



AYU MEMBER SPOTLIGHT: CÉDRIC KOHLER OF FUNDANA
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CÉDRIC KOHLER FUNDANA

Cédric is a partner at Fundana, an alternative boutique specializing in Hedge Funds since 1993. He is a member of the investment committee and in charge of the Advisory Group and of Business Development. Fundana manages circa \$1Bn for Family Offices, Pension Funds and Banks. Fundana is a boutique and wants to remain one, focusing on performance rather than products.

Hi Cédric, what are you working on today?

During a crisis, what is paramount is to service your clients. That's when they need us the most to understand where they stand with their investments. This is how we have built solid relationships over the last 27 years with our clients.

On the project side, we are looking into how ESG can be implemented within Hedge Funds. This is a complex problem because there is not a single definition of what ESG means and Hedge Funds are late with this important new investment paradigm.

How did you get to where you are now?

Before joining Fundana, I worked for Lombard Odier, heading their fund-of-hedge-funds team. From 2004 until 2007, I was Global Head of Firm-wide Risk at Citadel Investment Group in Chicago. Prior to this, I worked at Merrill Lynch in New York heading the risk management group within Prime Brokerage. I started my career with UBS in New York, London and Zurich.

What attracted you to this business?

Back in the '90s, a Swiss citizen had three options to choose from: watches, chocolate or banking! Since I never much enjoyed watches, it was down to chocolate and banking. In the end, I decided to just eat chocolate while pursuing a career in finance, given the large range of challenges to take on. While initially the technical aspects were my main motivation, I later paid more and more attention to qualitative issues. For example, in risk management most firms expend 90% of their resources on risk measurement, but how you handle risk is much more important than how you measure it.

Even today, I see that most failures are not due to measurement but to dealing with the tough questions of how to actively manage risk. The bigger the organisation, the harder it is to effectively manage risk. Look at the list of the [largest trading losses](#). Typically, the biggest losses arise from a combination of a

large organisation or unit, derivatives and huge trades. It happens over and over again, and in that sense, history does repeat itself, but we should be able to learn from it.

What has been the most pivotal moment of your career so far?

Clearly, leaving for the US! Not only was I exposed to many trading and investing strategies, but also to some of the largest markets and financial institutions in the world. I also enjoyed their work environment a lot: the focus was on getting the job done. Your background didn't matter much as long as you could get it done. It's not for nothing that Nike has "Just Do It" as its tagline.

What aspect of our industry excites you the most?

I believe that it's impossible to get really bored in Finance. This is especially true when working in alternative investments as the number of dimensions is quite high versus other asset classes. Whether you look into different strategies, markets, investing styles or human behavior while investing, there is always something fascinating to explore. In addition, there is not much in Finance that's persistent. So, whatever you may know at some point, may not be true at a later stage.

And what would you change?

The Finance sector would gain in credibility if minimum performance reporting standards became mandatory. While the Global Investment Performance Standards (GIPS) established in '87 are doing a fantastic job, these requirements are not yet compulsory. As a result, you still have too many asset managers displaying investment returns which are not true (pro-forma, carveouts, etc.). This is a big problem not just for non-sophisticated investors but for all investors.

What do you invest in personally?

Most of my liquid savings are in our flagship fund, the Prima Capital Fund. This is a \$700M Fund-of-Hedge-Funds which we have been managing for 27 years. It focuses on a simple, transparent, liquid and performing strategy: Long/Short Equity. I strongly believe that all asset managers should have skin in the game. This is certainly a requirement we have from our underlying Hedge Funds managers.

Where do you celebrate?

I am very fond of a restaurant in Geneva called *Le Relais de l'Entrecôte*. Not only do I have many childhood memories there, but it's also a restaurant I like because of its business model. They do only one dish: entrecôte with French fries and a wonderful sauce. This brasserie style restaurant does not take any reservations and you have to queue outside, even in the winter. Imagine someone presenting you with that business model: one dish, French service and queuing outside. You would clearly turn it down, yet they have been in business for about 40 years now.

What is at the top of your bucket list right now?

I am planning a running holiday at the end of August with a few friends. 90km in 3 days with 2,000 meters of uphill every day. We will run mostly in the Swiss Alps and arrive at the Geneva Lake for a nice swim!

Next, I would also love to do some horse-back riding in Iceland or surfing in California.

What does success mean to you?

At 51, it's about accepting who you are versus who you wanted to be. For me, it's about enjoying as many aspects of your life as you can. Balance between work, family, friends and passions is a constant goal but hard to achieve. It takes years of practice. In fact, all of them are never in balance and in sync. But you always have one or two which are doing well and you should feed on them until the others start to do well again.

What's the best piece of advice you've ever been given?

For Finance, when I was in New York working on the FX option's desk, one of the traders insisted that I read "Liar's Poker" by Michael Lewis, an exceptional book to help you understand that finance is first and foremost about incentives, human ignorance, greed and fear.

In life, in general to enjoy whatever you decide to do. Passion makes life so much richer!

Cédric has been an AYU member since 2019. AYU is the digital private members club for alternative investment professionals. Join AYU today and connect with Cédric by [applying for membership here](#).

Cédric's insight on manager selection is available here: [Drawdown Analysis – Show me your drawdown, I'll tell you who you are](#)

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