Q&A

Get to Know Jack Rivkin
Chief Executive Officer and
Chief Investment Officer of Altegris

Jack Rivkin has had a long and varied career in the investment industry encompassing private and public equity, investment policy and management. He is known as a keen observer of investment and business strategy, with over 46 years of investment research and asset class expertise. He is a respected thought leader and has held senior roles in the investment industry including Chief Investment Officer and Head of Private Asset Management at Neuberger Berman and Director of Global Research and head of the Worldwide Equities Division of Lehman Brothers Inc. Following his time at Lehman Brothers, he was a Vice Chairman and Director of Global Research at Smith Barney (ultimately a subsidiary of Citigroup), and an Executive Vice President with Citigroup Investments making direct investments and leading an investment team. Jack is the co-author of Risk & Reward—Venture Capital and the Making of America’s Great Industries, Random House, 1987. He is a regular guest on various media including CNBC and Bloomberg. He is the principal subject in a series of Harvard Business School cases describing his experience as Director of Research and Head of Equities at Lehman Brothers. He has served as a director of a number of private and public companies and the New York Society of Security Analysts.

Jack earned his professional engineering degree from the Colorado School of Mines and his MBA from the Harvard Graduate School of Business Administration.

Q: Before we get started, would you take a moment to discuss why you decided to come out of semi-retirement to work at Altegris?

A: I wouldn’t call what I was doing semi-retirement, rather, it was a variety of activities that kept me engaged pretty much full time in various aspects of the investment business and other early stage technology companies. I was fortunate enough to be asked to participate in the due diligence process for the potential purchase of Altegris and what is now AssetMark out of Genworth Insurance. In that year-long process I got to know Altegris quite well. I believed that the financial market segment in which Altegris was participating—alternatives and, specifically liquid alternatives—would be one of the most rapidly growing segments in the investment industry. After the acquisitions were completed, I worked with Altegris to find a Chief Investment Officer who could meet the managerial and investment needs of its expanding platform. I concluded that I could actually fill those roles well and, fortunately, the management agreed. I like the people. I like the research process. And, I was well aware of the support and expectations of the private equity firms that purchased the company. It will also be a learning process, building those brain cells. The fact that La Jolla is the headquarters had absolutely nothing to do with my decision.
**Q:** What was your motivation for first getting involved in the industry?

**A:** I went to business school to become the world’s expert in manufacturing with the idea of going back to Procter & Gamble, where I had worked the previous two years, and make better soap. Once I got there my eyes were opened up to a broader world. Taking a position in the investment industry actually felt like a continuation of my education; except someone was actually going to pay me. It seemed central to understanding what was going on in the world, and it assured that I would be surrounded by smart people from whom I could learn.

**Q:** When you started out as an analyst at Mitchell Hutchins, where did you see yourself in 45 years?

**A:** I had no clue. I just knew that I would be more knowledgeable about the world and about the investment business in general, and with what appeared to be the wind at my back, would be successful financially. Where that would lead me specifically was not clear. However, I did enjoy the interaction with other people and I expected that would always be an important part of my life.

**Q:** What were some of the most important lessons you’ve learned after 45 years in the industry?

**A:**
- Getting to the point where one knows something that most others don’t is extremely valuable.
- It is hard to learn something with your mouth open.
- It helps to get on the right train, but people do make a difference.
- It isn’t all about the numbers.
- Life and the investment business are both about probabilities, not certainties.
- There is more information in a question than an answer.
- One does not have to work with “jerks.”

**Q:** How would you start your career in finance if you could do it over again?

**A:** I would have moved to the buy side sooner and most likely into venture capital. Moore’s Law was functioning then and continues to now.

**Q:** How did your studies at Harvard shape your understanding of the business world?

**A:** Enormously. Analyzing and discussing at least three business cases a day for two years with others who understood more or less not only provided a broad knowledge of the business world, but a knowledge of how others saw that world. Relationships I developed with some of the professors have continued to this day. I also still find myself referring to specific cases when confronted with a business or management situation.

**Q:** What are your greatest sources of information?

**A:** Other people who are experts at what they do and speculate about outcomes, whether as analysts, money managers, business managers, politicians, weirdos, or artists of all kinds. I expect to learn something from anything I read or anyone I talk with. The best people in the analytical community are still the primary sources for new ideas—even if they don’t always know it.

**Q:** Who were some of your financial mentors?

**A:** I had three whom I worked with for many years starting at Mitchell Hutchins: Don Marron (CEO of Mitchell Hutchins and then PaineWebber) on business and negotiating; Dave Williams (CEO of Alliance Capital after leaving Mitchell Hutchins) on management, thought processes and other topics—Dave was more like an older brother to me; and Mike Johnston (many roles at Mitchell Hutchins, PaineWebber and then Capital Research) on thinking outside the box. Sandy Weill was a mentor whether he knew it or not. I never

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met anyone who could understand a balance sheet or get to the crux of a problem or opportunity better than he did. Almost every person I ever engaged with as a boss, peer, acquaintance, or subordinate was in some way a mentor. I owe whatever success I have achieved to a large group of people. I have to mention very specifically, Jeff Lane (now Chairman of Lebenthal Wealth Management), who had a specific influence on my career(s) through the years. Hard to call him a mentor, but he made a difference.

Q: What made your models and investment expertise better than others?
A: It’s hard for models to be better than others. I’m not so sure my investment expertise was better. I think to the extent it worked, always looking for disconfirming information and something, as obscure as it might be, that was what others didn’t know usually made a difference. My expertise really comes from surrounding myself with the real experts.

Q: How did you improve on that knowledge?
A: I always tried to get to the point that I knew was of value to someone else, and their response to that knowledge, either in their reaction to it or the questions they asked, gave me an insight that I wouldn’t have received otherwise.

Q: How do you evaluate a company before accepting a seat on its board or as an executive?
A: I start with the environment in which the company is operating—the competitors, the growth opportunities, and the rate of change. I look at the business model, the finances, the backers, and the strategy of the specific company. I spend a lot of time with the people. I then look at what value I can add and what satisfaction, financial, intellectual, and otherwise I would get from being involved.

Q: What are your hopes for Altegris?
A: That it will continue to be a financially successful leader and innovator in the investment industry.

Q: Where do you see Altegris in 2050?
A: It is hard to foresee the changes that will likely take place in the industry over that time period, but I expect there will be many and be much more global in nature than today. I expect the firm to be a major participant in that growth either independently or as an important part of a major business entity in the financial industry.

Q: What are your responsibilities at Altegris?
A: As CEO and CIO, I am responsible for overseeing the research and investment management processes of the company. In that role, because of what we do, I would expect to help influence the investment direction of the company. I also represent the company in terms of its influence on the industry, the investment context in which we make our decisions and structure the funds to be of most value to the clients, and the paths we pursue to expand our investment efforts in general.

Q: What is your research approach?
A: It is really no different from what it has always been: build and maintain a collaborative research and investment capability that is one of the best, if not the best, in the industry. That involves having and growing the right people as analysts and portfolio managers with superior technological support, drawing off of a knowledge base of potential investments, and investment managers that will expand as needed to stay on the leading edge of investments.

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Q: Do you have any secrets or words of wisdom to share with young leaders in the financial industry?

A: Let’s continue to put the clients’ interests first. That is sometimes hard to do given the financial magnitude of the numbers we are dealing with today and the potential for reward as a participant in this industry, but it is essential. How the leaders behave has a direct influence on the employees and the perceptions of the clients and other important constituencies who can affect the industry. Inclusive and diverse management leadership can have a real long-term influence on the success of the industry and its structure over the next generation and longer.