PETER SHAPIRO

DECONSTRUCTING THE COMGEST QUALITY GROWTH APPROACH

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You may have heard the maxim, attributed to Pablo Picasso, about what separates decent artists from the magnificent: "Good artists copy, but great artists steal." At Comgest we believe our investment style delivers value to our investors by embracing a variety of successful investment approaches and integrating their brushstrokes onto our own canvas. Our investment philosophy, based on long-term quality growth, therefore does not fit neatly within traditional investment categories like "value" or "growth" – and we intend to keep it that way.

For two years, we have been publishing a white paper series detailing different aspects of our investment philosophy, ranging from quality and risk management to growth and cash generation. This edition attempts to link those articles together in a tidy package and present an overarching rationale for why we believe what we believe.

It's all about value creation

In order to understand our style, it's helpful to start at our goal and work backwards. We strive to create value for our clients in a replicable way. To do this, we invest in companies we believe will be capable of compounding shareholder value at rapid rates for a long period of time. That goal of long-term, compounding shareholder value doesn't make Comgest very different from many other investors with a long-term, fundamental focus (though we can debate how common this kind of investor actually is). The journey to get there, meaning the types of companies we invest in – and thus how I will frame the drivers of corporate value creation in the following pages – is less common, however, than the final destination.

Durable competitive advantages determine quality[1]

In an investment context the word "growth" has a fairly standard definition (either things increase, or they don't), but quality, though frequently cited, is a nebulous concept. If you talk about earnings quality, you may be talking about earnings accruals and free cash flow conversion. If you talk about balance sheet quality, investors typically look to leverage or debt coverage ratios. If you try to combine these things, you may look at a Piotroski score[2] that covers all three financial statements. Ask a quant about quality, and you might get an answer about return-on-equity stability.

Our view is all of those metrics measure aspects of quality but are not quality itself. Instead, we believe *quality is determined by the durable competitive advantages of a business*. Our experience is that competitive advantage tends to fall into a handful of categories, so that there are common threads across industries and companies that define true competitive advantage. For instance, competitive advantage can come

1 For more on quality and how it relates to our view of risk management, please see "An Approach to Risk, in Life and in Money Management," available on our website www.comgest.com.
2 For a definition, see for example: http://www.chicagobooth.edu/~/media/FE874EE65F624AAEBD0166B1974FD74D.pdf

from size and economies of scale, where a company has enough power in its industry and over both its suppliers and customers that it can demand better terms of trade. Wal-Mart is a great example of this, as with more than $400 billion in annual sales, not only can it demand lower prices from its suppliers by purchasing in greater volume, but its size also allows it lower per-unit distribution costs. Moreover, it pays its suppliers far slower than it demands payment from those who owe it money.

Likewise, semiconductor foundry TSMC is an excellent example of the advantage of scale in an industry where scale is hugely important, especially when combined with TSMC's leading intellectual property in a complex manufacturing process, which creates very large barriers to entry.

Brand is another competitive advantage, and while often less potent than other competitive advantages, it greatly helps companies in sectors as varied as luxury goods (Hermès, Richemont) to beverages (Heineken, Kweichow Moutai) to retailing (Whole Foods, Fast Retailing). Brand can signal status to other people or can serve as a mark of quality when making a purchasing decision. Brand by itself may not be enough to protect competitive advantage and often needs to be combined with other sources of competitive advantage, such as a distribution network that is difficult or expensive to replicate. Even so, companies with valuable brands can monetize them to help achieve compelling financial results.

Of course, competitive advantage may not last. Eastman Kodak had enviable size and economies of scale (and brand) during the heyday of film photography. Both Nokia and Blackberry used to have dominant brands in cell phones. Today, each of those companies is a shell of its former competitive self. (There are precious few companies – IBM comes to mind – able to reinvent themselves after the loss of competitive advantage.) For a company to be a genuine quality enterprise, its competitive advantages have to be durable. We spend a lot of our time discussing the durability of competitive advantage and what might interrupt it, because we believe this gets at the core of what a company will look like a decade from now – and the financial results it will be able to generate.

The reason durable competitive advantage is so important is that it allows businesses to continue to – in the language of classical corporate finance – earn returns on their invested capital above their cost of capital for long periods of time. Without durable competitive advantages, these excess returns will be devoured by new competitors sensing an attractive opportunity. (Investors may be able to get the timing right and profit from companies earning excess but temporary returns, but picking the maturity point for such short-lived moments of fame is difficult.) If we want to own fractional stakes in companies for long periods of time (i.e. a buy-and-hold approach), we need to have a high degree of confidence that the business will still be performing well years down the road. Durable competitive advantage is the only way to ensure this.

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Not all growth is created equal[3]

The "Growth" part of "Quality Growth" investing is much easier to explain superficially, as growth is a much better understood and discussed concept. Companies talk about shedding lower growth businesses to focus on higher growth markets, and investors try to predict the rate of growth on some line of the income statement. Given how people speak about growth, it seems to be accepted as a truism in investing that growth is good, and more of a good thing is an even better thing. In truth, it depends on how much that growth "costs," in terms of how much capital must be invested to support it. In other words, the question is how "capital consumptive" that growth is, and the textbook way to answer that question is by looking at a company's returns on incremental invested capital (ROIIC) and comparing them with its weighted-average cost of capital (WACC).

Quite simply: Growth is good if it comes at ROIIC above the company's WACC, but if ROIIC is below the WACC, growth actually destroys value. And, if the latter case is true, then the faster a company grows, the faster it destroys value. On the other hand, if ROIIC > WACC, then the faster company grows, the more value it creates.[4]

When you use ROIIC as part of your discussion of growth, there is another way that growth can be conceptualized: "The essence of 'growth,' in short, is not expansion, but the existence of opportunities to invest significant quantities of funds at higher than 'normal' [i.e. cost of capital] rates."[5] I like this framing of the issue because it reflects reality for most businesses: growth costs capital, and figuring out how management is going to allocate shareholder capital gives you a window to the future of the enterprise. Not all growth, as it turns out, is created equal.

With all this in mind, I like to think of growth as an accelerant: growing faster creates shareholder value faster for good companies, but it destroys shareholder value more quickly for bad companies. For this reason, pairing growth with a bias towards quality makes growth nearly universally good, as high quality by definition (by ours, at least) will have ROIIC higher than WACC, and sometimes much higher. This is why understanding that Comgest's strategy marries both quality and growth is important. We are not focusing on growth just for growth's sake; we are focusing on growth because when combined with a good business model and attractive returns on incremental capital investment, it should accelerate the pace of value creation.

3 For more on our view of the importance of growth, please see Pierre Lamelin's White Paper "Growth Investing: It All Begins with the Top Line," available on our website www.comgest.com.

4 There are other ways to frame value creation. See, for example, Alistair Wittet's White Paper "Cash Is King, and There's No Heir to the Throne," available on our website www.comgest.com. Alistair frames the concept differently than I do, but both approaches get to the same place.

5 Miller, Merton and Franco Modigliani, "Dividend Policy, Growth, and the Valuation of Shares," *Journal of Business*, Vol. 34, No. 4, October 1961, 411-433

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If you have a good company that fits the above description, then a convenient shortcut to keep track of value creation is growth in earnings per share (EPS). We believe that by focusing on high-quality companies, those whose business models have good economics, we can be confident that EPS growth is in fact coming from shareholder value creation, and faster growth therefore means accelerated value creation.

A pair of examples to illustrate the larger point: Essilor, the prescription lens manufacturer whose stock has been held in Comgest portfolios since the late 1990s, has long been both a rapid grower and value creator.

The company has consistently generated ROIC in the teens for the past decade, while compounding the top line at about 10% (5% organically), and EPS at above a 12% rate. Essilor has achieved this impressive performance through a variety of means, including industry-leading innovation, getting closer to customers through vertical integration, early recognition of and first mover advantage in rapidly growing emerging markets, and diversification into closely related and relatively low-risk adjacent markets. Compare that to a company like Tesco, the British retailer, which reached beyond its core geographies, spending a large amount of capital chasing growth that ultimately disappointed as returns collapsed while the company's accounting grew ever more aggressive to compensate.

Long-term horizon required to see business value compound[6]

A rapidly growing company with attractive returns on capital is worth something if it can do that for a year or so. It's worth a lot more if it can do that for five years. And it's worth a whole lot more if it can do that for a decade or longer. Some Comgest portfolios have remained invested in companies for decades. These companies have proved to be substantial compounders of shareholder value, as their competitive advantages have proved far more durable than what the market was willing to discount.

A frustrating aspect of fundamental investing – irrespective of the flavor of fundamental investing to which you subscribe – is that in the near term, the underlying strength or weakness of a business may be masked by the business cycle or just plain luck. Without evaluating a company's performance over a long period of time, it is very difficult to understand how well a company can compound business value.

For those companies that have proved to have sustainable competitive advantages, the long-term benefits to shareholders can be impressive. For instance, Coca-Cola has had long-term, durable competitive advantage for nearly a century as a public company, earning returns well above its cost of capital, growing EPS rapidly for many years, and paying an increasing stream of dividends. But only by evaluating Coca-Cola over a long period of time is that evident. Despite the excellent long-term track record, the business has experienced shorter-term blips, such as during

6 For a discussion of time horizon, please see "'Our Favorite Holding Period Is Forever': Long-Term Investing in a Short-Term World," available on our website www.comgest.com.

the introduction of “New Coke” in the mid-1980s. Focusing on that one episode, an investor would lose the bigger picture: Shareholder value at Coca-Cola has compounded at an impressive rate for decades.[7]

Corporate value creation: tying quality, growth, and a long-term outlook together

These three elements – quality, growth, and time horizon – are natural focal points of an investment philosophy because it turns out that we can tie corporate value directly to:

1. The spread between a company’s returns on capital and its cost of capital (i.e. quality);
2. The amount of capital it can invest at those attractive returns and thus how quickly and efficiently it can grow (i.e. growth); and
3. The length of time it can do this (i.e. time horizon). A good way to think about this is as the duration of the competitive advantage, which is sometimes referred to it as the “competitive advantage period,” or “CAP.”[8]

In fact, we believe there’s a fourth element to corporate valuation creation: environmental, social, and governance (ESG) factors, though we would add a “C” to the acronym to include culture.

ESG affects the first three elements in ways that may or may not be easy to discern at first glance but can be extremely powerful. (I’ve intentionally given it short shrift here because my colleague Sébastien Thevoux-Chabuel will publish shortly an in-depth look at how ESG is integrated into our investment process.)

Let us look at a few examples to get a better understanding of what this framework tells us. To keep it generic, let us consider the company’s “worth” here in terms of a “justified” P/E multiple, which, given assumptions about future cash flows and the amount of investment capital needed to get those cash flows (i.e. amount and timing of cash in and cash out), will generate a return equal to the discount rate. We can of course translate this generic justified P/E into a price per share for any specific situation by multiplying the P/E by a specific EPS. Let us examine in more detail the interplay between the first two variables, returns spread and growth rate, holding the CAP steady, to see what happens to the justified P/E as each increases or decreases. (The following example is constructed assuming 100% equity financing, 8% cost of capital, and a 15-year forecast period/CAP.)

7 For a case study on value creation at Coca-Cola, please see Eric Voravong’s paper “The Long-Term Growth Conundrum,” available on our website www.comgest.com.
8 For more information about CAP see for example Mauboussin, Michael and Paul Johnson, “Competitive Advantage Period; The Neglected Value Driver,” Credit Suisse First Boston investment research, 14 January 1997. http://people.stern.nyu.edu/adamodar/pdfiles/eqnotes/cap.pdf

Figure 1: Justified P/E multiple depends on returns and growth*

Earnings Growth	4%	8%	16%	24%
10%	NM	12.5x	22.4x	25.7x
8%	NM	12.5x	19.4x	21.8x
6%	3.3x	12.5x	17.1x	18.6x
4%	7.1x	12.5x	15.2x	16.1x

Return on Invested Capital

Source: Credit Suisse. NM = not meaningful

* *To be clear about the calculations behind Figure 1 and Figures 2 and 3 in the Appendix: "Growth" is growth in net operating profit after taxes (NOPAT), which is equivalent to earnings growth under the assumptions of no non-operating profit or loss and a 100% equity capital structure (which is then equivalent to EPS growth assuming a constant share count). "Return on Invested Capital" here is overall ROIC, not ROIIC.*

The horizontal axis in Figure 1 shows the returns on capital. When the returns spread is zero (ROIC = WACC = 8%), it means that the company is generating returns on invested capital equal to its cost of capital, and the justified P/E multiple (12.5x) is equal to the inverse of the cost of capital (8%). That is our starting point. If the returns spread is positive (meaning ROIC > 8%), then the justified P/E will be higher than that, and if the returns spread is negative (meaning ROIC < 8%), then the justified P/E will be lower. The bigger the magnitude of the deviation from zero, the bigger the impact, which makes sense since higher returns at the same growth means less capital needs to be sunk into the business.

Growth rate, on the other hand, is along the vertical axis in Figure 1. When the returns spread is zero, changing the growth rate does not matter. For non-zero returns spreads, changing the growth rate does matter: the faster the company grows, the greater its impact on the justified P/E.

For a negative returns spread, faster growth means the value of the company declines more quickly – not surprising, as this scenario means investing more capital in an enterprise that is destroying capital. With a positive returns spread, faster growth means quicker value acceleration.

Please see the Appendix for a more detailed look at the interplay of justified P/E multiple, returns, growth, and CAP.

Speculators may ignore it, but valuation is required of any investor

I've managed to get this far without talking much about valuation. We do not mention valuation explicitly in our quality-growth language, but we talk about buying stocks "at a reasonable price" and valuation is a critical component of what we do.[9] In fact, in our view valuation is the determining factor distinguishing investing from speculating. There are a variety of ways to think about the difference between investment and speculation,[10] but I prefer to define the two in the following way: investment requires an idea of what something is worth, and then paying less than what you think that value is, while speculation is believing that someone else will pay you a higher price for an asset than what you are paying.

The former involves fundamental analysis about the intrinsic value of the asset through the discounted value of the cash flows it will produce. The latter does not require this, only a belief about the future path of an asset's price. This is in line with the definition favored by John Maynard Keynes, who, in *The General Theory of Employment, Interest, and Money* (1936), reserves "the term speculation for the activity of forecasting the psychology of the market, and the term enterprise [which is a word he used to denote investment] for the activity of forecasting the prospective yield of assets over their whole life." The difference between the intrinsic

9 Of course a reasonable price for one stock is a crazy price for another. A high multiple company that will be able to create a lot of value for a very long time may be a bargain, while a low multiple company that cannot may be wildly overpriced.

10 See http://blogs.cfainstitute.org/insideinvesting/2013/02/27/what-is-the-difference-between-investing-and-speculation-2/ for more on this topic.

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value of an asset and the price you pay for that asset is the investment's margin of safety. I think it's unfortunate that "margin of safety" seems to be associated only with those who self-identify as pure value investors, because it is crucial for any investor, as opposed to a speculator, no matter what the asset's characteristics are.

The best way to think about valuation is to see it as a set of market-implied expectations, of which the CAP is a good example. We can unpack those expectations to see what the market is expecting of any company, from the most high-flying growth darling to the lowliest business in decline. From there we need to use our own analysis to understand what the odds are of a company outpacing those expectations, and by how much. The other side of the equation – understanding the odds of a company underperforming those expectations, and by how much – is no less important and is crucial to our ability to manage portfolio risk. Once you understand both, you have the basis to consider an investment.

It is important not to confuse the words "value" and "valuation." Warren Buffett famously said, "Price is what you pay, and value is what you get." Value in the Buffett quote is the outcome of the level of quality, the amount of growth, and the length of the CAP. It exists only at the fundamental level, because it determines the stream of cash flows this asset will produce. The combination of these three is what you are getting when you own a share in a company.

On the other hand, price in the Buffett quote is related to valuation, meaning how much do you have to pay to own that share. This exists as a quote from a trader or as pixels on a Bloomberg screen. Finding a gap between the two is just as important for Comgest as it is for a dyed-in-the-wool, Ben Graham value-investing disciple. The only difference is the expectations built into the share price. What people refer to as growth companies tend to have higher expectations, often with good reason, while a prototypical value company tends to try to outperform a lower set of expectations. Value and growth are just different points on a common scale.

I mentioned that we want to invest in companies able to compound shareholder value at rapid rates for a long period of time. This approach has the benefit of making up for valuation sins if the fundamental analysis is correct. What I mean by this is that valuation is an imprecise effort no matter how much care is put into it. Inevitably, there will be times when we are wrong. If you're wrong when valuing a company that turns out to be no longer creating shareholder value, then you have lost some of your investors' capital, and waiting won't make it any better. But if you're too optimistic when valuing a company that's growing shareholder value, the company can make up for your mistakes over time, as it continues to earn economic profit and maintains the moat around its business. Stock performance will certainly disappoint in this case, but there is unlikely to be permanent impairment of capital. Though not guaranteed, our investment style can help us overcome valuation mistakes from time to time.

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Bringing it full circle

What does all this mean for Comgest's investment style? Are we quality investors? Yes, in the sense that we invest in companies we believe have durable competitive advantages, allowing incremental returns on investments above the cost of capital. But do we insist on collecting the highest quality companies, regardless of anything else and at any price? Certainly not, nor do we think quality is only important to shift into during times of market stress. Quality is how we run our portfolios day in and day out.

Are we growth investors? Yes, in the sense that we prefer companies that are growing because of the value creation opportunity they present, especially when combined with a quality bias. Growth is a necessary (but not sufficient) condition for creating substantial shareholder value over long periods of time, so any time we discuss a stock internally, we talk about the company's growth opportunity. But do we chase growth to the exclusion of other things? Certainly not.

Are we value investors? Yes, certainly in the Buffett sense of "value is what you get." You might argue that we're also value investors in the sense that we are looking for companies that we think trade below the discounted value of the stream of future cash flows those companies will produce. But we don't think of this as "value investing," we think of it as "investing" (as opposed to speculating). We are not value investors in the sense that we look for low earnings or book multiples as a jumping-off point for finding attractive companies. We evaluate the fundamentals of the company first, then look at market valuation second. When we identify our style as having a value component, we tend to be met with surprise, but we think it is in fact necessary for true long-term investors to have some element of "value" in what they do.

If I had to come up with a slogan that better explains what Comgest does – and provide a succinct summary for investors to understand the schematic that Comgest's artists use in painting their portfolios – I would suggest something along the lines of "Investing in Companies Whose Full Potential for Value Creation Is Unrecognized by the Market Because of Many Investors' Unwillingness to Price in the Virtuous Interaction Between Growth and Long-Term Competitive Advantage." (Clearly there's a reason why I'm an analyst and not a marketer.) We're usually put in the "growth" category in a traditional 3x3 Morningstar style box framework, which is true, but that's only part of what we do. We think that if you take the time to really understand our style, you'll see that our approach is well grounded in corporate value creation, which, for a long-term investor, is really what it's all about.

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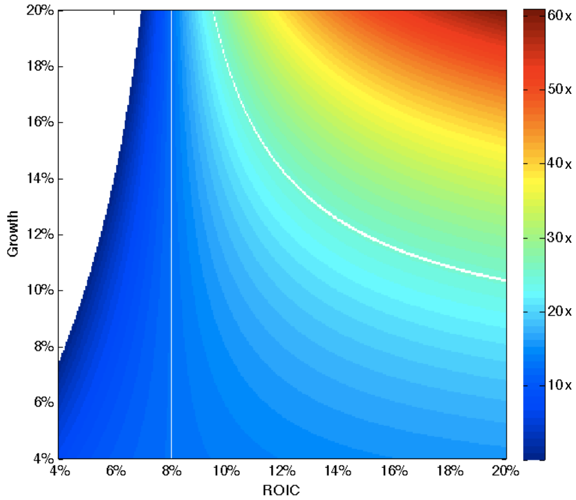
Appendix: a detailed look at justified P/E multiples, returns, and growth

We can shrink the step sizes for both returns and growth shown in Figure 1 to create a contour plot that shows in more depth the interplay between the two. (Unless stated otherwise, all of the examples are constructed assuming 100% equity financing, 8% cost of capital, and a 15-year forecast period/CAP.)

Figure 2: Justified P/E as a function of growth and returns



Source: Comgest, using Credit Suisse methodology

What does this chart show? The white area in the upper left corner is for all negative P/E (which means a rational investor would not buy a company with those economics). Where the color starts is at a P/E of zero, and the scale on the right matches color with a numerical justified P/E. As you move from left to right across the chart (low returns to high returns) the justified P/E increases. There's a vertical white line at an ROIC of 8%. These examples assume a cost of capital of 8%, so that line represents where ROIC = WACC, and thus constant justified P/E, no matter what the growth rate. To the left of that line, when you move from lower to higher on the chart (increased growth rate), the justified P/E goes down. In this case, more growth is bad. This is because our fictional company is a bad one, returning below its cost of capital, destroying value the faster it grows.

To the right of that line, the story is reversed: moving from lower to higher on the chart (increased growth rate) increases the justified P/E. Here, more growth is good. There's also a curved white line that more or less defines the upper right quadrant of the plot. This line represents a constant 25x justified P/E. More on this below.

Notice that the angles of the justified P/E contour lines change depending on where you are, as does the distance between the contour lines. (More technically we could say that the gradient of the justified P/E function changes both in magnitude and direction as you move around the plot.) Because of this, we can see how companies in different situations can execute the same strategy, yet find they've created (or destroyed)

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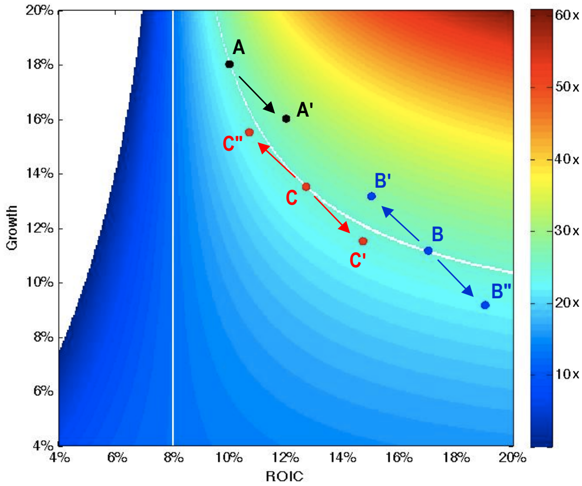
different amounts of shareholder value. I've reproduced Figure 2 below but added in several scenarios of hypothetical companies who find themselves in different places on the curved white line denoting a 25x justified P/E. With the same 15-year CAP, a 25x P/E can be the justified valuation for 1) company A, with very high growth, but only moderate returns; 2) company B, with very high returns, but only moderate growth; or 3) company C, with a mix of good growth and good returns. The path to higher value creation, and thus a higher justified P/E, is not the same in each situation.

Figure 3: What's good for the goose may not be good for the gander



Source: Comgest, using Credit Suisse methodology

For company A (the black dots in Figure 3) the correct move is to trade a few hundred basis points of growth for an equal amount of higher returns, perhaps by taking on fewer clients but charging more. Trading 200 bps of growth for 200 bps of returns takes the company from a 25x justified P/E to 28.5x (this is point A' on the chart). For company B (the blue dots in Figure 3) the reverse is true: it's best to trade some returns for higher growth (perhaps by taking on those lower-priced clients company A just abandoned). Trading 200 bps of returns for 200 bps of growth takes B from a 25x justified P/E to 27.5x (point B'). If B followed the prescription for A, and further increased its returns by 200 bps and dropped its growth by another 200 bps, the move would in fact destroy value, justifying a P/E of only 23x (point B''). Company C (the red dots in figure 3) is in a tougher spot. The same swap as A would move it from a 25x justified P/E to 24x (point C'), and the same swap as B would move to 23.8x (point C''), meaning value destruction in either case. Company C should not do the growth/return trade-off in either direction; it should stand pat if those are its only other options.

The point of this exercise is simply to show that this trade-off between growth and returns is highly situation-specific, and what works in one case may not work in another. There is no right thing to do in absolute terms. It all depends on the circumstances in which companies happen to be. Additionally, the examples I've chosen are fairly benign in terms of

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incremental value creation or destruction, because the slope of the contour plot is relatively modest in their particular neighborhoods. If I had picked a company growing at 20% with returns of 8% (the very top point of the vertical white line), shedding 200 bps of returns for another two points of growth would take the justified P/E from 12.5x to negative (this would be into the white area in the upper left, but outside the range of the chart), while moving to 18% growth with 10% returns would roughly double the justified P/E (near the upper left black dot on the 25x justified P/E white line).

Valuation for rapidly growing firms can be extraordinarily sensitive to returns on capital.

Let's now briefly switch to holding returns and growth constant and varying the CAP. The CAP is the length of time over which a company can earn returns on its capital above its cost of capital before its competitive advantage expires and those above-cost investment opportunities have been exhausted. When the CAP runs out, returns are forced down to their cost of capital. This actually says nothing about the rate of growth – the company can continue to grow at exactly the same rate, but it would just need to invest more capital to do so. In most real-world cases, though, the end of the CAP likely coincides with a lower growth rate.

We can conduct a thought experiment about two companies "S" (short CAP) and "L" (long CAP), identical in all respects except the different CAPs. At the beginning of the analysis period both companies are happily earning returns on their investments above their cost of capital. After a certain amount of time, S's CAP will expire, but L's CAP will stillbe in force. If growth is held constant for both S and L, S will now need to invest more capital to sustain that growth than will L. This situation will persist for a certain number of years, after which L's CAP will also expire and it, too, will need to increase the amount of capital needed to sustain the fixed growth rate. In this case the value of company L should be higher than S by the present value of that incremental capital it does not need to invest to achieve its growth during that intermediate period where S's CAP is finished but L's persists. This may sound like it's not that big a deal, but it certainly can be, particularly when the difference in CAPs is large and the capital requirements of the business are significant.

One way to conceive the whole point of competitive strategy is to extend the length of the CAP, and most companies are continually trying to do so. If company L reaches the end of its original CAP but figures out a way to extend it, say by introducing an innovative new product or service, the difference between its justified valuation and that of company S can continue to grow for as long as that CAP can be extended.

CAPs are not static and neither are investor expectations of CAPs. A stock price implies a set of expectations, and the CAP framework can be used to back out the CAP implied by the market for any share price. As the share price fluctuates, the market-implied CAP may fluctuate, too. Using this as a tool to figure out how the market views a company's competitive prospects either relative to its history or relative to its peers is an excellent way to begin to understand what expectations are embedded in a stock's price.

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Peter Shapiro joined Comgest in 2013 and is an Analyst specialised in US equity, contributing to idea generation and management of the Comgest Growth America fund. Peter began his career as an Analyst at Legg Mason Capital Management in Baltimore, Maryland and went on to hold a similar position at a boutique asset manager in Paris. He graduated from Colby College with a Bachelor's Degree in Physics and holds Masters' Degrees in Acoustics from The Pennsylvania State University and Applied and Computational Mathematics from The Johns Hopkins University. He is also a CFA® charterholder.