

WORLD'S BEST BANK FOR WEALTH MANAGEMENT

UBS

Few truly global wealth managers remain, but even if they did it would be hard to compete with UBS, the only bank to put wealth management at its core

UBS Wealth Management and UBS Wealth Management Americas together manage some \$2 trillion in assets. Combined, the businesses contribute 70% to the group's total revenues and more than that in profits.

With the business of advising the world's wealthy firmly front and centre, it is no wonder UBS leads the industry in its provision of investment advice and client experience. The net inflows of new clients and the increasing share of current clients' wallet is testament to that. In the first quarter of this year, the two businesses had their highest growth in net new money since 2008, taking in a combined \$29 billion.

In wealth management, net new money talks.

Under the leadership of Jürg Zeltner, president of UBS Wealth Management, and Tom Naratil, president of Wealth Management Americas, the firm has changed the wealth management industry by putting advice at the forefront of its model. It is the only wealth manager to have a global chief investment office, which provides clients in every country with a house view daily, weekly, monthly and annually. It enables clients to have transparency when it comes to how their money is being invested. Through UBS Advice, clients are charged a flat rate and informed daily of any changes that need to be made to their portfolio. Since April last year, UBS Advice clients are also alerted to changes by email or text. They are also automatically provided with investment proposals, based on their interests and risk profiles, to rebalance their portfolio or take advantage of tactical opportunities.

Zeltner says the demand for advice is greater now than ever.

"Central bank policy has failed and stimulus is not working," he says. "We have a European Union divided. We face an uncertain outcome in the US election. People are lost and afraid, and to add to this they are bombarded with information. They want to know what it means for them. How can they navigate the financial concerns they have for themselves and their families? They need high-quality and clear advice."

It is UBS's commitment to investing in innovation and talent that has enabled it to ensure that the firm gives the best advice it can. This year, for example, saw the first graduating class of its two-year masters in wealth management programme for employees. To attract the best and brightest ideas, UBS launched the Future of Finance Challenge last August, soliciting ideas from around the world, attracting 620 entries.

Technology is not just about fintech, despite the industry's focus on that, says Zeltner.

"The key is to invest in technology at every level," he says. "So we continue our investments in our mainframe – the flow and execution side of the business. Then we are investing in taking the client/adviser conversation digital so that clients have everything they need on any device. And finally we are welcoming relationships with fintech firms. We want to be the go-to place for them."

Fintech talent is not easily lured into a financial institution, he says, but teaming up provides a win-win situation. "They are looking for scale that we can provide and we are looking for their ideas," he says.



UBS's Zeltner and Naratil are looking at ways to work more closely together

Wealth Management Americas recently announced a deal with fintech leader SigFig to create customized digital tools.

The bank's innovation in wealth management also goes beyond technology. In impact investing, UBS Wealth Management is a pioneer. At the end of 2015, sustainable investments were almost at SFr1 trillion (\$1.02 trillion) and represented 35% of its total invested assets. This year it announced a \$471 million oncology impact fund that invests in early-stage cancer research. Zeltner says it is a showcase of what can be done.

"We had no idea it would be so successful. We just sat down and talked with scientists and experts about how we could make a difference, and our clients wanted to contribute. In two weeks we were at full capacity. To me it's not that it is the largest healthcare impact investment fund that is important, it is that it can provide an example of how, by working together to solve a problem, we can create opportunities where everyone benefits."

Now UBS is taking its wealth management business to a new level. Up until now Wealth Management Americas and UBS Wealth Management have worked apart. In June, that changed. Zeltner and Naratil have worked together to uncover the synergies between the two businesses. "We are two very different businesses with different operating models, but in global research, asset allocation expertise and instrument selection, we can bring more to our clients and achieve greater buying power on behalf of our clients by working together," says Zeltner.

The US business has been highly successful – in 2015 it added \$21.4 billion in net new money.

"Wealth Management Americas has a springboard opportunity for growth in an increasingly competitive industry," says Naratil. "We are taking advantage of our unique opportunity to feel small and play big, to combine the agility and feel of a boutique firm with all the capabilities of the only correctly named global wealth manager."