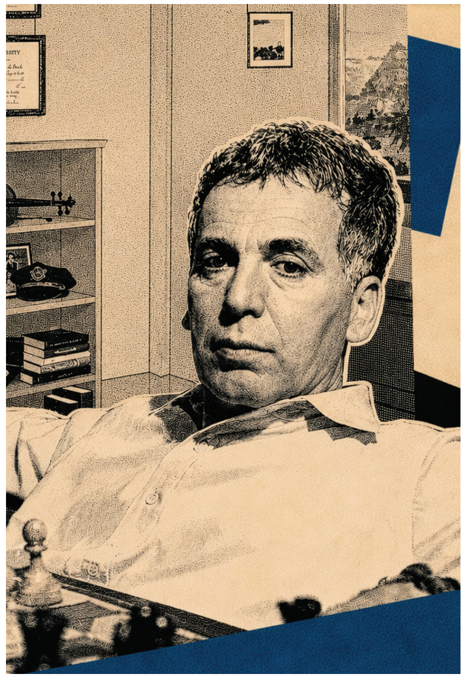
By Deon Gouws

AN AFTERNOON WITH VICTOR NIEDERHOFFER

What I learnt from the 'Chief Speculator' about making money, baseball and shoes



On a trip to New York in 1998, I visited Strand Bookstore in the East Village and came across *The Education of a Speculator* by hedge fund manager Victor Niederhoffer. I bought the book just for the eclectic front cover.

It's part autobiography and part trading handbook, but mostly it is a collection of writings on some of the most varied topics that you'll ever find in a single tome, including music, sport, primates, sex education and the art of avoiding the wrong people ... all of them linked to investing.

I discovered Niederhoffer and his book only a few months after the man had suffered disastrous losses through leveraged exposure to the Thailand stock market. His fund blew up practically overnight.

A few years later, Niederhoffer rose from the ashes and started another offshore hedge fund. As it happens, most of the seed money for it came from a South African institution, which explains why I ended up being part of a delegation travelling to his home in Weston, Connecticut, in May 2002.

"Hi, I'm Victor," he said unassumingly when we shook hands the first time, as if I wouldn't have recognised him from the pictures that adorn his book. He wasn't wearing shoes — nobody in his house or office did. "Nearly everybody in the market thinks the same way", Niederhoffer argued, "and that's why you need a differentiated approach if you want to make money. Not wearing shoes constantly reminds us to think differently."

The unlikely topic of cricket came up in our conversation; Niederhoffer immediately proceeded to dig out a Lord's hat and started wearing it — smiling from ear to ear. A Lord's hat? Why on earth would any American have a Lord's hat?

It turned out that Niederhoffer was in fact a member of the MCC. In the 1960s he had needed to be a member of a recognised sports club in order to play competitive squash while studying at Harvard.

He found it impossible to break into any of the clubs in Boston, so his coach arranged membership with the MCC. In turn, Niederhoffer rose to become the top player in the US five years in a row.

It was now 30 years after his days as a sports achiever, and Niederhoffer, in his late 50s, walked with some difficulty when I met him. In spite of that, he challenged the social players in our party (some of whom could certainly knock the ball around) to a game of tennis in the late afternoon.

He didn't move around much: he dominated the game from the centre of the court. He controlled, spun and placed the ball to near perfection; he hardly made any unforced errors. He would let his opponent start every game at 40-0 up; in spite of this, I saw Niederhoffer lose only two games that afternoon.

The card listed what he stood for: 'Ballyhoo deflated. Damsels rescued. Science upheld. Individualism admired'

At one point the string of his racquet broke. With a naughty smile, he walked to the side of the court and picked up a small wooden table, using this as a "racquet" for the next point. The opponent served; Niederhoffer's return nearly went in.

Niederhoffer was a collector of note. His library included countless first editions and author's copies. To prove that there was also a more modern side to his interests, the original score for *Hey Jude* — in the handwriting of Paul McCartney — adorned one of the walls.

Niederhoffer was not only an unassuming gentleman, he was also generous and hospitable. In the early evening he took us to a baseball match involving the local Bridgeport Bluefish. It was hardly a major league game, but it was a lot of fun. He bought us hot dogs and chartered a stretch limousine to take us all the way back to Manhattan — a one-hour trip.

As we said goodbye, he gave me his business card. In keeping with a slightly eccentric personality, the card looked serious enough – with a bit of a twist. "Chief Speculator" was the title he had awarded himself. And the card listed what the man stood for: "Ballyhoo deflated. Damsels rescued. Science upheld. Individualism admired."

Niederhoffer died at the beginning of this month, aged 82. He made a lot of money for people and he lost people a lot of money, but he was one of the nicest human beings I've ever met, and quite possibly the most interesting one.

I will always be grateful for the time I was privileged to spend with him one fine spring day in 2002. **x**

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