate this year. So, we began asking our CIOs after COVID-19's March threshing had passed and the Q2 results were in. We wanted to give our CIOs as much time as possible to separate the wheat from the chaff in order to distill the good advice from the bad.



**Bev Durston**  
Founder & Principal,  
Edgehaven Pty Ltd  
Sydney, Australia, and London, UK

#### 2020 KNOWLEDGE BROKERS

Mary Bates  
Nic DiLoretta  
Dan Krivinskas  
Mika Malone  
Taylor Mammen  
Ben Maslan  
Anita Ng  
Uvan Tseng  
James Walsh  
Stephen Woodcock

#### 2020 KNOWLEDGE BROKERS ALL STARS

Andrea Auerbach  
Dan Bradley  
Kristen Doyle  
Pete Drewienkiewicz  
Bev Durston  
Mario Giannini  
Russ Ivinjack

## Bev Durston

Founder & Principal  
Edgehaven  
Sydney, Australia, and London, UK



In 2013, Bev Durston returned to Australia after spending five years away as the head of alternatives at the British Airways Pension Fund. The industry veteran, who has more than 25 years' experience in the investment industry, has had an impressive career: She previously worked at the Government Investment Company of Singapore, as deputy investment chief at Australian pension fund Sunsuper, and at other various government and state government superannuation funds.

Durston was contemplating her next challenge when an institutional colleague at the Royal Mail Pension Plan who admired her work asked if she would consider consulting for them. He didn't mind that she would be based in Australia, so she returned home with an anchor client for her boutique, alternative asset consulting firm, Edgehaven.

Flash forward, Durston now has a team of eight based in Australia and in the UK, where they consult on a broad range of alternative asset classes to help investors diversify their listed market portfolios, preserve capital, and achieve excellent risk-adjusted rewards. The firm focuses on researching niche, undiscovered ideas in the private markets: "We like to be where things are going rather than where everybody is already piling money," she said.

### **CIO: What (actionable thing) have you learned over the course of your career that has proven itself this year?**

This has proven valuable this year as our selected managers have been disciplined, highly focused on longer-term outcomes, and have been able to navigate the volatility with fresh capital available to invest during the volatility. Many managers have navigated extremely well in the past eight months. Most of our managers have been early to reach out to clients to communicate about performance, to re-align motivations where they have been disrupted, and to proactively keep us apprised of their market and trade views as events have unfolded.

This symbiotic and holistic partnership with firms is what gives Edgehaven the confidence to believe that our client's funds remain well-managed by managers with accountability, integrity, and a desire to decisively focus on risk-adjusted performance outcomes.

**CIO: What investments (specific securities or sectors) look good to you now? And why?**

**Durston:** By way of background, Edgehaven specializes in a broad range of alternative assets (excluding private equity) which diversify from listed equities, listed bonds, and core property. Our focus in allocating across this broad range of unlisted asset classes—including low-beta absolute return, private debt, opportunistic real estate, real assets, infrastructure, energy, reinsurance, macro and esoteric strategies—is to find interesting risk, adjusted opportunities sets with an emphasis on capital preservation over the next three to five years. The most interesting investment ideas that we have recently funded or are looking to take advantage of are in debt and real assets, rather than equity: 2020 onwards could be an unusual recession in that companies and countries are all more indebted coming out of it than they were going into it. Meanwhile, the current significant disconnect between the real economy and the listed markets is a cause for concern. As is the thought of zombie companies who borrow at very low rates, preventing capitalism from being effective and markets from clearing efficiently.

In Europe and the US, we are focused on stage two and three distressed investments, rescue financing, and special situations with good asset backing; stressed asset-backed securities including CLOs, mortgage backed securities, and CMBS. In Asia, our interest is in a mixture of real estate-backed special situations combined with lending to growing Asian companies, enabling them take advantage of sector disruption. In the real assets space, we are focusing on investing in a range of renewable energy assets, including co-investments. These are mainly located in Europe and the US. We also have an interest in a gold trading fund. Gold acts as “a canary in the coal mine” asset to highlight issues still to come because of debt-laden societies which have been exacerbated by such continually low interest rates.

**CIO: What ones don't? And why?**

**Durston:** Large-cap equities in the US seem more than fairly valued right now, especially due to the current political desire to curb their monopoly power and improve individual data protection. Fixed rate government bonds look to be a poor investment from a real yield perspective as well as being susceptible to future inflation caused by voluminous money printing to support central bank and government

stimulus. A large proportion of the high yield and leveraged loan issuance in US and Europe looks unattractive right now from a risk perspective. Cov-lite default terms combined over leveraged balance sheets and dislocated revenue models post-COVID make this look unappealing, unless priced at distressed / stressed levels.

