

Pierre GRAMEGNA,
Finance Minister

Wealth Management dossier

EXPERTISE, NOT TAXES, IS THE SECRET TO LUXEMBOURG'S SUCCESS

When I ask companies, clients or investors why they have chosen Luxembourg, they give me a variety of reasons: the international outlook and expertise, a multilingual and multicultural environment, state-of-the-art infrastructure, a world-class financial centre, political and economic stability, responsive public authorities or quite simply the fact that they feel welcome in a country and an economy that is as open to the world as Luxembourg.

The answer, however, is never: *"we come here purely for tax reasons"*. Unfortunately, people who don't know Luxembourg, or merely think they know Luxembourg, all too often believe that our success is built on secrecy or that multinational companies come here to benefit from alleged *"tax deals"*. Neither of these things is true.

On the contrary, Luxembourg has embraced transparency. The government is fully committed to ensuring that all bank clients are tax compliant and that companies pay their fair share of taxes.

Let me make one thing perfectly clear: there are no *"secret tax deals"* in Luxembourg. Tax rulings are nothing more than an advance decision by the tax authority confirming how the tax law applies to a given transaction or project. These decisions are not secret; they are merely kept confidential from the public, like any other document relating to a person's tax filing. Rulings are, however, accessible to the tax authorities of the home base of the companies, either via Luxembourg's tax authorities or via the company itself. Neither are they tax deals. Tax rates are not freely negotiated, but are the result of the application of existing national and international rules, as well as of the relevant double taxation treaties.

Companies can only reduce their tax burdens as a result of the interaction of various national tax regimes – not because they choose to come to Luxembourg.

This is why the problem of the fair taxation of multinationals cannot be solved by Luxembourg alone but requires a joint effort by the international community. It also requires all countries to take a good hard look at their own national tax regimes.





National tax regimes need to be adapted to today's globalised digital economy. And this needs to be done in a coordinated manner. Luxembourg has been actively participating in initiatives at OECD level to achieve precisely this. At the European level, Luxembourg has supported, in July 2014, the addition of new provisions to the parent-subsidiary directive, which aims at preventing the double non-taxation of companies through hybrid mismatches. Luxembourg is among the first countries to express its support for the introduction into this directive of a generalised anti-abuse clause, as well as for the Commission's initiative to set up an automatic exchange of tax rulings.

Regarding the tax compliance of individuals, Luxembourg introduced the exchange of information on demand in 2009. Since the end of 2013, the government has taken further concrete steps towards full tax transparency. In this respect, mention must be made of the law approving the Convention on Mutual Administrative Assistance in Tax Matters, as well as the law establishing the procedure for the exchange of information for tax purposes upon request. The automatic exchange of information will enter into force under the EU Savings Tax regime, as of 1 January 2015. From 1 January 2017, the automatic exchange of information will be extended to all types of sources of income, including client account balances. Luxembourg is among the early adopters of the OECD's Common Reporting Standard, which will make the automatic exchange of information the global norm. Clearly, Luxembourg is not a place for international clients to hide their money from their tax authorities.

Luxembourg is a constructive player in the move towards greater transparency in tax matters. This reality is giving Luxembourg's wealth management industry, as well as the financial centre more generally, a new opportunity to differentiate itself where it excels: providing international expertise.

Pierre **GRAMEGNA**,
Finance Minister

Luc **RODESCH**,
Head of
the Private Banking
Group Luxembourg



Wealth Management dossier

EVOLUTION OF PRIVATE BANKING

Luxembourg is the leading private banking centre in the Eurozone with a client base of over €300 billion of assets under management. In a business friendly and stable environment, private bankers have acquired a long track-record of serving international clients with complex business and family profiles spanning multiple jurisdictions and continents.

Luc Rodesch, Head of the Private Banking Group Luxembourg, took time out of his busy schedule to discuss what has driven the recent evolution in private banking and where the future lies in this increasingly complex, transparent and fast changing world.

In the 1970s, Luxembourg became a private banking centre for middle income professionals from neighbouring countries but in recent years there has been a shift in the Grand Duchy's private banking business model. One third of clients are now high-net-worth individuals, who are internationally mobile and not resident in Europe. Moreover, their share is continuing to grow.

"We observe a shift in assets from the affluent client segment to the ultra-high-net-worth segment. Since the financial crisis, these clients have become very concerned about the protection of their capital, so the stability of the financial centre and of the different banking institutions is key. International clients are especially looking for stability from a political, economic and social point of view but are also seeking stability in terms of legal, regulatory and tax frameworks and in these areas, Luxembourg is definitely best in class," explains Luc Rodesch.

CROSS-BORDER EXPERTISE

Clients with assets over €5 million represented 63% of total assets under management in Luxembourg private banking in 2014. In contrast, the number of clients with assets of less than €500,000 continues to decrease.

"The reason we are attracting high-net-worth individuals is not only because of our cross-border expertise but because we invest in building a long-term relationship based on mutual trust. This trust is reinforced by a strong and stable institutional framework, notably in the area of regulation. Luxembourg is well-known for the high degree of professionalism and rigour exhibited by its regulator and this is a very important aspect for the client in terms of investor protection."



NEW OPPORTUNITIES

Wealth managers have developed their value propositions, and the banks have invested heavily in technology, training, and IT infrastructure. These investments also aim at ensuring the sector can react quickly and efficiently to regulatory changes and switch smoothly to the automatic exchange of information which became effective in January 2015.

"Tax transparency is a big opportunity for private banking in Luxembourg because each and every client has to be fully compliant not only with the Luxembourg laws, but also with the relevant national and international legislation. Mastering the legal and tax system is relatively straightforward as long as a client operates in a single country, but if for professional or private reasons, a client is operating simultaneously in different countries, it quickly becomes highly complex, especially if the systems are changing over time."

Despite all the "harmonisation" efforts in Europe, the European Union (EU) is a grouping of 28 very different countries in terms of their respective legal, regulatory and tax frameworks which still makes it difficult to operate cross-border.

"This is where Luxembourg has developed a unique multi-jurisdictional know-how. We have developed the capacity to handle different legal systems and combine constraints of different countries," points out Rodesch.

DIVERSIFYING SERVICES

Luxembourg's "cross-border" expertise provides private bankers with a unique selling proposition that they can offer to an international clientele that is increasingly sophisticated and demanding. Private bankers can offer an extensive array of wealth management options, as a comprehensive range of services.

"The needs of our clients are changing over time and this means that our advisors have to be proactive in terms of advisory solutions and more mobile because many of our clients expect their advisors to meet them in their country of residence."

STAYING ONE STEP AHEAD

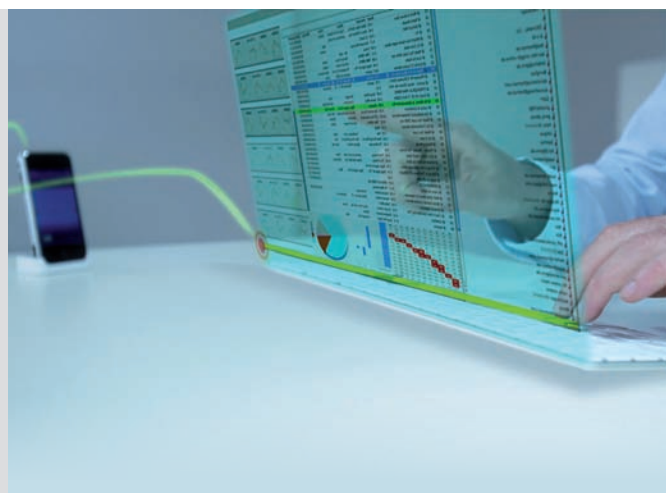
In addition, Luxembourg's "first mover" strategy in implementing financial regulation also enables the sector to stay one step ahead of the competition. The banks are constantly exploring new business opportunities, for instance by being a "first mover" in targeting the Family Office niche or by positioning themselves as providers of sophisticated services to international clients with complex profiles.

"The service offering provided by Luxembourg private banks continually evolves. We have new Swiss banks opening branches and subsidiaries in Luxembourg, as well as new Chinese banks. The offering is very complete and stretches beyond asset management and investment solutions. Let me mention for example, our legal options, which encompasses the different solutions that help our clients to optimise the ownership but also the transfer of ownership of different assets. In Luxembourg, we have also developed synergies between the private banking industry and the investment fund industry, so we have the possibility of setting up investment funds for families or private clients in the field of private equity, real estate or socially responsible investments. Other areas where Luxembourg has positioned itself as a centre of excellence is philanthropy, notably through the creation of the "Fondation de Luxembourg", an umbrella foundation hosting different private charity projects for private clients. Luxembourg was also one of the first countries worldwide to introduce a law to regulate family office activity."

INNOVATION THROUGH TECHNOLOGY

Standing out from the crowd requires relentless innovation and strong leadership. Luc Rodesch believes that the strategy of investment in training, and improving efficiency through technology will ensure that private banking remains at the heart of the Luxembourg Financial Centre.

"Increased complexity leads to increased costs and the cost management challenge is addressed through investing in technology. Moreover, recruiting and training competent managers is also essential to meet the changing needs of clients. Together with the Luxembourg School of Finance, we have developed a Master programme in Wealth Management and intend to introduce a mandatory certification for all client-facing advisors. Luxembourg has a unique mix of different competitive advantages that one does not find in any other financial centre, so that we enter 2015 feeling more confident than ever and fully-prepared to continue to attract new clients from all over the world." **GM**



"Tax transparency is a big opportunity for private banking in Luxembourg."



Wealth Management
dossierTHE PRIVATE
BANKER

Private banking lies at the heart of Luxembourg's vibrant economic landscape and has been instrumental in driving cross-border banking. It has contributed to the Grand Duchy's attractiveness and competitiveness and played a key role in maintaining and revitalising the local banking industry.

Private banking is a strategic sector for the country and a top priority for maintaining Luxembourg's leadership in a fast-changing financial and economic world.



LFF talked with three of Luxembourg's top private bankers. Thomas Fehr has been Managing Director of the German bank Commerzbank International S.A. since 2009. Jean-François Abadie has been Chief Executive Officer of the French bank Crédit Agricole Private Banking in Luxembourg and Senior Country Officer for the Group since December 2010. René Mottas was appointed Country Head and CEO of the Swiss bank UBS in Luxembourg in 2012.

► **LFF: HOW DO YOU WORK WITH YOUR PARENT COMPANY AND WHAT IS SPECIFIC ABOUT THE ENTITY IN LUXEMBOURG, COMPARED TO OTHER COUNTRIES?**

- **RM:** Luxembourg is a significant revenue contributor and profit generator for the UBS Group and has a unique set-up due to the variety of its businesses. This set up enables us to offer our clients the full spectrum of financial products. Our Wealth Management business delivers high-quality investment advice to wealthy individuals across the Benelux market but also the Nordics, Central Europe, Germany, Central Europe and the Middle East.

Our asset servicing franchise – a joint venture between “Wealth Management” and “Asset Management” – provides tailor-made solutions to UHNW, financial intermediaries and semi-institutional clients across Europe, helping them establish insight into their overall asset portfolios and provide transparency on the performance and quality of their assets.

UBS in Luxembourg also acts as an important centre for our cross-border wealth management and fund businesses. We strive to be the competence centre for our organisation's cross-border business in Europe. Asset Management has the overall mandate to administer the UBS investment funds governed by Luxembourgish law.

- **TF:** We work very closely with our German parent company, Commerzbank AG, which has 50,000 employees - one third is based outside Germany. We collaborate on day-to-day topics and developments and offer each other support and guidance.

On the business side, we help each other to find and win new customers. For example, we recently received the entire German wealth management and private banking team to Luxembourg. The visit enabled them to develop their understanding of our Unique Selling Proposition (USP) in Luxembourg.

Our pitch to customers is that we are a safe German bank located in a politically and economically stable country, providing unique and extraordinary products, as well as excellent quality of services.

We are positioned in two ways. On the one hand we are Commerzbank's center of competence for all international customers coming from e.g. Asia, Latin America, Near Middle East, Poland, Russia. On the other hand we provide specialised products for the German market which are not available domestically. For example, we are experts in precious metals and can store and hedge gold, which is not possible in Germany.

► **LFF: WHAT IS SPECIFIC ABOUT YOUR OFFER IN LUXEMBOURG?**

- **JFA:** At Crédit Agricole Private Banking here in Luxembourg, we have a diversified customer base and can work across different jurisdictions in Europe. We pride ourselves in our legal understanding, and our ability to report in up to six jurisdictions. For example, if an Italian client has a daughter who is living in Germany, Spain, France or the UK, we can offer solutions which are appropriate for each and any of those environments. Only a few private banks are able to offer this, because it is a substantial investment to keep up-to-date on so many different requirements. We have invested considerably in IT systems to enable us to report in these countries, and follow up on the annual regulatory changes.

We now have nineteen billion euros of assets in Luxembourg and in addition to retaining our strong customer segmentation in Europe, we have attracted many new clients who are entrepreneurs.

Since 2010, we have opened new branches in Belgium, Spain, and Italy which bring us new clients and support the future of Luxembourg as our European private banking hub. The proximity to the fund industry has also been very important in our development, because there are some very efficient operators here, and this also provides added value to our customers.



*René MOTTAS,
Country Head and CEO,
UBS Luxembourg*





Thomas **FEHR**,
Managing Director,
Commerzbank International S.A.



Jean-François **ABADIE**,
Chief Executive Officer,
Senior Country Officer,
Cred t Agricole Private Banking, Luxembourg



► LFF: HOW HAS THE PROFESSION OF THE PRIVATE BANKER CHANGED?

► **TF:** The private banker from the past is not the private banker of the future. There has been a major shift from quantity, to quality in terms of the number and needs of our clients. We have fewer customers, but we continue to manage the same volume of assets. In the past it was just a deposit which has been placed in the bank, but now customers are more complex and need sophisticated relationship managing. Now you have highly-qualified people working in products with know-how on regulatory issues. These bankers are also able to go out and find new customers and continue to innovate with new ideas.

► **RM:** Of course, changes in regulations and in clients' needs mean that the private banker's role changes as well. In order to adapt to those changes, each team at UBS is specialised in their market or client segment and receives training according to their requirements, whether it be regulatory or product-related.

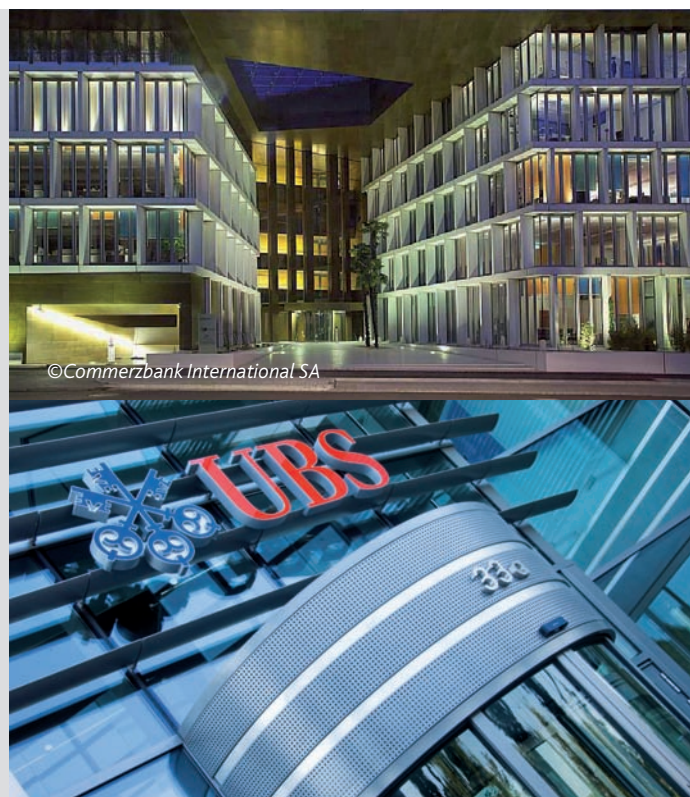
This is a challenge as the client facing roles become more complex as advisors need to remain abreast of the developments as well as knowledgeable and competent. We have put in place the Wealth Management Diploma which gives each client-facing employee a recognised certification and the tools needed to perform at the best of their abilities.

► **JFA:** Private banking is definitely an industry where expertise is now at a premium, and people sense that. I think the type of skill we are now looking at is closer to what I would say "the corporate banker" type than it is the traditional "private banker". In Luxembourg we have been able to attract and recruit highly-skilled staff, and many of those have been successful corporate bankers across Europe.

► LFF: HOW ARE YOUR CLIENTS NEEDS CHANGING?

- **TF:** The change now is that our clients are looking for “*real value*” combined with more complex and holistic approaches to manage their wealth. The three services most commonly requested are: portfolio management, gold and precious metals, and equity release on real estate.
- **RM:** At UBS, we have learnt to adapt not only to the constantly changing environment due to the wave of regulations we have to comply with but also to our clients, whose needs have indeed changed. Today, clients are far more demanding and sophisticated as they become increasingly knowledgeable and savvy about financial products.

To earn and keep the business of high-net-worth individuals requires international expertise, excellent service and professional discretion. It's the ability to answer quickly, to cover the broad range of services and to have an integrated solution on the marketplace. The small size of Luxembourg ensures that you can respond to the market at lightning speed which for us is one of our competitive advantages.



► *LuxembourgforFinance*

WHAT ARE THE TRENDS IN WEALTH MANAGEMENT THAT WILL IMPACT THE FUTURE OF PRIVATE BANKING IN LUXEMBOURG?

► **Thomas FEHR**

There is a major discussion going on in Commerzbank about the future of banking which will be both personal and digital. We need to continue to invest and follow the digital route. So our customers have access to their personal data with their smart phones and tablets wherever they are. Additionally they have the possibility to make transactions whenever they want to. As the “*bank at your side*” we also continue to develop the services offered by our private bankers who will still be available whenever our customers need support in any financial matter.

► **Jean-François ABADIE**

Requirements are more and more international and what our clients expect from us, is advice on how to ensure their investments are safe, and to be fully transparent. Our customers expect us to be respectful of the environment and rigorous in how we manage this level of complexity. I am positive about our future because there is a place for the people who can manage this level of sophistication, particularly at a time when the level of complexity is increasing.

► **René MOTTAS**

Luxembourg has the great advantage and reputation to have a solid financial centre; this is definitely an attractive value proposition for an investor. The country's jurisdiction enables us to offer our clients a unique set of wealth structuring capabilities such as Family Office services, fund structures both in the traditional and now alternative space. The free provisioning of services within the EU also makes Luxembourg an attractive proposition for UHNW clients and Financial Intermediaries. **GM**

Frédéric OTTO,
CEO,
Arche Family Office

Wealth Management dossier

THE LUXEMBOURG FAMILY OFFICE

Keeping an overview on internationalised assets that are subject to diverse legal and fiscal regulations and to complex inheritance rules has become a real challenge for the high-net-worth individual.

The need for professional assistance that goes beyond the traditional asset management industry is fueling the growth of the Family Office sector in Luxembourg.

As one of the few countries worldwide to adopt a law for family office activity, the Luxembourg financial centre is home to 85 companies regulated to carry out these services. LFF spoke with Frédéric Otto, CEO of the Arche Family Office, the first firm authorised under the Family Office Act, and Timothé Fuchs, CEO of the Fuchs Family Office, to find out what Luxembourg has to offer.

After the financial crisis in 2008, Frédéric Otto, then CEO of Banque Privée Edmond de Rothschild, witnessed a change in mood amongst his clients.

"The trust disappeared and people began to question the conflict of interest. How can a family office within a bank work only for the benefit of the client? So that opened something new to us and so myself and some other financial sector players went to talk to the the Luxembourg financial regulator, the Commission de Surveillance du Secteur Financier (CSSF) to explain that there was a new momentum to create a regulated multi-family office."

The result of that discussion was the Family Office Act which creates a legal framework for the activity of the family office and reserves the provision of these services to certain categories of regulated professionals. It is aimed uniquely at professional advice and services related to wealth management, estate planning and administration, the co-ordination of service providers and the follow-up or evaluation of their performance.

"Luxembourg is the only country with family office regulation in Europe. Does that attract clients? Yes it does. The new law regarding family offices has specific rules, one of them specifically is you can only be paid by the client, so there are no referral fees or commission," points out Frédéric Otto who subsequently left Rothschild to set up the Arche Family Office, a fast growing business in Luxembourg.

CREATING A FAMILY OFFICE HUB

With the number of companies regulated to carry out family office services in Luxembourg expected to reach one hundred in the coming year, the reputation of this new niche is growing.

"We work in the full and exclusive interest of the client so the trust between the family officer and client is extreme. What we offer is getting the best specialist needed for the client. It goes from the private equity business to real estate business, to custodian banks to asset managers, to tax lawyers, fiduciaries etc. We are able to challenge the fees, just like a big fund investment or pension fund. There are not too many countries that can provide such a diverse range of financial wealth management opportunities and all the services needed from the banks, fiduciary, tax lawyers, the Big Four, and fund investment professionals," explains Frédéric Otto.

Arche works predominantly with European clients from Portugal, Spain, France, Belgium and Switzerland. The office is also active in the Canadian market, where the company works closely with the Banque Nationale du Canada.

"A typical client for us is a European based entrepreneur who has sold his company for 100 million euros. What does he do with the money? How is he going to structure his wealth? We are there to help him develop and implement his strategy. In this respect Luxembourg is well placed because he has the choice of different international banks, different asset managers working in different international markets and we have all the resources he needs in terms of managing his wealth."

COMPETING FOR BUSINESS

Touting their hyper-personal service and freedom from financial conflicts, family offices are becoming strong competitors to private banks, and asset management firms that serve high-net-worth individuals. Nothing is impossible, according to Timothé Fuchs, who heads up the Fuchs Family Office, an offshoot of the Fuchs Group.

"It is organising their whole lives, it's infinite the services that you can provide for them".

INTERNATIONAL CLIENTS

Fuchs provides family office services to their traditional portfolio management clients but have also developed a specific department for the family office which is providing regulated services to wealthy clients based from around the world. Fuchs works on an open architecture basis, which means that wherever the client is based or has an interest, the family office is the single point of contact which can select a counterparty to provide the service that the client requires.

"We have a strong European client base but we also have increasing numbers of Asian countries and Arab states from the Persian Gulf. If you look across Europe, do you know of any other financial centre where you can book a fully Shariah-compliant account? Is there another city in Europe where you can trade RMB? It makes Luxembourg a preferable choice for people because even although we are a small country, we can offer a very wide and diverse range of services."

SOLUTIONS FOR COMPLEX NEEDS

Estates are becoming more and more complex and what the family office can offer is the specific know-how to find the solutions for the clients.

"In Luxembourg we have a lot of attractive wealth management vehicles which we can use. Recently, we had an Asian client who wanted to structure part of his estate under a fund. What makes the difference here is the variety of trusted counterparties that we have in Luxembourg with which we can work with because when a client comes he needs to have an answer quickly and professionally," points out Fuchs.

Family offices have other draws for clients. Need a private jet to pick you and your family up and take you to Broadway?

"One of our Arab clients wanted to organise a trip to London with their kids. We organised everything, from hiring a private jet, to booking the best hotels, restaurants and shows. So it really is a wide range of services we offer and our extensive global networks ensure we can deliver and provide value for money." Fuchs concludes. **GM**



Timothé **FUCHS**,
CEO,
Fuchs Family Office



Wealth Management
dossier**THE LUXEMBOURG
PRIVATE WEALTH
FOUNDATION:
A NEW WAY TO
MANAGE PRIVATE
ASSETS LAUNCHES
IN 2015**

The new Luxembourg Private Wealth Foundation allows entrepreneurs and high-net-worth individuals to benefit from new innovative, flexible and modern ways in the management and the transmission of their assets and businesses.

LFF talked with Pit Reckinger, Partner at the law firm Elvinger, Hoss & Prussen and Christian Kremer, Managing Partner at Clifford Chance, for an insight into the purposes and advantages of Luxembourg's newest wealth management opportunity.



In continental Europe, private foundations have historically been used for the same purposes as common-law trusts. Luxembourg's Private Wealth Foundation is influenced by the German tradition of Privatstiftungen, and other comparative foundations in Austria, Switzerland, Belgium and Netherlands.

"Luxembourg did not have this before and needed a vehicle, which can live beyond the death of the founder but according to his wishes and that is what the Private Wealth Foundation is about. It is a means to organise wealth, and also of succession planning" explains Pit Reckinger.

MEETING INTERNATIONAL NEEDS

The Foundation meets the requirements of the Financial Action Task Force (FATF), in particular in terms of identification of founders or beneficiaries of the Foundation and is subject to income tax at the standard corporate income tax rate. It differentiates itself from other regimes by providing a step-up basis for income tax purposes for individuals deciding to relocate their tax residence to Luxembourg where the individual's assets are valued at their "fair market value" at the date of the transfer of residence to Luxembourg.

"The Foundation perfectly matches potential needs of international investors, who have multi-jurisdictional investments and who are relocating to Luxembourg. The step-up ensures that if someone moves from another country to Luxembourg and wishes to set-up a foundation his assets are not taxed twice." adds Reckinger.

The Foundation can be used, not only for businesses but to hold other assets, and these can remain in the Foundation for a period of time as determined by the founder, as Christian Kremer explains.

"One of the thoughts certain private individuals may have, is to preserve the cohesion of their estate when they pass away, while at the same time assuring that their heirs benefit from the income of the estate."



Pit **RECKINGER**,
Partner,
Elvinger, Hoss & Prussen

Christian **KREMER**,
Managing Partner,
Clifford Chance



The Foundation joins a line-up which includes private wealth management companies, specialised investment funds and venture capital investment companies. It can be set up to help individuals organise their family estate, pass it on, manage their assets, and avoid their dispersion in the event of death.

"A typical client we expect to use the Foundation is the entrepreneur who has succeeded in business and would like it to continue with his vision beyond his death. The idea being that he would put the shares of his company into the Foundation, with the aim that the group is developed in his vision beyond his death" points out Reckinger.

Luxembourg law allows for the separation of economic and legal rights. The Foundation becomes the owner of the business and runs it according to the charter. It would issue certificates which give an entitlement to the certificate holders to income generated from business.

"That can be important especially in a family business where certain children should not or do not want to be involved in the running of the business going forward. You can allow your children to benefit from certain revenues while making sure in the charter that the business is run by people who are competent to run the business." adds Kremer.

SUPPORTING YOUR FAMILY

A Foundation can also be used to achieve a specific purpose, for example transmission of an asset to a foundation for the benefit of a certain purpose. It can be used for example, by a family to secure sufficient income for a vulnerable person or a disabled child over their entire lifetime, including after their parents have passed away.

The Foundation is an orphan entity, devoid of shareholders, but unlike a trust it has a legal personality, and can therefore own assets and have rights and obligations but as Kremer explains there is some flexibility built in.

"Very often entrepreneurs do not want to lose control over the business. The entrepreneur/founder can in this case reserve certain rights which are personal to the founder where he can determine who is on the board, and can reserve the right to change these people."

STRICT ACCOUNTABILITY

Despite this flexibility, the Foundation has rigorous compliance standards and must be fully transparent and provide accounting records. Heirs can be confident that it cannot be used to defraud succession rights, or creditors, and if a company underperforms, and the certificate holders are unhappy with the board of directors, the law enables the founder, beneficiaries, or supervisory board, to replace the board as Kremer points out.

"If board members do not perform properly and mismanages the assets for example, they will be liable for mismanagement towards the foundation. They will also be liable for breach of the charter or breach of the law on the foundation both towards the foundation itself and third parties."

The Bill on the private wealth foundation is presently being discussed in the competent committee of Parliament. A vote expected in Q1 2015. **GM**



Class of 2013/14

Wealth Management dossier

MASTER IN WEALTH MANAGEMENT

The Master in Wealth Management (MWM) at the Luxembourg School of Finance (LSF) is unique in the world. Launched last year, it attracted 30 young professionals from Africa to Asia and beyond.

LFF talked with course director, Professor Jos van Bommel, and the Class of 2013/14, to find out why *"an investment in knowledge always pays the best interest."*

The LSF is a very international and multicultural part of the University of Luxembourg and is located in the heart of the financial centre. The one-year MWM is entirely taught in English and can be studied on a full-time or part-time basis. With the number of students capped at 30, entry is competitive. The teaching is personal and each student is assigned an academic supervisor and industry mentor to guide them.

"The curriculum was developed by the LSF in close collaboration with the Private Banking Group Luxembourg (PBGL) and is supported by partners in industry. This enriches the curriculum with professional trainers, internships and job opportunities," explains Professor Jos van Bommel.

The curriculum is practice orientated and combines pure finance courses with law, tax and communication courses taught by renowned academics and industry professionals.

"The 28 courses are divided into investment-centric courses like fixed income, equities, real estate, hedge funds, derivatives, and alternative investments, and client-centric courses, like personal portfolio management, estate planning, as well as courses on law and ethics. Finally, the curriculum contains several "soft-skills" courses, such as communication skills, client acquisition and relationship management, business etiquette and professional service. For some of the "core" courses (such as estate planning or legal structures), panel discussions with experienced private bankers are central to the transfer of knowledge," van Bommel explains.



Jos van BOMMEL,
Professor,
University of Luxembourg

DILIGENCE IS THE MOTHER OF GOOD LUCK

Margaret Oladapo-Famuyide was one of the first professionals to apply for the new MWM.

"After a few years of working in retail banking in Nigeria, I decided to take my career in the financial industry to the next level. I wanted something more challenging, to carve a niche for myself and keep myself relevant and valuable in the financial sector. I did a little research and I discovered the MWM," comments Oladapo-Famuyide.

Within a few months, Oladapo-Famuyide was offered a place on the course and heading to Luxembourg.

"Studying in Luxembourg was the best decision and educational investment I have ever made. My experience in the classroom at the LSF was highly intellectual, exciting and fulfilling. We had lectures from well-known professors from across the world, but it was not just textbook finance. You gain practical exposure to a lot of subjects ranging from personal portfolio management, behavioral finance, private equity, private bank management, investment funds and a host of other very relevant subjects. You also get access to industry mentors who are ready and willing to guide you through the entire programme. The teaching method exposes you to a lot of studying as the program increases your quest for more knowledge."

Before joining the program, Janice Cheng Yu-hei had been working in Hong Kong's financial industry, specialising in private equity and investment advisory for institutional and high-net-worth clients. During her three years in the sector, Cheng Yu-hei witnessed the growth in wealth management in Asia and the need for qualified specialists. The decision to move to Luxembourg surprised her colleagues but she says completing the course, was a key milestone for her personal growth and professional development.

"The ten month training is challenging, but all the hard work is worth it. In addition to the intensive training to consolidate our financial knowledge, we are also given a global view of various elements of wealth management. The course helped me to better understand the needs of wealthy clients and the developing trends in the industry."



Margaret **OLADAPO-FAMUYIDE**,
Class of 2013/14

Janice **CHENG YU-HEI**,
Class of 2013/14





Milos **BIJELJIC**,
Class of 2013/14

HARD WORK, INTELLIGENCE, AND DISCIPLINE

After finishing his studies and having worked as a financial analyst in the construction and real estate industry, Serbian national Milos Bijeljic started to search for a program which was practice oriented, to give him the opportunity to earn international experience at the same time as earning a degree.

"My interest in financial areas such as private banking and managing the wealth of the high-net-worth individual brought me to the LSF. Luxembourg is a hub for private banking and the investment fund industry, a place of excellence and huge opportunities for young and ambitious people ready to learn and develop a career."

"Overall, the MWM program gives students a detailed insight and understanding of the products available on the financial markets for high-net-worth clients. We were taught how to manage their portfolios, how to choose the right legal structure for the client, the tax implications for such an investment, as well as the soft skills needed for the job of wealth manager. As a student with a financial background, topics in international taxation, philanthropy, legal structures and compliance helped me to understand the legal background of the business," concludes Bijeljic.



Class of 2013/14 Singapore

THE WAY TO WEALTH

"If a man empties his purse into his head no man can take it from him. An investment in knowledge pays the best interest."

Benjamin Franklin

Upon completion of the course, Cheng Yu-hei chose to specialise in investment in wealth management and is working as an intern in a family office in Luxembourg. Milos Bijeljic, is completing an internship at Schroders Investment Management and pursuing a career as a wealth manager focusing on Eastern Europe, and Russia. Oladapo-Famuyide was awarded a traineeship with a Swiss private bank in Luxembourg.

"The relevance of the knowledge gained for my MWM cannot be over emphasised. I am currently a trainee with UBS Luxembourg, in the Wealth Management, Asset Servicing, business risk management unit, and my job description entails 80% of the knowledge gained from the program. With the knowledge acquired from the Luxembourg School of Finance, I can say with all confidence that I am fully equipped and ready to hit the ground running," adds Oladapo-Famuyide.

In September the first cohort of the MWM concluded their course work in Singapore: A highlight of the curriculum is a week-long module at the Singapore Management University, where they followed a tailor made programme designed to deepen the students understanding of selected financial topics and learn about the growing Asian market for Wealth Management. The Singapore module includes lectures and workshops, panel discussions, and a visit to one of the largest Singapore banks.

The application period for the 2015/16 academic year opened in October. *"We are receiving applications almost every day, showing good news travels fast and that we are on the right track to make Luxembourg the world's best place to study Wealth Management", van Bommel concluded. GM*