



Douw Steenekamp Senior Equity Analyst at Credo Group

The Credo Group recently announced that veteran analyst Douw Steenekamp joined the firm as part of its investment team. Steenekamp took up the role of Senior Equity Analyst based in London, where he had just relocated to when *MoneyMarketing* caught up with him.

Steenekamp boasts over more than 30 years of experience as a Portfolio Manager and Equity Analyst. His previous roles have included senior positions at Old Mutual Investment Group, Orthogonal Investments, Sanlam Investment Management Global and Denker Capital where, most recently, he was the firm's Global Equity Portfolio Manager.

In the four months that Steenekamp had been in the UK, he had received quite the welcome. The Kingdom had inconceivably gone through three Prime Ministers, four Chancellors, three Home Secretaries and two Monarchs. "Quite a whirlwind," he exclaims, adding that he would have actually sat out the voting process if he were permitted to elect, owing to the substandard candidates' list (before Liz Truss was elected and later booted out).

Steenekamp expressed some concern about the sweeping wave of populist candidates – not only in the UK but across the globe – being elected to high offices, as it is much easier to tell the people what they would like to hear than delivering the hard truths about the dire and deteriorating current and future state of affairs, most especially economic ones.

It remains to be seen how the new Prime Minister and Former Treasury chief Rishi Sunak will try to shore up an economy sliding toward recession and reeling after his predecessor's brief (44 days) disastrous experiment in libertarian economics. Apart from British politics, to which Steenekamp cannot

be oblivious now, *MoneyMarketing* had a lot more to learn from and about the seasoned analyst.

How did you get involved in financial services – was it something you always wanted to do?

During my accountancy articles in the late 1980s, I started trading shares with a few of the other clerks. The stakes weren't particularly high, but the challenge and the satisfaction derived from our few successes gripped me. After completing my Chartered Accountancy (CA) qualification, I applied for a trainee analyst position in what was then the investments division of Old Mutual. Fortunately, I was able to make enough of an impression to be offered a job.

What was your first investment – and do you still have it?

The first share I ever bought was PUTCO in about 1987. It was the dominant commuter bus company in the greater Johannesburg area. The company needed government subsidies to survive, but the value of its property portfolio (comprising bus depots) comfortably exceeded its market capitalisation.

We reasoned that there was an upside if PUTCO could restore profitability, and that the downside was protected by the value of the property portfolio. Opportunely, this is how it played out and we ended up realising a handsome profit. PUTCO was delisted in 2004 and is now a subsidiary of the privately owned Larimar Group.

What would you consider to be your best, and worst, financial/investment moments?

Not an easy question. For stock selection, one of the best was buying Microsoft in 2012 when it was trading at a multiple below 10 times earnings and no one wanted to touch it, despite it being a clear

global leader. Having rerated to a multiple of 25 times, on almost four times the earnings, it has delivered a superb return.

The worst moment was probably investing in the leisure industry via Carnival Corporation and TUI during 2018 and 2019, just before the outbreak of the Covid-19 pandemic. We all know what happened next.

From a portfolio management perspective, both the best and worst moments happened when managing the Denker Global Dividend Fund. Managing a fund can be an emotional rollercoaster. In 2015, we had the top performing fund within what is a large and competitive UK category but, by 2021, we took the decision to close the fund. That was a tough journey – being a Portfolio Manager can have both high highs and low lows.

What are some of the biggest lessons you have learned in and about the finance industry?

From the many, many lessons I have been taught, I would say one of the most important is that patience is far too rare a commodity in our business. It is difficult to be patient when operating in an environment deliberately designed to focus people on the short term. You only need to switch on your TV, read a sell-side analyst report, or look at the incentive structures at most investment firms for confirmation of this point.

Everyone talks about the long term, but very few investors and managers are truly able to practise what they preach. The big lesson is to always remember that life happens in real time and not at the speed of the movie you are being urged to see in your head.

What trends are currently on your watchlist?

Unquestionably the overdue process of monetary normalisation that has recently (and finally) started. As a fundamentally value-biased investor, I am hoping that the future environment is less bizarre than the one we have been living with for the past 15 years, ever since the global financial crisis.

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Best book on investing that I would recommend to others

Against the Gods: The Remarkable Story of Risk by Peter Bernstein

This book made a lasting impression. I have read many books on investing that seemed profound at the time, most of which I can't recall much about today. *Against the Gods* chronicles the history of our understanding of risk and led me to realise that most of what we do in finance and investment is simply the evaluation and trading of risk.

