

Press release: The best wealth managers 2017

## Owner-managed private banks are outpacing competitors

Inflation is picking up and the next increase in interest rates in the United States is imminent. The times of low interest rates seem to be over. Hence, bond prices have passed their peak and are now on a downward trend. How can investors protect hedge against high losses?

This was the central question of this year's wealth manager assessment that was carried out by the PBPI (Private Banking Prüfinstanz – Private Banking Assessment Body) for the 13<sup>th</sup> time. Test clients spoke to 83 wealth managers in Germany, Austria, Switzerland, Luxembourg and Liechtenstein. The aim was to understand what they could do to hedge against an interest rate shock. Their portfolio of over 2.5 million euro has been very successful so far, but consists entirely of bonds. Additionally, they would like a two per cent return on investment per year, after fees and taxes. What does this mean in terms of rebalancing their portfolio? And what are the potential risks?

The following three owner-managed private banks delivered the highest performance: Bankhaus Spängler in Salzburg; LGT in Liechtenstein; and Bank Gutmann in Vienna. DZ PRIVATBANK in Luxembourg came in fourth. Sal. Oppenheim in Cologne, now part of Deutsche Bank after 220 years of independence, delivered the best performance in Germany. In Switzerland, the young Globalance Bank in Zurich outperformed its competitors, while DekaBank in Luxembourg was awarded the same number of points and also came in fifth.

The PBPI evaluates the quality of the counselling interviews (45% of the evaluation) and the investment advice (30%). Quanvest in Bad Homburg analyses the quality of the portfolio (9%). The PBPI also developed a questionnaire to examine the quotations per consultant, the entry levels for individual wealth management, the standard conditions, the development of the managed wealth, etc.

### At a glance

- Owner-managed private banks are outpacing competitors.
- Two of the top three performers are from Austria: Bankhaus Spängler in Salzburg and Bank Gutmann in Vienna.
- The German providers have improved their performance compared to last year's.
- Generally, performance was very good but not top – 13 wealth managers were rated "very good" for overall performance.
- Ralf Vielhaber, chief editor of FUCHSBRIEFE responsible for coordinating the test clients, stated: *"Of the 41 banks and private wealth managers, 32 delivered a convincing performance and were rated "very good". In 15 cases, the test clients were disappointed by the initial conversation."*
- Generally, the counselling interviews were of a very high quality.
- The consultation quality of (well-rehearsed) teams was higher than that of individual consultants.
- The consultation documentation was frequently of poor quality.

- The WpHG information sheet is nowadays barely used during the initial counselling interview.
- Written investment proposals frequently lack personalisation – only Bankhaus Spängler was rated “very good”, while three others were rated “good” and four others “satisfactory”. Dr Jörg Richter, CEO of IQF, an institute for the quality assurance and assessment of financial services, said: *“The fact that even wealthy clients with an impressive investment potential only received standard treatment provides food for thought. However, the Austrian banks delivered nearly perfect performance. The difference in quality was very high this year.”*
- Quanvest rated 20 portfolios “satisfactory” or better, and three even “very good”. Christian Libor, CEO of Quanvest, said: *“It requires certain skills to hedge a portfolio against an interest rate change, while considering the client’s ROI goals and risk bearing capacity. One third of the participants delivered good results and strove to find satisfactory solutions for their client.”*
- The trend to distribute bonuses to clients in full continues.
- The standard rates level out between 0.8% and 1.2% plus VAT. Banks in Switzerland and Liechtenstein are still the most expensive, while those in Austria are the least.
- A rather welcome outcome: 17 wealth managers were rated “very good” for transparency.

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