

WITH GRIT AND INTEGRITY

Evercore Asia's chief Keith Magnus counts on these qualities as the bedrock of his operating principles

BY GENEVIEVE CUA

IN 1998, aspiring investment banker Keith Magnus walked into the final round of a job interview at then-Chase bank, wheeling a drip stand alongside him.

He had been warded at a hospital but was anxious to clinch the job. It seemed an opportunity of a lifetime, coming in the throes of the Asian financial crisis. There were 4,000 applicants for four positions. "I got the doctor at Mount Elizabeth to allow me to leave the hospital temporarily. It wasn't anything contagious," he laughs.

In hindsight it seems almost inevitable that he would clinch the job. But this early experience also hints at the character traits of fierce determination, tenacity and what he calls "grit" that would be germane to the rapid, upward trajectory of his career. Some 18 years since that pivotal interview, he has helmed billion-dollar deals and has been courted by the largest investment banks, earning a reputation as a star investment banker. In 2013, US-based independent investment bank Evercore sat up and roped him in to establish and head its Asian business. Mr Magnus is chief executive of Evercore Asia (Singapore).

"Investment banking is a very difficult business. If you're standing still, you're moving backwards. You need to be hungry for knowledge, and you need to develop a very high level of curiosity about the world. In one word, you have to have grit. That's passion for the business, for clients' interests, and the resolve and determination to see something through. If you don't have grit, you won't be able to survive.

"The other pillar is integrity. Without that it's impossible to be seen as a trusted investment banker. Grit and integrity are my bedrock; they've been my operating principles."

At a relatively young age of 43, Mr Magnus is credited



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with advising on over 100 transactions and S\$50 billion worth of deals. Over the past year alone, key Evercore-advised deals included the acquisition by Singtel of a 98 per cent stake in Trustwave Holdings, valued at S\$1.1 billion. There was also the S\$1.45 billion buyout offer for three-in-one coffee-mix maker Super Group by Dutch group Douwe Egberts. Evercore is also the adviser to Tolaram on its strategic long-term partnership with Kellogg, a multibillion-dollar deal in terms of transaction value.

An early stint at the Ministry of Defence's (Mindef) legal department as part of his National Service woke him up to the possibilities of deal-making. "I read law in university and was drawn to it. There are other lawyers in my family, but I have always been fascinated by the world of high finance."

He graduated from Monash University in Australia with a double degree in Economics (Accountancy) and Law, training that has turned out to be invaluable in investment banking which requires a keen nose for the economics of a deal and familiarity with the law. In any case his law pedigree was impeccable. His father is Richard Magnus, retired senior (now termed chief) district judge who has been awarded multiple public service medals, and who is credited with helping to transform Singapore's judicial system into one of the most efficient in the world.

The younger Mr Magnus qualified for university at 17, and upon completion was posted to Mindef's legal department handling procurement contracts for the government. "In the two years doing that I realised that I was always supporting whatever deals that had been cut between agencies on the defence front, documenting what had already been agreed upon. I thought it would be reasonably interesting to be at the forefront of dealmaking, at the cutting edge of the thought process that led to value being created and transactions being done. I decided I would give banking a swing."

The job opportunity at Chase bank was for an Asia development programme for analysts where candidates would be slated for senior positions in Asia. JP Morgan was subsequently bought over by Chase Manhattan Bank. He was rotated through various positions, including multinational banking, credit and cash management. "Once I got into investment banking, I never left," he says.

Learning curve

He was put on the integration committee for JP Morgan Chase following the merger and was the leader for the junior banking workforce. He was then in his 20s. "Through that process it was interesting to see the two cultures coming together. There was a lot of rationalisation. I realise at that young age that you can never take any job for granted. Always be grateful for the opportunity to learn and contribute."

At 29 he was approached by Deutsche Bank (DB) for the role of country head of investment banking. He initially turned it down as he was in the middle of a number of deals. They returned the following year and he took on the role at 30, tasked to rebuild DB's presence in the field. In the three years he was there the bank won a number of awards as the best foreign investment bank. Thus was set the pattern of his career – rebuilding teams and businesses and clinching awards. He joined Bank of America Merrill Lynch in 2007, likewise with a mandate to rebuild the business. And then UBS in 2009.

"I suppose the curiosity of UBS was piqued. They sat up, and that led me to help UBS to rebuild their investment banking business. Each mandate was to build and drive the presence. That's really what I have enjoyed doing – to rebuild and find a platform where I could make the most difference."

Passion and drive

Evercore was a relatively tougher challenge. In 2013 it was somewhat unknown in Asia amid a sea of entrenched global names, although it had already made a name for itself in the US. Mr Magnus says the concept of an independent investment bank was appealing.

"The face of investment banking was changing. The cost of banking was going up rapidly and frontline bankers changed their emphasis. They became very product focused and relatively sales driven. They had to make the numbers work. Evercore had been talking to me for some time. I felt the timing was right. It was an opportunity to take the ultimate challenge, to build an investment banking business from scratch.

"But I also wanted to return to basics, to just look after clients' interests. I thought if I could build a team of people with those values, who are passionate and driven about advancing clients' needs and interests, we'd build a firm that was differentiated and elite in the investment banking world."

So Mr Magnus rolled up his shirt-sleeves and got down to it – scouting for premises, overseeing office design, hiring a team and applying for regulatory approval. With his track record, he had the proverbial *guanxi* on his side, which cannot be underestimated.

"We had to have a quality business. For that we needed expertise and to be connected to firms and clients. If you ask me what was most

challenging, it was to get them to understand what Evercore was about and its business model. I was very grateful. A lot of clients were friends and were very happy to continue to work with me, even in a new set-up. That was absolutely critical." Today Evercore has a team of 18 and is looking to hire more.

What also helped was Evercore president Ralph Schlosstein's admonition to Mr Magnus to take his time. "He said, 'Don't put pressure on yourself. Build a quality business; don't be desperate to close deals because clients will see it and the team will have a very different reputation.'" Evercore was named the best M&A house by *The Asset* for two years running, in 2015 and 2016.

He says the key principle to pursue as an adviser is to examine the value creation potential of a deal. "Does this deal create value, and at what cost? The very simple operating principle is that if the cost of creating value is higher than the value being created, I tell my clients to walk away from the transaction. We're happy to do that.

"We give proper advice; we don't play the league table game. That has really been the hallmark of what I do as a professional, to act with integrity. But then when we know something is good for a client, we pursue it, leaving no stone unturned to make sure that the transaction is executed and it gives maximum value.

"There are science aspects of investment banking such as financial modelling. But it is a blend of science and art. The art of the deal is very dependent on the quality of advice and the adviser's principles, integrity and expertise. That's what we try to achieve – a blend of science and art." **W**

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