

## **Jennison Associates**

### **Navigating the Investment Bond Market**

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

**Jen Karpinski, CFA – Managing Director, Senior Product Specialist**

#### **Video starts**

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Jennifer Karpinski:

Hello, welcome to our discussion on fixed income investing. I'm Jen Karpinski, Senior Product Specialist with Jennison Fixed Income. Today, I'm joined by Jake Gaul, CIO of Fixed Income. Jake, thanks for taking the time to be here today.

Jake Gaul:

Happy to be here.

Jennifer Karpinski:

Jake, why don't you start by giving us an overview of Jennison's Fixed Income Business?

Jake Gaul:

We're a Boston based fixed income manager. We currently manage over \$50 billion in institutional client assets. Our client types span the range. Defined benefit corporate plans, defined contribution platforms, public market plans, as well as outsourced insurance and cash strategies. In terms of different strategies, we manage anything that's in the investment grade dollar denominated universe across the sector, quality in duration spectrum, we're going to manage. We have a relatively large average client size, over 700 million, and we're proud of our long-term relationships with our clients, which average over 17 years.

Jennifer Karpinski:

Jake, why don't you also talk a little bit about our team and how it really lends itself to our investment style and process?

Jake Gaul:

Our team is set up to execute our investment philosophy, which emphasizes the pursuit of downside protection and strong risk adjusted returns. So to that end, we have a narrow market focus. We focus on the dollar investment grade universe. We don't try to be all things to all people. Default loss risk is the single biggest risk in a high quality bond portfolio. So having senior portfolio managers, not junior analysts, doing the bottom up credit work and in relative value work, we think puts us in a comparatively better position to avoid putting those mistakes in your portfolios.

More broadly, we try to add value in three ways in portfolios, and that's how our team is set up, credit, structured products, and active yield curve management. Our investment philosophy's centered on three beliefs. One is the importance of taking a long-term approach. Two, a belief that over the long-term investment values mean revert and we can capitalize on that. And the third is that our clients very much appreciate and expect a strong performance in down markets and we try to deliver that.

Jennifer Karpinski:

Now Jake, you've spent close to 25 years in the industry and you've worked at various fixed income firms. What do you think really differentiates our team?

Jake Gaul:

Culture, definitely. Investor led is a term you hear a lot at Jennison, and our business and our investing style is certainly investor led. And what that means is we prioritize what our clients want and it leads to pretty good outcomes and I think is unique in the market. The second piece is our hands-on, in the weeds approach to managing portfolios, which I know is unique to a lot of competitors. I think this really helps the investors and the portfolio managers really understand the risks in their portfolios and keeps them engaged. And the third piece related to our culture is really minimal turnover on the investment team over a long period of time. That's what drew me to Jennison and that's what's helped us attract a lot of strong talent.

First piece is culture. The second piece is how we interact with clients. At Jennison, the portfolio managers are the direct contacts with our clients. And that's important in a lot of ways. It very much helps the portfolio management team understand what clients want and I think our clients appreciate that and it's been a mutually beneficial relationship.

Jennifer Karpinski:

Jake, thank you so much for your insights and for taking the time to be with us today.

Jake Gaul:

Thanks for having me.

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