

# CITYWIRE

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FOR THE **SWISS INDEPENDENT MANAGER**

## VIEWPOINT

Healthcare's election fever

## ALLOCATION

Hot off the press assets

## FUND MANAGER TO WATCH

US equity wake 'app' call

# ALTERNATIVE FUTURE

CdR Capital's Manon Duez on how digital know-how and a new breed of uncorrelated assets are taking the boutique to the next level





New age

THINKING

Crossing the generation divide, CdR Capital is reaching out to new markets and asset classes with an avant-garde approach to the digital era. **Jessica Beard** finds a hive of activity as she reports on the firm's journey from London to São Paulo and its alternatives ambition

**B**ees were the first to find the formula for space efficiency. Their hexagonal grids, it turns out, make light work of storing the most amount of honey while using the least amount of resources.

This may go some way to explaining why the walls of CdR Capital's second-floor office are lined with the geometric shape.

The firm's Geneva HQ interior design hints at its ingenious use of resources, which has enabled the team to build from five to 15, and span four continents.

CdR Capital has grown at a staggering pace since it was launched three years ago, now boasting offices in London, Dubai, and joint ventures in Miami and São Paulo, in addition to its Geneva HQ, amassing \$2.5 billion in the process.

#### **BREAKING NEW GROUND**

Much like its youngest employee Manon Duez, who by the age of 21 had worked in both New York and London,

covering new territory is part and parcel of the work done at CdR Capital.

However, breaking into new markets needs to be complemented by a close proximity to the client base. CdR Capital's team are conscious that the world's financial service markets are a series of local communities.

Currently, its client base is predominantly Middle Eastern and Swiss HNW individuals, but it also caters to institutions as two of the partners, Omar Ayache and Nicolas Salloum, have fostered long-term relationships in the Gulf region.

The boutique made its mark in Latin America by signing a joint venture at the beginning of the year with Miami-based firm Hollander Wealth Management, which has an office in São Paulo and was founded in 2006 by Carlos Hollander.

The businesses in Brazil and Miami have since taken on the name CdR Hollander.

Of the partnership, Ayache, CdR Capital co-founder and managing partner, says: 'In addition to our procedural synergies, Hollander shares our extremely long-term approach to client relationships. Our philosophy – that relationships are more a matter of time than transaction volumes – matters a lot to us.'

According to senior partner Salloum (pictured), Latin American and Middle Eastern clients have a lot in common, often being long-term oriented families with industrial backgrounds.

Salloum recognises similar traits in the two client bases, who generally want to expand their investments outside their home, this is especially the case for Brazilian clients.

#### **THE NEW WEALTH CREATORS**

Aside from appealing client prospects, the boutique is capitalising on an enticing entry to emerging markets.

'Wealth today is not created in the developed markets, but in the emerging markets and Latin America. Brazil in particular is one very big opportunity for us,' Salloum says.

'We've been looking at Brazil as a very fertile investment ground for the next five to seven years. Whether it's in fixed income or commercial real estate, there are definitely a lot of opportunities on the ground.'

Beyond the lure of LatAm, the CdR Capital team pride

themselves on the company's fusion of Anglo-Saxon and Helvetic influences, which have given the company a distinct identity since its inception. The boutique marries the best of the traditional Swiss approach of discreet, long-term relationships with the Anglo-Saxon approach to investment.

'In the Swiss ecosystem you don't have this Anglo-Saxon view of asset management, so when CdR Capital was set up, we could see the fit,' Salloum says.

Gaining its name from a bustling square in the heart of Geneva, the Cours de Rive, CdR Capital's Swiss roots are in the boutique's DNA.

Its Anglo-Saxon influences are now coming to the fore as it has already received FCA approval, a move spearheaded by founding partner Steve Smith, who sits in the London office.

A London location was an operating necessity, according to Smith, who views the city as the financial capital of the world.

A second home to CdR Capital, the boutique shrugged off the impact of Brexit and already has a number of partnerships with research and investment houses in London.

Smith explains the importance of being on the ground, saying: 'If you're not present to meet people, to evaluate investment propositions face-to-face, then you're not really in the game.'

Although the boutique runs discretionary mandates for clients, Smith reveals an interest in running their own fund products for a wider investor base.

He says: 'There are times when we've got investment ideas that could be appealing to other clients, so operating as a fund manager in London is a natural extension of our business.'

#### **DIGITAL RACE**

Smith says London is also attractive for its fintech activity.

As financial technology continues to gain ground, CdR Capital has joined the digital race with early investments.

'Within five years our industry is going to be severely disrupted in good and bad ways by technology,' he says.

'As a new entrant, a boutique player buying into best of breed technology and practices, we can incorporate them





*'Unless we understand all the developments happening in that particular world then we are going to have the same risks to our future business model as UBS, Credit Suisse and all the other banks'*

into our business from day one because we don't have the scale and complexity of the large banks.'

Smith likens the challenge facing the larger players to closing the Golden Gate Bridge. Change is a much easier feat for a nimble medium-sized boutique.

#### **SURVIVAL OF THE FITTEST**

Smith says for a boutique it is a matter of survival to understand fintech trends and a way to compete with larger peers.

'Unless we understand all the developments happening in that particular world then we are going to have the same risks to our future business model as UBS, Credit Suisse and all the other banks.'

With virtually no exposure on the fixed income side, the founding partners play to their strengths: alternative investments.

In terms of investment allocation, the three partners have chosen to focus on a select range of themes, including real estate, infrastructure, private equity and hedge funds.

Salloum explains that real estate, infrastructure

and private equity are particularly appealing in the current yield-hungry environment.

A global reach calls for wide-reaching convictions and Salloum reveals a tilt in favour of Europe and Japan over the US, which he views as fully valued.

Speaking of the current backdrop, he says: 'The biggest challenge on the investment side is the environment of negative interest rates all over the world, where central banks are competing with each other to fight deflation and to devalue their currencies.'

However, he says mid-sized boutiques have an advantage in the increasingly regulated environment. This was a draw for Duez (pictured right) when she joined CdR Capital two years ago.

The 28-year-old investment associate sees the incoming waves of legislation as an opportunity.

She says: 'The increasing regulation and the loss of banking secrecy have probably made Switzerland a less attractive place for clients if what they were looking was fiscal-based advice, but that does not tarnish boutiques like us, which are geared towards investment-based services.'

Having completed the London marathon and come fifth in Geneva's la course de l'Escalade race, it's no surprise Duez looks for ways to stay ahead of the pack in both her private and professional life.

### THE SKY'S THE LIMIT

She says: 'I have few peers my age or role to compete against, it's basically setting your own goals and the bar high enough to always improve.'

The drive to succeed is central for CdR Capital and is reflected in its ambitions to reach \$5 billion over the next five years. On furthering herself, Duez is determined to shave half an hour from her marathon time.

Salloum revealed similar drive for the Geneva boutique, saying: 'Just with the initiatives in place, we think we will become one of the large boutiques of private investment offices due to the large pipeline of investments.'

CdR Capital's beeline for growth is safeguarded by its innovative approach to alternatives and embracing of the digital age. If the key is in geometry, then CdR Capital has built a structure that looks set to deliver the goods. ■

