

# Staying focused

*Boutique private bank Bordier & Cie is working hard to cut a fine path to success through the current financial minefield, explains Bryan Goh.*

It has been said before that when the US Federal Reserve sneezes, the banking world suffers a convulsion.

With uncertainty the new-normal for the industry – across all types of financial institutions – the investors are scrambling for alternative ways to manage and diversify portfolios in search of safety over the longer term.

170-year old independent private bank, wants to fill.

“Our approach is very macro-event driven. We tend not to make a big asset allocation decisions,” he says.

“We have had a good plan over the last two years and that approach isn’t going to change very much in 2017.”

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And in line with this, the specific products and offerings on offer will continue to be the differentiating factor. This is the gap with Bryan Goh, chief investment officer at Bordier & Cie, a

What is going to change, however, is the timing when it comes to executing that plan. “Where we will be investing is in credit, and within credit, investment-grade subordinated debt, mostly



**BRYAN GOH**  
Bordier & Cie

in the CoCo and AT1 space,” he explains. “We are also actively allocating to leveraged loans, although settlement and trading issues mean that we have to

invest through funds. Also, there are very specialised products which package leverage loans in a capital efficient way which we find attractive," he adds.

### UP THE LEARNING CURVE

Bringing private banking into reach for a new age of client has also required a

perspective of an outsourced solution provider. "You can't outsource something to someone if you don't know how it's done yourself," he maintains.

### PERSONALISED

For Goh, he sees his responsibility to his clients to manage their money as he

what kinds of risks it wants to take. "We know what securities we want to buy or sell, or short or hedge. We look for managers who do that," he adds. "Different banks with different investors use funds in a different way; some are looking for alpha, while we are looking for a very specific trade expression that coincides with what we want."

Ultimately, he is looking to outsource the implementation of something that the bank would have done in-house if it was investing its own money.

Despite his pragmatic view, Goh is also open to avenues that are a lot nearer to the basics of banking than intricate investment products and CoCos. "Cash is a viable alternative; it is an asset and we believe in cash," he explains. "Many of the asset managers and people running UCITs funds are running very high cash levels. They cannot find anything good in which to invest, but these conditions won't last forever.

While new securities and opportunities will emerge, Goh thinks this will take time to materialise. One area he is focused on is the mortgage market in the US – non-agency RMBS, which was very lucrative in 2008, but it got to the point where there was no new production. "In a way, part of the market is commoditised.

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leap of faith in terms of rethinking the entire product platform.

This has been based on the fact that there is too much product available – and most of it is at the expensive end of the market.

Goh has long realised the need for change, but puts a spin on it, challenging the client to advise the banker. "What should change is investor behaviour," he says. "Investors need to get more educated; they need to be able to police their agents."

Whether talking about retail investors or HNW clients, individuals need to be clear about what they are doing with their assets and why.

"People need to know how to manage their own finances and resources," he emphasises.

If they can get to this point, they can then access private banks from the

would for his boss, Mr Bordier, and as he would for his own portfolios.

This is where he believes many larger banks – often those focused on scaling their businesses – fall short.

"Prop traders were making money risking other people's money, namely, shareholder's money. With increased regulation and the death of prop trading, banks have moved to making money risking other people's money still, but this time it is client's money," explains Goh.

At Bordier, he says there is a defined view of what the firm wants to do and

And the opportunities we look at are not very scalable." ■

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