



EDOUARD  FRANKLIN



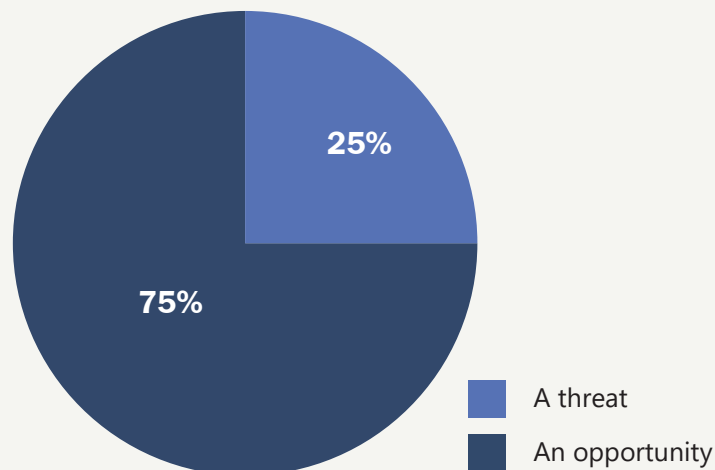
Luxembourg

Wealth Management Survey 2016

Over the last couple of years, the only constant in the Luxembourg wealth management market has been change. Market volatility, increased regulatory pressure and continued focus on onshore financial solutions have all caused a fundamental change in the way Luxembourg banks and wealth management companies are managing their business. There have been a number of winners and losers in this process and in the survey, we highlight some of the success stories and give you some insight as to what has caused this relative outperformance by a select few. This survey was compiled by sending out an electronic questionnaire to 14,212 financial services executives of which 9,652 are based in Luxembourg. This is our 4th wealth management survey on the Luxembourg market and it is these results that furnish us the necessary market insight to give you the best possible advice when it comes to recruiting the best possible executives. We wish you a pleasant read.



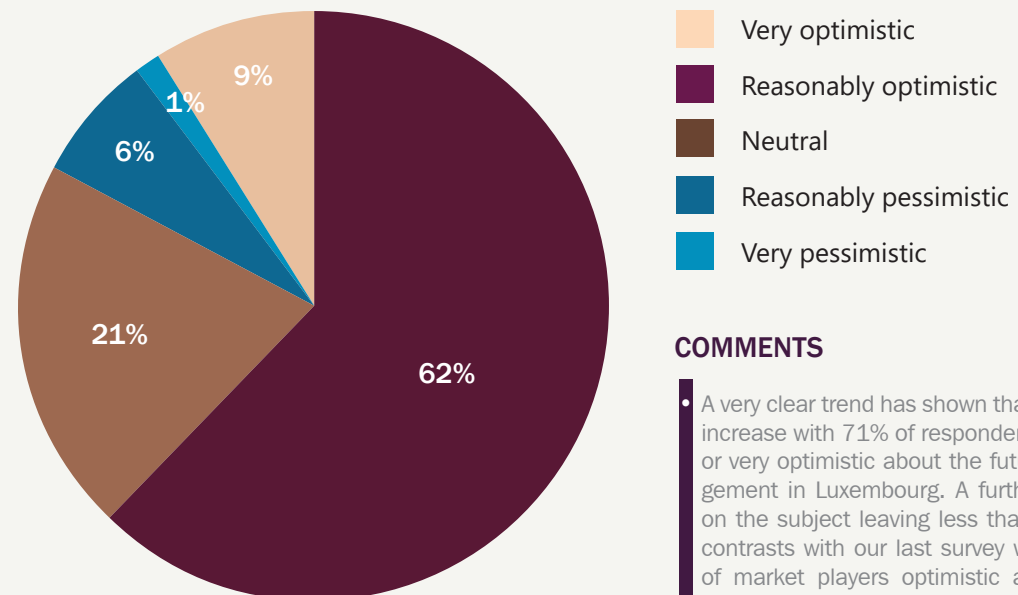
▪ THE END OF BANKING SECRECY HAS BEEN:



COMMENTS

- 2 years later, we have the confirmation that it has been a positive development for Luxembourg. Proof has been that the assets under management have increased by 6% from € 300 billion to € 318 billion. The major private banking players have been able to seize the market opportunities and reinforce their infrastructure.

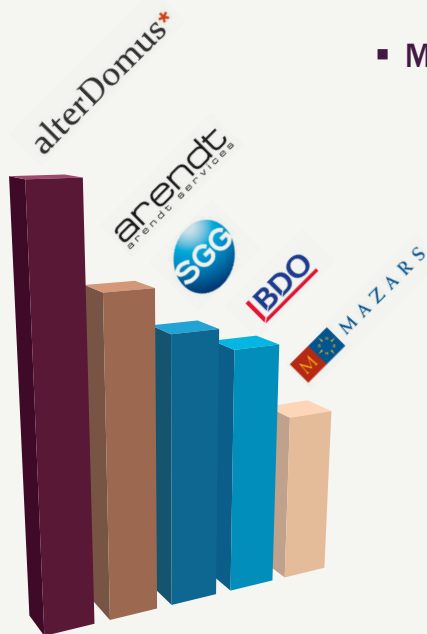
▪ HOW OPTIMISTIC ARE YOU REGARDING THE FUTURE OF LUXEMBOURG WEALTH MANAGEMENT?



COMMENTS

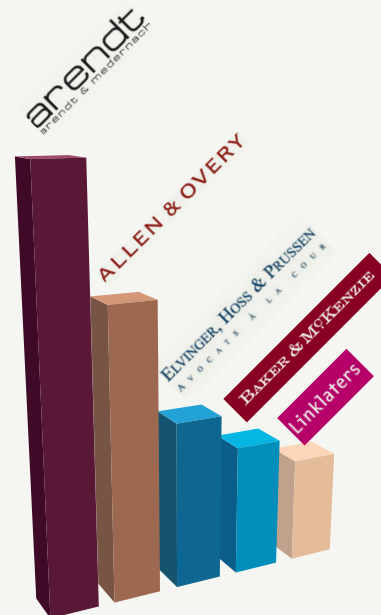
- A very clear trend has shown that optimism is on the increase with 71% of respondents being reasonably or very optimistic about the future of wealth management in Luxembourg. A further 21% are neutral on the subject leaving less than 8% pessimistic. It contrasts with our last survey which had only 58% of market players optimistic and almost 15% of them pessimistic.

■ MOST REPUTABLE FIDUCIARIES*



COMMENTS

- Alter Domus has remained the fiduciary of choice for the wealth management community, unchanged since 2014. The top 4 have remained unchanged, indicating that the market favours the larger players. Mazars, in 5th place, replaces Vistra.



■ MOST REPUTABLE LAW FIRMS*

| | |
|-------------------------|-----|
| Arendt & Medernach | 49% |
| Allen & Overy | 34% |
| Elvinger Hoss & Prussen | 20% |
| Baker & McKenzie | 16% |
| Linklaters | 13% |

COMMENTS

- Although 4 of the top 5 law firms have remained unchanged since our last survey, it is clear that Arendt & Medernach dominates the ranking having increased its lead to 15% over Allen&Overy.

* % of respondents ranking the top 5

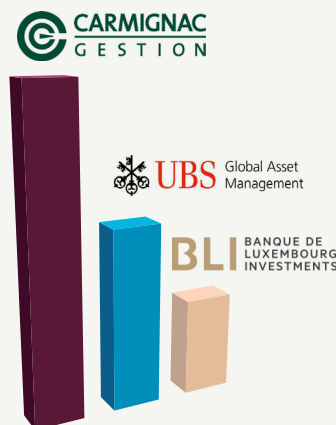
■ MOST REPUTABLE FAMILY OFFICES**



COMMENTS

- Arche remains the most reputable family office in Luxembourg, not surprising since they were the pioneers of the multi family office structure in this country. SGG has moved up the rankings to second place and Fuchs FO is a new entrant in 3rd place.

■ MOST REPUTABLE ASSET MANAGERS**



COMMENTS

- We observe that the largest global asset managers in particular the US and UK players have not figured at the top of this ranking, indicating a preference for local players. Carmignac had a very clear lead over the other asset managers solidifying its reputation as a local champion.

■ DO YOU EXPECT AN INCREASE OF

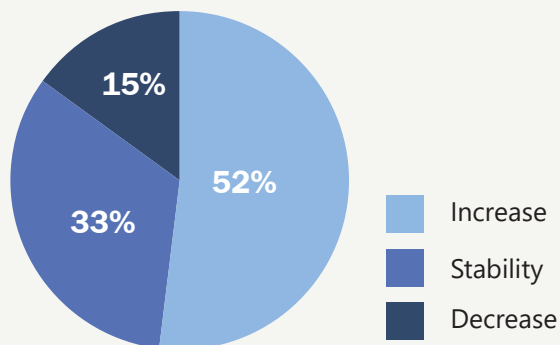
| | Increase | Stability | Decrease |
|--------------------|----------|-----------|----------|
| Family offices | 40% | 21% | 8% |
| Trust, Fiduciaries | 8% | 36% | 25% |
| Law firms | 23% | 40% | 6% |
| Asset managers | 26% | 37% | 7% |

COMMENTS

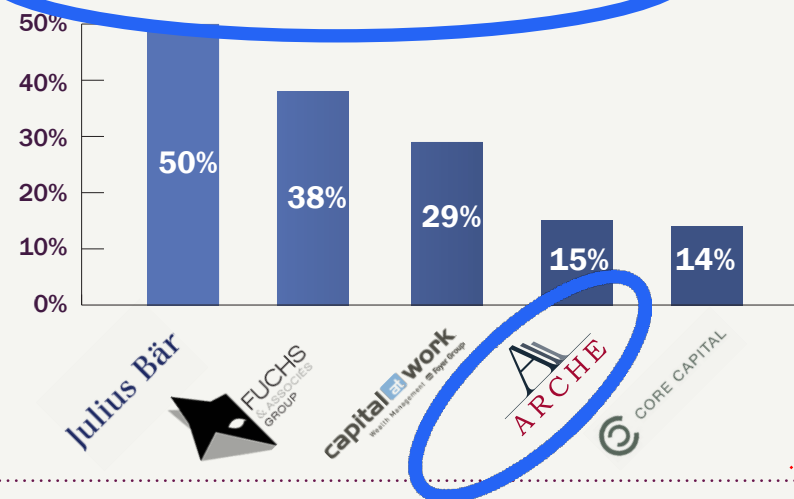
- Over 60% of market respondents believe that family offices will increase their presence in Luxembourg or stay the same. A similar trend is observed with Law firms and asset managers but with a bias towards stability. The fiduciaries and trusts on the other hand have a bias towards status quo with a quarter of respondents expecting a decrease.

** % of respondents ranking the top 3

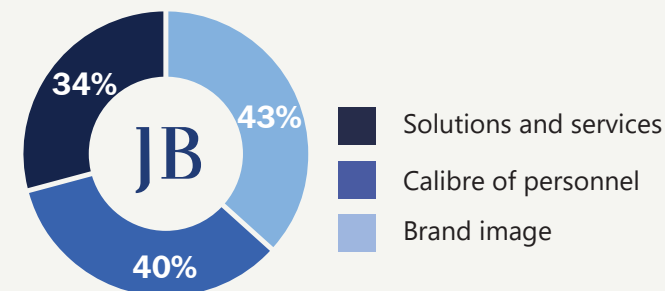
DO YOU EXPECT AN INCREASE OF INDEPENDENT WEALTH MANAGERS?



5 MOST REPUTABLE WEALTH MANAGERS*



FOR JULIUS BAER, WHICH ARE THE 3 CRITERIA THAT YOU BASED YOUR JUDGEMENT ON:

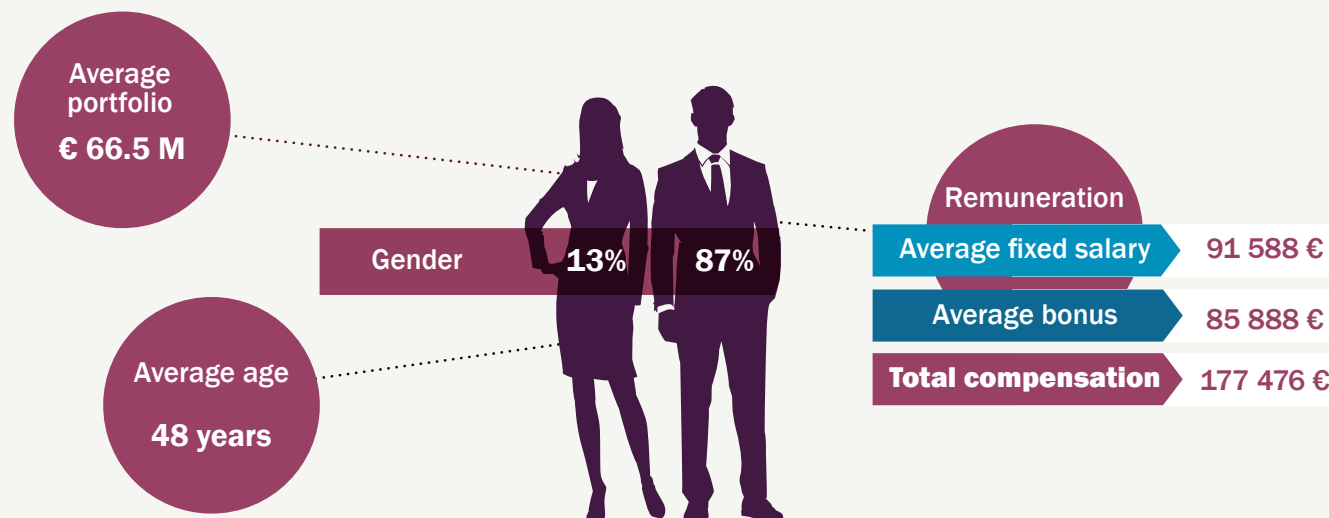


* % of respondents ranking the top 5 wealth managers

COMMENTS

The independent wealth management sector is the most active in Luxembourg. Increasing regulatory pressure, growing administrative workload and client dissatisfaction are negatively affecting private banks, and leading clients to be more attracted by the more flexible environment of the wealth manager. There is now room for these managers to offer a unique value proposition to experienced private bankers and wealthy clients. Their business model allows a private banker to serve clients in different jurisdictions and offer a wide spectrum of services and investment solutions. The largest players benefit from a strong reputation in a very scattered market, composed of small-size boutiques. This trend is being seized by more strategic senior management in private banks who are working with wealth managers to develop third-party desks within the banking structure. Foreign wealth managers, in particular Swiss, French and Belgian are opening Luxembourg based offices or making alliances to take advantage of this trend.

WHO IS THE LUXEMBOURG INDEPENDENT WEALTH MANAGER?



COMMENTS

Independent wealth managers offer an entrepreneurial remuneration scheme. For joining managers, the fixed remuneration is often very low compared to a private banker's fixed remuneration. Nevertheless, the total compensation package is higher after the first year when AuM have increased. For most private bankers, becoming a wealth manager is a dream or a goal but only a few of them are taking the decision to cross this bridge. We note that those who do are very senior, mostly male, with long-term relations with their clients and substantial portfolios. The biggest difference between a wealth manager and a private banker is that the wealth manager feels ownership of his client base.