

INFLUENTIAL WOMEN

A series of Q&As with influential women in the finance industry.

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“Experienced Investor by your side”: Q&A with Bev Durston



This week, as part of our Influential Women series, we catch up with industry veteran and alternative investments specialist, Bev Durston, who tells us about her early career, her views on addressing gender imbalance, and how the alternatives space has changed over the last decade. She also reflects on the liberation and challenges of running her own consultancy and shares a little about a strategy she is developing for retirees.

What was the impetus for your career as an investor?

Growing up I was very lucky to specialise in Advanced Mathematics and Economics at school in the UK. These topics – learning about the world and the way that the economy works as well as understanding quantitative methods – sparked my interest in the finance world. I found a London business degree – Banking and International Finance at CASS business school - which allowed me to spend a year out of Uni at a work placement in the City of London as part of the degree. After a few years at a merchant bank as a market maker in bonds and money markets I chose to switch to investing, chiefly to have longer time horizons than trading allowed. I transferred to a pension fund in 1994 and have been focusing on managing investment risk, achieving diversification, selecting opportunistic strategies and managers for the past 25 years.

As part of your work you have lived in Singapore, Hungary, London, South Africa and Australia. What experiences have you taken away?

I have been privileged to have lived and worked in a number of countries to experience different cultures, regimes and lifestyles. However the investment conundrum – finding sound strategies with good risk adjusted returns and appropriate diversification – remains the same the world over. Over my career the key differences in how institutions across different countries manage their money has undoubtedly reduced. Yet uncertainties and market unpredictability continue to mean that investment objectives are no easier to achieve today than they were thirty years ago.

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Recent analysis has shown a lack of females in investment teams. Do you have an opinion on why that is and how the numbers could improve?

I firmly believe that diversity is a positive element and actively seek it out in managing my business. However, I contend that the glass ceiling is still alive in business despite huge strides that have been made in the investment industry. Superannuation in Australia is a



shining example of a more balanced approach. Nevertheless, quietly recruiting in your own image with no process transparency is still too often practiced at senior levels. Nowadays I am a fan of minimum quotas to encourage diversity in a speedy fashion. This was never my view earlier in my career. But I have been convinced because of the lack of progress in getting senior women into board and senior management positions despite the massive talent that I see waiting on the outskirts. I believe that a quota of thirty percent female representation on boards would quickly redress that imbalance. This would enhance the industry significantly for the better.

You have now been running your own consultancy business, Edgehaven, for five years. How have you found the change from working for large institutions to your own boutique?

It's been both liberating and challenging! In some ways nothing has changed. Essentially, I continue to perform a similar role to where I worked in a single institution – assessing strategies, managers and funds and creating portfolios that fit within the client's overall framework. The main difference here is that I work for a handful of clients and also manage businesses in Australia and the UK. This provides Edgehaven with greater flexibility and presents a wider range of investment challenges. It means that we are no longer tied to one set of strategic asset class positions. To assist us we have developed an open-architecture platform which enables us to hand-pick quality funds and investment strategies from a wide variety of sources. We act as an "Experienced Investor by your side" to clients with limited resources in the broad Alternatives space. But, just as when I worked directly for a single institution, our objective is to serve client Trustee Board and members, acting now as an extension to the client's internal team.

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What do you see as being the biggest changes in the alternative investment space in the last 10 years?

The industry has developed tremendously over the past decade with amazing improvements in transparency and professionalism across both managers and investors. However, this is also a double-edged sword. As Alternatives have moved from fringe to centre-stage for many institutions, the job of selecting opportunistic strategies and finding niche, value add funds has become harder.

Preqin lists over 20,000 separate funds across its platform in the broad Alternatives space. Successfully navigating and selecting from this vast number of offerings takes extensive experience combined with deep global networks and hundreds of "kick the tyre" meetings. I spend four months of each year travelling and assessing managers all across the world. This is really difficult to do when so few managers actually visit Australia.

The final notable change is the focus on ESG that is now gradually creeping into the Alternatives industry after becoming firmly embedded into the listed space. This is to be welcomed and is becoming a priority for many managers irrespective of investor requirements.

You have won many awards, is there one of which you are most proud?

It's hard to pick a favourite one because I am so proud of each award that myself, the business, our clients or I have previously achieved. However, whilst working as Head of Alternative Assets at British Airways pensions fund I was honoured to be cited in the

Chief Investment Officer's Power 100 listing. This was a listing of the world's leading asset owners globally which was a humbling experience.

What has been the best investment decision you have made?

Switching my focus full time from the listed space to a broad range of Alternatives in 2008. Despite investing in hedge funds and long short strategies from as early as 1998 my decision to specialise in this very wide opportunity set – from direct lending to macro, reinsurance, real assets, natural resources and infrastructure - means there is never a dull day!

...and one you wished you'd made?

When I went to live in the UK in 2006 I made the decision to sell our Sydney home due to boundary complexities with that property. Seven years later this proved to be a very poor choice when I returned. Despite property prices not changing significantly over the period in the UK, the Sydney house I had sold had doubled in price, despite the GFC.

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Where did you grow up and what was it like?

I grew up in Aylesbury, a medium sized town in the home counties surrounding London. My family was always very supportive of whatever I wanted to do and I was very lucky to attend an excellent all girls senior school where both sports and academic accomplishments were highly valued.

If you could give advice to your 21 year-old self, what would it be?

I would undoubtedly have advised my younger self to develop a savings habit far earlier than I actually did. However, I am not necessarily convinced that this would have been followed. Instead of saving I travelled extensively to Africa, South America and Asia and had wonderful, life enriching back-packing experiences. I may also not have emigrated to Australia as my travels brought me here when I was 22 with a strong desire to come back and live here.

If not in finance where would you be?

The fascination of investing means that I would continue to do this even if I was not working in the industry. It's an enduring journey to invest throughout a person's lifetime. I am now working on developing a "zero" balance strategy for retirees. This enables a person to invest and live a happy, productive life full of experiences ending up with a zero balance (or a bequest amount) on their demise. Given the number of unknown variables involved, this is indeed a challenging topic!

Other than this I have a great love of both watching and participating in many sports. Many years ago I qualified as a personal trainer and, whilst I no longer train others, I still compete at Masters level in running, triathlon and athletics.

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