

Pictet continues its long traditions of wealth management in Asia

Pictet Group's CEO for wealth management in Asia, Claude Haberer, believes the firm's target clientele in the region continues to value the traditional approach of the Swiss private bank. The results bear out this view, with Pictet having grown its stock of bankers to almost fifty from only a quarter of that number seven years ago when Haberer took the reins in Asia. He met with Hubbis editors to discuss his vision of the future of wealth management in the region and Pictet's positioning within that.

Executive summary

Since Claude Haberer took control as CEO of wealth management in Asia for Pictet Group in 2011, the firm has been enjoying robust growth in client numbers, assets and bankers.

In keeping with the more than 200-year history of Pictet, expansion must be by bringing on board bankers who embrace the long traditions of private banking and wealth management that have allowed Pictet to endure for more than 213 years to date.

The number of Asia's high net worth individuals (HNWIs) and their investible assets are growing dramatically, making the region the engine room for global growth. Pictet has chosen to focus primarily on offshore wealth management for the Asia region out of its Singapore and Hong Kong hubs, where the firm also competes ever more vigorously in those onshore markets.

Pictet has developed a powerful presence in Europe, and now increasingly in Asia, by bringing HNWIs and families a long-term perspective to wealth preservation and wealth planning. Asia's entrepreneurial drive is so dynamic that all too often HNWIs and their families do not slow down to assess their longer-term goals. Haberer has been promoting Pictet as the ideal wealth management partner to help these clients preserve their wealth and build for their future and the futures of generations to follow.

As a private firm since inception - structured as a partnership - Pictet has the luxury of taking a similarly long-term perspective to building client relationships, building wealth portfolios and assisting with estate and wealth planning. The alignment of interests is resonating ever more acutely with clients across Asia's different and dynamic economic and cultural landscapes.



PICTET GROUP'S CORE BUSINESSES globally are wealth management and asset management, with total assets under management and custody at USD522 billion as of 31 December 2017.

Of this total, on the wealth management side of the business, the firm looks after around USD205 billion of its clients' global assets.

Haberer's remit since he joined as CEO for Asia in 2011, having left a very senior role at BNP Paribas private bank in the region, has been to develop Pictet's wealth management franchise.

Steady growth, great potential

"We have grown the wealth management business steadily out here in Asia," he reported. "We now have two bank licences, in Hong Kong and Singapore, as well as two booking centres and a full product offering including international and local Asian products, discretionary management, advisory services, wealth planning, and loans. We have nearly 50 bankers in the region, which is about four times the number we had when I joined. But it is not about numbers, it is about quality. Whoever comes on board must embrace our vision of wealth management. Whatever we offer in our home base in Switzerland - in terms of services and approach - we also offer in Asia."

Haberer believes Pictet's approach and style are unique among the world's top 20 private banks, where he noted that Pictet ranks number 14 by assets under management (AUM).

He explained that Pictet is a bank with a long history, dating back to 1805. "Since that time, we have remained true to our mission

Pictet in Asia - At a Glance

Pictet's wealth management proposition in Asia is all about helping clients taking the long-term view, in keeping with the long history of Pictet Group, which dates back 213 years.

Claude Haberer took over as CEO for wealth management in Asia in 2011, since when the firm's bankers in the region have more than quadrupled.

Pictet has two bank licences, in Hong Kong and Singapore, as well as two booking centres and a full product offering including international and local Asian products, discretionary management, advisory services, wealth planning, and loans.

The avoidance of conflicts of interest is central to Pictet's vision. No investment banking, no product pushing, relationship managers that embrace the firm's long-term vision, wealth preservation first, wealth expansion later - these are all core elements of Pictet's history and ongoing tradition.

One priority for the foreseeable future is to build a deeper base of relationship managers, but the focus is not growth for growth's sake; hires take place only if the best candidates appear.

A vital second priority is to adapt the firm's strategies to the many political, economic, financial and regulatory changes.

And a third priority is continuing the firm's thrust towards digitisation, but only as an enabler, certainly not as a substitute for the forthright personal communication that Haberer sees as so essential to Pictet's identity and its clients.

of managing our clients' money, both private clients and institutional. Diversified and discretionary portfolio management is our speciality. We have been building our business for 213 years around that one activity - managing money - and our longevity proves that our clients value our focus and commitment."

Avoiding conflicts of interest, aligning with the client

Haberer said that Pictet has earnestly stayed away from investment banking, because of conflicts of interest. "An investment bank will always have positions they want to sell and if allied to a private bank which then proposes



CLAUDE HABERER
Pictet Group

these ideas to clients, then the bank and client can be on opposing sides of a transaction. We never allow ourselves this compromise; we are always on the side of our clients, sourcing ideas, strategies, deals and products for them.”

Haberer noted that another unique feature is that Pictet

remains unlisted, 100% owned by management, with the top 40 individuals within the bank owning equity in the firm. When they come to retirement - normally at 65 years of age - they cash out their financial rewards and leave the firm, so that the cycle can continue. These financial rewards are back-ended, Haberer noted, as dividends issued annually are modest.

Taking the longer-term view

“The whole edifice has been structured from the outset for the group and our people to take the long-term view,” Haberer commented. “We are not beholden to quarterly targets. We are the only private bank in the top 20 globally that remains fully private. The average tenure of a partner at Pictet is around 22 years, so longevity of tenure and longevity of perspective on the business and on the clients is ideally aligned.”

He explained that Pictet, therefore, stresses to its clients, many of

whom own their own businesses, that the firm has an alignment of interests, a similarly long-term view, and a deep understanding of management-owned businesses with a strong family component. “Even today,” he added, “there are Pictet family members as managing partners.”

Europe consolidates, Asia evolves

Focusing on Asia specifically, Haberer noted a core difference from Pictet’s main European markets. “The market here is at a different stage,” he said. “For example, for wealth and transition planning, a very active area for us, our Asia clients are generally first or second-generation entrepreneurs, whereas in Europe the issues of wealth planning are much more financial, for fourth or fifth generations, for example.”

Pictet has a dedicated entrepreneur practice. “Wherever they are,” Haberer noted, “entre-

preneurs devote a huge amount of time and energy to building successful businesses, often with considerable personal and family wealth accumulated in the process. This raises inevitable questions on how to preserve it and maximise it for the next generation. We know from long experience that many entrepreneurs do not dedicate time to finding answers to such questions in the early stages of their businesses, and often find their way to this realisation too late. It is never too early to plan ahead and we at Pictet have a comprehensive approach to the numerous facets of helping owners plan for their business ownership and future transitioning, from every imaginable aspect."

The objective approach to product

The bank's entire value proposition is about striving to take an individualised approach. Rather than pushing products, the Pictet relationship managers (RMs) prefer to talk strategies and long-term visions.

Haberer explained that once this has been understood, then Pictet can source the products. "We have no preference other than our own assessment of the quality and the fit for clients; we do not have to have any particular vested interest in selling one product versus another."

The firm's investment philosophy is long-term discretionary portfolio management with a three to five-year horizon.

DPM represents about 40% of Pictet's worldwide wealth management assets and in Asia, it is about 20% of the assets. "That percentage is still relatively low on a global scale," Haberer noted, "but

Claude Haberer: A Guardian of Tradition

Pictet Group's Asia CEO for wealth management has enjoyed a long and successful career in financial services. As a young man he spent a year in the USA and a year in Russia, before joining BNP Paribas, where he spent many years during which he cut his teeth in several key areas, including retail banking, investment banking and then private banking.

"It was in 2011 that the opportunity came to join Pictet in Asia, something I embraced as it was a move to what I consider to be a pure private banking enterprise with great tradition and a great future. I have found it an ideal business culture through which to build our business in the region."

A French national, Haberer was born in Paris to a family that hails from the beautiful Burgundy wine region. Haberer to this day is both a lover of fine wines and a keen polo player.

Haberer also has a passion for history and for the Chinese language, particularly Chinese philosophy. "I chair the Ricci Association, which publishes bilingual Chinese dictionaries on specific themes," he explained. "The association was founded by the Jesuits and they compiled this huge dictionary, the biggest bilingual dictionary ever published, called Le Grand Ricci, named after Matteo Ricci, the first Jesuit priest who entered China in the late 16th century."

we believe it is far higher than our competitors in Asia."

Asia's HNW families start to look further ahead

A core issue facing the wealth management industry in Asia is succession. A considerable proportion of the Pictet clients in the region are owner-entrepreneurs, and they will usually have succession issues, both for their businesses and their other wealth.

"Families in the region have not faced succession issues of the magnitude they now face, because there has been such strong wealth creation and there are still so many first-generation entrepreneurs around, particularly in

China," Haberer noted. "This is a crucial area of focus and a core area of our expertise and history. We understand family and business succession intimately and can help our clients immensely with those issues."

Pictet highlights its institutional approach to managing family wealth across generations, via Pictet's Family Office Services, which the firm created in 1998. "In an increasingly complex world," Haberer explained, "we accompany wealthy families and individuals in developing a structured, holistic and comprehensive approach that reflects the family's objectives. We have therefore designed a solution-oriented pro-



cess based on three principles of governance, namely family governance, investment governance and operational governance.”

Haberer sees a trend towards the institutionalisation of family wealth in Asia.

“Families are now taking a much more organised and strategic approach to their assets and finances,” he noted. “We are well placed to adapt to this more family office and institutional ap-

“Our first mission is to help them see the bigger picture and the longer-term view; we are here to help them preserve wealth first and foremost, as well as to help them build for the future.”

proach, and to combine it with the individual client relationships we have also built and maintained.”

Haberer also noted that the much-vaunted word “advice” to him is synonymous with helping a client manage his financial and other risks from a holistic viewpoint. “Very often in Asia, given the immense growth path the

region has been on, people are so focused on the opportunities ahead of them. But our first mission is to help them see the bigger picture and the longer-term view; we are here to help them preserve wealth first and foremost, as well as to help them build for the future.”

Private equity a core area of expertise

Pictet has developed great expertise in mainstream financial

markets, as well as alternative investment and an increasing focus on impact or ESG investments. Another core area is Pictet’s considerable private equity experience.

Pictet launched its first customised private equity portfolio in 1989, since when Pictet Alternative Advisors’ private equity team has realised numerous invest-

ments in private markets and developed a robust global network of general partners.

“Our private equity team screens approximately 400 investment opportunities per year, including funds and co-investments, to ensure that we meticulously select the most appropriate ones for our private equity tailor-made and commingled solutions,” Haberer explained.

“With representatives on the Advisory Boards of several prominent private equity firms, PAA has not only enhanced deal transparency but also preferential access to secondary investment opportunities and a strong position for co-investments. Our track record includes 66 co-investments realised since our first co-investment in 1992, distributing more than USD800 million, and we have more than USD10 billion under management in the private equity asset class.”

Haberer observed that investors need to take a seven to 10-year view to participate appropriately in private equity. “This is a longer-term horizon, but we have a lot of co-investments in which the bank’s partners can



also invest, which means that clients invest alongside the Pictet owners, which gives a lot of reassurance to our clients that their money is well-taken care of.”

Haberer’s priorities

One of Haberer’s key priorities for the year ahead includes hiring more of the right people. “The search for talent that fits with us is challenging,” he commented. “When we hire our main focus is on the reasons this person might want to move, and his or her perspective on clients and strategies for wealth management must align with ours.”

He said he does not expect to win over the clients of new RMs on day one, especially in the ever-more complex world of on-boarding and KYC. “We seek to build gradually,” he clarified, “to win over a portion of those assets, then prove ourselves, gain trust and build accordingly.”

He also conceded that Pictet’s brand recognition is still developing in Asia. “It takes time for clients to see who we really are, to understand us and our approach. We do not want to be the bank of ultra-high net worth individuals, we want to be the banker of ultra-high net worth families. And that requires a long-term view and a lot of patient building.”

Haberer reported that another priority is to continue to adapt to the market, which means making sure that the firm’s research teams and its advisory capabilities are always in tune with the changing markets. “That is more challenging this year than in the recent past,” he observed.

“There are many interesting developments such as increasing volatility in the markets, rising trade tensions, geopolitical worries, regulatory evolution. Change

is constant for us, internally and externally.”

A third priority is the ongoing digitisation effort. “Digital is to enhance our communication, not to replace it,” Haberer noted. “We use digital solutions for the management of our client relationships and support. Digital enables faster communication, digital support, more information provided to clients. And internally, digital makes processes more efficient and less cumbersome.”

However, Haberer and colleagues know that it is people and direct communication that has allowed their business to endure for more than two centuries. “When we consider the elevated wealth and often importance of the clients we deal with in the region, and the intensity of the exchanges we have with them, we are convinced that we do not want digital to water down the personal side of our relationships, which are the cornerstone of our business.”

Growth – built on firm foundations

Haberer and the Pictet team do not pursue growth for the sake of growth. Expansion must allow the firm to remain true to its values and traditions.

“We are always looking at what is the best way to penetrate markets, especially in places like China,” he noted.

“However, we are more of a moderate-sized pure-play firm in the Asia region and we have a lot of room to grow our offshore businesses out of Hong Kong and Singapore, where we also do ever more onshore business. Accordingly, we do not yet need to focus too much on onshore penetration into other local markets in the region.” ■