INTERNATIONAL INVESTMENT

INTERNATIONAL EDITION No. 1

DUBAI SPECIAL

The Middle East's biggest advisory firms reflect on a changing landscape

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CONTACTS

Editorial

Brand Editor: Christopher Copper-Ind
christopher.copper-ind@odmpublishing.com
Tel +44 (0) 20 3727 9937

Head of Video & Ezines: Gary Robinson
gary.robinson@odmpublishing.com
Tel +44 (0) 20 3727 9938

Editorial Director: Jonathan Boyd
jonathan.boyd@odmpublishing.com
Tel +44 (0) 20 3727 9922

Chief Correspondent: Helen Burgraff
helen.burgraff@odmpublishing.com

Correspondent: Eugene Costello
eugene.costello@odmpublishing.com

Commercial

Head of sales: Eliot Morton
eliot.morton@odmpublishing.com
Tel +44 (0) 20 3727 9945

Head of marketing: Vanessa Forde
vanessa.forde@odmpublishing.com
Tel +44 (0) 20 3727 9924

Marketing executive: Emma Dinwoodie
emma.dinwoodie@odmpublishing.com
Tel +44 (0) 20 3727 9927

Office manager & accounts: Maria Margariti
maria.margariti@odmpublishing.com
Tel +44 (0) 20 3727 9925

Strategy

Head of strategy: Richard Watts
richard.watts@odmpublishing.com
Tel +44 (0) 20 3727 9939

CEO

Nicholas Rapley
nick.rapley@odmpublishing.com
Tel +44 (0) 20 3727 9939

INTRODUCTION

Editorial leader

“...until the facts are fully 'gazetted' in black and white, the industry is hanging in a form of limbo while it waits for the fine detail to emerge.”

– Gary Robinson, Head of Video & Ezines, Open Door Media

WINDS OF CHANGE

The United Arab Emirates does not start and stop within the confines of the sprawling metropolis that is Dubai. But for the world of financial services the importance of the forthcoming regulatory changes in that region cannot be over emphasised.

The facts have been laid out and discussed at length, but until the facts are fully 'gazetted' in black and white, the industry is hanging in a form of limbo while it waits for the fine detail to emerge.

We visited with both providers and advisers in our recent trip to Dubai and in this ezine bring you what we hope you will find to be an revealing insight into what is happening in the region.

Elsewhere, here at International Investment we have had some changes of our own I am delighted to welcome our new brand editor Christopher Copper-Ind. Christopher brings a wealth of experience to the role, particularly from the Middle East where has lived and worked extensively in the past.

As ever thanks for reading and viewing this ezine as we continue to bring you exclusive reports with some of the biggest names in the business.

INTERNATIONAL NEWS

Round-up of the latest news from around the globe

UNITED ARAB EMIRATES

ROGUE ADVISER CONVICTED BY DUBAI COURT IN 'LANDMARK' CASE

The conviction of a personal finance consultant who has been found to be running his business without a licence, amid claims that he invested his clients' money in high-risk start-up companies without their knowledge, has been dubbed a "landmark" decision for the region.

Financial adviser Neil Grant – a Scotsman specialising in expat financial advice – was convicted by Dubai Criminal Court of operating his company without being registered with the authorities.

According to a report in UAE local news outlet *The National* clients of Grant raised the case with Dubai Public Prosecution, with the Department of Economic Development supporting claims he had operated without a licence.

One of the investors said that Grant's conviction a "landmark case" with a financial adviser taken to criminal court and judgment has been ruled in the victim's favour. As a result of the conviction the victims are now pursing Grant in the civil courts in a bid to recover losses.

'Risky' investments

A number of his clients have alleged that the Scotsman invested in 'risky' investments such as waste removal firms and student accommodation in the UK, without giving them proper indication of the risk involved and ended up losing their investments in the process.

Dubai Criminal Court

Clients that spoke to *The National* said they individually lost an average of about £100,000 due to their dealings with Grant.

Grant, who ran Prosperity Offshore Investment Consultants, did not attend an appeal hearing held in November 2017 relation to his prosecution and left Dubai. He was fined Dh2,000 at the time.

A civil case has been opened by his victims to try to recover their investments with estimated total losses potentially running into millions of pounds.

Grant did not respond to repeated attempts to contact him in recent months, and his lawyer decline to comment when approached during his court case, *The National* said. **GR**

UNITED STATES

AMERICAN HIT WITH $14M FINE, SIX MONTH SENTENCE FOR FAILING TO FILE FBARS

A resident of the US state of Connecticut who was originally from Korea has been hit with a "record" civil penalty of $14m, a six month prison sentence, and a fine of $100,000 for failing to report Swiss bank accounts totalling around $28m, the US Department of Justice has revealed.

The sentence was seen by some observers as an indication that the US DoJ is making good on its vow, made towards the end of last year, to significantly increase penalties it levies against offshore tax evaders.

Under US law, Americans and others with US tax obligations, such as permanent residents, are obliged to tell the US tax authorities about any foreign financial accounts they hold that are worth more than $10,000, by filing a so-called FBAR, or Foreign Bank Account Report. Enforcement of this law increased after the signing into law of the Foreign Account Tax Compliance Act, or FATCA, in 2010.

According to a statement issued by the DoJ, Kim is a "sophisticated business executive who ran family businesses with operations in the United States and internationally".

Some "tens of millions of dollars" of his offshore wealth had been inherited, the statement noted, and "stashed in secret accounts at Credit Suisse, its subsidiaries and another Swiss bank".

> **"Kim is a sophisticated business executive who stashed tens of millions of dollars in secret accounts at Credit Suisse, its subsidiaries and another Swiss bank"**
>
> **US Department of Justice**

The DoJ noted that US district court Judge Brinkema had taken Kim's "cooperation with the government, which occurred [over] more than a five-year span", into account in pronouncing the sentence on 25 January.

In 2016, as reported in *International Investment*, the US authorities hit a US professor of business administration from Rochester, New York with what was said at that time to be the largest FBAR penalty ever – $100m – for hiding $200m in assets.

The $100m was part of a plea agreement with the professor, the US Justice Department said in a statement, which penalty, it noted, was separate from any restitution that the court may eventually also order. **HB**

LUXEMBOURG

SGG ON FIRST NAMES TERMS IN ACQUISITION FOR LUXEMBOURG GROUP

SGG, the Luxembourg-based, Netherlands-founded financial services firm, has acquired Jersey-based First Names from its private equity backers, AnaCap Financial Partners.

SGG Group, which was established in 1896, bought First Names Group from AnaCap at 2.6 times the latter's original price. London-based AnaCap bought First Names five years ago.

SGG Group's major shareholder and long-term financial backer is European private equity firm Astorg Partners, based in Paris.

Serge Krancenblum, SGG's Group CEO, said: "This is a key milestone for the SGG Group. First Names Group complements our offering and jurisdictional capabilities in our key client segments. Besides their impressive leadership and client base, First Names Group has a similar history and shares our values.

"I am certain that there will be an excellent cultural alignment between our two firms and that together we will take our combined group to new heights."

A bright future

The decision to join forces is seen as further strengthening SGG Group's presence in key markets such as Jersey, Guernsey, the Isle of Man, Switzerland and Cyprus.

Mark Pesco, First Names Group CEO, called it a "hugely exciting opportunity", saying the deal "will bring a wealth of new opportunities for our newly combined businesses, everyone within it and especially for our clients".

"We have built a great business with the active backing and support of AnaCap. As part of SGG Group we have an extremely bright future and this deal positions us to take this business to its full potential," Pesco concluded. **CCI**

UNITED ARAB EMIRATES

DUBAI FLIES HIGH IN HNWIS REPORT

Dubai has been ranked among the world's top 15 cities for high-net-worth-individuals according the *New World Wealth*'s annual report.

More than 1,000 high-net-worth-individuals (HNWIs) migrated to Dubai in 2017, the report said.

Ranked at number 14 in the worldwide listing, Dubai is the only city from the Middle East to feature on the list. The report also rated the UAE, which is formed of seven emirates, among the safest country in the Middle East region.

Led by Dubai, the UAE continued to draw HNWIs, generally defined as those holding total assets of $1m or more, in 2017. More than 5,000 HNWIs, mainly from India, Turkey, Saudi Arabia and Nigeria chose to adopt the emirate as their second home.

The report estimates the total wealth held by private individuals in the UAE to be $925bn.

Dubai's ease of doing business, relatively liberal lifestyle and its safe location in an otherwise volatile region all combine to make the emirate an attractive one for business people to choose when looking to relocate. **CCI**

Click here to start reading our special Dubai report in this issue of International Investment.

CHINA

CHINA PLANS MAJOR OVERHAUL OF INSURANCE RULES

China's insurance regulator is planning an overhaul of its practices with changes to how it regulates overseas investments made by the country's insurers planned amid reports that the Chinese government is also considering merging its banking and insurance regulators.

China's insurance regulator told journalists in Beijing at a briefing the end of January that all overseas investments made by the country's insurers must now be made according to rules set by the central bank and the foreign exchange regulator.

New revised rules on insurance funds will take effect in April, Jia Biao, vice head of the capital operation department, told reporters in a briefing held in Beijing, according to various reports.

China is also considering a merger of its banking and insurance regulators, *Bloomberg News* has reported. Citing people familiar with the matter, the Bloomberg News report said that Chinese government agencies under the direction of a Communist Party central reform group led by President Xi Jinping are drafting a plan that would combine the China Banking Regulatory Commission and the China Insurance Regulatory Commission.

Bloomberg News reported on the matter without naming its sources. China's State Council Information Office, which acts as the public relations arm of the government, said in a statement it does not have a grasp of the situation at the moment. **GR**

Panama City, Panama (Shutterstock.com)

PANAMA

OECD HAILS 'MAJOR STEP FORWARD' AS SIX COUNTRIES, INCLUDING PANAMA, SIGN UP TO BEPS

In what the Organisation for Economic Co-operation and Development described as a "major step forward in international tax co-operation", six countries including Panama have signed up to the organisation's so-called BEPS treaty, one of its key tax avoidance measures.

The news came late yesterday from Paris, where ministers and other top officials from Barbados, Côte d'Ivoire, Jamaica, Malaysia, Panama and Tunisia gathered to sign the Base Erosion and Profit Shifting (BEPS) Multilateral Convention, bringing the total number of signatories to 78.

The convention is described by the OECD as an updating of the existing global network of bilateral tax treaties, and "reduces opportunities for tax avoidance by multinational enterprises" by making it harder for multi-national companies to avoid tax through the strategic use of cross-border shifting of profits.

In addition to the six countries that signed the agreement at the end of January, Algeria, Kazakhstan, Oman and Swaziland have expressed their intent to sign the convention, "and a number

IS THE BEPS TREATY EFFECTIVE?

- Yes, things are improving
- No, things are getting worse
- Neither, things remain the same

See results

of other jurisdictions are actively working towards signature by June 2018", the OECD said.

Thus far, four jurisdictions – Austria, the Isle of Man, Jersey and Poland – have ratified the convention, which will enter into force three months after a fifth jurisdiction deposits its instrument of ratification, according to the OECD.

The BEPS convention is described by the OECD as the first multilateral treaty of its kind, and has been set up to allow jurisdictions to integrate results from the OECD/G20 BEPS Project into their existing networks of bilateral tax treaties.

US not yet a signatory

As reported in June last year, senior officials and ministers from 68 countries and jurisdictions signed the initial BEPS agreement. Then, as now, the US was not among either the signatories, nor those that have formally acknowledged that they also plan to adopt it.

However, as noted in June, the US has been a participant in the BEPS project, and OECD officials have said in the past that the US already has extremely strong anti-abuse provisions and arbitration procedures in its existing tax treaties, suggesting its participation in this particular round of BEPS work might not be needed.

The Paris-based OECD was founded in 1948 as the OEEC (Organisation for European Economic Co-operation) to oversee the implementation of the Marshall Plan, a post-World War II initiative aimed at helping Europe to recover and rebuilt, with the help of the US. In 1961 it was revamped, re-named the OECD and membership was opened up to non-European states as well.

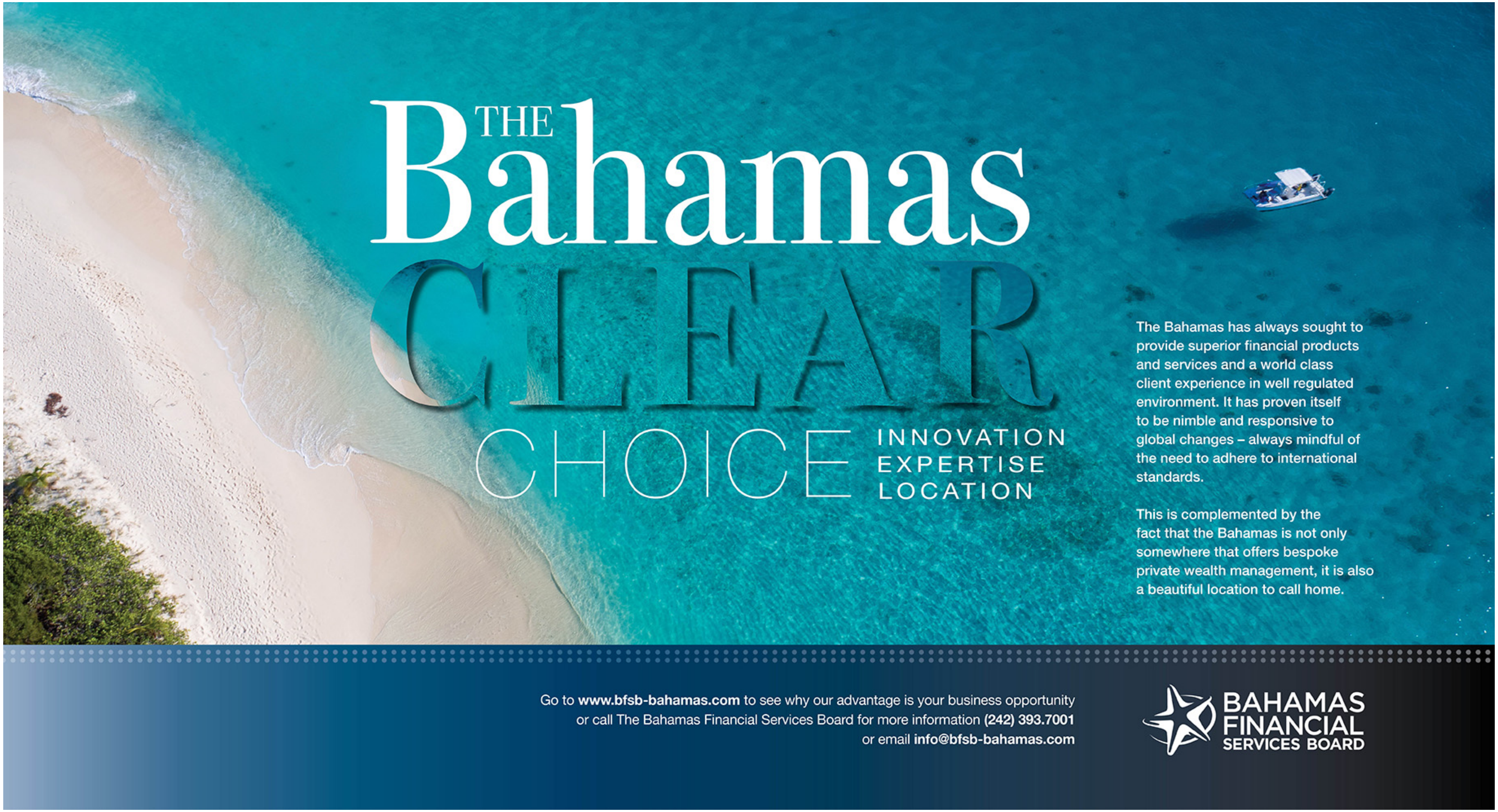
As *International Investment* reported in January, the European Council also removed eight jurisdictions from its so-called "tax haven blacklist" – including both Panama and Barbados, which were among the BEPS signatories yesterday – following what it said were "commitments made at a high political level to remedy EU concerns" from the countries in question.

The other six countries were Grenada, the Republic of Korea, Macao, Mongolia, Tunisia and the United Arab Emirates.

Panama's inclusion on both these lists is considered significant because of its role as the jurisdiction in which the 2016 "Panama Papers" exposé, based on leaked documents from a Panamanian law firm, Mossack Fonseca, took place. **HB**

BEPS signatories

To see and download an updated list of Signatories and Parties to the Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit Shifting, click here.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or call The Bahamas Financial Services Board for more information (242) 393.7001
or email info@bfsb-bahamas.com
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HONG KONG

SAVILLS IM MOVES CEO TO HONG KONG HQ IN ASIA PACIFIC REFOCUS AMID GLOBAL RESHUFFLE

Hong Kong (Shutterstock.com)

Savills Investment Management has announced a number of senior staff moves across its global operation with the company's chairman and global chief executive relocating to Hong Kong to further drive expansion in the region.

The international real estate investment manager said that it has a number of appointments to its senior management team to "position the company for further global expansion".

Savills IM said in a statement that the relocation of chairman and global CEO Justin O'Connor to Hong Kong was in "recognition of the importance of Asia Pacific" to Savills IM, and to "drive growth" in the region.

The company currently has five offices in the Asia Pacific region, classing the region as an "important part of the firm's long term strategy". The company hopes that this repositioning will build upon recent new business increases in recent years.

New Asia Pacific CEO role

As a result of the move O'Connor will also take the title of CEO Asia Pacific.

Other changes will see Nick Cooper, who joined

Savills IM in January 2017 as a senior advisor, take the position of deputy chairman. He will also have oversight of Global Investor Services focusing on client relationships, especially the top global investors and consultants, Savills IM said

Giuseppe Oriani, currently head of Italy becomes CEO for Europe. He will lead the firm's 13 office and 250 employee European platform.

"Our strong growth over the last five years, increasing from €4.2bn AuM and 8 offices in 2013 to over €16.6bn AuM and 18 offices today, has led us to broaden our senior management team to promote continued global expansion.

Savills IM chairman and global CEO Justin O'Connor

"These changes will allow us to further build on our strong global platform and I look forward to leading the next stage of the development of our business."

UK and Germany heads

Other new head of country appointments have been made to continue driving Savills IM's growth in the UK and Germany.

Harry de Ferry Foster, fund manager of the €1.4bn Charities Property Fund, and Jon Crossfield, head of strategic partnerships in Europe, have been appointed as co-heads for the UK in addition to their current responsibilities.

Carolina von Groddeck, who in recent years has been overseeing liquidation of the €6.8bn German SEB mutual funds, becomes head of Germany.

Savills IM said that it transacted €5.5bn in 2017, including €2.95bn of disposals and €2.55bn of acquisitions. The firm saw total activity of €4.5bn in Europe and €1bn in Asia. The company currently has more than 300 employees in 18 offices. **GR**

AUSTRALIA

OZ REGULATOR'S REPORT CRITICISES MAJOR BANK ADVISERS' ADVICE

The Australian Securities and Investments Commission has published a detailed review of financial advice provided by Australia's five largest, vertically-integrated financial institutions that identifies a need for "improvements" in the way conflicts of interest in the sale of investment products are handled.

In its report, the regulator said its review, carried out between 2015 and 2017, had found financial advisers at the banks it studied – ANZ Bank, National Australia Bank, Commonwealth Bank, Westpac and AMP – were, on average, more likely to recommend their own companies' products than those of other providers.

"Overall, 79% of the financial products on the firms' approved products lists (APL) were external products and 21% were internal or 'in-house' products," ASIC noted, in a summary of the report's findings.

"However, 68% of clients' funds were invested in in-house products."

The research also turned up a "split" that existed between internal and external product sales that was found to vary "across different licensees and across different types of financial products".

Best interests duty 'not complied with'

In examining a sample of files to test whether advice to switch to in-house products satisfied the 'best interests' requirements that were recently introduced as mandatory in Australia, the researchers "found that in 75% of the advice files reviewed, the advisers did not demonstrate compliance with the duty to act in the best interests of their clients", and that "10% of the advice reviewed was likely to leave the customer in a significantly worse financial position".

ASIC will ensure that appropriate customer remediation takes place in such situations, the regulator noted.

It said it is also planning to undertake "a series of regulatory actions in response to the findings" of its research, "to ensure customers receive advice that is in their best interests, is appropriate and prioritises their interests.

"Some of the required improvements to institutions' business practices, such as reforms to adviser audit processes, are already under way."

As reported by *International Investment* in November 2016, Australia adopted what is known there as the "Best Interests Duty", covering the advice and sale of investment and retirement products, as part of its Future of Financial Advice reforms. FoFA came into force in 2013, and the regulator began enforcing the Best Interests Duty in 2016.

Advisory groups respond

Groups representing Australian financial advisers responded to the ASIC report mostly by acknowledging that more needed to be done in situations in which clients are not being handled properly, although some, including the Financial Services Council, observed as an aside that ASIC had "adopted its own interpretation of how the best interest duty should be applied" and otherwise carried out certain aspects of its research in ways that the organisation thought might have been done differently.

It also pointed out that even ASIC had said that it expected the FoFA advice reforms would take some time to "have their full intended effect on the financial advice industry".

That said, "the FSC and its members welcome regulatory scrutiny to ensure that consumers are receiving the highest standard of advice, and to ensure conflicts of interest are managed in a way that puts consumers first," it added, in a statement. **HB**

To read and download the 54-page report, entitled Financial advice: Vertically integrated institutions and conflicts of interests, click here.

DUBAI: VIDEO REPORT

The UAE’s biggest names go head to head and reflect on a changing financial services backdrop

EXCLUSIVE VIDEO:

International Investment gets the views of some of Dubai's biggest adviser firms

The battleground to best serve the ever-evolving financial needs of the millions of expatriates spread across the globe is one that is fought on many fronts.

But in recent years there are few bigger regions within international cross-border financial advisory world than that of Dubai and the wider Middle East – particularly with an estimated 90% of the population consisting of expats.

In this special video report, *Gary Robinson* visited the heads of some the international financial advisory world's biggest names – each with either their international head office or a major outpost based within Dubai – to find out how they are planning to adapt their businesses as the region's regulators make the changes that are set to completely transform the industry.

Based within the Dubai International Financial Centre (DIFC), **Sam Instone** describes **AES International** as "really passionate" about the company's 'mission' to make the world "healthy, wealthy and wise".

Strong regulator

Being based in the DIFC is perfect for AES International, Instone says, with its "very strong" regulator and court system within a free zone that he believes is perfectly designed for dealing with international clients.

"That's my type of marketplace – because we serve expats, non-domiciled individuals and people with international requirements, the DIFC is the best place in the world for us to be," he says.

Cross-border market lagging behind

Instone believes that the international cross-border market is "several decades behind" other more developed markets in the world, such as the US, UK, Singapore and Australia and fully supports the regulatory reforms.

Despite playing catch up he is confident that change in the Middle East can happen very quickly.

"The country has only just had its 46th birthday and in that time they have achieved a huge amount," he says.

"And I think similarly, in financial services the changes which are happening will be first and foremost really good for the consumer and if it is good for the consumer it will be good for organisations which are there.

"We really exist to help that transformation by pioneering the evolution of what we see as an industry that has largely evolved as manufacturing and vending providers like the financial services markets in the 1980s in the UK, into a profession where we put the clients' needs at the heart of everything that we do."

Looking at how will the proposed regulatory changes impact on deVere's Middle East business, **Nigel Green**, CEO and founder of the **deVere Group** says that he is confident that the regulatory changes are set to have a "significant and positive effect" on deVere's business in the region for two main reasons.

"First, it will add extra layers of protection, thereby helping to make our industry's propositions even more attractive and robust for existing and potential clients," says Green.

"Second, it is likely that many smaller firms will not have the resources, or perhaps the will, to meet the stringent new requirements and will exit the market.

"Therefore, deVere, which due to its size, strength and agility is more than able to adapt and thrive in the new regulatory environment, is likely to benefit from new clients and also additional consultants coming from the smaller firms that find the regulatory shake-up too much too bear.

‘A good thing for clients’

While stopping short of fully supporting all of IA proposals Green does believe that they offer additional protection for clients and will help consolidate and strengthen the financial sector.

“This can only be a good thing for clients, the industry, and for further enhancing the UAE’s reputation as a global financial hub,” he says.

As a place to do business Green is buoyed by Dubai and Middle East’s “overtly positive, can-do, and pro-business” attitude in the region.

“There’s nowhere else quite like it,” he says. “It’s tangible. This attracts a certain kind of individual and business from overseas and this helps create the dynamism. In general terms, it’s special because of the spirit of people who live here.”

As one of the world’s largest financial advisory firms with outposts across the globe, it is important to note that the deVere Group HQ is in Dubai.

Why is that important? And will things change due to the IA proposals and soon to be implemented changes?

“Our HQ is based in Dubai for several reasons, including that this is consistently where we write most business, geographically it’s ideal, there’s good infrastructure, communications, facilities, a talented workforce, and it’s a place that’s developing for the better all the time.

“The IA proposals will strengthen Dubai’s financial sector, to which we are fully committed.

Sam Instone, chief executive, AES International

> **“We exist to help transformation by pioneering the evolution of an industry that has largely evolved like the financial services markets in the 1980s in the UK, into a profession where we put the clients’ needs at the heart of everything that we do”**
>
> **Sam Instone, AES International**

A world centre

Looking at Dubai’s prominence to financial services in general, particularly as the City in the UK is being bashed about over Brexit, Green believes that Dubai becoming one of the world’s most important financial hubs.

“It is now routinely ranked in lists

with London, New York and Hong Kong. In a broader sense, there's enormous need for a major financial services hub in this region – and Dubai is meeting that need.

"There's lots more to come from Dubai. It has huge potential."

Robert Parker, chief executive of Dubai-based financial advisory **Holborn Assets** said that he welcomes change, but very much against the general flow of opinion, he is not convinced that these "imminent" changes will take effect any time soon.

"I'm going to go out on a limb. I don't see this white paper being enacted until at least 2019, possibly not until 2020."

The reason for that is to do with the unique way in which business is conducted in the region he says: "As

Nigel Green, CEO and founder, the deVere Group

with everything that happens in the UAE and, for that matter, the wider GCC, one must consider the role of the biggest families who control commerce.

"In Bahrain, for instance, AXA, formerly Norwich Union, is 50% owned by the Kanoo family where there has been a 50-year association. And, similarly, in UAE, there are big, powerful families who control major business interests.

"I'm certainly not saying that it is right or wrong. We love the way that UAE works and it is a great place to do business. But there must be consultation that takes into account this reality that families here have powerful interests. It's simply different to how business is done in the west – look at the amount of lobbying by industry that goes on in the US, for instance – there is no difference here.

"So the IA has a very different role to [UK regulator] the FCA.

"All of the big families meet, they talk to the regulator, they go away, they think, they have another meeting, then they go off to consider, then it's Ramadan, then there's another meeting… everything moves so slowly."

Parker also highlights the fact that the decision is not formal until it is 'gazetted'. Nothing will happen until then, and even after it is published in the *Official Gazette*, which takes a minimum of six months.

So even if it were published today, there would still be no change until at least the end of July."

As far as **Tim Searle**, CEO, **Globaleye** is concerned, the global shift towards greater transparency and regulation in the delivery of financial advice and sale of financial investment products – is something of which he says he wholeheartedly approves.

But it is clear that Searle has an element of scepticism when it comes to enforcement of any new regulations, particularly within the Dubai region. Of the four major players in the region that we spoke to Searle is perhaps the one that believes that the forthcoming changes will have the most impact on financial services in the region right across the board.

"Here at Globaleye, we're all about embracing regulation, and raising standards," says Searle.

"Of course, we're slightly fortunate I suppose, compared with some other

UNDERSTANDING DUBAI'S REGULATORY BODIES

For companies operating within Dubai and the Emirates, there are two main regulatory bodies.

The first is the **Securities and Commodities Authority** that covers the whole of the Emirates. Set up in 2000, this seeks to regulate financial services within the Emirates and describes its mission as being "to build a sustainable investment market within an advances financial market".

As with much of the economic world in the Emirates, it is looking to a world beyond dwindling oil revenues, oil being a finite resource that will, inevitably, run out.

The hot issue facing it at the moment concerns commissions and fees and ensuring that retirement planning, wealth management and other financial advice will put the interests of the client ahead of the interests of the providers.

To this end, it introduced Directive 123 late last year, which will require advisers to have a promoter's licence to ensure greater quality of advice. However, there is still a lack of clarity about what exactly will be required and who must have the promoter's licence.

The other regulator is the **Emirates' Insurance Authority**, which regulates insurance-backed investments, perhaps the regulator promising most change.

As you will read in the accompanying feature 'A Wind of Change', it has been promising to clamp down on commissions being paid up front and has produced two white papers on the subject, one in November 2016 and one in April 2017 – though it seems to be anyone's guess as to when its proposals will be passed into law. **EC**

Robert Parker, CEO, Holborn Assets

companies, in that we've got about 15,000 clients, and we almost don't need to get any new ones, at this stage we can pretty much just look after the ones we've got."

"The regulation we hope is being adapted (or moulded on), what we see in other markets. Some of the points that are coming out at the moment don't seem to be following the same sort of profile that we have seen in other markets and for us (not just Globaleye but also other businesses in our area). For businesses that is a potential worry.

Lagging behind

Dubai has been later than some other jurisdictions in revamping its insurance and advisory regulations and as Searle has pointed out on more than one occasion, although he says it's good that it's happening at last, he thinks that the sheer number of regulatory entities that exist in the UAE market is problematic.

And that, perhaps, a single entity to govern the region, such as Singapore's Monetary Authority, might make more sense.

The Monetary Authority of Singapore oversees everything from financial advisers and insurers to securities brokers, fund managers, banks and trust companies.

Conflict and confusion

"We've [Dubai] got the Insurance Authority, Dubai International Financial Centre, the Dubai Financial Services Authority, the Central Bank, the Dubai Multi-Commodities Centre, the Securities & Commodities Authority, the Dubai Health Authority and the Health Authority of Abu Dhabi," he says.

"But it is great at thy same that they are taking the market more seriously," says Searle.

He adds that because the UAE is being recognised and wants to be recognised no longer as an emerging economy but as a more developed economy, a regulated financial services marketplace is one of those things they need to have to 'tick the box' for the WTO or the OECD.

"'Do you have a robust regulatory

"The regulator must consider these families when bringing about change as they have great influence and input"

Robert Parker, CEO, Holborn Assets

framework for your financial services market namely insurance?' If you don't have that then you cannot progress to the next stage, " says Searle

"We hope that the regulation is feasible and realistic and can be deployed into the market because ultimately it needs to be enforced. And that is one of the things in my

"The regulation we hope is being adapted (or moulded on), what we see in other markets. Some of the points that are coming out at the moment don't seem to be following the same sort of profile...For businesses that is a potential worry."

Tim Searle, CEO, Globaleye

last 15 years I've never seen."

"One unintended consequence about over regulation as while it is good to increase qualifications, there needs to oversight, registers [and checks on] risk profiling, suitability. Ultimately there needs to be enforcement."

Searle adds that as the UAE is a relatively a small market, with about five million people, on a global scale certain providers might say there is no platform for them to make money.

"So you might see not only distributors going, you might see product providers going [too]," he says.

"You might see [also] an increase in the grey market. There are a number of financial services companies here – both providers and distributors that are not licensed whatsoever and they

Tim Searle, CEO, Globaleye

operate with impunity in this place.

"They are not bound by these certain rules so what it [over regulating the market] might do is actually increase the grey population here instead of try and get rid of it, which is what you would like to think was what the regulator is trying to achieve [as well].

DO YOU AGREE WITH UAE REGULATORY PROPOSALS?

- Yes, they have it about right
- Yes, in principle but not all
- No, it is too extreme

See results

> **"We hope that the regulation is feasible and realistic and can be deployed into the market because ultimately it needs to be enforced. And that is one of the things in my last 15 years I've never seen."**
>
> **Tim Searle, CEO, Globaleye**

DUBAI REPORT: FRONTRUNNERS

Two of the region's product providers give their insight

FRONTRUNNERS

THE DIRECTION OF TRAVEL: 'ALL CHANGE'

Graham Morrall, Global Sales and Marketing Director – Hansard International

HANSARD INTERNATIONAL

As the insurance industry in the UAE awaits the official gazetting of much anticipated regulation, advisers and product providers across the region continue to plan for what will most likely be a very different future, promising to deliver opportunity and change in abundance (and perhaps, maybe a little disruption).

From Dubai to Abu Dhabi, from the boardroom to a lazy Friday brunch, conversations about the extent to which the investment landscape will change continues to be the hot topic for those that work within the industry.

The expats that once called somewhere else home share stories of how the 'direction of travel' in regulation is nothing new, of how they coped with similar changes in a previous life in the UK, Hong Kong, or any of the other early adopters of similar regulatory upheaval. Meanwhile, advisers that have never known a different model of advice eagerly await the finer detail of the changes, wondering what it will mean to them, their clients and their business.

Whatever the extent of the change, nobody could ever claim that they didn't know it was coming their way; early consultations from the Insurance Authority have given advisers in the region more than enough time to start to think about how they might be affected. Indeed, the more forward-thinking advisers have already adopted most of the likely principles, readying themselves for a smoother transition when the detail is shared.

Competitive environment

Ahead of this, it is safe to assume that the changes in regulation will, at their core, aim to nurture a competitive environment that benefits the end user; to build an industry that inspires consumer confidence and builds trust between advisers and product providers.

Those that have stayed close to the consultation process will know that all of the above will likely manifest in advisers being required to demonstrate complete transparency, through fee disclosure and a real commitment to deliver value to their clients over the term of their investment.

The rewards for embracing such an approach are mutual, giving as much back to the adviser as they offer to their client via improved referrals, a sustainable, long-term income stream and an environment where competitive forces raise standards across the industry that we are all dependent on flourishing, well into the future.

To do this, however, will require a mind very much open to change. As Charles Darwin once fittingly put it: "It is not the strongest or the most intelligent who will survive, but those who can best manage change".

Whether it be the UK, Hong Kong, Singapore or Australia, the advisers that have thrived (rather than simply survived) through such seismic change in the past share one thing in common; their reliance on technology as the enabler to add value to their client proposition.

At Hansard, we have made a name for ourselves as an innovator in tech, you may be aware that our technology ranked as being the best online proposition in the Middle East in

Click below for a video interview with Graham Morrall.

2017. It is this technology that enables advisers and adviser firms to grow, providing intuitive tools and personalised investment reports that keep you and your clients informed.

We take an evolutionary approach to development of our award-winning tech, we never stop developing and commit to staying ahead of the game.

It is the same technology that powers Infinity, available via Union Insurance. To find out more visit www.hansard.com/unioninfinity, or watch our video, here.

GAME CHANGING TECHNOLOGY

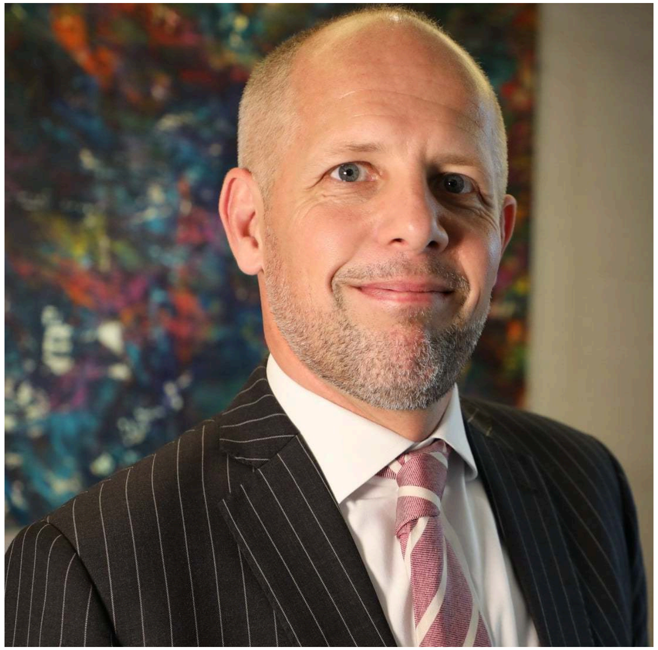
In a region where technology drives the landscape to ever-new heights, one online platform prevails as the blueprint for the future, Hansard Online.

It is the same award-winning technology that powers 'Infinity', the new saving & investment range from Union Insurance, providing you and your clients with access to a wealth of game-changing technology.

WORKING IN UNION

FRONTRUNNERS

A UNIQUE INVESTING EXPERIENCE



Phil Story, SEO and head of Distribution for EMEA, Investors Trust

Investors Trust

After obtaining a license from the DIFC in 2014, Investors Trust opened its Dubai office with the goal to expand business throughout the Middle East and Africa region via third party distribution. The office is run by SEO and Head of Distribution for EMEA, Phil Story, who has over 20 years of experience in the industry and, specifically, in these growing markets. This knowledge plus a strategy focused on cutting edge technology, world-class customer service, as well as the maintenance of excellent value for money, has led the company to substantial growth in the region in those few years.

"This growth has come from the hard work of the team here in Dubai in attracting new relationships to ITA. The brokerages that now work with us have seen the way forward in the modern world and love our IT systems, our 21st century product solutions and the support they get both online and in person from the team in Dubai." - Phil Story, SEO and Head of Distribution EMEA for Investors Trust.

The state of the industry in the Middle East seems to be constantly changing causing companies to review and re-adjust their strategies for success in the region. Much of this is due to regulatory changes that are being implemented throughout the markets in the Middle East with the biggest impacts being felt in the UAE. With five different regulators in the UAE, who are all issuing new regulations, insurance companies and brokers are forced to adapt quickly which can be a costly burden for many.

Transparency, value and flexibility

Investors Trust has built its foundations on full transparency, better value solutions and flexible investment options.

All Investors Trust product details are available online to the public. The products offer lower cost investment solutions by focusing on modern commission structures and the integration of IT technologies. This has allowed the Company to be pioneers in the region for new technology and products, that easily evolve with the regulations, without having to change its platform and approach.

Similarly, regulations have impacted brokers in the region causing them to change their business models, which will of course cause a strain on their income streams. For years, Investors Trust has been working with those brokerages interested in maintaining a highly qualified and reputable financial advisor network.

Constant flux

The constantly changing state of the industry in the Middle East stretches beyond regulations. There are also aggressive new players entering the market, putting strain on others in the region.

However, some of these larger listed companies face rising pressure from shareholders to drive dividends and lower costs while maintaining ageing IT systems and legacy products that require massive investments. On the other hand, the new entrants are generally smaller companies with longer term visions, such as ITA. This enables them to invest in modern IT systems and products that meet current and future consumer demands.

Click below for a video interview with Phil Story.

Clients today want to invest in markets they understand and in ways that benefit them in the long term, rather than just managing the risks of holding pure funds.

Consumers are looking for downside protection or guaranteed returns – to invest in the markets yet be protected in more volatile times.

Investors Trust has established a variety of flexible solutions, paired with cutting-edge technology and world class customer support, to offer clients a unique investing experience.

Investors Trust
GLOBAL EXPERTISE COMMITTED TO YOUR MARKET

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› Customizable Dashboard for Quick Access to Tools and Resources
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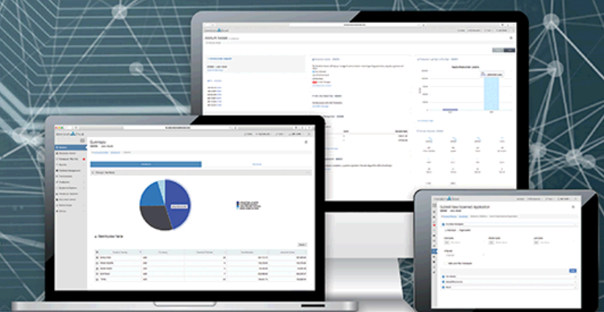
› Dynamic E-Fund Analyzer Tool and Morningstar® Portfolio X-Ray™
› Electronic Application and Illustrations for New and Existing Clients
› Online Premium Payments
› Broad Reporting Capabilities
› Online Secure Administrative Communication Platform



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DUBAI REPORT: A WIND OF CHANGE

New regulations in the UAE are set to shake things up, delivering a greater degree of transparency and professionalism

Dubai Marina (Shutterstock.com)

For 20 years or more, Dubai and the United Arab Emirates, and the wider region often abbreviated to the Gulf Cooperation Council (GCC), have been seen by many expats as an area of great opportunity with rapid growth and development with low taxation and an enviable lifestyle in blazing sunshine all year round.

The times, however, they are a-changing. VAT has been introduced in Saudi Arabia and UAE, levies are being raised on medical cover for expats and prices are going up as the region tries to wean itself off oil revenue as countries prepare for the inevitable days when the supply dries up. *Eugene Costello* reports.

Most expats in financial services, however, will tell you that it remains a fantastic place to do business, even with changes afoot.

Those changes are affecting the way companies can do business there, especially with regards to those in the insurance sector.

Offshore, the Dubai International Financial Centre

(DIFC), set up in 2004, is regulated by the Dubai Financial Services Authority (DFSA), and has its own courts. It is also a free zone, which means that companies can be 100% owned by foreign interests without the need for local partnerships.

However, it is in the insurance sector that change is looming, with the regulator (the UAE Insurance Authority, the IA) apparently motivated by so many complaints about mis-selling. It published a first white paper, or "Circular", in November 2016.

This came after the IA "noticed an alarming amount of complaints" from policyholders who had seen any gains wiped out by excessive upfront commissions. Policies also came with excessively onerous penalties for early exit.

The new proposals would require full transparency on any fees applicable over the full term of the policy. The IA also wanted to introduce a 30-day "free look period" during which clients would be able to withdraw without any fees being imposed.

And in April 2017 it published a second Circular, an update to the first, that led some commentators to believe that the changes were imminent.

"The rumoured planned changes that are likely to come in 'imminently' – I've been saying "imminently" since last April... are likely to professionalise the market... It can't come too soon, in my view"

Gordon Robertson, Investme Financial Services

Professionalising the market

Gordon Robertson, owner of Dubai fee-based advisory Investme Financial Services, which is regulated by the Securities and Commodities Authority, told *International Investment* that the changes are to be welcomed: "The rumoured planned changes that are likely to come in "imminently" – I've been saying "imminently" since last April, but there we go – are likely to professionalise the market," he says. "They will require all advisers to be licensed and regulated, to have two years' experience and to have some sort of professional qualification."

He adds: "It can't come too soon, in my view."

For too long, says Robertson, many advisers have been acting with impunity regarding suitability, disclosure and fees. For instance, he says, some have been selling insurance-backed products with excessive fees, then layering the account with other products with again excessive fees; these fees can amount to 14-15% in some cases.

Says Robertson: ”If a client saves £1,000 per month over ten years, in other words investing £120,000 into a ten-year plan, the adviser can be compensated by the insurance provider with 10% or more on the entire contracted savings amount, and the adviser is paid their indemnity commission (which comes out of these fees) upfront.

“After being compensated with fees that would be more than you pay a top QC, then what incentive does he now have to look after you? You are often left alone unless the advisor can generate more income for themselves.”

The lack of transparency has been an issue, Robertson points out, saying that, while a client will get a statement showing a deposit of £1,000 per month appearing in their portfolio, “possibly after paying a credit card fee and excessive exchange rate fee on top”, what the client doesn’t realise is that, for the first 18 months, money is going straight to the insurance company to cover the commission that has been paid to the adviser.

He adds: “If the client tries to move their money or whatever in the first 18 months, they will suddenly learn that there investment so far is worthless, it’s all gone in fees – to clarify, the insurance products pay an indemnity commission to advisers and as such will split the initial savings into initial units and accumulation units.”

HOW WILL THE REGULATIONS CHANGE ADVICE IN THE REGION?

- It will change for the better
- It will make things worse
- No real change at all

See results

These initial units may be priced on statements, he says, but they have zero value as the money to cover fees in the future.

“If you asked for their funds back, they would be taken from your account,” says Robertson. “Always look at your redemption value – the broker will retain the vast amount of these 18 months’ payments as commission.”

Many also generate extra commissions, says Robertson, by selling structured notes with approximately 6-7% in commissions or other funds with upfront fees, backend fees and retrocessions. These structured notes are often restricted in most jurisdictions, he says; “here they are currently being sold with impunity,” clarifying that “Yes, structured notes could play a part in a portfolio, but that size should be limited. I have seen portfolios here with 50% upwards in these notes.”

What will be the practical effect of the changes that the IA is planning to bring in? Robertson lists them: “Indemnity commission will be greatly reduced, paying commission from funds to the adviser will be stopped, calling something a savings plan that consists of only 1% insurance will be stopped, as per the Insurance Authority’s guidance, 1% is not insurance. This portion will most likely be increased to a minimum of 10%. Banks are also included as they sell the same products.”

Family matters

Robert Parker, chief executive of Dubai-based financial advisory Holborn Assets, also welcomes change, but has an interesting prediction on when these "imminent" changes will take effect.

"I'm going to go out on a limb, and you can quote me on this, I don't see this white paper being enacted until at least 2019, possibly 2020."

The reason for that is to do with the unique way in which business is conducted in the region he says: "As with everything that happens in the UAE and, for that matter, the wider GCC, one must consider the role of the biggest families who control commerce.

"In Bahrain, for instance, AXA, formerly Norwich Union, is 50% owned by the Kanoo family where there has been a 50-year association. And, similarly, in UAE, there are big, powerful families who control major business interests.

"So the regulator must consider these families when bringing about change as they have great influence and input.

"I'm going to go out on a limb, and you can quote me on this, I don't see this white paper being enacted until at least 2019, possibly 2020. As with everything that happens in the UAE, one must consider the role of the families who control commerce"

Robert Parker, Holborn Assets

"I'm certainly not saying that it is right or wrong. We love the way that UAE works and it is a great place to do business. But there must be consultation that takes into account this reality that families here have powerful interests. It's simply different to how business is done in the west – look at the amount of lobbying by industry that goes on in the US, for instance – there is no difference here.

"So the IA has a very different role to [UK regulator] the FCA.

"All of the big families meet, they talk to the regulator, they go away, they think, they have another meeting, then they go off to consider, then it's Ramadan, then there's another meeting… everything moves so slowly."

As to the final model, Parker thinks he can see which way the wind is blowing.

"The interested parties – insurance companies – met with the regulator to discuss different models: the Hong Kong model, the Singapore model, the [retail distribution review carried out by the FCA]

RDR model. The IA listened and that is why nothing further emerged last year.

Whether Parker's prediction that it could be 2020 before the changes take effect, one thing is certain; nothing will happen overnight. Says Parker: "But the decision is not formal until it is 'gazetted'. Nothing will happen until then, and even after it is published in the Official Gazette, it takes a minimum of six months for it to come into effect.

So even if it were published today, there would still be no change until at least the end of July."

A positive development

One thing upon which both Parker and Robertson are agreed is that the professionalisation that it will bring is to be welcomed, with less scrupulous advisers and companies being shown the door. As Parker colourfully puts it: "The days when people were doing the equivalent of smuggling booze across the Canadian border with the authorities taking pot shots at them are gone."

Or, at least, they will be once the new regulations are in place. Says Robertson: "There seems to have been something of a stampede here in the past few months, with less scrupulous advisers rushing to sign up clients ahead of the mooted changes, take their front-loaded commission and run. If these changes to the landscape mean we see less of this sort of activity, so much the better.

"And it's not is not just the less scrupulous advisers – the banks are also pushing the same products, aware that they are about to be banned and they know why it will be banned."

Like Parker, Robertson welcomes anything that will see the less professional or scrupulous advisers and companies move on, leaving the market to reputable companies that have the depth in structure to stay the course.

"There will still be value in the market for professional and reputable companies that are prepared to take the long view," he says. For instance, I am interested in Neuro Linguistic Programming, NLP, and recognise that, for a client, the emotional journey is as important as the rational, investment one. So I am interested in working with my clients long-term, not just to make a quick buck and run, as some have done in the past here."

Singapore model

Both men talk freely and positively about Dubai, and welcome this positive wind of change.

Robertson concludes: "Dubai is a great place to do business and there are some really good people out here. Any changes that increase the quality for such professionals and do away with the more questionable practices is a great thing for Dubai longer term.

"Thanks to lobbying by insurance companies, my prediction is that we will go along the lines of the Singapore model, with a reduction in commissions, rather than the Hong Kong model with abolition of commissions. That's OK, we can absorb it. In fact, we have prepared ourselves for this."

But there will be pain and misery, says Parker, for small brokers who lack the required depth in their organisations – "it will be very, very tough for them".

FUND MANAGER PROFILE

Bordier UK's CEO Jamie MacLeod

Jamie MacLeod, chief executive of Bordier UK

With an investment career spanning more than 25 years – the majority of which has been in senior management – Jamie MacLeod is used to a seat at the top table.

A managing director of a major firm before he was 30 and someone who is still not yet 50, he has had quite a career, and whilst always been based in the UK, the businesses he has led have all had an international footprint.

But as chief executive of Bordier UK – formerly Berry Asset Management – for more than seven years, he has been able to quietly get on with the task at hand without too much fanfare.

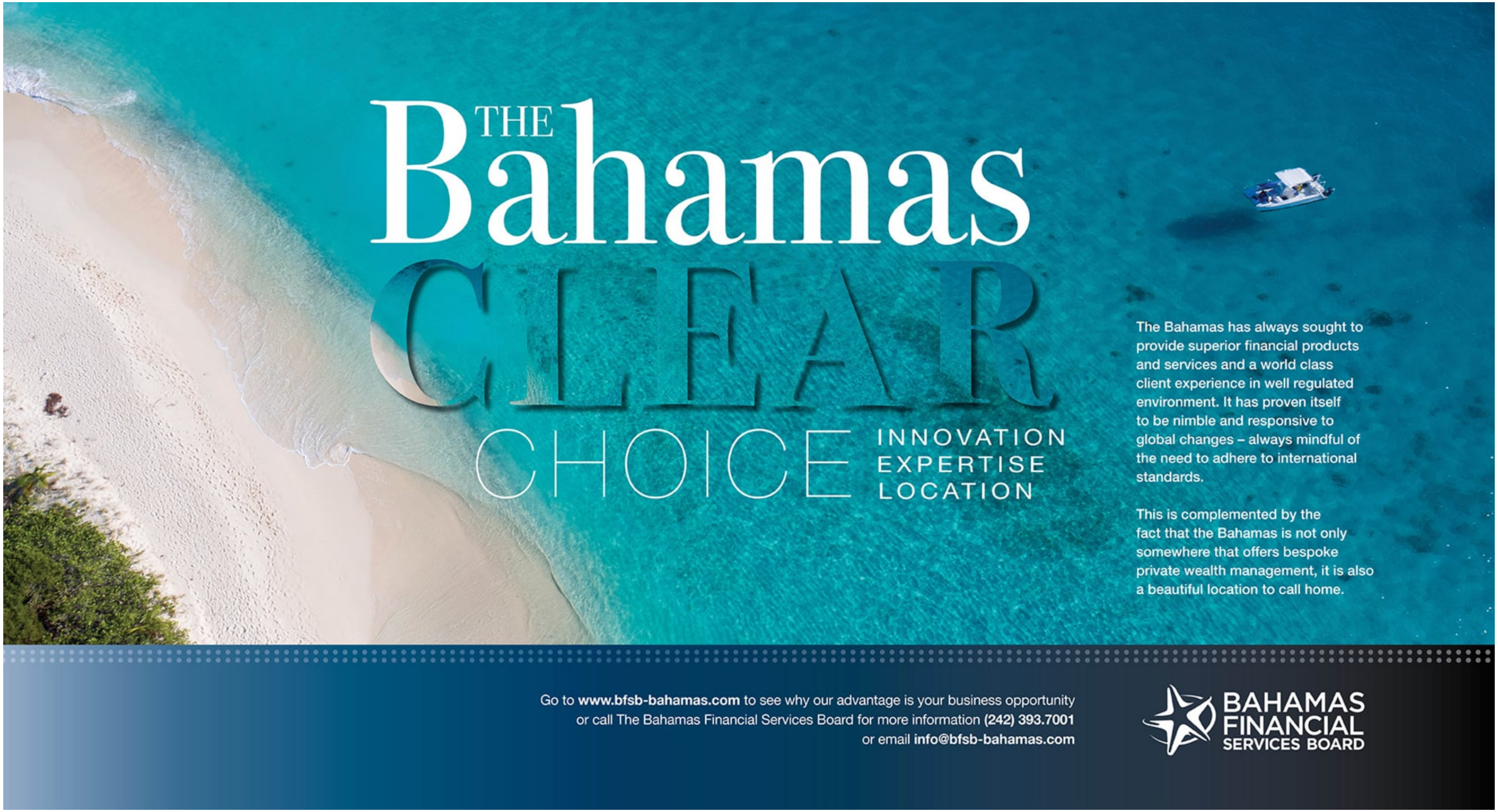
In a rare interview **Gary Robinson** caught up with MacLeod in London and found him just as passionate about the industry, and indeed life itself, as he ever was.

For anyone who spends any period of time with Jamie MacLeod, two words must surely spring to mind; passion and preparation.

These are characteristics that has served him well in his career. Add Bordier UK's strongly held view, that investment managers should 'eat their own cooking' and should be invested alongside their clients and a mantra is born.

As one of the financial services industry's most enduring and endearing characters, MacLeod is one of probably only a handful of individuals that has been CEO in four major sectors of financial services; fund management, platforms, high-net-worth private clients and insurance/pension funds.

Seemingly on a mission from the outset, MacLeod saw quick success in


THE
Bahamas
CLEAR
CHOICE
INNOVATION
EXPERTISE
LOCATION
The Bahamas has always sought to provide superior financial products and services and a world class client experience in well regulated environment. It has proven itself to be nimble and responsive to global changes – always mindful of the need to adhere to international standards.
This is complemented by the fact that the Bahamas is not only somewhere that offers bespoke private wealth management, it is also a beautiful location to call home.
Go to www.bfsb-bahamas.com to see why our advantage is your business opportunity or call The Bahamas Financial Services Board for more information (242) 393.7001 or email info@bfsb-bahamas.com
BAHAMAS FINANCIAL SERVICES BOARD

the early part of his career with Scottish Widows Fund Management where he was managing director at the tender age of just 29-years-old.

Investec Asset Management followed, where he was managing director of the UK and European retail business) and he became founder and chief executive of Skandia Investment Management (SIML), building the business from scratch to £50bn AUM over the seven year period he was at the helm.

Now at the helm of Bordier UK, as CEO since September 2010, member of the Bordier Group Management board and part of Bordier & Cie's senior executive team, he has past the potential seven-year itch period and as he is approaching 50, he seems settled in his chosen role.

GR: What is a typical day like for you as CEO?

CURRICULUM VITAE
JAMIE MACLEOD

JM: We have a management meeting every second Tuesday but other than that the days are different although there is some commonality at certain times of the year – for example we are closing the accounts on 2017 and so for the last week I have been working on the year-end audit.

GR: What do you hope to achieve in 2018 for Bordier UK?

JM: Navigating markets successfully on behalf of our clients – as a firm we look after circa £9.4bn on behalf of *ca* 4000 families/clients.

GR: What makes Bordier UK different in the international investment space?

JM: It's a combination of aspects from investment returns to client service and also our clients knowing we have unlimited liability at the partner level – a rare differentiator in today's investment management – our own money is next to our clients.

There are five reasons why investors choose Bordier UK:

- track record – a long record of producing strong and consistent risk-adjusted returns;
- no conflicts of interest – no in-house funds or products;
- service quality;
- alignment of interests with principals' money invested in our strategies; and
- recognition – we have received and retained over the last four years the maximum Defaqto 5 star rating for our bespoke offerings. One of only four discretionary wealth managers to receive the top rating in all three categories for the past four consecutive years.

GR: How does your role differ from previous roles in your career and how have you adapted your skillset to meet these differences?

JM: Some parts are different and some similar. I have been leading as a CEO/MD for 20 years and the aspects I try to get right are creating an environment to make good investment decisions, focusing on

> **"We believe our combination of risk-targeting with full discretionary fund management is a unique offering"**
>
> **Jamie MacLeod, Bordier UK**

existing clients (whether institutional, corporate or high-net-worth-individuals) dealing with regulation, inspiring the team and capital planning.

GR: For someone who had a more visible media presence in your previous roles, you do interviews less than you previously did. why is that?

JM: I do what I think is best for the firm. I have been CEO in four sectors of financial services – fund management, platforms, high-net-worth private clients and insurance/pension funds and worked in the sector for over 25 years.

Some of the leadership roles have required more media work than others.

It is not my favourite part of the job. But it is necessary.

GR: What do you do for fun outside of work?

JM: I split my time between Mayfair and the west country where I spend my spare time fly fishing and other country activities. I am keen on spending time in northern British Columbia near the southern tip of Alaska.

GR: Bordier UK has "a single focus, the provision of wealth management services for UK, international and resident non-domiciled clients", how does the company balance the very different and often complex needs of the international client?

JM: It can be complex but if you boil it down it's about great investment returns and supportive connectivity with your clients.

We manage money for corporates,

AT A GLANCE: BORDIER UK

Established in 1844, Geneva-based Bordier & Cie is owned and managed by the descendants of the founding families.

It has assets under management of around £9.4bn, employs 250 staff globally (35 of whom are in the London office), and has offices in Bern, Brest, Geneva, London, Montevideo, Nyon, Paris, Rennes, Singapore, the Turks & Caicos Islands and Zurich.

Bordier UK has a single focus, namely the provision of wealth management services for UK, international and resident non-domiciled clients – HNW private clients, trustees, pension funds, charities and City livery companies included.

The range of services available to clients becoming ever broader over the years.

Amongst Bordier UK's distinguishing features are the fact that the firm concentrates solely on investment management, has no in-house products to sell and has what it calls a clear, competitive and completely transparent pricing structure.

trusts, UHNWI's, families, financial planning firms and international and domestic clients.

GR: You [Bordier UK] recently partnered with Dynamic Planner, who are the first and currently only DFM to sit on RTM panel. What was the rationale behind this move?

JM: We believe our combination of risk-targeting with full discretionary fund management is a unique offering which can enable advisers to achieve ongoing suitability, greater consistency of client outcomes and demonstrate value for money. the service is available directly though Bordier UK, making it accessible to all client segments, and is ideal as part of a centralised investment proposition.

In a world of increasing investment uncertainty, we are making this important commitment to our adviser partners to provide greater confidence than ever before in the behaviour of the solutions we manage on behalf of their clients.

> **"Some of the leadership roles have required more media work than others. It is not my favourite part of the job. But it is necessary"**
>
> **Jamie MacLeod, Bordier UK**

RTM dovetails positively with MIFID II, wide-reaching new regulation, introduced on 3 January 2018 and which, in part, aims to ensure greater investor protection and also transparency in the investment process.

As advisers continually strive to demonstrate the value they provide to their clients and meet the ever-higher standards demanded by the regulator, we believe our risk targeted (RT) solutions are a big step forward in supporting these common goals.

GR: Will there be more deals like this in 2018? What can you tell us without giving too much away?

JM: The sector is experiencing extraordinary change – not just via the industry changes like Mifid and GDPR but actually through massive consolation and mergers. We will connect with more platforms in the future. We recently linked with Novia Global, an international based platform.

GR: Why is charity work important to you?

JM: I have a personal charity project later this year which I am doing with a well established charity to look after emergency provision before someone spends their first homeless night on the street – the first night is the worst – no friends left, no family support, no sofas to go to and a deadly bunch of drug dealers and gangs to take advantage of the vulnerable "first nighter" .

The challenge is to navigate and paddle a kayak 97 miles down a river – I have absolutely no kayak experience! I hope to create funding to support/stop 300 people having their first night on the street.

> **"The sector is experiencing extraordinary change – not just via the industry changes like MIFIID and GDPR but actually through massive consolation and mergers"**
>
> **Jamie MacLeod, Bordier UK**

MEASURING SIZE AND PERFORMANCE

Mutual funds and ETFs

HOW IT WORKS

Using data provided by Morningstar, the funds chosen for our monthly data roundup are a carefully filtered selection of funds drawn from the global universe of open-end and exchange traded funds available to investors.

Beginning with Morningstar data covering some 100,000 open-end funds and over 10,000 exchange traded funds domiciled anywhere in the world, we have applied a series of quantitative screens. Additionally, we have allocated funds to regions based on their country of domicile.

Quantitative Screen: Funds selected for inclusion must have a minimum three-year track record, a fund size of at least $10m, and a four- or five-star Morningstar Rating (also known as the "Star Rating"). The Morningstar Rating brings load-adjustments, historical performance and risk together into one evaluation.

To determine a fund's Morningstar Rating, the fund's risk-adjusted return is plotted on a bell curve: If the fund scores in the top 10% of its category, it receives five stars; if it falls in the next 22.5% it receives four stars.

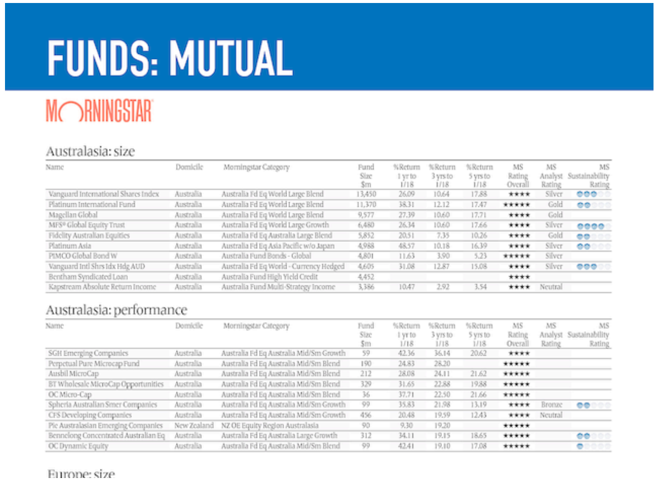
The Overall Morningstar Rating for a fund is a weighted average of the available three-, five-, and 10-year Morningstar Ratings.

Funds are then ranked, with the top ten funds by fund size in USD and by the three-year total return for the fund's oldest share class displayed. All return figures are annualised and calculated in USD.

Morningstar Category

The Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings.

We also include each fund's Morningstar Analyst Rating which provides a summary expression of Morningstar's forward-looking analysis of a fund. Morningstar analysts assign Analyst Ratings on a five-tier scale with three positive ratings of Gold, Silver, and Bronze, a Neutral rating, and a Negative rating.



FUNDS: MUTUAL

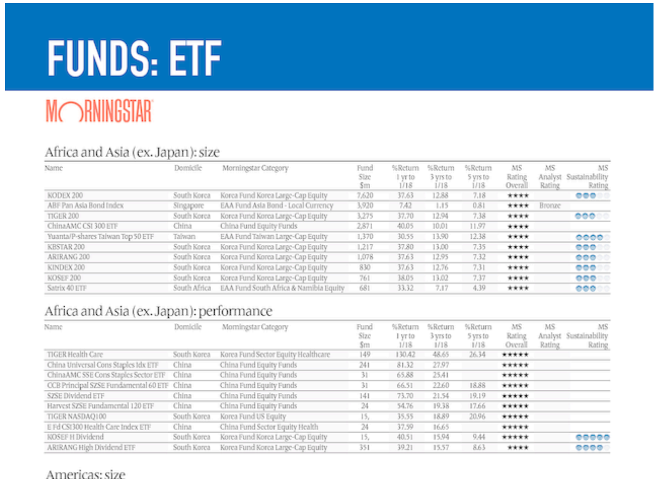
Australasia: size

Name	Domicile	Morningstar Category	Fund Size $m	%Return 1 yr to 1/18	%Return 3 yrs to 1/18	%Return 5 yrs to 1/18	MS Rating Overall	MS Analyst Rating	MS Sustainability Rating
Vanguard International Shares Index	Australia	Australia Fd Eq World Large Blend	13,450	26.09	10.64	17.88	★★★★	Silver	
Platinum International Fund	Australia	Australia Fd Eq World Large Blend	11,370	38.31	12.12	17.47	★★★★★	Gold	
Magellan Global	Australia	Australia Fd Eq World Large Blend	9,577	27.39	10.60	17.71	★★★★	Gold	
MFS® Global Equity Trust	Australia	Australia Fd Eq World Large Growth	6,480	26.34	10.60	17.66	★★★★	Silver	
Fidelity Australian Equities	Australia	Australia Fd Eq Australia Large Blend	5,852	20.51	7.35	10.26	★★★★	Gold	
Platinum Asia	Australia	Australia Fd Eq Asia Pacific w/o Japan	4,988	48.57	10.18	16.39	★★★★	Silver	
PIMCO Global Bond W	Australia	Australia Fund Bonds - Global	4,801	11.63	3.90	5.23	★★★★★	Silver	
Vanguard Intl Shrs Idx Hdg AUD	Australia	Australia Fd Eq World - Currency Hedged	4,605	31.08	12.87	15.08	★★★★	Silver	
Bentham Syndicated Loan	Australia	Australia Fund High Yield Credit	4,452				★★★★		
Kapstream Absolute Return Income	Australia	Australia Fund Multi-Strategy Income	3,386	10.47	2.92	3.54	★★★★	Neutral	

Australasia: performance

Name	Domicile	Morningstar Category	Fund Size $m	%Return 1 yr to 1/18	%Return 3 yrs to 1/18	%Return 5 yrs to 1/18	MS Rating Overall	MS Analyst Rating	MS Sustainability Rating
SGH Emerging Companies	Australia	Australia Fd Eq Australia Mid/Sm Growth	59	42.36	36.14	20.62	★★★★		
Perpetual Pure Microcap Fund	Australia	Australia Fd Eq Australia Mid/Sm Blend	190	24.83	28.20		★★★★★		
Ausbil MicroCap	Australia	Australia Fd Eq Australia Mid/Sm Blend	212	28.08	24.11	21.62	★★★★★		
BT Wholesale MicroCap Opportunities	Australia	Australia Fd Eq Australia Mid/Sm Blend	329	31.65	22.88	19.88	★★★★★		
OC Micro-Cap	Australia	Australia Fd Eq Australia Mid/Sm Blend	36	37.71	22.50	21.66	★★★★★		
Spheria Australian Smer Companies	Australia	Australia Fd Eq Australia Mid/Sm Growth	99	35.83	21.98	13.19	★★★★	Bronze	
CFS Developing Companies	Australia	Australia Fd Eq Australia Mid/Sm Growth	456	20.48	19.59	12.43	★★★★	Neutral	
Pie Australasian Emerging Companies	New Zealand	NZ OE Equity Region Australasia	90	9.30	19.20		★★★★★		
Bennelong Concentrated Australian Eq	Australia	Australia Fd Eq Australia Large Growth	312	34.11	19.15	18.65	★★★★★		
OC Dynamic Equity	Australia	Australia Fd Eq Australia Mid/Sm Blend	99	42.41	19.10	17.08	★★★★★		

Europe: size



FUNDS: ETF

Africa and Asia (ex. Japan): size

Name	Domicile	Morningstar Category	Fund Size $m	%Return 1 yr to 1/18	%Return 3 yrs to 1/18	%Return 5 yrs to 1/18	MS Rating Overall	MS Analyst Rating	MS Sustainability Rating
KODEX 200	South Korea	Korea Fund Korea Large-Cap Equity	7,620	37.63	12.88	7.18	★★★★		
ABF Pan Asia Bond Index	Singapore	EAA Fund Asia Bond - Local Currency	3,920	7.42	1.15	0.81	★★★★	Bronze	
TIGER 200	South Korea	Korea Fund Korea Large-Cap Equity	3,275	37.70	12.94	7.38	★★★★		
ChinaAMC CSI 300 ETF	China	China Fund Equity Funds	2,871	40.05	10.01	11.97	★★★★		
Yuanta/P-shares Taiwan Top 50 ETF	Taiwan	EAA Fund Taiwan Large-Cap Equity	1,370	30.55	13.90	12.38	★★★★		
KBSTAR 200	South Korea	Korea Fund Korea Large-Cap Equity	1,217	37.80	13.00	7.35	★★★★		
ARIRANG 200	South Korea	Korea Fund Korea Large-Cap Equity	1,078	37.63	12.95	7.32	★★★★		
KINDEX 200	South Korea	Korea Fund Korea Large-Cap Equity	830	37.63	12.76	7.31	★★★★		
KOSEF 200	South Korea	Korea Fund Korea Large-Cap Equity	761	38.05	13.02	7.37	★★★★		
Satrix 40 ETF	South Africa	EAA Fund South Africa & Namibia Equity	681	33.32	7.17	4.39	★★★★		

Africa and Asia (ex. Japan): performance

Name	Domicile	Morningstar Category	Fund Size $m	%Return 1 yr to 1/18	%Return 3 yrs to 1/18	%Return 5 yrs to 1/18	MS Rating Overall	MS Analyst Rating	MS Sustainability Rating
TIGER Health Care	South Korea	Korea Fund Sector Equity Healthcare	149	130.42	48.65	26.34	★★★★★		
China Universal Cons Staples Idx ETF	China	China Fund Equity Funds	241	81.32	27.97		★★★★★		
ChinaAMC SSE Cons Staples Sector ETF	China	China Fund Equity Funds	31	65.88	25.41		★★★★★		
CCB Principal SZSE Fundamental 60 ETF	China	China Fund Equity Funds	31	66.51	22.60	18.88	★★★★★		
SZSE Dividend ETF	China	China Fund Equity Funds	141	73.70	21.54	19.19	★★★★★		
Harvest SZSE Fundamental 120 ETF	China	China Fund Equity Funds	24	54.76	19.38	17.66	★★★★★		
TIGER NASDAQ100	South Korea	Korea Fund US Equity	15,	35.55	18.89	20.96	★★★★★		
E Fd CSI300 Health Care Index ETF	China	China Fund Sector Equity Health	24	37.59	16.65		★★★★★		
KOSEF H Dividend	South Korea	Korea Fund Korea Large-Cap Equity	15,	40.51	15.94	9.44	★★★★★		
ARIRANG High Dividend ETF	South Korea	Korea Fund Korea Large-Cap Equity	351	39.21	15.57	8.63	★★★★		

Americas: size

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PROFESSIONAL SERVICES

A listing of some of the biggest players in offshore financial services

Canada Life International

Canada Life International, Canada Life House, Isle of Man Business Park, Douglas, Isle of Man IM2 2QJ

Tel: +44 (0)1624 820200; Fax: +44 (0)1624 820201
e-mail: adviser.support@canadalifeint.com. Web: www.canadalifeint.com

Profile: Canada Life International Limited (CLI) established 30 years ago remains one of the leading offshore providers with assets under administration of £14.3bn (as at 31 March 2017). CLI is the only offshore insurer to maintain a five-star AKG Annual Financial strength rating for 14 consecutive years. Through CLI Institutional Limited, institutional and UHNW clients have a level of policyholder protection that isn't otherwise available in the UK offshore market. In 2015, CLI also completed the acquisition of Legal and General International (Ireland). This has enhanced the choice available to UK investors by providing them with a choice of jurisdictions within one compelling offshore proposition.

Offering: Canada Life International Limited (CLI) offer a wide range of regular and single premium investment bonds, tax and estate planning solutions and whole of life protection solutions. Our investment options include full open architecture, links to over 40 platforms and over 150 discretionary investment managers as well as over 150 internal linked funds. Our team of technical specialists offer more than 200 years of experience in taxation, trusts, estate planning and pensions between them. In addition, we publish and back our service standards with a no quibble, non-performance penalty system.

GENERALI

Generali Worldwide, PO Box 613, Generali House, Hirzel St, St Peter Port, Guernsey, Channel Islands GY1 4PA

Tel +44 (0) 1481 712 108; Fax +44 (0) 1481 712 424
e-mail: enquiries@generali-worldwide.com

Profile: Generali Worldwide is a wholly owned subsidiary of the Generali Group. Founded on the strength of this international presence and wide-ranging expertise, Generali Worldwide specialises in offering life insurance-based wealth management and employee benefit solutions to a global audience, including multinational organisations, international expatriates and local resident populations in licensed territories.
The company's head office is based in Guernsey, a premier international financial centre, and is a registered insurer under the Insurance Business (Bailiwick of Guernsey) law, 2002 (as amended). It is also an authorised insurer in the Bahamas, British Virgin Islands, Cayman Islands, Hong Kong, Jersey and Singapore.

Offering: A range of individual unit-linked regular and single premium-based savings, retirement and investment plans and an open-architecture portfolio bond along with group retirement and savings products, group life and disability and healthcare products.

Harbour Court, Lord Street, Box 192, Douglas, Isle of Man IM99 1QL

Tel: +44 (0)1624 688 000
e-mail: global.support@hansard.com; Web: www.hansard.com

Profile: Hansard International has been providing innovative financial products and services for international clients since 1987 and forms part of Hansard Global plc, which is listed on the London Stock Exchange. We administer assets in excess of US$1bn for over 500 financial advisor businesses with over 40,000 client accounts, in over 155 countries. We are celebrating our 30th anniversary in 2017, and already planning ahead for the next 30 years.

Offering: In the ever-changing landscape of financial services, Hansard International prevails as a steady and constant presence. Whilst other providers around us have changed their name, ownership, identity and focus over the years, Hansard International has remained committed to providing innovative financial products and services for financial advisers and their international clients. This strong heritage, which is coupled with exceptional levels of service and a focus on innovation through the use of technology, makes us an exceptional proposition in our marketplace.

Canella Court, Camana Bay, PO Box 32203, Grand Cayman KY1-1208, Cayman Islands

Tel: +1 (305) 603 1400
e-mail: advisers@investors-trust.com; Web: www.investors-trust.com; LinkedIn: www.linkedin.com/company/investors-trust

Profile: Investors Trust Assurance SPC (ITA) is an international insurance company licensed and regulated by the Cayman Islands Monetary Authority. ITA has gained a leadership position in the international insurance markets by specialising in the provision of investment-linked insurance products and class leading customer service. With service offices established around the world, ITA offers an array of opportunities to its policyholders by providing access to the global financial markets. ITA is constantly innovating and investing in technology giving clients online multi-language (English, Spanish, Portuguese, Chinese, Japanese and Russian) access to manage their investment-linked products.

Offering: ITA works with some of the world's top asset managers under its convenient open architecture platform. It provides clients with greater investment choices and the ability to provide for their families as well as plan for a comfortable retirement. Specialising in medium to long term unit-linked investment products, ITA is proud to offer a range of flexible, tax-efficient products, including regular and single premium annuities, designed to suit various income levels and financial planning needs.

Tel: +44 (0) 1624 655555, E-mail: salessupport.uk@ominternational.com; Web: www.oldmutualinternational.com

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Old Mutual International is part of Quilter, a leading provider of advice, investments and wealth management both in the UK and internationally, managing over £100 billion of investments on behalf of over 900,000 customers (as at 31 March 2018). Quilter plc, our group holding company, is listed from 25 June 2018 on the London and Johannesburg stock exchanges.

4th Floor, Rodus Building, Road Reef, Road Town Tortola, British Virgin Islands

Tel: +1 305 443 9610
e-mail: info@premiertrustglobal.com; Web: www.premiertrustglobal.com

Profile: Premier Trust offers a uniquely tailored suite of unit-linked products that grant international investors the opportunity to create a portfolio of investments in a simple and sustainable manner. Premier Trust, part of PA Group's Life and Investment division, provides clients access to some of the world's leading fund and asset managers as well as best-in-class custodians. From protecting our clients' health with worldwide coverage to helping them achieve a successful financial future, PA Group creates financial security road maps for life's most significant events. For over 18 years, PA Group has guided and protected our clients with comprehensive health and wealth accumulation solutions.

Offering: Our investment products include regular savings and lump sum premium plans with principal protection in multiple currencies (USD, AUD, EUR, GBP), as well as plan options with a broad selection of investment funds and ETFs. With a dedicated administration team and a proprietary online platform, Premier Trust delivers personalised customer service with multi-language support to advisers and clients in over 40 countries. For more information on Premier Trust's investment solutions, visit www.premiertrustglobal.com.

RL
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RL360 House, Cooil Road, Douglas, Isle of Man, IM2 2SP

Tel: +44 (0) 1624 681682
e-mail: salessupport@rl360.com; Web: www.rl360.com

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Royalty House, Walpole Avenue,, Douglas, Isle of Man, IM1 2SL, British Isles

Tel: +44 (0) 1624 643 468 (Telephone calls may be recorded)
e-mail: welcome@utmostwealth.com; Web: www.utmostwealth.com

Profile: With a 25-year heritage, Utmost Wealth Solutions is a provider of award-winning offshore bonds for high-net-worth UK residents. Having recently opened a Dublin office to complement our long-established Isle of Man base, we can now offer a choice of jurisdiction in addition to a range of investment options, including a bond with full discretionary management. Recognising the complex and continually changing financial planning landscape, our highly-respected technical support can help you consider appropriate solutions for your high-net-worth clients. With £12bn funds under management and 36,000 policyholders (31 December 2016), we're here to make a wealth of difference.

Offering: Flexibility and choice are at the heart of our single premium bonds. Our Isle of Man-based Evolution offers access to a wide range of investment options. The Estate Planning Bond, also Isle of Man-based, is combined with a discounted gift trust and is designed for IHT planning. We also have two Dublin-based life assurance bonds. Selection offers access to a wide range of open architecture investment options, while Delegation provides access to all the investment flexibility offered via a discretionary fund manager. Utmost Trustee Solutions, our in-house trustee service delivers expert support in all trust administration matters

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