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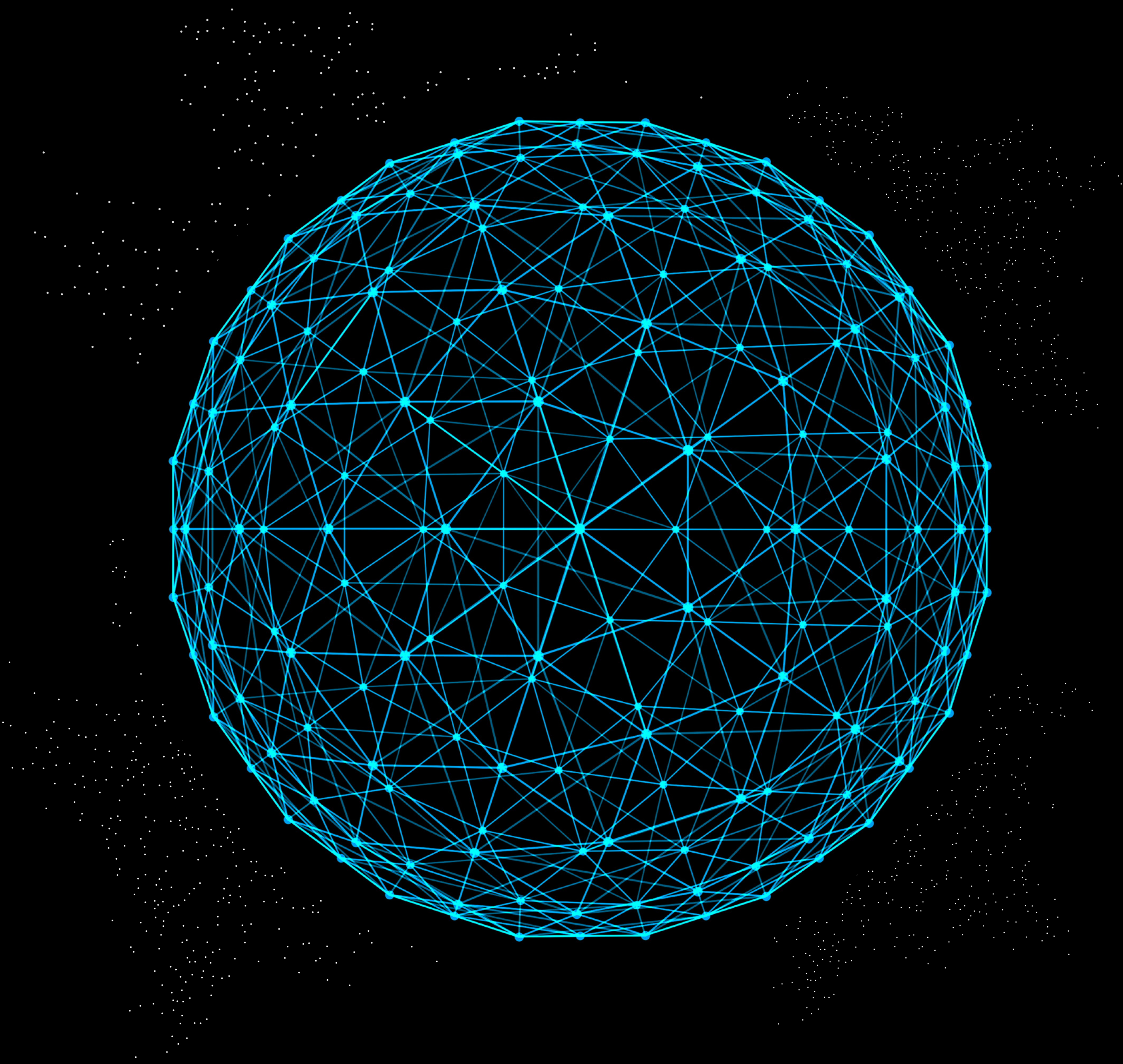

Market Overview Q1 2019

Wealth Management & Private Banking

Contents

Market Update

Key trends and market news in the Wealth Management industry globally

Swiss Private Banks Consolidating and Acquiring in Luxembourg

- Several private banks have been bought and sold in recent months in Switzerland and Liechtenstein. In Swiss private banking alone, about a third of all players disappeared over the past five years. The industry now includes some 100 firms, compared with 140 in 2013. Consolidation was strong in 2018 and has continued through to the start of 2019, following the same 2017 trend, when 10 deals were concluded. Eight private banks and/or portfolios of assets have been bought and sold in 2018 in Switzerland.
- While consolidating, Swiss banks dominated private banking acquisitions in Luxembourg last year, boosting their presence in the EU, while Nordic banks retreated from the market. UBS snapped up Nordea's private banking arm, UBP bought Banque Carnegie's Luxembourg operations, Reyl announced plans to purchase the Luxembourg private banking business of Swedish Öhman, and J. Safra Sarasin swooped Israel's Bank Hapoalim's private banking business in Luxembourg (and Switzerland). This follows a trend that has been running for a number of years, as relying solely on "equivalence" to access the EU market is a risk for banks. (Equivalence allows countries to sell services into the European single market if their rules are deemed equal to EU standards.) EFG, Julius Baer and other Swiss players have already strengthened their footprints in the country in the past.
- At a time of tough negotiations between Switzerland and the EU over market access, as well as Brexit, having a permanent establishment in a country like Luxembourg is one of the safest solutions for banks. Luxembourg ranked among the top three EU financial centres in 2018, having granted 80 new licences for banks, management companies, alternative asset managers, insurers and investment firms.

The Continued Growth of Multi-Family Offices

- Multi-family offices (MFOs) continued to be a clear trend in 2018, with plenty of activity and new firms being set up in London, Switzerland, Monaco and Luxembourg, for international and emerging market client coverage, as well as onshore in other European countries for local customers. MFOs can be a great solution for clients to get unbiased advice and a consolidated view of their global wealth, as well as for senior bankers, who can access sophisticated products and services from multiple private banks, securities houses and other financial services firms.
- Although it is not easy for new firms to build a profitable business and scale up to become a large player, there is definitely an interest from bankers to explore this route and partner with the very few who manage to create a real sustainable and profitable business. The latest market data suggest that there are today between 3,200 and 3,500

multi-family offices / external asset managers in North America, between 1,200 and 1,500 in Europe, and close to 500 in Asia. It is also estimated that half of these have been established just over the past 15 years.

- According to a recent study by Family Office Networks (FON), hedge fund allocations from the family office sector are set to increase during 2019, with 30% of global family offices saying they are keen to allocate more capital to traditional Long/Short, Global Macro and Managed Futures strategies as a hedge against recent volatility in the marketplace. In addition, FON is seeing newer strategies grow in popularity for investment, such as blockchain and artificial intelligence, as well as alternative investments.

Wealthy Individuals Investing and Seeking Residency Offshore

- A latest survey by Global Data on offshore investments identified that the proportion of wealthy individuals who invest offshore has risen from 11.2% in 2014 to 16.9% by the end of 2018. The study found that 24% of European investors take the largest proportion of their wealth offshore for tax efficiency purposes, while 41% of North Americans invest the largest proportion offshore to diversify their investments. At a global level, 17% of wealth is invested outside one's country of residence.
- Many HNW & UHNW individuals are also relocating and seeking residence in other jurisdictions, while national regulators have been cracking down on visa schemes as they take a closer look at how these link to tax evasion and organised crime. Governments are reluctant to give up these schemes, however, as golden visa programmes have proved to be a lucrative business, grossing 25bn in the last decade in Europe alone.
- The Organisation for Economic Cooperation and Development (OECD) has recently examined more than 100 countries offering citizenship and permanent residence, and has blacklisted 21 jurisdictions, stating that these are operating schemes which threaten the effort to combat tax evasion by international organisations (current list available at www.oecd.org). Spain earns around 1bn per year from these applications and made the most profits from them last year, followed by Greek Cyprus with 914mn, Portugal with 670mn, and the U.K. with 498mn.
- The UK Home Office recently tightened up the rules for its golden visa. Starting this month, the UK will require applicants to prove that they have had control of more than £2m for at least two years, rather than 90 days. The investments will also need to be made in UK businesses, while investing in gilts will be excluded, in an attempt to increase the benefit to the British economy.

World's Most Expensive Cities to Live In

- The updated list of the world's most expensive cities to live in has been released. The EIU Worldwide Cost of Living Survey evaluated the cost of over 150 items in 133 cities around the world. It features a top 10 heavily dominated (80%) by Asian and European cities, with only one Middle Eastern and two American cities in the ranking (see table).

City	Rank	Rank change
Singapore	1	–
Paris	1	1 ▲
Hong Kong	1	3 ▲
Zurich	4	-2 ▼
Geneva	5	1 ▲
Osaka	5	6 ▲
Seoul	7	-1 ▼
Copenhagen	7	1 ▲
New York	7	6 ▲
Tel Aviv	10	-1 ▼
Los Angeles	10	4 ▲

UAE Begins Implementing 10-Year Visa for Expats

- As announced at the end of 2018 by the ruler of Dubai, His Highness Sheikh Mohammed bin Rashid Al Maktoum, the UAE has replaced the previous three-year visa for expats, investors, entrepreneurs and even top-performing students, with a new visa that is granted for five to up to 10 years, depending on circumstances and level of investment in the UAE.
- The visa also applies to the investor's spouse, children, one executive director and one adviser in specific cases (full details of the new visa scheme can be found on the UAE government website). The country has also introduced a new law that allows foreign investors to own 100% of a company anywhere in the country, not only in the free zone to which this was previously restricted, in hopes that a large infusion of foreign capital will bolster the economy.

Millionaire Population in Africa and Other Emerging Markets Continues to Rise

- According to the latest Global Wealth Report from Credit Suisse, while at the beginning of the century there were 13.8 million millionaires (in USD) globally concentrated (97%) in high-income countries, 28.3 million more people have since became millionaires, 4.3 million (15% of the total) of whom are from Africa, India and Latin America. This population's growth in emerging and low-income economies surpassed that of high-income countries (outside of Europe and North America). The report also found that the share of global wealth of emerging markets will likely reach 27% by 2023, increasing by 0.5% on average each year.

- Africa is one of the key emerging markets expected to continue to produce more and more wealthy individuals over the next 10 years, with the African wealth management market estimated to grow by 7% per annum during this period. According to AfrAsia Bank, the most promising emerging African markets for private banking going forward are Mauritius, Morocco, Angola, Ghana and Kenya. South Africa still stands out as the main wealth management hub on the continent, with total private wealth held in the country surpassing US$730bn.

India Cooperating with Switzerland in Banking

- India is the latest country to start sharing information with Switzerland. Starting this year, India will be able to access information related to financial accounts held by Indians in Swiss banks. This will include details about persons allegedly involved in corruption. Switzerland has been seen for a long time as one of the safest havens for illicit wealth moved abroad by some Indians. The tax treaty will allow automated exchange of information, as well as the possibility for the government to dig deeper and obtain further information on request, though of course the information exchanged will be governed by the confidentiality provisions of the tax treaty between the two countries.
- According to a recent report by Edelweiss and Campden Family Connect, the wealth of India's super-rich is forecasted to rise 87% in the next five years, with more families starting to use family office services. Currently 49% of the wealthy Indian families studied in the report use such structures. These services most often come in the form of hybrid family offices; that is, family office services that are embedded in the family business (22%), a common form of early family office development; 19% have established more complex single-family offices independent of the family business, while 8% have established or joined multi-family offices. The remaining families either do not use wealth management services (32%), take their wealth management advice from family or friends (18%), or rely on external advisers (31%).

Wealth Declined for Half of Hong Kong's 50 Richest

- Twenty-three of the 50 richest people in Hong Kong saw their wealth fall in 2018 due to the softening of the local property market and China's economic slowdown. Their combined wealth fell by just over US$20bn to US$286.75bn last year, a marked contrast to the year before, when it grew by US$60bn to a combined US$307bn.
- Tycoon Li Ka-shing, who retired as chairman of his business empire last year, has kept his top spot on the Forbes' Hong Kong rich list for the 21st consecutive year, with a net worth of US$31.7bn despite a fall of 12% from 2017. Lee Shau-kee, Chairman of Henderson Land Development (00012. HK), came in second on the list with a net worth of US$30bn, down 8.8% from the previous year.
- Despite this decline, 20 out of the 50 richest still managed to grow their wealth in 2018, and this is expected to pick up again in 2019. Lee Man-tat, Chairman of Lee Kum Kee Group, a leading player in Hong Kong's soy sauce industry, jumped from eighth to the third position, with a net worth of US$17.1bn, more than double his estimated wealth a year before, due to the sale of some of the family's businesses.

New Tax Weight for China's Wealthiest

- Wealthy Chinese have been sheltering assets and income in overseas trusts in light of new taxation that came into effect in January this year, which includes provisions targeting offshore holdings. Under the new rules, owners of offshore companies will not only pay taxes on dividends they receive, but also face levies of as much as 20% on corporate profits, from as low as zero previously.
- Additionally, wealthy Chinese holding overseas passports will no longer be able to avoid paying taxes, as all holders of Chinese household registrations will be taxed on their global incomes. A new 183-day rule of residency has been introduced, making it so that individuals who are resident in China for 183 days or more a year are considered tax residents, subject to taxes on their global income. This replaces the previous five-year period .
- According to Woon Shiu Lee, Head of Wealth Planning at Bank of Singapore, since the second half of 2018 there has been a 35% surge in Chinese clients' enquiries on the establishment of offshore trusts that offer "tax-planning opportunities" by giving ownership to third-party trustees. The new tax laws are meant to reduce the tax burden on lower-and middle-income people by adding more weight to the wealthiest.
- Although rules are reinforced to prevent money flowing out of the country, Boston Consulting Group estimated that Chinese money held abroad amounted to US$1trn at the end of 2018, as some of China's richest had anticipated the tax reform

and were already using trusts. This compares to a total personal wealth of US$24trn nationally. In September 2018, China also implemented an international data-sharing agreement called the Common Reporting Standard, making overseas wealth more visible to the mainland government.

Argentina, Panama, Paraguay and Uruguay to Share Tax Information

- Argentina, Panama, Paraguay and Uruguay have joined forces to create a Latin American initiative to tackle tax evasion and corruption by sharing tax and bank account information, signing the Punta del Este Declaration at the end of 2018 in Uruguay. Governments have also agreed to "consider the possibility" of making wider use of the information provided through tax information channels for other law enforcement purposes as permitted under the multilateral Convention on Mutual Administrative Assistance in Tax Matters and domestic laws, and advancing more effective and real-time access to beneficial ownership information in Latin America.
- Mexico has not participated in the agreement, although the president has promised to make the work towards an anti-corruption agenda a priority, supported by the Organisation for Economic Co-operation and Development.

The Bahamas Strengthened Compliance Laws

- Following a recent EU listing of the Bahamas as non-cooperative with Anti-Money Laundering and Countering Financing of Terrorism procedures, the country has taken measures to get back on track and rebrand its wealth management industry. " Clear Choice" has been announced as the new brand for the Bahamian financial services sector (which accounts for 15% of the country's GDP) to reaffirm the country's commitment to compliance. The Bahamas has outlined its commitment to changes in legal and regulatory regimes in detail, making the compliance process more complex for its international financial centre, but aligning with international standards.
- These changes include the passage into law of the Multinational Entities Financial Reporting Act, which sets out a comprehensive framework for country-by-country reporting in line with the Base Erosion and Profit Shifting (BEPS) initiative; the initiation of Automatic Exchange of Information with 35 jurisdictions (19 of which are in the EU) in accordance with the Common Reporting Standard, with the first exchanges taking place in September 2018; the passage of the Commercial Entities (Substance Requirements) Bill in Parliament, which addresses EU concerns regarding entities having economic substance; and the Beneficial Ownership Register Bill 2018 as well as the Removal of Preferential Exemptions Bill 2018 to address concerns about ring-fencing.
- The Bahamas also initiated a complete overhaul of legislation governing investment funds' regulatory framework, including an updated Investment Funds Act as well as some forthcoming changes to the overall securities industry legislative regime.

Australians are Getting Wealthier

- Australia is the fifth wealthiest country in the world on a per capita basis (US$279,000 per capita), behind Monaco, Liechtenstein, Luxembourg and Switzerland, with almost three out of every 10 Australians being worth US$1m or more. According to consulting firm New World Wealth, this category group holds 28% of the total wealth of the country, amounting to a total of US$6.1tn in net assets, up dramatically from US$3.4tn 10 years ago. This figure is expected to reach US$10.4tn in the next 10 years.
- Looking at the super-wealthy, the number of billionaires in Australia is also set to double, from 36 to 80 individuals, in less than a decade. The large growth of wealth was and will continue to be helped by rising real estate values, especially on the East Coast, a strong local equity market, and high-performing industry sectors including financial services, professional services, real estate, transport, IT, telecoms and healthcare.
- Also expected is strong migration to Australia of wealthy individuals, attracted by a safe and free society with strong links and business ties to Asia, as well as the absence of inheritance taxes and arguably the most developed political system.

Banks & Wealth Managers News

Structural changes, M&A activities, expansion and hiring trends by institution

ABN·AMRO

ABN AMRO has closed its acquisition of Societe Generale Private Banking (SGPB) in Belgium, with the transaction completed on 28 February 2019. ABN AMRO has acquired teams and clients from Societe Generale, and has **doubled its AUM in the country to approximately €12bn.** Jean-Philippe Spalart, former Head of UHNW clients at SGPB in Brussels, has joined as Co-Head of Private Wealth Management at ABN AMRO in Brussels, to oversee the team of RMs coming from SGPB.

中国银行 BANK OF CHINA

Bank of China (BOC), a state-owned commercial bank in China, has **launched its wealth management operations in Malaysia** targeted at HNWIs in the country. The Malaysia arm of BOC is the first among the banking group's Southeast Asia units to offer the service. Customers will be offered tailored wealth management advice, special interest rates for deposits and loans, and foreign currency exchange.

BANK OF SINGAPORE

Bank of Singapore has **teamed up with Indian wealth management firm Edelweiss** to expand its coverage of the Indian and South Asian community. The two firms have signed a memorandum of understanding that will give each firm's clients access to the other's products. This will allow wealthy Indians to access Bank of Singapore's sophisticated investment offerings, whilst allowing the latter to further penetrate the Indian onshore community, which is currently covered by bankers in Dubai and Singapore. It will also facilitate investments in India by non-resident Indian clients. Edelweiss' wealth management arm currently advises on assets worth US$14.4bn.

BARCLAYS

Barclays has set new expansion goals for its private banking teams in Geneva and Zurich. The Swiss unit currently sits below CHF20bn in private banking AUM, and Swiss unit CEO Gerald Mathieu recently announced that the bank is **looking to hire six to 10 senior bankers in Switzerland this year to reach the CHF20bn mark,** which is widely viewed as a critical mass for an international private bank.

The bank has announced the launch of its **two licensed STOXX ESG indices in the Middle Eas**t (Environmental, Social and Governance), expanding its ethical investment options for Gulf clients. The Euro iSTOXX 50 ESG Focus Index and Euro iSTOXX 50 ESG Focus GR Decrement 5% Index will provide Barclays' private banking clients with a wider pool of responsible investment options from which to build their portfolios, whilst helping clients with tailored solutions.

BNP PARIBAS

BNP Paribas SA is actively **hiring relationship managers in Asia,** as stated by Pierre Vrielinck, CEO Wealth Management for Asia Pacific. The minimum hiring target is 15 to 25 bankers, adding to the existing headcount of around 300.

The bank is **considering a physical presence in Indonesia** to penetrate further into the onshore private banking business, adding to its existing domestic wealth operations in India and Taiwan and its offshore services in Singapore and Hong Kong. BNP currently manages about US$100bn in Asia, with the target to boost this to US$120bn by 2020.

cg Canaccord Genuity Wealth Management

Through its UK & Europe-based wealth management business, Canaccord Genuity Wealth Management has entered into a **share purchase agreement to acquire Thomas Miller Wealth Management Limited (TMWML)** and an **asset purchase agreement** to acquire the private client investment management business of Thomas Miller Investment (Isle of Man) Limited. TMWML is a London-based wealth manager providing financial planning and investment management services to private clients, trusts, charities and corporates in the UK. The business in the Isle of Man has assets of £1bn and generated revenue of approximately £8.4mn last year.

CARRET PRIVATE INVESTMENTS

Carret Private Capital, the Hong Kong-based multi-family office affiliated to U.S. firm Carret Asset Management, has branched out in Asia and o**pened an office in Singapore,** to be led by former Indosuez Wealth Management banker **Eugene Huang.** The firm has already applied for a capital markets licence in Singapore.

CATELLA

Catella Bank has entered an agreement to **divest 51% of its Wealth Management operations in Sweden to Söderberg & Partners,** one of Sweden's and Scandinavia's leading advisors within insurance and financial products. This follows the sale of Catella Bank's Luxembourg operations to VP Bank in a deal worth CHF 10.4mn absorbing client assets worth CHF860mn, nearly all from Europe, at the end of last year. This marks another important step for the bank towards a more efficient capital structure and less extensive regulatory framework.

CHARLES STANLEY

Wealth management firm Charles Stanley **has set up shop in Aberdeen** as part of its plans for expansion in Scotland. This is its second office in Scotland, after Edinburgh, and it **increases the firm's UK network to 25 branches.** Charles Stanley covers a wide range of clients throughout the north and north-east, including partners at law and accountancy firms as well as oil and gas professionals. It is one of the oldest firms on the London Stock Exchange, with origins in a banking partnership established in Sheffield in 1792.

C. Hoare & Co. PRIVATE BANKERS SINCE 1672

C. Hoare & Co, the oldest privately owned bank in the UK, founded in 1672, is **establishing an office in Cambridge,** its first outside of London. It will initially be staffed by two employees, senior private banker and tax department head **Peter Gale** and relationship manager **Ellie Newell.** The decision to create a footprint in the city follows a general handover of the business last year, when the bank appointed **Steven Cooper,** former head of Barclays personal banking and Barclaycard, as the new CEO, replacing David Green.

citi Private Bank

Citi Private Bank has taken active measures in view of a potential hard Brexit, **relocating some of its European coverage bankers to other European centres,** favouring Madrid and Luxembourg. The private banking team covering Italian UHNW & HNW clients has relocated onshore in Milan and will be using the Luxembourg entity to book and advise clients. Other bankers covering Western, Northern and Eastern Europe will also be relocated in case of a hard Brexit, specifically to Luxembourg.

Citi also recently announced the **creation of a new strategic segment** known as **"private capital - institutional solutions"** and named **James Holder,** Global Market Manager of Northern Europe and Head of Global Family Office EMEA, as Head of the new segment, based in London. The new unit will align Citi's global resources, covering the pools of private capital controlled by families with needs and behaviours best served by the private bank and the wider platform of the institutional client group.

BANQUE CRAMER & CIE SA

Banque Cramer & Cie SA and its shareholder Norinvest Holding SA announced that Cramer **has acquired Ticino Asset Manager AM&C Finance SA in Lugano.** AM&C Finance was founded in 2003 and services clients based in Switzerland, Italy and Latin America as an external asset manager. AM&C's five employees will join Banque Cramer's Lugano location. Cramer has offices in Lugano, Geneva and Zurich, and is currently managing around CHF5bn in client assets.

CREDIT SUISSE

Credit Suisse has a new big investor, according to an obligatory stock market disclosure. British fund manager **Silchester has taken a 3.03% stake in Credit Suisse,** making it the sixth-largest investor after Blackrock, Norway's Norges, Chicago's Harris Associates, Qatar's sovereign wealth fund, and the Saudi Arabian Olayan Group. Silchester is the largest shareholder in troubled asset manager GAM and has previously held a notable stake in Julius Baer.

Credit Suisse is now **returning to Germany** following its exit from the onshore banking business in the country in 2013. The push started with an EAM desk led by Bjoern Kogler, who joined the bank last year from Mainfirst Bank to head the team in Germany. For now, the bank has opened its business with German external asset managers, multi-family offices, fund managers, pension funds and insurers.

In Asia, Credit Suisse has announced it will force **senior managing directors to repay part of the cash portion of their 2018 bonuses** (paid 2019) **if they leave** within three years of receiving it. A senior banker in Asia who leaves within a year of collecting the bonus will have to repay the bulk of it, and for each year after that, the portion that must be paid back falls by a third – a questionable employee retention strategy.

Deutsche Bank

The management board of Deutsche Bank has confirmed that the bank **is in talks with Commerzbank** as part of a strategic review. Deutsche Bank has been struggling in the past few years, both in its Capital Markets and Private Banking units, and is now weighing the consolidation in the German and European banking sector. Against the backdrop of slower economic growth in Europe and its biggest economy, observers said that both banks could struggle to reach their financial goals for 2019.

Deutsche Bank's new European wealth boss, **Claudio de Sanctis,** who joined from Credit Suisse at the end of 2018, **has started restructuring the unit** in a bid to achieve growth in the bank's European home markets. He has created a **new single wealth Europe Core Council,** replacing the two former regional councils in Germany and EMEA. Eight leaders were appointed: Marco Pagliara (Northern & Eastern Europe), Alessandro Caironi (Europe UHNW Sales), Anke Sahlén (Germany central, east & west), Frank Schriever (Germany north & northwest), Stephan Jugenheimer (Germany south & southwest), Roberto Parazzini (southern & western Europe), Caroline Kitidis (institutional wealth partners Europe) and Daniel Kalczynski (family office proposition).

EDMOND DE ROTHSCHILD

The Benjamin de Rothschild family has announced that it is taking **Edmond de Rothschild (Suisse) fully private.** Upon completion of these operations, all banking activities of the Edmond de Rothschild Group will be consolidated under Edmond de Rothschild (Suisse) SA, which will become the operating holding company of the group. The company is listed on the Swiss Stock Exchange in Zurich, and the officer price for each bearer share is CHF17,945 ($17,805) in cash, or CHF15,500 after deducting its proposed dividend.

The bank has been **reducing its workforce in Geneva,** where it is cutting about 20 jobs (trading and back office) as the **trading department in Paris is taking over duties from the Geneva office.** The restructuring is part of its overall convergence strategy initiated three years ago. Orders from clients are no longer executed in Geneva, but by the bank's trading unit in Paris.

EFG

EFG International announced that it is **acquiring a 51% stake in wealth management firm Shaw and Partners** to penetrate further into APAC, specifically the Chinese offshore HNWI market in Australia, and be able to offer its New Capital funds to serve the Australian corporate and pension funds market. Shaw and Partners is an established wealth management firm with six offices in Australia, 150 advisers, and US $11bn+ in assets under management.

The two Co-CEOs of Shaw and Partners, Earl Evans and Allan Zion, will remain within their executive roles. EFG will pay up to US$43mn for Shaw and Partners via a combination of cash and EFG shares, subject to regulatory approval in Switzerland.

Falcon **sold its operations in the UK to Dolfin Financial** (UK). Falcon will continue to provide custodian services to its UK clients, whose wealth management needs will be served by Dolfin upon completion of the transaction. After a slowdown in 2018 and the sale of the UK entity, Falcon is now pushing bankers to bring in new business from Zurich and Dubai, though it is believed that Abu Dhabi wealth fund Mubadala Development Co has invited bids for at least US$5bn of assets managed by the bank and could look at selling off the entire business.

The bank has also **reinforced its crypto offering** to make blockchain-based assets fully bankable, and it will allow its private and institutional clients to transfer cryptocurrencies to and from Falcon wallets directly. Falcon will also help clients convert their crypto holdings into fiat and offer secure storage by means of a proprietary custody solution.

Banca Generali has **acquired 90.1% of Lugano wealth management firm Valeur Fiduciaria** in an effort to grow its private consultancy business. The acquisition is part of Generali's strategic growth plan for 2019 - 2021 to expand the Italian private banking business utilising strong advisory from Switzerland. Valeur Fiduciaria was founded in 2009 and managed close to CHF1.5bn in assets, which will transfer to Generali.

Geneva Swiss Bank (GS Banque) and Banca Arner of Lugano **have announced a merger to unify forces and expand in their respective target markets.** The joint entity will manage CHF2bn in assets, and both owners will remain tied to the new firm. The Pennone family controls GS Banque, while Arner is held by the Schraemli, Del Bue and Sciorilli Borrelli families. Although details are yet to be disclosed, signs indicate that the Genevans will take the lead: The new CEO is **Grégoire Pennone,** who currently runs GS Banque.

London-based HSBC said its **private bank in Switzerland posted a US$100mn pre-tax loss last year.** The loss impinged HSBC's wider global wealth arm, where profit edged 16% higher to US$344mn. The Swiss private bank's loss, which follows a US$192mn loss in 2017, was not explained in HSBC's annual report, but it has been clear that the bank, once the largest foreign wealth management firm in Switzerland, has been shrinking the business in the country for years. The bank's Swiss unit is currently managing several high-profile tax probes, including in the US.

The Industrial and Commercial Bank of China (ICBC), the country's biggest lender, has received **approval to set up a wealth management unit.** The bank will contribute 16 billion yuan (US$2.37bn) of its own capital into the wholly-owned subsidiary, and the company will conduct business ranging from issuing wealth management products to the public to offering financial advisory services. ICBC is the last of the top five state-owned commercial lenders to have received approval, after Construction Bank of China and Bank of China set up wealth management branches, and Agricultural Bank of China and the Bank of Communications were approved in the past few months.

Indosuez Wealth Management **has opened an office in Barcelona** as part of an expansion plan targeting Spain and the broader Iberian Peninsula. The office is led by Carlos Sensat, the firm's regional director for Catalonia and the Balearic Islands, and will offer private banking and financial advisory services. The firm was managing €4bn in assets in Spain at the end of 2018, a 33% increase from the previous year.

In Lugano, Finma has authorized **Indosuez's acquisition of 100% shares of Leonardo Swiss,** a subsidiary of Banca Leonardo created in 2013 and specialising in wealth management. Indosuez operates with Indosuez Finanziaria, a subsidiary of Indosuez (Switzerland) in Lugano.

Intesa Sanpaolo Private Banking has **completed the acquisition of Swiss Banque Morval** in a bid to gain market share and expertise in Geneva with the view to become one of the top five private banks in Europe. The combined entity is called **Intesa Sanpaolo Private Bank Morva**l and will be led by **Christian Merle** as chairman of the board of directors, and by **Marco Longo** as chairman of the executive committee. **Massimiliano Zanon,** a member of the founding family of Morval Vonwiller Group, will also join the board. The London branch of Intesa Sanpaolo, led by Stefano Ferraiolo, will also refer to this entity.

In Latin America, the bank is **launching advisory firms in Argentina, Brazil and Uruguay.** It is expecting the green light from Argentina's regulators in the first quarter of 2019, where it has applied for the Agente Asesor Global de Inversiones license, which allows Argentina-based firms to advise on assets held domestically and abroad. It is also opening its private banking division in Brazil, where it currently operates commercial and investment banking activities, and has taken over Morval Vonwiller Advisors in Montevideo too through the Morval deal, giving it access to Uruguay.

J.P.Morgan

J.P. Morgan has been busy setting up a **new private banking base in Luxembourg,** preparing to move European coverage bankers there in the eventuality of a hard exit of the UK from the EU. To do so, the bank merged J.P. Morgan International Bank Limited in London with J.P. Morgan Bank Luxembourg SA. J.P. Morgan Bank Luxembourg is now the new banking entity and headquarters in Europe. The bank has already moved some employees from London to Luxembourg, mainly back office, and has started hiring for a few newly created front office roles in Luxembourg.

The private bank is **expanding in Mexico and elsewhere in Latin America,** and has announced that it plans to increase the number of its frontline private bankers in Latin America by 15%. The bank's growth priorities are Mexico, Argentina and Colombia.

In China J.P. Morgan has been considering setting up a private bank, as new regulations give foreign firms a better chance to compete with local players in the world's second-biggest pool of wealthy people. The bank is doing a **"feasibility study" on China's onshore wealth business** as part of broader plans to expand in the nation, though it is in the very early stage.

J. SAFRA SARASIN

Sustainable Private Banking since 1841

J. Safra Sarasin reported **robust results for 2018,** with its full-year net profit for 2018 up 10.2% to CHF347.3mn and operating income up 1.8% to CHF1.2bn. The cost-income ratio remained stable at 55%, reinforcing the group's performance as one of the best in class in the private banking industry. It has reported CHF165bn in AuM globally.

The bank has successfully **integrated Bank Hapoalim's private banking businesses** in Luxembourg and Switzerland. The Swiss entity included a representative office in Tel Aviv, through which J. Safra Sarasin relaunched its physical operations in Israel with the establishment of two new entities in Tel Aviv: J. Safra Sarasin Asset Management (Israel), licensed by the Israel Securities Authority, and a representative office for the private bank.

Julius Bär

Julius Baer has announced a collaboration with SEBA Crypto AG to **provide its clients with access to a range of new digital asset services.** Through this partnership, which will come into effect upon FINMA granting a banking and securities dealer licence to SEBA, Julius Baer plans to extend its service range to provide storage, transaction and investment solutions for digital assets. SEBA was founded in April 2018 and is expected to be one of the first start-ups in the crypto space to close the regulatory gap between conventional and digital assets.

The bank has **agreed to sell its Dutch domestic business** in the Netherlands with nine relationship managers and around €1bn AuM to WMP, a wealth manager based in the Netherlands. The bank took over the business in 2014 as part of the acquisition of Merrill Lynch. The transaction is expected to close in the second quarter of 2019, subject to regulatory approvals.

Julius Baer has **strengthened its presence in Mexico** through the acquisition of a majority stake in NSC Asesores, a Mexican independent wealth management firm managing CHF3.5bn, in which it now holds a 70% stake. NSC Asesores' management team will remain unchanged following the acquisition. The amount of the transaction has not been revealed.

After being hit by scandal last year, **the bank's Russian business is now being pushed for growth** once again. Julius Baer has functioned through a representative office in Moscow since 2008, but it did not allow it to advertise its services. The bank has now **secured a license to go onshore** from the country's central bank in December. The office is led by **Rudolf Scherrer,** a veteran private banker formerly with Sberbank and Credit Suisse, who is planning to hire bankers in Moscow.

LGT

LGT has **opened a wealth management office in Bangkok,** catering to high net worth investors in Thailand. This office complements LGT's other Asian offices, in Hong Kong and Singapore. The Thai subsidiary will be known as LGT Securities (Thailand).

In Europe, the bank is reported to be keen on **making a return to Germany,** a market it exited seven years ago following a dispute with the regulator that stopped the bank's takeover of the former BHF-Bank in Germany in 2012. LGT has stated its **intention to open a branch in Munich** in the future.

The bank has reported an 11% year-on-year rise in group profit for its 2018 financial year to CHF314.1mn. AuM were affected by weaker markets and some adverse foreign exchange effects, falling by 2% on the year to CHF198bn. The cost-income ratio remained unchanged at 74%.

LGT has gone live with the Avaloq Banking Suite for its Austrian business. The project in Austria completes the **Avaloq roll-out across all of LGT's "core strategic markets."**

Lombard Odier is **planning to open a branch in Abu Dhabi,** expanding its existing footprint in the United Arab Emirates (UAE) and building on more than half a century's commitment to clients in the Middle East. It is the first Swiss private bank to announce its opening in the Abu Dhabi Global Market (ADGM), the international financial centre. **Christophe Lalandre,** who will head up the new branch, has lived and worked in Abu Dhabi for almost a decade. Lombard Odier will offer Abu Dhabi clients both an international investment offering and solutions in line with the principles of Islamic finance.

MBaer Merchant Bank, the **new bank launched by Michael Baer** headquartered in Zurich, received the green light from FINMA to start operating. The great-grandson of Julius Baer, who started Julius Baer Group some 130 years ago, Michael Baer started MBaer together with Swiss and international partners who have altogether provided CHF30mn in capital to start. The new bank will provide wealth advisory and asset management services, risk management as well as trade finance. It is starting with 11 employees, of which three are front office senior bankers: Martina Bigliardi and Marco Zeloni, joining from BNP Paribas, and Oezlem Keles.

The Mirabaud Group, currently overseeing CHF36bn AuM across the wealth, asset management and brokerage division, has been pushing an expansion through Latin America, i**nking agreements with local players in Brazil, Argentina and Paraguay,** under the guidance of Thiago Frazao, Mirabaud's Head of Latin America. The group previously served Latin American clients out of Switzerland and Spain, but with the new offices it is looking to work more directly with customers.

In Brazil, Mirabaud Asset Management has **acquired asset manager and advisor Galloway.** The deal included both the asset manager, Galloway Gestora de Recursos, and the investment advisory firm, Galloway Capital Management.

The group has also reached an agreement with **Argentinian wealth manager Silver Cloud Advisors,** based in Buenos Aires. This gives the wealth manager access to Mirabaud's custodial and investment services, and Mirabaud access to HNW & UHNW Argentinian clients.

In Uruguay, the central bank recently granted Mirabaud financial advisory licenses that allow it to launch two subsidiaries: **Mirabaud Advisory,** which will cater to Uruguayan residents, and **Mirabaud International Advisory,** serving clients from other Latin American countries, particularly in the Southern Cone.

Morgan Stanley is **combining the firm's international wealth management and private wealth management businesses** into one unit, as current Head of IWM, Colbert Narcisse, is leaving the bank to take on a senior role at TIAA. **Ileana Musa,** Head of International Banking & Lending, and **Greg Gatesman,** Head of Business Strategy & Development, will co-head the combined unit.

The bank is beefing up its services for rich clients in Singapore, specifically **targeting Chinese entrepreneurs looking to set up family offices** in the city-state. It hired **Wee Yee Yeong** from Bank of Singapore to head its Singapore wealth business this year and plans to add 50 relationship managers there and in Hong Kong over the next three years, bringing the regional headcount to around 150. It is also planning to recruit investment counsellors, wealth planners and specialists for capital market access and financing in the cities.

The **acquisition of wealth manager Speirs and Jeffrey** helped Rathbones with market turmoil at the end of the year and boosted its assets under management during 2018, which increased by 12.8%, from £39.1bn to £44.1bn in the year (the acquisition of Speirs and Jeffrey contributed £8.7m). Although Brexit has been causing high levels of uncertainty, as a UK business with no operations in other European countries, the operational impacts on Rathbones' business are minimal.

Santander has launched a **new global initiative called "Private Wealth"** to offer bespoke services to UHNW clients with net worth of more than €20mn, utilising the bank's international footprint. The unit will offer clients traditional investments and advice on succession planning, as well as a range of new services that include value-added investment products and solutions within traditional and alternative investments, such as private equity, infrastructure, private debt and real estate. SPB also **expands this collaboration with Santander CIB** to offer tailored investment banking services to qualified Private Wealth clients. It has an initial client base of 1,500 individuals. Santander's Private Banking division had a total AuM of €333bn at the end of 2018.

UK-listed asset manager Schroders and Lloyds Banking Group have announced details of their new wealth venture following a tie-up last year. The wealth service, which will be called **Schroders Personal Wealth,** will be rolled out from June. The venture will offer financial planning services to affluent UK customers using technology from Benchmark Capital, the technology-led financial advisory firm which is majority-owned by the asset manager. Lloyds handed Schroders £80bn in assets to manage on behalf of its Scottish Widows business and will also transfer £400m of its wealth management business to Cazenove, Schroders' wealth management business. Through the deal, Lloyds is to take a 19.9% stake in Cazenove.

In Asia, Schroders Wealth Management announced it has **reached an agreement to acquire the wealth management business of Singapore-based Thirdrock Group,** an independent asset manager founded in 2010 with AuM of S$3bn (£1.7bn). Thirdrock will be merged with Schroders' existing Singaporean business and operate under the Schroders brand. Its employees, including client advisers, portfolio managers and the existing management team, will transition to Schroders Wealth Management offices in Singapore.

Standard Chartered's private banking business reported a **statutory loss before tax of US$38mn** for the year ended 31 December 2018, versus a loss of US$16mn a year before. The unit's underlying pre-tax loss was US$14mn, against a loss of US$1mn a year before. Operating income at the division rose 3% to US$516m on a year-on-year basis. The bank recently **unveiled its three-year growth strategy,** through which it wants to reduce US$700mn in costs and remove residual drags on returns from low-yielding markets such as India, Korea, UAE and Indonesia, while aiming to ramp up growth in affluent client businesses.

In London, a market where the private bank has struggled to build a profitable business, it has most recently hired **Ali Hammad** from Coutts in a bid to build up the coverage of UHNW and HNW Middle Eastern and emerging market clients. Hammad has been appointed as Head of MENA for the bank in London, and has moved with a team of 10 bankers, along with additional support staff.

St. James's Place Wealth Management announced the **acquisition of Dublin-based pensions and investment firm Harvest Financial Services** (AuM of approximately €1bn) as it looks to extend its discretionary fund management (DFM) offering to new clients. St. James's Place currently provides DFM services to its UK and Hong Kong clients via its wholly owned subsidiary Rowan Dartington, which has grown funds under management to over £2.3bn since becoming a part of the St. James's place Wealth Management Group in 2016. The acquisition of Harvest Financial Services will extend this expertise to clients in the Republic of Ireland through the complementary capability provided by the firm.

Caledonia Investments, a self-managed investment trust company with £2bn in assets, has **acquired a 36.7% stake in multi-family office Stonehage Fleming.** Caledonia will pay around £92mn on completion of the deal, expected in early 2019. They will also pay up to £20.6mn if Stonehage Fleming reaches targets for the years ending March 31, 2020 and 2021. To expedite the process, Caledonia has also agreed to underwrite a £30mn loan for Stonehage Fleming as part of the funding for the transaction. It is expected that a third party will be installed with major international banks before or shortly after the deal is closed. Stonehage Fleming was formed in 2015 after Stonehage Group and Fleming Family & Partners merged. It currently has £45bn in AuM and provides services to over 250 families.

Syz Group has **launched a private markets investment unit** that will tap investment opportunities in those areas of private markets that often get less exposure owing to small size or complexity.

Named **Syz Capital,** the new unit will offer thematic funds and co-investment vehicles, advisory services and capital structuring solutions. It will operate on a partnership model, targeting private market specialists, and be supported by a network of private equity specialists, debt and real estate practitioners, and industry experts. The new private markets business will be headed by **Marc Syz** and **Olivier Maurice.**

Tilney has ended the year with the **acquisition of Index Wealth Management and the wealth arm of Moore Stephens.** The two firms will add £243mn and £340mn to Tinley's £24bn business, respectively, and employees will transfer to Tinley. Index will broaden the firm's wealth management capabilities, whilst the Moore Stephens' wealth unit brings established connections with a number of major accountancy firms and lawyers.

Additionally, Tinley is investing resources to **tap into Northern Ireland,** where the firm recently opened an office in Belfast targeting private investors, families and charities.

Union Bancaire Privée (UBP) has obtained a **wholesale banking license in Singapore** that will allow the bank to offer Singapore dollar services, including deposits and loans, within the prescribed regulatory guidelines for wholesale banks, and provide a wider set of investment solutions to domestic clients in Singapore.

The bank has **set up a new asset management unit in Taiwan** after obtaining a Securities Investment Consulting Enterprises (SICE) business license in late 2018, through which it can now distribute its stable of funds registered in Taiwan directly to domestic investors as a master agent, bypassing local banks and other financial institutions.

UBP has also announced that it is **planning to launch a new thematic strategy** called **"Secular Trends"**, where it will hold the 15 best thematic funds, in order to provide clients with a comprehensive thematic view of the world. The bank hopes to be able to offer this strategy to clients in Dubai in the coming months.

After a previous split of UBS' financial and non-financial aspects of philanthropy two years ago, the bank is **merging a unit devoted to offering advice on charitable donations.** It will be led by Phyllis Costanza, a seven-year veteran of UBS who runs its Optimus Foundation. The merger combines a total of 45 employees focused on finding ways for UBS' wealthy clientele to donate their money.

The bank recently announced that it will **include environmental scores on its funds in 2019.** The new assessments of equity and bond funds will include pollution, ethics and climate change, and apply to all of UBS's non-U.S. long-only equity and bond mutual funds and exchange-traded funds.

UBS **launched a multi-asset solution** for professional investors, called the Global Diversified Income fund, which **invests in high income-yielding securities.** While available globally, the fund is more specifically designed for Asian clientele, where the bank sees significant need for having a constant income together with a growth solution. The strategy invests in global equities and fixed income, and allows allocation to either asset class ranging between 30% and 70% of the portfolio. It targets a 5% - 7% annualised income for investors, distributed on a monthly basis.

In Hong Kong, UBS has gained an edge on its competitors by becoming the first foreign bank to be allowed to take control of its business there, having received **approval from Chinese authorities to increase its stake in its securities joint venture in the country to 51%** from just under 25%. JPMorgan Chase and Nomura are following a similar path and waiting for approval.

The bank was hit with **US$5bn in fines and charges by France** in a criminal trial over tax evasion and money laundering. It all started five years ago, when France ordered UBS to deposit €1.1bn as a form of corporate bail after prosecutors said the bank systematically helped French citizens avoid paying taxes from 2004 to 2012. The two sides came close to finding a settlement, but the deal collapsed at the last minute. The fine is the highest ever suffered by UBS, which has argued that the French investigation was politically motivated and subsequently stiffened its resolve to fight the claims.

UBS has recently also suffered a major **technology glitch and lost Swiss clients' data,** affecting 1,500 clients, who also experienced problems accessing their own documents. The slip-up is a setback for UBS' digital offering ambitions; it was attempting to offer clients a sort of high-security Dropbox-type application, which it launched two years ago in Switzerland.

Zurich wealth management firm **Ultra Finanz merged with Geneva-based independent asset manager Cité Gestion** in January 2019. Both entities are now operating together under the Cité Gestion brand and manage around CHF3.5bn in assets. Founded in 2009, Cité Gestion was once part of the Lombard Odier group, before being bought out by management in 2017. Ultra Finanz was launched in 1984 and is led by Daniel Steffen, who worked at UBS for 19 years before joining in 2001, and Thomas Schnurrenberger, who worked at Credit Suisse and EFG International prior to joining in 2006.

Vontobel is now offering wealth managers, banks and asset managers in Switzerland the **"Digital Asset Vault",** a **custody solution for digital assets** through which clients can issue instructions for the purchase, custody and transfer of digital assets easily and securely within the banking infrastructure, similar to traditional asset classes. A consolidated overview of traditional and digital assets and asset classes is included in the client's statement of assets, providing a clearer list for tax purposes.

VP Bank (Luxembourg) has finalised the **takeover of the Luxembourg private banking operations of Catella Bank.** VP has paid around CHF10.4mn to take on 11 employees from Catella and client assets worth CHF860mn, almost all from Europe. The deal excludes Catella's Swedish Private Banking business, but includes a distribution partnership in the fund and real estate sector. The bank confirmed that it is open to further acquisitions in the city-state and elsewhere.

VP Bank recently **shut down its office in Moscow,** which had been open since 2005 and acted as a representative office of the Swiss entity. The bank said the move will help it reduce complexity and costs, and that it will maintain its coverage of Russia HNW & UHNW clients from Zurich.

Key Movements

Key appointments for the period Q1 2019

A&G Private Banking

EMEA

Carlos Zunzunegui, Bankinter, Director, Private Banker, Madrid, has joined as Senior Banker in Madrid

Andbank

EMEA

Josep Ponsirenas Moreno, Banca March, Director, Catalonia and Aragon Private Banking, has joined as Managing Director, General Manager, Luxembourg

Banca Leonardo

EMEA

Luca Caramaschi, Chief Executive Officer of Banca Leonardo (recently acquired with a 94.1% stake by Indosuez Wealth Management), Milan, has left and is replaced by **Marco Migliore,** who will also be responsible for coordinating the development of Indosuez WM's Italian clients and will report to **Olivier Chatain,** Managing Director of CA Indosuez Wealth Europe

Banca March

EMEA

Ana Pascual, Abante Asesores, Financial Advisor, Madrid, has joined as Private Banker in Madrid

Bank of Singapore

APAC

Philippe Kerkhoven, Managing Director, Head of International Markets, Singapore, has left to found Pangea Wealth Multi-Family Office in Singapore

Richard Hu, Founding Partner at Avenue Asset Management, Hong Kong, is joining as Market Head Greater China, Hong Kong. He will report to **Derrick Tan,** Hong Kong CEO

For a complete list of key movements in over 100 wealth management and private banking institutions across EMEA, Asia Pacific and Americas, please get in touch with Rahul Sen or Giovanni Donati.

About Us

Rahul Sen, Partner, Financial Services
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Rahul is a financial sector specialist with an extensive global network in private wealth management. He has placed senior executives in Asia, the Middle East, Europe and the US. He has lived in Asia and the UK and is a former banker having worked as a Relationship Manager in the banking industry. This experience and understanding of the markets has earned him the respect from top candidates, having worked on their side of the fence.

He has a comprehensive knowledge of the Private Wealth Management Industry in Asia, the Middle East, Europe, the UK, Switzerland and New York and has originated and executed senior mandates in each of the locations.

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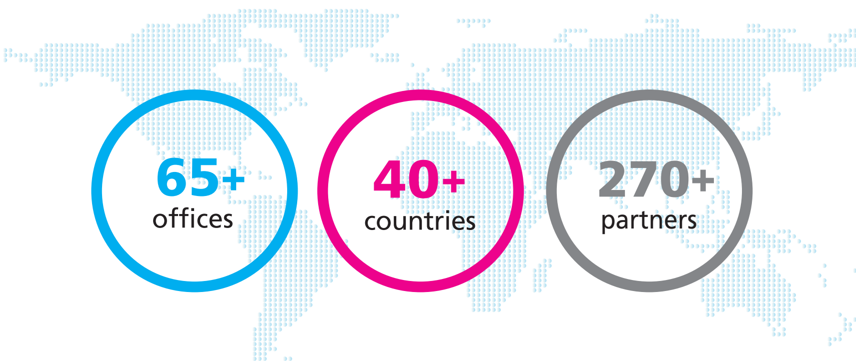
During his career in Executive Search, Giovanni developed strong connectivity and relationships within the wealth management and private banking industry, with a focus on EMEA and Emerging Markets, and executed mandates from junior positions up to senior management roles.

Prior to joining Boyden, he worked for a top ranked Executive Search boutique in London, covering research and execution of assignments in Private Banking and Investment Banking.

About Boyden

Boyden is a premier talent advisory and leadership consulting firm with more than 65 offices in over 40 countries. Our global reach enables us to serve client needs anywhere they conduct business. We connect great companies with great leaders through executive search, interim management and leadership consulting solutions. The Financial Services practice across the firm work closely together creating a globally well connected business.



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