

FACE TO FACE TOM FINKE

Barings, an old name with a new purpose

Chief Tom Finke is caught in Charlotte's web but hopes to grow in Asian market

OWEN WALKER

For more than 200 years, Barings was an eminent institution, known for financing the emerging US in the late 1700s and for its ties to the British monarchy in the 1900s. Then in 1995 came rogue trader Nick Leeson's speculative bets and the bank's stunning collapse.

A quarter of a century on, Tom Finke aims to rejuvenate the brand as a global asset manager. His aspiration is to dominate the Asian market from the company's headquarters in America's Deep South.

"Barings today is not the Barings Bank of 30 years ago – it's a very different organisation," says Mr Finke, a Pennsylvania native who hunts deer and quail in his spare time. "We're a company that has clients and customers. We raise money from our clients and provide capital to our customers. We stand between flows of capital in different parts of the world."

Mr Finke has spent nearly two years integrating specialist investment companies into a \$300bn asset management business that has more than 2,000 employees and offices in 16 countries.

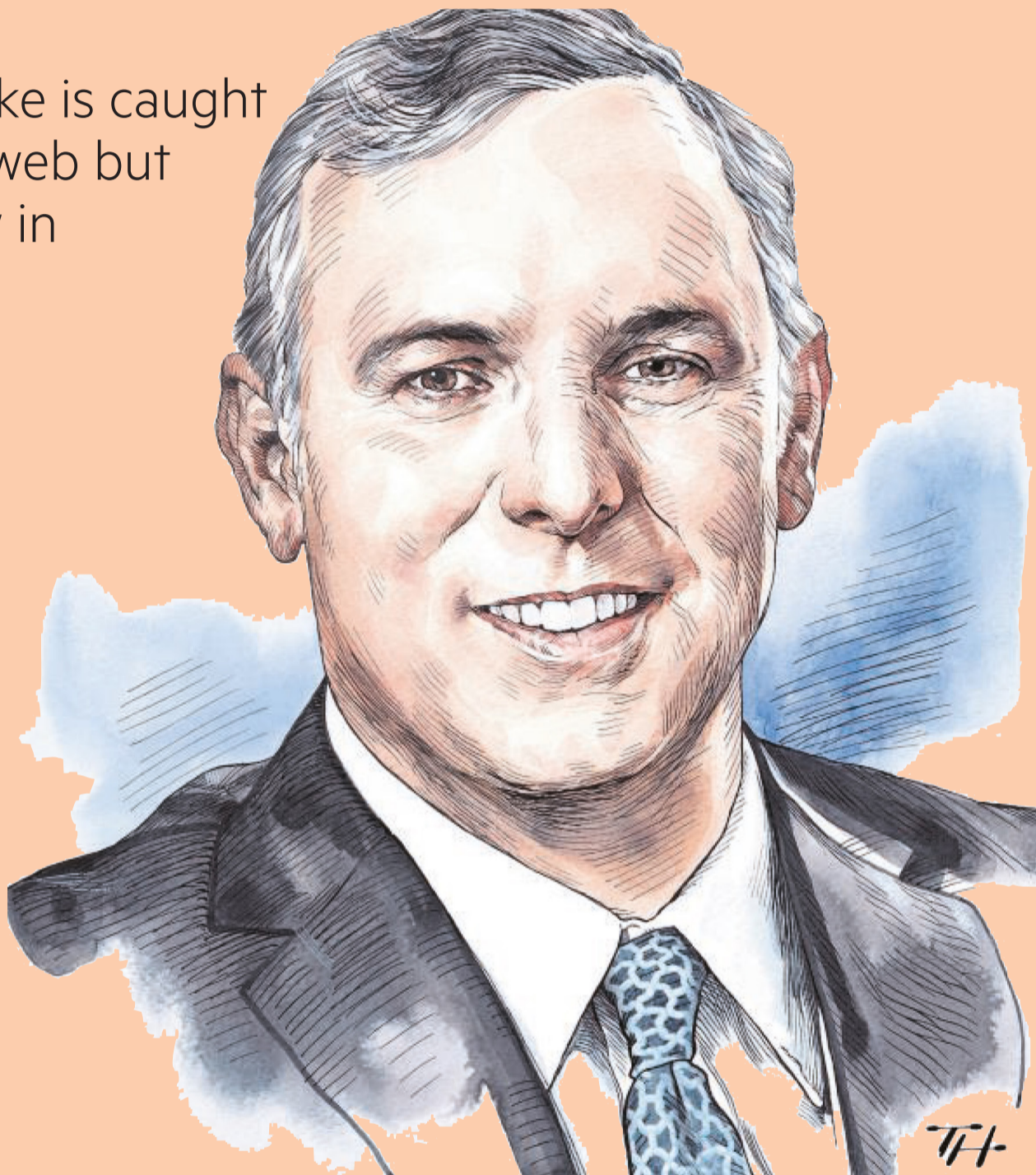
Barings, the name of one of the merged businesses, was chosen for the group because of the strength of the brand in Asia.

"I've long believed the growth opportunity in Asia-Pacific, in particular, in China. I knew that, done the right way, we could leverage off the history of Barings," Mr Finke says.

Barings Bank was sold to ING for £1 after going bankrupt in 1995. Ten years later, MassMutual, the Boston life insurance company, bought the asset management business from ING, and with it the right to use the distinctive name.

Mr Finke, the son of a coal salesman and a teacher, grew up in Pittsburgh. It was not until university that he began thinking about a career in finance. "Heck, I don't think I ever saw the Wall Street Journal until I was in college," he says.

He started in banking then set up a high-yield loan manager from scratch. Within two years it was a \$3.6bn operation. In 2002 this business was sold to Babson Capital, a bond specialist, and Mr Finke persuaded his new boss to let him stay in Charlotte, North Carolina,



Barings is a completely different organisation to the Barings Bank of 30 years ago © Tony Healey/FT

CV
Born March 23, 1964, Pittsburgh
Total pay Undisclosed
Education 1982-86 Bachelors degree from Virginia university's McIntire School of Commerce; 1989-91 MBA from Duke University's Fuqua School of Business
Career 2002-08 managing director then president, Babson Capital Management 2008-11 executive vice-president and chief investment officer, MassMutual Life Insurance Company 2008-16 chairman and chief executive, Babson Capital Management 2016-present chairman and chief executive, Barings

with his team of 18.

As Mr Finke rose through the ranks of MassMutual, which owned Babson, he resisted moving from Charlotte. He recalls a conversation with Roger Crandall, chief executive of MassMutual, who was then chief investment officer.

"He was starting to think about who would replace him. He asked me if I'd move to Springfield [Massachusetts – MassMutual's head office]," he says. "I said no. But I give Roger a lot of credit."

He was willing to see the value of being less insistent on where the business locates and more insistent on moving ahead with the talent you want to move ahead with."

By 2015 Mr Finke was chief executive of Babson, which had boutique subsidiaries focused on real estate and alternatives. At a meeting, he discussed industry dynamics with Mr Crandall and his MassMutual investment peers, David Brennan at Barings and Art Steinmetz at OppenheimerFunds. This led to the plan to merge Babson and Barings.

"A couple of trends sprang out loudly," he says. "In the institutional

space, asset owners wanted to work with fewer managers with broader capabilities. And increasingly there was a premium placed on the ability to invest globally in a more integrated way."

The businesses were also under pressure to reduce fees. Merging them brought scale and allowed for savings on operations, technology and distribution.

When did the merger complete? Mr Finke is quick to respond: "September 12 [2016] – I remember the birthday. It's like my sixth child."

The executives decided not to fold OppenheimerFunds into the larger group. Mr Finke says Babson and Barings were global businesses and complemented each other. OppenheimerFunds, in contrast, focused on US retail.

Last year, MassMutual announced plans to sell OppenheimerFunds to Invesco in a \$5.7bn allshare deal, the largest US asset management transaction for four years. The disposal led people to question whether MassMutual would sell Barings, too – which Mr Finke refutes.

"Asset management is a large part

Barings

Assets \$303bn

Employees 2,000-plus

Founded Barings was founded in 1762. Today's business is a reflection of a 2016 merger between Baring Asset Management, Babson Capital Management, Cornerstone Real Estate Advisers and Wood Creek Capital Management

Headquarters Charlotte, North Carolina, US

Ownership Privately owned by Massachusetts Mutual Life Insurance Company (MassMutual)

of MassMutual's strategy and that hasn't changed," he says.

"The decision to create the new Barings really set us on a foundation where we're growing and we have visibility on how we continue to grow. We were different [from] Oppenheimer and its needs."

If anything, he says, Barings wants deals of its own. "Asia is a big focus," he says. "Though we have nice local businesses in Korea, Hong Kong and Japan in equities, I can see us increasing our presence in the credit markets there, especially as the higher yielding ones continue to develop."

He says he would like to grow Barings' real estate and infrastructure operations in Asia via the recently opened equities-focused office in Shanghai.

Our meeting is held in the City of London, in Barings' new European headquarters, opposite the Old Bailey, the central criminal court of England and Wales. It is the first time since staff moved in that Mr Finke has visited the building, whose plush furnishings and a neutral decor make it feel like an upmarket hotel.

Remnants of Barings' once-renowned art collection hang on the walls outside the meeting room, including works by Emma Sergeant and Natasha Kumar, as well as a life-size painting of Imran Khan, the Pakistani prime minister and former international fast bowler, in his cricket kit.

Mr Finke's reluctance to move from Charlotte means the group's global head office is still in the city. Barings' 26-storey building opened in November 2017 and hosts 600 staff. It features works by local artists.

Charlotte has become a fund management hub, with Nuveen and Dimensional Fund Advisors having large offices in the city. AllianceBernstein also considered Charlotte before opting for Nashville.

Despite his affinity for the city, Mr Finke plays down its importance to Barings. He points out that the group's assets are split equally between Europe, North America and Asia-Pacific. "A truly global firm revolves around many hubs. Often people say, 'well, you're an American firm'. We are not an American firm. We may be owned by a US insurance company but we think about our business in global terms," he says.