

Bringing it All to a Close

Close Brothers Asset Management CIO Nancy Curtin tells **CATHY ADAMS** how a stint in Eastern European private equity led her to London, in a varied career that has spanned the financial world

THE FIRST TIME I met Nancy Curtin, chief investment officer at Close Brothers Asset Management, was at the Red Dog Saloon in Hoxton Square, two years ago. Close was throwing an Independence Day party, complete with Obama lookalikes, bourbon cocktails and mini hotdogs. It's this fun (or, as she puts it, "collegial") environment that is the mainstay of Close, Curtin tells me when we meet again two years later. Thankfully, there's neither a dodgy 'Obama' from Enfield or a spicy chicken wing in sight this time: instead, we're in Close's open-plan office in Exchange Square on a particularly rainy Friday afternoon in February.

New York-born Curtin has run the full gamut of investment since graduating from Harvard Business School in 1983. Over a career spanning more than three decades she's worked in investment banking, private equity, corporate finance, hedge funds; finally resting as chief investment officer at Close Brothers Asset Management – it's exhausting just listing them all.

As a politics graduate and MBA graduate, she started as an M&A analyst at Morgan Stanley, but soon decided to jump ship over to the buy side, which marked her first big career move. "I would be working so hard on a transaction, that I didn't really have a view on the market," she says. "I really wanted to understand investment better as the markets had always intrigued me." Curtin duly moved to a

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family office in New York. "We had private equity. We had equity long/short. We had oil and gas. We had everything. It gave me a broad overview, not just of equities, but of different asset classes and how to think not just from the bottom-up."

After a stint at Credit Suisse, she moved to Rho Asset Management. Here she took on her most revolutionary role yet – working in Eastern Europe investing in private equity. It was in 1989, and the reunification process was in full swing, Curtin recalls. What happened next was a conversation with the German chairman of Rho, with Curtin casually suggesting they should start a private equity business in the country.

And so from New York she moved to Berlin. But it turned out "Germany didn't really have a lot to invest in" at the time, so Curtin found herself bouncing around Poland, Hungary and the Czech Republic looking for private equity deals.

"It was fascinating," she says. "There were only about 20 of us wandering around these crazy countries at the time." Turning up in Eastern European towns that had been used to communism for the past two decades, and asking to see a company's numbers used to elicit just handwritten notes in response. No deals were closed in the end, but it was an experience that would heavily influence her future.

Before long, though, Curtin was hired by Barings in London to start an Eastern European practice. "There weren't many Eastern European specialists at the time, and I guess my name came up," she laughs.

She was quickly promoted to head of emerging markets at the investment manager – after launching the Barings Emerging Trust, still around today – before being lured away by Schroders to head up its global investments division.

In typical Curtin fashion, she also "did a stint in venture capital", starting a spin-out firm called Internet Finance Partners at the time of the dotcom boom. It doesn't

exist any longer, but one investment (Lava Trading, which was sold to Citi in 2004) turned out to be "an absolute home run" – in other words, the fund made "a huge amount of money".

Given that "the rule of thumb with venture capital is that one out of five might succeed", Lava Trading was a true private equity success story.

After stints in equities, fixed income, emerging markets and venture capital, Curtin turned her expertise to hedge fund investing at Fortune Asset Management. Hedge funds were "emerging at the time, and it was an interesting area", she reflects.

At fund of hedge funds Fortune, Curtin was instrumental in building a hedge fund advisory business, working with family office clients and investing in hedge fund portfolios on their behalf. Close first swooped on the business back in 2006, but eventually acquired the rest of the stock it didn't own in 2010, which brings us to Curtin's present role as chief investment officer and head of Bespoke – a service that caters for clients with more than £1m of assets – at Close Brothers Asset Management. Attesting to her investment skill, it wasn't just Curtin who moved over easily – she still has many of her clients from the Fortune days today.

Private client-focussed Close gave her a wide remit: driving investment strategy, chairing the asset allocation committee and heading up Bespoke, among others, for clients running "all the way from affluent to uber-high-net-worth individuals and charities, foundations and trusts".

Close's investment strategy is back-to-basics. "We're trying to achieve a return commensurate with the risk the client is willing to take," Curtin says. "We try to think about how we can construct a portfolio that will real long-term returns in a more prudent way than just equity exposure." It's good old fundamental investing, "before all this mumbo jumbo ▶



► and politics, the Eurozone crisis, and everything that goes with it,” she laughs.

The first rule in her book is diversification, with global equities the starting point, but on a sliding scale. For lower-risk clients, there’s more of a tilt towards UK equities – although, Curtin admits that “the UK market is more limited” – and for the riskier minded, the focus shifts to international stocks. Fixed income and then alternatives – “anything from hedge funds to property infrastructure” – comes after that.

Typical of a private client business, Curtin isn’t preoccupied with shooting the lights out when it comes to performance – “we like to try to be first or second quartile at lower than medium risk” – although that isn’t to say the numbers aren’t solid.

With typical American optimism, Curtin is upbeat on the outlook for growth, although she laughs that the UK “has some seasonal issues, because the weather is absolutely dreadful here”. A glance out of the window onto a rain-soaked Liverpool Street station below confirms her point.

“Growth is going to continue on the trajectory we saw in 2000. There was improving growth on the developed world, probably led by the US and the UK,” she says. China still poses a risk, but the so-called “animal spirits” on the consumer side of things mean the outlook is a whole lot brighter. “Growth will be aided this year on the investment side because companies have not really invested,” Curtin says, adding that “if they see consumer demand picking up, they’re more likely to invest. Companies have the cash – that’s never been the problem. They’re just not going to invest until they see the end demand.”

Even Curtin can’t escape the home bias, as she insists that Close sees the best earnings growth at the moment from

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IN FOCUS
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companies across the pond. “Even though it’s the most expensive market in the West, the depth of the economy in the US is huge. For every expensive stock, I can name a lot of cheap stocks.

“We also see signs of growth in European companies. There are risks in Europe as always, but we are seeing some strong earnings growth coming through. And Europe’s cheaper, so the potential for earnings growth is huge. There are still good places to buy in the UK, too.”

“Laser-focused” stock selection is the key to success, as Curtin reels off the sectors Close likes. “We like tech. We like consumer recovery, investment recovery. We like the Asian consumer. We don’t like emerging markets, but we think there are a lot of people that will still buy brands in emerging markets, particularly in Asia.”

It’s not all about making money, though: philanthropy also plays a big part in the day to day of Close. Aside from advising clients on how to use

philanthropy more effectively, Close also runs initiatives such as the Future Leaders Programme, where a handful of aspiring City workers, aged between 18 and 25, learn the basics of the business.

It sounds distinctly entrepreneurial, focussing on individual wealth creation, which ties up neatly with her vision of the UK recovery – “it’s going to be back to basics in Britain, and part of that is business creation”, Curtin tells me. “Wealth creation will revert to what it has always been in the UK, which is entrepreneurship and business building. That’s the real cornerstone of the UK economy.”

And the cornerstone of the City, too, which Close is very much in the heart of. As it turns out, Curtin would much rather be based in the West End, so she doesn’t have to trip over post-work revellers on her way out of the office. “Would I choose this? No. Do I mind it? No.” (The journey is quick from her Kensington home, which lessens the pain). “It’s just some buildings I work ►



► in. I don't really spend time in the City after work – I go back home.”

This brings me to the next point – the reality of being a senior female figure in asset management. Curtin is married and has four children – and she jokes, “between my job and my family, I can't tell you my nine other hobbies, because that's sort of it” – but somehow she has eluded the ‘superwoman’ moniker afforded Nicola Horlick, fellow fund manager who has five children, or Helena Morrissey, chief executive of Newton Investment whose brood is nine-strong. Refreshingly, it's not just Curtin at the top of Close: she's joined by Penny Lovell, head of private client services, who has worked previously for Fleming and Rothschild.

Rather than drawing attention to it, Curtin is indifferent. “We think of ourselves as equals. If you're not credible, if you're not capable, if you can't compete; you're going to be weak, just as a guy who can't do those things would be weak.” Unsurprisingly, her view of the situation is razor-sharp: “you've got to perform”.

The rain is still hammering in Exchange Square, and the Friday post-work crowd has started to gravitate towards the bars. I can't help thinking that perhaps she'd prefer it back in her native NYC, where there's less rain and fewer naff City bars to contend with. “Versus New York, the Brits are naturally more polite and more conservative,” she says. “In New York, it's just push ahead and get on. They are two very different personalities.” When it comes to the markets though, it seems she can make money both sides of the pond. **H**

NANCY CURTIN

CV

- 1979-1981: Morgan Stanley
- 1983-1987: Credit Suisse First Boston
- 1987-1993: Senior portfolio manager, Rho Asset Management
- 1993-1999: Head of emerging markets, Barings Asset Management
- 1999-2006: Head of global investments, Schroders/managing partner, Internet Finance Partners
- 2002-2010: CIO, Fortune
- 2010: CIO, Close Brothers Asset Management