

FACE TO FACE PATRICK RIVIERE

When Brexit settles, we'll take a fresh look at UK

INTERVIEW

La Française chief talks about Macron, wine and the protests by the *gilets jaunes*

CHRIS FLOOD

Winemaking is a skill rarely associated with investment managers but along with asset allocation advice Patrick Rivière can serve vintages from vineyards across France.

Mr Rivière is chief executive of La Française, which owns 500 hectares of French vineyards and a wine production company.

“Vineyards are a long-term investment but we can bring our own wine to roadshows and it is a good way to attract new clients. It is very good wine and it is part of the French image,” says Mr Rivière, who turns 60 on Saturday.

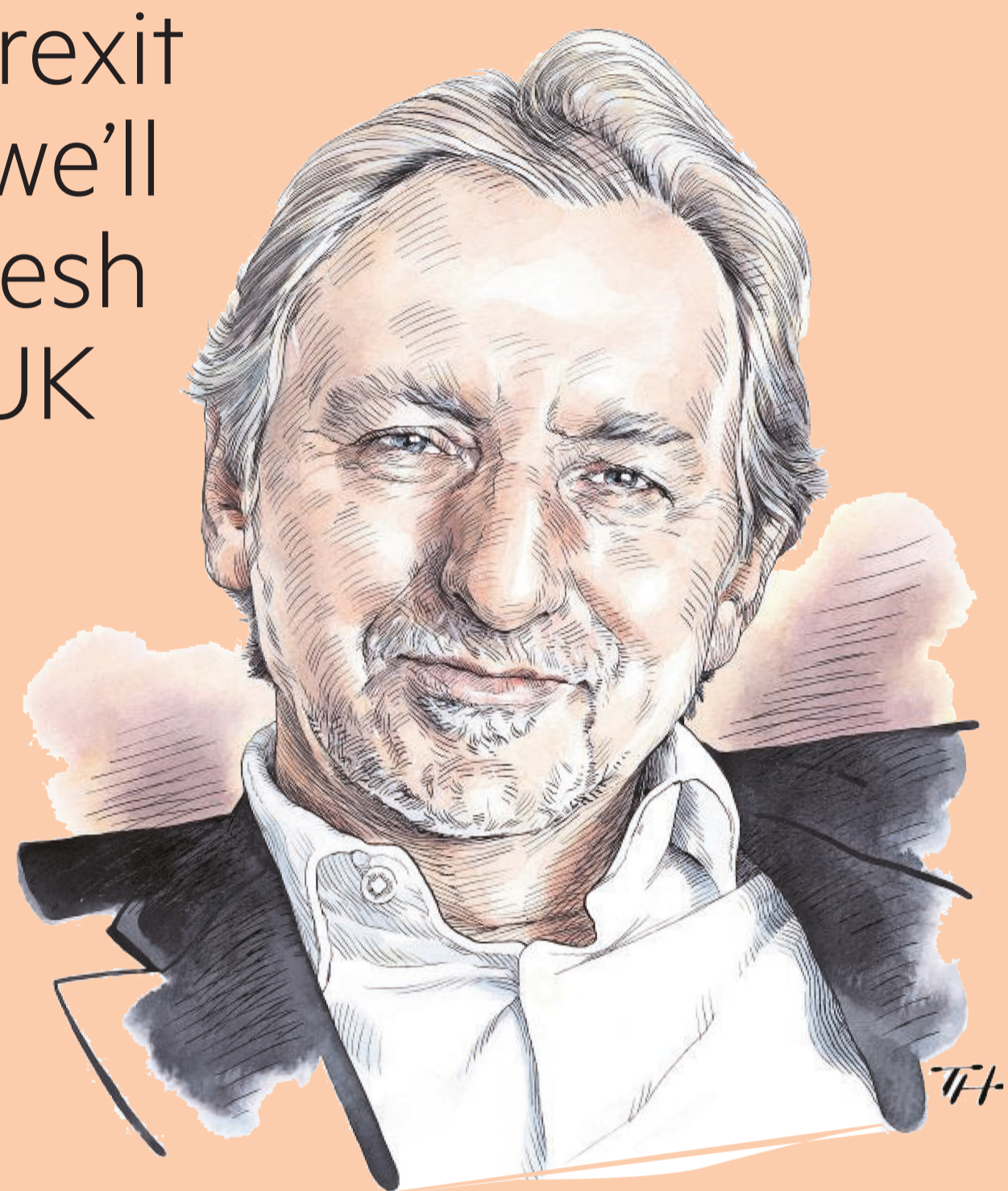
Vineyards are a niche interest for La Française, which oversees €65.8bn assets across four lines — traditional equities, bonds, real estate and sophisticated derivative-linked strategies for institutions — as well as a direct financing business that lends to private equity managers and fintech companies.

“The aim is to continue to grow across these lines and into different countries. We had virtually no international business in 2011 but now it is about 35 per cent of our assets,” says Mr Rivière.

A contemporary who did not wish to be named and who has known Mr Rivière for decades, says: “Patrick is not brash or arrogant. The company has gone from strength to strength under his leadership.”

International expansion has been fuelled in part by acquisitions. La Française bought Veritas, a €7.2bn asset manager, in October. A tie-up with a German group had been a long-held ambition.

“We were looking for that opportunity for two years. Germany is a key market with a broad range of clients, institutional and retail, and you need a local presence to succeed,” he says.



CV

Born February 2 1959, St-Etienne

Education 1982 Institut de Science Financière et d'Assurances, Lyon; graduated as an actuary

Career
1982-85 Worked for Scor and Cholet Dupont, Paris
1985 Joined Fortis Investment Management as head of research
1990 Head of fixed income and research, FIM, Paris
1991 Deputy CEO, FIM, Paris
1993 CEO, FIM, Paris
1997 Managing director, FIM, Brussels
1999 Chairman, FIM, Brussels
1999 CEO, Invesco, France
2003 Chief regional officer, Invesco, continental Europe
2008 Joins La Française as CEO

In March, La Française acquired full ownership of Inflection Point Capital after agreeing a joint venture with the London-based sustainability specialist in 2013.

The plan is to use Inflection Point's expertise to integrate environmental, social and governance (ESG) standards into assets run by La Française.

“This is not just painting our funds as ‘green,’” says Mr Rivière, who is suspicious of claims about ESG made by some rivals. “When ESG is very broad [across an entire fund range], then perhaps it is not very deep,” he cautions.

ESG and impact investing in projects with a social purpose also appeal to the younger audience that La Française wants to reach.

“It is very important for us to have a direct connection with retail clients. We have a dedicated retail investor sales channel with 30,000 direct customers. This started with real estate and can be extended to other products,” he says.

La Française would like to expand in the UK but the uncertainty caused by Brexit has put off Crédit Mutuel Nord Europe, his company's parent.

“We are keen to strengthen our

position there. It is our only target for M&A. We will be ready when things are clearer,” he says.

France has also been rocked by political turmoil, with weeks of protests by the anti-government yellow-vest movement, or *gilets jaunes*.

La Française is heavily involved in the Grand Paris project, working with insurance clients to build on three sites as part of the government's plan to upgrade infrastructure.

Mr Rivière says President Emmanuel Macron leads “the most business-friendly government” in living memory. “And with Brexit and then the Olympic Games in Paris in 2024, France is becoming more desirable for international clients.”

He does have some sympathy, however, with the grievances of the *gilets jaunes* — but not their methods.

“It is important for the government to reconnect with people outside the cities, to take account of the real difficulties facing workers in the countryside,” he says.

Political tension has affected other areas of the company's operations, such as South Korea where La Française has won real-estate mandates from institutional co-investors.

La Française Group
Assets €65.8bn end 2018
Employees 639
Established 2009 (merger of Union Française de Gestion, established 1975, and La Française des Placements, established 2000)
Headquarters Paris
Operations Offices across Europe and in US, Hong Kong, Seoul and Singapore
Shareholder Crédit Mutuel Nord Europe

“It is a way of protecting money when living with a dangerous neighbour. International real estate ensures the safety and security of assets outside the country. US president Donald Trump may make progress in the nuclear negotiations with North Korea but we are not there yet,” he says.

In fixed income, La Française has focused on areas where competition is less fierce, such as high yield, subordinated debt and absolute return strategies.

The global investment solutions arm, which accounts for €14.8bn of assets, runs hedge fund-like arbitrage strategies. These use derivatives on behalf of bank and insurance clients looking to optimise returns on balance sheets constrained by regulations, such as the EU's Solvency II directive.

Mr Rivière says improvements in transparency over the past decade have put hedge funds under a greater obligation to disclose the risks embedded in their strategies.

“Hedge funds are a different market from 10 years ago when investors were giving their money blindly to a magician without knowing how he would play it,” he says.

Other areas of expansion include the €2bn direct financing subsidiary. This unit provides financing to private equity managers and other businesses when bank loans are unavailable.

This business has proved more difficult to expand than expected. “It is difficult to synchronise investment opportunities with inflows from clients,” says Mr Rivière.

A landmark birthday looms but Mr Rivière declines to discuss succession plans at La Française, pointing out that he still enjoys cycling and daily visits to the gym — “at 5am if necessary. If I don't do it, I don't feel good,” he says.

The appeal of retirement has, however, grown stronger after a career in finance over almost four decades.

“I have an Italian wife and we have a house in Italy with olive trees and a donkey. My relaxation zone is in Italy with a glass of La Française wine.”