The Anglo-Swiss alliance behind Bordier UK

Bordier UK's CEO Jamie MacLeod must have a very impressive address book, having worked around wealth since he was, as he puts it, a boy. Beverly Chandler reports.

At 29, he was Managing Director of Scottish Widows, went on to become Managing Director of the UK and European retail business at Investec Asset Management and then built the Skandia investment business from scratch to assets of GBP50 billion in seven years.

Jamie Berry, founder of Berry Asset Management, was in the MacLeod address book and had been for the best part of two decades, when in September 2010 MacLeod took an equity stake in Berry Asset Management and became CEO of the business.

The very traditional Swiss bank, Bordier & Cie, with a history of offering traditional Swiss private banking services out of Geneva since 1844, had already taken a stake in Berry Asset Management in 2001 with a further equity stake in 2007.

Berry has been trading as Bordier UK since September 2014, the strategic alliance between the two firms having further strengthened. Today, the UK business is independently managed by the UK team, and run with the Swiss shareholder engaging via a non-executive seat, taken by Bordier family member, Grégoire Bordier. The driver behind the alliance comes, MacLeod, says from a willingness for diversification from the Swiss.

"A traditional Swiss business needs a UK-based part of its business," MacLeod says. "We are not a branch office, we are an independently managed business and we have fantastic Swiss partners."

The Bordier Group manages GBP9.36 billion (at 30 June 2017) and employs about 225 staff globally, with some 35 in the London office, and offices in Bern, Geneva, London, Montevideo, Nyon, Paris, Singapore, the Turks & Caicos Islands and Zurich. MacLeod confirms that the firm has about 4,000 families as clients around the world, and an investment sweet spot of between GBP1 and GBP10 million.

"We have very few clients who leave us," MacLeod says, citing happy vibes and good returns on their portfolios as reasons to stay. "What is very clear in the sector is that clients these days have several wealth managers," he says. "I don't believe that these days people have all their assets with one wealth manager."

This is an evolving trend over the last six or seven years and MacLeod is also seeing firms in the same space as them allocating some of their client assets to Bordier if they feel they can offer something different. Referrals tend to come from professional firms such as lawyers and accountants, and the firm's clients include a number of City institutions, including City livery companies, trust companies and welfare trusts. The firm has no in-house products.

"We invest in what is appropriate for the client," MacLeod says, "and we allocate to what we think is right, whether it's offshore funds, unit trusts, ETFs, structured products or alternative funds. I believe in eating our cooking so I am usually the first investor into any strategy."

Fees are undisclosed, but MacLeod refers back to the fact that a lot of their business comes from other market professionals. "If our fees were too high, the professional gatekeepers would tell us," he says.

He is seeing a great deal of consolidation within the domestic wealth management industry in the UK. "There are some big challenges coming down the track for the sector," he says. "You need a competent management team to survive and some people might find it more comfortable to partner up and face new challenges which are arriving on top of existing challenges. I don't see them as negatives but as a sign of maturity in the industry."

MacLeod believes MiFID is a net positive for his firm and for the industry. "It will improve client outcomes and transparency and will create more consistency in terms of how clients can analyse the sector, enabling non-market professionals to make better decisions on who they want to work with."

He has also watched the slow development of robo-advice in the UK for some years. "It could be a solution for some," he says. "But I believe passionately that people with small or large levels of assets need advice. One of the robo-advice propositions is that there is a very significant cost differential and I haven't seen evidence of that as yet. If you weigh up the cost of the robo-adviser, you might find a modest difference in cost but a significant difference in terms of services.

"I don't think it fits for all clients or investors who may have very personal requirements such as managing CGT exposure. Automated services don't allow for those characteristics. We build bespoke portfolios and our clients have individual requirements. Everybody is different, they have their own personal design in their portfolio, and we are 100 per cent discretionary – the engagement with the client needs to be significant and the robo-adviser does something different from that."

And client needs have changed over recent years, he notes. "We have given our clients much more IT support and technology to access their valuations and portfolios and we have noticed how our clients will now go online and extract a valuation when they need it, whereas three years ago they would phone us up. The mode is different."

Another strand of the Bordier UK business is its intermediary platform business where intermediaries aggregate their underlying clients and allocate them to the firm.

"Private clients are the biggest part of the business," MacLeod says. "But we also have the intermediary IFA channel where we have a core base which aggregates their clients and allocate them to us – in many cases with this business, we have no contact with the client. Here, we believe in working with professional advisers and supporting what they want." ●

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