

Wealth Bulletin leaders 2008

By James Rutter

More than 3,000 votes were cast in our online poll to find Europe's wealth management industry leaders of 2008. Voting took place during October and November, with shortlists of 10 candidates in three categories: business leader, investment management and client service. The winners are profiled here.

BUSINESS LEADER: DANIEL TRUCHI

It has been, concedes Daniel Truchi, chief executive of SG Private Banking and voted Wealth Bulletin's business leader of 2008, the most challenging year he can recall in his banking career.



"The industry has been hit by one tsunami after another," he says. "Who knows where the next one will come from or when it will arrive?"

Yet SG has weathered the storm and its private bank has flourished. In the nine months to the end of September it saw net new money inflows of €4.2bn with profits only slightly behind its performance of 2007.

Truchi is, however, critical of how the wealth management industry as a whole has navigated the financial crisis: "Clients have not been served properly by a number of banks." He suggests trust has been eroded.

Truchi expects this to result in a period of consolidation: "A lot of private banks will disappear or merge, both small and large."

Having taken SG's private banking assets to €73bn last year with the help of three small acquisitions – Canadian Wealth Management, ABN Amro's private bank in the UK, and a 50% stake in Rockefeller & Co, a US multi-family office – Truchi says his goal this year is to land a much bigger fish. "Our strategy is to continue to move up the ranks of private banks worldwide. To hit that target we need to look for a significant acquisition and are looking at options that would potentially transform the private bank."

He adds that SG will soon launch a multi-family office business in Europe in partnership with Rockefeller to serve the ultra-wealthy. And despite clients' dissatisfaction with the performance of many big private banks he does not see independent multi-family offices and boutiques enjoying a boom.

"The Madoff scandal has shown the limits of the family office and independent multi-family office model. A lot of clients were advised to invest in Madoff by family offices that didn't have the resources to do proper due diligence on the funds. SG's due diligence allowed us to avoid direct exposure to the Madoff funds."

With cash making up almost 50% of SG's clients' portfolios, Truchi says the bank is developing strategies to take advantage of market opportunities while giving clients the comfort they crave in the wake of hefty losses. "We are preparing a number of investment solutions that will offer some form of downside protection," he says, with commodities, equities and real estate the three asset classes the bank is concentrating on.

RUNNERS-UP:

Ivan Pictet, senior management partner, Pictet & Cie
Peter Flavel, chief executive, Standard Chartered Private Bank

INVESTMENT MANAGEMENT: NICOLAS SARKIS

Investors should monitor corporate debt markets for signs of recovery before being tempted back into equities, according to Nicolas Sarkis, founder of AlphaOne Partners and Wealth Bulletin's investment management leader of 2008. "The first area to benefit from a slow return of investor risk appetite will be corporate credit," he says. "Unless we first see a sustained improvement in corporate credit I do not see how stocks can initiate another trend upwards." Sarkis set up AlphaOne in 2006 to advise ultra-wealthy families and foundations, following a career as a wealth adviser at Goldman Sachs.

For investors considering taking risk again, Sarkis believes the best areas to look at are those that avoid the volatility of securities that are marked to market daily. "Secondary private equity programmes are interesting because many limited partners are cash-strapped and are prepared to sell their commitments at meaningful discounts. In the marketable securities arena, I think US inflation-linked treasuries and investment-grade bonds present compelling value." Hedge funds, however, are another matter. "Ultra high net worth individuals will have trouble believing again in the hedge fund fairytale," he says. "I thought that before Madoff and even more so now."

RUNNERS-UP:

Gary Dugan, chief investment officer, Merrill Lynch
global wealth management
François Lhabitant, chief investment officer, Kedge Capital

CLIENT SERVICES AND ADVICE: GERARD AQUILINA

Gerard Aquilina, head of international private banking at Barclays Wealth and voted Wealth Bulletin's leader in client services and advice, is in no doubt



the wealth management industry is facing a crisis of confidence. And while he believes clients are justifiably skittish given the numerous crises in the financial services industry, he suggests part of the problem is that their advisers are equally uncertain. "Clients feel it when their advisers are troubled," he says. "Perhaps it is time for private bankers to rediscover their sense of confidence."

Aquilina, a Canadian, joined Barclays Wealth two years ago having headed private banking in the Americas for HSBC. Speaking from Buenos Aires, he says he has seen the same sense of fear and uncertainty in clients be they in Mumbai, Milan or New York. "I have not met anybody for some time who was looking at opportunities. The more bold, entrepreneurial clients will recognise that conceptually there should be

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great opportunities but right now, no one is in the mood."

With interest rates approaching zero in the US and at historic lows in Europe and elsewhere, he suggests clients may soon start considering moving from cash to other assets as long as their advisers can give them the confidence to do so.

Much depends on trust, which is a personal not a financial matter. "A private banker is managing a relationship rather than money," he says. "If anything, there has been too much focus on the latter."

RUNNERS-UP:

Fritz Kaiser, executive chairman, Kaiser Ritter Partners
Karina Challons, director, HSBC Private Bank **WB**



INVESTING

Art goes back to basics

BY TARA LOADER WILKINSON

"The world today doesn't make sense. So why should I paint pictures that do?" – Pablo Picasso

The world last year made even less sense than usual as some parts of the art market collapsed in value and others held steady. Experts believe certain themes will steer art buyers to safety and (maybe) restore faith in 2009.

Charles Dupplin, chairman of art and the private client division at insurer Hiscox, is bullish on the Old Masters, which include 18th century artists such as Rubens, Raphael and Da Vinci.

"The Old Master market looks like it will be resilient. The supply-demand equation is good and there are institutional buyers too," he says.

An Old Masters sale at Christie's on December 2 sold four fifths of 44 lots, raising £14.7m, and

Sotheby's had a good result with its Old Masters sale the next day, which raised £13.3m from three fifths of lots sold.

Dupplin predicts a renaissance in art with practical use and intrinsic value, such as antique furniture. He says: "This area has been out of fashion for so long that it has enjoyed none of the boom times. An antique chest of drawers can cost the same at Christie's as a new one at Harrods."

UK auction house Bonhams smashed records when it sold a 19th century French cabinet for over £2m in December.

Deutsche Bank, which has an art collection to rival some of the top galleries and is a perennial sponsor of the Frieze Art Fair, thinks next year could mark a turning point for emerging market art and artists.

Deutsche's Alistair Hicks, says: "The art world is at a crossroads. Exciting new artists are emerging across the world, and for the first time, they have the opportunity to find support across the world, rather than just through the traditional art market centres." **WB**