

Gone Fischin'

The brothers behind Fisch Asset Management are exploring new markets. **CATHY ADAMS** learns why some healthy sibling rivalry, fish soup recipes and convivial colleagues have investors hooked

TRADITIONALLY, TWO BROTHERS

going into business together hasn't worked out that well. There's biblical brothers Cain and Abel, who basically coined the term 'brotherly ire'. Oasis's Liam and Noel Gallagher are better known for their long-standing feud than for their lyrics, and let's not even get started on the Kray twins.

But Kurt Fisch and his brother, Dr Pius Fisch, are firmly in the 'brothers who work better together' camp, since setting up Fisch Asset Management – a boutique firm focusing on convertible bonds and credit-based bond strategies – together in Zurich in 1994. And more than two decades later, their relationship is still going strong.

The Swiss brothers, who founded Fisch simply because they always wanted to run their own company, make a good team – mainly by concentrating on separate halves of the business. Kurt runs the asset management side of the company, while Dr Pius, a lawyer, oversees the "business" end of things. It's a partnership that works effectively, according to Kurt. What's their secret? Er, arguments. And plenty of them.

"We have a lot of arguments," he tells me when we chat over the phone. "But we enjoy arguments. Everyone has to be critical, otherwise we couldn't continue." The pair are quite competitive, Kurt adds, but also very close: it's clear they get on well, and have done since they were very

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young (Kurt is five years older than Dr Pius). "In asset management, you have to enjoy competition," Kurt adds. "It's very important in the boardroom."

"Our goal was to form a company that focuses on doing responsible business – everyone has to be motivated in that approach and in it together."

Preaching to the converted

Fisch Asset Management specialises in two sectors in particular – hedge funds and convertible bonds, and it's the latter that the eponymous asset manager is most well known for. It's at the core of what it does. Across the strategies Fisch offers – including corporate bonds and multi-asset – there are about 30 different portfolios.

Kurt, a former financial journalist with a stint as a correspondent in New York under his belt, admits that while convertible bonds are a "niche asset class", they have been expanding in popularity over the past few years, as they offer protection in weak markets. The bonds, which make up around two-thirds of Fisch's managed fund universe, offer the security of a fixed income instrument, but also allow investors exposure to share price gains.

Convertible bond strategies were on the menu as soon as Fisch opened its doors in 1994. "Starting with convertible bonds was the logical choice, as I had been specialising in them during my time at Credit Suisse in the 1980s," Kurt says. "At the time, they weren't very well known, but it was an area I had a lot of experience in, and I thought it would be an interesting niche to explore for institutional and private clients."

"Convertible bonds are particularly attractive because when share prices rise, the equity exposure of the convertible bond increases automatically, and it falls when share prices fall, which adds a positive curve to the portfolio," he adds. ►



PHOTOGRAPHS by Jean-Luc Grossmann



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targeting German-speaking regions – although he admits, for a small company such as Fisch, it’s a “demanding move”.

“Currently we are more focused on expanding our geographical reach than adding new asset classes,” he says. “The Nordics and the UK in particular are very interesting markets to us. Besides that, we are screening Europe opportunistically.

“Convertible bonds will still be one of the key priorities for Fisch Asset Management,” Kurt is quick to emphasise. “Our core offering will continue to be a mix of different credit products as convertibles and corporate bonds,” he adds.

► The future is diverse

Non-traditional investments, namely hedge fund strategies, also play a key role in the Fisch Asset Management offering, and it’s an area of expertise for Kurt that dates back to 1988, when he joined private Swiss bank Bank Lips (now Privatbank Bellerive). “I was asked where I can make money in difficult times,” Kurt says. “Hedge fund strategies can make money when the stock market is tough. At the beginning, clients were anxious that it was a dangerous area to invest in, but I convinced them that it was a great sector to have exposure to.” It was a fund of hedge funds, and focused on mainly managed futures.

Years later at Fisch, Kurt introduced a managed futures hedge fund in order to diversify the offering and attract new types of investors. “Our approach to investing and giving advice to clients always emphasises the need to diversify, and we saw considerable interest from investors in this area,” he explains. “Owing to our momentum-based investment approach in convertible bonds, we also had an obvious affinity with managed futures.”

The flagship hedge fund strategy invests across the board – currencies, interest rates,

commodities, global equities – within the managed futures space, and has enjoyed notable success. Last year, it returned 16% to investors, while in the year to end-March, investors were 5.2% better off.

Plans for expansion

With assets under management tipping the scale at 8.5bn CHF (£6.1bn), Fisch is currently in a period of expansion. Not only has he hired an expert in quantitative analysis, hoping to drive that side of the business, but Kurt is eyeing further growth into wider Europe – the firm is currently

Fisch to fish

Day-to-day life at Fisch Asset Management sounds – maybe uncharacteristically – easygoing, and rather unlike pretty much every other investment management company I’ve come across. Kurt frequently references how “happy” he wants employees and clients to feel, and every employee profile on the Fisch website details, rather endearingly, the significance of the word ‘fish’ in their life.

Under Kurt’s profile is his love of fishing, as well as detailing his mother’s recipe for the Russian fish soup that he used to eat as a child. Is it worth me trying to make it, I ask? The ingredients list looks daunting enough, demanding fish that “you have caught and cleaned yourself”. Kurt’s response is that the soup is so strongly flavoured that it makes the whole house smell “extreme”. “You wouldn’t want to eat a lot of it,” he laughs. Maybe not then.

A happy working environment, recipes for soup passed between colleagues and clients – the Fisch brothers may claim to thrive on arguments, but it doesn’t look as though any Gallagher-esque feuds will threaten the equilibrium any time soon. **H**

CURRICULUM VITAE

1977–1982: Editor at finance journal *Finanz und Wirtschaft*
1984–1988: Relationship manager (equities and convertible bonds), Credit Suisse
1988–1994: Head of asset management, Bank Lips
1994–present: Co-founder, Fisch Asset Management