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FACE TO FACE

We don't have a star system; our corporate culture paid off

By **Madison Marriage**

A 12-year-old Naïm Abou-Jaoudé arrived in Paris in 1978 with his two older brothers as political refugees from Lebanon, where civil war had broken out three years earlier.

Thirty-six years later the chief executive of Candriam, the investment house previously known as Dexia Asset Management, sits in a smart restaurant in the City of London, tucking into steak and a Diet Coke while discussing his corporate ambitions.

The Beirut-born chief executive's life appears unrecognisable from those challenging early years.

"I went into finance by accident," he says, pointing out that both of his brothers became doctors, while he spent most of his teenage years gaining a black belt in judo, playing football and working out how to enrol himself in the French school system.

Mr Abou-Jaoudé is grateful for the life lessons learned while fending for himself in Paris, referencing the French phrase: *Ce qui ne vous tue pas vous rend plus fort* (what does not kill you, makes you stronger).

"As a fund manager you have to have two or three difficult experiences in order to learn and become wiser and more mature to manage assets in a sustainable way in this risky world," he says.

The 47-year-old has needed to apply that robust philosophical spirit to his working life over the past seven years since becoming head of Dexia's fund business on the eve of the financial crisis – a period he describes as similar to "running a marathon".

Dexia, once the world's largest municipal lender, was one of the first European casualties of the US subprime mortgage crisis in 2008 and the ensuing eurozone sovereign debt crisis in 2010.



The bank received three government bailouts from France, Belgium and Luxembourg in 2008, 2011 and 2012 while a break-up plan was put in place.

This triggered a drawn-out sales process for Dexia's asset management business. Mr Abou-Jaoudé came to work there after helping establish the alternative investment arm of French boutique Alfi Gestion in 1996, which was acquired by UBS in

1998 and Dexia in 1999.

GCS Capital, the Chinese private equity firm, was originally expected to come to Dexia's rescue in 2013, but the deal collapsed at the final hurdle when the Chinese group struggled to raise enough funds.

Mr Abou-Jaoudé is visibly relieved that the sales process – and his difficult relationship with Dexia as a parent organisation – has been brought to a close. New York Life, the

Candriam Investors Group

Founded 1998

Headquarters Brussels,
Luxembourg, Paris

**Assets under
management** €77bn, as at
April 30 2014

Employees 500

Ownership New York Life
Investments

largest mutual life insurer in the US, completed its acquisition of Dexia Asset Management in February.

Was Dexia supportive? "Dexia was a group and they were busy with other problems," he says, adding that fund sales flagged during this period as the brand was difficult to sell to investors.

The chief executive is softly spoken, and he tends to say more by occasionally lifting his eyebrows or raising his hands in a gesture of resignation, something he does frequently when discussing those turbulent years.

But Mr Abou-Jaoudé's mood turns when he talks about the New York Life partnership, which has given him high hopes for the fund business. "Today we are with a partner who is an asset manager, who wants to grow assets, and who is committed. We are in a new combative mood, and we want to reinvigorate the business."

The chief executive appears to have achieved the impossible while scouting for potential buyers of the fund business: holding on to key staff, many of whom he says have been with the business for at least 12 years, and keeping assets under management relatively stable.

He puts this stability down to the group's "team-driven culture". "We don't have a star system based on one or two people, and teamwork was really helpful during this uncertain

period. I am not saying that ours is the perfect system, but our corporate culture paid off and ensured our resilience.”

Mr Abou-Jaoudé splits his time between Paris, where he lives and Candriam’s headquarters are based, and Brussels, where some of the company’s portfolio management staff are housed.

He misses managing money, having cut his teeth in the asset management industry as a convertible arbitrage fund manager. “It was difficult to stop – it felt like quitting smoking. It took me four years to completely [let go]. I think managing fund assets is a very exciting job,” he says.

After the New York Life deal was announced, Candriam’s assets under management began to climb for the first time since 2010, when they were at a peak of €86bn. The company has attracted €4bn from new investors since the start of the year, bringing total assets to €77bn, with a number of large European pension funds allocating money to Candriam for the first time.

Mr Abou-Jaoudé attributes the turnaround to renewed interest from investment consultants, who he believes were unwilling

to recommend his group’s funds while the fate of Dexia Asset Management remained uncertain.

The name Candriam was selected for this new chapter in its history as an acronym for “Conviction And Responsibility In Asset Management”, values he says were chosen by staff when they were asked what made the company distinctive.

The chief executive is also drawn to the similarity between

the words Candriam and candle, which he believes implies “a new light, energy, and the restart of the company”.

Becoming part of New York Life Investment’s multi-boutique model will provide Candriam with enough financial support to bolster its presence in important markets, including Germany, Switzerland and the UK, according to Mr Abou-Jaoudé.

He also wants Candriam to develop a suite of private debt,

emerging market corporate bond and high-yield funds.

“We have changed the brand, but everything else is intact,” he says, adding that he is keen to hire 50 employees to strengthen the company’s investment, sales, marketing and communications teams. “There are a lot of resources that need to be invested, but the momentum is there,” he says.

Curriculum vitae

Naïm Abou-Jaoudé

Born 1966

Education

1989 Master’s in economics and finance, Université Paris II

1990 Graduate, Institute of Political Studies, Paris (IEP-Sciences Po)

Career

1990-96 Partner, Transoptions Finance

(subsidiary of Crédit Agricole Indosuez)

1996-98 Co-head of alternative management, Alfi Gestion (acquired by UBS Asset Management in 1998)

1998-99 Member of the management board, UBS Asset Management France (acquired by Dexia in 1999)

1999-2002 Head of alternative management,

Dexia Asset Management

2002-06 Member of executive committee, Dexia

Since 2007 CEO and chairman of the executive committee, Candriam Investors Group (formerly Dexia)

Since Feb 2014 Vice-chairman, New York Life Investment Management International