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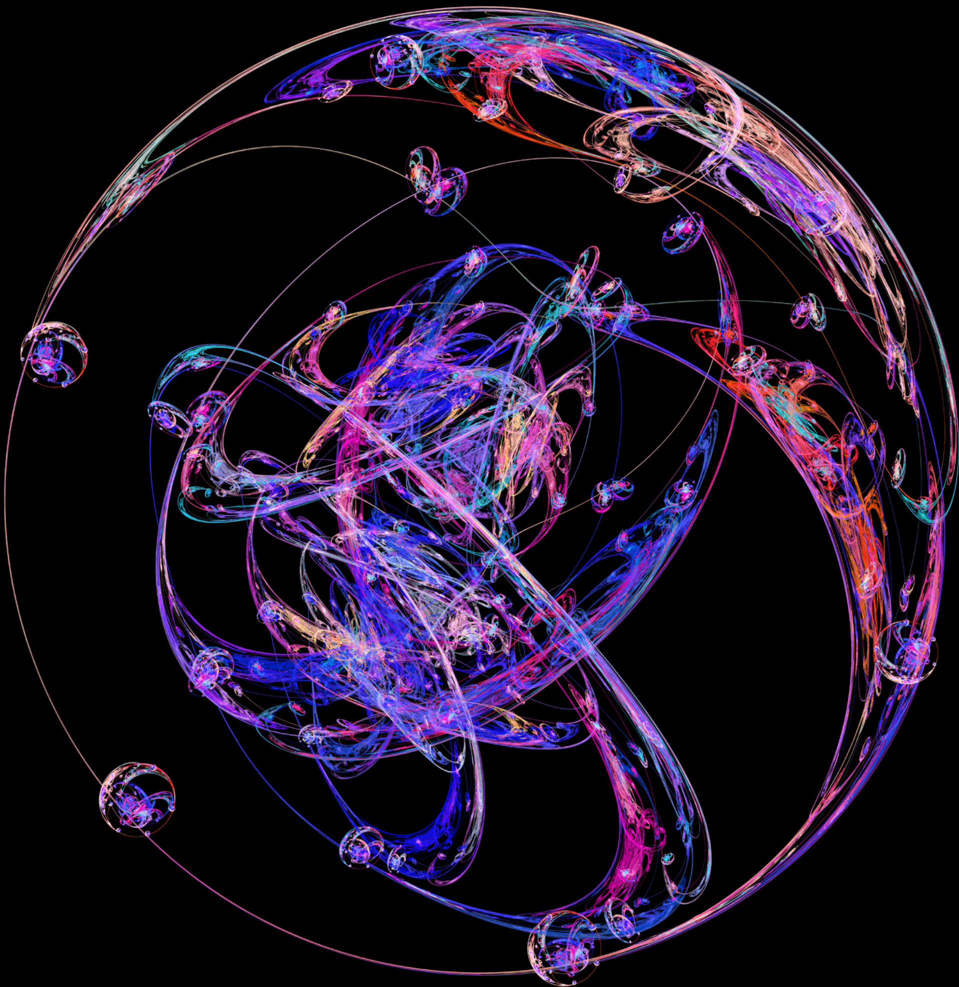


Market Overview Q4 2019

Wealth Management & Private Banking

Contents

Market Update

Key trends and market news in the Wealth Management industry globally

Global Distribution of Wealth

- According to Credit Suisse's latest Global Wealth Report (2019), "global wealth grew during the past year by 2.6% to US$360 trillion and wealth per adult reached a new record high of US$ 70,850, 1.2% above the level of mid-2018. US, China and Europe contributed the most towards global wealth growth with US$3.8 trillion, US$1.9 trillion and US$1.1 trillion respectively".

- Switzerland is the country with the highest average wealth per adult (US$ 564,650), followed by Hong Kong (US$ 489,260), the United States (US$ 432,370) and Australia (US$ 386,060). To complete the top ten list; they are followed by New Zealand, Singapore, Canada, Denmark, the United Kingdom and the Netherlands with wealth per adult between US$ 279,000 and US$ 304,000. Wealth differences between adults globally are highlighted in **Table 1** and **Table 2**; full report can be viewed at credit-suisse.com.

Table 1: The global wealth pyramid 2019

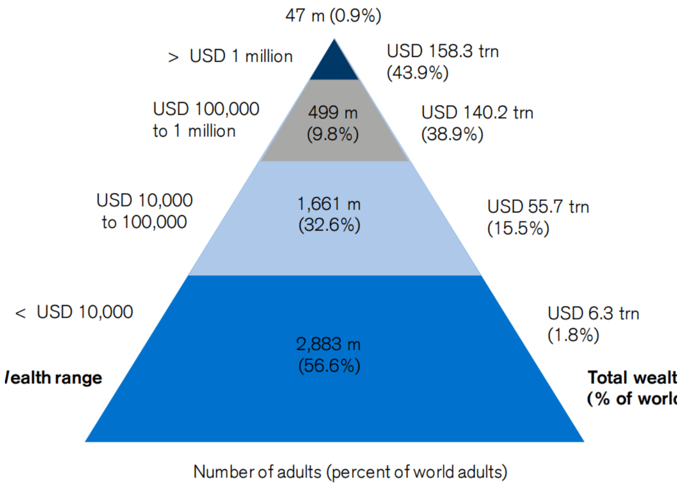
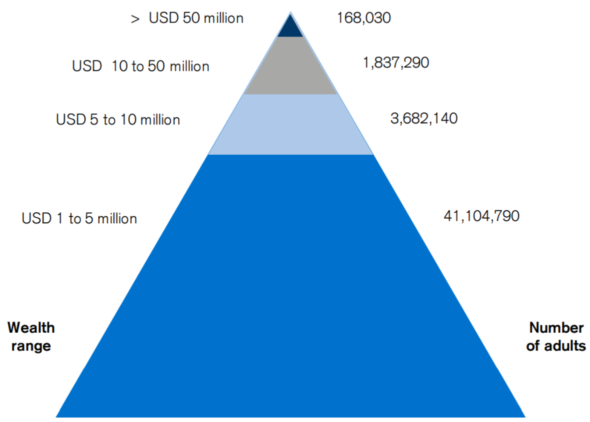


Table 2: The top of the pyramid 2019



Source: Credit Suisse, Global Wealth Report (2019)

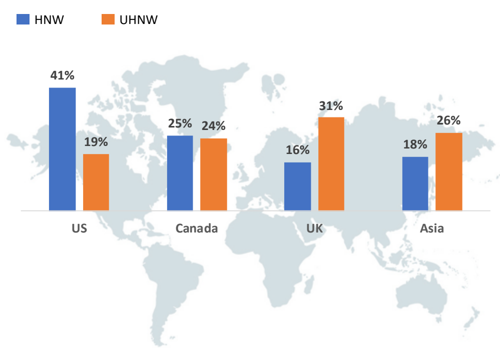
Millennials Transforming Wealth Management

- Young and wealthy millennials (born between the early 1980s and the early 2000s) are getting ready to take over the market in a wealth transfer from the previous generation of baby boomers. Although the baby boomers are still inheriting wealth from the greatest generation, the wealth shift from the baby boomers to the millennials has now started and will continue for the next 30 – 40 years, dubbed the "greater wealth transfer". Consulting firm Cerulli Associates estimates the wealth transfer over the next few decades to be worth US$68 trillion.
- Millennials are widely expected to change the wealth management industry, as they are often more comfortable with digital technology than human wealth managers, preferring to handle their financial transactions and take decisions by themselves with digital solutions. They manage money through apps, rarely visit a wealth manager or make phone calls; but personal relationships and trust still matter immensely to this group. They expect transactions to be executed quickly, and they may easily drop a wealth manager for another if fast and innovative digital capabilities are not provided, or if onboarding is not fast and seamless. A recent survey by MyPrivateBanking reported that 73% of millennial HNWIs stated that they are unimpressed with their wealth manager's digital app.
- According to recently published The Millennial Impact Report, this generation is shaping up to be the most charitable generation in history. They give more than twice than their predecessors to philanthropic causes, despite the many challenges that are affecting them. They do not only dedicate money, but give time and talent driven by a desire to ease the suffering of their fellow man.

Rise in Wealthy Female Individuals

- In just a few decades, the number of women who have careers, head corporations, run their own household, and invest is increased, becoming a strong financial force. Wealth managers need to treat women as a key client category in their organisations, but they must do it right.
- According to data by RBC Wealth Management, women are currently holding approximately 30% - 32% of global wealth controlled by individuals or families, up from 28% ten years ago; of which 44% of females have grown their wealth independently as entrepreneurs. The trend is forecasted to continue, as millennial women are entering the highest circles of asset ownership faster than women born earlier: 22% of baby boomer women (born between 1946 and 1964) have $5 million or more in assets, while millennials come in at 32%. The distribution of adult female wealth per region is reported in **Table 3**.

Table 3: Distribution of adult female wealth by region



Source: RBC Wealth Management (2018)

- Despite this encouraging data, a study by Ernst & Young (2017) found that 73% of female wealth management clients in the UK felt their private bankers misunderstood their goals and could not empathize with their lifestyle; this number was 86% in Hong Kong, and 44% in the U.S. This is because, although large global players have improved their workforce gender balance in recent years, the industry is still largely male dominated.
- A large percentage of new wealth management clients is, and will increasingly be, female; yet many institutions are unprepared for them. Firms need to prioritise diversity in their businesses, starting at the C-Suite or top level of management, to be able to attract female talent. A lack of women in these positions damages the perception for those starting their careers. Current surveys have shown that 72.5% of British HNW women think men and women have different investment attitudes and, in most cases, they do not trust male wealth managers with their money.

Switzerland Introducing Stricter Requirements for Trusts and New Reporting Rules

- Switzerland is introducing new rules to regulate the trust sector, marking a new beginning for trustees active in Switzerland as prudentially regulated financial institutions. Then new regulations are being introduced in January 2020. Some of the requirements to become members of the senior management of trusts have been amended, including education and professional experience requirements. It has also been recognised that trustees do not provide financial services and, as a general rule, do not act upon the instructions of clients.
- These new rules are predicted to introduce additional compliance costs for trustees which could in turn lead to industry consolidation, as firms will merge to optimize operational and back office costs. New supervisory organisations will be set up by FINMA, the Swiss Financial Market Supervisory Authority, to

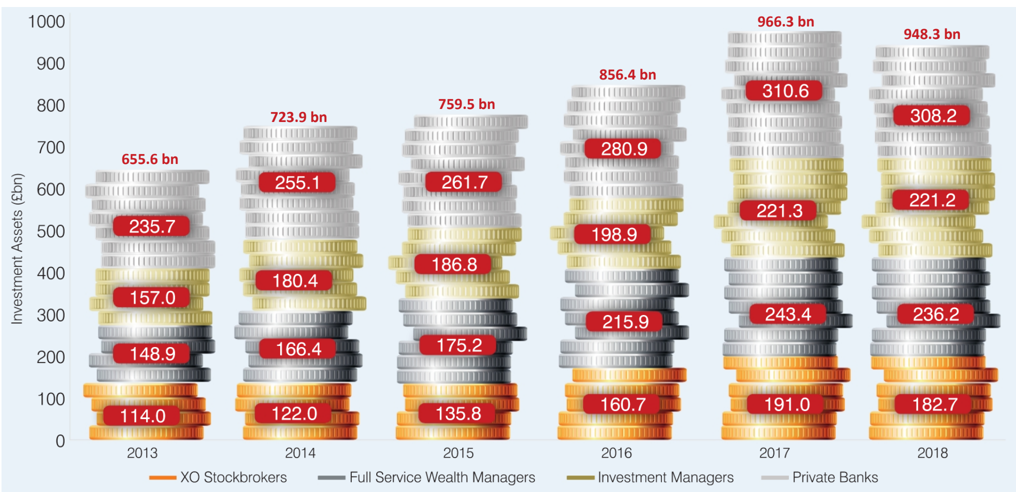
oversee the activities carried out by licensed trustees and portfolio managers. Swiss trustees and foreign trustees with a presence in Switzerland will have a three-year transition period to comply with the new requirements.

- The Alpine nation is also planning to introduce stricter reporting requirements with regards to the automatic exchange of financial information; foreign investors in Swiss property will come under more scrutiny as the reporting exception for apartment owners' associations is planning to be removed, and companies will have to retain documents that could be useful for AEOI purposes. The exception for the bank accounts of non-profits will be maintained due to the strong public opposition during the consultation process.

Impact of Brexit on UK and European Wealth Managers

- Despite the challenges and uncertainty that upcoming Brexit presents to wealth management companies with regards to investment management, distribution, and talent management; the industry has overall continued to prosper throughout the year. According to research firm ComPeer, UK wealth industry assets climbed to £1.02 trillion at mid-2019, marking the first time the industry tops the £1 trillion mark, with total industry revenues standing at £1.8 billion. This represents an increase from £948 billion of total industry assets recorded at the end of 2018 **(Table 4)**. The increase does not necessarily reflect the prosperity of the firms though; although assets and revenues are rising, costs have also consistently risen, making it difficult for banks and wealth managers to achieve economies of scale.
- According to the recent Brexit & Beyond study by PwC (2019), wealth managers have continued to prepare for Brexit during 2019. They were originally planning for a March 2019 exit, now set for January 2020. The report found that most wealth managers have prepared for a no-deal Brexit and, although there is still uncertainty about the future marketing of UK funds to EU investors, they expect to be able to rely on certain key arrangements made by Europe's supervisory authorities, including portfolio management delegation and temporary permissions regimes (TPRs).
    - UK-based firms will most likely continue to operate in the EU after Brexit through third-party management companies (ManCos) or their own ManCos, many of which are now set up.
    - EU-based companies are expected to widely use the TPRs to continue operating in the UK, as more than 500 TPR registrations have already been received by the Financial Conduct Authority (FCA).
- Although there is general confidence that London will maintain its status as a top destination for global wealthy individuals, an increased interest in shifting assets towards other jurisdictions has been recorded. Switzerland, Luxembourg and Jersey have emerged among those. According to research by the Bank for International Settlements (BIS), Britons held US$19 billion in Switzerland at the end of the first quarter of 2019, and recent reports by Reuters confirmed of numerous Swiss institutions seeing money inflows from UK citizens increasing significantly. Luxembourg holds about US$14 billion of UK wealth, a number that has been increasing for the past three years, while Jersey has seen a third more UK HNW individuals (130+ in 2019) enquiring about Jersey's 21E status to obtain residency rights and special tax status.
- Numerous research outlets forecast the UK real estate sector to rebound in 2020. After four years of falling prices, the prime London housing market has showed some sign of stabilising. Although it was still flat in the final quarter of 2019, real estate agents have reported a bump in sales after the Conservative party's victory in December.

Table 4: UK wealth industry assets, 2013-2018



Source: Compeer, Wealth Management: The Yearly Review (2019)

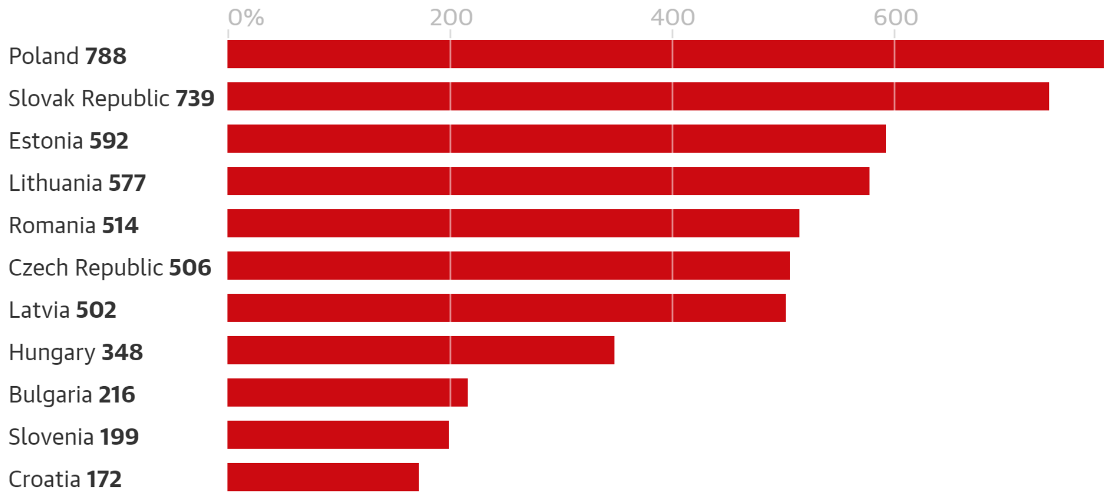
Golden Age for Eastern Europe

- Thirty years after the end of Communism, statistics and data show that the transition to capitalism has been a remarkable success for Eastern European countries which are now wealthier than ever before. Countries in the region have experienced one of the fastest economic growth globally; with people living longer and on average twice as wealthy. Statistics show that since 1990, the Polish and Slovak economies have grown more than sevenfold, and those of Estonia, Latvia, Lithuania, Romania and the Czech Republic more than fivefold **(Table 5).**
- Eastern Europe is becoming a prime investment location. Foreign investors have clearly realised that it is in Poland, the Czech Republic or Hungary where the return on investment of commercial real estate is substantial. With annual growth rates between 3% and 4%, the major countries in CEE outperform the Western European ones, offering much more attractive yields to investors.
- Mr Simon Mallinson, executive managing director of London-based real estate firm Capital Analytics, states that "when we think about investing in office space, the momentum is clearly with eastern European markets" and particularly for Poland "the domestic market is significant, liquidity is better than in other places and office space is generating good income".
- International investments have been coming into Eastern Europe for a while. Mainly from Western Europe, but increasingly from Asia as well. According to the CEE Investment Report (2019) jointly created by developer Skanska, real estate consultant Colliers International and law firm Dentons, close to €7.7 billion of Asian capital has been invested in Eastern Europe since 2013. Germany itself has invested over €8 billion during this time. South Korea is also very active in the region.

Wealthy Russians Demanding Amendments to Tax Breaks

- Rich Russian oligarchs and business owners have been pushing the government to move towards a more European style tax system, softening the current tax regime to make it easier and less expensive for them to take cash out of their companies. The country's top business association, the Russian Union of Industrialists and Entrepreneurs (RSPP), has argued that the current strict tax system on conglomerates is holding back foreign capital from coming into the country. The RSPP has reportedly been discussing proposals with the Economy Ministry during the last two quarters of 2019.
- Among some of the requests, they are asking for an amendment in the regulations to reduce the length of time a business owner is required to own shares in a company before they can sell (currently five years), as well as lowering the ownership threshold at which tax-exempt dividend payments apply (currently 50%). The tax regime on holding companies is stricter in Russia than in the rest of Europe, driving some of Russia's larger firms to register holding companies in foreign countries. Proposals presented by the RSPP included the reduction of the length of time a business owner is required to own shares in a company before they can sell to twelve months and reduce the ownership threshold for tax-exempt dividends to 25%. The Russian government is yet to show support.

Table 5: Percentage growth in GDP, 1990-2018



Source: Guardian Graphic & World Bank (2019)

Middle Eastern Wealthy Population Growing Strong

- Decades of guaranteed oil income have hardened since crude's collapse in 2014, forcing many of the region's millionaires to think more about wealth preservation. Due to the ever-changing political dynamics in the region, an increasing number of Middle Eastern clients feel safer abroad. The richest individuals and families move to the US and the UK (as they've always done) while citizenship requests in the Caribbean and other European countries are in hot demand among the HNW clients too, as citizenships are now cheaper than ever before.
- Despite this trend, the Middle East has still been minting many more millionaires than other regions, recording the strongest growth in ultra-wealthy population in 2018, up 6.8% to 9,710 individuals. Saudi Arabia and the United Arab Emirates, the two largest UHNW countries in the region, posted strong gains. A new generation of entrepreneurs is driving the growth and more wealth is being held by women in the region than ever before (as much as 35-40% of wealth in the region is estimated to be held by females).
- Banks and wealth managers need to keep up with these changes to continue servicing the UHNW & HNW Middle Eastern population and attract new clients. A recent EY global study found that 23% of wealth management clients in the Middle East are planning to move assets to a new bank or wealth manager in the next three years, with 50% of clients having already moved their assets in the past three years. EY found the main drivers behind this shift to be quality and reputation, products, advisory capabilities, personal attention, pricing, and technology capabilities.

Singapore Pushing Green Finance

- The Monetary Authority of Singapore (MAS) has announced in November that it will invest US$2 billion (S$2.7 billion) into public market investment strategies with a strong green focus, through their Green Investment Program (GIP). This is part of several new initiatives to make Singapore a leading centre for green finance. According to MAS Board Member Ong Ye Kung "MAS will place funds with asset managers who are committed to drive regional green efforts out of Singapore and contribute to MAS' other green finance initiatives including developing green markets and managing environmental risks".
- Out of the US$2 billion, US$100 million will be allocated to the Bank for International Settlement's Green Bond Fund to catalyse further deepening of the growing green bond market, in a bid to make green lending a mainstream activity in Singapore. MAS will select firms that "demonstrate their capabilities in incorporating environmental considerations into their investment process and actively directing capital towards investments that have a better green profile". This effort comes in a bid to mitigate climate change risks in Singapore and the region. According to a 2016 study by the London School of Economics and Political Science, natural disasters over the last 30 years have cost the world an annual average of US$140 billion, and a further US$1.7 trillion of global financial assets (2 per cent of today's global GDP) are at risk as temperatures keep rising.

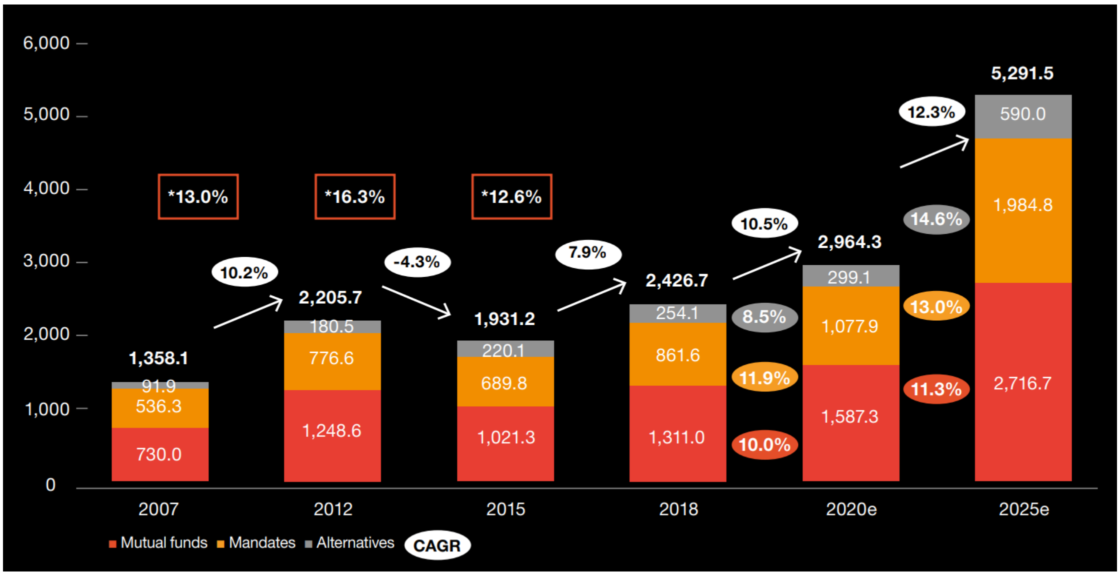
US Wirehouse Advisers Breaking Away to RIAs

- The US trend of advisers breaking away from the wirehouse firms to set up their own RIAs (Registered Investment Advisors) has continued strong in 2019. In June, the biggest walk out of all time was recorded, with a team of 50 wealth management professionals in the US leaving their bank and following the top five advisers in the team, walking out with close to US$17 billion in assets from First Republic Bank, a firm with US$140 billion of assets under management. Although launching an RIA is a complicated and time-consuming process, requiring more effort than senior bankers usually have, wirehouse advisers often realise that it's worth the initial pain as they can make more money on their own.
- Of the four regions of the US, the Northeast and West have the most RIA assets. The Northeast has US$425 billion and the West US$405 billion; while the South has US$327 billion and the Midwest US$304 billion (Investment News, 2019). Wall Street in New York and the Silicon Valley in California have the most advisers per state, with 2,449 adviser locations in New York and 1,585 in California, tapping old money and new money respectively (Fidelity Investments, 2018).

Latin America AuM More Than Doubling by 2025

- According to Credit Suisse's Global Wealth Report (2019), Latin America added US$463 billion in wealth between 2018 and 2019, with Brazil continuing to drive the region's wealth creation. Despite political turmoil in some Latin American nations such as Venezuela and Chile, region household wealth grew to US$9.9 trillion. According to PwC and Sura Investment Management (2019) this number is forecasted to grow at a compound annual rate of 11.8 per cent in the five years until 2025, more than doubling the region's AuM to US$5.3 trillion **(Table 6)**.
- A number of private banks and wealth managers have stepped up operations in the region in recent years, as well hiring for their offshore teams covering UHNW and HNW clients in the region. "The asset and wealth management industry in Latin America is a long-term growth story and players who are able to successfully position themselves in this market now will reap the benefits for a long time to come," Pablo Sprenger, CEO Sura Investment Management.

Table 6: Evolution of AuM in Latin America (US$ billion)



*Note: percentage values within red squares respond to the CAGR for each respective period when fixing the constant US$ exchange rate at 2007.opportunities (2019)

Source: PwC & Sura Investment Management, Asset & Wealth Management Revolution, Latin America's flourishing opportunities (2019)

Banks & Wealth Managers News

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

Geneva-based **family office Amadeus and wealth manager Nucleo Capital have merged operations** into a new firm called Amadeus Capital, offering asset & wealth management and family office services. The firm describes itself as a 'family finlab', aiming to offer solutions based on technology. Tim Brockmann, who led Amadeus, and Laurent Timonier, who was the president of Nucleo Capital, will be co-head of the new entity. Amadeus Capital manages an AuM of CHF 2 billion (CHF 1.2 billion invested in listed assets and CHF 800 million in private assets), with a team of 17 professionals.

Spanish Banca March and Syz Asset Management (the asset management arm of Swiss bank Banque Syz) have joined forces to **launch an alternative assets-focused fund of funds strategy.** The new investment vehicle, called **BM Alternativos,** will invest in Ucits funds following a broad range of investment strategies such as equity hedge, event driven, global macro, and relative value. Banca March's views on equity markets will determine the fund's assets allocation to equity hedge strategies, while Syz Asset Management's market outlooks will be taken into account when building the fund's portfolio.

Paris-headquartered Amundi, Europe's largest asset manager by AuM, is **setting up an asset management joint venture with Bank of China Wealth Management,** a subsidiary of Bank of China, demonstrating a further opening of China's financial industry to the international markets. The JV is set to launch mid-2020 and will leverage Amundi's global investment management capabilities alongside Bank of China Wealth Management's distribution and servicing capabilities to both institutional and individual clients.

Bank of Singapore continued to grow strength to strength through 2019 and **pursued its European expansion** which led to the growth of the new hubs in Luxembourg and London, while continuing to grow its strong and established teams in Asia and Dubai.

The bank is **attracting the ultra-wealthy and family office clients,** with the recent appointment of Hani Al Nabulsi as Head of Global Investors & Family Offices. Based in Dubai; Hani is a highly respected and a well-connected banker and manager in the Middle East & GCC regions and has worked in the US too. With his experience, the bank is **building a robust business in the Middle East** to attract clients from the GCC and other Arab countries.

BNP PARIBAS

BNP Paribas is **considering cutting 250 employees in Switzerland,** which equals to 18% of its 1,400 staff. As seen in an email statement from the bank "the plan is part of a wider transformation currently underway at group level and would allow BNP Paribas Suisse to increase its efficiency, in particular by better leveraging the synergies". Both front office and back office roles will be affected during 2020 and 2021, mainly in Geneva.

The bank is launching a **dedicated private banking and wealth management operation in Italy,** based in Milan, through the bank's Italian subsidiary BNL – BNP Paribas, and it plans to hire 200 professionals over the next three years, including investment experts and private bankers. The new unit will be headed by UniCredit veteran Elena Giotini. It is reportedly not interested in onshore acquisitions at this stage but will grow organically.

BREWIN DOLPHIN

Brewin Dolphin has **completed the acquisition of the Irish wealth management unit of Investec** for a net consideration of €44 million. Investec Irish wealth business, headquartered in Dublin, controlled €2.9 billion in assets which have been combined with Brewin's existing Irish business, making it rise in the top three wealth managers in Ireland with a total of €4.8 billion in AuM.

BM
BROOKS MACDONALD

Brooks Macdonald (BM) has entered into a binding agreement to **acquire 100% of the issued share capital of Edinburgh based wealth manager Cornelian Asset Managers,** while also sealing a £30 million share placing to fund the deal. Brooks Macdonald will pay an initial £31 million for the company – £22 million in cash and £9 million in BM shares – with a further £8 million cash if Cornelian meets certain retention and growth targets as well as expected cost synergies. This is part of the firm's strategy to continue with relevant acquisitions while growing organically. Completion is expected in the first quarter of 2020 subject to regulatory approval. Cornelian has around £1.4 billion in funds under management (discretionary) with revenues of £10.3 million in the year to 30 September 2019.

CARRET PRIVATE INVESTMENTS | LUMEN CAPITAL INVESTORS

Hong Kong-based multi-family office Carret Private Investments, born from New York-based asset manager Carret founded in 1963, has merged with Singapore-based MFO Lumen Capital Investors (LCI), creating a US$2 billion AuM venture. The **cooperation includes portfolio management, research, business development, and operational optimization.** Both LCI founding partner, Wilfried Kofmehl, and Carret Private chief, Kenneth Ho, are ex-Julius Baer bankers in Asia. For the time being, both firms will continue to operate in their respective markets under their existing name brands.

clarus capital

Zurich-based wealth manager Clarus Capital has been **granted a license to open a representative office in Kazakhstan,** its first office outside of Switzerland. Kazakhstan is the main international market for the wealth manager. The office is headed by Yergali Kalibekov who has recently joined from National Bank of Kazakhstan and will facilitate relationships with existing key clients in the country, as well as develop new business relationships.

CREDIT SUISSE

Philipp Wehle, Credit Suisse's recently appointed CEO for international wealth management (IWM), is driving the **creation of a new subdivision to cater clients with assets of around US$20 million** that he thinks could be the most lucrative segment to the bank. These clients aren't in fact rich enough to need the bespoke services demanded by the UHNW clients and the bank can make larger use of technology to serve them, cutting costs and increasing margins. It's the lowest of three classes in the bank's IWM business. Ultra and entrepreneurial high-net-worth clients are next, and strategic clients (mostly billionaires) are at the top.

Due to negative interest rates, Credit Suisse has joined a number of competitors like UBS and Julius Baer in **charging clients for fiat cash deposits in Switzerland,** starting January 1st 2020 for individuals. Clients with balances of over CHF 2 million (US$2.02 million) are charged at a rate of -0.75%, and those with balances of more than CHF 10 million will pay a higher rate of -0.85%.

The bank has taken a more **conservative approach to Brexit** with regards to its business with European HNW & UHNW international clients in London. While the teams covering international (non-European) clients such as Middle Eastern, Southeast Asian, Indian, African and Latin American clients are not affected; the bank's relationships with clients from mainland Europe (Italian, French, Spanish, Portuguese and Benelux origin clients) previously managed in London are now being moved to Zurich or onshore in those countries.

Credit Suisse Group is **considering a return to the US,** four years after it closed its domestic US private bank partly due to a US$2.6 billion fine for helping US clients evade taxes and transferring its US brokerage business to Wells Fargo & Co. Reports have been citing the bank's intention to add US$15 billion of AuM at a new base in Miami, to mostly service Latin American HNW & UHNW clients, although talks are at early stage and no final decision has been taken.

Credit Suisse Asset Management is **integrating environmental, social and corporate governance factors (ESG) into its investment process.** About 30 actively managed investment funds with more than CHF 20 billion of assets have already been repositioned to fulfil the ESG criteria defined by the Credit Suisse Sustainable Investing Framework that will complement the broad offering of sustainable and impact investment options on Credit Suisse's private wealth platforms. The target is to expand the ESG offerings with an estimated total of over CHF 100 billion of AuM by the end of 2020.

The bank has **teamed up with Lombard Odier to launch a new thematic fund** available to both institutional and retail investors called "Credit Suisse Responsible Consumer". The fund invests into companies reacting to the shift towards sustainability in consumer behavior across the sustainable food, urban systems, supply chains and sustainable lifestyles industries. Lombard Odier will be the advisor to the fund.

Deutsche Bank

Deutsche Bank continued to push its wealth management expansion throughout 2019, with a transformation strategy to cut back on investment banking and add about 300 client-facing wealth management professionals over the next two years, **focused on bankers dedicated to entrepreneurial families in Europe, as well as the US and emerging markets** such as Middle East and Turkey. The bank reaffirmed its commitment to delivering the transformation strategy within existing capital resources, maintaining a Common Equity Tier 1 (CET 1) ratio of at least 12.5% throughout this process. The wealth unit aims to boost revenues by 6% year-on-year.

DOLFIN
REIMAGINE FINANCE

Wealth management firm Dolfin Financial has announced the **launch of a Private Investment Club** to provide exclusive and pre-screened investment opportunities to the firm's clients across the UK, Europe, Africa and the Far East. Deals can be accessed through a customised online portal showing Dolfin's own deal analysis, and it allows clients to meet directly with the management of potential investee companies. Investment opportunities can be advised or non-advised and span equity, mezzanine and debt markets opportunities.

EFG

EFG International has received **approvals from the Dubai Financial Services Authority to open an advisory office in Dubai,** executing on its growth strategy to expand its footprint in the Middle East with a local office. Dubai is headed by Sascha Pietrek who joined from Deutsche Bank and will be reporting to Adrian Kyriazi, Head of Continental Europe and the Middle East. The bank has already recruited 22 employees for the office, and it expects the office to grow to 30 by the end of 2020. The target is to reach CHF 3.0 billion in AuM by 2022.

EFG recorded a slow asset growth despite a push in hiring and increase in number of relationship managers, with net new money growth of 1.7% in the first nine months of 2019 to CHF 150.7 billion.

Eighteen48
PARTNERS

Ex-Stanhope Capital members Julien Sevaux and Tarek AbuZayyad have **founded a new private investment office** called Eighteen48 Partners (Eighteen48). The firm addresses the needs of professional investors, sophisticated families and institutions; with investments made across all asset classes, including via third party funds and direct investments. Eighteen48 has secured more than US$600 million in AuM from its founders and a group of prominent strategic investors, many of whom are shareholders, clients and advisors of the firm. They manage their own capital alongside that of their clients and co-invest with them, which is one of the reasons why, according to Julien Sevaux, they have been able to build a high degree of trust.

Fideuram, Intesa Sanpaolo's private banking network, is **launching the fourth generation of the Fideuram Alternative Investments (FAI) platform** in partnership with alternative asset manager Tikehau Capital. The fund will offer European private markets investment solutions to private clients of Fideraum, offering a bespoke multi-asset solution by investing across private debt, private equity, real estate, and special opportunities; and it has announced a fundraising of over €400 million. Over 3,000 clients of Fideuram have already subscribed.

Goldman Sachs is launching **digital wealth management services for investments as low as US$ 5,000** with a new robo adviser. The effort is led by Joe Duran, founder of United Capital, a wealth management firm bought by Goldman Sachs for US$750 million last May. It complements the launch of Marcus in 2017, a retail platform that offers savings accounts and personal loans with no minimum initial deposit or ongoing minimum balance requirement. The bank has also invested in Nutmeg, the British digital wealth adviser, which is set to launch a tax-free investment account under its Marcus brand in the UK next year.

Goldman Sachs said it will **provide US$750 billion in financing, advisory services and investments towards projects that fight climate change or help financially disadvantaged people,** as well as those that foster economic opportunities for under-served people over the next decade. The figure is a mix of loans, underwriting, advisory services and investments related to projects Goldman expects to be involved with by 2030. The bank also updated its internal environmental policy and it will no longer provide financing to any new projects that will drill for oil in the Arctic or that create new thermal coal plants or new thermal coal mines.

Edinburgh-based private bank Hampden & Co **is acquiring a loan book from London-headquartered wealth manager Smith & Williamson,** which recently announced a strategic move to relinquish its banking licence ahead of a £625 million merger with financial planner Tilney. The loan book is secured against Smith & Williamson's client investment portfolios and is worth approximately £35 million.

Caroline Fiala, Director at Swiss wealth manager Swisspartners, and Shanu Hinduja, Chair of Geneva-based Hinduja Bank are **establishing a tie-up between their firms**. Both Caroline and Shanu are two prominent female bankers looking to take over the businesses from their respective fathers and are both calling for actions for diversity and equality in finance. They have announced a closely cooperation between the two firms: Hinduja has a banking license, while Swisspartners possesses extensive expertise in wealth planning.

HSBC Private Bank aims to **increase its Asian business,** especially its onshore presence in China, which it sees as the country with the most growth potential. The bank has offices Shanghai, Beijing and Guangzhou and is looking to grow the onshore presence in the coming years.

HSBC's assets managed by the private bank rose 9.4% in the first nine months of 2019 to US$338 billion (£263 billion), while revenue rose 4.6% versus the same period a year earlier to US$1.4 billion. The unit is the smallest contributor to group revenue at 3% and Asia is the single largest market, accounting for 42% of the total private banking AuM.

HSBC Switzerland has been **fined for US$192 million by the US** for helping US customers hide more than US$1 billion in assets from tax authorities between 2000 and 2010.

ING is restructuring its private banking unit and it has been reported that the bank plans to **cut 60 out of 600 jobs across private banking** in a bid to boost efficiency by centralising and automating administrative work. The bank commented that all 16 private banking branches will remain open.

Anglo-South African financial services group Investec is restructuring its business and expects to raise approximately £189 million from the **sale of around 10% of its asset management arm, which is being spun off and being renamed Ninety One,** taking the name from the year it was founded. Investec will hold a 37.7% stake in Ninety One when it lists on the London and Johannesburg stock markets. The split is planned to take place on March 13.

The firm sees the UK financial planning market as one area that can drive the most growth "by extending Investec Wealth & Investment's proposition through the expansion of its UK financial planning capabilities" and it intends to replicate this push in its home market of South Africa. Investec manages over £119 billion in assets.

J.P.Morgan

J.P. Morgan Private Bank has **launched a trust company in Singapore,** named J.P. Morgan Trust Company (Singapore), to be able to better support its Asian and Middle Eastern clients and families in managing their wealth and planning for succession. The new company is led by Ethan Chue who joined from Rothschild Trust Singapore in the middle of 2018 and includes four trust officers and a dedicated trust compliance officer. The team will be based in Singapore and supported by private bank functions in Asia, the US and Europe, as well as trust company experts in the Bahamas. Ethan Chue reports to Martin Pollock, Head of International Trusts & Estates.

JPMorgan Chase & Co has **reorganised its US wealth management unit** and has merged some of its wealth operations into a new unit focused on advising HNW clients with up to US$10 million in net worth, led by Kristin Lemkau, formerly Chief Marketing Officer of JPMorgan Chase. Kristin will become the new CEO of the US wealth management business, reporting to Gordon Smith, Head of the consumer bank. The Chase Wealth Management and J.P. Morgan Securities operations will become one unique unit with US$400 billion in assets, which will also include digital wealth management and the You Invest team, in a bid to increase the market share of US HNW individuals, currently standing at only 1%.

J. SAFRA SARASIN
Sustainable Private Banking since 1841

J. Safra Sarsin continued to successfully **boost its London headcount of bankers** and increase private banking assets managed in the UK. The firm has made successful senior hires in the past 12 months, including senior and experienced bankers covering Greater China, Southeast Asia, Western and Southern Europe among others.

With the recent hire of former Credit Suisse senior banker and manager André Guimarães in London, J. Safra Sarasin has reiterated its intention to **build a strong team covering Western European and Brazilian UHNW & HNW individuals.** Under the guidance and expertise of André, the bank is also planning to launch a new dedicated effort to target wealthy finance professionals.

Julius Bär

Julius Baer is **blending together investment and wealth management solutions across discretionary and advisory services,** with the appointment of Nicolas de Skowronski, former Head of Advisory Solutions, as Head of Wealth Management Solutions. He will continue to be a Member of the Executive Board. The **executive boards of Julius Baer Group and Bank Julius Baer will now be aligned,** with the same members serving on both boards and reducing the headcount from 15 to 9 members. These are: Philipp Rickenbacher, CEO; Yves Robert-Charrue, Head Switzerland & EMEA; Jimmy Lee Kong Eng, Head APAC; Beatriz Sanchez, Head Americas; Nic Dreckmann, COO & Head of Intermediaries; Nicolas de Skowronski, Head of Wealth Management Solution of Investment & Wealth Management Solutions; Yves Bonzon, CIO of Investment & Wealth Management Solutions, Dieter A. Enkelmann, CFO; and Oliver Bartholet, CRO.

Under Philipp Rickenbacher, the bank is also **preparing for a number of job cuts** disclosed in the latest annual strategy review which is being finalised this January 2020. The cuts will include unprofitable client advisers and rumors say cuts could amount to about 5% to 10% of the workforce. Details are expected to be soon announced.

KBL EUROPEAN PRIVATE BANKERS

Former UBS top private banker Juerg Zeltner has been working towards a **six- to eight-year plan to revive KBL,** partnering with Qatari family al-Thani who owns the wealth manager that has a current global AuM of approximately €72 billion. Zeltner has a direct and close relationship to influential members of the al-Thani family dating back to his UBS days; he has partnered with the family and bought a stake in KBL with his own money, while tapping Qatar for a cash injection.

Zeltner has started with an "expensive" recruitment campaign to **attract front office bankers and implementing the product offering** (quite a few initial hires are his former UBS colleagues); and at least two years of losses are expected before Zeltner can begin to show the fruits of his work. He has already bought Zurich-based Bank am Bellevue in the middle of last year through which it established a Zurich office. It plans to expand into the Middle East as well as Asia in the near future.

London-headquartered Kingswood Holdings continues its expansion bid in the US and it has announced the **acquisition of an 85% stake in Chalice Wealth Advisors (CWA),** a corporate RIA, and **Chalice Capital Partners (CCP)**, a broker/dealer, within a strategy to seek new distribution channels in the US for its wealth solutions. Chalice, founded in 2017 by Keith Gregg and Derek Bruton, has amassed assets under management of US$1.15 billion to date. The combined platform serves 50 independent financial advisors and 104 licensed representatives and Derek Bruton will be the CEO of the acquired businesses going forward. Kingswood plans to use CWA and CCP as one of its centralised hubs, providing a platform for future acquisitions and product offerings in the US. This is Kingswood's second acquisition in the US, following that of Manhattan Harbor in 2019. The deal is subject to US regulatory approval.

Lombard Odier has continued expanding in the middle east through its two regional offices of Dubai and the recently opened Abu Dhabi. Since 2018, the bank has been offering certified Shariah compliant investment solutions, which has led to the recent award as **'Best Islamic Wealth Management Proposition'** at the Islamic Business & Finance Awards 2019. Lombard Odier is the first Swiss private bank to have opened in the Abu Dhabi Global Market, the international financial centre.

Patrick Odier, Lombard Odier's Senior Partner, has recently stated in an interview with the FT that the bank is looking to partner with other firms in order to **target wealthy clients in China,** for example by joining forces with a local bank. The bank has offices in Hong Kong, Singapore, and Tokyo, but in recent years it has entered into various JVs with local banks tapping into markets like Thailand, the Philippines, and Indonesia.

Independent wealth manager **Marcuard Heritage,** founded in 2003, has **bought a minority stake in Geneva-based wealth management firm Atlantis Marcuard Switzerland**, a newer family office set up in 2016. This allows for close cooperation between the two family offices, giving Marcuard Heritage access to the French-speaking region of Switzerland and the ability to attract private bankers in that region, while it provides Atlantis Marcuard with the large offering and expertise of 17-year old Marcuard Heritage.

Genevan private bank Mirabaud has officially **launched an office in Abu Dhabi through a local partnership with SBK Holding,** a vehicle of Sheikh Sultan Bin Khalifa Bin Zayed al Nahyan, ruler of Abu Dhabi. This complements the Dubai office that has been operating since 2007 currently employing 40 professionals, and it will offer domestic and international wealth management services. The Abu Dhabi office targets wealthy Emirati individuals and is headed by Ronald Tamer, who recently joined the bank from bank Al Khaliji France. On June 2019, Mirabaud had global AuM of approximately CHF 34 billion, of which CHF 7.2 billion managed by the Asset Management arm.

Pictet Wealth Management is developing an **Asia-focused ESG solution for clients,** according to David Gaud, Asia Head of Discretionary Portfolio Management and Chief Investment Officer. The firm already runs a global multi-asset responsible investment offering mandate, which is available to clients based in Asia, but it is now working on a multi-asset Asia offering as it recognises a trend among clients in the region to consider ESG in their wealth management decisions.

Raffles Family Office, an Asia-based independent asset manager with offices in Hong Kong, Singapore and Taipei, is targeting onshore Chinese wealthy individuals through a new **joint venture with wealth management fintech platform iFast.** The JV is called Raffles China Family Office and is headquartered in Shanghai, with plans to expand into Beijing, Chongqing and Zhejiang in the future. Raffles Family Office has over US$2 billion in assets under management and plans to grow through further acquisitions of smaller asset managers with US$50 to US$200 million both in Hong Kong and Singapore.

RBC Wealth Management has reiterated its intention to **grow the Asian business,** under the guidance of recently appointed Wealth Management Asia CEO Terence Chow. The bank opened a booking centre in Hong Kong last year to support Asia's growth, adding to the other offshore booking centre of Singapore, as well as onshore booking centres in Taiwan, Australia and Japan. The targets are on Asia's global families with links to Anglo economies, overseas business interests and foreign investments, as well as rich Canadians living in Asia. Chow noted that although the segment may appear relatively niche, Hong Kong alone is home to 400,000 mostly affluent Canadians with global banking and wealth management needs.

REYL

Swiss bank Reyl has **launched an independent asset management affiliate exclusively dedicated to social and environmental impact investing,** called Asteria. It has named Katia Coudray, who joined the bank in January 2019 and was latterly Head of Impact Investing, as Head of the new fund management arm. It has started with a team of five professionals.

Schroders

Schroders has announced its commitment to **integrate ESG processes into all its funds** by the end of 2020. It currently covers approximately £230 billion (half of its assets). The accreditation spans 'screened', 'integrated', 'sustainable' and 'impact' categories, to help clients understand the different roles that ESG plays in the investment process, and it will be documented in the funds' respective factsheets. 'Screened' funds exclude certain activities from the portfolios; 'Integrated' funds consider ESG factors throughout the investment process; 'Sustainable' funds aim to identify the most sustainable companies; and the 'Impact' accreditation highlights funds whose goal is to achieve specific and measurable ESG impacts.

The firm is planning to **cut hundreds of jobs across its global offices** and has already started with the process. About 5% of the total employees, or at least 200 jobs, are expected to be affected. An official plan has not yet been released.

Scotiabank.

Toronto headquartered Scotiabank has **launched Global Wealth Management as a formal and distinct business line,** given the important growth it registered over the last few years and its increased contribution to all-bank earnings, highlighting the importance that this area will play in the bank's growth strategy for the coming years. The bank has announced that with the growth in business from the wealth segment, it is also investing to add new capabilities and products for its wealth management clients, to attract Canadian origin as well as international clients.

UK-based wealth manager Succession Wealth **has opened new headquarters in Birmingham,** housing 60 wealth planners and client support staff along with members of the senior leadership. The firm has 14 offices all in the UK, with 175 wealth planners nationally and a total of 460 staff.

Last month, the wealth manager **acquired UK-based financial advice firm Investors Planning Associates** adding almost £500 million in funds under management and bringing Succession Wealth's funds to about £8.5 billion. The firm stated it remains in the lookout for further acquisitions with a target to reach £10 billion in the near future.

UBS

Three months after Iqbal Khan joined UBS as Co-President of Global Wealth Management, alongside Tom Naratil, Khan has presented his plan for wealth management with quite a few measures resembling the ones he previously implemented over his time at rival Credit Suisse. Although a full UBS strategy update is still to be published, it is set to include the following measures:

- Regionalise the business; giving **more power to the regional heads** for a faster decision-making process. Khan and Naratil are separating the EMEA unit, currently led by Christine Novakovic, into three different units, giving more power to Caroline Kuhnert and Ali Janoudi who used to be under Novakovic, but who are now at the same level.
- Build a **strong managerial team**; granting them much more autonomy then before. Joe Stadler, for example, is being appointed Head of the Global Family Office unit.
- Break up the UHNW business previously led by Joseph Stadler and set up a **new unit specifically for rich clients who require investment banking services,** that will also incorporate the Global Family Office, a joint venture with the securities unit. The UHNW clients who do not need investment banking facilities will be moved into existing regional divisions.
- International clients booked in Switzerland who have between **US$500,000 and US$5 million** in assets will fall under a **new coverage model that uses more technology** and fewer human interactions (previously, clients with more than US$2 million were in a different bracket where they automatically had a personal adviser).

- **Reduce the hierarchy layers** from five to four segments; which will save costs but will also lead to about 500 jobs cuts.

- Implement and **spend on technology,** putting more robots to work for more repetitive jobs.

- **Increase lending risk;** providing CHF 20 -30 billion in loans to the super-wealthy clients every year. A new team named Unified Global Markets will cater to financing for wealthy clients while giving wealth managers more autonomy in granting loans. They will take shares, stakes, hedge funds and private equity as security for different types of loans and financing.

The bank has opened a **new office of the UBS Optimus Foundation in Singapore,** making it the seventh office globally and the third office in Asia, on top of the Hong Kong and Beijing operations. Established in 1999, the UBS Optimus Foundation is an independent grant-making foundation that engages clients in activities related to health, education, and the protection of their children.

UBS plans to take advantage of the opening of China to foreign banks by **lifting the stake** in its joint venture in the country, **UBS Securities China**, from 51% to 100% by the end of the year. It offers investment banking, fixed income, securities operations and onshore wealth management services.

The bank received **two large fines in Hong Kong and Singapore.** In Hong Kong, it was fined HK$400 million (CHF 51 million) for having overcharged bond transactions for some 5,000 Asian clients between 2008 and 2015, due to a failure in the bank's control mechanisms. Singapore, on the other hand, conducted its own investigations and fined UBS for S$11.2 million (CHF 8 million). UBS showed full cooperation during investigations.

The global wealth management unit of UBS posted an adjusted pre-tax profit of US$919 million for the third quarter of 2019, a 2% decrease from the same quarter in 2018. Adjusted operating income at the unit increased marginally to US$4.14 billion on a year-on-year basis.

Vontobel

Swiss private bank Vontobel has announced that it is **exiting its brokerage business** and planning to focus its efforts on investment management, offloading its equity unit to Zuercher Kantonalbank (ZKB) including six employees of Bank Vontobel Europe AG in London. The transaction is expected to be completed at the end of 2020, after which the bank will continue advising wealthy clients on ECM and DCM transactions but execute them via third party partners, rather than in house.

The bank has launched a **trade tensions-themes emerging markets certificate,** the Vontobel Trade Conflict Winners Emerging Markets Index, that will allow investors to participate and capitalise from potential market changes resulting from on-going trade tensions. The Index is produced together with American firm Eurasia Group, a firm that focused on helping investors understand the impact of politics on risks and opportunities in foreign markets and is based on various scenarios from a joint study conducted by the two firms. Vontobel managed CHF 73.6 billion in advised client assets in Combined Wealth Management as of mid-2019, and total advised client assets of CHF 212.9 billion.

Key Movements

Key appointments for the period Q4 2019

1291 Group

EMEA
Oliver Dätwyler, former Relationship Manager at Societe Generale Private Banking, Zurich, has joined as Partner

ABN Amro

GLOBAL
Robert Swaak, PwC Netherlands, Global Relationship Partner, Amsterdam, has been appointed Chief Executive Officer, replacing **Kees van Dijkhuizen**

Alvarium Investments

APAC
Priyaranjan Kumar, Cushman & Wakefield Global Real Estate, Regional Executive Director, Capital Markets Asia Pacific, Singapore, is joining as Head of the new office in Singapore

A&G Private Banking

EMEA
Guillermo Álvarez Marrodan, Lombard Odier, Senior Private Banker, Madrid, has joined in an equivalent role in Madrid

Ahli United Bank

EMEA
Rebecca Owen, Barclays Wealth, Relationship Manager HNW UAE & Egypt, Dubai, has joined as Senior Private Banker MENA, Dubai

Atlantis Marcuard

EMEA
Faustino López-Marcos, Julius Baer, Senior Private Banker Latin America, Zurich, has joined as Managing Director in Zurich

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

About Us

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

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

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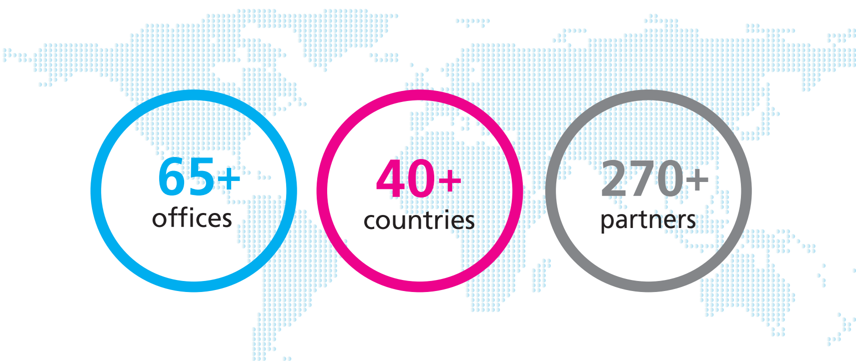
During his career in Executive Search, Giovanni developed strong connectivity and relationships within the wealth management and private banking industry, with a focus on EMEA and Emerging Markets, and executed mandates from junior positions up to senior management roles.

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

About Boyden

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



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