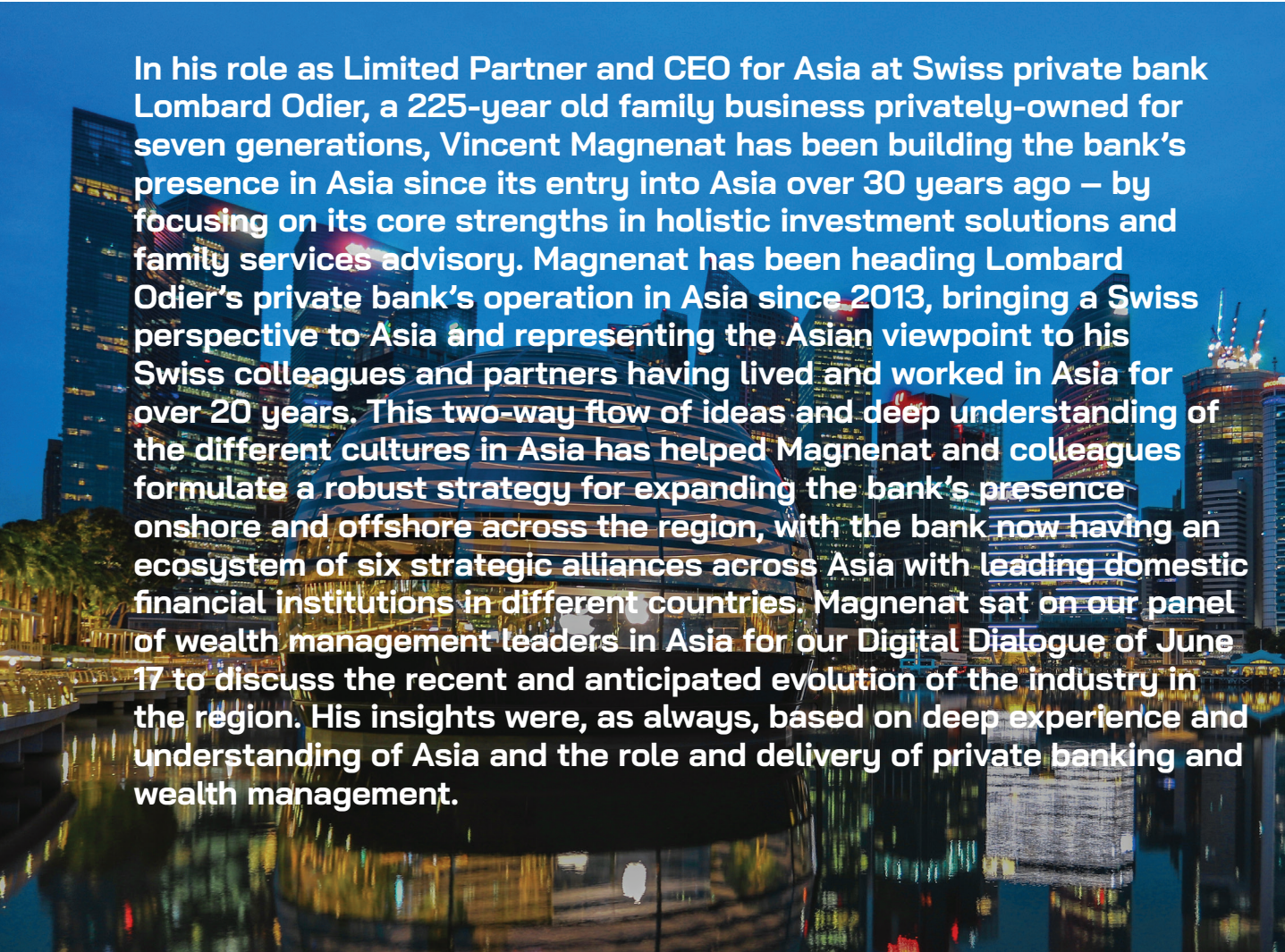


Lombard Odier's Asia CEO on Engineering a Sustainable Private Banking Model



In his role as Limited Partner and CEO for Asia at Swiss private bank Lombard Odier, a 225-year old family business privately-owned for seven generations, Vincent Magnenat has been building the bank's presence in Asia since its entry into Asia over 30 years ago – by focusing on its core strengths in holistic investment solutions and family services advisory. Magnenat has been heading Lombard Odier's private bank's operation in Asia since 2013, bringing a Swiss perspective to Asia and representing the Asian viewpoint to his Swiss colleagues and partners having lived and worked in Asia for over 20 years. This two-way flow of ideas and deep understanding of the different cultures in Asia has helped Magnenat and colleagues formulate a robust strategy for expanding the bank's presence onshore and offshore across the region, with the bank now having an ecosystem of six strategic alliances across Asia with leading domestic financial institutions in different countries. Magnenat sat on our panel of wealth management leaders in Asia for our Digital Dialogue of June 17 to discuss the recent and anticipated evolution of the industry in the region. His insights were, as always, based on deep experience and understanding of Asia and the role and delivery of private banking and wealth management.

GET IN TOUCH

[View Vincent Magnenat's LinkedIn Profile](#)

[Find out more about Lombard Odier](#)



VINCENT MAGNENAT
Lombard Odier

Lombard Odier today has two value propositions in the Asia region: the high net worth family services practice and global investment advisory. In both of these areas, the bank is expanding its presence across the region, both through its own offices in Singapore, Hong Kong and Tokyo, as well as through its growing array of high-quality onshore strategic alliances, which now number six in Thailand, the Philippines, Indonesia, Japan, Taiwan and Australia.

These two value propositions are founded on four strategic pillars. The first is through the management and growth of the three business hubs in Singapore, Hong Kong and Tokyo. The second is an expansion of the onshore private banking proposition through its regional partnerships through strategic alliances. The third pillar is anchored upon the offering of family offices and related wealth planning services. The fourth pillar being the expansion of the discretionary portfolio management (DPM) coverage.

Lombard Odier Group – Resilience through the Global Storms

Lombard Odier Group has been producing solid results even throughout the pandemic. In 2020, the Group reported that client assets were up 6% to CHF316 billion with strong net new money. Operating income of CHF1.4 billion was up 15% over 2019, driven by net new money flows, investment performance and increased client activity in volatile markets. Consolidated net profit was CHF208 million, up 19% from 2019.

The group's balance sheet remains strong, liquid and conservatively invested, with a December 31, 2020 CET1 ratio of 29.7% and the liquidity coverage

ratio of 231%. Fitch reaffirmed the group's credit rating at AA- with a stable outlook in July 2020.

A key differentiator that contributed to the bank's resilience would be the robustness of the group's proprietary banking platform. Amidst the pandemic, the group's proprietary technology had enabled it to stay close to clients and to provide seamless client service throughout the crisis. Lombard Odier will continue its significant investment in technology, to remain agile in the current and post COVID-19 era.

Sustainability, alternatives and private assets as key differentiators

Sustainability and the transition to what the group terms its proprietary circular, lean, inclusive and clean (CLIC™) economic model, is at the heart of Lombard Odier's approach to its business and investment philosophy. As a leader in this field, the group reports that it continues to expand its range of sustainability-driven core-conviction investment strategies, including the successful launches based around Climate Transition and Natural Capital.

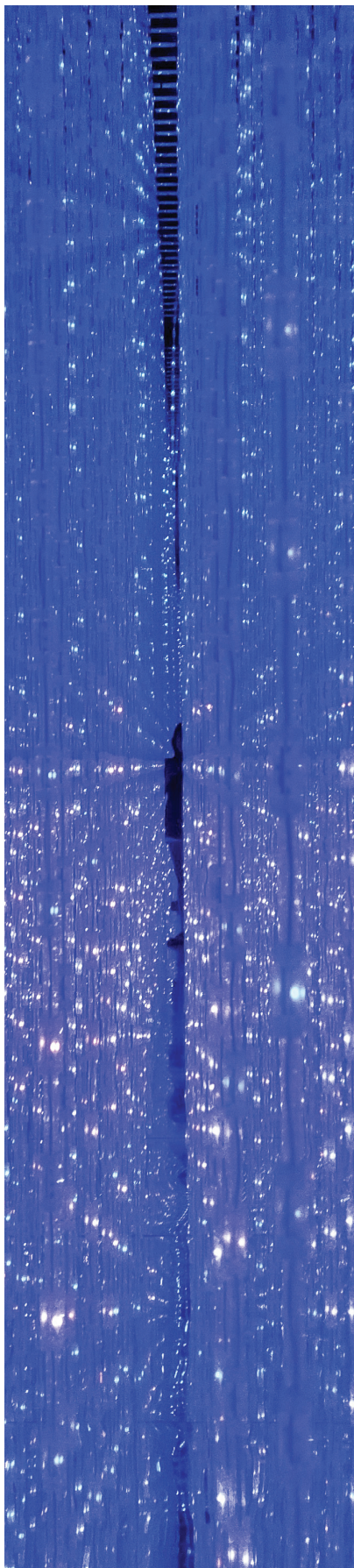
On reporting its 2020 results, the group had explained that its focus on developing in-house alternative investment strategies has proven

“Clients are looking for a mix of digital and personal engagement. Accordingly, that remains a key challenge for the foreseeable future, as face-to-face engagement is dependent on the reopening of borders”

particularly useful at a time of heightened market volatility. The low interest rate environment had also increased the appeal of private assets, such as private equity, real estate and infrastructure.

Continued investment in technology as a key to long-term success

The bank's proprietary banking platform has also enabled it to stay close to clients and to provide seamless and highly secure service throughout the pandemic. The group plans to continue its significant investments in technology in the months and years ahead.



"2020 was indeed a good year for the private banks and 2021 continues in the same trend." Magnenat told delegates at the June 17 event, "There is a heightened need amongst clients for advice and guidance through these periods of volatility, and close engagement

amongst 150 Ultra High Net Worth (UHNW) clients in Asia last year. The study, which resulted in a White Paper we put out, demonstrated visibly that sustainability is one of the major priorities for existing clients and even more for the next generations of very

"The message around their rising commitment to the planet and sustainability was remarkable throughout the UHNW study. It became extremely clear that they want to work with companies that are invested into sustainability, and they want to see their banks, insurers, their asset managers, or EAMs walk the talk."

with clients is of utmost importance during market uncertainty."

"Clients are looking for a mix of digital and personal engagement. Accordingly, that remains a key challenge for the foreseeable future, as face-to-face engagement is dependent on the reopening of borders," he commented.

Seeing the trends, working to express them

On the topic of wealth market trends, Magnenat observed that there are plentiful opportunities, including the rising appetite for more thematic investments, an increased focus on sustainability in investments of all types, as well as extensive and ongoing investment in digitisation across the industry. He reported that these are all areas that are close to the heart for Lombard Odier Group.

"Especially in the field of sustainability," he commented, "we are determined to drive towards net zero, and the importance of that was highlighted in a regional study

wealthy families. On a personal level, the drive to sustainability in investments and all our endeavours is most probably the biggest opportunity that we'll see in the foreseeable future."

Sustainability allied to a holistic perspective

Magnenat also commented on the value of the holistic approach to the clients and to the advice proffered by the bank. "The first step is to really work to understand the clients," he said. "We are all going through a period where we had more time to reflect on the future. Entrepreneurs, for example, could think more about their family businesses, their family governance, their estate and succession planning. Bankers can help these clients with their considerations and to define the best approach to their investments and portfolios. But it is all preceded by arriving at a very good understanding of the clients, their families, their objectives and only then, offering them advice and solutions."

The right 'values' should endure across Asia

Responding to the question of how to differentiate from competitors, Magnenat told delegates that the value proposition of the organisation is key. "We know we cannot be the best at everything," he commented, "so we need to focus on what we can do best. For us in this region, we decided to go the route of our six strategic alliances, to create a strong ecosystem and to leverage each other's strengths and advantages."

Accordingly, Lombard Odier now partners with Kasikornbank in Thailand, Mandiri in Indonesia, Union Bank in the Philippines, JBank in Australia, Fubon Bank in Taiwan, and Mizuho in Japan. According to Magnenat, these strategic partnerships provide the bank with additional reach, expertise and access to a wider array of products and solutions, tailored to the different regulatory environments, all of which are at different stages of development.

Good advice and good judgment are paramount

He explained that it is not the product that makes the differen-

tiation, but the advice and asset allocation expertise that should surround the product suite. "Deep expertise on the products and on defining the right approach to portfolio construction is a key differentiation, not the actual products themselves," he stated.

He referred back to his earlier remark about the UHNW client survey conducted with their own and their partners' clients across the region. The survey consists of personal dialogues with the UHNW, mostly directed by video calls into the homes of these families, with conversations lasting far longer than the allotted 30 minutes. These dialogues often involved the children and grandchildren of these clients, which unveiled unprecedented insights into the hopes and expectations of the ultra-wealthy population, spanning across generations who will end up controlling that vast wealth.

Circling back to sustainability

"The message around their rising commitment to the planet and sustainability was remarkable throughout the UHNW study," Magnenat reported. "It became

extremely clear that they want to work with companies that are invested into sustainability, and they want to see their banks, insurers, their asset managers, or EAMs walk the talk."

"The survey was very much forward-focused," Magnenat said. "We take a very long-term view of the market and of our clients, which is fitting for us with a more than 225-year history."

Patience is a great virtue

Expanding on the theme of the right advice in terms of investments, Magnenat explained that the wealth management providers also need to be patient, steering well clear of being associated with product pushing. "There is wealth being accumulated all the time, and many clients are increasingly cashed up, perhaps parking chunks of this liquidity with banks such as us, and then waiting for the right opportunities to reinvest," he said. "So, our advice must be holistic. It must encompass this big picture approach, so that we can help these clients achieve their objectives within the broader context of their goals and their values." ■

