

Extraordinary People Working Together

An Interview with Kenneth C. Griffin, Founder, Chief Executive Officer, and Co-Chief Investment Officer, Citadel

EDITORS' NOTE Kenneth Griffin is the Founder, Chief Executive Officer, and Co-Chief Investment Officer of Citadel, one of the world's leading alternative investment firms. Intrigued by finance, Griffin began investing in 1986 as a freshman at Harvard. Four years later, he founded Citadel, driven by a focus on the combination of exceptional talent, advanced predictive analytics, and powerful software engineering. Today, the Citadel team of over 2,500 professionals is globally recognized as a market leader, investing on behalf of the world's preeminent research institutions, universities, and healthcare organizations, with the mission of delivering superior long-term returns.



Kenneth C. Griffin

FIRM BRIEF Citadel's (citadel.com) ambition is to remain the most successful investment firm of all time. Across five core strategies, the firm strives to identify the highest and best uses of capital to generate superior long-term returns for the world's preeminent public and private institutions. Citadel ranked the most profitable hedge fund of all time by ICH Investment NV estimates as of December 31, 2022, based on \$65.9 billion in net gains since inception.

In 2002, Griffin and his partners established Citadel Securities, now one of the leading global market makers. Serving more than 1,600 clients, including many of the largest sovereign wealth funds and central banks, Citadel Securities has delivered enormous benefits to investors around the world. Over the past two decades, through its trading, research, and technology, Citadel Securities has created more transparent, resilient, and competitive markets both in the U.S. and abroad. Griffin is Non-Executive Chairman of Citadel Securities.

A passionate philanthropist, over the past three decades Griffin has provided more than \$2 billion to advance initiatives with the power to transform lives. Griffin recently launched Griffin Catalyst, a civic engagement initiative encompassing his philanthropic and community impact efforts that advance solutions to the world's greatest challenges.

Griffin Catalyst supports six key priorities: Education, Science and Medicine, Communities, Upward Mobility, Freedom and Democracy, and Enterprise and Innovation.

Working within these areas, Griffin Catalyst:

- Partners with visionary leaders and teams who are game changers in their fields.
- Makes strategic investments in high-potential initiatives with the power to transform lives.
- Mobilizes public and private resources to drive impact at scale.

How would you describe your approach to philanthropy?

My approach to philanthropy is similar to my approach to business: I look to partner with talented leaders and their teams who deliver results and advance solutions that are going to make a real difference in people's lives.

Education is an important area of focus for me. Education is the foundation of opportunity in our country – it is the on ramp to the American Dream. If we are going to have

a thriving democracy, we need to have a population that is well-educated, and by championing high-quality education today, we empower our next generation of leaders to solve the problems of tomorrow.

Pushing the frontiers of science and medicine is another important area of focus. I am proud to have partnered with our nation's leading medical institutions in our collective battle against cancer, neurodegenerative diseases, and other serious conditions. I know this work will deliver meaningful benefits to current and future generations.

How do you measure the success and impact of your giving?

We measure our success through the lens of how we better people's lives. A great example of this is our support of Success Academy, the highest-performing free charter school network in New York City. Under the leadership of Eva Moskowitz, the team at Success Academy has a profound impact on the lives of their students who predominantly come from low-income neighborhoods.

When Success Academy's eighth graders took multiple Regents exams this year – state

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tests that are meant for 11th and 12th graders – not only did over 90 percent of the middle schoolers pass the exams, but astonishingly, the pass rate significantly exceeded that of New York City’s high school students. Today, if Success Academy’s 53 charter schools were their own public school district, the district would be the highest performing in the state of New York.

I’m honored to support Eva and her team in their extraordinary work, and I hope it serves as a model of excellence and achievement for K-12 schools across our nation.

Where did your interest in and passion for philanthropy develop?

My parents and grandparents have been an incredible source of inspiration, and the lessons and values I learned from them continue to shape my philanthropic efforts. As the first in his family to go to college, my father, through his incredible work ethic, taught me the importance of grit and perseverance. My mother instilled in me a deep love of learning and the importance of making an impact.

My grandmother grew up on a family farm, without running water – and my grandfather didn’t have much more – but it was their public high school education that gave them the toolkit to forge their success in America as small business owners. Together, they built a heating oil distribution company, and they were actively involved in the community as both business and civic leaders. I still remember my grandmother sharing the story of how they provided heating oil for those in need during the winter.

Inspired by my family, and the incredible freedoms we enjoy as Americans every single day, my philanthropic support has been heavily focused on fighting for every child’s right to a high-quality education and enabling more people to pursue the American Dream.

You also give your time, energy, and ideas to the causes you support. What’s one example of such involvement that makes you particularly proud?

My team was deeply involved in the war against COVID. When the world began to shut down in early 2020, I learned that one of my colleagues and her family were unable to leave Wuhan. Working with the State Department, my partners and I provided support and financial assistance to bring our colleague’s family and 800 other Americans who remained in Wuhan safely home.



Ken Griffin greets Geab, the first Success Academy student accepted to Harvard, after his \$25 million gift to increase enrollment at the public charter school network by 50 percent, unlocking access to high-quality education for 10,000 more New York City students

At home, we were instrumental in our work with political leaders and the FDA to drive a faster review process for potentially life-saving therapeutics. We also funded early vaccine development and therapeutics research globally, working with top research hospitals in New York City and London, and with the global Coalition for Epidemic Preparedness.

But the most important contribution we made was laying the groundwork for what would become Operation Warp Speed. My partners and I worked with the White House to advocate for the pre-purchase of vaccines before their efficacy was known so that pharmaceutical companies would aggressively invest in production capabilities on an accelerated timeline. By the time that safe and effective vaccines were approved, their immediate availability allowed Americans to receive shots faster than anyone had thought possible – ultimately saving hundreds of thousands of lives.

What was your vision for creating Citadel, and what have been the keys to the firm’s success?

I founded Citadel in 1990, a year after graduating from college. At the time, I saw an opportunity to use advanced quantitative analytics to value securities in a way that few others had implemented at that point. While we adopted what was then an uncommon approach to investing in the early 90s, looking back, our story over the last 30 years can be best summarized in four words: extraordinary people working together. The single most important contributor to Citadel’s success is without a doubt our people.

The power of our meritocracy is rooted in our willingness to not only make financial bets, but also to take bold bets on people. We have consistently promoted extraordinarily talented people very early in their careers into roles of



Ken Griffin addresses students and their families at Miami Dade College's 2023 commencement ceremony after making the largest individual gift in school history to establish the Griffin Scholarship Fund, which will expand opportunity for thousands of hard-working, low-income students from Miami-Dade County

great responsibility. Gerald Beeson, my longest-tenured partner and now Citadel's global Chief Operating Officer, joined the firm as an intern in 1993. Peng Zhao, who became the CEO of Citadel Securities at the age of 34, joined us in 2006 after completing his PhD at UC Berkeley.

What sets our people apart so often is the energy and the intellect they bring to the table. And after more than 30 years, I am convinced that our best days as a firm lie ahead because we have never had a stronger team.

How would you describe Citadel's business, and how has it evolved over time?

At our core what we do is engage in research – uncovering opportunities that the market underappreciates – and we generate our profits by committing our capital against those opportunities.

In our formative years, our research was largely driven by quantitative analytics that were not commonly used; today our research is largely driven by gifted market specialists who engage in deep fundamental research, often supported by the powerful analytics we have developed over the decades.

Did you always know you had an entrepreneurial spirit and desire to build your own business?

For as long as I can remember, I've been interested in business. In high school, I started an educational software distribution company which taught me at a very early age important lessons on the challenges of running a small business. During college, I had the chance to work for one of the world's most important

technology companies debugging software. It was a terrific experience, but I didn't enjoy the bureaucracy and lack of accountability. Founding Citadel was my way of securing employment at the kind of firm I wanted to work for: a place where you could make decisions quickly and decisively, and where you were valued based on the power of your ideas and the results you drove rather than your seniority within the organization.

What drove your interest in building an investment management firm?

I've always had an interest in understanding how financial markets work. In the third grade, I wrote that I wanted to learn how the stock market works. I still have a copy of this paper, and it hangs on the wall of my office. Four decades later, I am still striving to understand how the market prices stocks.

I started to invest in the markets as a college freshman in 1986, and during my college days I witnessed the meteoritic rise of private equity. In 1989, KKR took over RJR Nabisco, and I thought this was a transformational moment in the history of American business. I was certain I wanted to find a career in private equity after college.

But my early success in trading pulled me away from this ambition, and soon after graduating from college, I founded Citadel in 1990 and have never looked back.

What do you feel are the keys to effective leadership?

Effective leaders know that success is driven by great teams that deliver valued products and services.

First, effective leaders hire great people. There's no such thing as an exceptional team comprised of average people – it simply doesn't exist. Second, effective leaders empower their team members to make decisions and solve problems. This is key to developing people. Third, effective leaders create an environment where ideas are debated in the pursuit of knowledge and understanding. Companies that embrace reality are able to better meet the needs of their customers.

With all that you have accomplished in your career, what continues to motivate you?

I love working on many of the most important problems in financial markets with a team of extraordinarily gifted colleagues. It is fun to be part of a team that is always learning – pushing for and making an impact.

What advice do you offer young people beginning their careers?

Remember that the most valuable lesson you will learn in college is learning how to learn, and do not adopt the mindset that when you graduate from college you are “done” learning. In your career, you will have to constantly push yourself and expand your horizons if you want to be the best at what you do. Seek out challenges, find mentors early, and never let the learning phase of your life end. ●