



Sheffield Haworth Intelligence Report 2018 Wealth Management Review

Market commentary, analysis and key executive moves



Expertise

Simon Worthington has been awarded the top rating of 'Outstanding in Field' by **Spears** magazine in their 2019 list of Wealth Management Recruitment Consultants. This is the essential 'Who's Who' guide to the key players in the UK's wealth management community, as well as selected HNW service providers.



We work with our colleagues, with their specialist skills and networks, to access a broader talent pool





Market Commentary | 2018

Change. The Only Constant.

The Wealth Management industry is thought of as being somewhat resistant or at least slow to change, certainly compared to other sectors within Financial Services. Perceived wisdom within Wealth Management is that tradition is all important and, where possible, business models are only tampered with when under pressure to do so.

Whether or not this is a fair description of the culture within the industry is perhaps a moot point. Of more relevance is whether the changes foisted upon the industry in recent years are having the necessary positive impact. In that regard the answer is yes, as ironically it is the business areas where there was significant resistance to change that have arguably reaped the most positive benefits.

Private Client Investment Managers

In the UK market this is visible in the world of private client investment managers (PCIM's) – the private client stockbrokers of old. Businesses such as Rathbones, Brewin Dolphin, Smith & Williamson and the like. These organisations typified the more traditional mindsets within the Wealth industry and their business models were built on bespoke individual portfolios for all clients, with a high degree of investment into direct securities, rather than through funds. Individual investment managers had significant autonomy to make their own investment decisions on behalf of clients. However, in some larger organisations this could result in having upwards of 50-100 quasi-Chief Investment Officers - a lot of cats to herd!



In recent years, regulations have restricted this practice significantly. No longer can multiple clients with similar risk profiles have portfolios from the same organisation which might result in quite differing investment outcomes. Regulations now ensure that a more centralised investment process operates at the core of these models, even if there is still tailoring around the edges.

Employees



Management



For the individual investment managers themselves, however, this restriction on their roles has been a source of major frustration. Imagine having spent twenty years handpicking individual equities or funds on behalf of your clients, constructing their portfolios with the finesse acquired



over years of experience, only to be told that you now have to follow a house model. They effectively became execution specialists with limited investment input. In recent years PCIM's have grappled with this change and the internal frictions between senior management and the individual investment managers were rife. It is fair to say that few of these businesses would have had the appetite to enforce this change were it not for the regulator breathing down their necks.

Looking Ahead

But good news! Having come out the other side of these changes, this sector of the Wealth industry is in rude health. Of course, investment performance given global macro events is challenging, as is sourcing new clients. However, the revised business models themselves have opened up huge growth opportunities. Where once these organisations focused mainly on clients with around £250k-£1.5m to invest, today's businesses are able to extend this client range both upstream and downstream with profitable results. Model Portfolio Service (MPS) propositions, typically passive funds of funds, enable these businesses to offer an investment solution to significantly smaller clients, even those with sub £10k to invest. Whilst at the upper end, a more robust centralised house investment model is proving more appealing to larger clients, those with multiple £m AuM to invest, historically the preserve of private banks. Asking a single investment manager to pick stocks and manage a portfolio of £5m-£10m is now seen by clients as less robust than having a portfolio that size being managed by a substantially larger centralised investment team.



The proof in the pudding? The AuM increase in this sector of the Wealth market. St James's Place £100bn AuM, Brewin Dolphin £40bn+ AuM, Rathbones £40bn+ AuM, Quilter £40bn+ AuM. The list goes on and there are only a handful of private banks whose UK investment AuM comes anywhere close to these sorts of figures.

Private Banks



Having broached the thorny subject of whether regulatory control could be viewed as friend rather than foe, are there other regulatory driven changes that could be shaping the future direction of parts of the private banking industry in an unexpected way?

Barclays is proving to be an interesting test case. It is no secret that the Wealth division has faced a number of challenges over the years with the most recent being the

impact of Ring Fencing, the process whereby from the 1st January 2019 UK banks had to separate core retail banking from investment banking. This posed a tricky question as to how to re-structure their Wealth Management operations; which part should sit within the ringfence, and which part outside? Whichever way the organisation chose to tackle this issue, it would impact the roles of many employees within the business. Inevitably there has been fall out but these enforced changes may just be pointing the way to success in the future, not just for Barclays' wealth management operations but for other private banks too.



In order to achieve continued growth the industry needs to 'stretch' its potential client base. Boutiques may be able to survive on a relatively limited range of clients, perhaps those falling into the £5-15m range. However, larger private banks and certainly the Wealth divisions of universal banks need to achieve greater growth. They must find ways to cater for smaller clients, down to £1m AuM or even substantially less, in a profitable way. Whilst at the same time putting in place sophisticated propositions that can appeal to and effectively service clients in the UHNW space, again profitably. The question is how to do this under one roof?

In years gone by, private banks struggled with this balancing act. The result was typically that smaller clients were over resourced and therefore unprofitable for those banks. Whereas the propositions created for UHNW clients were not resourced enough, did not leverage enough of a bank's broader cross divisional capabilities and were UHNW in name only. Thereby effectively under serving these valuable clients.



Barclays has chosen to separate into two very distinct units catering to different types of clients. Possibly still a work in progress but the signs are looking positive for this model. Resources are shared where it makes sense to do so but ultimately two very separate businesses exist. One catering for larger clients with a genuinely bespoke proposition that can effectively leverage the broader Group. The other (the domestic ringfenced business) shaping itself far more effectively for its own target audience, with the

emphasis on distribution, a more commoditised product and greater leverage of technology. Barclays has successfully put in place a structure that may well set the future direction for the industry at large.

Need more evidence of this future trend? How about Goldman Sachs merging its Marcus personal lending and savings platform with its Investment Management Division (IMD), which

currently houses both Wealth and Asset Management. "We plan to launch a broader wealth management offering – combining Marcus’s digital capabilities with the more established sales channels and products currently housed within the Investment Management Division" - David Solomon, Goldman's recently appointed CEO.

Hiring Activity

The above changes have filtered through to the trends in hiring seen during 2018 and which we expect to continue into 2019 and beyond

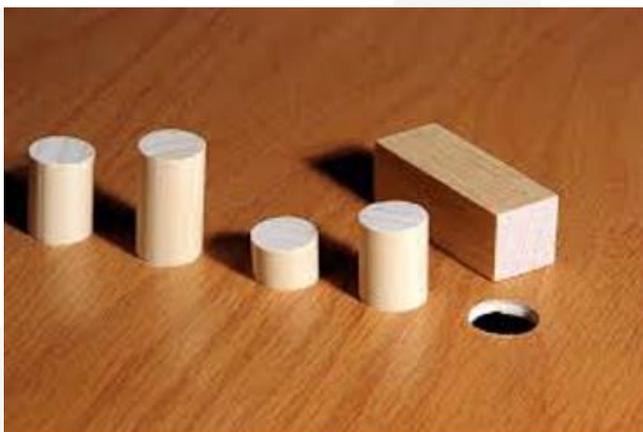
Private Banks - Relationship Managers (RM's)

Within private banks, especially the wealth divisions of universal banks, it is increasingly common to see a greater focus on hiring mid-level RM's. They have proven ability to gather assets, remain hungry to grow their books but their compensation is typically low enough to ensure that they become profitable without transporting their book from their previous firm. In other words 'hiring talent' rather than 'buying assets'.



Given that clients are now more institutionalised, fewer assets will move with the RM. Therefore senior, more expensive RM's need an extra compelling business case to justify being hired. Typically it is the pureplay private banks and boutiques which need these more experienced RM's. It can be more challenging to build client books on these smaller platforms with their lower brand recognition and sometimes more limited offering. Given the lack of a corporate network to leverage, up and coming bankers can struggle in these environments.

Private Client Investment Management Organisations (PCIM's) – Relationship vs Investment Managers



Historically, within PCIM's, it was common to see individual investment managers reach a capacity book of client assets and then farm the revenues from that static book for many years. NNM figures would be very low, yet the individual investment manager would continue to be paid, often formulaically, solely on recurring revenues. Given each individual investment manager's significant input into client portfolios, client relationships were typically more tied to the individual as opposed to the corporate.

Taking the emphasis of this role away from investment management, as detailed earlier in this report, enables a greater focus on relationship management, and in turn asset gathering. By contrast, a typical private banker has traditionally delegated portfolio management to a separate team. Their role has always been biased towards hunting for new assets. In the past, this role of

private banker did not fit within PCIM's as the private banker did, and does not, typically have the skills to manage portfolios themselves.

Today, the differentiation between the role of relationship manager within a private bank and investment manager within a PCIM is shrinking. The lines are blurring between the two. We now see PCIM's actively hiring RM's from private banks. The likes of Rathbones, Brewin Dolphin, LGT Vestra and Investec Wealth have all been very active in hiring from private banks over the past few years. The organisational structure within PCIM's has changed whereby they can now hire hunting oriented RM's and provide them with separate portfolio management back up so that the RM can offload this day to day activity. Their time is freed up, as within private banks, to originate new clients and assets.



It is therefore easy to see why PCIM organisations are now attracted by private banking RM's, but why would the RM's themselves want to move away from private banking and into private client investment management?

Usually it is because their client networks are at the lower end of HNW (£1m-£5m) and they are finding themselves squeezed out of the private banking model where their client books may not be profitable. Furthermore, these (usually investment led) RM's increasingly find that the investment-oriented culture within PCIM's is more in tune with their client requirements.

C-Suite / Functional (non-Front Office) Roles



We continue to see movement across the subsectors of the Wealth industry. Retail wealth firms seek to hire product and technical specialists from private banks to draw in expertise in dealing with larger clients. As the investment propositions within retail wealth firms become increasingly sophisticated and relevant to HNWI, these retail businesses therefore become more attractive to those working in the private banking sector. We see

interest especially amongst COO's and CFO's to work within the more digital / technical side of the industry often resulting in a transition from private banking to retail wealth.

In turn, private banks seek to hire in greater technological and distribution expertise. Therefore they increasingly fish within the retail end of the market to identify such talent. For those making such a move upstream, the opportunity to contribute to the change and re-shaping of a traditional wealth firm into a more future proofed business can be highly exciting and challenging.



Succession Planning

Under the Senior Managers and Certification Regime (SMCR) legislation demands that companies have succession plans in place for senior management and board members. With increased personal accountability for senior figures in the financial services industry, the rules call for a clear structure to ensure that duties and responsibilities will not be left unassigned should a senior manager leave the firm.



Whilst there is nothing new about Succession Planning, today we at Sheffield Haworth are far more actively and formally involved in this process with our clients. In leveraging our Talent Advisory practice we assist Wealth organisations to adopt a far more proactive, reliable and effective methodology to prepare for expected and unexpected departures in the future.

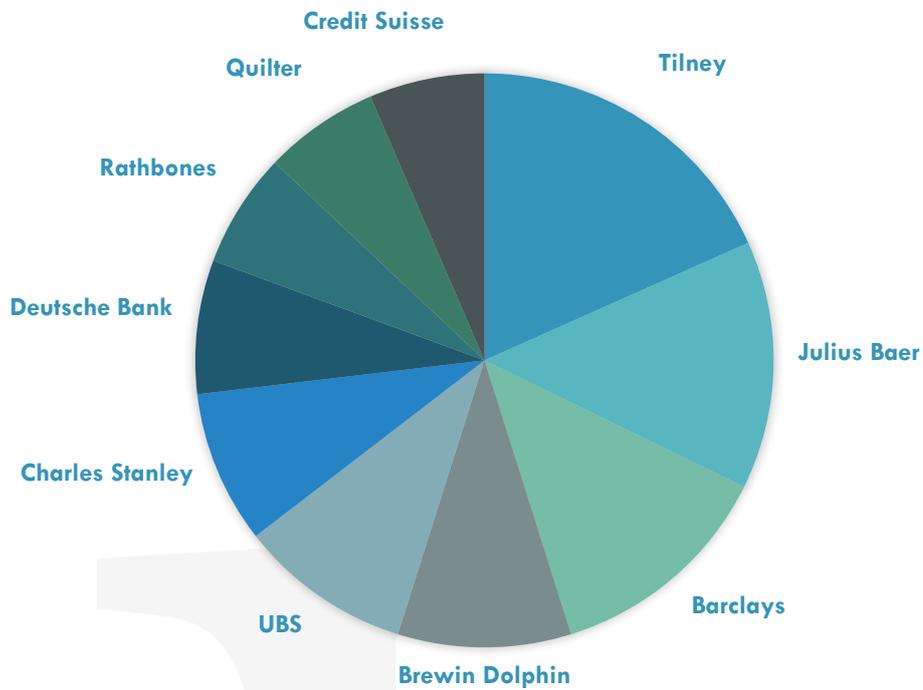
BREXIT

It would be remiss not to mention it whilst the grappling in the dark continues. But to quote Netflix, “Don’t try this at home....”

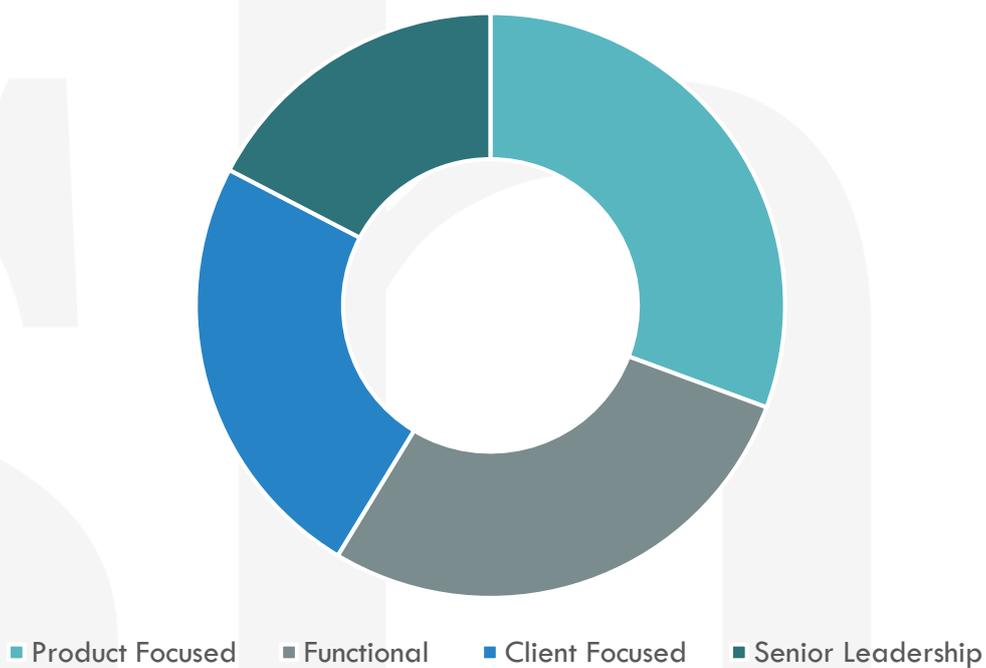


Hiring Analysis

Hiring Activity: 2018

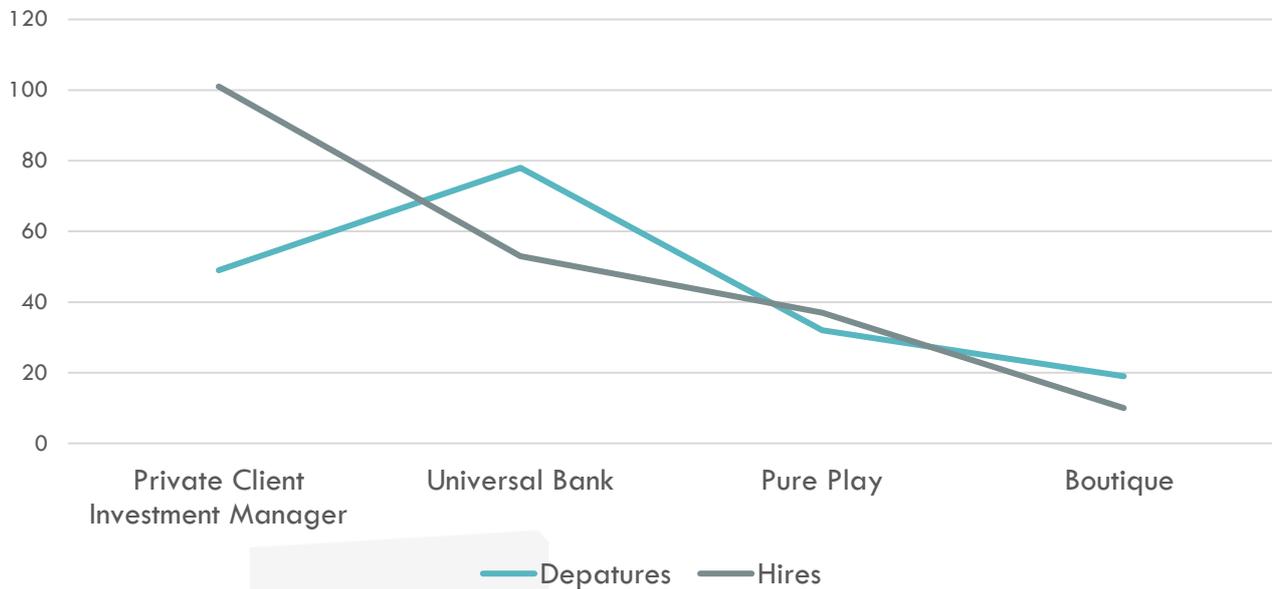


Hires by Role: 2018

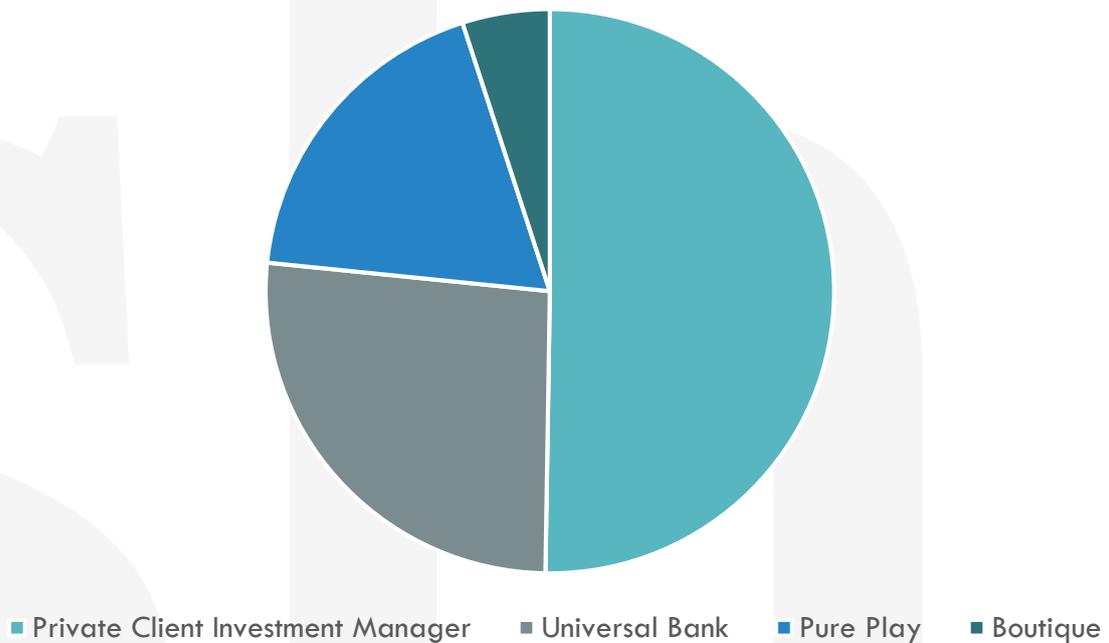


Hiring Analysis

Comparison of Senior Hires and Departures by Sector: 2018



Hires by Sub-Sector: 2018



Hiring Analysis



Corporate Activity

- 1825 / Cumberland Place Financial Management
- Brewin Dolphin / Clark Thomson MortgageFinders
- Butterfield Bank / Deutsche Bank Global Trust Solutions
- Caledonia Investments / Stonehage Fleming
- J. Safra Sarasin Group / Bank Hapoalim Private Bank Switzerland & Luxembourg
- Mattioli Woods / Broughtons Financial Planning
- Money Farm / Vaamo
- Private Individuals / Berenberg Private Bank Switzerland
- Quilter Private Client Advisers / Eastgate Financial Management / Holdaway Johnson / Clive C Aitkenhead Financial
- Rathbones / Speirs & Jeffrey
- Sanlam UK / Grennan Advisers
- Schroders / Lloyds Banking Group
- Seven Investment Management / TCAM Asset Management
- St James's Place / Futureproof
- Stonehage Fleming / Lombard International Assurance
- Succession Group / Sigma Asset Management
- UBP / ACPI
- Vontobel / Lombard Odier US client portfolio
- Vontobel / Notenstein La Roche Privatbank
- VP Bank / Catella Bank

Key Executive Moves – Senior Leadership

NAME	FROM	TO	ROLE
Adrian Kuenzi	Notenstein	UBP Switzerland	Head of Zurich and Northern Europe
Andrew Fisher	Towry	Smith & Williamson	Non-Executive Director
Atul Bansal	Citi Private Bank	Carlton Square Capital	CEO
Claudio De Sanctis	Credit Suisse	Deutsche Bank	Head of Europe
David Bellamy	St James's Place	Weatherbys Bank	Chairman
David Carroll	Seven Investment Management	Hamish Leng & Company Limited	Partner
Deanna Oppenheimer	NED	Hargreaves Lansdown	Chair
Dena Brumpton	Barclays Savings, Investments & Wealth Management	Retirement	CEO
Eric Barnett	Kleinwort Hambros	Retirement	CEO
Franco Morra	HSBC Private Bank (Switz)	tbc	CEO
Ian Henderson	Arbuthnot Latham	tbc	CEO
John Cotter	IFG Group	tbc	CEO
Peter Boyles	HSBC Private Bank Global	Retirement	CEO
Peter Damisch	HSBC Private Bank	tbc	Co-Head of Europe International
Peter Hall	Tilney	Schroders	Head of Wealth Management
Philip Howell	Rathbones	Retirement	CEO
Philip Wale	Cantor Fitzgerald Europe	WH Ireland	CEO
Richard Killingbeck	WH Ireland	tbc	CEO
Richard Thomas	Barclays Savings, Investment & Wealth Management	EFG Private Bank	CEO
Roger Lehmann	HSBC Private Bank	Orderfox	Chairman of the Board
Steven Cooper	Barclays Personal Banking and Barclaycard	C Hoare & Co.	CEO
Stuart Cummins	Cazenove Capital	NedBank	Head of International
Thomas Mueller Gruppe	EFG Private Bank	Raiffeisen	Board Member & Chair of the Board Risk Committee

Key Executive Moves – Functional

NAME	FROM	TO	ROLE
Andrew Baddeley	TP Icap	Tilney	Chief Financial Officer
Andrew Westenberger	Brewin Dolphin	tbc	Finance Director
Ben Thorpe	Brewin Dolphin	Brooks Macdonald	Group Finance Director
Chris Rigg	Quantum Pharma	Fairstone Group	Chief Financial Officer
Dan Cowland	WH Ireland	tbc	Finance Director
Daniel Lüscher	Bank Vontobel	EFG Private Bank	Global Head of Human Resources
David Mason	Chordstone Limited	Sanlam UK	Chief Operating Officer
Gerald Murray	Fairstone Group	Tharsus Group	Chief Financial Officer
Glen Murphy	DAG Global	Stonehage Fleming	COO
Jeremy Mugridge	Aegon	Old Mutual Wealth	Head of Proposition Marketing
John Saunders	Coutts	Deutsche Bank	Chief Operating Officer
Jonathon Howell	Close Brothers	Sage	Group Chief Financial Officer
Linda Payne	Tilney	Wren Sterling	Chief Operating Officer
Marc Cane	WH Ireland	Head of Risk and Compliance	Sandaire
Noel Stubley	Tatton Asset Management	Retirement	Chief Financial Officer
Paul Jones	Brewin Dolphin	WH Ireland	Chief Operating Officer
Raj Singh	Standard Life Aberdeen	EFG Bank	Group Executive and Chief Risk Officer
Siobhan Boylan	Legal & General Investment Management	Brewin Dolphin	Chief Financial Officer
Steven Edwards	ARES	Saranac Partners	Head of Financing and Solutions
Tim Tookey	Quilter	Quilter	Non-Exec
Tina Winder	Tilney	Artorius	Head of Wealth Planning
Wadham Downing	Tilney	tbc	Chief Financial Officer

Key Executive Moves – Client Focused

NAME	FROM	TO	ROLE
Andrew Brown	Tesco Pensions Investments	Northern Trust	Head of Relationship Management for Global Fund Services
Aditya Mishra	Credit Suisse	Deutsche Bank	Global Head of South Asia
Calum Brewster	Barclays Savings, Investment & Wealth Management	Julius Baer	Head of UK Regional Offices
Fiona Lucas	Credit Suisse	Royal Bank of Canada	Managing Director of Relationship Management
Graham Nicoll	KPMG	Barclays Savings, Investment & Wealth Management	Regional Head
Harry Keogh	Coutts	tbc	Managing Director
James Buchanan-Michaelson	Barclays Savings, Investment & Wealth Management	Independent Consultant	
Joanna Hunt	LGT Vestra	Tilney	Head of UHNW
John Derrick	Barclays Private Bank	J.P. Morgan Private Bank	Senior Banker
Liz Bottomley	Arbuthnot Latham	Bank of Singapore	Head of Private Banking
Nick McCall	Hay Hill Wealth Management	Dolfin	Head of Wealth Management
Nick Murphy	Quilter	Smith & Williamson	Head of Charities
Rafaello Nemni	HSBC Private Bank	Deutsche Bank	Head of Relationship Management
Roddy Buchanan	WH Ireland	tbc	Head of Wealth Management
Roland Kempf	Privatbank IHAG	EFG Private Bank	Head of Private Banking Zurich
Samantha Cook	Hargreave Hale	Arden Partners	Compliance Director
Stephen Ford	City Asset Management	WH Ireland	Head of Wealth Management
Terry Gyorrffy	Julius Baer	Barclays Savings, Investment & Wealth Management	Head of Regional Team
Thomas Schlaus	Deutsche Bank	Citi Private Bank	Head of Zurich Family Office
Tracey Reddings	Julius Baer	tbc	Head of Front Office, UK & Ireland

Key Executive Moves – Product Focused

NAME	FROM	TO	ROLE
Andy Brown	Sanlam Securities	Tilney	Direct Equity Team Leader
Andy Cowan	Tilney	Retirement	Head of Financial Planning
Andy Grant	British Business Bank	Tilney	Head of Financial Planning
Armando Rosselli	Coutts	Standard Chartered Private Bank	Head of Wealth Advisory and UK Resident Non-Dom
Ed Rosengarten	Smith & Williamson	tbc	Head of Funds
Jean-Damien Marie	Pictet Alternative Advisors	Barclays Private Bank	Head of Investments EMEA
Jeremy Mugridge	Aegon	Old Mutual Wealth UK	Head of UK Proposition Marketing
Jonathan Brierley	Deutsche Bank Asset Management	Coutts	Head of Digital, Design and Experience
Martyn Surguy	Credit Suisse	Seven Investment Management	Chief Investment Officer
Mona Shah	Rathbones	Stonehage Fleming	Director
Naveed Chaudry	Stanhope Capital	Lufin Partners AG	Managing Partner
Nick Burchett	Investec Wealth & Investment	Cavendish Asset Management	Head of UK Equities
Nick Reeves	Tilney	Deutsche Bank	Head of Wealth Planning
Paddy Lewis	UBS Wealth Management	tbc	Head of Investment Platforms & Solutions
Paul Sarosy	Coutts	Hassium Asset Management	Managing Director
Richard Hunter	Wilson King Investment Management	Interactive Investor	Head of Markets
Robert Gardner	Redington	St James's Place	Head of Investment Management
Simon Black	Hassium Asset Management	Dolfin	Senior Wealth Manager
StJohn Gardner	Arbuthnot Latham	tbc	Co-Chief Investment Officer
Terence Moll	Coutts	Seven Investment Management	Chief Strategist
Toby Vaughan	Santander Asset Management	Brown Shipley	Head of Investment Management

Contact



Sheffield Haworth is a leading global executive search, talent advisory and interim consulting firm. We employ over 110 staff across 10 offices and 4 continents. Our client list includes global financial services companies, fund managers and property companies.

Sheffield Haworth is a member of the Association of Executive Search Consultants (AESC), the worldwide professional association for retained executive search firms. We are ranked number 1 for financial services retained search firms by UK Executive Grapevine industry survey for 2016/17.

Sheffield Haworth, EMEA

60 Gresham Street, London
EC2V 7BB

t: +44 (0)207 236 2400
e: europa@sheffieldhaworth.com
w: www.sheffieldhaworth.com

Simon Worthington worthington@sheffieldhaworth.com
Managing Director +44 (0)207 236 2400

Josie Pelham j.pelham@sheffieldhaworth.com
Associate +44 (0)207 236 2400

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