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Sandy Rufenacht leaving Janus to start his own money management company

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Imperial, Neb.—After rising to the top as one of the best high-yield fund managers in the industry at Janus, Sandy Rufenacht is heading out on his own.

On July 18, Rufenacht will leave the Denver, Colo., based Janus, a company he joined in 1990, to launch his own money management firm, Three Peaks Capital. The new firm will concentrate on a fixed income specialty platform.

Rufenacht said the funding and staffing for his new company is all complete. His investment team from Janus, where he managed their High Yield Fund and Short-Term Bond Fund, will join him in the new firm.

His initial goal for the new firm is to bring in at least \$500 million in managed funds from large entities such as pensions, insurance companies, foundations and wealthy individuals.

His new offices will be located in the Denver Tech Center in southeast Denver, where his offices will have a westward view of three of the Rocky Mountain's main peaks—Pikes Peak, Mount Evans and Longs Peak. Hence, the name—Three Peaks Capital.

As a fund manager for Janus, Rufenacht has built a reputation as conservative manager who has been able to outperform nearly all of his peers in rolling averages over the past three, five and seven years.

His cautious approach to high yield bonds has enabled his High Yield Fund to beat 96 percent of its peers, according to Morningstar Inc. The fund has never lost money in a calendar year, quite achievement considering his managed funds now exceed \$2 billion.

'Local boy makes good'

So just how does a young man from the small town of Imperial rise to the top of the financial world?

Rufenacht credits much of his success to the values he learned while growing up here.

His career success provides a classic example of the old cliché, "local boy



Sandy Rufenacht enjoys returning to the Imperial area and spending time at Enders Lake as well as visiting his mother, Donna. He is shown at his mother's home south of Enders. (Republican photo)

makes good."

During an interview over the July 4th weekend, Rufenacht often referred to the experiences of life here and how his small-town values and hard work ethic have been keys to his success.

His lessons of teamwork and competition while competing in sports at Chase County High School, as well as being involved in the operation of his dad's Ford dealership at the time have served him well.

"I remember Skip Martin always telling us on defense 'wide as the widest, deep as the deepest—nothing gets behind you,'" Rufenacht said. "I tell my analysts the same thing."

In today's competitive world, he said it's his job as a fund manager to make sure that no important information gets by him or his team. Martin's adage helps reinforce that, he noted.

Rufenacht said the teamwork he learned while playing sports at CCHS

and in college is important in the business world as well.

A lot of people on Wall Street have never worked in a setting where teamwork is important. Rufenacht said it's key for his investment team and he tries to surround himself with people who have like experiences to his.

In fact, one of the analysts on Rufenacht's team is Adrian Shopp, who also grew up in Imperial and shared those same experiences and values. Shopp will be among those joining Rufenacht in his new firm.

Small business experience

But perhaps one of the best lessons Rufenacht learned came early on from being involved with his dad's Ford dealership in Imperial.

Rufenacht remembers starting out learning work ethic by washing cars for his dad. He graduated into the parts department and would run the department

during his summers home from college, learning many valuable lessons along the way.

"Having the opportunity to be involved in a small family business in a small community like Imperial was so valuable. I paid attention and it's paid off," he said.

Establishing a good work ethic has yielded many dividends for Rufenacht. He said too many on Wall Street are lazy and have never learned how to work hard.

"I can still wake up earlier and stay up later," he quipped.

He said he's been able to apply the experiences and principles of what works and what doesn't in a small business in a micro-economy to what works in large-scale business.

The same principles that apply for business success in Imperial are the same that work for large companies. "If it works here, it will work everywhere else," he noted.

The challenge in his fund management is to invest in the bonds of companies that understand those same principles.

As a bond fund manager, Rufenacht's job is much like that of a banker, lending money to companies.

However, Rufenacht deals with companies that issue high-interest, junk bonds, primarily because they can't find financing through traditional channels.

One of the sectors Rufenacht concentrates on is the gaming industry.

He said it's one of the most highly regulated businesses in the country and typically provides steady cash flows.

Rufenacht's fund played a major role in the development of the Venetian Casino in Las Vegas. He has also purchased bonds securing Donald Trump's gaming ventures and has played a role in the development of casinos in Black Hawk, Colo.

As a fund manager, Rufenacht said he and his team must remember they are managing money for their investors.

That's why he takes a personal interest in his investors and the projects he invests in. He feels this personal touch has been a key in success as a fund manager.

After the Venetian opened, Rufenacht traveled to the casino unannounced and videotaped numerous defects he found in his room and throughout the casino.

He went back to the same room a month later to see if anything had been corrected. It hadn't. So, he met with the owner personally and showed him the videotape.

Rufenacht reminded the owner that the casino represented one of the biggest investments for his fund and that he had a responsibility to fund investors to protect their money.

His efforts resulted in corrective action and the Venetian has become one of the hot properties in Vegas.

Rufenacht also got involved in

Scholarships one way to repay community

Sandy Rufenacht valued the experiences of his high school career at CCHS and this year established two new scholarships to recognize two individuals who impacted his life.

Rufenacht established the Thaine Crown Memorial Scholarship and the Fred Bessler Athletic Scholarship.

Rufenacht said this is one way to give something back to the community that helped build the foundation for the success he's enjoyed.

He said he feels fortunate for the many opportunities he had while participating in extracurricular activities in Imperial and feels these programs are vital to the youth.

Who would have ever thought that a simple typing class in high school could mean so much today, Rufenacht said.

E-mail is a constant for Rufenacht and he couldn't image what his life would be like if he didn't have a good typing teacher in high school like Thaine Crown.

He added that Crown instilled a love for golf that has also been integral in his career and felt the scholarship was a good way to recognize Crown's efforts.

In recognizing Bessler, Rufenacht praised his years of service to the young men and women that Bessler coached during his 28-year tenure here.

He was instrumental in teaching discipline, punctuality, teamwork and much more, Rufenacht said. These qualities are important in every day life, he added.

The scholarships will be ongoing with \$1,500 for the Crown Scholarship and \$2,000 for the Bessler scholarship.

This year's recipient of the Crown scholarship was Joey Woofter while Ed Kaiser received the Bessler scholarship.

hardball negotiations with Trump to get him to make concessions and become more accountable to bondholders before buying bonds in Trump's casino ventures.

Stay with what you know

Another reason Rufenacht's fund management has been so successful is that he stays in sectors that he knows best.

While this may be a conservative approach, it has served Rufenacht well.

This approach can be compared to that of Nebraska's own Warren Buffet. Rufenacht has never met Buffet and doesn't claim to be like him but admires Buffet's investment principles.

Rufenacht said the values of good discipline, integrity and respect help guide his decisions.

"Stay with what you know and stay away from what you don't," he advised.

Both Buffett and Rufenacht avoided the internet rage and it has proved to be a good decision for both.

Rufenacht said it was a sector that was so hard to place a value on. Telecom was much the same and he was able to avoid the pitfalls brought on by the likes of WorldCom by staying out of that sector as well.

Rufenacht sees a bright future for high yield bond funds. Right now, the industry is providing much of the financing for companies since the lure for generating capital through initial public offerings has dried up on Wall Street.

His new company will initially focus on managing private money. In the future, he hopes to buy or start his own

bond fund which will allow the public to once again invest in a Rufenacht managed fund.

From Imperial to Wall Street

After graduating from CCHS in 1983, Rufenacht attended college at the University of Northern Colorado in Greeley.

During his senior year, one of the speakers in his finance class happened to be John Adams, former president of Adams Bank in Imperial.

Adams was with Paine Webber at the time and they later visited about Rufenacht's interest in finance and Wall Street.

Adams advised Rufenacht to go back east to begin his career.

After graduating from UNC in December, 1987, his dad gave him a car that he said should get him to New York City.

So he headed east. He stopped off in Chicago but the surroundings didn't feel right. So he headed on to New York City, the financial capital of the world.

As he took his first view of NYC—all the lights, the planes, the subway—he decided that just wasn't for him so he kept driving and headed up to Boston.

He really liked what he saw there—it was like a mini Wall Street. So, he contacted an employment headhunter who lined up nine interviews in one day.

As a result, he landed a job with Colonial Mutual Funds in the accounting department for their high yield fund. Later, he assisted and got some experience by doing some of his own financial analysis.

He decided he wanted to head back to-

wards Denver and the man who hired him at Colonial told him about a young company in Denver that might have something. That company was Janus.

He called but got no response. Two days later, Janus called back and wanted to interview him right away.

He remembers interviewing with all 24 members of the staff. They hired him but didn't really know what he was going to do. Rufenacht recalls it was about two months before they re-

ally figured out what he should be doing.

When he joined Janus, he was the 42nd hire for a company that would eventually grow to nearly 3,000 employees.

He worked his way up, becoming a trader, analyst, fund co-manager and finally getting his own fund.

It was Rufenacht's idea to start the high yield fund. However, it took two years before he could convince Janus founder Tom Bailey. Finally in 1995, he

launched the fund and has co-managed or managed the fund ever since.

The man who originally hired Rufenacht at Colonial later joined Janus. Now, that same man, Glenn O'Flaherty, will serve as the CFO for Rufenacht's new company.

While Rufenacht never actually ended up on Wall Street, he said he's as much a part of Wall Street, even though he works in Denver.

He's definitely a player.