

## Islamic Finance news talks to leading players in the industry



**Name:** Eric Meyer  
**Position:** Chairman & CEO  
**Company:** Shariah Capital  
**Based:** US  
**Age:** 49  
**Nationality:** American

scholars; our partnership with a forward-looking sovereign government; our first mover advantage in launching a Shariah compliant alternative investment platform; and the award-winning returns of our funds.

### What are the factors contributing to the success of your company?

The creativity of our management team is our greatest asset and a key contributor to our success. The world changes daily and a management team needs to change with the world. We constantly ask ourselves how we might change for the better. We are always changing our products to adapt to the customer or to anticipate the needs of our clients. I don't believe there is a more creative team in the Shariah world.

### Could you provide a brief journey of how you arrived where you are today?

My vision started in Kuwait in 1979. I committed myself to devise a Shariah compliant screening and short-sale methodology that would enable conventional long/short equity managers to accept Shariah guidelines and operate within a comprehensive platform of internationally-recognized service providers. After years of invaluable time and guidance from prominent Shariah scholars, the support of Barclays Capital New York in re-writing prime brokerage documentation, and seemingly endless legal bills, I finally was able to approach investors. Today, I feel Shariah Capital and Dubai Shariah Asset Management (DSAM), our partnership with Dubai Multi Commodities Centre (DMCC), have established the DSAM Kauthar brand and built an asset management business that leads the industry in Shariah compliant alternative investments.

### What are the obstacles faced in running your business today?

Our greatest obstacle lies in our need to educate investors. We have to do a better job explaining the safety of our separately-managed accounts relative to conventional investment funds. Too often, investors tell us our funds are hedge funds and that they won't invest because hedge funds, as they know them, are considered speculation.

We have to educate them with the facts. While our funds use a Shariah compliant short-sale methodology as a means of preserving capital, they fundamentally are separately managed accounts. They are not hedge funds that deploy aggressive leverage or take speculative positions.

### What does your role involve?

As the chairman and CEO of a publicly-traded company (SCAP.L on the AIM market of the London Stock Exchange), I am tasked with both our firm's longer-term strategic vision and executing the daily operations of our Shariah advisory mandates, including an active marketing role with our DSAM Kauthar funds.

Conventional hedge funds are created and controlled exclusively by the fund manager. Our DSAM Kauthar funds are very different. They were created by, and remain under the control of, independent trustees — along with Shariah advisors and shareholder investors. The manager is an employee directed strictly to manage account assets at an independent custodian (that, in turn, is overseen by an independent administrator). In our separate account structure, it is very difficult for him to stray from his investment mandate. He certainly can never take funds from the account.

### What is your greatest achievement to date?

Without a doubt, our greatest achievement is the impressive outperformance by our Shariah compliant funds against their conventional peers. We intentionally designed a Shariah compliant fund solution in such a way that we could take the best of Shariah and the best of the West. That combination in 2009 produced award-winning returns and disproved the long-held belief that Shariah impairs performance. We have shown it does not.

Our funds provide the ultimate transparency. For Shariah compliant purposes, Shariah Capital, as the Shariah advisor, sees every trade every day. We can see immediately if managers are out of line.

I'm frustrated that the market does not seem to understand these important differences between our funds and conventional hedge funds. It's an obstacle we'll have to work harder to overcome.

### Which of your products/services deliver the best results?

Researching and enlisting superior investment managers who deliver consistent, competitive returns within Shariah. This capability has been enormously beneficial to our clients and to Shariah Capital's bottom line.

### Where do you see the Islamic finance industry in, say, the next five years or so?

I believe the Islamic finance industry will take a quantum leap forward and compete head-to-head with conventional investment products.

### Name one thing you would like to see change in the world of Islamic finance.

I would like to see the Islamic world more formally define and embrace Shariah compliant risk management tools and solutions. 😊

### What are the strengths of your business?

There are four of them: Our very close relationships with Shariah