

# Taking a 360-degree view of investment advisory

*Despite increasing scrutiny of Switzerland's wealth management industry, its institutions and advisers need to start putting their clients' needs at the forefront, according to Laurent Perusset at Union Bancaire Privee (UBP).*

The familiar story of Swiss wealth management over recent years has been how it is perceived by the rest of the world. However, a new narrative is emerging based on how the industry is viewed by those who use it, according to Laurent Perusset, UBP's Geneva-based managing director and global head of advisory.

"When you have 50,000 clients you have the same number of ways to apprehend investments," he says. "Understanding client needs is the most important element. Once you understand what the client is looking for you can start building an investment portfolio."

Perusset is tasked with creating investment content, drawing on UBP's wealth management and asset management propositions, in addition to external funds, and presenting these ideas to front office staff and clients. The former head of investments at Barclays Bank's operations in Switzerland, Perusset

returned to UBP in 2014, having spent 10 years at the institution between 2000 and 2009.

He notes that in the new business environment and amid increasing regulatory constraints, banks have to be more aligned and consistent in their advice to clients.

UBP has reacted to this by creating, for example, a 'preferred investment universe', which is presented to client-facing staff before they engage clients or recommend products. The process involves ascertaining a client's risk profile and then classifying available products accordingly.

## A 360-DEGREE APPROACH

"This is a big help in streamlining investment advice," Perusset notes. "But what we are trying to achieve is not just about suitable advice. Where we can really start to add value is in actually building portfolios that are tailored to client



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UBP

needs and optimising them." This means an approach to private banking that takes all different aspects of a client's needs and wealth into account.

This enables real optimization the client portfolio, taking into account their culture- and country-bias for example, so is not only a matter of choosing the stock that will perform in absolute terms, but rather of bringing real added value to clients by looking at global risks, their risk profile, and delivering a suitable solution.

“This 360-degree approach is the trend in Switzerland and we have implemented it at UBP,” says Perusset.

In wealth advisory, UBP offer clients discretionary mandates, advisory mandates or an execution-only option. The first category, which again has three tiers, exemplifies how it aims to focus on clients' overall investment needs.

The first of these three tiers is described by Perusset as a “core approach”. It is tailored according to a client's risk appetite, and includes five options ranging from aggressive to defensive portfolios.

when many active managers find it difficult to beat the market. “Passive instruments have become of more interest to clients globally and here in Switzerland. In the environment we have had since 2008 it has been difficult to outperform benchmarks,” he explains.

The third tier of UBP's discretionary mandate offering helps clients to build “target return” portfolios.

This leverages UBP's institutional expertise and is different to the classical approach, as rather than offer clients a range of asset allocation options, UBP instead asks clients to tell it what they want to achieve in terms of performance adjusted to risks. “We launched this in January and it is interesting to pitch to clients as we are turning around the discussion,” Perusset notes.

In its advisory mandate offering, UBP again takes a three-tiered approach, offering options for clients who want

ments” service a niche giving qualified investors and professional clients access to exclusive direct investment opportunities in all private market spaces, ranging from new technologies to real estate, aviation, art, commodities, telecommunications and sports.

UBP has also largely invested in its own investment management arm. The objective of this is to propose a select range of investment strategies and funds, including high yield, convertibles and European equities amongst others.

UBP differentiates itself by being flexible and opportunistic, adapting to clients' demands. “We don't sell what we know how to manage, but manage what our clients want”, Perusset says.

UBP is also keen to expand its geographical reach, having entered into a Shanghai-based strategic partnership to target China's UHNW population.

Another example of this is the latest joint venture UBP signed earlier this year, with one of the leading Chinese asset managers. “This is a strategic partnership, and we are creating a fund investing in domestic Chinese A-shares which offers foreigners the chance to enter the Chinese mainland equity market,” Perusset notes.

The proposal is different to other joint ventures set up by foreign institutions in the country as UBP is partnering with a team of professional investors rather than an asset management company.

These innovative approaches support the mission statement of UBP itself. This is to achieve substantial AUM, which currently stands at about US\$100 billion, while still being flexible enough to offer bespoke services. ■

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## “Prior to MiFID we were trying to deliver investment ideas to the client without considering a total view of their portfolio.”

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The second is described as an “asymmetric” approach to investment and comprises passive investments which overlaid with defensive instruments (options and futures) to prevent against risks. “For a USD account, we are trying to capture 70% of the [market's] rise and protect against falls by capturing only 30% of them,” says Perusset.

He notes that there is an increasing interest in passive products in an era

to either generate wealth, enhance or preserve it. These mandates are all inspired and backed by asset allocation.

The final category – execution-only – is designed for clients who prefer to manage their portfolios themselves.

### BESPOKE SERVICES

In addition to these three main services, and specifically for UHNW investors, the Bank provides a “direct invest-