



"Dublin is our distribution road into Europe. It is equivalent to New York, which is our entrance into North America"

Clive Murray, head of equities at Investec, says the bank's Dublin office has assumed heightened importance since Brexit – and this has led to significant investment here. He also talks about the pandemic, potential acquisitions and its plan to become number one in core areas.



Tom Lyons
Chief Executive

Clive Murray is in his brightly lit home office for our video call. After twenty years of getting up at 5.30 am daily to commute into the City of London, he readily admits that being able to divide his time between his home and his office on Gresham Street has been one of the few upsides of the pandemic.

As head of equities with Investec, Murray has been at the coalface of helping clients navigate the twin threats of Brexit and Covid-19.

A native of Johannesburg, he has seen Investec's Dublin office play a big role in ensuring the publicly traded bank has been able to respond to both crises, as it seamlessly allowed its clients that had operated in Europe through London to switch operations to Dublin.

At the same time, Murray was among the Investec team, which also included Michael Cullen, the chief executive of Investec Europe and head of its Irish operations, that explored acquiring Davy, Ireland's biggest stockbroker and wealth manager.

The importance of Dublin to Investec and its interest in making acquisitions in Europe are two topics we will return to.

But first I ask Murray about Investec being named number two broker in Institutional Investor's UK Small and Mid-Cap Survey, an improvement from 4th two years ago. The influential poll is based on votes from 331 asset management firms

"We were number one just after the financial crisis. We definitely let things slip," Murray said. "But about two and half years ago the group said to us that we have a leading franchise that seems to have lost its way. What's gone wrong?"

Murray, who has worked with Investec since 2002, became head of equities in July 2019 and was tasked with helping Andrew Pinder, head of the investment bank, get Investec back to the top of the leader board. This move came as Investec carried out a bank-wide review to ensure it had a leading franchise in every area it operated in.

"We want to be the best we can be," Murray said. "We don't want to be in anything marginal any more." He said Investec started to exit areas where it was sub-scale to focus its efforts on being the best at everything it does.

Part of this strategy saw Investec sell its wealth management business in Dublin to Brewin Dolphin.

This decision was in part driven by Brexit, but as Murray tells me later its Dublin office is more important than ever as Investec's gateway into the European Union. "It is equivalent to our New York office which is our entrance to North America," he explained.

For Murray and his team, the strategic decision to focus on leadership positions resulted in expanding the equities business to support the growth aspirations of investment banking. "We hired multiple senior analysts and diversified into new areas," he said, adding that the pandemic had accelerated this process as investors were seemingly relying more on quality research when making decisions due to travel restrictions.

“We have during the Covid period hired extensively across our business, expanding our sector reach to include energy, diversified financials, leisure, transport and construction,” he said.

“Our research team has been voted number two overall, and we’re number one across seven sectors and will soon cover over 500 shares. We distribute this to well over 1,000 global investors and make markets in over 700 UK listed companies.”

Murray acknowledged getting to number one would be hard. “But we have many new additions to the team that didn’t contribute to this rating, so we have a real chance in 2022,” Murray said.

“Look, Davy is number one [in the Irish market] and we would be silly not to have looked.”

Clive Murray

Investec is seeing the dividends of the investment already, with Murray stating that it won new corporate clients including Dr Martens, the British footwear brand which successfully floated in January.

“Having the number one rated UK SMID (small-mid capitalisation) retail research team was key in this process,” Murray said. “Having highly rated analysts and highly rated distribution teams as we do is a must-have for any expanding franchise.

“Ratings are great but the really important thing for Investec is the momentum we have and the quality of service we continue to deliver to our institutional and corporate clients – that is really exciting.”

A gateway to Europe

Since Brexit, Investec’s Dublin office has become even more important as the headquarters of Investec Europe. “Dublin is our distribution road into Europe,” Murray said. The

business employs about 60 people in Dublin who are part of Investec's 8,000 strong team across South Africa, London, India and New York.

Investec Europe's head of treasury products and distribution Aisling Dodgson, head of corporate finance Liam Booth, and Investec Europe's chief executive Michael Cullen were all vital parts of its platform helping investors and companies expand in, and into, Europe.

According to Murray, Investec knew that Dublin, with its existing MiFID licence, would allow it to adapt quickly to any changes that might be coming down the track for London as a result of the 2016 Brexit ballot.

"We weren't really sure what was going to happen after the original vote," Murray said. "But Dublin gave us optionality. Having everything in place in Dublin allowed it to become our natural gateway into Europe."

Murray said that some of its competitors had been forced to scramble to set up offices in Europe post-Brexit, but that Investec had everything embedded as it had been in the Irish market since 2012 when it acquired NCB. "Frankly having Dublin meant it was pretty seamless for Investec and our customers," Murray said.

"We have looked at other deals too and this includes in Ireland as we look to grow our footprint and franchise."

Clive Murray

He said that Investec was about to relocate about half a dozen of its team from London to Dublin in 2020 but this had been paused because of Covid-19 travel restrictions. "Our people were stuck in the UK," he said. "But the authorities were very flexible and understanding about the situation"

Murray said he expected this team to physically move to Dublin in the coming months as the pandemic subsides.

“I don’t think our clients would have known any different apart from the fact that they would have had to re-contract with Investec Europe. They still speak to the same people and their service levels will still be the same high standard so in that regard it has been a real bonus to us to have Dublin,” he said.

According to Murray, Dublin has been a vital part of Investec’s global operations when it came to working with corporate clients.

“A big part of what we do is to ‘internationalise’ the shareholding of our corporate clients with over 20-25 per cent owned by US and European investors,” Murray explained.

“Access to these investors is vital, with an office in New York and now also Dublin. Whilst Investec has been in Ireland for almost a decade, subsequent to the Brexit vote, Dublin has become our ‘natural hub’ for Europe and been renamed Investec Europe Limited.”

Expansion and ambition

In June 2021, *The Sunday Times* reported that Investec was bidding for Davy Stockbrokers along with Irish Life. The plan was to break up the business with Irish Life taking on its wealth management business and Investec taking over the capital markets arm. Murray said he was limited in what he could say when asked about the process.

“I would prefer not to comment,” he said. “Look, Davy is number one [in the Irish market] and we would be silly not to have looked.”

Murray said Investec remained interested in acquisitions in Europe and the UK. “The big draw for us is corporate clients,” he explained. “If we can acquire more corporate clients via an acquisition that is incredibly attractive to us.

“We are very focused on growing our corporate client base to a target of 175 companies. We are at circa 135-odd now since we bulked up the business.

“We are essentially a ‘mini-bulge’ bracket bank, with commercial lending, private banking including mortgage lending, investment banking etc. We have multiple products we can offer our corporate clients and believe we can add real value.

“We have great ambitions for Europe and recently in May, the investment bank acquired a significant minority stake in Capitalmind Group, a leading independent European M&A and corporate advisory firm. We are very excited about the future.”

Clive Murray has been unable to go home to South Africa since Covid-19 either for family or business reasons. “At a personal level it is very tough not being able to see friends and family,” he said. “But from a business perspective, we haven’t seen any impact at all. Technology has really enabled things. The gap between our primary geographies is probably closer than ever. It hasn’t been easy, but our people have been incredibly resilient, and I have been amazed at what we have been able to achieve together. We are very grateful to our staff.”

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