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MARKET OVERVIEW Q3 2020

Wealth Management & Private Banking





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MARKET UPDATE

Key trends and market news in
the Wealth Management industry globally

Asset and Wealth Managers Digital Agenda

While most asset and wealth managers have focused on how to protect their clients from the market risks that have been experienced in 2020, a tech-led reshaping of the industry is starting to take place. Asset and wealth managers have been facing pressure to digitalise their operations and services for quite some time, and challenges brought by the pandemic have made many businesses step back and rethink their structures and business models to be more digitally savvy.

A recent poll by Alpha FMC found that over half of asset and wealth managers expect their digital budgets to increase next year, to respond to an increasingly agile environment where clients expect more value, a higher quality of work, and a faster delivery. The survey found that only 23% of firms currently think that their existing digital capabilities meet client needs. It also found that 79% of global asset managers are considering digital as a top or high priority in their agenda, and 20% more currently describe themselves as “getting organised” than in 2019.

Although this is encouraging data, many digital improvements are still needed across the industry and there are also obstacles and unclarity across firms on how to implement such a transformation project. For example, some businesses are unclear on who owns the digital plan in the organisation. Some large global firms have created separate digital functions helmed by digital and transformation officers, while in others it sits in the marketing and distribution units.

Margins Squeezed at Private Banks in Europe

European private banks made a resilient start of 2020 driven by increased portfolio activity due to the uncertainty brought by the pandemic, and they kept their position as the most profitable segment in global banking. They have although stumbled into Covid-19 in a difficult starting position, following a year of declining profits. McKinsey’s European Private Banking Report (2020) recently displayed a decade-long trend of compression in profit margin through to the end of last year. Despite favourable market conditions in 2019, the profit pool for the year fell to €13.3 billion from €13.5 billion in 2018. Cost-to-income ratio was recorded at 71%, the highest level since 2012 (Figure 1). The aggregate profit margin fell to a 12-year low of 21 bps of assets under management in 2019, compared to 22 bps in 2018 and 35 bps in 2007; while revenue margin tumbled to a low of 73 bps, compared to 75 bps in 2018 and 96 bps in 2007 (Figure 2).

Figure 1: Profit Pool, European average, € billion

Source: McKinsey Private Banking Survey

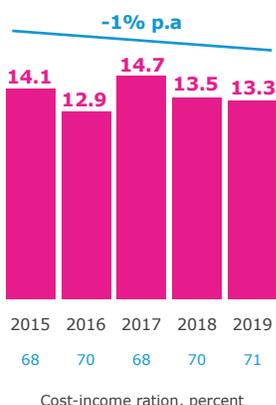
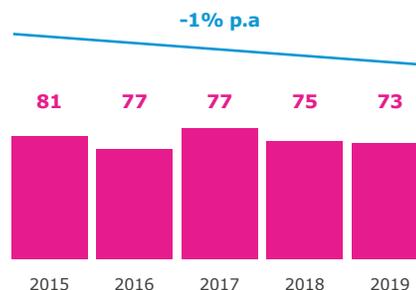


Figure 2: Revenue Margin, European average, Bps

Source: McKinsey Private Banking Survey



Assets and People Shift to the EU following Brexit

A recent study by EY found that over £1.2 trillion in assets have left the United Kingdom since the EU referendum, as well as 7,500 financial services jobs. The EY's Brexit Tracker has recently reported that 88 firms confirmed at least one location in Europe where they are moving or considering moving to or adding staff since the referendum. The tracker monitors the public statements made by 222 of the largest financial services firms with significant operations in the UK. Dublin remained the top destination for 34 of the 88 firms, while Frankfurt came second with 23 companies, and Paris third with 20. Luxembourg emerged as a key hub especially for fund managers. While some institutions have taken clear decisions, the report also highlighted that many are still on a "wait and see" mode.

A number of UK-headquartered banks have been notifying clients living in the EU that they will no longer be able to provide them UK-based banking services from January. Coutts has reportedly begun closing EU accounts, joining banks like Lloyds and Barclays that have already started the process.

Overall, the number of UK citizens emigrating to the EU has risen by 30% since the Brexit vote. The latest data from the Organisation for Economic Co-operation and Development (OECD) highlights Brexit as the "dominant driver" of such decisions made since 2016. Migration from Britain to EU states averaged 56,832 people a year in the period 2008 - 2015, growing to 73,642 a year in 2016 - 2018. Spain was recorded as the main migration state, where an estimated 380,000 British nationals currently live. OECD also highlighted that the number of UK citizens attaining an EU member state passport jumped by more than 500% across the continent, including a significant rise of more than 2,000% in Germany alone.

UK's First Digital Assets Exchange Approved

The Financial Conduct Authority (FCA) approved the application of Archax to be regulated as the UK's first digital securities exchange and custodian. The approval makes Archax the first Virtual Asset Service Provider (VASP) in the United Kingdom under the FCA's crypto asset registration, a new registration that was introduced earlier this year as part of the amended Money Laundering Regulations (5MLD) and is now mandatory for all crypto asset firms. The move is an important milestone as it makes it possible for investors in digital tokens around the world to trade on a secondary listed exchange authorised by an internationally recognised regulator.

UAE Merging Financial Regulators

The United Arab Emirates (UAE) announced the long-awaited merge of its financial sector regulators, the Insurance Authority (IA) and the Securities and Commodities Authority (SCA), to be overseen by the Ministry for the Economy. Although at this stage it is hard to understand if the merger of the IA and SCA will result in a corresponding merger of their regulatory frameworks, hopes are that current gaps and ambiguities that exist between the respective regimes will be addressed. This will provide more clarity for advisory firms, service providers and investors. The move comes as part of a wider simplification of the federal government's structure. Sheikh Mohammed bin Rashid Al Maktoum, UAE vice-president and ruler of Dubai, said the aim was "a government that can more quickly make decisions and deal with changes and more adeptly seize opportunities in dealing with this new stage in our history; a swift and agile government".

Retirement Visa for Over-55s Launched in Dubai

The UAE emirate of Dubai announced the launch of a new five-year residency visa for retirees aged 55 and above. The Global Retirement Visa will be initially available for expats already resident in Dubai and it is part of the government's new Retire in Dubai drive to encourage more wealthy expats to relocate to the city or continue to live there. It builds on the country's vision to enhance its status as an iconic global city and the world's most preferred lifestyle destination. To qualify for the visa an expat must receive a monthly income of AED 20,000 (approx. \$5,500) or hold savings in the UAE of at least AED 1m (approx. \$272,000). Alternatively, expats can own a property in the city with a value of more than AED 2m (approx. \$544,500).

Kuwait Reviewing Proposal to Reduce Expat Numbers

Kuwait's National Assembly is reviewing the government's proposal to reduce and limit the number of foreign workers living in the oil-rich Gulf state. If passed, the proposal could see around 160,000 expat jobs being replaced by national citizens. Some categories of workers, including domestic helpers, medical staff, educators, and GCC nationals, will not be affected. The review follows an announcement by the Kuwaiti prime minister Sheikh Sabah al-Khalid al-Sabah in June outlining his intention to reduce the numbers of expats residing in the emirate by 40% from the current 70% level (expats currently account for 3.4 million of Kuwait's 4.8 million residents). The Kuwait Times reported that as many as 370,000 expats have already been identified as having a "negative impact" on the country. Furthermore, certain visa types and current procedures could also be banned, including the transfer of visit visas into work visas, or the transfer of domestic helpers to work in the private or oil sectors.

Ethical Guidelines for Financial Institutions in Singapore

The Monetary Authority of Singapore (MAS) has issued the "Guidelines on Individual Accountability and Conduct", for ethical behavior in financial institutions. The guidelines focus on measures that institutions should put in place to promote the individual accountability of senior managers, strengthen oversight over material risk personnel, and reinforce standards of proper conduct among all employees. The aim is to assist firms by providing a framework and best practices for strengthening accountability and standards of conduct. The new guidelines will take effect in September 2021 and will apply to all financial institutions regulated by MAS, including CMS Licensees and RFMCs, unless exempted.

The city state is also looking to reduce the number of expats as it records the highest level of unemployment in more than ten years, rising to more than 4% in the second quarter of 2020. The government has already increased the minimum monthly salary an expat needs to secure a work permit by 15% this year, given the uncertain economic conditions. The new measures are a response to the recently introduced national security law in Hong Kong as well, which prompted many expats to move to Singapore.



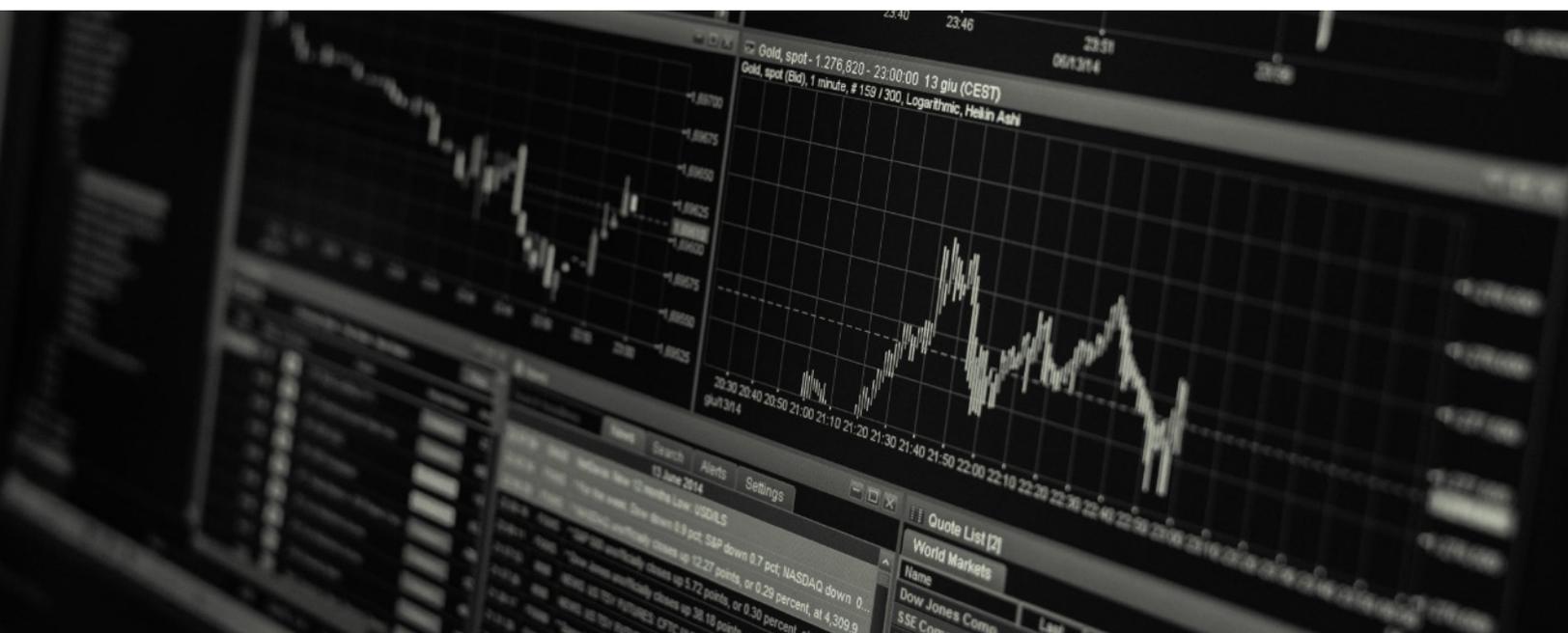
Greater Bay Area Megalopolis

Shenzhen, the richest of Greater Bay Area cities in Guangdong province, has outlined a 50-point blueprint to expand its financial services sector and increase trade and capital flows with investors based in Hong Kong and elsewhere. The plan includes 85 measures seeking to foster financial innovation, widen market access to foreign investors, and strengthening market cooperation with Hong Kong. The Shenzhen government is looking to cement a stronger bond by welcoming Hong Kong-based banks, securities houses, and insurers to grow their footprint in the city. The move comes amid China's controversial national security law in late June and follows long-standing efforts by Shenzhen to bridge the financial markets on both sides of the border through various so-called "Connect" programmes. The announcement is part of broader Greater Bay Area plans to integrate Hong Kong and others in an 11-city megalopolis that generated \$1.66 trillion in GDP last year, placing it on par with the 11th ranked Russian economy.

Record Billionaires in America

America is now home to almost 800 billionaires, up from 788 at the end of 2019, and 620 at the end of 2016. The latest annual Billionaire Census Report compiled by Wealth-X (2020) highlighted how America, mostly the US, continued to register a record high in number of billionaires who currently account for more than a quarter of the world's mega rich. It is estimated that American billionaires currently control \$3.4 trillion in total assets, representing more than the combined total net worth of the billionaires who reside in the next eight countries. The rise of the Silicon Valley and tech giants has largely contributed to the strong growth of mega rich wealth over the last five years in America. The most common home for billionaires is still New York, with 113 individuals, followed by Los Angeles and San Francisco. China is at the second place after America, counting little less than half in number of individuals, although the billionaire population expanded faster there.

The US has registered a record number of individuals renouncing citizenship over the first half of 2020. Research from New York accountancy firm Bambridge Accountants found that 5,816 people gave up US citizenship in the first six months of the year, a 1,210 % increase on the previous six months which recorded 444 cases. It makes the first two quarters of 2020 ranking as having the first and second highest numbers on record at 2,909 and 2,907 respectively. In comparison, a total of 2,072 US citizens renounced citizenship in the whole of 2019. The large amount of people who renounced in 2020 are individuals who already left the US, and key factors for the decision were found to be the current political climate and onerous tax reporting, as well as the pandemic. According to statistics, there are currently around nine million Americans living outside of the US who are required to file tax returns and report all their foreign bank accounts, investments, and pensions each year.



BANKS & WEALTH MANAGERS NEWS

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



ALVARIUM

Multi-family office Alvarium Investments has officially **launched an office in Italy**. The newly opened branch is in Milan and will allow the firm access to families, foundations, and institutions across Italy. The firm now has a total of 14 offices across across Europe, the Americas and Asia Pacific, offering investment advice, co-investment partnerships, merchant banking advice and family office services. The firm advises on \$18 billion of assets.

Azura

Azura, the wealth management firm focused on billionaire clients, has **opened an office in Singapore**, complementing the London and Monaco offices. The firm hired former UBS executive Trevor Lau to lead its first Asian office, who will manage an initial team of six other wealth management professionals and solution providers. The Singapore office is currently in the final stages of receiving a capital markets services licence for fund management from the Monetary Authority of Singapore.



Bank of Singapore has recently entered a **partnership with Doha Bank** to provide wealth management solutions in the Middle East. Through the partnership, Bank of Singapore will provide Doha Bank with wealth management solutions to be able to offer its clients wealth preservation, steady asset creation and tailored investment solutions.

BlackRock

Blackrock received approval to form a **wealth management joint venture in China**, after its application to China's banking authority in July. The agreement will see Blackrock and Temasek, Singapore's sovereign wealth fund, take a majority stake in the wealth management JV with China Construction Bank, one of China's biggest banks. Although details have not yet been revealed, the wealth management company will likely be based in Shanghai with the aim to develop and offer onshore products to mainland China investors.

The above move follows the investment advisory licence that Blackrock's wholly foreign-owned enterprise (WFOE) received from the Asset Management Association of China in 2019, which allows it to advise domestic fund management firms and distributors on specific investment products; and a previous private fund manager licence gained in 2018, allowing it to launch onshore funds to China's qualified investors.



BNP Paribas' Swiss arm posted a loss of more than CHF 124.6 million to June 2020, from a CHF 8.4 million profit the previous year, largely due to about CHF 140 million in credit write-downs. Revenue decreased by 28% to CHF 18.7 million, and spending was cut by 7%.

The bank is looking to **cut roughly 250 of its total 1,400 jobs in Switzerland**, in a restructuring effort that was announced last year but was paused at the start of Covid-19. The bank is reportedly considering the future of a Geneva centred unit for commodities trade finance (including whether to shut it down) as part of a wider review. BNP has pulled back from the commodities business since 2014, when it was hit by fines due to violation of US sanctions on Sudan, Cuba, and Iran.

**BNY MELLON**

BNY Mellon Investment Management has **expanded its presence to Taiwan**, after receiving a Securities Investment Consulting Enterprise (SICE) business license to open an office in Taipei. The license will allow BNY Mellon to strengthen its relationships with clients in Taiwan and increase brand awareness of the business by marketing on-the-ground to the local community. The focus continues to be on growing the institutional business in Taiwan. The firm has six other offices in Asia Pacific including Hong Kong, Singapore, Shanghai, Sydney, Tokyo, and Seoul.

CHARLES STANLEY▲

UK-based wealth manager Charles Stanley is **creating a third financial planning hub in Bath**, South West UK, to complement its existing centres in London and Birmingham, as it looks to capitalise on the growth in revenues from advisory services. The Bath office is undergoing a recruitment drive to expand both the financial planning and investment management teams and build an additional hub which can complement its existing London and Birmingham branches. The firm plans to expand on the progress made to date to have Bath as a standalone financial planning hub in the future.



Citi announced a new five-year plan to further **expand its foothold in sustainable financing** after meeting its previous \$100 billion target four years earlier than planned. The «2025 Sustainable Progress Strategy» includes a \$250 billion financing target focused on climate change globally and focused on three key strategic areas: low-carbon financing, climate risk in its portfolios and sustainability in its operations.

The bank joined other major institutions to **enter the Chinese financial sector** and it has already received a domestic fund custody in China from the China Securities Regulatory Commission. This makes the bank the first foreign firm to obtain such approval in the mainland.

Citi has committed to **improve youth employability in Asia**, and as part of this commitment the bank will ramp up hiring and training opportunities for youth in Asia over the next three years. It has announced that it will hire 6,000 youth in Asia through 2023 in a bid to mitigate the impact of youth unemployment in the region, which is being worsened by the pandemic. Over the same time, the bank will also offer 60,000 job training opportunities at its retail and institutional businesses in the region to those under the age of 24. Asia's youth represent 20% of the total working-age population and the segment accounts for almost half of the Asia Pacific's jobless.



Credit Suisse has started with its Swiss savings plan to shut 35 Swiss branches and merge a subsidiary as part of a spending cut. The bank plans to **reduce its branch network in Switzerland** from 146 to 109, with as many as 500 jobs being cut, as part of a response to increased digitization by clients. The program's restructuring costs is expected to be around CHF 75 million over the coming year and cut spending by CHF 100 million by 2022, a large part of which is planned to be invested into relationship manager hires as well as technology, digitization, and marketing.

As part of the Swiss reorganisation, Chief Executive Thomas Gottstein is introducing a new unit with «Direct Banking» and «Digitalization & Products» being merged into the new «Digital Banking» unit, helmed by Anke Bridge Haux. With this move, Credit Suisse embarks on to the **next phase of its digital strategy with a leaner organisation**, to ensure the rapid provision of innovative digital solutions for its clients. The unit will combine the flexibility and lower cost of a digital bank with the range of products and services offered by Credit Suisse's universal bank in Switzerland. «Direct Banking» will not become an independent direct bank anymore but will remain part of the company's structure.

The bank has begun putting more emphasis on winning more cross-divisional business, driven by Thomas Gottstein's push to reinforce Credit Suisse's four-year-old «bank for entrepreneurs». The bank plans to **increase cross-selling of investment banking services to wealthy business-owners**, alongside more traditional wealth management ideas, increasing the cooperation between private banking and investment banking.

Across Investment Banking, Gottstein rolled back some of the changes brought in by previous chief executive Tidjane Thiam, and re-merged the group's investment bank and capital markets units into a combined unit led by Brian Chin, in a bid to tighten controls and boost the performance. Risk and compliance units were also combined under the control of former Chief Risk Officer Lara Warner.

Wealth Management Executive Philipp Wehle is revamping its international wealth management unit, tightening its regional structure and centralising advisory and lending, to help profit growth. The unit is planning to create **three new strategic groups**, concentrating its lending activities within an International Financing Group under Yves-Alain Sommerhalder, as well as setting up a new investment banking advisory group led by Babak Dastmaltschi, and a unit focused on sustainability under Emma Crystal.

Furthermore, northern and southern Europe are being merged into one region, led by Robert Cielen, while the Middle East and Africa is being combined under Bruno Daher. In Brazil, Marcello Chilov will take over the wealth manager's operations, aiming to increase collaboration between investment banking and the private bank, as well as optimising its onshore and offshore capabilities; while Emerging Europe, previously managed by Robert Cielen, will be led by Anton Cherny.

Credit Suisse has made clear the intention to **accelerate its expansion in China**. The bank is planning to double its headcount over the next five years, while also hoping to double revenue from the market especially from ultra-high net worth strategic clients. Credit Suisse's China securities venture employed 154 individuals at 2019-end with products and services across financing, trading, wealth and asset management.



The private banking unit of DBS recently saw its business activity increase higher than pre-Covid, with net new money inflows surging by 170% in the first half of 2020 mainly driven by flows from Southeast Asia, Greater China, Europe and the United States. The unit is on course to register a **7-8% AuM growth this year**, seeing strong development in southeast Asia (particularly Thailand), as well as benefitting from large European and US family offices setting up shop in Singapore to diversify to Asia.

The bank is yet another international bank that has registered with Chinese authorities to set up an onshore brokerage business. DBS received approval to establish a **securities brokerage joint venture in China**, which will provide brokerage, securities investment consulting, securities underwriting and sponsorship, and proprietary trading. DBS Securities (China) will be 51% owned by DBS Bank, 24.67% by Donghao Lansheng Investment Management, 13.33% by Shanghai Huangpu Investment Holdings, 6.5% by Shanghai Huiyang Asset Management, and 4.5% by Shanghai Huangpu Guidance Fund Equity Investment.



Deutsche Bank **injected over \$360 million to its business in India** to expand corporate banking, investment banking, and international private banking operations. This is the second infusion in the business in less than 24 months, taking the total injected in India to over \$2 billion. The bank reinforced the message that it has confidence in the potential of the country and its business model there and is looking to deepen the onshore presence. Deutsche Bank has been operating in India since 1980.



EFG recorded a 5.5% growth in net new assets in the first half of 2020, and registered total AuM of CHF 147.8 billion. Underlying net profit decreased year on year to CHF 37.7 million in the first half of 2020, compared with 75.5 million in the first half of 2019. However, it increased compared to CHF 33.1 million in the second half of 2019.

According to its latest half year media release, EFG **accelerated its footprint rationalisation**, focusing on investing in high-growth target markets, while reducing or exiting its presence in low-yielding, high-cost locations – targeting a 5% cost base reduction by end-2021. The bank increased its majority stake in Shaw and Partners to 61% and agreed to sell its operations in Chile and France (Oudart) as well as to exit and transfer its Guernsey business to other booking centres.

EFG is also **disposing the Swiss retail business** it came to own after the acquisition of Banca della Svizzera Italiana (BSI) in 2016. It is selling CHF 1.2 billion in client assets to cantonal bank Banca dello Stato del Cantone Ticino though has not disclosed financial details of the transaction.



Falcon is currently in the process of being dissolved after a failed four-year recovery and several reinvention efforts. According to the bank its **wind-down is proceeding to plan**; it recently sold a Luxembourg-based fund management arm to Swiss wealth manager Alpina Capital, while a Dubai-based unit that manages roughly \$1 billion in funds among client assets is currently being eyed by potential buyers. For the remainder of its client assets, the bank is understood to be in talks with two potential acquirers.



Goldman Sachs reached a **\$3.9 billion settlement with the Malaysian government** over the multi-billion dollar 1MDB scandal, including a \$2.5 billion cash pay-out and a further guarantee to return at least \$1.4 billion in proceeds from assets related to 1MDB seized by governmental authorities around the world. The settlement relates to the bank's role in the corruption scandal at 1Malaysia Development Berhad, the country's sovereign wealth fund, and the bond sales that Goldman Sachs arranged and underwrote for 1MDB. Malaysia is dropping all criminal and regulatory proceedings in the country involving the firm, including pending proceedings against subsidiaries of Goldman Sachs and certain current and former directors. It does not cover two former Goldman Sachs bankers Tim Leissner and Roger Ng and does not resolve the other pending governmental and regulatory investigations involving the firm relating to the scandal.



UK private bank Hampden & Co reported an increase of £44 million in its lending (over 20%) in the first half of the year, bringing the bank loan book to £248 million, an increase of 61% on the same time last year. Deposits were up 24% to £423 million, while half year revenue were up 17% to £4.8 million.

The bank recently **launched a retirement interest-only product** that allows clients to borrow up to £2 million, to help over 55s manage their inheritance tax liabilities without disturbing other assets or raise a lump sum to support family and boost lifestyle in retirement. Loan-to-values will typically be restricted to a maximum of 50% but there is no limit to mortgage term.



Following a pause in its plans to cut 35,000 jobs due to the pandemic, HSBC recently confirmed the **job losses would now be implemented**. The bank is executing on its transformation programme to reshape its underperforming businesses, simplify the organisation, and reduce costs. It already started the process with the recent merge of wholesale back office operations, as well as bringing together retail, wealth and private banking into single global business Wealth and Personal Banking.

The bank is in **final talks to sell its French retail subsidiary** HSBC France, which consists of around 270 branches and a staff of around 10,000. HSBC France has been operating since 2005 when HSBC acquired French bank CCF and has more than 850,000 clients, many of whom are expats. Other markets being considered for sale or closure are believed to include Turkey, Malta, Greece, Oman, and the United States.

Despite the planned redundancies, mainly in the US and Europe, HSBC is **pushing ahead with its China expansion** and has recently hired 100 digital wealth planners in mainland China, ahead of the launch of an app-based financial advice and insurance service for digital wealth management activities. Clients in Guangzhou and Shanghai will have access to the offering initially, prior to a country-wide roll out. The plan is to reach 2,000 - 3,000 wealth planners by 2024. This is on top of the bank's plan to add 500 private banking and wealth management staff across Asia by 2022, announced earlier in the year.

HSBC's private banking arm raised a record \$1.6 billion of private client funding for alternative investments globally from January to the end of August 2020, across a broad range of product solutions including hedge funds, private equity, private



Chinese wealth manager Hywin Wealth Management is **eyeing a Singapore presence**, amid growing uncertainty in Hong Kong. The firm is looking at licenses in wealth management, asset management, succession advisory, insurance, and brokerage services to operate in Singapore. Upon receiving approvals, it will aim to hire 10 to 15 people to start with and attract \$500 million of client assets in the first year. Hywin was founded in 1989 and currently employs over 5,000 employees housing 100 billion yuan (\$14.3 billion) in assets under management. It is headquartered in Shanghai and has offices in mainland China, Hong Kong, London, and New York.

J.P.Morgan

JP Morgan Private Bank is **entering an agreement to refer its Brazilian onshore clients** to local bank Bradesco and will therefore no longer be running the onshore investments of its existing Brazilian private banking clients. It will instead refer them to Bradesco who will service them through its own onshore product platform. It is understood that roughly \$3.7 billion in client assets will be transferred to Bradesco. JP Morgan will continue to run its Brazilian clients' offshore accounts, which is where most of the revenue and assets of JPM Private Bank's Brazilian business comes from.

In China, the bank is **increasing holdings in its China securities joint venture** from 51% to 71%, making it the foreign bank that is closest to obtaining full ownership of a mainland Chinese firm.

Julius Bär

Julius Baer reported record profit in the first half of 2020 fuelled by a surge in trading due to market volatility, with net profits of CHF 491 million (up 43% from 2019 numbers) and net margin of 31 bps (up from 23 bps in 2019). It registered CHF 5 billion in net new assets in the period, although assets under management fell by 6% to CHF 402 billion. The bank is currently working through a three-year plan introduced by chief executive Philipp Rickenbacher in a bid to increase margins.

A new unit is being created by Giuseppe De Filippo who joined the bank in October as Head of Private Investment Markets from UBS. The new division will focus on **offering private equity and debt investments to ultra-wealthy clients**. Giuseppe has joined with an initial team of three although it is understood that a further recruit drive will take place to expand the team.

Julius Baer has **reinforced its growth plans for Thailand**, where it operates through a joint venture with local financial giant Siam Commercial Bank. SCB-Julius Baer Securities received a license in April 2019 and has seen its AuM double since the beginning of 2020, while it also doubled the number of relationship managers over the period. It intends to continue to invest in the country and become a top 20 private bank in Thailand by AuM.

The bank has been **evaluating a possible wealth management push into the US**, as it seeks partnerships or acquisitions in its core Latin American markets, driven by Head of Americas Beatriz Sanchez. Julius Baer has closed or sold four offices in the Americas since 2019, but it is growing in Brazil, Mexico, Chile and Colombia, where it is considering acquisitions, strategic alliances and joint ventures. New York and Miami would be the most logical US bases to service Latin American clients.

Chief Executive Philipp Rickenbacher is driving an **overhaul in bonuses pay-outs** in the bank across Switzerland, EMEA and Asia, seeking to severing a correlation between pay and past failures in fighting money laundering. A new scheme is replacing two separate bonus plans including one where advisers were rewarded heavily based on hauling in fresh assets. From 2021, Julius Baer will also link profitability more closely to bonuses.



Franco-German banking group Oddo BHF and Swiss private bank Landolt & Cie are set to **merge their businesses with a share-swap deal**, through which clients of both institutions in Switzerland will receive access to the services commonly available. Pierre Landolt and Thierry Lombard, the main shareholders of Landolt & Cie, will become shareholders of Oddo BHF. Landolt & Cie was founded in 1780 and currently has about CHF 3 billion in AuM with 70 people (with 75% of clients based in Switzerland); while Oddo BHF opened its asset and wealth management services to clients in Switzerland in 2016. The deal is pending regulatory approval.



LGT Group grew its operating income by 6% in the first half of 2020 to CHF 900 million, following the success of **strict cost-cutting measures** adapted by the group. Group profit increased 23% to CHF 190.7 million compared to the year before. Group AuM stood at CHF 218.7 billion at June-end, down from CHF 227.9 billion the same period in 2019. The group is preparing for a **new organizational structure** coming into force in 2021, when the group's three business units – LGT Private Banking, LGT Capital Partners and Lightstone – will start to operate as independent companies.

The group has now **fully acquired UK wealth manager LGT Vestra**, after buying the remaining equity held by the executive partners in the firm. It follows a 2016 deal when the group acquired a majority stake in the firm. LGT Vestra manages more than £15 billion of assets through its London, Bristol and Jersey offices.



Lombard Odier and the University of Oxford announced the launch of a **sustainable investment partnership** focused on climate change, circular economy, and nature. The partnership aims to provide a unique platform for knowledge exchange between scholarship and financial services and support sustainable finance in becoming a major field of academic research globally. Together, they have created the first endowed senior academic post in sustainable finance at any major global research university. Lombard Odier investment professionals will benefit from ongoing training by Oxford which, in turn, will have access to the bank's research and product innovation.



M&G is creating a **new wealth management division**, called "M&G Wealth Management". The new unit will combine Ascentric, the platform business it acquired earlier in September from Royal London, along with its direct funds arm and two financial advice units, Prudential Financial Planning and The Advice Partnership (TAP). The new unit will have combined assets under management and administration of £28 billion.



Leicester-based Mattioli Woods **completed the acquisition of Hurley Partners**, a private client adviser and asset management firm, which added about £570 million in client assets. The deal is made up of £10.7 million in cash and £5.9 million worth of new ordinary shares in Mattioli Woods which cannot be sold for two years. A further £8 million will be payable in cash two years after completion if Hurley meets and outperforms earnings targets. Mattioli Woods is responsible for more than £9 billion in client assets.



National Australia Bank is looking to **expand its wealth management workforce** focused on HNW & UHNW Australian individuals by hiring at least 50 bankers and financial advisers to its business specialising in debt and investing needs, under the lead of recently appointed Head of Private Wealth Justin Greiner. This follows the creation of a new division (NAB Private Wealth) comprising wealth manager JBWere, acquired by the bank in 2009, and the lending focused NAB Private bank and technology platform Nabtrade. On the other hand, the bank is retreating from the retail wealth industry with the pending sale of its MLC financial planning and superannuation arm.



Natwest announced that it is **bringing all its wealth management businesses under the single leadership** of Coutts Chief Executive Peter Flavel, who has transitioned to a new leadership role as Chief Executive Officer of Natwest Group. Under his remit, the lender will bring together Coutts, Adam & Company, Holt's, Drummonds, PCAIS and now Premier Banking and Premier 24. This is part of an effort to combine the collective expertise and resources of the Premier Banking and Private Banking teams to bring a more targeted focus on the wider Natwest Group's affluent customer-base, and be able to help customers through each stage of their lifetime.



Pictet announced plans to return to the US with its flagship asset management arm and has **opened an office in New York**. Elizabeth Dillon, former London-based Head of Sales for US Sub-Advisory and Intermediaries, has relocated to New York and is the new Chief Executive of Pictet Asset Management (USA). The bank has already recruited three other executives in the US, Mike Acker from Axa Investment Managers, Nick Mavro from Fiera Capital, and Jorge Corro from Norteseur; and is looking to expand the team to 12 people.



Quintet, the Luxembourg-based private bank owned by Qatar's Al-Thani royal family, has announced it is on track with its restructuring and growth plans. The bank's **expansion has been speeding this year** with the owners' full support. More than 50 relationship managers were hired to the second/third quarter of 2020, taking the total to more than 350. According to Chief Executive Jakob Stott the plan is to hire a further 50 relationship managers by year-end. As well as focusing on business with wealthy individuals in Europe, the bank is looking into other higher-growth markets including Asia, Latin America, and the Middle East, where it has today no "significant" business. The bank plans to break even by the end of 2022 or in 2023.

Schroders

UK asset manager Schroders has **agreed to buy Sandaire**, a £2.2 billion London-based family office, to accelerate its wealth management push. Sandaire will be integrated into Cazenove Capital, a UK adviser to wealthy families and endowments which was acquired by Schroders in 2013 and is responsible for £35.6 billion of client assets. Alex Scott, the founder of Sandaire which currently looks after 20 wealthy family groups, will become Chairman of Schroders family office services. Sandaire was originally established over 20 years ago to manage the fortune of the Scott family following the sale of Provincial Insurance, a private-owned property and accident insurance business founded in 1903.



Standard Chartered has announced a **reorganisation of its business to concentrate on affluent customers** and link up its Asian network. Retail banking, private banking and wealth management are being merged into a consumer, private and business banking division effective 2021 and led by Judy Hsu, currently regional chief executive for ASEAN and South Asia.

The bank has begun to **cut private banking jobs in Dubai and London**, with 45 people made redundant to cut costs and improve returns. This follows a previous announcement that the bank would cut hundreds of jobs worldwide from its global total of 85,000 employees.

According to half year results, the bank's private banking profits were down 44% from the same period in 2019, with Africa and Middle East recording the highest regional drop. The global private bank had \$56 million in underlying profit before tax in the first half of the year, down from \$100 million in 2019.



London-based wealth manager **Tilney has announced the completion of its merger with Smith & Williamson**. Although the Group has been renamed Tilney Smith & Williamson there will be no immediate changes to its existing client-facing brands: Tilney, Smith & Williamson and Bestinvest. The combined wealth management and professional services group is responsible for over £47 billion of assets under management, generating approximately £530 million of revenue.



Union Bancaire Privée started an exclusive **cooperation in Asia with Quantcube Technology**, a Paris-based big data start-up. UBP launched a long-only, active, systematic stock-picking strategy powered by QuantCube's big data analytics in Singapore. The strategy is registered as a restricted scheme in Singapore and is available to clients of UBP Singapore that are accredited investors.

Overall, UBP profits decreased 8% to CHF 108 million at the second half of 2020, although operating result rose by 20% to CHF 131 million, smoothed by a London real estate disposal and a spending cut of 3% compared to last year. Fresh new money counted for CHF 3.7 billion, though total assets under management stood at CHF 137.2 billion francs in the second half of 2020, compared to CHF 140.3 billion at 2019-end.



Ralph Hamers, who previously ran ING for seven years, joined UBS in September as designated CEO to replace Sergio Ermotti in November. Hamers is a strong supporter of digitization for business as well as organizational purposes and is **expected to speed up UBS digitalisation process**. Despite this, the private bank will continue to emphasise on the "high personal touch" of private bankers, as Co-Presidents of Global Wealth Management Iqbal Khan and Tom Naratil recently described.

The bank is planning a **revamp of its wealth management unit** under a new project to reduce expenses and free some resources, which the company would offer as loans in higher-growth markets. Reports indicated that the bank would transfer large customer deposits from its Swiss entity into the bank's main UBS AG legal unit, to be able to lend \$20 billion - \$30 billion per year to wealthy clients outside Switzerland.

The global wealth management unit is making **a shift in advising private clients to invest in sustainable assets** over more traditional solutions. Iqbal Khan recently commented "we believe sustainable investments will prove to be one of the most exciting and durable opportunities for private clients in the years and decades ahead". UBS believes that a 100% sustainable portfolio can deliver similar or potentially higher returns compared to traditional portfolios and offer strong diversification for clients invested globally.

Axel Weber has reportedly created a **wish list of potential partners for a mega-merger**, including Deutsche Bank, Credit Suisse, and BNP Paribas. An initial possible progress towards a UBS - Credit Suisse mega-merger received backing from both UBS chairman Axel Weber and Credit Suisse chairman Urs Rohner but talks stagnated since the summer months. According to reports, Deutsche Bank is currently Weber's preferred choice.

Vontobel

Vontobel has **officially opened an advisory office in Milan**, focused on servicing high- and ultra-high-net worth clients, wealthy families, entrepreneurs, foundations, and family holding companies in Italy. Italy is one of the bank's key European growth markets, and with the move Vontobel can now reach local Italian clients. The office is led by Lorenzo Palleroni, most recently a Managing Director and Sector Head at Credit Suisse in Milan.

The bank has recently appointed fintech specialist Toby Triebel as Head of Digital Investing, a recently set up client unit, in a push to **expand the bank's range of digital solutions for investors internationally**. The unit is going live in October 2020, through which Vontobel will "delivers its global investment and product expertise directly or through partnerships and ecosystems to broader client groups, primarily using digital channels".



Liechtenstein's VP Bank has **acquired the private banking business of Öhman Bank in Luxembourg** from Swedish financial group Öhman. Through the deal, VP Bank is buying €760 million in client assets as well as an advisory team of 11 individuals. Most client assets are from Scandinavian entrepreneurs and investors. Clients will continue to be served from Luxembourg. The acquisition is in line with VP Bank's expansion in the Nordic region and follows the acquisitions of the Luxembourg investment funds business of Sweden's Carnegie group, and that of the Luxembourg private banking business of Swedish Catella Bank. The transaction is expected to complete by year-end and financial terms have not been disclosed.

KEY MOVEMENTS

Key appointments for the period Q3 2020



- ALVARIUM** ○ **EMEA**
Nicholas Lofberg, Pictet, UK Co-Head Nordics, London, has joined as Partner in London
Tomas Gorgulho, Pictet, Head of Investment Specialists UK, London, has joined as Partner in London
- ARBUTHNOT LATHAM** ○ **EMEA**
Lydia Brook, LGT Vestra Private Office, London, has joined as Investment Manager in London
- ATLANTIS MARCUARD** ○ **EMEA**
Pedro Pereira da Silva, Banque Havilland, Executive Director, Senior Private Banker, London, has joined as Managing Director in Zurich
- AZURA** ○ **EMEA**
Mark Diab, former CEO of Man Investments Middle East, has joined as Partner, Proprietary Investments, London
APAC
Trevor Lau, UBS, Managing Director, Singapore, has joined as Chief Executive Officer in Singapore
- BANK OF ASIA** ○ **GLOBAL**
Lisa Lou, State Street, Senior Managing Director, China President & Beijing Branch Manager, has joined as President, based in Tortola (British Virgin Islands)
- BARCLAYS PRIVATE BANK** ○ **EMEA**
Jean-Christophe Gerard, Chief Executive of Barclays Monaco and Head of Private Banking Europe, has been appointed Chief Executive Officer of Barclays Private Bank, based in London
- BNP PARIBAS WEALTH MANAGEMENT** ○ **EMEA**
George Falkner, Head of Multi Family Offices and EAMs Switzerland, Zurich, has left to join Bellevue Zurich Advisory
- BNY MELLON** ○ **GLOBAL**
Hanneke Smits, Newton Investment Management, Chief Executive Officer, London, has been appointed Chief Executive Officer of BNY Mellon Investment Management, replacing **Mitchell Harris** who is retiring
Catherine Keating will continue in her role as Chief Executive Officer of BNY Mellon Wealth Management, based in New York
AMERICAS
Greg Teegen, JP Morgan Private Bank, Executive Director, Chicago (IL), has joined as Senior Client Strategist in Chicago
- BELLECAPITAL** ○ **EMEA**
Corin George, Deutsche Bank Wealth Management, Director, London, has joined as Managing Partner in London
Paola Matulli, Barclays Private Bank, Director, Key Clients & Family Offices, London, has joined as Executive Director in London
- 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 **Giovanni Donati**.

About the Author



Giovanni Donati

PRINCIPAL
WEALTH MANAGEMENT & PRIVATE BANKING

+44 (0) 77 5947 6011 • giovanni.donati@boyden.com • LinkedIn

Giovanni specialises in executive search in the financial services sector. During his career, he has 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. His expertise also extends to corporate finance, asset management and alternative investments. Prior to executive search, Giovanni worked with a capital-raising and consulting business with exposure to business angels, family offices, investment funds, venture capital and private equity firms.

Wealth Management & Private Banking Practice

Our [Wealth Management & Private Banking practice](#) is part of Boyden's [Financial Services business](#) and covers a client base that includes Swiss, European, US and Asian Private Banking entities. The clients include Private Banks as well as Multi Family Offices. We build, develop and maintain **long lasting and strong partnerships** with clients in order to grow and build their businesses and deliver a tailor-made search process to meet their needs and requirements.

The practice works closely with clients and candidates across geographies, leveraging on our network of 65 offices across the globe. With a global footprint and local knowledge the practice is renowned for its successful track record in delivering to our client base and executing complex **cross-border mandates** through globally shared and highly confidential real time data.

With a **strong and dedicated research team** that works closely with our consultants, we are able to keep wealth management & private banking talent mapped at any point in time, making sure our intelligence is always up to date and allowing assignments to be executed timely and successfully. Our in-house research is of the highest quality and is comprehensive and extensive. With a strong competitive analysis, we assist our clients in determining the best strategy for expanding their presence across all regions.

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.

5th Floor
10 Philpot Lane
London, EC3M 8AA

T: +44 20 3651 6993
ukinfo@boyden.com
www.boyden.uk.com



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