

THE BOEHLY CENTER

FOR EXCELLENCE IN FINANCE

CAREERS IN FINANCE PODCAST

EPISODE 10: ALTERNATIVES

Jeffrey Rich

Welcome to Careers in Finance, presented by the Boehly Center for Excellence in Finance at William & Mary's Raymond A. Mason School of Business. This podcast will explore various areas of the financial services industry, career paths in finance, and other practical insights that will help students better understand and prepare for professional success in the field of finance. Be sure to subscribe to the podcast and catch future episodes as we explore the field of finance. And now your host, Jad Howell.

Jad Howell

Welcome, everybody. Today, we are here with Jon Lamb, who is portfolio manager for Orion Resource Partners. Jon, welcome.

Jon Lamb

Thank you, Jad. Great to be here.

Jad Howell

Jon, we would love for you to walk us through your professional career and how you've arrived to your current position with Orion. Would you take a moment to share that with our student listeners?

Jon Lamb

Oh, absolutely. I've been at Orion and its predecessor since 2012. Orion is a private equity firm exclusively focused on metals and metals and mining, particularly on financing the development of mining projects and the acquisition or recapitalization of metals and mining projects globally. We have about six billion dollars under management, and prior to Orion, I was doing investment banking for Deutsche Bank, also in metals and mining. I started out there following graduation 2007. Stayed with the bank through that period and had the opportunity to move over to the predecessor firm to Orion in 2012. That came about through a good coincidence of the firm looking to expand at that time as there they had just completed a capital raise, had some familiarity with it. You know, one of my clients at Deutsche Bank was a portfolio company of the predecessor to Orion. So it gave me a familiarity with some of the structures and gave me an opportunity to get in the door there. And I think a lot of people in investment banking look to go on to private equity following that. And that was part of my career plan. I had started out doing metals and mining. This was a very big time for the sector. It was the supercycle, as it was called. So there's a lot of opportunities for investment and really took advantage of that coincidence. And through building relationships in industry, I wanted to stick with that as I moved over to private equity. And this was an opportunity to do that. And at

a place where they had a good reputation at that time, I think we've been very successful and continuing to build a good reputation as a capital provider in the mining sector.

Jad Howell

Oh, that's terrific. Thank you for sharing that, Jon. Did you know within the for our listeners, as you enter investment banking, did you intend to stay there for, you know, two to five years? I mean, was there a finite period of time that you expected to be there, at which point you would then pivot and pursue additional opportunities in private equity? Or was it more just opportunistic based on your relationships that you mentioned?

Jon Lamb

So when I started out in investment banking, I had an idea of moving over to private equity. At some point, I had done an internship prior to prior to graduation with small private equity firm in Virginia. And I really, really enjoyed that environment and that concept. So it was something that I did I did want to pursue as I started out doing investment banking. I had the opportunity to start in the mining group at DB and focus on that for my time there. So as I was considering different opportunities along the way, it was I felt it was important for me in my career because I did enjoy the sector and saw and saw good opportunities within the sector to continue within the same sector and continue to focus on that versus taking on something new and having to get up the learning curve. You know mining is a more technical business, and then it does have a bit of a learning curve to it. So we wanted to capitalize on the effort that I had already put into to stay ahead of my career.

Jad Howell

I see. How did investment banking prepare you for your current role in that in that particular sector?

Jon Lamb

I think investment banking was a great start for my career. First of all, you get an opportunity to touch on a lot, a lot of different areas within a particular industry, touch on different parts of the capital structure and really get your head around concepts that you need to be successful as an investor so whether it's understanding how do debt investments work. How to how to, how to model a business within the mining sector. How how to how to mining projects go through their evolution from a resource in the ground to a producing mine. You get to touch on all of those and the double-edged sword of investment banking; you work very hard. But part of part, part of it is putting in putting in the time and the effort. And with investment banking, you have the opportunity to put in a lot of time and a lot of effort. So you get a lot of exposure to different opportunities. And I think you get exposure to many different things along the way. So it's a great place to start out building, building skills, building relationships, and, you know, determining what it is you want to do next with your career.

Jad Howell

That's thank you for sharing that. I think that's very helpful. There's so much interest in investment banking within the Mason school across our undergraduate finance students. And I think just understanding the evolution and maturation process throughout your career is really going to resonate with them. What can you tell us a little bit more about, you know, mining

projects and just the sector itself? You alluded to what's in the ground and how that is transformed into ultimate outputs. I mean, can you describe for our listeners what that sector is comprised of and what it looks like?

Jon Lamb

Absolutely. So mining is one of the fundamental building block industries of the global economy. It touches on everything around you, the copper wires in the wall, the steel in your cars, steel in your building, aluminum in an airplane. You know, it is a fundamental building block of the modern global economy. And as such, it is a very cyclical industry. You know, obviously, in an upswing in the cycle, it's going to do very well as the economy slows. It's going to slow down as well. In 2006 to about 2013. We were in a global supercycle as China and other developing economies were further industrializing. Then it entered a period of stagnation that we seem to be potentially in the start of a new supercycle on the back of energy transition, growing electrification. You know, metals are to a you know, an electrified EV economy. As you know, gasoline is to the current internal combustion engine. You're going to, you know, there's already a significant amount of metals that go into, you know, every car on the road. But when you're taking the power plant of that car and transferring it to a battery that brings in, it brings in new metals. So, you know, mining projects, you know, you don't have the luxury of choosing where you're going to build a mining project. Mine's going to tell you where it is, just based on where the resource is.

Jad Howell

Sure.

Jon Lamb

So there's a lot of resources that are out there that are already known. A lot of the mines today that are operating have been operating for a very long time. The mines that are being built today potentially were discovered in the 1960s, 70s, 80s. And it's taken to this point for them to either be economic or for some of the processing technologies to catch up. That's not to say mining as in a technologically advanced industry. It's not on the bleeding edge of technology. But by the very nature of some of these assets, there is a willingness to be forward-thinking on some current technologies. And those usually get incorporated as a project that goes from a concept on a whiteboard or in a computer model to being something where you're actually doing the engineering to support it. And that takes considerable time and effort. It takes the average mining project about seven to 10 years to go from a resource to a construction decision, which is a considerable amount of time and capital investment to get to that point and then go from there. It could take another two to five years for it really to hit its full, full run rate. So you know mining is a capital investment industry. It's a time-intensive industry and requires some patience as an investor to get around there. But we are seeing mining go through an upswing here. As you know, there's greater focus on electrification for cars. That's going to require copper, nickel, lithium. Over the past two years, I think there's been a renewed interest in gold, as people were concerned about inflation but also looking at some flight to safety during the initial COVID outbreak a year ago. So it's different parts of the sector have kind of woken up or heated up over the last two years. And we seem to be at a point where people are taking a fresh look at mining if they've been away from the sector for the last several years if they're not mining-focused investor like we are.

Jad Howell

That's fascinating, you know, just to understand how pervasive, how pervasive, and broad the sector's tentacles are, you know, in terms of what it touches. And it's not perhaps apparent on its head, but as you described it in detail, that really makes a lot of sense for why demand exists for that sector. You know, for our student listeners as well. Would you mind sharing, Jon, just a day in the life?

Jon Lamb

Sure.

Jad Howell

What does it look like to be a portfolio manager in this sector? And how much of your time is actually managing assets across a portfolio versus a transactional where you're buying and selling? It sounds like maybe transactions aren't as voluminous, but I'm curious to hear your thoughts on that.

Jon Lamb

Yeah, thanks, thanks, Jad. I'd say obviously everybody says no, no two days are alike. I'd say half my time is looking after the current investments in our portfolio, assessing what are we performing according to plan. Are there opportunities for further investments to help a project get to its next stage of development or an expansion or acquisition? And then half the time is focused on identifying and building, building new opportunities. Now, that doesn't always wind up being a nice, clean mornings on the current portfolio and afternoons looking for new opportunities. But on balance, I'd say it gets it moves and moves in cycles, kind of throughout the year, usually at this time. And we're looking we're in the midst of a few live transactions that we've been able to develop. But it's with our model. It takes a significant amount of time potentially for transactions to move from something that's in the pipeline to something that's in the portfolio. There's one of our portfolio companies. I remember I had my first meeting with the company back when I joined the firm in 2012. And we didn't get didn't complete a transaction until April of 2018.

Jad Howell

Wow.

Jon Lamb

So sometimes it takes a while to

Jad Howell

Measured in years.

Jon Lamb

Yeah, to do that. But as I was saying, it takes a while for, for projects potentially to move through their evolution to be at the point where they're ready, ready, ready for us.

Jad Howell

Yeah.

Jon Lamb

So a nice, nice part about the mining industry is you can see opportunities coming from a ways away. It takes a while for them to get there. So you can see how does a particular asset evolved, or is it something where the team has been successful at building the resource, developing their mine plan, and it's continued to improve, and it stayed? You know, it's kind of look the same. It's just gotten better over time. Or is this one where while this project started out as a copper project, then when the gold price ran up, and the copper price went down, it turned into a gold project. And then, as cobalt heated up, they started talking about cobalt. So understanding is this really a resilient project that is deserving of our time and attention?

Jad Howell

Seems like a lot of foresight and thought goes into these transactions. What do you think, Jon, are characteristics or attributes of successful practitioners in this sector? I mean, obviously, you came up through the IB rankings. You mentioned you probably spent significant hours learning the sector, learning the trade, and just how to work in the trenches and the ins and outs. But what do you think makes a successful practitioner? What are those qualities that these students should be thinking about developing to the extent they haven't already?

Jon Lamb

I think it's important to find, particularly if you're looking to go into investment banking, where you're going to be spending a lot of time working on the job. First, work with people that you enjoy, that you enjoy working with. You're going to be spending a lot of time with the people, so make sure you're working with good people. Secondly, you want to try to find something where you have an interest and a passion for the sector at the end of the day. Again, you're going to be spending a lot of time focused on it. And if that's if you find that to be more of a chore than exciting, it's going to be more difficult for you to put in the time and energy to be successful. And I'm not saying mining is for everybody. I find I find mining very exciting, very engaging. There's a lot of it plays on a lot of different things that I have an outside interest in. And I'd be following anyway. So for yeah, that's great for me. I've always enjoyed politics, and in global politics, I was a government major as well at William & Mary. Mining is a global business. And just by its very nature, you know, there's a lot you know, a lot of tie ins with government, whether it's on the permitting of a project or in certain areas or there are governmental policies that are going to affect either for positive or negative development of projects or for investment in countries. So it's, you know, it's something that that really gets into it. Mining. ESG is critical. That's something I've always had a lot of passion for as well. We've had the opportunity to be a leader with that. And that ties in, again, with with the government angle, with the human angle. Mining projects are located all over the world. You have a great opportunity to see different places, interact with people, understand what our different sensitivities in a particular country or geography by getting on the ground there. So it's a great opportunity to see different parts of the world. Unfortunately, unfortunately, some of the places you see aren't necessarily the same places you'd go on vacation.

Jad Howell
Right, right.

Jon Lamb
But if you're adventurous, you get to see some great places.

Jad Howell
Yeah, I can imagine in my former life, I worked in commercial real estate, and we would frequently go out and visit ag properties and land, you know, surrounding some of these major markets. And it was off the beaten path, certainly. But yeah, still, like you say, if you're adventurous, it was worthwhile. What do you think students today that are sitting in a classroom or virtually zooming into a class they can be doing right now to prepare for a career in investment banking and or private equity?

Jon Lamb
I think I think the key for as your thinking about investment banking private equity is this is something where you learn you you learn by doing. So just reading, reading the news, being a consumer of information. Yeah, that's obviously very important. That's important. Whatever career path you're looking to go down, you have to be well informed, and you have to be able to take in information and understand it. But beyond that, particularly in investment banking and private equity, you need to be able to transform that information. So, you know, not just reading the news, but, okay, if there's a company or an industry that you're interested in, you go do a deeper dive. Try to try to build a model, try to understand what is out there driving, driving the news. You know, if you see a transaction announcement, you try to try to understand, okay, why, why, why does this deal make sense? Why were they able to agree on a price or structure? Oh, this looks like a very off-the-beaten-path type approach to financing an asset. I wonder I wonder what's behind it because as you dig in, you kind of scratch below the superficial level. You'll start to see, oh, this, you know, this is a strategic acquisition for them because they're operating two very similar plants that are competing, competing with it on the other side of the country. And this gives them a better geographic footprint, or it addresses something else in the portfolio, or the balance sheet was over-levered. And this was a great asset that they had to sell it. And it was it might not have been the first ask or the first choice asset they could have sold. But it was really the only thing that they could sell to address this balance sheet issue. So I think if you're looking to get into investment banking. Doing that, having an understanding, being able to demonstrate that will give you a leg up as you look to start your career.

Jad Howell
It sounds like just being inquisitive and not just stopping at the first, you know, kind of the superficial or the what's obvious in front of all consumers. But rather than taking it to the next level and peeling it back, so to speak, and really starting to dig in deeper and understand implications and, you know, secondary third type implications. So inquisitiveness sounds like a

Jon Lamb
Absolutely. You've got to be out there looking for the why.

Jad Howell

Yeah, the so what. Right. Yeah. Yeah. That makes a lot of sense. Thank you, Jon, for sharing that. What about credentials? Are there any specific designations or licensure that might help a student? Obviously, for finance students, the chartered financial analyst program is a major program for them. A lot of them are pursuing that designation. Have you ever felt inclined to pursue that or any others? And what the value-added aspect might be?

Jon Lamb

I think getting you're getting credentials can be very, very important, particularly as you're potentially looking to move outside of maybe where you spent the bulk of your time in a particular sector. If I was looking to if after doing investment banking, I had been looking to get into non-mining, I might have looked at a CFA as a way of giving myself a credential and being able to differentiate myself in that. I think that's very important, particularly presently, where it's potentially more difficult to network with people, particularly those that are outside your particular focus area. So I think it's really it really comes down to where do you see yourself in five years and kind of what is the steps to get there? And if you're with staying within an industry, I think whether there are more logical way, they're very logical ways to distinguish and differentiate yourself and build those relationships that can help you get ahead in your career. But if you're looking to start out in something, getting a CFA or going back to school for an MBA are are ways of helping to build, helping to build that network, giving yourself a bit of advantage on the learning curve as you try to get into new areas of your career. On our team, we've got people coming from a variety of different backgrounds. Some people, particularly on our technical team, have been in the mining industry for a very, very long time in a technical capacity. You know, on our investment team, we've had people come from other commodity businesses. People come out of business school. People come out of being an investment banking analyst. I think the key is to be successful. Having drive and being out there asking the questions that help you get to get to the why will help differentiate, distinguish, distinguish yourself. I think the key the key in life is always to be willing to put in the effort. You don't want to be an observer. You want to be a player.

Jad Howell

Yeah, that makes a lot of sense, you know, and sometimes I think we're reticent, right. To interject or to ask the question that needs to be asked to gain the knowledge necessary. You know, sometimes we're introverted. Right. And not willing to put ourselves out there. And, you know, what would you say to those individuals who might be a bit timid in asking, raising the hand, so to speak, and asking that question?

Jon Lamb

Yeah, I think it's it's always the candid answer. There's no such thing as a dumb question. I think that's obvious. Obviously, what some people might say, I'd say for people who are more introverted, find different ways of probing and asking and asking those questions. So if you're not somebody that takes to a raising your hand in class and asking a question, you know, write an email. And in this in this day and age, sometimes it's easier to get people to engage over over email than it is

Jad Howell

In-person.

Jon Lamb

on the phone or in person.

Jad Howell

Yeah.

Jon Lamb

So find different ways that play on to it or play in play into or play into your strengths. But I think the key is you got to find, you know, in life, you always got to find ways of distinguishing yourself, differentiating yourself and the way, the way to do that is to be different is to ask questions, is to offer thoughts and ideas. And not everything is going to strike a chord. But sometimes you get as good of a discussion, and you learn more from somebody that you disagree with or see the world differently than somebody who you completely agree with and see eye to eye on everything. You're not going to learn as much if you're talking to somebody who sees everything the same as you.

Jad Howell

Yeah. Yeah. Those are great points. Well, Jon, you know, we're coming up on the end of our conversation. And, you know, you and I were talking before we began about where we were at with respect to vaccinations and not to date the podcast. But, you know, what are your thoughts about where we stand presently in the general economy and what the impact might be to students today, and what they should be thinking about and planning for as they take the first step to enter into the field of finance. Do you have any parting thoughts or comments you'd like to make?

Jon Lamb

I think I think coming again, not not not to date this. If there's listeners in 2022 that are not worried about the coronavirus, I think coming into the workplace for the first time in your career after graduation in 2021, you're going to be coming, coming in at a time where some, some people, some colleagues that have worked together haven't really seen each other face to face aside from on zoom in over a year. And I think that presents a good opportunity for you to get in and build a relationship with the team. There's going to be you're going to be coming on to teams where, you know, some some some team members may not have ever, ever met before and been working together for the last year just virtually. So try to take advantage of that, see that as a positive, and take advantage of that. You might not have had necessarily the benefit of an in-person internship last summer. You don't let that psychologically hold you back. Get out, get out there and try to build relationships, make acquaintances, make make make friends with the your peers around you and the people you work with. And that will, I think, get you off to a very good start on your career.

Jad Howell

Those are great points. You know, there's a lot of other relatively new, I guess, peers that these students will have that because of the pandemic. They've not had the opportunity to build some

of those critical relationships, having not been in place or in person. So that makes a lot of sense and hopefully gives the students a lot more comfort. Right. That they're all in this together as they continue to grow and develop. Well, John, our time is expired. But listen, you've been just so generous with your time and with your thoughts and your perspectives. I know all of the students that have the chance to listen to this podcast will benefit from them. And you're a dear friend of the Mason School, and we thank you so very much for, again, taking the time to meet with us today.

Jon Lamb

Oh, thank you for the invitation, Jad. And look forward to meeting in, to meeting in person, hopefully, sooner rather than later.

Jad Howell

Absolutely. All right. Well, thank you, Jon.

Jeffrey Rich

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