

## 'Conservative stance is our pillar'

Swiss private bank Lombard Odier expands in the Middle East

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**Arnaud Leclercq, head of Private Clients business in Eastern countries and the Middle East, says his bank wants to have a long-term commitment in the region.**

Image Credit: Supplied picture

Dubai: Lombard Odier, the Swiss private bank, recently announced that it is expanding its Middle East focus and wants to raise the proportion of its Middle East clients. In a first step, the bank has appointed two new members for its Middle East team, Radhouane Maghraoui and Christophe Lalandre.

The bank, which was founded in 1796 in Geneva, Switzerland, is concentrating on asset management and investment products for wealthy private clients and institutions.

Gulf News spoke to Arnaud Leclercq, head of the bank's private clients business in eastern countries and the Middle East, about the bank's further plans to bolster its offerings for clients in the region.

**Gulf News:** *What are your concrete plans for expansion in the Middle East, apart from announcing new key appointments?*

**Arnaud Leclercq:** Lombard Odier has actually 150 billion Swiss francs in assets under management (Dh547 billion), of which less than 10 per cent comes from the Middle East.

Our objective in the next three to five years is to raise this proportion to 20 per cent. To reach this objective, we have already expanded in the last months our Middle East team through the appointment of various senior private bankers. We do not exclude to expand further in the region. We are considering a number of options but before going ahead we need to find the right partner. We have a strategy for the Middle East but we are cautious in our expansion approach. We want to have a long-term commitment in the region.

*How has the Dubai office developed since its launch in 2006?*

We have developed a Middle East client base in the last 50 years. We had people travelling from Geneva to the region, which has built up a good relationship here. The opening of our Dubai office in 2006 has furthered this commitment by sustaining existing client relationships, while also serving as hub for the development of new client relationships in the Middle East and the wider region, including North Africa, and the Subcontinent. We have been extremely happy with our presence in the region and we have been growing. We have successfully developed our client base from traditional clients, like wealthy families, to successful entrepreneurs or expatriates coming from the Indian sub-continent and the Western countries. We started 214 years ago. Our conservative stance has always been the pillar of our firm. We have been through approximately 40 crises and have offered stability for centuries. It has helped us to weather storms such as the recent crisis and to convince new clients.

*Please give a description of Lombard Odier's client target group in the Middle East.*

I cannot tell you precisely who our clients are, but I can say that we focus on ultra high net worth individuals and family businesses as our own business has been with the same families for more than two centuries and it is the seventh generation now managing the banking group.

*What is the ratio between private and institutional clients in the region?*

Our activities are mainly dedicated to private clients in the region. But we are able to bring them the expertise and the innovation from our institutional activities as for example in the field of commodities, fixed income, convertible bonds, thematic funds or hedge funds.

*Are you/will you be offering debt restructuring consultation as part of Lombard Odier's investment advice?*

We have been pure independent wealth managers for the last two centuries. We do not branch out into other areas of banking such as investment or corporate banking. We didn't leverage our balance sheet for excessive credit or get involved in subprime papers. We focus exclusively on client's needs and requirements.

*What is the advantage of Lombard Odier in comparison to conventional banks' premium services in the region?*

The first point to underline is Lombard Odier's independence. Having run our firm for seven generations, our partners are both owners and managers, as much as involved in strategy and management as in serving our clients. Partners have unlimited liability for the firm - they stand personally behind the company's liabilities to the full extent of their assets. It means no conflict of interest, no pressure from shareholders and an impartial advice focused on client interest. The second is our stability. Our balance sheet is much above the market's ratios and our firm does not go to market to refinance. The last one is our focus on creating wealth for clients, not just managing portfolios. We take a long-term view of three to five years for real returns, rather than a short-term tactical investment approach. We work with counterparts we know well and can monitor closely.

We have also a bottom-up approach through our focus on companies, coupled with the global themes we believe in, including ageing population. And we offer too a true "open architecture" based on performance and risk analysis.

*What is Lombard Odier's investment strategy in response to the global financial crisis?*

We remain cautious. We believe investors should put their money in stocks only under the following circumstance: a re-equilibration of the global economy, the adjustment of surpluses and deficits with the extinguishing of liabilities, against the backdrop of cheap asset prices with large margins of safety. Those would create the ideal investment conditions. Unfortunately, as we have consistently argued, that is not the environment we face: in many cases, assets are simply overvalued, and risk premia insufficient to compensate for the unknowable and the unpredictable. Typically, in equity markets, the US index is still valued at a level which, historically, has always been consistent with low single digit annualised returns over the course of a full market cycle. This is the reason for our cautious approach.

*Are you considering Sharia-compliant investment strategies for clients in the region?*

We are in early stages of discussing a partnership with a Sharia-compliant fund to start developing Islamic finance products in the region, but before going ahead we need to find the right partner.

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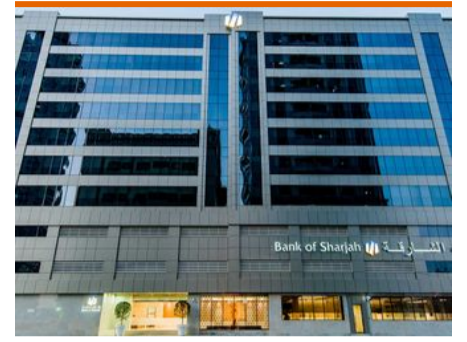
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