

The background of the entire page is a night-time aerial view of a city, likely New York City, with numerous skyscrapers illuminated. Overlaid on this cityscape is a complex network of glowing lines in shades of blue, purple, and pink. These lines connect various points, some of which are small glowing spheres, creating a digital or data network aesthetic. The lines are most prominent in the foreground and middle ground, extending towards the horizon.

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MARKET OVERVIEW Q2 2020

Wealth Management & Private Banking

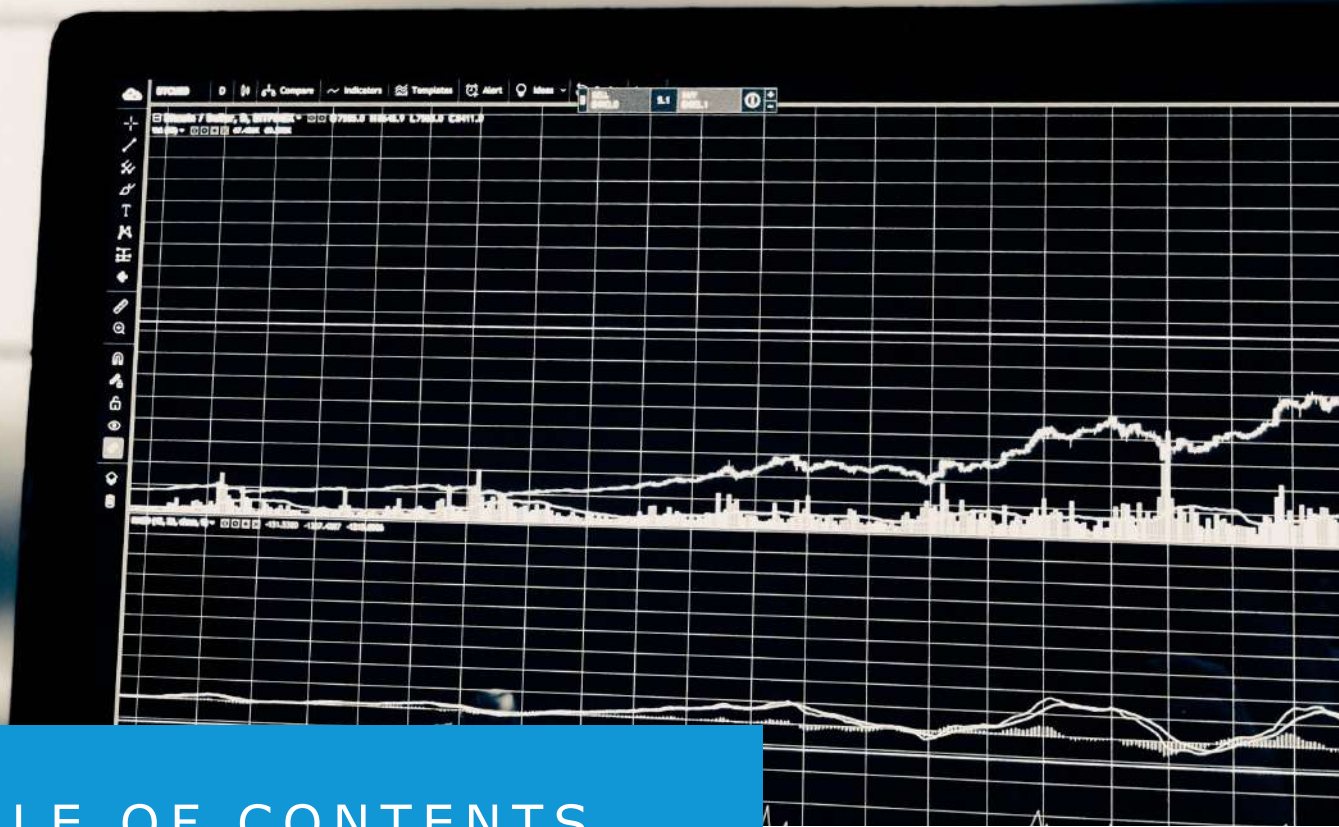


TABLE OF CONTENTS

04 MARKET UPDATE
Key trends and market news in the Wealth Management industry globally

09 BANKS & WEALTH MANAGERS NEWS
Structural changes, M&A activities, expansion and hiring trends by institution

23 KEY MOVEMENTS
Key appointments for the period Q2 2020

38 ABOUT US
Our biographies, practice overview and contact details



MARKET NEWS

Key trends and market news in
the Wealth Management industry globally

Global Wealth Management Industry Forecast

The wealth management industry has been resilient over the past decades despite the multiple crises, such as 9/11 and the 2008 crash, with global wealth almost tripling to \$226 trillion from \$80 trillion in 2000. Last year alone saw an increase of almost 10% from 2018 levels.

With the novel coronavirus, wealth is expected to contract in the coming months and the future will depend on the recovery trajectory. Boston Consulting Group identified three outcomes of this recovery in its recent report titled "Global Wealth 2020: The Future of Wealth Management - A CEO Agenda":

- Best scenario: growth rebounds quickly and wealth is expected to increase to \$282 trillion in 2024
- Slow growth: wealth falls to US\$215 trillion in 2020 and grows to US\$265 trillion in 2024
- Worst scenario: wealth falls to US\$210 trillion in 2020 and grows to US\$243 trillion in 2024

Asia (excluding Japan) and Latin America are expected to continue to create new wealth faster than developed countries during this time and women's wealth will increase faster than men's.

BCG suggests that given the challenges that wealth managers will face over the next two decades due to Covid-19, as well as consequences from changing client needs and expectations of a new demographic of clients; companies will need to adapt their business models, product and service offerings to better serve clients. These include developing more-personalized value propositions, enhancing ESG and impact-investment offerings, investing in digital and data, and designing state-of-the-art technology platforms.

COVID-19: New Opportunities

Even before the pandemic, the Wealth Management industry was troubled by slow growth, commodification, digital disruption, and eroding margins. According to a recent Simon-Kucher research, average AuM fees have declined from 1.01% in 2015 to 0.74% in 2019, due to the fact that wealth managers have not really been able to recapture the high profit margins they experienced before the 2008 crisis. Nevertheless, the biggest global wealth managers started the new decade in a strong position, driven by a buoyant market, positive client inflows and a generally improved profitability and cost-income ratio. Although the Covid-19 crisis is expected to reverse this trend, with depressed markets reducing the overall asset levels of the rich, there is a general confidence that private wealth management will navigate better through this recession compared to other divisions of banking.

When markets slumped in March as the spread of coronavirus gathered pace, wealth managers' trading volumes soared as wealthy clients reshuffled their portfolios, bumping first-quarter profits at the world's biggest wealth managers UBS and Credit Suisse, demonstrating the resilience of wealth management during crisis. The question now is how to sustain profits as market volatility and trading volumes subside. Many wealth managers have been focusing on finding investment opportunities outside of public markets, with increased activity in this segment recorded in the last six months, and efforts by banks and wealth managers to build dedicated teams to manage these investments. Opportunities include investing in distressed assets and lending more to businesses in need of cash, with private equity becoming a focal point especially in the fields of healthcare and technology.



The Need to Fully Integrate Digital Technologies

The Covid-19 crisis has brought challenges that made businesses rethink their structures and business models. Although extreme market conditions come with some opportunities for wealth managers, the coronavirus pandemic has also highlighted structural issues, both existing and new, that if not tackled will make it challenging for private banks to reap opportunities. One of the issues emphasised by the crisis is the tendency of wealth managers to overlook technology as a value driver, side-lining it to more of a supporting role. The crisis forced many clients into digital interactions they would not have otherwise considered. It accelerated clients' demand and value for digital wealth management services; requiring real time access and updates on their portfolios and digital tools to fully manage investments, and a seamless online account opening experience.

Although some digitization efforts have already started, a lot has gone into the front/client interfaces, and there is a need to integrate technology for every part of the value chain. This goes from the onboarding process with tools such as video conferencing and biometric authentication, all the way through to digital trading and reporting. According to a recent EY study, nearly 45% of wealth and asset management executives say they need to re-evaluate their decisions related to speed of automation and digital transformation, due to Covid-19 challenges. Furthermore, due to the unpredictable pace of change, 72% of executives believe that there is a need for more frequent strategic and portfolio reviews, enabling areas of growth and under-performance to be identified at the earliest opportunity.

Companies should reprioritise and accelerate the role of digital technologies to leverage them as a competitive advantage to win and retain clients, while focusing on value differentiation which requires long-term strategic thinking and development. Alongside this, firms should also provide relationship managers with the tools and insights needed to communicate often and effectively with clients, wherever they are.

ESG Driving the New Generation of Investors

With millennials about to receive the greatest generational wealth transfer, wealth and investment managers must be prepared for a shift in investor attitudes and need to be able to understand the values driving this generation. ESG is one of the key drivers of millennials, a more informed generation demanding cleaner, greener investment portfolios and ways of money management that operate around environmental, social and governance principles. Many large wealth managers are already integrating ESG in their portfolios and have set targets to increase their exposure to these principles which will be crucial for firms to gain and retain the new generation of clients.

A recent global survey by Aberdeen Standard Investments (ASI) has found that ESG engagement is also increasing across private equity across Europe and Asia-Pacific, while North America seems to be lagging behind. The survey monitored the current level of engagement at both the General Partner (GP) and underlying portfolio company level. Europe is leading the way, with firms in the region being increasingly aware of issues such as climate change and are responding with action such as carbon offsetting and reducing their reliance on single-use plastics.



Guernsey's New Green Private Equity Principles

Guernsey Finance has published a set of green principles for private equity firms looking to invest sustainably. The guidelines are voluntary and aim to bring climate risks and resilience into the heart of private equity decision making based on "better climate disclosure and risk management". They are based on a two-pillar framework, one based on the process, comprising governance, culture, and transparency; and the other based on portfolio, covering risk assessment, assets, taxonomy, measurement, and reporting. Private equity funds domiciled or administered in Guernsey have a net asset value of more than £120bn.

UK Setting New Rules for Hong Kong British National Overseas

The UK has announced the extension of the visa rights of up to 300,000 Hong Kong British National Overseas (BNO) passport holders, as a protection should China continue with the implementation of the Hong Kong national security law. It supports those who feel unnerved by China's stranglehold on the city and would apply to those individuals who were issued the passport prior to the handover of the city from the UK to China in 1997. Currently, the passport holders can only reside in the UK for six months and are not offered citizenship, while the new legislation will expand this to twelve months, with a path to future citizenship. Although this is a good step, some have called for the legislation to go further and include the right for these passport holders to work in the UK and real fast-track to UK citizenship. This comes following a joint statement issued by Australia, Canada, the UK, and the US condemning the actions of the Chinese Government as it undermines Hong Kong's "one country, two systems" framework.

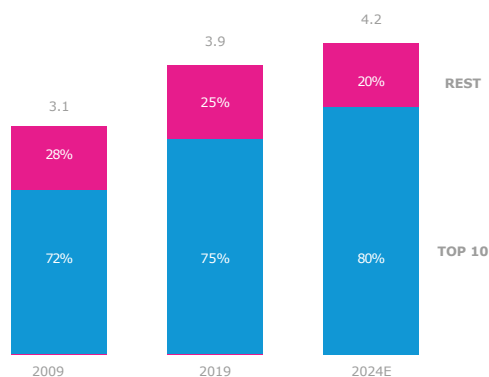
Switzerland and UK to Negotiate a Bilateral Financial Services Agreement

A commitment was signed between the UK and Switzerland in June 2020, with the aim to make cross-border financial services trade between the two countries easier. The parties are set to negotiate an outcome-based mutual recognition agreement on financial services that will enhance cooperation and trust between them, reducing costs and barriers for UK firms accessing the Swiss market, and vice versa, and will cover a wide range of sectors. This development builds on the close relationship that already exists between the two countries and it is based on strong regulatory and supervisory cooperation between the UK and Switzerland.

Swiss Private Banking Consolidation Set to Continue

Swiss private banking consolidation, a process that has been rapidly increasing over the past decade, is set to continue faster due to the pandemic. A recent study by Boston Consulting Group (BCG) forecasts that one-fourth of Switzerland's private banks will disappear by 2025. The study found that in 2010 the ten largest private banks held 72% of assets managed in Switzerland. By last year, the number rose to 75% and is expected to rise to 80% by 2024 (Figure 1). This comes as private banks, despite slimming down on costs post-2008, have been affected by increased spending in the most recent years, including digitization as well as costs for legal and compliance.

Figure 1: Private Banking AuM (CHF tr) and share of Top 10 Swiss banks
Source: BCG Global Wealth Market Sizing; Company Reports



Green and Sustainable Investments: An Opportunity in the UAE

Affluent and HNW investors in the UAE, the country with the highest number of such investors whose wealth is largely salary-based, have shown to be keen to capitalise on green and sustainable opportunities. According to the recent "Sustainable Investing Review 2020" of Standard Chartered Private Bank, 72% of investors in the region are strongly interested in sustainable investing opportunities, and 39% are looking to allocate 15%-25% of their funds to these investments within the next three years. This

interest increased as a consequence of the pandemic that pushed investors to focus on areas that are resilient against future crises. Despite that, the survey found that UAE clients were the least familiar with terminology, such as low carbon investing, compared to their peers in Hong Kong, Singapore and the United Kingdom, signaling an opportunity for wealth managers and private banks to inform, educate and help clients navigate these areas and meet social and impact goals that are of interest to them.

Growth in Africa: Family Offices in the Horizon?

In a continent still heavily influenced by traditional values and customs, most enterprises are family-owned. There are over 6,900 multi-millionaires in Africa and estimates suggest that the African wealth management market will grow by approximately 7% year on year between 2020 and 2030. The current second-generation entrepreneurs are critical to continuing the country's business, although many of the founders of these businesses are often reluctant to cede control of the wealth they built and do not place significant emphasis on succession planning. Today's second-generation entrepreneurs on the other hand are showing increased willingness to structure their wealth with succession planning in mind. Despite the concept of a family office being reasonably new in Africa, more and more of such structures are expected to grow in the next decade and increase in popularity, given the prevalence of family-owned businesses on the continent. These structures will help to have a holistic view of the family wealth, structures, succession planning and the transfer of wealth to the next generation, while also providing a more customised offering than traditional private banks and wealth managers.



Rich Asians Favouring Wealth Preservation

The number of HNW & UHNW individuals in Asia ex-Japan is increasing at a faster pace than any other continent. According to Knight Frank's 2019 Wealth Report, eight of the top ten countries by future growth of UHNW population over the next five years will be in Asia, with India taking the top spot at 39% growth, followed by the Philippines at 38% and China at 35%. It has also recently been found that 80% of wealth managers in Asia ex-Japan currently identify wealth preservation the top priority of UHNW clients, followed by absolute return (67%) and income generation (60%); while their preferred fund strategies lie in alternatives, multi-asset, and fixed income strategies. The preferences may have been shaped due to the volatility created by Covid-19. The outlook for thematic funds is also strong in Asia, particularly for healthcare and technology funds which are registering strong growth as resilient industries.

Hong Kong Instability and New Chinese Wealth Management Scheme

China has announced the details of a wealth management pilot scheme that links investments and financial services between the semi-autonomous economies of Hong Kong and Macau and mainland China. It is part of Beijing's project to build a Greater Bay Area (GBA) economic powerhouse in southern China. The scheme will allow Hong Kong and Macau residents to invest in wealth management products sold by Chinese banks in nine mainland cities in the Greater Bay Area while also allowing residents in those cities to buy products sold by Hong Kong and Macau banks. China is also pushing a new futures exchange and plans to similarly pilot cross-border private equity investments. Details of the scheme and timings for implementation are still to be revealed.

The new scheme comes as China seeks to impose a new national security law on Hong Kong, a city-state that is suffering its worst economic and political crises since at least 1997. Many HNW & UHNW residents have been either reducing their Hong Kong exposure, opening offshore bank accounts, applying for alternative passports, or taking steps to ensure that they can withdraw assets at a moment's notice, in view of further distress caused by the political tensions. Rich Chinese are also expected to park fewer funds in Hong Kong on worries that Beijing's proposed national security law for the city could allow mainland authorities to track and seize their wealth. Latest data show that more than half of Hong Kong's estimated private wealth of over \$1 trillion is from mainland individuals who have parked money there. Wealthy Chinese may like the law from the perspective of their love for the Chinese flag, but not from their asset protection perspective.

The U.S. in the meantime is in the process of rolling out measures that could restrict flows of U.S. capital through the Hong Kong market, in response to China's Hong Kong security law. The move aims to protect U.S. investors from Chinese companies' failure to adhere to American rules on accounting and disclosure. The U.S. is currently seeking recommendations from a Treasury-led group on possible actions to be taken, and a report with more details is expected in August 2020.



U.S. RIAs: A Consolidating Market and Possible Succession Planning Crisis

The U.S. RIA (Registered Investment Advisor) merger and acquisition activity has been intensifying over the past five years and valuations continued to rise. Covid-19 has, however, decreased the number of transactions recorded. According to a recent report by investment banking and consulting firm Echelon Partners, there were a total of 46 wealth management M&A transactions in the first quarter. That is a decline from all-time quarterly high of 53 in the last quarter of 2019. The M&A activity is, however, expected to regain pace in the second half of 2020 once the worst of the pandemic has passed in America. The RIAs managed by aging advisers with five to ten years to retirement are expected to continue to drive exits from the industry, as founders look to reap the fruits of their hard work. Volatility is expected to contribute to accelerating these exits and therefore M&A activity, although valuations may fall as a consequence of higher and rushed sales.

According to the latest DeVoe RIA Next Gen Transitions Survey, the current RIAs in business are most likely headed for a succession planning crisis, as the majority of large firms reported insufficient investment in the next generation of leadership and a lack of confidence in the next generation. The results showed that there is a lack of human capital management in RIAs, with 65% of firms not providing adequate performance reviews, 54% not having clear incentive compensation plans, and 49% not providing clear career paths for employees. The study also found that two-thirds of firms do not have a succession plan in place, with 57% of RIAs believing that a transition from founders to the next generation would be "bumpy" or worse and 13% thinking it would be a severe challenge.



The background features a blurred financial market interface. At the top, there are labels for 'M15', 'Bid', 'Ask', 'Auto', and 'Shift'. Below these, a price for 'GBPUSD M15' is shown as '1.45053' with a downward arrow, and '1.00' with an upward arrow, followed by '1.4508'. A candlestick chart with blue and yellow bars is visible, along with a yellow trend line. On the right side, there is a large, semi-transparent blue circular graphic.

BANKS & WEALTH MANAGERS NEWS

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

ALVARIUM

Multi-family office Alvarium has announced the **launch of a trust brokerage business**, dubbed Alvarium Securities, that will provide corporate advice, distribution and research services to corporate clients. The new business is going to be headed by ex-Peel Hunt broker Mark Thompson and JP Morgan investment specialist Eddie Nissen, and will give investors an opportunity to meet, analyse, trade and participate in the growth of some of the leading investment trusts, including REITs, in the market.



Private banking profits nearly halved last year at Arbuthnot Latham from £4.6m (2018) to £2.9m (2019), due to a **major revision of its planning charging structure and lower lending** as clients had a reduced appetite for credit due to Brexit uncertainty. At group level though, the company reported pre-tax profit of £7m in 2019 (up from £6.8m in 2018), as assets climbed 12% from £985m to £1.1bn. Profitability in the private client division was hit by a mid-year decision to abandon annual charges within its nascent planning division and instead 'concentrate on providing event based financial advice and thus charge clients for specific advice on a transactional basis'.



Bank of Montreal Private Bank Asia has announced a **partnership with multi-family office Raffles** Financial Group in Asia, to provide clients in the region with a comprehensive and customized suite of corporate finance, investment, and private banking solutions. Raffles will work with Bank of Montreal Private Bank Asia to identify clients who require advice and management of their family trusts, custodian and private banking accounts.



Bank of Singapore, the private banking arm of OCBC, is **focusing resources on its fast-growing family office business**, by expanding its investment products for this segment and targeting clients outside of Asia too, especially Middle East and Europe. Despite the bank's global AUM declining to \$104 billion in the year to March from \$108 billion a year ago, due to the market downturn, assets of the family office segment rose 20%.

The Greater China business, which includes clients from Hong Kong, the mainland and Taiwan, recorded a 10% increase in AUM year on year in the first quarter, and growth is expected to continue. Hong Kong CEO Derrick Tan recently commented in an interview that the city will continue to serve as a portal to China, particularly for wealth management. Bank of Singapore **continues to invest in Hong Kong**. The bank is also evaluating setting up an **onshore presence in China** which could be done with local partnerships.



Banque Bonhôte has **bought Zurich-based private bank Private Client Partners (PCP) from M.M. Warburg & Co.** PCP's CHF 1.9 billion of assets under management and team of 15 will transfer to Banque Bonhôte, while the subsidiary bank will maintain its PCP name. Bank Private Client Partners was founded in 1998 by Andreas Bodenmann, who will continue to play an active role with clients, but the subsidiary will now be run by Beat Widmer.



Barclays has been **granted a licence to offer private banking clients a full range of services in South Africa**, providing access to investment products, wealth management services and wider solutions of the Barclays Group. The bank will now be able to proactively reach out to and meet individuals in South Africa, offering the advisory and discretionary products and services provided by the private bank. Amol Prabhu, newly appointed Africa Market Head for the Private Bank will have regulatory accountability for the Africa businesses.



Berenberg, Germany's oldest private bank, has **teamed up with Berlin-based fintech company Moonfare** to offer private equity solutions to clients; who will have digital access to top-tier private equity funds via Moonfare's digital private assets investment platform. Through the partnership, Berenberg is now able to add top-tier private equity funds to its portfolio recommendations when they match the customer's investment goals and strategy; and clients will benefit from access to high return investments and have the opportunity to further diversify their portfolios with this asset class. The minimum investment is €200,000, making it accessible to a large number of private banking customers.



BNP Paribas has announced the **exit from domestic wealth management in India** in order to "focus on areas where its global footprint and diversified business strengths allow it to provide clients with more value-added services". The arm manages about \$14.5 billion in India, and \$98.3 billion in the overall Asia Pacific region. The bank commented that it was seeking redeployment opportunities for affected staff, and that the existing clients will be transferred to wholly owned subsidiary Sharekhan that provides brokerage and investment services. BNP Paribas reaffirmed the commitment to its wealth management growth strategy in Asia.

The bank **sold its wealth management trust business in Singapore** to trust firm Zedra, a global provider of active wealth, corporate and fund solutions. The sale includes 35 employees and BNP will continue to work with Zedra in the future as a preferred external partner for trust services.



Bordier has announced that it is **changing the banks' legal set-up**, from the model of the unlimited liability partnership **to a limited-share model**, mentioning that the move represents "the benefits of being Swiss private bankers, in the traditional meaning of the term, combined with the advantages of a public limited company, or "société anonyme". It will not go as far as incorporating, and the partners will still be liable with their own money. Bordier will remain the only Genevan house with the "privé" model.



Brewin Dolphin has **completed the integration of Investec Ireland** following its acquisition last year for €44m, for assets of €2.9bn. The merger more than doubled Brewin's assets in the country to €4.4bn, making it the third largest wealth manager in Ireland. Eddie Clarke, who previously headed Investec's Irish wealth business, has taken over as CEO from Matt Minch who has retired.

The wealth manager reported a fall of overall funds under management to £41.4 billion in the first half of the year, down from £45 billion the previous year. Excluding funds from acquisitions, total funds decreased by 14%. Total income for the period increased by 8.3% to £175.8 million compared to £162.3 million previously. Excluding income from acquisitions, income increased by 2.6%.

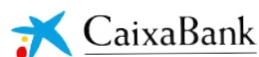


Brooks Macdonald has **entered into a binding agreement to acquire the Channel Islands wealth management and funds business of Lloyds Bank International** and its £1bn of discretionary assets. In total, the deal is expected to cost up to £9.63 million, which will be paid in cash from Brooks Macdonald's existing financial resources. Completion is expected to take place in the fourth quarter of 2020 subject to regulatory approval. The two parties have also entered in a further agreement to introduce relevant services to each other's clients.



Brown Shipley, a Quintet Private Bank, has **completed the integration of NW Brown & Co**, with two former NW Brown offices in Cambridge and Norwich rebranding as Brown Shipley, as part of a growth plan to expand across UK regions. The acquisition added about £1bn in assets, increasing Brown Shipley's AuM to £9bn.

The firm recently made more than 20 staff redundant, including a mixture of client-facing and back office employees, as it prepared to **transition to a 'new operating model'**. The bank is strategically aligning with parent company Quintet as the focus now is upon leveraging the broader group environment they're working with.



Spanish private bank and credit institution CaixaBank has **started to offer private banking services in Luxembourg**, after receiving regulatory approval. The move is part of the bank's strategic plan revealed in 2018 to expand outside of its home country. It offers private banking services to individuals who hold liquid assets of at least €500,000, and will work closely with the already established CaixaBank Asset Management Luxembourg, the group's fund management arm. It targets assets of €2bn by 2022.

The bank has recently **launched its Smart Allocation portfolios** for Private Banking and Premier Banking customers, a new discretionary management solution that offers dynamic management with further control of volatility through the application of a quantitative model. It allows exposure to markets while mitigating the effect of the extremes of equity valuation cycles.



Citi Private Bank recently announced the **creation of the Direct Private Investments business**, dedicated to distributing private deals and deepening wallet share with this client segment. The business is led by Itay Blasenheim out of New York, and it will work with the recently created Private Capital Group to identify opportunities for family offices and private investment company clients to actively invest in direct private deals. Citi Private Capital Group was created to provide clients with institutional access and opportunities in both the public and private markets. It is part of Citi's Institutional Clients Group and services private investment companies, family offices and pools of private capital.



Commonwealth Bank of Australia (CBA) has **entered into an agreement to sell a 55% interest in Colonial First State to global investment firm KKR**. Colonial First State was established in 1988 and is one of Australia's leading wealth management groups, managing more than A\$130m in assets. The transaction implies a total valuation for Colonial First State on a 100% basis of \$3.3 billion, which will result in CBA receiving cash proceeds of approximately \$1.7 billion from KKR. The move reflects CBA's strategy to focus on its core banking businesses.



UK private bank Coutts has set **targets for a 25% reduction in carbon emissions in its funds and portfolios by the end of 2021**. Having already achieved a 23% reduction this year, it is aiming to increase that to 50% by 2030. According to the bank, Coutts tackles sustainability differently than much of the wealth management market by embedding ESG-thinking across the entire investment process rather than offering specific products.



Credit Suisse has agreed to **buy a stake in Brazilian digital broker Modalmais** of up to 35%, in a bid to tap into a fast-growing digital market in Brazil. Modalmais has nearly 1 million clients with 10 billion reais (\$1.90 billion) in assets under custody. Credit Suisse plans to tap into these clients to sell its wealth management services and products, as well as being able to offer more digital products to existing clients in the country.

The bank is understood to have **frozen its original plans for a Miami wealth hub**. It was reportedly evaluating a return to the US last year, four years after it closed its domestic business in the country. The plan was to build a new base employing up to 30 people, mostly servicing Latin American HNW & UHNW clients.

Credit Suisse CEO Thomas Gottstein recently announced that the bank will strive to cut costs in the medium term, as many processes can be streamlined as the bank **continues to automate the business**. He also reiterated that the bank continues to invest resources in growth, especially in the business with very wealthy customers as well as the Asian business.



Deutsche Bank has created a **new international private banking unit**, melding the wealth management and private banking and commercial business international units into the new entity serving a total of 3.4 million customers. It brings together clients from Germany, the rest of Europe, Americas, Asia and the Middle East and Africa, along with private clients and small and medium-sized enterprises in Italy, Spain, Belgium and India. It will have around €250 billion (\$284.3 billion) of assets under management and a combined revenue of approximately €3 billion. Claudio de Sanctis, most recently Global Head of Wealth Management, heads up the new International Private Bank and is also Chief Executive for Europe, Middle East and Africa.

The bank aims to **increase its volume of ESG financing plus its portfolio of sustainable investments under management to over €200bn in total by 2025**, also committing to be entirely reliant on renewable energy by then. The minimum volume of €200bn includes loans granted by 2025 and bonds placed by Deutsche Bank during this period. It also includes sustainable assets managed by the Private Bank as of the end of 2025.

Deutsche Bank's CEO Christian Sewing has **resumed plans to cut 18,000 jobs** that had been put on hold during coronavirus, while also asking its top managers to join the executive committee in foregoing a month's pay to reduce expenses. The measure was voluntary and in the spirit of leading by example.



Dubai's Emirates NBD is **accelerating plans to cut private banking jobs** due to the impact of the Covid-19 pandemic. As many as 800 jobs (10% of the total workforce) are now expected to be made redundant; building on the already existing plans to cut workforce due to the digital transformation efforts of the bank. Emirates NBD is expected to invest US\$272 million in digital technology over the next four years and aims to move all divisions onto one IT platform by the end of this year, reducing costs and letting go of unnecessary back office roles.



Falcon Private Bank has announced it will **cease its banking activity next year** and will exit private banking. The bank had restructured and repositioned the business three years ago, following the 1MDB, but it never recovered from the scandal. It is understood that the bank is in advanced negotiations to sell and transfer its client portfolios, front office staff and subsidiaries to another Swiss private bank.



Goldman Sachs has reported **plans to buy Folio, a boutique wealth management custodian and technology company headquartered in Virginia (US)** with 160 employees and \$11 billion in assets under custody for registered investment advisers (RIAs). The acquisition would improve the services Goldman already provides to RIAs through its asset management business, by giving it access to Folio's technology, and the bank will earn fees from being the custodian of assets for other firms. The execution, clearing and custody business would be incorporated into Goldman's global markets division, and Folio's RIAs firms would join Goldman's consumer and investment management division. This is part of Goldman's plans of divest from global markets including reinvent itself as a trusted wealth manager with leading digital capabilities.



Edinburgh-based Hampden & Co posted good results for 2019. The private bank grew income by 36% (to £8.7 million) in 2019, while client deposits grew 53% to £409.4m and client lending increased by 54% to £203.8m (including £31m from the acquisition and transfer of Smith & Williamson's loan book at the end of last year). The bank expanded into the mortgage intermediary market, particularly in relation to complex mortgages for wealthy individuals in the United Kingdom.



The Cayman Islands Monetary Authority (Cima) has recently revoked the licence of Swiss private bank Hinduja. Hinduja Bank & Trust (Cayman) is **not able to operate in the Cayman Islands since 22 May 2020** due to failure of appointing appropriate directors and meeting anti-money laundering protocols. This follows a previous warning sent to the bank in January.



Hightower Advisors, the Chicago-based consolidator of RIAs, has made a **strategic investment in Wellspring Associates**, a boutique wealth planning and consulting firm specializing in estate, tax, philanthropic and legacy planning for UHNW clients. Wellspring has offices in Atlanta and Dallas, serving families with \$50+ million in assets. Wellspring will now have access to HNW families with assets of \$5+ million and the firm will be a resource for Hightower advisory businesses seeking to provide wealth planning and transfer solutions to their clients. As of 2019-end, Hightower's assets under administration were approximately \$76.8 billion and its assets under management were \$57.4 billion. The firm offers wealth management businesses a capital-rich partner and a customizable suite of services to help them accelerate growth, as well as an integrated platform, including technology, compliance, accounting, payroll, human resources, investment research/due diligence and marketing services.



In February HSBC combined its retail, wealth management and private banking divisions to form a new Wealth and Personal Banking unit managing approximately \$1.4trn, as part of a global restructuring. Nearly half of the assets are in Asia.

The new unit is set to place a **big focus on the family office segment in Asia and internationally** in the months to come, and it expects to grow client assets in the family office unit at a double-digit rate. It also continues to invest in its HNW segment; having recently launched an enhanced version of its Wealth Portfolio Intelligence Service (WPIS) to help its HNW “Jade” clients gain more in-depth understanding of their portfolios. WPIS was launched last year covering unit trusts only, and it will add bonds, equities, currencies, cash and time deposits; covering all major elements of a multi-asset wealth portfolio. This comes as HSBC is seeing increased demand for wealth management services among its affluent customers.

HSBC Private Bank announced that it has **raised a record USD1.3 billion of private client funding for alternative investments in Asia** from April 2019 to April 2020. Funds were raised across a broad range of product solutions including hedge funds, private equity, private credit and USD350 million in a private real estate investment trust (REIT) strategy.

In China, the bank has become **the first international bank to roll out Qualified Domestic Limited Partnership (QDLP) investments**, expanding overseas investment options for its Chinese HNW clients under a partnership with China International Fund Management (51% owned by JP Morgan Asset Management). The QDLP scheme facilitates investments in offshore traditional and alternative investments by allowing qualified foreign asset managers to raise money in Chinese currency from qualified individual and institutional investors in mainland China to invest in alternative assets abroad.

The bank, that had put on hold its job cuts during the first months of the covid-19 pandemic, has **restarted the overhaul strategy** to cut 35,000 jobs, \$4.5 billion in costs and \$100 billion in risk-weighted assets. As a result of coronavirus, the overhaul could be deepened and is believed to potentially include more job cuts or a possible sale of its U.S. business, its retail network in France and operations in smaller non-strategic markets. Singapore will not be affected by cuts this year, and the bank confirmed that plans to hire more than 400 retail and private banking customer-facing employees by 2023 remains on track.



Swiss private bank Ihag announced **plans to cut up to 20 jobs across all areas** because of the strategic concentration on the home market and outflows from customer funds. This represents about one-sixth of the total employee count (113) in Zurich. The bank commented; “It should be emphasised that we are a capital-strong bank with a solid customer base. The measures that have been introduced aim to adapt to the new strategy. Unfortunately, a downsizing cannot be avoided”.



Investec **continued to work through its planned business overhaul during 2019**. According to its annual results for the year to the end of March, restructuring costs amounted to £94.1m, including the closure of failed robo Click & Invest, alongside its Hong Kong private equity department, and the restructure of its Irish division (its Irish wealth business was sold to Brewin Dolphin and generated £19.7m). The bank saved £711m from a series of cost-cutting measures, but group adjusted operating profit for the period was down 16.8% which was partially attributed to the covid-19 consequences. Wealth & Investment’s AUM was down 19.2% due to market volatility and the Irish sale.



Itaú Private Bank International **opted for the technology of Swiss software firm Temenos** to gain efficiencies across its international private banking business in Switzerland and the US. The new platform will allow the bank to access a single wealth platform with functionalities covering from back-office processing to front-office portfolio management.



Bank J. Safra Sarasin recently **launched a new healthcare fund**, the JSS Sustainable Equity – Future Health fund. The fund invests in companies whose products and services contribute to the improvement of health outcomes, with a strong focus on innovation and prevention across all healthcare segments. It also invests in leading companies in the areas of nutrition, fitness, health technology and home health infrastructure.

Julius Bär

Julius Baer posted **good growth and profits in Germany**, a notoriously difficult market for wealth management companies in the post Swiss banking secrecy era. While most Swiss banks struggled over the past years to bring their offices to profitability with many pulling out, Julius Baer has ten offices in the country and it posted pre-tax profits of €4 million last year, bolstered by a 20 percent climb in revenue and a successful year in acquiring new clients - 700 new relationships were won in 2019, which is roughly the average since 2011. The bank will focus both on growth, by hiring a target 20 private bankers this year; as well as lowering Julius Baer's cost-income ratio in Germany in the future, corresponding to CEO Philipp Rickenbacher's promise to focus more on profitability rather than winning new money.



Kingswood has **completed the acquisition of Sterling Trust Financial Consulting Limited** (Sterling Trust), an independent financial adviser headquartered in Hull, Yorkshire and with offices in Darlington, Newcastle, Sheffield & York. Sterling Trust provides advice to about 5,000 clients, including individuals and corporates, and currently employs 48 people including 22 IFAs advising and/or managing £1.2 billion in assets. It was acquired for a cash consideration of £17.75 million. Kingswood Group CEO Gary Wilder commented that the business has a robust pipeline of further acquisition opportunities in the UK and US that it is reviewing; and there are three transactions under exclusive due diligence in the UK only.



Lombard Odier Group announced an **investment and strategic partnership with Taurus**, a Swiss provider of digital infrastructure for banks, asset managers and stock exchanges specialised in blockchain and digital asset solutions. Lombard Odier runs its own proprietary banking technology to which other wealth management institutions rely on, and it continues to invest in the platform. With this partnership, the bank aims to remain at the forefront of technological developments in the field of blockchain and digital assets, allowing them to enhance its offering for clients and third parties using the platform.



Swiss private bank Maerki Baumann launched a **new crypto trading service** to be able to offer trading and custody of digital assets and tokens to its clients. It is starting with bitcoin (BTC), bitcoin cash (BCH), XRP (XRP), litecoin (LTC) and ether (ETH), but it will gradually expand its list of supported assets based on client feedback and future developments. The bank is investing in digital assets to be able to attract new clients, especially younger prospects.



Chief executive officer of Mattioli Woods, Ian Mattioli, agreed to take an ongoing reduction of 60% of his basic salary from July, after reducing it to zero from April until the end of June in response to the covid-19 crisis. It also reported that executive directors' salaries were being temporarily reduced from July after all other directors agreed to reduce their basic salary or fees by 50% until the end of June. The firm also confirmed that it will not pay any bonuses for the current financial year, with funds being used to address the impact of coronavirus.



Italian bank Mediobanca and US fund manager Russell Investments are partnering to **launch their third private markets fund** dedicated to Mediobanca's Italian private banking clients. The fund looks to exploit new opportunities that arise from the market dislocation caused by the Covid-19 pandemic, targeting the secondary market, distressed strategies, and opportunities in dislocated industrial sectors in North America, Europe, and Asia. It will be distributed until the end of September by Mediobanca and will be managed by Russell Investments.



Merrill is giving its advisors **an extension in their targets due to the coronavirus pandemic**, providing teams with an additional six months, until January 2021, to meet the threshold necessary to continue receiving a pay boost for all team members based on the performance of a team's top producer. The pay boost is contingent on 30% of each team member's clients using at least three of the following services from Merrill or parent Bank of America: loans, trust, banking or investment advisory.

Morgan Stanley

Morgan Stanley is **expanding further in Canada** with the launch of a wealth management division in the country. It is partnering on the initiative with Toronto-based Canaccord Genuity, which will serve as its "local platform provider". The bank plans to offer full-service financial advisors, "virtual" advisors, a discount brokerage, and online investment management to wealth management clients in Canada. The plans are subject to regulatory approval.

Morgan Stanley CEO James Gorman told employees that despite the disruption caused by covid-19 "there will not be a reduction in force at Morgan Stanley in 2020. Aside from a performance issue or a breach of the Code of Conduct, jobs are secure."



London-based Owl Family Office has **split its business into two separate entities** focused on international and domestic clients, as its founders Adam Wethered and William Drake retire from the company. The international family office advisory business, which incorporates all of Owl's international business which oversees complex family groups requiring multi-jurisdictional solutions, has been named Delfin Private Office and run by managing Partner Annamaria Koerling. Its domestic investment consultancy division is maintaining the Owl Private Office name and is led by asset management veteran Andrew Wimble.



Pictet Wealth Management has reported plans to **grow its business with independent asset managers in Switzerland**, a lucrative segment for private banks as some 2,500 IAMs exist in Switzerland alone, managing an estimated \$500 billion. While bank is already established covering this segment from Geneva, it has room for growth in Zurich which will be a focus for new business. Pictet wants to differentiate itself from other players by offering 24-hour trading, a versatile booking platform, simplified account opening, and including sustainable investment criteria into portfolios.



Quintet reported group revenues of €443.1 million in 2019, in line with the previous year, while assets rose to €81.5 billion as of December 2019, up from €72.6 billion. Group expenses rose to €470.5 million due to the large investments the firm is making in people, products, a new brand and geographic expansions. The bank also completed two strategic acquisitions, including UK-based NW Brown, now integrated in UK's Brown Shipley, and Zurich-headquartered Bank am Bellevue in Switzerland. It also plans to expand to the Nordic region subject to final regulatory approval.

Rathbones

Rathbones **completed the acquisition of Barclays Wealth's personal injury and court of protection business**, which will see approximately £450m of funds under management transferred to the investment management unit of Rathbones, as well as 10 team members and a book of 600 clients. As of 2019-end, the investment management arm of Rathbones had £43 billion of funds under management and administration, up 11.7% from the previous year, while its unit trust business had £7.4 billion, up 32.1%.



Family-owned REYL Group has launched a new IT project to develop a **new and fully digital platform** through which to serve the **mass affluent client segment**. This segment normally consists of individuals with investable assets of CHF 100,000 - CHF 1 million and it is the most interested in digital tools for their investments. The client group represents over 2.6 million people in Switzerland with approximately CHF 660 billion in assets.

The bank's 2019 full-year profit rose by one-third to CHF 8.3 million, and income rose by 9% to CHF 91.1 million. Total assets rose 20% to CHF 13.6 billion, of which CHF 1.2 billion were new client money.



Financial advisor Sanlam **closed three UK regional offices** in a bid to cut costs. The Bath, Kirkby Lonsdale and Andoversford offices will merge into bigger branches with staff either relocating or working from home on a permanent basis, reducing the number of offices to 14 in the United Kingdom. Other regional offices will also be reviewed as their leases expire. The firm recently announced that despite these strategic measures it will continue to acquire teams and businesses in line with its aggressive expansion strategy.

Schroders

personalwealth

Schroders has **completed the migration of £75 billion worth of mandates** from Scottish Widows and parent Lloyds Banking Group into Schroders Personal Wealth, the new financial planning joint venture led by Peter Hetherington. The migration of portfolios was carried out in seven tranches from September 2019 to March 2020 and has successfully concluded, marking the largest asset transfer in the UK. Schroders Personal Wealth has opened eleven offices across the country, in Birmingham, Bristol, Cambridge, Cardiff, Edinburgh, Exeter, Guildford, Manchester, Leeds, London and Oxford. Each hub is headed by a regional director who has the freedom to shape their own business, while the London head office and the Leeds operation center provide the central support functions. Schroders Personal Wealth is 50.1% owned by Lloyds and 49.9% by Schroders.



Multi-family office Stonehage Fleming has **reached an agreement to acquire the investment management activities of London-based Cavendish Asset Management**, a firm initially established to manage the Lewis family's assets that consequently expanded to look after institutional and UHNW professional clients. The acquisition includes about £1 billion of assets and four members of the Cavendish senior fund management team who will also transfer to Stonehage Fleming.

SYZ

Geneva-based Bank Syz **reorganised the company last year**, with the view to focus on four core markets: Switzerland (both Geneva and Zurich), Latin America, Africa (especially South Africa through its office in Johannesburg), and the Middle East (through its presence in Turkey). It closed the Bahamas operations and sold the business through a management buyout, while it will retain its Miami office and use it as a platform for business in Latin America. The bank is also opening a new representative office in Istanbul, to be closer to existing Turkish clients and gain a better understanding of the market conditions and investment opportunities in the region.



Tilney announced a merger with Smith & Williamson last year, but the deal was subsequently not approved by the FCA due to the level of debt being proposed. The two companies have now announced a **revised transaction structure for the merger**, with private equity investor Warburg Pincus injecting £275 million in equity to save the bid. Funds advised by Warburg Pincus will co-invest in the combined business alongside funds advised by Permira and the new structure will result in a significant reduction in external debt for the combined group, lower ongoing financing costs and an improved regulatory capital position. The merged entity will be called Tilney Smith & Williamson and will be responsible for approximately £44 billion in assets under management and, on a pro forma basis, will generate approximately £530 million of revenue.



Union Bancaire Privée is expanding its sovereign emerging market fixed income offering with the **launch of a new frontier market strategy**, taking advantage of the attractive return potential offered by investments in frontier markets, due to risk premiums overestimating default probabilities and underestimating recovery values as well as to the window of opportunity offered by the recent market sell-off. The UBAM – Emerging Markets Frontier Bond is available to investors in Austria, Belgium, Denmark, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Norway, Spain, Sweden, Singapore and the United Kingdom.

UBP has announced a **strategic partnership with Australian asset manager Bell Asset Management** (Bell AM), in the form of a two-way distribution partnership to tap into each other's markets. UBP's funds, including credit, fixed income and alternatives strategies will be offered to Bell Asset Management clients, while Bell's global small and mid-cap fund will be offered to UBP's network in Europe, the Middle East and Asia. UBP's new office in Australia, headed by Olivier Marion, will support the partnership.



UBS announced the **creation of a new global financing team** that will span across divisions under one group to serve clients faster, led by Remi Mennesson who is joining the bank in November from Credit Suisse. The new team will align employees working in global wealth management, investment bank financing and risk management under one umbrella, creating efficiency for any type of lending.

In Europe and Asia the bank is launching **regional teams to bring extra private market deals to its wealthy clients**, which will combine wealth management and investment banking specialists. Giuseppe De Filippo will lead distribution teams for Europe, the Middle East, Africa and Switzerland, and Enrico Mattoli will oversee distribution efforts in the Asia Pacific, following the creation of a similar group in the US.

The bank is also **starting a team overlooking a new venture capital** arm looking to make investments and hold stakes of \$10m-\$20m in FinTech companies for at least five years. It will invest in three categories: client engagement, investing and financing platforms, and improving underlying operations of the bank; and it is already currently screening potential investments. "UBS wants to further engage with and support FinTech firms," commented Mike Dargan, UBS's global group technology head. "The new venture investment portfolio is a next step to accelerate our innovation and digitisation efforts."

UBS is looking to **use technology to make inroads in the Chinese wealth market** too, where it is planning to launch a digital wealth platform upon being granted the Chinese digital banking licence it has applied for and needs to execute the project. After its launch in China, where UBS is targeting the growing middle class, the new platform could be launched globally.

In the US, the bank is **teaming up with Rockefeller Money**. It has invested \$440 million of clients' money into a Rockefeller sustainable fund via its own \$10 billion fully-sustainable multi-asset portfolio, providing exposure to the incremental positive change on ESG topics in the hopes of reaping financial performance from the improvements. It is one of the first major outside investment pushes.

Vontobel

Vontobel is planning to **expand its business with Italian clients** this year, led by Gianpiero Galasso who recently joined the bank from Credit Suisse as Head of Wealth Management Southern & Western Switzerland, Latin Europe and Middle East. Vontobel is planning to open a new advisory office in Milan to offer Italian clients on-site advice regulated under Italian law. Up until now, Italian wealth management clients have been managed from Zurich, Locarno and Lugano.



Liechtenstein-based VP Bank is **buying Oehman Bank's private banking business in Luxembourg**. Oehman is a family-controlled financial institution headquartered in Sweden that owns a private banking unit in Luxembourg. The acquisition includes €760 million in assets, mainly from Scandinavian entrepreneurs and investors, and will also include eleven employees of Oehman Bank.



Zurich local lender Zuercher Kantonalbank (ZKB) is **going ahead with a dividend plan agreed before the pandemic** hit Europe, unlike Swiss giants UBS and Credit Suisse. ZKB will pay the full CHF 500 million in dividends to its canton and municipalities, despite the coronavirus, and it commented that the plan doesn't represent a risk for the bank. The payout is more than 41% higher than 2018 (CHF 358 million) and it coincides with commemorations of ZKB's 150th anniversary.

KEY MOVEMENTS

Key appointments for the period Q2 2020



1875 FINANCE ○ **EMEA**

Alain Held, Pictet Wealth Management, Executive Vice President, Head of Central & Eastern Europe, Zurich, has joined as Managing Director in Zurich

ADAM & CO ○ **EMEA**

Andy Hall, Barclays Wealth, Director, Glasgow, has joined as Director, Financial Planning, in Glasgow

ALVARIUM ○ **EMEA**

Nancy Curtin, Close Brothers, Chief Investment Officer & Head of Investments, London, has joined as Partner, Group CIO and Head of Investment Advisory, London

BANK AM BELLEVUE ○ **EMEA**

Christian Zenker, Head of Client Relationships, Zurich, has left to join investment management firm Corecam as a Partner in Zurich

BANK OF AMERICA ○ **AMERICAS**

Daniel Rodriguez, Financial Advisor, Jacksonville (FL), has left to join Snowden Lane Partners

BANK OF EAST ASIA ○ **APAC**

Henry Pang, Head of Wealth Management Division, Hong Kong, is leaving

BANK OF SINGAPORE ○ **GLOBAL**

Lim Leong Guan, UBS, Asia-Pacific Head of Wealth Planning and Singapore Head of Investment Products and Services, has joined as Global Head of Products replacing **Marc van de Walle** who left to Standard Chartered

EMEA

Amir Anwar, Executive Director, Head of FX Advisory, Dubai, has left

APAC

Dennis Hong, OCBC Securities Private, Managing Director & Executive Board Member, Singapore, has moved across to Bank of Singapore as Managing Director, Market Head Greater China & North Asia, Singapore.

Patrick Saurini, Managing Director, Global Families and Private Investment Offices, Singapore, has left to join SMBC Private Wealth in Singapore

BANQUE INTERNATIONALE À LUXEMBOURG ○ **EMEA**

Eric Benischke, Managing Director, Head of Russia & CIS, Luxembourg, has left

APAC

Hanzhi Ding, Huatai International, Chief Strategist, Head of Business Development and Head of Investment Research, Hong Kong, is joining as CEO Hong Kong, succeeding **Betty Tsui** who is moving to a Vice Chairman role

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

About Us



Rahul Sen

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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.



Giovanni Donati

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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.

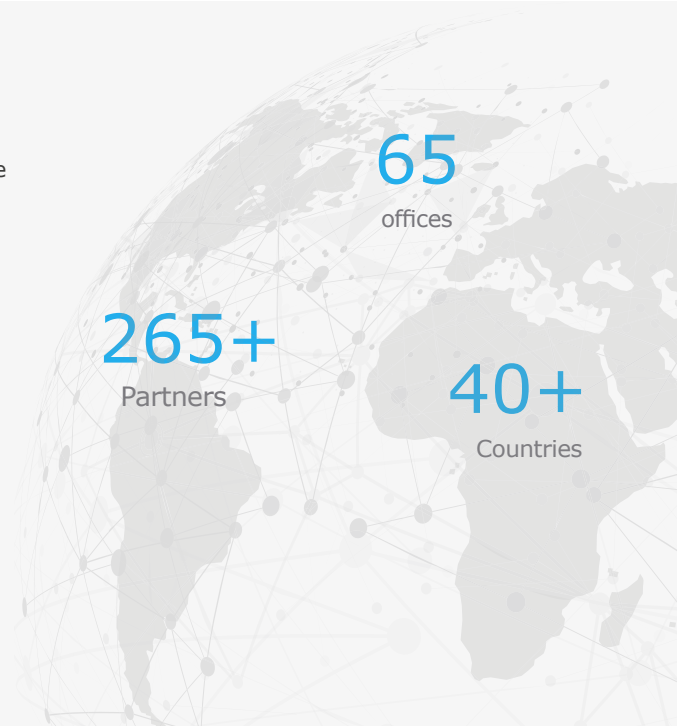
Prior to joining Boyden, he worked for a top ranked Executive Search boutique in London, covering research and execution of assignments in Private Banking and Investment Banking.

About Boyden UK

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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