

# Profile: Nick Roditi; The secret agent of George Soros

Article from: The Independent (London, England)  
Article date: October 19, 1997  
Author: Peter Koenig



Nick Roditi has been sighted again. Last month Britain's best-performing investor, whose profile is so low that his business number is ex-directory, took control of Plantation & General, a London Stock Exchange-listed company with tea and coffee interests in Zimbabwe, Malawi, and Tanzania, rubber interests in Indonesia and factories making hoes - and, unconfirmed reports say, machetes for the Hutus - in Rwanda, Thailand and Brazil.

At the same time Financial World, the US business magazine reported that Roditi - who manages money for George Soros - earned pounds 80m in 1996, making him the highest paid person in the country.

"Who is this guy Roditi?" the magazine asked. "One thing is certain: if not for Roditi, George Soros and his chief trader Stanley Druckenmiller would have made zilch last year. Why? The Druckenmiller-led Quantum Fund fell 1.5 per cent in 1996 . . . The Quota Fund, which Roditi runs, was up a smashing 82 per cent." The sighting of Roditi occasioned the customary journalistic heavy breathing. Nick Roditi, Soros's Mystery Man! Slight, grey-haired 52-year-old who drives a Volvo earns pounds 1.5m a week! Zimbabwe-born mate of Rupert Pennant-Rea, ex-Bank of England deputy governor reported discussing Ugandan affairs on floor of Bank office with lover, lives in Hampstead and lunches on yoghurt - but has an Olympic-size swimming pool under the front garden! Such hyperbole generated the customary expressions of solidarity from Roditi's friends, as well as unctuous nonsense from official spokesmen. "Mr Roditi is a very private person," said Shawn Pattison, public relations officer for New York-based Soros Fund Management. "We would want to respect that." So Roditi the media creation had another outing. But the actual person was fleetingly on view, too.

Roditi's move into Plantation & General - he owns 43 per cent and has the backing of the balance - hinted at where the smart money is moving now. He is not alone in taking an interest in Africa, farmland and selected agricultural commodities. Roditi's success as an independent operator underlines how the sociology of the City is evolving. Pension fund, unit trust, PEP and Tessa money is managed by large, bureaucratic investment houses competing against indices like the Footsie and Dow for high fixed charges. Meanwhile, a small but growing circle of the City's best and brightest are handling money for the rich, competing against each other for high absolute returns, taking fees strictly related to performance. "Nick lives in London, but he could be anywhere," says an acquaintance. "He's outside the City establishment. He has no say, for example, in how the Stock Exchange is run. He inhabits a realm of spaceless money." Roditi has his luxuries, collecting Persian carpets, Korean cabinetry and antique porcelain. He retreats to a spread in South Africa. But, at this point in his career at least, making money appears primarily a competitive intellectual game.

Asked by clients how he slept at night, he reportedly answered: "How do you sleep? It's your money." The Roditi-run Quota Fund is a macro fund - moving money across currencies and markets globally - as distinct from those specialising in categories of stocks or regions or certain kinds of volatility. In 1996 Roditi bet heavily that the dollar would rise against the yen and won. Last year's annual report for the Netherlands Antilles-based Quota Fund indicates that Roditi also liked Canadian and Russian securities. It indicates he liked shorting markets and using leverage. "He's strong," says Nicola Meaden, managing director of Tass Management, a London-based clearing house for information on hedge funds. "He takes positions and holds them." An acquaintance says Roditi draws strength from his relationship with Soros. "Nick used to be with Jacob Rothschild," this source says. "When he would get on the wrong side of the markets,

Jacob's people would demean him. Now, when Nick gets on the wrong side of the markets but thinks he's right, George tells him to double up."

Roditi appears to be in his prime as an investor. There are 5,000 hedge funds worldwide, 80 per cent of them in the US, 150 in London. They have \$145bn under management. In this universe the \$2.4bn Quota Fund is the top-performing fund over five years, according to Tass. This year it is up 50.7 per cent. Units sell at a premium of 50 per cent. This means that if you go to Soros's broker in London, Edgar Astaire & Co, and plunk down the minimum \$100,000, you have to pay 50 per cent more for a unit than the net asset value of the securities backing it. Roditi also appears in his prime of life.

He is married with a daughter, and by all accounts enjoys his anonymity. Never a City whiz-kid, his has been a gradual rather than meteoric rise. After school in Rhodesia he studied law in South Africa, then business at the City University in London. In 1969 he joined Schrodgers, the merchant bank, as a trainee. After helping start Schroder Securities, he decamped to work for Jacob Rothschild in the mid-1980s. In 1992 he set up S Roditi & Co with its unlisted phone number over a Gap shop in Hampstead. "Nick's life is compartmentalised," says Pennant-Rea, the former Bank of England deputy governor, who attended Peterboro in Rhodesia with Roditi, and is now chairman of Plantation & General. "He manages money for Soros. But he does other things, too." Roditi is a director of offshore companies in Jersey, Bermuda and the Cayman Islands, but he is also a director of Ripley Engineering in Basingstoke. His interest in Plantation & General is unrelated to Soros, says Derek Netherton, a friend from Schrodgers and Rothschild days, who also sits on the company's board. Netherton says Roditi began investing in the company before beginning work for Soros as a "back to his roots, back to the soil thing." Netherton is reshaping the company - disposing of Plantation & General's Asian, South American and UK interests and focusing on Africa and, in particular, the Eastern Highlands Plantation in the Honde Valley of Zimbabwe at the foot of the Imyangani Mountain.

There is, however, an intriguing coincidence connecting Roditi and Soros in Africa. On 3 October, Miles Morland, another supercharged City investor, and bestselling author, took a large stake in an African plantation company called African Lakes. A co-investor in African Lakes along with Morland's Blakeney Management is Soros Management. Andrew Smithers, a Mercury Asset Management founder who now runs Smithers & Co, the investment advisory boutique, explains the renewed interest in Africa in terms of the relative value of primary, manufactured and tradeable goods. Smithers thinks the global decline in the value of farmland relative to other assets has bottomed out. Speaking for Plantation & General, Pennant-Rea notes simply that "African assets are cheap", adding that tea and coffee prices are strengthening. Ordinary investors can take advantage of Roditi's expertise by copying his move into Africa. Most, however, will be at a loss to tap his skills on the macro front. Only a fraction of the world's richest 1 per cent have access to Roditi as a fund manager.

Legal obstacles prevent pension funds and other pooled savings programmes from placing money with Quota or other hedge funds. A few visionaries argue there should be hedge funds for the masses. Michael Goldman, president of Momentum UK, a hedge fund that invests in hedge funds, argues that the risks attached to hedge fund investing are grossly exaggerated. "In the public mind hedge funds equal George Soros, equals Soros breaking the Bank of England in 1992," Goldman says. "But that's not the reality. The reality is that in a bear market hedge funds can stop you from losing money. Standard, so-called safe investments can languish for years, while the charges on them eat up your returns." However, despite this proselytising, hedge funds are likely to remain out of bounds to virtually all savers except those willing to move their money offshore. So the chances are that Roditi will remain forever out of reach, except for the media circus. He could write a book, like his client Soros. He could give classes - "The markets were here day one, so I did this. Then day two the markets moved that way, and I did that." But, as Roditi's friends would say, don't hold your breath - he remains his own man.