

## **Jennison Associates**

### **Clipping Coupons: My Name is Bond, Jake Bond**

**Jake Gaul, CFA – Managing Director, CIO of Jennison Fixed Income**

**Alex Chansky – Principal, Junior Quantitative Analyst Jennison Fixed Income**

## **Audio starts**

### **Alex:**

Welcome everyone to Clipping Coupons with Jennison Fixed Income. My name is Alex Chansky, and I'll be your host for the show.

This is a podcast where we'll speak with professionals across the Jennison Fixed Income business with an initial focus on the investment team. We're going to touch on topics like why we pursue fixed income products, movements in the markets, how our firm operates, and more.

First up today is Jake Gaul, head of Jennison's Fixed Income Group at the Boston office, where him and I both work. Jake has been here for over nine years and has led the Boston office for two years. Jake, thanks again so much for joining me here today. Starting off, can you maybe give us an overview of Jennison's fixed income business?

### **Jake Gaul:**

Sure, so Jennison Fixed Income was, initially a separate business that was acquired by, uh, Jennison Associates, which was based in New York, I believe in the 70s, to diversify their business away from, U.S. equities. And so that explains kind of why we've been in Boston, our entire life. The business has been around for a long time. It got its start, managing money for, defined benefit plans a long time ago. I'd like to think that we were a pioneer in that space, and a pioneer in kind of long duration management for pension funds, again, going back to the 70s. That's how we got our start.

Business has grown and diversified over the years. As of year-end, we run about 40 billion in institutional bond mandates. About two thirds of our clients remain, defined benefit plans. And the remaining piece is shorter duration strategies for, defined contribution plans, stable value, we primarily, almost exclusively run high quality bond mandates. Think of ourselves as a boutique, with kind of a narrow focus on a singular market.

### **Alex:**

Okay. And then the second question I have on here, I'd say we have a pretty unique investment team structure here at Jennison. Can you tell us all maybe a little bit about how the team is set up and how it complements our investment style and process and basically why we run everything the way that we do?

### **Jake Gaul:**

Sure. So, I joined Jennison, just about nine years ago, and I'd say the biggest, motivator for me to join was its team structure, is its team structure. So, if you think about our business, we're not really a boutique in terms of our size. We're big in terms of AUM, but we are a boutique in terms of, what we're trying to accomplish. So we run high quality bond mandates. We, pretty much implement the same investment style. Across all those strategies, short duration, long duration, credit mandates, non credit mandates, with some exceptions, but generally speaking, it's a kind of a single, investment thesis applied across all our strategies. So, that allows us to manage portfolios, I think, in a very unique way. A lot of our peers and a lot of our successful peers have a team based approach, which they would describe as, you know, a core bond team, a global bond team, a muni bond team, a rates team, a high yield team, et cetera. So, at, Jennison, we have truly one team. We don't, have named analysts. That's because the

PMs are the ones that do their own analysis. So, that's a little bit of background, but the approach is very senior. we tend to hire experienced people with kind of a strong background in their area of expertise. it's a very hands on team. the senior people, as I mentioned, do their own analysis on the names that they buy. and they own all parts of the decision making, what bond, what part of the curve, at what level do you want to buy it or sell it, what size, and what accounts. So it, it makes for, um, A lot of variety in our kind of day to day work.

One, two, a lot of accountability and a lot of knowledge of, of our positioning, what we like, what we don't like, what we own, what could help us, what could hurt us. So, it, it certainly is a unique setup. why I think it works particularly well in, in the area of the market that we focus on, which is high quality bonds is, If you think, if you step back and think about your biggest risk in a high quality bond portfolio that, that takes some credit risk, it's, it's kind of the asymmetry of, of a, a credit purchase, meaning that if you're right, You can get back your initial investment plus a coupon.

If you're wrong, you can lose everything. So, unlike investing in risky assets, stocks, private equity, real estate, where you can have, you know, two, three, four time, upside positions, you know, we don't, we don't think like that. So, the, the really important piece of our investment discipline, which has been a little out of favor in this huge bull run for credit. Has been to, kind of be obsessed with avoiding putting problems in your portfolio. And if we do put a problem in our portfolio, we're making sure we recognize it quickly and limit the size and the magnitude of that mistake to our clients. Uh, you're never going to be perfect. Um, you know, analysis, credit analysis, investing is inherently uncertain, so you're going to get some things wrong.

But in our experience, having senior people, that have invested through market cycles, have made mistakes. I've made plenty of mistakes. You learn a lot from those, um, people that have followed different industries and have different, knowledge of different markets puts us in a better position to, again, avoid putting those mistakes in client portfolios.

and if we do, kind of having the humility and the experience and kind of the maturity to say, You know, my thesis is broken. Let's exit. So, seeing your approach, and I think it fits very well with what we try to offer clients, which is, a high-quality bond portfolio offering, very good downside protection, particularly in challenging markets for credit, and you do that, by not owning, and not having heavy exposure to problems. So that's just a real high-level kind of snapshot of our team. I mean, I, What I really like about it from a day-to-day perspective is I like doing analysis, on credits. I like being involved in nitty gritty on portfolios. You have to kind of have that approach if you want to work here and be successful here. other firms are set with lots of different teams and different structures. You know, we don't do that. But it works well for kind of what we're trying to do.

**Alex:**

Yeah, I think that's a great way to put it. And that's one thing that really drew me to Jennison as well as kind of the, not totally flat structure, but it is flat in the sense of you can ask anybody anything at any time. And they're usually really willing to help you out and help you learn and grow.

And I think that's great.

Cool. So I think you touched on this a little bit already, but given all of your years in the asset management industry, what do you think differentiates our firm and our team from everyone else out there?

**Jake Gaul:**

You know, we have clients that ask us that sometime, or prospects that ask us, you know, what makes you different, or how do you compare yourself versus this firm or that firm. I really only worked at two firms, so I can compare myself against my former employer pretty well, but not others.

**Jake Gaul:**

Um, But I have a sense of how other firms are structured. you know, I would go back to your prior question and my answer, which repeat, but it's a unique team structure. we've also had a remarkable, little amount of, of turnover outside of retirements, almost none. And I think that really validates, some of the attributes about working here that I talked about earlier. it's a great place if you want to come and invest. in terms of an advantage or or a key differentiator, it's experience among the team. it's true kind of Teamwork meaning that we discuss everything we do before we do it. There's no silos here. And I, again, I think that leads to better decision making it also leads to swifter decision making the dynamic I talked about where you have, you know, just a handful of people making decisions for all the portfolios. if we decide we want to buy a lot of a position or, or sell a lot of a position, we talk about it. We agree on it. We do it. We, we don't schedule a, uh, a meeting with a committee. We don't vote. we don't have to, you know, go through different chains of command to, to get it executed. we will make the decision and, and we will do it. So, you know, I'd say experience and, our ability to be nimble, are, are kind of two qualitative attributes. the other, other, other qualitative piece I'd, I'd bring up is just the knowledge of how we run money is pervasive here. it took me a little bit of time, you know, once I joined to really understand, what our value proposition is, why it is important to clients, why it should be important to clients, how we implement that, which isn't easy, um, at times. But I think that that discipline around how we run money Trying really hard to stick to it and not getting pulled in different directions. I mean, I've been here 10 years. I've been through, you know, one cycle during covid, which which was accelerated, but it was a pretty wild up and down cycle for markets. and we were able to accomplish what the firm had accomplished in prior periods in 2001 2008 and nine. so yeah, experience, you know, nimble team structure. And, a discipline around, around our style, I think, are, three things that, um, drew me here and will keep me here.

**Alex:**

Okay. Experience, nimbleness, and discipline. Got it. Thank you. And then, um, last fun question I have for you here at the end. Do you have maybe a good show or a book that you've watched or read recently that, you think people might want to hear about?

**Jake Gaul:**

I hope the question is not about, like, what bonds or shows do you related to investing or fixed income? I hope not.

**Alex:**

No, anything. I don't think there's that many shows about fixed income.

**Jake Gaul:**

No, there are not. Okay. So I have a, a pretty unsophisticated, taste in entertainment. So my, and this is a little bit of a recency bias, but, Not that it's a new show, but I've watched it recently with my kids. Probably my favorite show I can think about for a long time is Arrested Development. when I watch TV, I like to be entertained. I like it to be light hearted. so that's, I'm not sure if you've ever watched that one.

**Alex:**

Oh yeah, no, that's a good one. I've seen, I've seen, probably three or four seasons of it. Yeah. It's a good one.

**Jake Gaul:**

Yeah, it's an excellent one.

That's probably my top show in terms of a top book. Actually, I probably will go back to, to investing. My favorite author by far is Michael Lewis.

Okay.

**Alex:**

Yep.

**Jake Gaul:**

Okay. And not just his books about Wall Street and, you know, the big short, but his books about culture, parenting, sports, sports in particular.

I subscribed to his podcast against the rules. just an excellent communicator, writes on really cool topics. so, yeah, those are probably my two things. I guess I'm a little bit, barbelled there, right? In terms of a ridiculously silly answer and then a more serious answer.

**Alex:**

No, I love that. Honestly, I think my answers might be pretty similar.

Michael Lewis is one of my favorites as well. He has a really good book on, uh, Sam Bankman-Fried, "Going Infinite", about Sam Bankman-Fried's crypto companies and kind of their rise and downfall.

So yeah, Jake, thanks again for sitting in today and chatting with me. I thought this was a great first episode. Hope to do many more, thank s for listening everyone. Take care

**Audio Ends**

**2025\_4281962**

This podcast is for informational or educational purposes, and it does not constitute investment advice and should not be used as the basis for any investment decision. It does not purport to provide any legal, tax, or accounting advice. In providing this information, Jennison Associates LLC ('Jennison') is not acting as your fiduciary. The information has been obtained from sources that Jennison believes to be reliable as of the date presented; however, Jennison cannot guarantee the accuracy of such information, assure its completeness, or warrants such information will not be changed. The information contained herein is current as of the date of issuance or such earlier date as referenced herein and is subject to change without notice. Jennison has no obligation to update any or all such information; nor do we make any express or implied warranties or representations as to the completeness or accuracy.

Past performance does not guarantee future results. Any projections or forecasts presented herein are subject to change without notice. Actual data will vary and may not be reflected here. No liability whatsoever is accepted for any loss whether direct, indirect, or consequential that may arise from any use of the information contained in or derived from this podcast. Jennison may make investment decisions that are inconsistent with the recommendations or views expressed herein. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients or prospects. No determination has been made regarding the suitability of any securities, financial instruments or strategies for particular clients or prospects. Distribution of this information to any person other than the person to whom this podcast has been originally delivered,

and to such person's advisers, is not permitted. Any reproduction of this podcast, in whole or in part, or the disclosure or redistribution of any of its contents, without the prior written consent of Jennison, is prohibited. This podcast may contain confidential information and the recipient thereof agrees to maintain the confidentiality of such information.

Jennison Associates is a registered investment advisor under the U.S. Investment Advisers Act of 1940, as amended, and a Prudential Financial, Inc. ("PFI") company. Registration as a registered investment adviser does not imply a certain level of skill or training. Jennison Associates LLC has not been licensed or registered to provide investment services in any jurisdiction outside the United States. Additionally, vehicles may not be registered or available for investment in all jurisdictions. Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, incorporated in the United Kingdom or with Prudential Assurance Company, a subsidiary of M&G plc, incorporated in the United Kingdom.

Please visit <https://www.jennison.com/important-disclosures> for important information, including information on non-US jurisdictions.

The information contained in this podcast should not be construed as a solicitation or offering of investment services by Jennison or a solicitation to sell or a solicitation of an offer to buy any shares of any securities nor shall any securities be offered or sold to any person in any jurisdiction where such a solicitation or offering would be unlawful under the applicable laws of such jurisdiction. This