

Finance, Hedge Funds and Leadership

Written by Jonathan Jackson on July 12th, 2013



Adriana Kostov has always had an interest in global markets. She speaks with Jonathan Jackson about finance, hedge funds and being a leader.

Most teenagers going into university have a vague idea of where their university course will take them. Some know what they want to do, but have little idea of how to achieve their goals. Others, who study law or medicine, know exactly what they are studying for. But if you study finance also, you have such a broad church of subjects that banking, marketing and possibly even a career in hedge funds are all on the cards.

If you have that range of career paths to choose from, choosing what is right for you can be difficult. For Adriana Kostov, the choice was a simple one; her interest in the corporate world and particularly how finance has a global impact, as well as how law integrates into this has led to a stellar career. Currently Adriana holds positions as the Director of Compliance and General Counsel for global macro currency hedge fund firm Excalibur Funds Management as well as the first Australian Regional Director of the Hedge Fund Association. It has also been a quick rise through the corporate ranks for Adriana and she represents the value of knowing your mind and having direction.

Her career effectively began when she entered the Law/Commerce undergraduate program at the University of Western Australia.

“In choosing the degree I felt it would give me the best exposure to the broader corporate world. I was very interested in international trade and trade relations in the global environment. I wanted to understand what are the key drivers for the Australian economy and how we attract foreign investment.”

The best way to understand foreign investment was to take up a position in a political environment.

Adriana worked for the Electoral Commission, as well as the WA Attorney General, Mr Jim McGinty, whilst studying at university.

Her tasks were to assist in policy development and research various legal methods, which she found quite interesting. The significance of that role was that it shaped the way she saw business.

“It definitely had an influence, because when you work within the government you do start to understand the processes that are involved in various decision making. Generally speaking there are quite a lot of protocols and levels of decision making that are required. The other thing of interest is the policy guidelines set by the government, as well as future initiatives on which the government is embarking. So, when making a commercial decision, one thing that I think about now is what is the government policy on this issue and what is the likelihood of this commercial decision being successful in light of that?”

That level of policy knowledge is invaluable to those who are commercially minded. Adriana believes that her time in government has had an extremely strong influence on the way she’s approached financial ethical issues and interpreted Australian investment guidelines.

“With the Hedge Fund Association, it’s obviously had quite a strong influence. There is a strong focus on government and regulatory affairs in the US and that was part of the attraction in bringing the group to Australia. Intrinsic to my work are Australian policies related to international finance and investment and the governance around that.”

Her time in government worked as a facilitator for Adriana’s drive to succeed in the corporate world. Moving on from the Electoral Commission, and graduating from the University of Western Australia, she wanted to get more involved in the day-to-day decision making of corporate Australia, while dealing with the money markets and the legal markets.

Hence, her applying, and being accepted into, the Macquarie Graduate Program.

“It was a fantastic experience, just in the sense that there were a small group of us nationally that had been accepted into the program. We had quite an intensive training course in the first three months learning the basics of financial modelling. At the time I met a really great group of very like-minded and very ambitious people, many of whom I am still in contact with today.”

Macquarie gave Adriana the financial grounding to cover any technical and analytical financial challenge.

Both Macquarie and the Electoral Commission were high intensity environments, but that didn’t phase a young Adriana.

“If you find yourself in that position, you probably have quite a good understanding of what is involved and the high pressure environment that goes along with it including the long hours and the level of responsibility. So, you just need to put your head down and really focus on the task at hand and there will be competing priorities at all times, but you just need to learn how to try and identify key issues, and what needs to be done.”

Adriana also credits the strength of supervisors who were willing to take the time to teach as well as let her discover things for herself and learn how to solve particular issues on her own.

“In terms of what I’ve learned about myself, it’s that you really need to think on your own two feet. You need to keep on challenging yourself because at the end of the day there always is a solution to any problem.”

Challenges are another element in business that drives Adriana and she thrives on them.

“I like to continuously learn and I think I tend to become attracted to certain situations that facilitate continuous growth and development. Having that type of mentality attracted me to some environments where I really needed to apply my skills, but then also learn new skills to be able to perform well in certain situations.”

Particularly in recent years, Adriana has learnt a lot about leadership.

“In terms of leadership, one of the most important skills is to be able to listen really well. And when I say ‘listen’, you really need to understand what message another person is trying to put across, so you need to take the moment to think about where the person is coming from and what is their perspective on a particular issue. I believe, if you listen and then you understand what exactly the issue is, you will probably find a mutually beneficial solution quicker and they’ll respect you a bit more.”

According to Adriana, leadership is also about identifying key critical business issues and looking at things from the top down, while understanding the technical side of the business.

“Anywhere that I have worked, there has been a need to understand what somebody might be doing ‘on the ground’ so to speak, in the day-to-day operations of the particular company, whether that be out on a mine site, or in the administrative team. If you don’t also understand that part of your business, then you might be making decisions at the top, which aren’t necessarily the best decisions to make.”

This isn’t always easy, but if you try to take some time to speak with staff, you can generally understand what is happening in their sector of the business. You can find the cause of an issue or problem and discover what other perspectives exist towards it.

“Then, in terms of coming up with the solution, it is easier to make decisions that will keep the wider business stakeholders happy, but also be in keeping with your business objectives,” Adriana says.

The current phase of Adriana’s life is just as busy as the previous phase, but she is able to utilise her leadership and business skills across a range of areas.

Her interest in global markets saw her bring the Hedge Fund Association to Australia.

HFA is an organisation that represents hedge funds, service providers and investors. Adriana is the head of the Australian chapter.

“The Hedge Fund Association was very keen to launch into Australia, as Australia is viewed favourably in international financial markets. My initial steps will be to build relationships with government departments, investment managers and other key stakeholders in the alternative investment/hedge fund industry.”

She is juggling her duties as head of the Australian chapter with her role at Excalibur. She joined Excalibur to work with a highly experienced team of professionals. She noted that Excalibur Funds Management has a solid operational platform that could perform well in difficult markets.

Excalibur is an investment manager that specialises in the Australian Dollar, and has already attracted international interest. They have recently expanded into New York and many of their investors are international institutional investors. “Excalibur combines what I’ve learned and what I’ve originally wanted to do in my career, which was look at financial markets, look at government policy and international investment,” Adriana says.

“I’m finding it’s a culmination of everything I wanted to do. I deal with the US regulatory environment, I’m dealing with European laws and regulation regarding hedge funds and hedge fund investments. Then also, there are the day-to-day economic activities.”

There is a lot on Adriana’s plate, but she puts it down to the nature of work she does. “It’s the nature of the industry – I really enjoy it, and, at the end of the day, you just do what you have to do.” Adriana is one to never stop learning and believes there is always something useful to learn. She likes the dynamic environments, the institutions, the global markets and the impact she feels she can make in each.

She is busy, but that doesn't matter. She knows it is that mindset that has brought her from the University of Western Australia to where she is now.

Adriana attributes her success to patience, perseverance and being able to listen and work on a team. Most importantly she knows what she wants and she goes for it.

"You live once. So do it well."

Adriana's keys to success

1. Never stop learning.
2. Aim to make decisions that add value to an organization.
3. Give constructive feedback and also ask for feedback on your own performance.
4. Respect the views of others (even if you don't agree with them).
5. Old-fashioned hard work and perseverance is a must – there are no short-cuts to success