

# THE VIEW FROM VADUZ

Economic uncertainty, political upheaval and regulatory reform are key concerns for all Swiss independent asset managers. Thomas Trauth, CEO of IMT Asset Management, gives his take on this troublesome trio from his base in Vaduz.



## What is different about being based in Vaduz as opposed to large financial centres like Zurich and Geneva?

While Vaduz is relatively small, there is a community of very capable wealth professionals. The University of Liechtenstein works closely with the financial industry. This is very important, since financial services will become increasingly knowledge-driven. With small size often comes with efficiency. It is very easy to meet and discuss business matters with peers and providers. Also the Financial Market Authority of Liechtenstein (FMA) is very accessible. This allows us in Liechtenstein to act swiftly. For example, we are able to set up a standard Ucits fund within three to five weeks, if necessary.

## Why are you based in Vaduz?

IMT Group was founded 30 years ago and has its roots in Liechtenstein. Liechtenstein is politically very stable and provides an excellent legal and regulatory framework for wealth-structuring solutions. Furthermore, it enjoys the advantage of being a member of the European Economic Area (EEA). This allows us to provide services in all member states of the European Union and the EEA.

## Would you say being based here gives you a different perspective?

Liechtenstein has always been very open

and connected with Austria and Switzerland. Compared with Switzerland, Liechtenstein is much closer to the European Union when it comes to regulation and cross-border business opportunities.

## How would you describe the network between independent asset managers in Liechtenstein?

There is an ongoing dialogue among our peers in Liechtenstein. The Association of Independent Asset Managers (Verein unabhängiger Vermögensverwalter in Liechtenstein – 'VuVL') plays a pivotal role and organises events regularly. The VuVL also serves as a platform to deal with new regulatory initiatives, and pools our interests in certain procurement areas.

## What is the biggest challenge you are facing at present?

Immediately, regulation comes to mind. But I would also add the increasing complexity that results from our clients, wealthy families, becoming more international. Not only in terms of their businesses but also family members spread out internationally. This creates very complex international legal and tax issues. This also influences the investment process and the selection of investments. Finally, we see major challenges protecting our clients' wealth in an environment where central banks have become a major driving force for financial markets.

## What's the number-one concern for your clients right now, and what asset classes are they most interested in?

I would mention three topics. First, unprecedented monetary policies and their medium- to long-term consequences. Second, economic growth concerns. And third, recent political developments, such as the refugee crisis; political extremism; international terrorism; and the stability of Europe, as exemplified by the Brexit debate.

## Which markets are you avoiding?

We are avoiding government bonds issued by developed markets. We are still cautious on commodities, since we still see huge oversupply in various commodity markets.

## What do upcoming regulations mean for independent asset managers?

On a positive note, I think more regulation leads to increasing professionalism as it creates pressure to build well-documented processes. On the other hand, independent asset managers are overburdened with regulatory requirements, which not always add value to the client. In certain areas, more regulation may even lead to clients receiving a worse service. For example, investment advice has become very difficult to administer and imposes large risks on advisers. As a result, many providers have decided to stop offering such services. Such a development is certainly not in the best interests of the consumer.

