

MEET THE MANAGER



JOHN PORTER

John Porter is Newton Investment Management's chief investment officer and head of equity.

John joined Newton in September 2021, following the integration of Mellon Investments Corporation's equity and multi-asset capabilities into Newton. Before joining Newton, John was chief investment officer at Mellon. Earlier roles included head of equity, active equity chief investment officer, and senior portfolio manager at Mellon and The Boston Company Asset Management (both BNY affiliated companies).

John Porter has worked at BNY companies since 2016. Before embarking on a career in investment management in 1994, he worked as an engineer. John holds a BS and an MS in Aerospace Engineering from the University of Michigan and an MBA from the University of Chicago. Here he discusses his experience and management style.

What's your role at Newton?

I wear two hats: I'm a portfolio manager and the active equities chief investment officer (CIO). As a portfolio manager I run a wide variety of US growth strategies: US small, mid, and large cap growth. I apply the same philosophy and process to all my strategies. I'm consistently looking for businesses with real differentiating return potential. I focus on the leading edge, sometimes the bleeding edge, of growth and innovation.

What prompted you to go into investment management?

I didn't always know I would end up working in investment management. I feel so fortunate to have stumbled on this career. The challenge of understanding businesses and identifying alpha-creating opportunities is a really hard problem, a problem I love trying to solve every day.

As a kid, my first introduction to finance was my father's subscription to *Money* magazine. I remember an article about Peter Lynch, the Fidelity portfolio manager of fame. That article sparked a conversation about mutual funds in which my father laid out the basics. The concept was interesting, but I wasn't thinking about planning my career. I excelled at math in high school and decided to major in engineering at the University of Michigan.

My first job after graduation was as an engineer at Ford. During my lunch breaks I would read *Investor's Business Daily*. I distinctly recall reading an article by legendary portfolio manager George Vanderheiden, who emphasized the importance of an MBA. That article created an interest that was previously dormant.

I went on to study at the University of Chicago and held an internship as

an equity analyst at Fidelity where I worked for 15 years after earning my MBA.

Was it challenging making the transition from engineer to investor?

There's plenty of areas where the framework I received as a trained engineer has helped back my career success as an investor. Engineering is a profession where there's always a right, or at least an optimal, solution. There is a real level of precision required in that field.

Being an investor is an incredibly hard job. You have to be able to take feedback on how you're outperforming or underperforming every day. I get served up a lot of slices of humble pie! There is so much uncertainty in investing, you're never going to always be right.

But competition in the market is something I live for. I can't imagine it not being part of my everyday life.

Which market category excites you the most?

I find innovation fascinating, although it has a bit of a black eye because it has been through sort of mini boom/bust cycle. I think it's important to separate the innovation that's happening within the economy from the performance of stocks associated with innovation.

If you look under the hood of the economy, the role of innovation is continuing to grow steadily, predictably, and is only going in one direction. Technology is playing a role

in solving global issues whether it's supply chain challenges, food supply issues, healthcare access issues, and so forth.

What are you looking for in a company? What metrics or qualities do you value?

I'm looking for the four Ms: Market size, Moat, (business) Model, and Management team. I buy businesses because of what I think they could be three, five, seven years from now. I am looking for businesses that are going to have attractive business models and reasons for us to believe that their success can be sustainable.

Hands down, however, the quality I scrutinize most is a company's management team. I've seen many companies get derailed due to poor management. I read a lot of leadership books and am always trying to learn more about what makes great leaders tick. There's no formula, no two great leaders look alike. Still, I'm always trying to assess: "Does this person possess the great leadership characteristics that another person has exhibited that literally translated into corporate success?"

How would you describe your own management style?

I'm as far away from a micromanager as I could be. One of my favorite quotes is by Joe Dumars: "On good teams, coaches hold players accountable; on great teams, players hold players accountable." I consistently emphasize and believe in autonomy. As individuals, we're capable of holding ourselves to

a much higher standard than anyone else can. That high standard is paramount when pushing one another to be better and it comes from a positive place.

From an efficiency standpoint, my analysts don't need me to tell them what to be analyzing or thinking about. I believe it's the best way for them to feel excited and challenged in their roles and it allows me the mental bandwidth to spend most of my time focusing on the strategies I lead.

Engagement is my primary focus. As a leader, it's critical I engage with the people on my team in a way that lets them know that what they're doing is valued and important.

Is there a connection between your passions (outside of investing) and your work?

I'm pretty good at compartmentalizing things. When I leave work, I'm home. My focus is on my family, catching up with my wife and playing with my dogs.

Yet virtually every book I read and every podcast I listen to is investment or leadership oriented. I love listening to other investors talk about their portfolios and their investment approaches.

I feel like investing is in my blood and I can't imagine going more than a few hours without staying on top of what's going on in the market. When I wake up in the morning, the first thing I want to see is what has happened with our stocks overnight and if there's been any news. I have always found it so invigorating and exciting.

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