‘Nothing is like flying a single-seat fighter’

INTERVIEW

Investcorp’s chair moved into finance after a stellar career in Oman’s air force

JENNIFER THOMPSON

Investcorp’s London office appears the epitome of the old-school private banks and discreet hedge funds that dot the streets of affluent Mayfair. The reception hallway is opulent, with marble flooring and a large spiral staircase. The eyes of Noura Khorshid, the group’s retired founder, gaze out from an oil painting. Sitting behind an oval marble desk in a book-lined study is Mohammed Alardhi.

The executive chairman of the $28.2bn group is focused on the future, not the past. The Bahrain-listed business is plotting to become an all-round alternative group. “We want to be a diversified, a more stable, global business,” says Mr Alardhi.

Mr Khorshid, who left what was then Chase Manhattan bank to found Investcorp in 1982, retired two years ago. Investcorp became life as a private equity specialist with the goal of spreading the wealth from rich families beyond the region. It now wants to grow to $50bn assets.

Investcorp made a name for itself in the 1990s and 1990s by taking stakes in luxury brands Gucci and Tiffany. As well as run-of-the-mill manufacturing companies and software providers, its portfolio still has a touch of glitz. Current holdings include Georg Jensen, the Danish luxury goods maker, and the United Val- ent Agency, based in Beverly Hills.

True to its roots as a private equity specialist, it has turned to dealmaking to reach its $50bn target. In 2016, it acquired the debt management business of Xic, the British private equity group, in a $232m deal. In 2018, it bought a sizeable stake in Banque Pâris Bertrand Staub, a 4.54bn Swiss private bank, for an undisclosed sum. The move marks Investcorp’s first explicit foray into private banking services.

This year, it launched a joint venture with Standard Life Aberdeen to invest in infrastructure deals in the Gulf, the first time it has targeted the asset class. The venture is chaired by Garry Grimmstone, former chairman of Standard Life and former chairman of Barclays Bank plc. The project has not made any deals yet.

It has also started investing in China via a state-backed fund that supports tech companies such as SenseTime, a facial recognition software business that supplies the Chinese police, and NetEase Cloud Music, a music-streaming platform. The fund, Investcorp’s first move into Asia’s biggest economy, is managed by China Everbright, a Hong Kong-listed financial conglomerate controlled by the Chinese state.

Investcorp’s commitments to the fund total $2.8bn.

With Chinese tech companies delaying initial public offerings and valuations falling across the sector, Mr Alardhi concerned it may be throwing good money after bad? “When you go to China and see how the population is really getting digitized, you can see that we’re there for the long-term,” he says. “Of course there’s going to be ups and downs, but China is a pivotal pillar of the global economy.”

The group’s biggest external shareholder is Mubadala Investment Company, a $23bn Abu Dhabi sovereign wealth fund, which has a stake of 20 per cent. Employees control more than 50 per cent of the voting rights. The group reported a 5 per cent year-on-year rise in net profit to $131m in the 12 months to June 70.

Self-sufficient and in a white shirt monogrammed with his initials, Mr Alardhi could be a private banker. In fact he entered asset management after a long career in aviation, spending 25 years in the Omani air force and ending as its head.

He developed his “flying spark” as a child living near an airstrip in rural Oman. “All I wanted to do was fly aeroplanes,” he says, his eyes gleaming. “I flew Hawker Hunter and Jaguar [both fighter jets]. There is nothing like flying a single-seat fighter; it was a great experience.”

The Omani national says he wanted a “complete change” following his military career and attended Harvard Kennedy School where he studied for a Master’s degree.

Since 2014 Investcorp has had joint chief executives, Hazem Ben-Gacem and Rashid Kassar, who Mr Alardhi says reflects its growing size. Although dual CEO structures at other financial groups such as JPMorgan have come unstuck, he says the arrangement is working well. “The business is really getting big,” he says. “They concentrate on different geographies within the business. It harmonises well for us.”

However, there are no women on its 12-member board. An unnamed woman was offered a place last year but she declined it, citing a conflict of interest. Asked when this situation will change, he says the board will become more diverse “when I find the right one”. About 30 per cent of the group’s workforce is female. There are two women on its seven-strong international advisory board, with another joining this month. Its members include Michael Fallon, former UK defence secretary, and Mohamed El-Brian, former investment chief of Fimec and a Financial Times contributor.

Mr Alardhi is also chairman of an Omani bank and sits on the boards of several non-financial bodies, including Dean’s Council at Harvard Kennedy School. He has also written books on the Arab world. He recalls during a fire-up in ten- sions between Iran and the west, folowing Tehran’s seizure of a British tanker and its accusations that Ira- nian nations had been trained by American intelligence agents.

Investcorp does not invest in Iran, but the Islamic republic is 200km across the Gulf from Bahrain. When asked about his views on Iran he chose his words with care. “The Iranians have really missed many opportunities since the revolu- tion,” he says, adding that Iran and the west have consistently missed one another. “Iran is a great country with a great history,” he adds. “They have educated people, a big industrial base but they have not been lucky in strategic decisions.”

He is optimistic that other states in the Gulf are on track in making their economies less dependent on petro- leum, saying that the oil price fall has convinced governments that the “get oil, sell it and spend it” model is not going to be viable.

“They’re on the right track,” he says. “We see a really genuine desire there. The economy of the region is very entrepreneurial.”

CV

Born May 1961, Oman

Education
1987 BSc in military science, Royal Air Force Staff College, Bracknell
1992 Diploma in military strategy, National Defense University, Washington DC
2004 Masters degree in public administration, Harvard University

Career
1978-91 Royal Air Force of Oman
1992-2003 Royal Air Force of Oman, chief
2003-15 Retail Investment Projects, chairman
2011-14 National Bank of Oman, deputy chairman
2014-17 National Bank of Oman, chairman
2015 to present Investcorp, executive chairman
2017 to present Sohar International Bank, executive chairman

INVESTCORP

Assets $28.2bn
Employees 427
Headquarters New York
Ownership Publicly traded
Established 1982

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