

GAM Investments' Rosenberg on Winning Friends and Influencing Investors in the Dynamic Middle East Asset Management Market

Philip Rosenberg is Managing Director and Head of Distribution for the Middle East at GAM Investments, based in London. Hubbis 'met' with him recently by Zoom call to find out just what the firm is up to in the region and why their growth momentum has been accelerating. He is a veteran of the industry, with 33 years of track record behind him, all in asset management. Although not the career he had anticipated growing up – he expected to become a music producer he says asset management struck a chord with him from early on, and that he has enjoyed a remarkably fulfilling career. He explains that the business and his role resonate with two clear 'C' notes, namely Clients and Creativity. His obvious zest for the business and for his client-facing role are clearly undiminished, and he continues to relish the opportunity to ply his trade in the increasingly diverse and dynamic Middle East, where he has worked for GAM for more than 11 years. The region fascinates him, and so too do the clients, who he says take the time to converse, and place considerable value on the type of experience that he brings to the table.

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“Engaging with clients

in our business has been a guiding light for me over the last three-plus decades,” he reports, opening the conversation bristling with enthusiasm. “I am actually not one to speak so much in meetings, as I like to listen. I enjoy learning what investors want and expect to really understand them. In that way, we can then tailor our solutions, and build a valuable, personal level of dialogue.”

He observes that from his perspective, asset management is far more than simply delivering strategies. “There are numerous fascinating stories behind the themes we elucidate in our strategies,” he explains. “It might be about the rise of the middle-class consumer in China or the influence of US politics on developed markets equities. And those stories help us to engage. The creativity is in connecting the dots of those stories and conveying the bigger picture with conviction. And that is what I love, really working with people to help them realise their investment aspirations.”

GAM is a leading independent, pure-play asset manager. The company provides active investment solutions and products for institutions, financial intermediaries and private investors through three businesses: Investment Management, Fund Management Services and Wealth Management. GAM employed 605 FTEs in 14 countries with investment centres in London, Cambridge, Zurich, Hong Kong, New York, Lugano and Milan as at 31 December 2021. The investment managers are supported by an extensive global distribution network. Headquartered in Zurich, GAM is

listed on the SIX Swiss Exchange. The Group has assets under management of CHF 100 billion (USD 109.4 billion) as at the end of last year.

Qualitative Alpha

Philip elaborates on his opening comments, explaining that he coined the term ‘qualitative alpha’ to help convey the added value GAM brings to clients. “We are in a quantitative business; analysis, results, returns; risk management, but in the conversations, it is

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not so much about numbers as about people,” he says. “It is more about finding a way to add value by enhancing the investment experience, and that means building enduring relationships. I call it qualitative alpha.”

He explains that the Middle East is an important region for GAM, and it is a growing and profitable business. They cover three main client types, he reports. Institutions, private wealth, including single and multi-family offices, and wholesale, including intermediaries, and wholesale banks.

Picturing the clients

He offers an example of the type of approach that well suits the first two categories. This concerns an institution running a Japan equities portfolio as part of their larger equity exposure, with most of that investment through ETFs or other passive approaches. They want to create a satellite of actively

managed assets to diversify and also potentially produce more alpha, complementing the main portfolio.

“For this type of client I would introduce the Japan equity team – with a differentiated concentrated portfolio approach going back twenty years, which is focused on alpha generation, and we will present a strategy that adds value to them both quantitatively and qualitatively,” he reports. “We build the rapport, build ideas and deliver the solution.”

Similarly, a fixed-income investor running a credit portfolio might benefit from Philip opening the door to the credit team in Geneva. “We suggest the added value of an interest rate agnostic approach, which will complement to their core bond portfolio, - which can improve returns and reduce sensitivity to rates – that approach goes back almost four decades!” he says.

“And the story is similar across the board, across sectors, across asset classes, across the region,” he reports. “We have high conviction investment strategies that are, essentially, building blocks that can complement large, traditional portfolios. And that suits the institutional and private wealth markets.”

In the third client segment, wholesale, Philip notes that clients’ needs are different. He explains that financial advisors are



PHILIP ROSENBERG
GAM Investments

looking for portfolio management solutions, and GAM has been managing unitised, portfolio solutions for more than twenty years. “Our wealth management heritage and portfolio management approach differentiates us in this space,” he said.

Tracking the trends

Philip then turns his gaze on the key emerging trends in his region, namely regional progress, sustainability and private markets.

By regional progress, he says he means the way the industry has evolved. “Institutional investors in this region have become more sophisticated and savvier over the many years I have been involved here,” he reports. “Most are now on par with our own investment managers, and that leads to a more interesting and cutting-edge conversation. Technology has helped in many ways, and so too the movement of people and transfer of expertise across borders.”

He adds that the Middle East time zone is also ideal for receiving and processing information from the west. “I remember the morning

Getting Personal with Philip Rosenberg

Philip hails from London and was educated there. He studied music and sound engineering and thought he would become a music producer, but then joined Lehman Brothers in 1989 on the asset management sales desk.

His career then spanned names such as Credit Lyonnais, Liberty Ermitage, EFG, Julius Baer, and since 2011, GAM Investments. He enthuses over the luck he has enjoyed, and the career he has followed, adding that one key highlight has been the charitable and philanthropic initiatives he has helped with. “I consider myself successful, but that is certainly not all luck,” he states. “That is down to an awful lot of hard work, application and a bit of good fortune along the way.”

He has been married to Dahlia for 33 years and they have three children, all above the age of 20, one involved in the world of asset management, one a young chef in a top hotel, and the youngest in national service who also spends every spare moment she has looking after children with special needs! “I am very proud of them,” he enthuses. “We are fortunate, for sure, and especially me, as they have managed to put up with me for all these years!”

Hobbies include his passion as a foodie, countering which he has in recent years discovered running, even completing the New York and the Berlin marathons. He says he also occasionally picks up his guitar for a strum and to recall his days dreaming about being a music producer.

after the Brexit referendum, we had our clients here reading what our European equity managers were thinking when it was still dark in London” he recalls. “We strive to be ahead of the game. On the tragic conflict unfolding in Ukraine now - no one expects us to forecast or predict how things unfold since the situation is changing by the hour - but we are making efforts to engage with our clients and discuss how our strategies are impacted in the very short term but also what the long-term implications will be for investing. We have in-person meetings with institutional and private wealth managers across

the Middle East including senior portfolio managers flying in from London and Zurich to the region this week. That’s qualitative alpha, that’s client-centricity.”

Sustainability matters

Another key trend, and one with which he reports GAM is entirely in tune, is around sustainability. He explains that GAM is committed to the key sustainability initiatives, from the Net-Zero Asset Managers initiative to the UN Global Compact, and many more.

“At GAM we believe that investing in sustainable solutions, and being



a responsible corporate citizen, are key to navigating social and environmental issues and helping our clients to prosper. We have put sustainability at the heart of our business,” he states. “Today, our existing investment strategies are becoming ESG compliant. Moreover, we are building new sustainability centric portfolios such as climate bond strategies – and there is much more to come. At an individual and office level, we are driving waste out wherever possible and boosting recycling – no more plastic bottles at GAM! And our London office for example, is fitted with a greywater system

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that recycles non-contaminated wastewater. By joining the Net Zero Asset Managers initiative we commit to support the goal of net-zero greenhouse gas emissions by 2050 or sooner, working in partnership with our clients and in line with global efforts to limit warming to 1.5°C.”

Albeit from a relatively low base, he reports investors across the Middle East are seeing the importance of sustainability, impact investment, and so forth. “We are promoting ESG in our client conversations, and the market is increasingly receptive,” Philip says.

Riding the private wave

And the other trend, mirroring global evolution, centres on the

shift towards private markets, especially amongst institutions and also in the private wealth and wholesale sectors. He points to the new relationship GAM Investments announced in February outlining the strategic partnership with private markets specialist Liberty Street Advisors in the US.

“The plan is to provide GAM clients with access to privately-owned, late-stage, high growth innovation companies, mostly in the US but also overseas, leveraging the expertise of Liberty Street’s private markets investment team, which has been building a significant track record since 2014.”

“The growth equity space is expanding at unprecedented levels, with disruptive technology-driven growth across multiple sectors and industries,” he says.

The GAM press release noted that by investing in these types of late-stage high-growth, innovative companies, the Liberty Street team seeks to participate in their potential appreciation while they are under the latter stages – roughly the last two to four years – of private ownership before they either head to the public markets or are bought over in some form of M&A deal.

Philip also points to comments from Peter Sanderson, Group Chief Executive Officer at GAM Investments, who said: “An increasing number of our clients are

seeking to diversify their portfolios by including longer-term private asset investment strategies. In our view, privately-owned companies in their later-stage non-public funding rounds could offer investors strong long-term performance potential, while their historical downside resilience and lower volatility compared to public equities also help make this asset class attractive for portfolio diversification.”

The secret sauce

As to what he considers GAM’s differentiating proposition, Philip comments that many of large asset managers do many things, whereas GAM concentrates on doing a few things extremely well.

“We are all about giving our fund managers the independence to run their portfolios with conviction all within a robust operating model with excellent risk management” he explains. “Clients want solutions and ideas that will help them in this new era of inflation, uncertainty, and rising rates. They find this through us, as our strategies

are not market centric, they are conviction centric, they are mostly agnostic to trends.”

He elaborates on this, remarking that the fund managers’ investment strategies are not near-term or seasonal, they are bottom-up and more enduring. “We are not pushing a particular strategy or reaction to market vicissitudes; we are promoting a conviction-driven longer-term vision... and we bring all of that to our clients... for every client segment and in every asset class we make our investment professionals available – accessibility is the name of the game and is a part of my qualitative alpha approach!... everyone at GAM is client centric, from the lead portfolio manager to the back-office manager.”

He draws the discussion towards a close by commenting that in his roughly 11 years at GAM, he has been impressed by the talent, the resourcefulness, and team centricity.

“Our history going back four decades, starting as a private client house, we have become a diversified listed asset management firm. In recent years, we have really upped our game, especially since 2019, when Peter Sanderson and his team took the reins of leadership at GAM,” he reports. “Since the pandemic, we have made even more strides forward, with a repurposed, unified operating model. While most of our funds continue to outperform their benchmarks. These are fascinating times to watch this space.”

His very final comment is on the remarkable evolution the Middle East has been undergoing for years and especially since the Abraham Accords of September 2020. “The region’s geopolitical progress has created a huge opportunity for economic growth, for commerce of all types, for the financial industry, for intensifying competition and innovation,” he says. “The region is becoming a real powerhouse of growth, of sustainability, of positivity and prosperity. Long may that last...” ■

