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# Guiding clients through a pandemic

While 2020 hasn't been the year many envisaged, the coronavirus pandemic has provided an opportunity to connect closer with clients, says Lombard Odier



Client portfolios for the GCC region have recovered from March lows, according to Lombard Odier

How does a Swiss private bank reliant on personal relationships weather a global pandemic? Arabian Business spoke with Lombard Odier's Partner Holding Privé Arnaud Leclercq and Senior Private Banker Soumaya Hissoussi.

## **AB: How has 2020 been for your clients?**

Arnaud Leclercq: It's not been the year we envisaged, but paradoxically it may have brought us even closer to our clients. Crises focus the mind on what matters: our families and loved ones.

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Fundamentally, our role is to advise and accompany our clients and their families, and to invest their life-savings, for the long term. Clients had more time to reflect during lockdowns. They spent more time talking to us.

Video calls brought us right into their homes, sometimes for the first time. At times, bankers were providing daily updates. At the peak of the crisis, we communicated our outlook: stay firm, there will be a short-term recovery.

Our analysis proved to be right. In general, client portfolios for the GCC region have recovered from March lows; most are now in positive territory.

Lombard Odier has weathered more than 40 financial crises in its two-century history. We represent strength and stability, a fact highlighted when Fitch reaffirmed our Group's AA- credit rating this past March. As one of the world's strongest-capitalised banking groups, investors' flight to safe havens has benefitted us, particularly in the Middle East.

**AB: How has your Islamic finance approach fared during the pandemic?**

Soumaya Hissoussi: There is some evidence to suggest that our Shariah mandates are preserving clients' capital in a superior way.

Our balanced Shariah mandate saw a smaller drawdown in the mid-March lows than our conventional US dollar-based mandate, and has since recovered more robustly. It had returned 9.46 percent year-to-date at the end of August.



Arnaud Leclercq, Partner Holding Privé, and Soumaya Hissoussi, Senior Private Banker, Lombard Odier

I think that the symbiosis between Islamic finance and sustainability is also worth underlining. Islamic equities have had a strong year, reflecting in part the exclusion of financial services, but mainly the bias towards quality firms with strong fundamentals and solid balance sheets.

Our broader sustainability analysis also looks beyond business practices to assess companies' business models. How adaptable are companies? How prepared are they for challenges, whether that's a sustainability challenge, or a pandemic and supply chain challenge? This year has shown how important that analysis is.

**AB: What do you expect for the final months of 2020?**

Arnaud Leclercq: We expect an ongoing recovery, albeit at a slower pace than in May/June, as the 'easy' part of the process is behind us. Improved epidemic control and continued policy support are key factors here.





Lombard Odier has over 200 investment professionals working across the globe

We believe the probability of renewed lockdowns is low – as long as fatality rates remain low – as the approach has shifted to more geographically targeted measures. Still, the partial nature of the reopening means economies will not regain full capacity until the virus is eliminated.

Within client portfolios, we have been adapting our strategic asset allocation to a post-pandemic future, with a new standalone allocation to China; allocations to thematic trends including demographics, climate change and digitalisation; to real estate; and to gold. We believe these will help us capture the investment opportunities of tomorrow, without necessarily increasing risk.

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