

# personal **WEALTH**

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## Niche player with **big ambition**

Boutique wealth management firm Reyl & Cie plans to double its AUM over the next three to five years from US\$5 billion now, says CEO Francois Reyl. He also expects faster growth at its two-year-old Singapore office.



Reyl (left, with Bok) says Reyl & Cie will focus on building its brand name in Asia

SAMUEL BANAC CHUA/THE EDGE SINGAPORE

# Niche player with big ambition

| BY KELVIN TAN |

**F**rancois Reyl, CEO of Swiss boutique wealth management firm Reyl & Cie, enjoys a long run after a stressful day at work. However, the runs are by no means leisurely as he pushes himself to the limit. The avid marathon runner clocked a respectable three hours and 30 minutes on average for the 42.195km races he has participated in in New York and London.

"I love endurance sports, which bring serenity and remove stress," says the Geneva-based Reyl, who brought his running shoes with him on a short visit to Singapore recently. "I run about three times a week. But I have yet to run in [hot and humid] Singapore," quips the 46-year-old Swiss during an interview with *Personal Wealth* in mid-November, just hours after his flight from Switzerland.

Like one of Reyl's endurance runs, Reyl & Cie's two-year old Singapore office has gotten off to a strong start. Unlike many other Swiss wealth management firms operating in the city state, it is already "profitable and successful" after raising assets of around US\$200 million (\$259 million) for the parent company, says Reyl. He adds that this makes it a successful operation in its own right.

"We have just started and we are comfortable already," says Reyl, who describes the Singapore office as "lean and mean".

According to PricewaterhouseCoopers' 2011 Global Private Banking and Wealth Management Survey, many private banks operating in Singapore and Hong Kong are unprofitable as they are struggling to get their cost-to-income ratios to an acceptable level. But that isn't the case for Reyl & Cie's smallest Singapore branch, says Reyl. To save costs, it employs three relationship managers, a local CEO, a head of portfolio management and a couple of support staff, and relies on group support from its parent company in terms of administration, IT and research. "This allows the Singapore office to be a platform of service, rather a heavy administrative platform," says Reyl, who has big plans for expansion in Asia through this office.

"The objective of Reyl & Cie, as a whole, is to double its AUM over the next three to five years [it has US\$5 billion in AUM currently].

If we execute our plans correctly in Asia, our Singapore office can do better than that. I will put pressure on my colleagues here, and expect them to achieve higher growth rates than the group," adds the CEO with a big laugh.

## Up-and-coming Swiss bank

Founded in 1973 by Francois' father Dominique, Reyl & Cie began operations as a portfolio management firm. The company, which is unlisted and owned by the Reyl family, was later transformed into a multi-tier wealth management firm with international operations in private banking, private office and asset management. These changes came within a decade of Reyl's joining in 2002.

"My father and I always had the idea that we would work together as a family, and we liked the idea of creating an independent family-owned bank, which has existed under various regulatory shapes since 1973. It made sense for me [to join Reyl & Cie], having spent quite a bit of time around the world, living in New York, Paris and London, gathering experience," says Reyl, who became CEO in 2008.

Before that, he was a mergers and acquisition (M&A) lawyer at a New York law firm from 1989 to 1994. In 1995, he joined Credit Suisse First Boston, working at the brokerage firm's M&A department, before co-founding a leveraged buyout company called LBO Coverage Group in 1998. After four years of executing numerous M&As and making deals in the equity and debt markets at LBO Coverage Group, Reyl joined his father's firm at the turn of the millennium.

"I joined to try to give the company another business dimension," says Reyl. After he came on board, he started to identify its core strengths and weaknesses. "Our strength was having a very loyal customer base and we believed we had the right value and pedigree for a successful private banking operation. Our main weaknesses were the lack of products and international diversification. So, in 2002, we embarked on a diversification and growth programme."

The first range of in-house mutual funds was rolled out in 2003 and a Paris office was set up a year later. "We developed our fund management business as early as 2003 and, for diversification, we started by opening an office in Paris, which was closest to home," Reyl explains.

In 2006, a private-office business arm was set up to cater to rich clients and their family offices in the areas of estate management, legal and tax planning, family governance issues as well as to give lifestyle services, such as the management of clients' aircraft, yachts, art and wine collections. "For lifestyle services, we work closely with third parties to book good tickets for the theatre and opera, and do bookings at good restaurants," says Nicholas Duchene, managing director at Reyl Private Office.

In 2007, Reyl & Cie set up its asset management business, which Reyl calls its third business pillar, the other two being private banking and private office operations. More international offices were set up in the fol-

lowing years. The Singapore and Luxembourg branches were established in 2009 while a Zurich office was started this year. Today, the Reyl group of businesses employs more than 125 people globally.

"As entrepreneurs, you are never fully satisfied. You always ask yourself what is coming next. However, I look with great satisfaction at our progress and what we have accomplished since 2002, turning a business with an AUM of US\$250 million to US\$300 million into a US\$5 billion company with international and product diversification," Reyl enthuses.

## Boosting brand name in Asia

Despite the rapid progress of the company, which obtained a banking licence in Switzerland last year, Reyl admits Reyl & Cie has yet to build a strong brand name in the image-driven private banking and wealth management industry.

In Switzerland, Reyl & Cie is starting to be better known to the rich and powerful. "If we measure ourselves against [the larger banks like] UBS, we are, of course, much less famous. But among the up-and-coming franchises, we are starting to develop a good profile. We are viewed as the new kid on the block," says Reyl, who points out that rival private banks are also starting to take notice of the company owing to its tremendous growth in recent years.

"We are a dynamic, creative player. We achieved growth in years that were not particularly conducive to growth, such as in 2008



and in the aftermath of the Internet bubble in 2002. This year, too," he says. "Still, we managed to grow and for this, I think our recognition has grown enormously."

But Reyl concedes it is still relatively unknown in Asia. "That's why we would need to boost our brand name in Asia. Brands are important in Asia." Towards that end, it will engage the media as well as participate in high-level wealth management seminars.

"We want people to talk positively about Reyl by word of mouth. So far, we have only been in Singapore for two years. I think we have done a great job in setting up and organising ourselves, getting a team ready and making sure that the company is set for growth. The next stage is to embark on a strategy to communicate more efficiently to the Asian investors and Asian public. We will make sure that our people spread the good word [via media and seminars]. All of this will occur shortly."

### Targeting Asia clients

Charles Bok, CEO of Reyl Singapore, says in the past two years, the wealth management firm has been servicing mostly European expatriates who are residing in Asia. But with the recent hiring of three Asian relationship managers, the outfit is beginning to attract more clients from the region. "Right now, our focus is on attracting Asian clients. That is why we have only hired local people," he adds.

As a small niche player in the cut-throat wealth management industry in Singapore, which is an international booking centre for

global private banks, Bok says Reyl Singapore has a value proposition for rich clients.

"Our business model is completely different. We only charge advisory fees and management fees," he says. "A lot of clients are really fed up that the big private banks churned their portfolios with a lot of transactions. That was the only way these banks could make money."

Reyl Singapore, which offers discretionary and advisory portfolio management services as well as legal and tax advice to the rich and their family offices, acts as an independent wealth manager on behalf of clients, says Bok.

He adds that clients' assets are deposited with reputable custodian banks chosen by the clients, who then give an investment mandate to Reyl Singapore to manage their portfolios in accordance to the investment policy determined by them. To eliminate the potential conflict of interest arising from relationship managers pushing in-house funds instead of third-party products, Reyl & Cie has instituted an incentive plan that pays an equal amount to its sales team for all products sold.

"We eliminated this potential conflict of interest by making sure that our relationship managers are incentivised equally whether [clients] acquire in-house funds or third-party funds. When we talk about open architecture, we are truthful to that. We will not push our in-house products if they do not add value," says Reyl.

"With our model, we have no reason to churn the portfolios of clients," says Bok, who tells *Personal Wealth* that more Asian clients

are starting to warm up to the company's business model.

### Tailor-made services

Despite being a smallish wealth management player, Reyl Singapore is able to offer clients, regardless of their investable amount with the outfit, customised family-office-type of services, which are typically offered to the ultra-high-net-worth individuals of big private banks. "It is not very often that you can find small boutiques with the sophistication of Reyl," says Bok.

Indeed, in Asia's competitive private banking industry, where margins are eroding, big private banks are luring ultra-high-net-worth clients with family-office support services as well as other preferential red-carpet treatment for the super-rich.

Reyl, however, says there will be no discrimination in terms of services given to clients at the company. "We will take any client, whether he is a \$5 million, \$25 million or \$100 million client, and offer him a full package of advisory services." This ranges from corporate services to assist clients with their business, to art advisory to help them manage their art collection, the CEO points out. "We can also give advice on family governance issues, and can go all the way to concierge services such as walking the dog," he quips. "As wealth grows, the complexity of a client grows. We will offer everything that can help to reduce that complexity."

Bok is confident that the Singapore office will be able to take market share from the big-

ger players in the local wealth management industry. "We don't want to copy the models of UBS or Standard Chartered, but we will be a firm with more dedication and solutions to address the demand of clients. [Because of our lack of branding], we have to do more to convince people to come to us. But I think what Reyl has to offer is something that not all our competitors are able to do."

### Growth expectations

Over the past three years, Reyl & Cie's Switzerland's offices have achieved "explosive growth", according to Reyl. "We built our Swiss presence over many years, particularly the past five years, and this has allowed us to achieve extraordinary growth over the past three years. I think this will happen to our Singapore office, which needs time to build itself," he says.

To achieve higher growth in Asia, Reyl says further recruitment, especially of senior relationship managers, is needed. "We will not exclude acquisitions, either. We will look at external growth, recruitments and building organically."

Despite his high expectations, Reyl says he doesn't want the company to become "an industrialised franchise" and lose its core values as well as its edge in terms of services. "We will boost our brand name while keeping a focused and high-value-add approach to serving clients. We will remain a high-value niche player, but we want to be known for that," says Reyl.