

# Lombard Odier Limited Partner and Global Head of EAM on the Harmonious Alignment of Tradition, Innovation & Commitment

Laurent Pellet is Limited Partner and Global Head of External Asset Managers (EAMs) for Lombard Odier Group, which has, for many years, made a deep and enduring commitment to the independent wealth management sector across all of the bank's key markets worldwide. Swiss-based Laurent is a keen skier - indeed he is still a certified ski instructor - but the Lombard Odier EAM business is certainly not going downhill. In fact, the business is robust and, even amidst intensifying competition in Asia, Laurent reports that growth remains encouraging. Hubbis met with him recently to learn more about the offering and the latest plans to stay one step ahead of the pack. He explains that technology remains central to ongoing efforts to improve the EAM client offering - but stability, trust and enduring personal relationships are the true heart of the business.

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**LAURENT PELLET**  
Lombard Odier

**Laurent opens the** discussion by jumping straight to defining how the bank is planning to grow its EAM business in the year ahead. He reminds us of an interview in late 2021 when he explained that, a few years earlier, the bank had debated the right strategy, opting to embark on a multi-year mission to upgrade their technology and modernise existing platforms to maintain their competitive advantage and provide a superior offering to clients.

**Technology at the heart of the proposition**

“It was the right decision,” he reports. “We have managed to create a successful platform that enjoys real recognition and offers a significant competitive advantage. According to the feedback from our EAMs, for example, who are used

to working with numerous banks, it is an extremely effective tool for investment professionals.”

He adds that this phase of the upgrade project is ongoing under the name Project GX. “It was always conceived as a multi-year effort and as one of the bank’s key investments,” he explains. “We are now about to deploy new features that bring best-in-class UX as well as end-to-end efficiency,” he reports.

**Innovations and advances**

He says these advances include a new workspace for wealth managers including an interactive dashboard providing insights and next best actions ranked by relevance. A portfolio mass realignment tool is also included, providing a high degree of automation and allowing for tailor-made and intuitive customisation when required. Lastly, it features a digital onboarding process fully integrated with CRM protocols that incorporates an online identification third-party solution as well as a revamped mobile eBanking interface to promote client engagement.

He notes that the budget for all these innovations is substantial because the bank needs to meet several objectives simultaneously. Technologies that the platform leverages need to be refreshed constantly so that the platform remains state-of-the-art.

“We also need to speed up the digitalisation of our processes,” he adds. “And to round it all off, we have to revamp the client experience; beyond interface design, we also intend to shift our philosophy and be mobile-first. The first consideration for our future developments must be how our clients will access information on their tablet or smartphone. The desktop version comes second.”

**From Singapore to APAC**

Laurent explains that Lombard Odier’s Asia hub is based in Singapore, where they service EAMs and Multi-family Offices (MFOs). They also have an office in Hong Kong.

“EAM clients in Asia get the best of both worlds,” he comments. “They can leverage our global capabilities but can connect to us at local, regional or international levels. They will be working with a very well-capitalised, independently-owned private bank with a long and enduring history and reputation, and benefit from high-quality, front-to-back banking services. And whether the EAM is in Singapore, Hong Kong or elsewhere, they can access the bank’s dedicated international team of more than 70 EAM professionals across eight offices worldwide, confident that we will work with them in genuine partnership and trust.”

He reports that Lombard Odier currently looks after CHF 308 billion (USD 356 billion) of client assets as at 30 June 2023 and therefore

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counts as one of the largest private banks in Switzerland and Europe. “Stability is core to our offering – we currently boast double the minimum capital required by our regulators, with Common Equity Tier 1 ratio at 30.1%,” he reports.

### Ahead of the game

He then turns his attention to trends and developments within the independent wealth management industry in Asia. He notes that the region’s expanding affluent and HNW population has been fuelling demand for EAM services. Consequently, wealth management firms have been increasing their presence and activity levels to cater to this demand.

Laurent also defines the market for the bank as EAMs and MFOs, the subtle difference between the two, in his view, being that the EAM is a money manager, while the MFO is a hub for family wealth that might manage some of the AUM but that also organises best-in-class providers to manage a significant portion of those client assets. The same, he says, is true of most single-family offices.

### KYM - Know Your Market

He observes that the difference between a typical EAM and MFO might be very subtle from the outside. The EAM is generally more centred on a wide array of asset management services including asset allocation, investment, advisory, private placements, and so forth. MFOs tend to deliver expertise or access to specialists in areas such as estate and tax planning, corporate advisory, family governance, and others.

“I might characterise the difference like this: EAMs manage the assets of the end client, typically with a global allocation. The MFO should

### Key Priorities

When asked about his key missions, Laurent begins by highlighting that Lombard Odier has been servicing the EAM community for over three decades. “We have achieved that success by being continuously innovative and by sticking to our core values. We have also emphasised our stability, financial strength, and of course, our commitment to offering EAMs a wide range of bespoke solutions and continual support.”

“We want to grow, of course,” he states. “In Asia, our dedicated local EAM team services clients from Singapore, the regional hub, Hong Kong and Australia. We have a diverse set of Asian and European language skills to cater to customers, and extensive knowledge of specific structures and vehicles, such as trusts, Private Investment Companies or Australian Superannuation Funds.

“Today, our overall strategy is based on three fundamental pillars,” he reports. “Our experience positions us as a major player, and we are dedicated to enhancing our visibility in the market, as we continually rethink our proposition to better serve EAMs. Our local team in Singapore is entirely committed to continuing these three strategic pillars to deliver service excellence to our clients, strengthen our position in the market and build enduring partnerships with EAMs.”

Aside from growth, the second priority is to evolve the business offering in anticipation of the expanding needs and expectations of clients. “This means style, offerings, technology and our relationships,” he reports. “We see ourselves as being in partnership with EAMs, and we want to keep ahead of what is a fascinating and fast-evolving environment.”

He adds that the Middle East is another priority. He says Asia and the UAE in particular offer the growth potential that the more mature European markets, especially the Swiss EAM market, no longer provides.

“Europe is stable and mature, but since we set up a EAM-dedicated desk in Singapore in 2008, we have seen Asia as an engine room of growth, and the UAE now offers considerable promise as well. Not only will wealth creation drive this market segment, continuing appetite amongst senior bankers to either open their own EAMs or join an established independent will also be a driver. There are hindrances of course, as not all private clients will follow those bankers, but the trend appears well established for the continued expansion of EAMs within a rapidly

be more like a conductor of an orchestra, bringing out the best in each musician."

### Shifting towards leading global standards

Returning to his overview of the market, Laurent observes that the regulatory framework has been helping to reshape the industry. Stricter regulations are constantly being introduced to enhance transparency, client protection, and risk management.

These changes, he says, are aimed at bringing the Asian EAM industry in line with international standards. At the same time, faster rates of technology adoption are helping to drive more cost-effective services to clients, and far easier accessibility. In the world of investments, demand for private and alternative assets, including private equity, hedge funds, and commercial real estate, is rapidly increasing as investors continue to diversify their portfolios beyond traditional asset classes.

### Connecting with the NextGens

Laurent adds that technology will also be crucial to capturing the wave of wealth transitioning to the next and younger generations, as older generations pass on their wealth. "Technology is not a luxury in this context, it is a necessity and needs to be approached with creativity and the right strategy."

Looking ahead, Laurent explains that for their EAM platform to remain ahead of the pack, they need to be continuously looking at ways to rethink and refine the offering. "Self-assessment and the ability to be analytical and objective about the proposition we offer are core aspects of our strategy. We do this in collaboration with our EAM

### A Short Note on Laurent Pellet

Laurent joined Lombard Odier in June 2017. He assumed responsibility for the Group's External Asset Managers department in 2018.

His career began at Ferrier Lullin, where he held various positions for more than 15 years, including Head of Credit and Risk, and subsequently Head of the External Asset Managers department from 1997. In 2006, he joined Julius Baer to lead their External Asset Managers business for the French-speaking part of Switzerland and Western Europe. In 2012, his responsibilities were extended to cover Monaco and the Middle East.

Laurent Pellet holds a Federal Diploma from the Ecole Supérieure de Commerce de Genève. He is a graduate in Credit and Risk Management from the University of Geneva, and in Quantitative Portfolio Management from HEC Geneva. He also holds a Diploma in Digital Finance Law from the Faculty of Law of the University of Geneva and the 'International Certificate of Private Banking and Wealth Management' from the Swiss Finance Institute. He is a Certified Wealth Management Advisor (CWMA).

partners so that there is a two-way flow of feedback, ideas and recommendations.

### Constant introspection required

He says that efficiency is vital to ensure there is no duplication of effort between the EAMs and custodians. "Collaborative efforts and effective communication between EAMs and their custodian banks can help minimise redundancy of effort and improve operational efficiency," he comments. "By working closely with EAMs and defining clear roles and responsibilities, we are successful in this goal of avoiding wasted effort."

He adds that the bank specifies who handles each task and how information is shared to attain maximum efficiency. They also employ integrated systems that facilitate seamless data sharing and reduce manual effort.

### Oiling the wheels of change

He says this is what the GX phase of their platform upgrade is all about. "We want to be a Swiss army knife, offering the right tools and cutting-edge solutions for all our customers on the EAM side," he states. "And we are investing significantly in new technologies, looking currently at blockchain, AI and relevant applications to enhance our offering and boost client usability and functionality.

As examples, Laurent highlights a new offering to EAMs in the form of digital call-backs through their main app, and functionality that allows end-clients to digitally recertify their FATCA status.

### At the end of the day, people count

Innovations aside, Laurent believes that it is personal relationships that

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count the most and that will help to future-proof the business. “I am constantly on the move, seeing clients in Asia and elsewhere,” he says. “Our 70-strong, experienced and dedicated team listens to those EAMs and continuously adapts our offering. We also anticipate key trends, all the time communicating with those customers.”

Laurent expands on these observations, explaining that Lombard Odier is a bank with some 2,800 employees worldwide. However, it cannot be expected to offer every product and service in every market.

“We believe we have the right level of coverage to make sure our EAM clients are properly served,” he says. “We are already diversified with booking centres in Europe, including centres in Luxembourg, Geneva, Lausanne, and Zurich, as well as the Bahamas and Singapore. For now, that is plenty to offer good coverage and remain efficient. But as a general statement, we are constantly refining our proposition and expanding where it makes sense today and in light of future trends, while remaining closely connected with individual clients.”

**The UAE’s growing promise**

Regarding the UAE, he reports that the bank is building its market presence there but does not offer custody services on the ground, instead offering custody through Switzerland or Singapore. Middle

East clients, he explains, have the choice of onshore/local banks in the UAE, but often prefer to diversify exposures to offshore booking centres.

“They generally like to book at least some of their assets outside the Middle East region and there is not a lot of expectation that the UAE will grow to become a major international booking centre,” he says. “Why? Because those customers are not looking for that; they are happy to book offshore. And from discussions with EAMs there, I do not see that changing in the foreseeable future.”

**Transitional challenges ahead for many EAMs**

Laurent says that, unlike some observers, he does not anticipate a lot of consolidation amongst EAMs and MFOs in the coming years.

“In Europe, especially Switzerland, everyone has been talking about a potential wave of consolidation over the past decade or more, but that has never materialised,” he reports. “I think it will be the same in Asia, as growth is plentiful and market dynamics are very robust here. Moreover, smaller players can become more efficient with technology, they can behave in a very agile manner, and they can achieve efficiencies, for example through outsourcing and managing their capital and time more productively.”

Another issue is that expectations are often mismatched, as the buyer generally wants to acquire clients and AUM and the seller wants to continue to participate via equity in the enlarged entity. Buyers generally want the future not the legacy of the business, as it is far more complex in terms of due diligence and structuring.

**Passing the reins of power?**

He expands on this line of thought, observing that EAMs do nevertheless find it difficult to sustain their business model into the future, as the model is so often driven by one or two founders and key personalities. EAMs are rarely institutional level entities or even have plans to become so.

“From our European perspective, it is tough to imagine that sons or daughters can easily take over a business that took several decades to build and in which the founder’s relationships are so profound,” he comments. “It can transpire successfully but that is the exception, not the rule.”

Moreover, he says there will need to be a transition phase when clients are being handed over, assuming there are children to take the reins, which is far from assured. And if these family members do take the reins, one can expect changes in style and approach to take place, of course, and there is no guarantee that existing clients will like that. ■