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Former QB adds president to his role at Cadinha & Co.

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CADINHA & CO.

Neil Rose, the newly named president of Cadinha & Co., prefers investing conservatively than taking risks. Rose said the company is not compelled to be always heavily invested in stocks.

Former Harvard University quarterback Neil Rose said he hasn't changed his investment philosophy since he began calling signals at Honolulu-based Cadinha & Co. nearly 16 years ago.

Rose, the newly named president of the investment management firm, prefers investing conservatively than taking risks.

"One of the reasons I joined the company was shared values of conservatism," said the Hawaii native, who also is retaining his position as chief investment officer. "What I've found in the time since is that being conservative is a great offensive asset. Those who have made the most over time in investing — the Warren Buffetts of the world — they're all known as conservative investors. That's a paradox to the dogma you hear that to make more returns you need to take on more risk. That's not true. To make more returns you have to take less risk. There are no old gunfighters, and that applies to the investment world as well."

Cadinha & Co. is thousands of miles from Wall Street where Rose had the opportunity to work after graduating cum laude from Harvard with a B.A. in economics in December 2002. Instead, Rose opted to work at Cadinha, a now-39-year-old company which has nearly \$1.5 billion in assets and 23 employees. The company serves high-net-worth individuals and institutions — individuals need to have at least \$1 million in assets and institutions at least \$5 million. Cadinha collects fees based on a percentage of the value of the portfolio.

“I joined the firm not because I wanted to come home; it was probably just the opposite,” said Rose, 37, a University Laboratory School valedictorian. “It was just the nature of the work. There were Wall Street opportunities, but I was fascinated by this guy in the middle of the Pacific Ocean who could think and read all day and decide what was best for clients and himself. That unconstrained nature of the investment approach is what attracted me.”

Rose said the company is not compelled to be always heavily invested in stocks.

“Sometimes there are really no good ideas and things are very expensive or risky,” he said. “And yet not a lot of shops allow themselves to hide out in cash or Treasuries or take an even more defensive posturing overall. When things get a little nutty on Wall Street, we have the capacity to hold a lot of cash and/or Treasuries, and to be honest that’s made all the difference.”

Rose, who joined Cadinha in January 2003 as a portfolio manager and analyst, became chief investment officer at the end of 2006.

“Within two years we had a big financial crisis and it didn’t feel too good to operate in that environment and we lost money,” he said. “The average client lost between 8 and 9 percent. But we found out afterward it was a relative hero shot compared to the average investor experience, and it reaffirmed the lesson that really to grow money over time, you also need to avoid big losses. We made back whatever we lost in two quarters; others it took them years, if they stayed in at all.”

Rose said he doesn’t have much time anymore to watch football on television. But he did throw a football as recently as December. It was a painful reminder that he should stick to his day job.

“It ended with an Achilles’ tear,” he said wincingly. “I was playing a little touch football and on the last series I was starting to run and it just kind of popped on my first step. You get old fast.”