



THE DRIVE YOU DEMAND

IN BRIEF

Q3 2016



UNION BANCAIRE PRIVÉE

THE DRIVE YOU DEMAND

Dedication, conviction, agility and responsibility lie at the heart of our client relations. These values drive us to develop and refine successful strategies and high-performance investment solutions precisely responding to your wealth-management needs.

Focused wealth manager

Union Bancaire Privée (UBP) was founded in 1969 by Edgar de Picciotto, whose vision from the outset was to offer investors an astute and innovative wealth management service. This approach has been guiding us through the decades, leading us to focus exclusively on one activity we excel at – global wealth management for private and institutional clients.

In forty-five years, not only has the Bank maintained its independence – being fully owned by the de Picciotto family – it has also achieved remarkable growth.

Today, UBP stands among the leaders in the field of wealth management in Switzerland. It continues to expand both in its home market and abroad, consistently stepping up its private banking activities and reinforcing its asset management capabilities. In the last five years, the Bank has acquired the Swiss subsidiary of the ABN AMRO group, the international private banking business of Lloyds, and also Nexar Capital Group, a major player in the alternative investment space. Moreover, having established two successful joint ventures with TransGlobe – a company renowned for its expertise in the Chinese market – the Bank has most recently partnered with a leading asset management team in China to found a new company, UBP Investment Management, in Shanghai.

Solid and well-established

UBP is a major player in Switzerland's wealth management industry, with a professional workforce of 1,680 people and assets under management of CHF 113.5 billion as at the end of June 2016. Headquartered in Geneva, the Bank is also present in Switzerland's other economic and financial hubs – Zurich, Basel and Lugano – as well as in twenty-four locations worldwide, enabling it to combine global expertise with local know-how.

The Bank distinguishes itself with its financial robustness thanks to careful risk management and conservative balance sheet oversight. With a Tier 1 ratio of 22.3% – well above the regulatory requirements – UBP ranks among the most strongly capitalised Swiss banks.

A RESPONSIBLE BANK

Our client relations are based on trust, commitment and respect.

A SOLID BANK

With a Tier 1 ratio of 22.3% UBP ranks among the most strongly capitalised Swiss banks.

A FAMILY-OWNED BANK

Independence and transparency are essential values. Our interests dovetail with those of our clients: preserving capital while generating returns.

A PIONEERING BANK

Our entrepreneurial culture drives us to invest in new asset classes so as to seize the best opportunities for our clients.

AN INTEGRATED BUSINESS MODEL

Thanks to the interaction between Private Banking and Asset Management, our private clients have access to premium advice that is often only available to institutional clients.

OUR EXPERTISE & GUIDANCE

Your ambition drives our determination. We will work tirelessly to meet your expectations. It's a meeting of minds and an alliance of values, and we're here to prove it.

Our integrated business model enables our teams to consistently bring you sharp analysis and conviction-driven, in-depth guidance. Our goal is clear: adding significant value and long-term performance to your wealth-management strategies.

The Bank, its managers and its funds have regularly received awards from independent research institutes. These awards not only recognise UBP's drive to innovate, its quest for performance, its agility and its flexibility – all key components that set it apart from the competition – but also its ability to respond to the waves of change that are affecting markets and the industry alike.

After having been awarded the prize for “Best Managed Advisory Service (UAE)” at The Banker Middle East Product Awards 2015, we were chosen by the WealthBriefing Swiss Awards 2015 in the “Best Wealth Planning Team” and “Best Innovative Client Solution” categories for our launch of FOSS Family Office Services Switzerland.

During 2015, a number of UBP's fund managers were singled out as top-tier experts – notably by e-fundresearch and Citywire Asia – and the Global Investor/ISF Investment Excellence Awards 2015 awarded our Emerging Markets team the prize for “Fixed Income Manager of the Year – Emerging Markets”. Meanwhile, several of our investment strategies continually reach the top of the Lipper and Morningstar ratings.



Private Banking

UBP's relationship managers take both a professional and a personal approach, listening to your needs. Relationships are based on trust, transparency and long-term commitment, allowing our bankers to advise you on the best ways to manage your wealth.

We provide a complete range of private banking products and services including a variety of management mandates and investment advice, suited to your specific requirements, objectives and risk profile. The added value of our services comes largely from the expertise of our specialised teams, in particular that of our excellent equity research team which has consistently chosen stocks that have outperformed the MSCI AC World TR every calendar year since 2005, except for 2014, as well as that of our award-winning wealth planning team which provides guidance so that you can secure, grow and transfer your personal wealth over generations.

Among UBP's professional partners, over two hundred independent asset managers have chosen us as their bank of reference, valuing our personalised, flexible services and our transparent fee structure.

Asset Management

We have built our reputation on the strength and quality of our investment teams, as well as on the care we apply in selecting our third-party asset managers. We are recognised for our know-how in traditional and alternative asset management, which enables us to design optimal solutions at every stage of the market cycle, and for building custom-made investment portfolios.

Our experienced management teams focus on strategic investment themes, a reflection of our drive to create insightful and high-performance strategies, excelling in particular in European equity, convertibles, global fixed income and emerging debt.

The product-innovation process that we have put in place is designed to take advantage of the best opportunities as well as to adapt to regulatory changes. For example, the Bank's funds that invest in emerging-country debt allow the portfolios' financial profitability to be optimised once the shareholder equity requirements of Solvency II have been taken into consideration.

U Access, our single-manager alternatives UCITS platform, is another example of solutions specifically designed for investors subject to specific regulations. Through this platform, our clients can access a selection of recognised and high-potential alternative funds across different strategies and regions under the UCITS format, which increases fund liquidity, regulatory oversight, transparency and risk management.

OUR INVESTMENT STRATEGY

Global growth outlook clouded by rising political uncertainties

The world growth outlook should remain resilient in the second half of the year, despite the surge in risk after the UK's referendum on its EU membership. Politicians on the Continent will now have to take the lead in reshaping the European project. The UK's vote marks the start of a long period of uncertainty in Europe, heightening risks of the EU fragmenting.

The direct economic damage from the UK's leave vote should weigh most heavily on the UK economy, while having only a moderate impact on that of the eurozone. Our expectations on world growth have barely changed in the aftermath of the vote, as we see limited impact on a steady recovery in the US and stability that has re-established itself in emerging economies. Therefore, growth prospects on the eurozone have been revised down slightly (1.4% expected in 2016; 1.3% in 2017).

The outlook for the UK is far more worrying, as confidence is set to fall dramatically and investment decisions will probably be delayed until more information is available on future agreements between the EU and UK. As a consequence, the UK economy may enter a recession in H2 2016 and in 2017 (-1% expected).

Deteriorating risk-reward on equities vs. attractive carry opportunities

Against this backdrop, periodic bouts of volatility should be common in H2. As a result, credit and carry strategies are our preferred core return drivers in diversified portfolios, with a focus on risk mitigation within equity allocations.

Bond yields have fallen to levels close to those seen during the 2008 crisis. Yields on government markets still offer poor value for long-term investors, though we acknowledge the risk-mitigation benefits they might bring.

For USD-, EUR- and CHF-referenced investors, yields on dollar-denominated, investment-grade, corporate debt are attractive given the yield pickup versus comparable government bonds. We see high-quality, USD sovereign and corporate emerging-market debt as still attractive in terms of capturing yield, as spreads remain elevated in spite of the stability we expect in emerging economies in coming quarters.

In contrast, the outlook on stocks has deteriorated, given still-high valuations and limited earnings growth. Due to their generally unattractive risk-reward ratio, we have oriented the portfolios towards value and low-volatility strategies in US equities, and towards dividend, volatility carry and value strategies in European equities.

We are looking to a defensive sector bias in developed equities, with a focus on consumer staples and healthcare. To diversify our equity exposure we are looking to minimum-variance strategies to mitigate the impact of the expected periodic spikes in volatility. We have also increased the use of hedge funds to mitigate equity volatility and expect macro, long/short and relative-value strategies to offer attractive risk-reward potential.

In contrast, the headwinds that have plagued emerging markets appear to be increasingly well priced in, especially relative to the rising risks in developed markets. Valuation discounts are now reaching historical extremes, despite the fact that emerging market corporates are generating returns on equity that are now comparable to those generated by their Western counterparts. Moreover, with the new-found economic stability of emerging economies, the prospect of earnings deterioration that has plagued this asset class may be nearing an end.

In light of elevated risks of a fragmentation of Europe, we believe protection against a sharp weakening in the EUR/USD exchange rate, as well as gold exposure and a healthy level of cash are warranted and should enable us to respond quickly to value opportunities in different asset classes as they emerge in the coming quarters.

KEY DATES IN OUR HISTORY

1969

Compagnie de Banque et d'Investissements (CBI), founded by Edgar de Picciotto

1990

Merger of CBI and TDB-American Express Bank, resulting in the creation of **Union Bancaire Privée, UBP SA**

2002

Acquisition of Discount Bank and Trust Company

2011

Acquisition of ABN AMRO Bank (Switzerland) AG

2013

Acquisition of Lloyds Banking Group's International Private Banking business

2015

Acquisition of Coutts International

OUR KEY FIGURES

AS AT 30.06.2016

PERSONALISED SERVICE

Our clients – whether private or institutional – benefit from a high-quality service that is tailored to their particular needs.

A LONG-TERM VISION

UBP's financial strength enables us to invest in the future and to develop innovative products aimed at creating lasting value for our clients.

A UNIQUE INVESTMENT STRATEGY

UBP's investment strategy is based on strong convictions. We firmly believe in the advantages of active, performance-generating asset management.

RECOGNISED EXPERTISE

A pioneer in alternative investment since the early 1970s, the Bank has established a range of hedge-fund advisory services and manages numerous alternative funds and personalised mandates.

SPECIALISED TEAMS

UBP is recognised for its expertise in traditional and alternative investments, including in the selection of third-party funds. Our areas of excellence include emerging markets and high yield.

NET PROFIT



ASSETS UNDER MANAGEMENT



BALANCE SHEET TOTAL



HEADCOUNT



TIER 1 RATIO

22.3%

SHAREHOLDERS' EQUITY



CHF 1.9 BN

ANNUALISED RETURN ON EQUITY

9.6%

BOARD OF DIRECTORS

Chairman

Daniel de Picciotto

Vice Chairman

Marcel Rohner
Banker

Members

General Counsel

Olivier Vodoz
Lawyer
Former Chairman of the State Council
of the Republic and Canton of Geneva

Pierre-Alain Blum
Industrialist

Nicolas Brunschwig
Partner, Brunschwig Holding SA

Eftychia (La) Fischer
Board member

Anne Rotman de Picciotto
Board member

Richard Katz
Banker and investment advisor

John Martin Manser
Financial advisor
Former Group Treasurer, Novartis

COMMITTEE OF THE BOARD

Chairman

Marcel Rohner

Members

Anne Rotman de Picciotto

Daniel de Picciotto

Eftychia (La) Fischer

John Martin Manser

Olivier Vodoz

EXECUTIVE COMMITTEE

Chairman

Guy de Picciotto
CEO

Members

Ian Cramb
COO

Raoul Jacot-Descombes
Risks & Compliance

Nicolas Fallier
Asset Management

Company Secretary

Claudio Rollini

Philip Adler*
Treasury & Trading

Michael Lok*
Asset Management

Michel Longhini
Private Banking

Bernard Schuster*
Communications

*Guest member

UBP WORLDWIDE

EUROPE

Geneva
Zurich
Basel
Lugano
Milan
London
Jersey
Paris
Brussels
Luxembourg
Barcelona
Monaco

MIDDLE EAST

Istanbul
Beirut
Tel Aviv
Dubai

ASIA

Tokyo
Hong Kong
Taiwan
Shanghai
Singapore

AMERICAS

New York
Bermuda
Nassau

Disclaimer

The present document is provided only for information purposes and your personal use. It is intended to provide you with a general overview of the UBP Group and should not be construed as an offer, recommendation or solicitation to enter into a relationship with the Bank or any entity of the UBP Group. This overview/presentation is not intended for distribution to, nor use by, any person or legal entity in any jurisdiction where such distribution, publication or use would be in breach of applicable regulations. The information contained herein is based on current sources deemed to be reliable, though the Bank offers no guarantee of its accuracy or completeness. Past performance is no guarantee of current or future returns. Union Bancaire Privée, UBP SA is authorised and regulated in Switzerland by the Swiss Financial Market Supervisory Authority (FINMA); it is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) in the United Kingdom.