

WORLD'S BEST BANK FOR WEALTH MANAGEMENT

UBS

The Swiss bank stands apart from its peers. It helped its clients profit, both in the serene waters of 2019 and in the wake left by Covid-19 as it spread across the world in 2020

Strength is usually built on good foundations. So it is with UBS. The Swiss bank's wealth management franchise entered 2020 in robust shape, but still it saw ways it could and should improve.

At the start of the year, UBS set out three broad aims designed to reinforce its market-leading position in wealth management. They were: to deliver more tailored services to clients; to spend more time with them by moving the decision-making process (including relationship managers) closer to them; and to ensure UBS bends to their will, not the other way round, by delivering access to world-class financing, global capital markets and portfolio solutions.

Foundations like these help the best financial institutions not only to adapt to crises fast but to find ways to come through in better shape.

The onset of the pandemic forced everyone to adapt to new ways of living, to confront challenges and to find novel ways to stay calm, productive and safe. But the toughest times also present the best operators with an opportunity to demonstrate the true purpose and value of effective wealth management.

Tom Naratil, co-president of global wealth management (GWM) and president Americas at UBS, says the bank's set-up: "Allowed us to weather the crisis really well. Our flat organization enabled us to make good decisions and then get them through to the client as fast as possible."

Iqbal Khan, co-president of GWM, adds: "Early in the pandemic, we asked ourselves what our fundamental business is. The answer is that we are lifelong financial partners for our clients, here to see them through any difficult situation."

Naratil, a member of the bank's group executive board, and Khan, who joined from Credit Suisse in 2019, both say: "We believe we've seen the very best of UBS."

That confidence is vindicated by the strength and quality of the bank's financial results across two very different time periods. UBS's GWM division posted operating income of \$16.35 billion in 2019, with profit before tax up 4% year on year at \$3.4 billion, and net new money inflows of \$31.6 billion, versus \$24.7 billion in 2018.

That continued this year, with the GWM business posting average monthly revenue of \$1.5 billion in the first quarter and a mean monthly pre-tax profit of \$400 million.

The consistency of its results, with profits up 30% year on year in January, 63% in February, and 34% in March, culminated in the division's best quarterly performance since 2008.

UBS outperformed its closest peers in both Europe and the Americas over the period. The bank benefited notably from a sharp jump in profit in Asia (where GWM pre-tax profit jumped 117% year on year in the first quarter to \$390 million) and Europe, the Middle East and central and eastern Europe, Greece and Israel (where profits rose 11% year on year to \$259 million).

Early on in the Covid-19 crisis, UBS launched its Welcome app, designed to remotely identify new clients, while its chief informa-

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Iqbal Khan

tion officer led weekly online events offering clients market views, helping them navigate volatility and evade or embrace risk. In March alone, the research team published over 13,000 reports and moderated more than 1,500 conference calls, livestreams, webinars and podcasts.

And it has continued to innovate. In the first half of 2020, it formed a new capital markets unit that helps clients to identify investment opportunities. UBS improved connectivity within its US asset management division to accelerate the shift from brokerage to advisory amid fee compression. And its new global family office division continues to evolve to meet the needs of its wealthiest clients.

It is one of the first wealth managers to offer clients an official communication channel on China's WeChat and it continues to host a plethora of conferences and events – many held solely online for now – including the UBS Disruptive Technology CEO Summit and UBS Tech Connect.

The bank continues to roll out services that help high and ultra-high net-worth (UHNW) families hone their philanthropic work. In 2019, 400 UHNW philanthropists attended its physical events. The bank's Optimus Foundation also launched Justice Hope and Liberty, a global collaborative effort by wealthy philanthropists.

Sustainable finance continues to be a critical area in the high-end wealth space. In 2019, the total amount of sustainable assets managed by UBS more than doubled to \$488 billion, accounting for 36.2% of all invested assets at the end of the year.

Even as Covid lingers in many markets, the bank's co-heads of global wealth management continue to look to the future. UBS benefited immensely from its status as "a solid and reliable partner," says Naratil, adding that "this is where UBS outperforms."

Khan points to the importance of refocusing its efforts and ensuring UBS continues to outperform in the second half of 2020 and beyond. "We have done well, but we need gas in the tank. That is done by continuing to motivate our people and giving them a purpose, which is to serve our clients to the best of our ability."