Wealth Gatekeepers – The Role of European Family Offices

Juan Jesús Gómez Cubillo, a speaker at the marcus evans Elite Summit 2010 shares his views on some of the most critical issues facing family office investment executives in Europe.

Interview with: Juan Jess Gmez Cubillo, Family Office Director, TressisMontreux, Switzerland, March 31, 2010 - FOR IMMEDIATE RELEASE

Becoming wealthy is hard enough, but making it last for future generations is even harder. Many investment advisers in family offices across Europe have the dynamic, almost patriarchal role of safeguarding and building the assets of wealthy families, and meeting their financial and lifestyle needs. These responsibilities, however, bring their own wealth of challenges. A speaker at the marcus evans Elite Summit 2010 taking place in Switzerland 26 – 28 May 2010, Juan Jess Gmez Cubillo, Family Office Director at Tressis, addresses some of the challenges facing family offices in Europe at the moment and the investment strategies he recommends.

What are some of the challenges or barriers facing family offices in Europe at the moment and what solutions would you recommend? Juan Jess Gmez Cubillo: These have been hard times for everyone, including family offices in Europe. Our main challenge has been to enhance the confidence of the family members, after the worst crisis since the great depression - leveraging and high exposure to risky assets have seriously damaged many fortunes. It is necessary for family offices to remind their wealthy clients what could have happened if they had not assisted them in managing their wealth. The damages would have been much greater. I think that we should rethink the family office role, and try not to lose the strategic perspective whatever events occur. We need to have the main aims and goals of the family in mind and work towards achieving what our clients require.

What are your thoughts on the regulatory environment in Europe? Juan Jess Gmez Cubillo: Thanks to the new European directive MiFID (Markets in Financial Instruments Directive) steps have been taken in regulating the main sources of conflict of interest, developing transparency and classifying investors through the financial sector. Investors' level of protection depends on their new classification. The first level are eligible counterparties such as investment banks who are not as protected as professional investors like investment companies who are at the second level. And the third level includes retail investors that are absolutely regulated and protected. Depending on their structure, single family or multi-family offices are usually classified in this second category, because in many cases, the investment banks they work with think of family offices as a counterparty, and not as a client or investor. If you are a professional investor, you will be more protected than in the past, where no differences were placed between eligible counterparties and professional investors. Family offices will be in a better shape this way.

These regulatory changes are very important. We are also seeing proposals to change the regulatory environment for banks in the US. In Europe we will see measures such as imposing higher capital requirements for banks and forbidding investing in some types of investments, such as hedge funds. Banks will face additional challenges as they will be more directly affected by some regulations. This means that family offices who work with banks will have fewer possibilities into buying certain products and managing their portfolios. As banks are now very focused on not incurring risks, it is more difficult for many family offices and families to select the assets in their portfolio. Banks are avoiding products or assets that they have had problems with in the past. What are some of the investment opportunities out there? Juan Jess Gmez Cubillo: Investing in emerging markets is a mega trend. I think no family will forgive you if you do not advise them to invest in the future winners of the world economy. We need to have a cautious approach and do our research, but consistently invest in emerging countries. All families should look at them as an opportunity; a very profitable way in cultivating their wealth, therefore their family office must try searching for the opportunities in those markets, whatever allocation should they choose. Regarding the emerging markets, I would recommend Asia firstly, then Latin America and thirdly the emerging countries in Europe. Emerging Europe is currently not a very good environment to invest in, so I prefer Asia, specifically China and India. There are also investment opportunities in Africa, but those involve operational and political risks and the opportunities there are not so easy to find. Real estate and infrastructure are two assets where there are very interesting opportunities. What investment strategies would you recommend to chief investment officers and directors of family offices in Europe? Juan Jess Gmez Cubillo: Each family needs their own investment strategy. I would suggest that wealth owners are involved in the investment decision-making process, and are made fully aware of what they are investing in each asset and why. This crisis has shown the worst of illiquidity, so long-term liquidity needs should take priority. Investors need to understand the assets they are investing in for their clients, and invest only in those they know well. Due to conflict of interest, banks have lost investor confidence. However, independent advisors have a very long way to filling that role. I see more investors trying to create their own investment teams and more families turning to independent advisors who can deal with their banks, and for a more personal advisory relationship.

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About the Elite Summit 2010

This unique forum will take place at the Fairmont Le Montreux Palace, Montreux, Switzerland, 26 - 28 May 2010. Offering much more than any conference, seminar or trade show, this exclusive meeting will bring together esteemed wealth management industry thought leaders and solution providers to a highly focused and interactive networking event. The summit includes presentations on establishing an effective governance framework, tax optimisation strategies, managing risks and maximising investment returns. For more information please send an email to info@marcusevanscy.com or visit the event website at http://www.elitesummit.com

Juan Jesus Gomez Cubillo Interview

Please note that the summit is a closed business event and the number of participants strictly limited.

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