



Liechtenstein, Hong Kong and Singapore and asset management units in New York, London and Dublin.

LGT has a great advantage in that it can think in terms of generations and it does not have to consider optimising short-term profits. This provides us with the necessary latitude to develop strategies over long periods of time and to let them grow, which gives us high degree of alignment between the investment interests of our clients and the interests of our owning family. In this way our clients can invest like the Princely Family and their assets benefit from the same expertise, the same structures and processes, as well as from the same relationships.

Last but not least our clients deal with a family member or a representative of the family and not a manager who is subject to performance pressure each quarter and who may even have left the company six months later. Thanks to our long-term-oriented corporate culture, we have a great many long-serving employees. This continuity simply enables a different kind of climate at discussions and meetings, which our clients confirm for us time and again.

My day-to-day role comprises the identification of business opportunities for the LGT group in the region. As a representative office we have an introductory capability only but our office is also charged with supplying market information and other relevant intelligence to our various banking units within the group. This involves a great deal of coordination between the different units of our organisation as well as the management locally here of our staff. This has not really changed since LGT first established itself in the region in 2005 although our efforts are now much more focused on the principal opportunities as we see them.

Our services for private clients across the GCC region include investment advice and wealth management, loans and financing, philanthropy and fine art advice as with other parts of the world where we operate. On the asset management side the core element of our investment philosophy is a disciplined asset allocation across the full spectrum of all asset classes and the permanent risk monitoring of the portfolio. In fulfilling our goal of finding the best possible investments, we utilise a sophisticated manager selection process which provides access to the best investment managers worldwide. Alternative investment categories such as private equity, hedge funds, commodities and insurance-linked securities frequently offer interesting risk adjusted returns and excellent diversification possibilities. With a team of over 200 experts from around 30 countries we manage assets of over US\$ 20

billion in alternative asset categories for a client base of more than 200 pension funds, foundations and family offices throughout the world.

Our institutional clients include sovereign wealth funds, social security funds, insurance companies and other large funds and their needs are no different from those of sophisticated global investors in any part of the world. Many of our private clients on the other hand have built up their wealth using great skill and dedication and by taking high risks. Once this kind of wealth has reached a certain magnitude, there is a need to plan to preserve it for future generations in a systematic and disciplined manner. At this stage, it usually makes sense to reduce risks and diversify assets.

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Of course experience shows that it is always the same issues and challenges that confront families. These include succession, decision-making, conflict resolution mechanisms or the question of who takes over what responsibility within the family. It is important that these issues are addressed and resolved at an early stage. Certainly diversification of assets and lowering of over-exposure to certain asset classes, for instance real estate, is part of sound long-term planning.

This is one of the reasons that we offer a number of advisory programmes through the Liechtenstein Academy. These are made up of small groups from family offices from around the world and address many of the important governance issues that the new generation of administrators and managers need to understand. As they typically take place in beautiful locations such as castles in Liechtenstein and Switzerland they form the basis for life-long links between family offices from different parts of the world. There is even a Liechtenstein Academy alumni association where participants keep in touch after the programme finishes.



What is clear is that there has been a significant change in the investment approach of families in the regions and LGT wants to be at the forefront of this. The generational change relates to the fact that increasingly family investment decision are in the hands of younger family members who have often been very well trained in investment and who are well aware of the different asset classes and hedging strategies.

It is also important to add that the 2008 financial crisis was a great shock to the investor community and family offices are now generally proceeding very cautiously with respect to the choice of both investments and their advisors. That has been a positive development for LGT since, in view of our capital strength, we did not suffer any adverse consequences during the 2008/2009 period and due to our long term corporate strategy whereby we not seek to optimise short term profits but rather strive to achieve long term investment success.

Any advisor looking at the needs of family offices, wealthy individuals and institutional investors in the GCC region has to take account of the fact that there are clear demarcations between those who prefer conventional investment portfolios and those who chose full or partial Islamic finance solutions. The desire to invest in Islamic products is increasing and this is encountered especially in Saudi Arabia and Kuwait. The reach and understanding of Islamic products is certainly growing, but that having been said, many investors are still content to invest conventionally.

However there are two glaring gaps in the structure

of the products available. Firstly, in spite of the popularisation of the sukuk mechanism, this product is still largely an institutional one and is also subject to concerns over liquidity. If available the sukuk would of course be a very useful portfolio diversifier given its low correlation with other asset classes and also an interesting yield enhancer in the current environment of low rates of interest on deposits and other short term instruments such as murabaha contracts.

The second major gap relates to Islamic hedge funds which is a fascinating and somewhat controversial area. Islamic hedge funds have attracted criticism on Sharia grounds and given rise to a call for re-thinking on the issue of risk management in complex Islamic financial structures. But overarching much of this debate is the question – is there a need to replicate all types of conventional products in the Islamic product universe?

LGT has had a representative office in Bahrain since 2005 which covers the GCC region with seven staff. This will be supplemented by an office in Dubai, which is due to open in 2013 and which will focus on certain market segments such as the important non-resident Indian market and probably the GCC institutional market. However, overall and region-wide, we will continue with the two locations, Bahrain and Dubai, pursuing our strategy on a fully coordinated basis.

I have been lucky enough to have lived and worked in many different locations, including London, Paris, New York, Geneva, Kuwait, Saudi Arabia and of course Bahrain. For many tastes this may in fact have been too many locations. My great interest geographically, apart from the Arab world, is Asia. Perhaps surprisingly this is the one area I have not lived in during my career despite the fact that I have property in both Thailand and the Philippines. These are wonderful places to explore all of the fascinating destinations available in China, Indonesia, Malaysia and further afield. The transformation taking place in this part of the world is quite incredible and the business links between the Middle East and Asia are growing in importance by the day.

Banking today is having to substantially reinvent itself following the existential issues that have arisen in the last decade. It has certainly been extremely challenging to have to adapt continuously to the rapidly changing global banking environment. But when I look back on my career I can be thankful that I have been responsible for building up institutions and developing new products. Thankfully Bahrain is a great place to be based at the centre of the Gulf and blessed with a forward-looking regulator and top quality Bahraini bankers – six of which work in our Manama office. ■