
Vontobel
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**Editor**
Bank Vontobel AG
Gotthardstrasse 43
8022 Zurich

**Text**
Katharina Fehr
Ermes Gallarotti

**Historical background notes**
Prof. Albrecht Ritschl,
Economic History Department,
London School of Economics
English version:
Woody Wade, Hurst & Freelancers

**Editorial team**
Christian Anhäuser
Jeannette Frei
Dr. Martin Meyer
Christian Schilz
Dr. Urs Widmer

**Creation**
Bank Vontobel AG

**Images**
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Gretlers Panoptikum zur Sozialgeschichte, Zurich, (p. 17)
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**To the visionary founders and the generations of the Vontobel family who have guided this company for a century. Your commitment to excellence, integrity, and innovation has created more than a business—it has empowered investors to build better futures, for their families, and their communities.**

**This book stands as a testament to your legacy of resilience and purpose. For 100 years, you have not only steered Vontobel through changing markets but also remained dedicated to improving the lives of those we serve.**

**To the next generation of the Vontobel family, may you continue to uphold these values and lead with the same dedication, ensuring that this company's mission—to help investors build better futures—remains at the heart of everything we do.**

# Vontobel 1924 to 1945

## A Courageous Step

The year 1918 was not really a propitious time for establishing a banking business—but the origins of Bank Vontobel go back to this war year. On 22nd June 1918, a certain Hugo Baumeister received permission from the financial authorities of the Canton of Zurich to trade securities over the counter. However, it would still take almost 20 years for the stock brokerage established on that date to pass into the hands of Jakob Vontobel.

The ravages of war, famine and a severe influenza epidemic cost Europe millions of lives in 1918. After the First World War, one sixth of the Swiss population was living at the bare subsistence level. The reasons to blame for this were not just food shortages and the high level of unemployment in the country, but also the fact that every Swiss soldier had served an average of 500 days military service during the war years—all rendered without much pay.

At the end of World War I, there was little work to be found, and as each month went by, wages declined. Bank employees felt this particularly hard. With cuts of 30 to 40 percent, their wages suffered the most drastic reductions of all occupational groups. It was therefore hardly a coincidence that the Swiss General Strike of 1918 began with a walkout by Zurich's bank employees. The board of the Zurich Bank Personnel Association demanded a minimum monthly wage of 225 francs, a sum that they claimed "every cleaning lady in the city of Zurich earns and is thus better positioned than many a properly educated bank clerk". At the end of September 1918, when the association's demand was not accepted, Zurich bank staff simply failed to show up for work, and instead hit the streets to distribute tens of thousands of leaflets cynically documenting their bitter disappointment.

"Today, we have had to fall back on our last resort: to walk out. To illustrate how magnanimous the management of the banks and their Boards of Directors are, here are a few facts: In 1917, financial institutions in Zurich paid out 3 to 3.5 million francs in bonuses. The net profit of the Zurich banks in the same year amounted to 33 to 35 million francs. Most of the Directors receive 'compensation' on the order of 6,000 to 10,000 francs per year. But then, we have hundreds of bank employees with a monthly salary ranging from 130 to 200 francs."

On 1st October, bank managements finally gave in, and the wages of bank employees were in some cases more than doubled. It happened to be in this explosive and challenging environment that Hugo Baumeister founded his own brokerage.

Background
**Switzerland in the First World War**

In the summer of 1918, the First World War entered its final phase. The Central Powers were economically exhausted, and their defeat was imminent. Tumultous revolutions and monetary chaos would follow. Shortages of vital supplies and rationing of important foodstuffs, begun in the autumn of 1917, also had an impact on neutral Switzerland. Inflation, declining real incomes, and severe social tensions were the result, coming to a head in November 1918 with the General Strike. Resolved rather bloodlessly compared to the revolutions in neighbouring countries, this strike nevertheless brought about major changes in wage and labour market policies.

When war began in 1914, the Zurich Stock Exchange closed, but it reopened in 1916 and soon gained importance as a neutral trading location for securities issued by the belligerent countries. To an initially modest degree, it also served as a haven for flight capital. After the war, German securities became a preferred speculative investment, also here in Switzerland. Confident that its currency would soon be stabilised, investors bought German paper at sharply reduced prices.

For the newly established brokerage firm of Hugo Baumeister, the approaching end of the war thus provided entrepreneurial opportunities: Specialising in the trading of securities, his firm earned money on the volume of its transactions, and as long as market conditions attracted investors, the trading activity of even a small brokerage initially only trading over the counter would have been at least adequate.

Market sentiment indeed picked up after the peace agreement, as investors hoped that stabilisation in Germany would come about quickly. Securities denominated in German currency found a ready market not only in Switzerland, but also in the Netherlands and Sweden. France and England, on the other hand, went through a severe post-war recession, with the solvency of both countries in doubt. In France, discussions about a confiscatory capital levy delayed stabilisation even further. A similar initiative in Switzerland briefly triggered capital flight, but it was rejected in a referendum in the autumn of 1922. Hopes for a full stabilisation –which in the minds of contemporaries could only mean a return to the gold standard at the old parity of 1914—were nevertheless still high. The pre-war mentality was so entrenched that the warning signs of renewed inflation in Europe were ignored. Uncontrolled hyperinflation developed in Germany and the successor states of the Habsburg Empire, with heavy consequences for Switzerland's highly exposed financial markets. It may have been this financial environment in which Hugo Baumeister decided to take a partner into his company.

Up to 1923, Hugo Baumeister managed the business by himself, aided by just a handful of employees. Then he decided to take a partner, 38-year-old Friedrich Emil Haeberli. This step, however, heralded the demise of Baumeister as an entrepreneur. The two bankers fell out after a short time, and already in 1924 they parted company, dividing up the clientele. The firm's stock exchange licence went to the newly established limited partnership Haeberli & Cie. Baumeister carried on doing business as well but seems to have run out of luck: In 1933, his company was deleted from the commercial registry.

## Renewed Change of Ownership

Haeberli & Cie was one of 30 banks and brokerages represented on the stock exchange. Firms like this one bought and sold securities for third parties, whether individuals or other banks that did not have a licence to trade on the exchange themselves. They earned their money with commissions, i.e. brokerage fees for the settlement of trades. Trade was in domestic as well as foreign securities. Shares listed at the Zurich Stock Exchange at the time included, for example, "Motor Columbus", "Nestlé and Anglo-Swiss Condensed Milk Co." or "Steaua Romana, AG f. Petr. Ind.", denominated in Bulgarian levs. The bonds traded then seem no less exotic today: the "4½% and 5% Federal Mobilisation Bond 1915/18" was traded, as was the "5%Oerlikon Political Commune 1917" or the "5% South Manchurian Railway 1907". Many of the small banks traded on their own account as well, their owners being mainly speculators. "We should be under no illusions: Haeberli lived from hand to mouth," says Hans Vontobel. Still, the firm earned enough that each morning, Friedrich Emil Haeberli had himself driven by his uniformed driver to his office at Bahnhofstrasse 58.

"There weren't many clients then," Hans Vontobel remarks. As a consequence, each individual client received a great deal of attention. So it was not unusual for a banker to walk down the street or stop in a café or talk to the butcher to recommend to buy or sell a certain share or bond that happened to look interesting at that moment. After trading in the morning, bankers spent the afternoon mostly settling the accounts.

As from 1924, conditions improved, with prices and trading volumes rising on the Zurich Stock Exchange as well. In 1928, the market passed the milestone of 10 billion francs in volume, a level that was not reached again until more than 20 years later, because the Roaring Twenties came to an abrupt end with the Wall Street Crash in October 1929. The crash and the subsequent global crisis also hit Swiss banks hard.

Background
**The Twenties**

Towards the end of 1923, Germany managed to stabilise its currency. American capital was flowing into continental Europe. Soon an economic recovery followed, which also affected Switzerland. The long-delayed return of the major European currencies to the gold standard was also now accomplished.

But the influx of American capital soon proved to be a critical defect of the new monetary system. Germany used the credits coming in from the United States to pay off its reparations owed to other European countries. Soon, a credit pyramid was building up on the base of the gold standard. Even before the Wall Street Crash, there were ominous signs of a European payment and credit crisis brewing. Turning cautious, American banks began to reduce their lending activity. Capital flows accordingly switched direction, with European capital now flowing to America. This contributed to the overheating of the New York financial markets, and after the crash took place, it exacerbated the subsequent crisis. Cut off from being supplied with more American capital, Europe sank into a deep recession in 1930. Financial crises soon followed. In the spring of 1931, Credit-Anstalt, Austria's largest bank, teetered on the brink of insolvency. Panic spilled over to Berlin, where the local banking crisis led to large bank failures, bank holidays and a moratorium on reparations and war credits proclaimed by US President Herbert Hoover. Pushed by the German defaults to the edge of a banking crisis of its own, Britain dropped out of the gold standard in September 1931.

The financial crisis of 1931 hit Switzerland as well, as it was heavily engaged in short-term lending to Germany. The crisis came to full fruition for Switzerland in May 1933, when Germany suspended its loan payments. Several of the big Swiss banks affected could only survive by putting themselves up for sale or seeking government bailouts.

In this environment, it was fortuitous for Friedrich Emil Haeberli that private banks and brokerages, like the firm he managed, were not allowed to accept deposits. Certainly, revenues fell as hardly any clients were trading on the stock exchange. But at least these institutions were not in danger of collapsing. For the experienced stockbroker Haeberli, the decline in trading volume was no doubt dramatic, but day in, day out, he managed to carry out enough trades to survive, and was thus spared the bankruptcy that his former partner Hugo Baumeister had endured. But in March 1936, Friedrich Emil Haeberli unexpectedly died of pneumonia at the age of 51. His wife was not in a position to keep the brokerage going. His brother-in-law, Samuel Fuchsmann, who had invested 250,000 francs in Haeberli's firm, was living in Bombay where he ran a business of his own. The executor of Haeberli's will, E. Wäspi-Klöti, the Director of the Trading Department at Credit Suisse, was thus faced with a rather challenging task. In an adverse economic climate, he had to find a buyer for a brokerage that neither generated much profit nor had a particularly large or even good client base, and which, on top of all that, could not boast of an especially efficient workforce, either. In the end, there was only one serious candidate who had the courage and the capital to take over the brokerage: Jakob Vontobel.

## Jakob Vontobel, Founding Figure

Jakob Vontobel was born in 1885 in Irgenhausen, situated on the banks of the Pfäffikersee, the only child of Jakob and Emma Ida Vontobel. At that time, the family name was not yet written "Vontobel", but "von Tobel". It was at school that Jakob Jr. first experienced the democratisation of his family's knightly dynasty of yore. His primary school teacher had little appreciation for the noble spelling of the name and each time he encountered it, he crossed out the "von" in red ink. Reluctantly, Jakob therefore began writing the name as a single word. This notwithstanding, he remained attached to Irgenhausen throughout his life. Shortly before the turn of the century, the Vontobels moved to Zurich, relocating into the newly established industrial part of the city, where Jakob attended secondary school. He was a good student; the only subject he couldn't master was singing. To his teachers, young Jakob apparently stood out mainly because he was "sometimes too funny", as one of them duly noted in his report card.

Early on, Jakob had to learn to rely on himself and trust in his own abilities. That is because in 1899, when Jakob was 14 years old, Jakob Sr. left his wife and son, bringing young Jakob's sheltered youth to end. Wanting to look after his mother, Jakob quit school despite his good marks and instead took a job at Zurich's Office for Assistance to Orphans. This amounted to Jakob's first step into the world of asset management, as he took on custodial responsibilities for various securities and thus learned to manage funds entrusted to him. In spite of the responsibility he had taken on for his mother, the young man did not want to forgo his education entirely, and so over a period of several years he attended lectures in law and economics at the University of Zurich. He also improved his language skills with stays in Belgium and England.

All this Jakob Vontobel owed to an iron self-discipline. After his father left, Jakob put together a rigorous daily schedule for himself, one which he maintained until old age: 6:15 a.m., wake-up / 6:45 – 7:15 a.m., language studies / 7:15 – 7:30 a.m., breakfast / all day, office / 6:00 – 6:45 p.m., dinner / 6:45 – 8:15 p.m., study the newspapers / 8:15 – 9:00 p.m., walk / 9:30 p.m., lights out. In 1911, Jakob joined Bank Leu & Co., Zurich's oldest bank, drawing an annual salary of 3,000 francs. He headed the then newly created Department of Wills and Inheritances. Bank Leu was the first financial institution in Switzerland to assign this department to the bank's asset management activities. Quickly the young Vontobel became a specialist in tax law and before long, asset management and the management of bond issues, as well as investment policy, also belonged to his areas of responsibility. In 1932, he was appointed Deputy Director of the Stock Exchange and Securities Department.

In private life, Jakob Vontobel was destined for happiness as well. In May 1915, Jakob married Emma Höhn, called Liesel. Emma had German roots. Her mother, like many Germans at that time, had immigrated to Switzerland. Hardworking, she ran a dairy shop. In 1916, the first child, Hans, was born. Jakob noted it succinctly in his pocket diary: "De Bubi acho!" ("The boy's arrived!") Three years later, Ruth was born. In 1921, the family bought a house for themselves on the Zürichberg.

Background

**Switzerland during the time of industrialisation**

The years before the First World War were a period of social change also for the Swiss Confederation. Industrialisation had begun here early. At first, however, Switzerland was not affected by the growth of heavy industry and its social consequences. On the contrary, small home-based manufacturing and production in water-powered factories continued for a long time, soon specialised in high-value niche products for export, for example in watchmaking or textiles. Nevertheless, Swiss industrialisation was not idyllic. Rural poverty and overpopulation made themselves felt in Switzerland just as much as in northern and western Europe. Without heavy industry of its own as a way to make a living, the population pressure was relieved via emigration, especially to America.

The country's industrialisation received a boost from the unification of customs and coinage in the Federal Constitution of 1848, and the construction of the railroads. This required significant capital, which encouraged the rapid expansion of the banking system. With a delay relative to its neighbouring countries, Switzerland now experienced the rise of a new class of industrialists and bankers, but also the emergence of an urban industrial working class. Unlike the events outside the country, however, in Switzerland the elites of the old Confederation were neither ousted nor did they maintain the old order by force. Instead, the second half of the 19th century in Switzerland was a period of gradual change. New power elites in business and technology emerged, and many a young member of the old elites found his own new career path in industry and banking. So it may have been for Jakob Vontobel.

## A Brokerage is Bought

During his time at Bank Leu, Jakob Vontobel laid the groundwork for leading a bank of his own later. He was personable and had the gift of listening to people and giving them good advice. Many of his clients, whom he met during his career at Bank Leu, later became friends as well. They were the ones who encouraged him to take the step to become independent one day. In addition, at Bank Leu he no longer saw much prospect for further advancement. So the advice he received, his own cheerful disposition, and the solid 30 years of experience in wealth management must have been the factors that encouraged Jakob Vontobel at the age of 51 to take over a brokerage—and to do so in 1936, during one of the worst economic crises that Switzerland had ever experienced. Much like the company's foundation in the first instance, the acquisition also took place in a highly challenging environment. Many of his friends had advised Jakob against taking such a risk at that particular point in time. "But we Vontobels never want to follow the general trend," Hans Vontobel, Jakob's son, explains in retrospect.

Jakob refused to listen to the ditherers; instead, he placed a large bet and won. Because in September—in May he had taken over Haeberli & Cie and renamed the company J. Vontobel & Co.—the Swiss National Bank unexpectedly decided to devalue the Swiss franc. Confidence among the general public returned, the economy began to recover, and by the end of 1936 the Zurich Stock Exchange had risen by 66 percent.

Beginning in 1931, Switzerland's continued adherence to the gold peg of the Swiss franc made the country's exports more expensive compared to those from countries whose currencies had sharply devalued in value. On the other hand, there was the fear that in the event of devaluation, investors might lose confidence, capital flight would set in and inflation might spin out of control. The general sentiment was that an internationally agreed solution should be found; till then, just wait. Such a solution finally came with the devaluation of the French franc, which Switzerland followed immediately. Contrary to the widespread fears, confidence did not erode with the devaluation. In fact, just the opposite occurred, and foreign capital flowed back into Switzerland.

Jakob Vontobel bought the brokerage firm F. E. Haeberli in two steps. Out of concern that the company's few clients might defect, or he could lose his brokerage license, Vontobel at first carried on doing business under the old name, and made Haeberli's widow a general partner, next to the limited partner Samuel Fuchsmann. Before long, however, it became clear that the company's clients would remain loyal to the firm. Jakob Vontobel was now in a position to take over the company completely. On 4th July 1936, the limited partnership J. Vontobel & Co. was founded, to which all assets and liabilities of Haeberli's firm were transferred. Haeberli's widow and his brother-in-law were bought out. The wholly liable partner was Jakob Vontobel, who thanks to support from his extended family was able to inject 100,000 francs into the new company. In addition, the Aktiengesellschaft für Partizipationen was listed as a limited partner. This company invested 300,000 francs, money which primarily came from a wealthy friend of Jakob Vontobel. But the banker would not be dependent on this capital for long.

In a letter to the cantonal authorities, Jakob Vontobel specifically stated that no foreign equity was involved in his business. The coming war already loomed over Switzerland's business environment—a circumstance which would yet affect Bank Vontobel. On 13th July 1936, the company J. Vontobel & Co. was entered in the commercial registry, and on 18th July the brokerage license was transferred from the company Haeberli to the company Vontobel. It had its offices at Bahnhofstrasse 58. The purpose of the company was described as follows: "Trading in securities, supervising securities portfolios, asset management." The Swiss Federal Banking Commission noted that under Swiss banking law, the new company was a private bank and was therefore not allowed to publicly promote itself as accepting third-party funds.

Germany had imposed tight foreign exchange and capital controls, and was followed down this path by a majority of European countries. As one of Europe's few financial centres still open, Switzerland became a trading hub for foreign assets originating in countries with foreign exchange controls. Soon, foreign government agencies were involved in such activity. Even well before the war, Germany was abusing neutral markets as a place to sell off expropriated and looted assets. Swiss policies tried to counter these covert transactions and investments with controls, but they often proved ineffective.

With 400,000 francs, the bank had a solid equity base. Adjusted for inflation, that figure would correspond to a capitalisation of some 3 million Swiss francs today. An additional 250,000 francs' worth of securities were also available to Jakob Vontobel to borrow against if needed. But now, the main task was to get clients. Jakob Vontobel achieved this by travelling tirelessly throughout Switzerland and the neighbouring countries. He followed up contacts from friends and acquaintances in eastern and northeastern Switzerland, Ticino and in western Switzerland. The Vorarlberg region in Austria, the Alsace, Amsterdam, Vienna, Prague, Berlin, Munich, Hanover, Düsseldorf and Frankfurt were also on his itinerary. Nor did the freshly minted company limit its acquisition efforts to wealthy individuals. Vontobel also visited smaller as well as larger regional banks that did not have branches of their own in Zurich. This proved to be extremely farsighted and continued to pay off decades later. These institutions took advantage of the bank's "A" licence at the Zurich stock exchange and became good clients in the process, laying the groundwork for part of the client base still loyal to this day.

Jakob Vontobel was very successful with his strategy. However, his nine employees suddenly had their hands full. The revenues generated by commissions had already doubled in October 1936. In 1937, the bank took in 233,976 francs in commissions and brokerage fees. Of this amount, over 70,000 francs were recorded as provisions and write-downs.

Not everyone on the staff was thrilled with the bank's positive performance under the new boss. In his time, Friedrich Emil Haeberli had not required such long, hard workdays of his employees, so sooner or later, most of the former employees of Haeberli left Bank J. Vontobel. The departure of one of the two apprentices that Jakob Vontobel had employed caused a particular stir, as one fine day he ran off with all the petty cash.

Even then, Jakob Vontobel lived according to his principle, to "leave the profits in the business, and that way you broaden the equity base year by year." He had, after all, witnessed first-hand how reputable Swiss banks had to be recapitalised after the stock market crash of October 1929. The importance of his conservative management style was to become evident in the coming years.

Background

**Private Banking as an Institution**

Swiss private banking is a legendary institution—perhaps too legendary after all. In the Italian citystates of the Middle Ages, bills of exchange came into being as a means of cashless money transfer between trading centres. Soon, the money changers engaged in this practice took on additional functions as bankers, including investing assets for private clients. The Florentine banking houses of the High Middle Ages had interests all over Europe. Some banking families attained political power in the process, most prominently the Medicis in Florence.

Indeed, it was the Medicis who established a branch in Basel in the 16th century and thus drew this emerging city into their international network. Already at that time, the German- and French-speaking regions of the continent each had their own unified payment system, with the trading cities of Switzerland forming an important bridge between them. At the same time, the Italian banking system inspired imitators north of the Alps. The Fugger and Welser banking dynasties of Augsburg in southern Germany grew in importance thanks to their loans to the Habsburgs. Switzerland once again played a role in the system of payments, acting as a link to France. The large private bankers of the 18th century, led by the Rothschilds, were active lenders to the treasuries of the major European powers. Swiss private bankers had a share of this business. The Genevois Jacques Necker, scion of a locally established Huguenot banking family and father of the later famous Madame de Staël, even became Finance Minister to Louis XVI of France. His contribution to the French Revolution is still noted today, as he relentlessly exposed the parlous condition of the French public finances. Recognition of Swiss neutrality by the Congress of Vienna in 1815 rendered the Swiss banking industry an even stronger financial bridge between hostile powers, but also a safe haven for threatened capital. Long before the Second World War, therefore, the major trends in Swiss banking were visible already—but also the potential conflicts in their wake.

## Bank Vontobel in the Second World War

The devaluation of the Swiss franc by the Swiss National Bank in 1936 was a godsend for Jakob Vontobel—not only because it triggered the stock market boom that helped him build up the banking business. The two-year bull market also gave the bank the opportunity to build up reserves, which it would urgently need during the Second World War. The company's performance was so good in the first years that in 1940 Jakob Vontobel was able to buy out the limited partners for 300,000 francs. With this move, he was now the bank's sole, and fully liable, proprietor.

The stock market boom did not last long, however. In 1938, trading revenues began to decline again, across all of Europe. When Adolf Hitler invaded Poland in 1939, they fell even further. Nevertheless, until 1940 Switzerland was well positioned. Local banks could continue to do business with foreign companies. Above all, worried foreign clients took advantage of Switzerland's neutrality and stability and moved their money into Swiss banks. But as from the second year of the war, things became more difficult for the banks as well. Trading volume and commission income plummeted. In 1940, the stock market was closed for two months, and upon reopening, trading in many—mainly foreign—securities was restricted. In this shortened trading year, 185 million francs' worth of securities were sold, a volume that represented just two percent of the record results of 1928. For Bank Vontobel, the situation was life-threatening.

In such a difficult business environment, it was necessary to be inventive. There was no lack of imagination on the part of Jakob Vontobel. During the war years, and for some time beyond, the bank also functioned as a kind of "shipping office": acting on the request of clients, bank employees would ship so-called "gifts of love" for a modest fee. These packages were available in different versions. In general, they were packed with sugar and other staple food items, sometimes even containing a pound of coffee. With such packages, bank clients could support their relatives and friends in wartorn parts of the continent.

But these gifts of love were not enough to ensure the survival of the bank. That can be attributed instead to the large number of private clients that Jakob Vontobel had built up before the war. A second leg on which the bank ultimately stood turned out to be its trading in foreign bonds. In the interwar period, many countries, municipalities and industrial companies had issued bonds in foreign currencies, often in Swiss francs. Trading in these bonds was increasingly restricted after 1933. Accordingly, the price of the bonds fell. Some German bonds, for example, traded at just 20 percent of their par value during the war. For many issuers, this was attractive. Those who could afford it bought their own bonds back at a fraction of their value, and thus escaped the obligation to repay the bond at the end of the period at 100 percent of the par value.

Often enough, Bank Vontobel managed to get involved in such a trade by pure chance. For example, one day a Jewish emigrant came into the bank and, in distress, offered his personal library of books as security for a loan. However, Jakob Vontobel did not make any loans. In this case, however, he made an exception –a lucky opportunity, as the new client brought Bank Vontobel into contact with a private bank in Copenhagen, which asked Vontobel to repurchase the Swiss-franc-denominated bonds issued by the Danish treasury and the city of Copenhagen.

During the war years, Jakob Vontobel strove to land any serious business opportunity that presented itself. "There was no 'strategy' behind it," said Hans Vontobel, describing the situation at the time. "We just tried everything that could bring in a few francs, according to the motto: 'Where there's a will, there's a way'." Joining his father's bank in 1943 at a monthly salary of 425 francs, Hans Vontobel was given the task of building up the small loan business. "After one year, we withdrew from this service. It wasn't because we weren't successful. We simply realised that this type of clientele didn't fit us."

Background

**Switzerland and Gold in the Second World War**

In World War II, Switzerland found herself surrounded by the Axis powers after the fall of France in May 1940. The country's will to assert herself was very strong; the catchphrase of the day was "Geistige Landesverteidigung" (loosely translated, "mental homeland defence") . And this was certainly not just a slogan. But the options against an extremely aggressive Germany were limited, particularly given its surprising initial successes on the battlefield. Contentious discussions within the country about the right course of action followed. In the end, Switzerland opted for a policy of muddling through. At the same time, however, the country redoubled its efforts to secure the redoubt, a system of heavy fortifications in the High Alps that could present a credible military threat.

In this situation, a new payment agreement with Germany was signed. It provided for the delivery of essential goods to Switzerland, but also Swiss supplies to the German war economy. Because Germany did not want to pay in convertible currency or in kind, Swiss loans were made to a clearing account to fill the gap. This account was not settled as long as the war was ongoing; only by means of an agreement with West Germany after the war was the account partially paid down. By involving itself in Germany's economic interests, Switzerland was spared a military occupation, which would have been followed by looting and the genocide of the Jewish population living on Swiss territory. To have averted this fate, but to have subjected the country to cooperating with the German war machine, later brought Switzerland harsh reproaches.

In the short term, the new arrangement resulted in economic benefits for Switzerland. Output and employment increased rapidly. Payment conditions improved as well, with many an outstanding loan once again being serviced. Behind this, however, was by no means an improvement in German payment behaviour; rather, the unfreezing of credits was due to the payment agreement itself, which transferred private claims against Germany to the Swiss clearing account. Independently, Switzerland continued to be Europe's only free currency exchange market in operation. For the Axis powers, purchasing Swiss francs on the open market was one of the few ways for them to obtain convertible cash needed to buy war material and resources in international markets. The German Reichsbank, and other institutions acting on its behalf, such as the Golddiskontbank or the Berlin-based private bank Sponholz, sold gold on the Swiss market. With the Swiss francs thus acquired, Germany bought chromium, tungsten and additional metals of strategic importance in a number of neutral countries. Only a small fraction of this gold had come into Germany's possession through legal means. The largest part consisted of looted and blood gold, which was melted down in Germany and provided with forged stamps. In spite of knowing that this gold was in principle of illegal origin, Swiss buyers bought up considerable amounts. The Allies sharply criticised these transactions; in 1941, Swiss accounts in the United States were frozen. In the reports issued by the commissions of inquiry looking into these gold transactions, however, Bank J. Vontobel is not mentioned.

After the war, the precious metal reserves that had made their way to Switzerland but which belonged to occupied countries were repatriated to the respective countries. The statistics generated at the time became a basis for the work of the commissions set up later to investigate these matters. The blood gold exported from Germany has been mixed with other stocks of gold and continues to be in circulation today.

Background

**Switzerland and the Second World War's Dormant Accounts**

Already in the 1930s, Switzerland was the destination and hoped for safe haven for flight capital from Europe. Private investors from Germany and other countries where exchange controls were introduced sought to protect parts of their assets from the grasp of local authorities and secure them in neutral Switzerland. But flight capital also flowed into Switzerland from France, driven by the fear of confiscatory taxation by the Popular Front government as from 1936.

One should not overestimate these asset inflows into Switzerland, however. In the years of the Great Depression up to 1936, Switzerland had regularly struggled with foreign exchange outflows. Immediately before the Second World War, outflows resumed. Investors pulled their money out of Switzerland in large amounts and transferred it to safe havens like London or overseas. That only changed after the defeat of France in 1940, when Switzerland became a magnet for flight capital, and inflows took on such proportions that serious thought was given in Switzerland to the unilateral imposition of capital controls. Given the stringent foreign exchange controls in many European countries, private investments were not always the main source of these capital inflows.

After the war, it was the treatment of precisely these private accounts by Swiss banks that was criticised as morally objectionable. Numerous accounts owned by victims of the Holocaust had become dormant. Eligible survivors found proving their claims difficult and had to rely on the cooperation and willingness of the respective banks to disclose information—which differed markedly from one bank to another. The reports issued by the Volcker Commission, which had been put together to investigate the matter, mention frequent cases in which potential investigations had been hindered, or account balances were eaten up by fees charged. Working many years after the war, it was no longer possible for the Commission to obtain a comprehensive picture. No criticisms, however, were levelled against Bank J. Vontobel in this context.

## A Telegram to Portugal and a Conversation in Standard German

The Second World War was not yet over, and it would still cause problems for Bank Vontobel. Toward the end of the war, in 1944, the bank was blacklisted by the Allies for a few months. Because of this, it could no longer trade in any foreign securities without the involvement of another accredited bank. “That was very bad for us,” says Hans Vontobel of the situation at the time. How did it happen? “Envy,” he replies. His explanation: “One afternoon, we got a call from an American broker in Geneva. He told us, ‘You are on the black list of the Americans.’” This meant that Bank Vontobel would also have been on the black list of the French and the British, too. Hans Vontobel was summoned to the British consulate, where it was revealed to him that the bank was suspected of managing enemy funds. “No objection was possible. We were simply handed the decision,” recalls Hans Vontobel.

There were three factors that had aroused the suspicion of the Allies. “We were accused of having bought ten shares of Nestlé that had been looted. We investigated this allegation, and it turned out that the shares had been sold by a German banker we had come to know, who acquired them from an estate. At the time, he had signed a statement for us indicating that the shares were not stolen property.” In addition to this, Hans Vontobel’s sister Ruth had been seen speaking Standard German to a man at the Hotel Storchen, perched above Zurich’s River Limmat. As the hotel belonged to the Bührle family, Swiss industrialists, it was also on the black list. “Ruth was not talking with the enemy, but with her fiancé, Lennart Dornon-ville de la Cour, a Swede, who did not understand Swiss German,” explains Hans Vontobel, clarifying the circumstances. The third factor was a telegram sent to Portugal. “Every message like that was intercepted by the Allies and checked centrally,” says Hans Vontobel. The monitors had suspected that this telegram contained coded formulations. With the help of an attorney, the bank succeeded after a few months in getting its name removed from the list.

After the war, Jakob Vontobel mandated the accounting firm Price Waterhouse to carry out an extensive investigation. Their report shows that Bank Vontobel had behaved properly. In 1999, the Volcker Commission likewise gave Bank Vontobel a good report. The Volcker Commission had been established in 1996 following an agreement between the Swiss Bankers Association and various Jewish organisations. Its objective was to investigate the dormant accounts held in banks and insurance companies that had possibly been opened by Holocaust victims. It did not find any such unclaimed assets at Bank Vontobel. This was due to the fact, given the modest size of the bank during the war period, Jakob Vontobel was personally acquainted with almost every one of his clients. And, as Hans Vontobel attests, “after the war, we researched every enquiry we received from Jewish family members.”

On 8th May 1945, bells chimed all over Switzerland: The war was over! The soldiers were coming back home. All across Europe, the devastation was enormous. But everyone pitched in together to tackle the challenges of reconstruction. Thanks to the support of the American Marshall Plan, in the territories occupied by the Western Allies a rapid economic recovery got under way. Soon people were even speaking of a German economic miracle.

Background

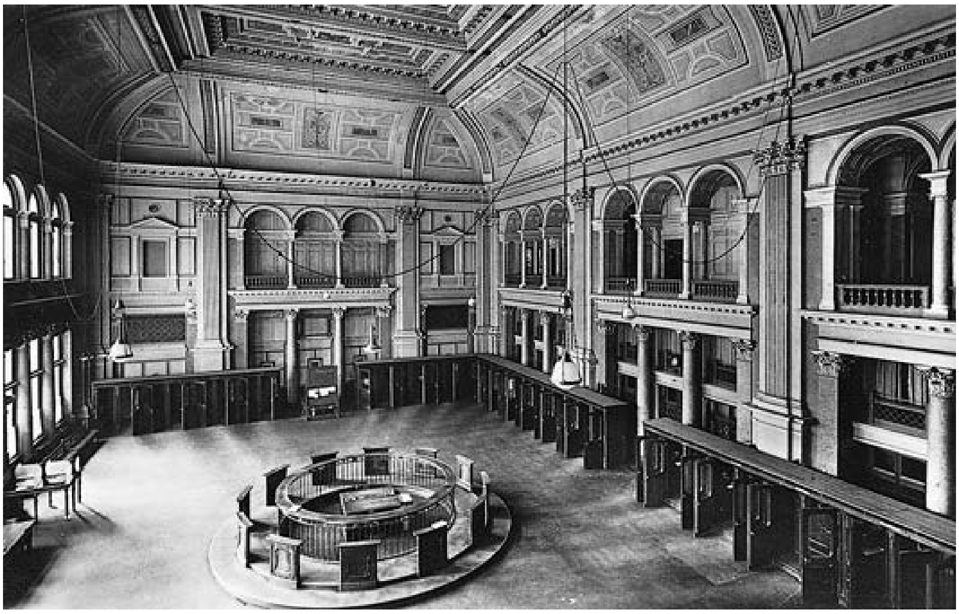
**Switzerland and Securities in the Second World War**

Historically speaking, blocked trading and the attempted suppression of payment transactions with enemy powers, as well as the financial redress after the war, are nothing unusual; all the great European wars have generated conflicts in the financial arena as well. Except perhaps for the continental blockade during the Napoleonic Wars and reparations after the First World War, these disputes are now largely forgotten. However, financial transactions during the Second World War cannot be compared to those of previous wars, as the mass crimes committed by Germany at the time created a new moral dimension to the issue, laying the groundwork for a debate that has continued to this day. Swiss institutions have had to face up to their responsibility.

During the war, the Allied side kept information on companies in neutral countries and blacklisted those whose dealings with the Axis powers exceeded the normal course of business during the pre-war period, the so-called “courant normal” recognised under international law. In particular, companies suspected of trading in looted property, including securities, were blacklisted. On behalf of the German Reichsbank, German banks sold securities of foreign provenance in Switzerland and bought back German securities here as well. Included were securities that Germany had seized in occupied countries, which they converted to lucrative foreign exchange, which was in turn used to finance the German war effort.

Soon, this practice led to complaints and demands for better control by the Swiss authorities. In the end, a procedure was found whereby foreign securities, in order to be considered tradable in Switzerland, had to be provided with an affidavit declaring that they were in the possession of a Swiss entity prior to 1st September 1939. Bank J. Vontobel was heavily involved in trading such affidavit-linked securities. The reports of the Independent Commission of Experts, however, note that there existed a roaring trade in falsified affidavits. A Geneva-based forgery ring would buy securities without affidavits at low prices, add fake affidavits attesting to their innocuousness, and sell them on at higher prices. In the investigative reports looking into this matter, Swiss banks engaged in securities trading are criticised for taking insufficient precautions against stolen securities. In this context, Bank J. Vontobel is also mentioned. During the war, it occurred as well that individual bank employees in Zurich, including an authorised signatory of Bank J. Vontobel, found themselves in the sights of the public prosecutor.

At the end of World War II, Bank J.Vontobel was black-listed by the Allies, but was quickly able to arrange for its removal from the list.



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**From 1964 to 2007, Bank Vontobel's head office was located in the Stock Exchange at Bahnhofstrasse 3 in Zurich. The building dates from 1877/78.**

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**General strike, 1918: dragoons cordon off Zurich's Paradeplatz.**

—
**Black Thursday in New York, 1929. A view over Wall Street on the day of the stock market collapse in the United States. Top left, the Stock Exchange, 24th October 1929.**

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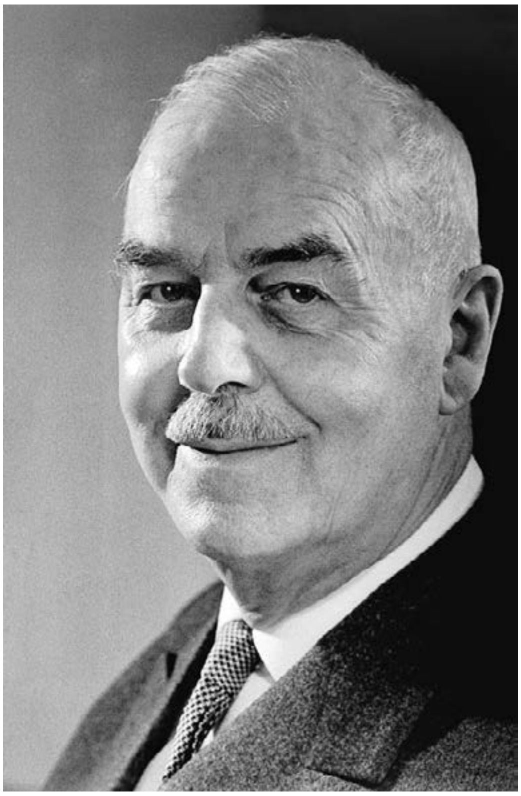
**Jakob Vontobel**
**(1885–1976)**



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**Emma Vontobel-Höhn**
**(1887–1978)**

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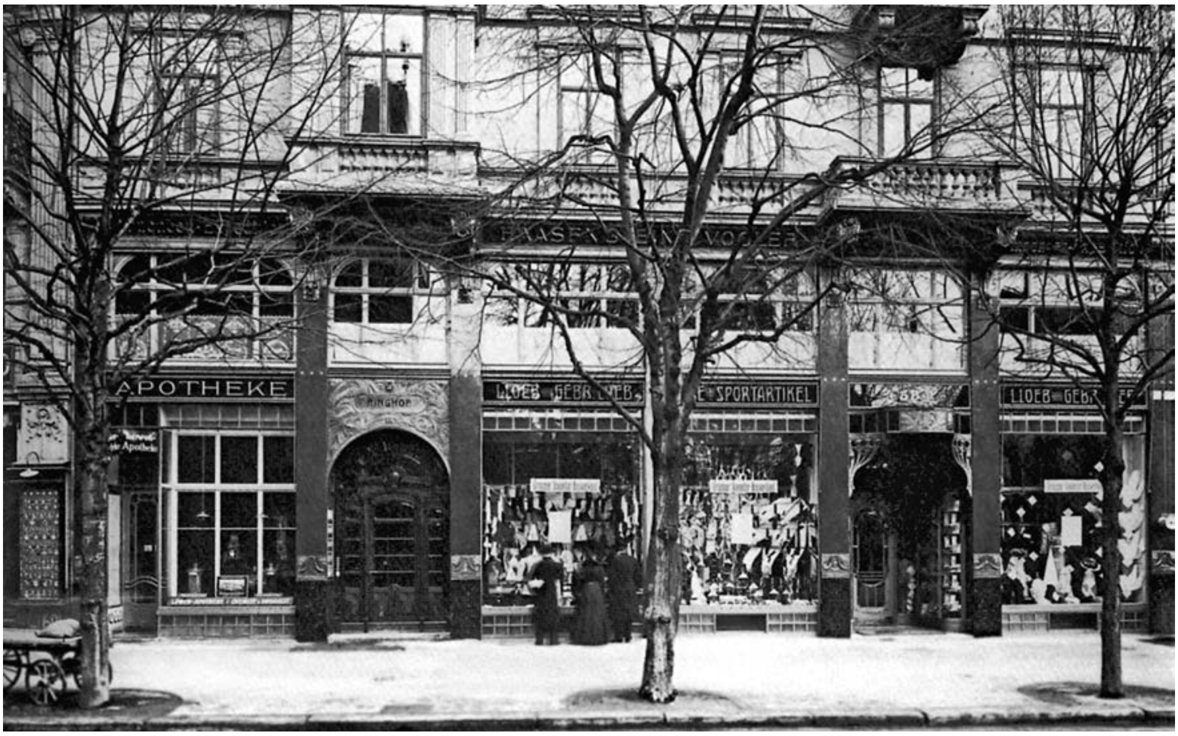
**Their residence at Susenbergstrasse 169**
**in Zurich.**

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**Bahnhofstrasse 58 with the offices of the stock brokerage on the first floor. This photo dates from the 1930s.**

Kanton Zürich.

Die Direktion der Volkswirtschaft

nach Einholung eines Gutachtens des Vorstandes des **Effektenbörsenvereins**, des **Börsenkommissariates** und der **Börsenkommission**,

erteilt andurch

der Firma

J. Vontobel & Co.,

Zürich,

welche die gesetzlich vorgeschriebenen Ausweise beigebracht hat, die **Bewilligung zur Betreibung des Gewerbes als**

**Börsenagent**

im Sinne des Gesetzes vom 22. Dezember 1912, betreffend den gewerbsmäßigen Verkehr mit Wertpapieren.

Die laut § 17 des vorerwähnten Gesetzes von den Börsenagenten bei der Finanzdirektion zu hinterlegende **Realkaution** ist auf Fr. 30,000 festgesetzt.

Zürich, den 18. Juli 1936.

Der Direktor der Volkswirtschaft:

Der Sekretär:

—
**Notice to clients of the takeover of J. Haeberli's firm by the newly established J. Vontobel & Co., 1936.**

J. Vontobel & Co.
Bankgeschäft
Zürich

Telefon: Bureaux: 36.633
Börse " 38.637

Telegramme: Capbank

Zürich, Juli 1936
Bahnhofstrasse 58

R 18 JUL. 1936

P. P.

Wir beehren uns, Ihnen hierdurch von der Gründung der Firma

J. Vontobel & Co. Bankgeschäft,

Kenntnis zu geben, welche die seit dem Jahre 1924 bestehende Firma Haeberli & Co. in Aktiven und Passiven übernimmt, um sie mit dem bisherigen Personal weiterzuführen. Die Geschäftslokale befinden sich unverändert Bahnhofstrasse 58, Zürich 1.

Die Leitung der neuen Firma liegt in den Händen des einzigen unbeschränkt haftenden Gesellschafters Herrn J. Vontobel, der 25 Jahre im Dienste der Aktiengesellschaft Leu & Co. stand, zuletzt als stellvertretender Direktor.

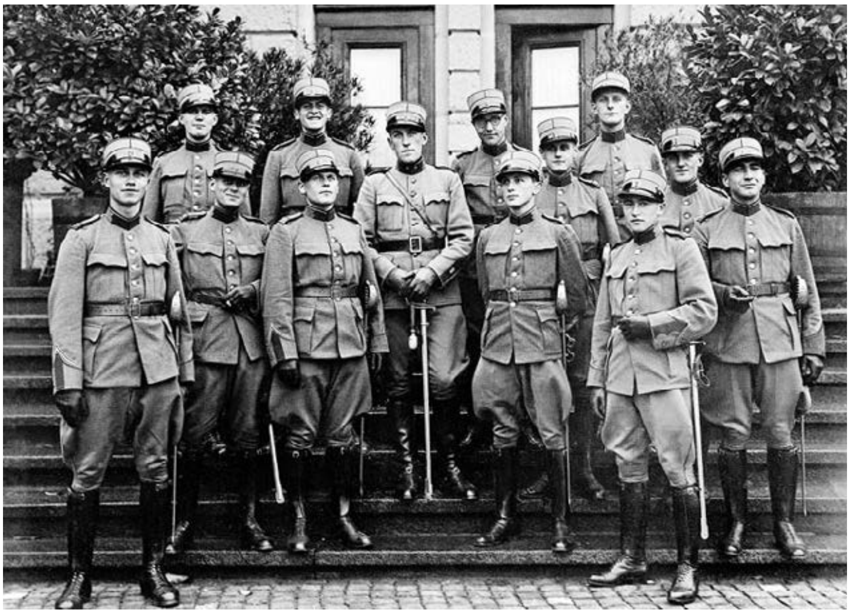
Neben Herrn J. Vontobel, der mit der einfachen Firmaunterschrift zeichnet, besitzen folgende Herren das Recht der kollektiven Zeichnung:

Herr Hans Ernst Jaggi,
Herr Hermann Graf und
Herr Oscar Bodmer.

Die kürzlich neu gegründete A. G. für Partizipationen hat sich an der neuen Firma mit dem Betrage von Fr. 300.000.– als Kommanditärin beteiligt.

Indem wir Ihnen unsere Dienste angelegentlich empfohlen halten, zeichnen wir

mit vorzüglicher Hochachtung
J. Vontobel & Co.



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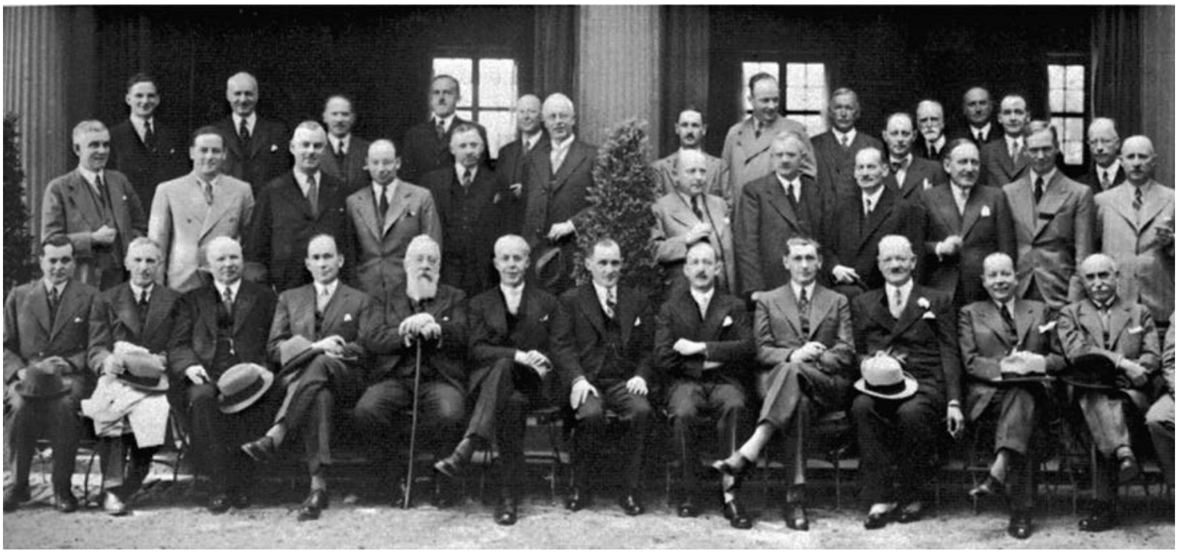
**Hans Vontobel (front row, first from the left) in the Swiss Officers School, 1937.**



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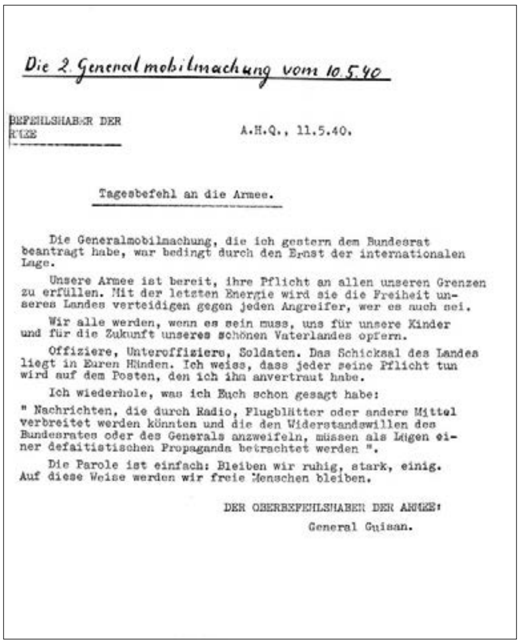
**The annual meeting of the Association of Swiss Private Bankers in the 1940s. Jakob Vontobel is in the second row, third from left.**



Die 2. Generalmobilmachung vom 10.5.40

BEFEHLSHABER DER
ARMEE

A.H.Q., 11.5.40.

Tagesbefehl an die Armee.

Die Generalmobilmachung, die ich gestern dem Bundesrat beantragt habe, war bedingt durch den Ernst der internationalen Lage.

Unsere Armee ist bereit, ihre Pflicht an allen unseren Grenzen zu erfüllen. Mit der letzten Energie wird sie die Freiheit unseres Landes verteidigen gegen jeden Angreifer, wer es auch sei.

Wir alle werden, wenn es sein muss, uns für unsere Kinder und für die Zukunft unseres schönen Vaterlandes opfern.

Offiziere, Unteroffiziere, Soldaten. Das Schicksal des Landes liegt in Euren Händen. Ich weiss, dass jeder seine Pflicht tun wird auf dem Posten, den ich ihm anvertraut habe.

Ich wiederhole, was ich Euch schon gesagt habe:

" Nachrichten, die durch Radio, Flugblätter oder andere Mittel verbreitet werden könnten und die den Widerstandswillen des Bundesrates oder des Generals anzweifeln, müssen als Lügen einer defaitistischen Propaganda betrachtet werden ".

Die Parole ist einfach: Bleiben wir ruhig, stark, einig. Auf diese Weise werden wir freie Menschen bleiben.

DER OBERBEFEHLSHABER DER ARMEE:

General Guisan.

—
**The 2nd general mobilisation, 1940.**


—
**Newspaper vendor selling the Neue Zürcher Zeitung's edition of 8th May 1945 at Zurich's main train station. The headline: "End of the War in Europe".**

# Post-War Boom 1945 to 1960

## The Economic Miracle

Hardly anyone expected a quick recovery after the war. Most people had adjusted to the expectation of a post-war depression, similar to that after the First World War. Not so Jakob Vontobel. His confidence, his courage and perseverance—traits that he had already shown in the takeover of Bank Haeberli—came to his benefit once again. Already in the first few months after the war, he travelled into the shattered Germany to visit former clients whom he had not heard from for a long time, and to establish new contacts. They were not pleasant trips, and they were also dangerous. Often, he had to stay overnight in bomb shelters. But the effort—one which most other Swiss banks shied away from—paid off for Bank Vontobel. The bank's German client base enlarged rapidly. "Many Germans visited Switzerland after the war," Hans Vontobel recalls. "For them, it was like paradise here." He still remembers how some Germans came into the bank with Ovomaltine tins full of gold coins. "Often, they had buried these coins in their gardens, in anticipation of a Russian attack."

The close connections between Bank Vontobel and its neighbour to the north paid off again in the 1950s. The price of foreign bonds, which had fallen during the war to a fraction of their value, began to rise again with the first repayments in the late 1940s. When in 1953, the London Agreement on German External Debts brought about a revision of Germany's foreign debt, interesting possibilities opened up for Bank Vontobel. Creditors forgave a portion of what was owed to them, and the unpaid interest was added to the capital sum. In 1955, the Bank Deutscher Länder (the Bank of German States, the forerunner of today's German Bundesbank) authorised different German banks to repurchase these bonds. To a large degree, these transactions were conducted by Bank Vontobel. Jakob Vontobel—like when he travelled through Switzerland—had not limited his visits to private clients in Germany, but he always saw other banks, fiduciaries and lawyers as well. Share trading also recovered quickly after the Second World War. Besides Swiss shares, American equities and some German shares were increasingly traded, too. Between 1945 and 1955, the Swiss Market Index doubled. Thanks to low inflation, strong economic growth, and, beginning in 1959, the restoration of currency convertibility in Europe, by 1961 the Swiss Market Index had climbed to six times its level in 1945.

In fact, it only took two years after the war ended for Bank Vontobel's profits to regain the level they had been in 1937. Nevertheless, the bank did not find itself on a bed of roses. "As before, we followed up every opportunity to generate a few francs," recalls Walter Kleiner. He remembers how he had to hang a board up every morning in a window facing Bahnhofstrasse that announced the latest exchange rates. The plastic letters and numbers were quite worn out, and there would certainly not be any new ones. "We are the first bank on Bahnhofstrasse. Many Italians or French visitors to Zurich arrive by train and they haven't bought any francs yet," said Jakob Vontobel, justifying this service. "Exchanging 50 lire for Swiss francs was worthwhile for us," explains Walter Kleiner. Georg Kuhn, who from 1948 to 1984 was responsible for securities processing, also recalls those difficult days. "Every evening, Jakob Vontobel looked at the stock exchange journal in which all the transactions were recorded. There were some days when our brokerage fees amounted to only 300 francs. His mood was understandably not very good on those days."

They were certainly unglamorous times. True, Bank Vontobel did have its offices on the prestigious Bahnhofstrasse. But fashionably appointed rooms for receiving wealthy clients, they were not. "When you went upstairs to the first floor, the first thing you saw was the frosted glass cashier's window. Behind the cashier, you could see into the coupon department and the telephone exchange. On the other side of the cashier's window was a table for four people. That is where clients were received. Everyone could see them. You can't really call that privacy," recalls Max Zaugg, who became a minority shareholder of the bank in 1977, alongside Hans and Hans-Dieter Vontobel. It was only some years later that Zaugg, together with Bernd Mossner, got an office of his own. Mossner had joined the bank in 1961 and later became a member of the first staff office. He and Zaugg sat together, with a secretary, in their 15-square-metre office. Not only did the three employees sit here, but the financial archives were also stored in this room as well. In one corner stood a small round table with two lawn chairs. "That was more or less the client reception area," says Max Zaugg with a smile.

In 1950, Hans Vontobel was appointed junior partner of the bank. The document detailing the agreement between father and son was drafted by hand by Emma Vontobel-Höhn. It included, for example, that the son was not permitted to volunteer for military service. Notwithstanding this condition, Hans Vontobel later became a Colonel on the Army's General Staff. Even though Jakob Vontobel was the bank's senior partner until his death in 1976, dominating it with his leadership style, Hans Vontobel succeeded early on in putting his own stamp on the company, and initiated several new business areas.

Background
**The Economic Miracle**

By the end of World War II, production in most of Europe had nearly ground to a halt, and for a short while, per capita GDP even fell back to 19th century levels. To prevent epidemics and famines, the Americans gradually started distributing aid supplies. These deliveries were soon followed by a comprehensive policy blueprint for Europe's reconstruction: the Marshall Plan. Aid was linked to meeting political conditions. A European Payments Union under the auspices of the Marshall Plan and managed by the Bank for International Settlements in Basel was created to enable a new beginning for Europe's internal trade and payment system, independent of existing debt and war burdens. Switzerland, too, was a member of that union. A currency and economic reform brought about new economic stability in West Germany. With the London Debt Agreement of 1953, a very favourable arrangement was reached for Germany which helped promote further growth. Freed from the shackles of the controls prevalent in the 1930s and 40s, the European economies experienced a comeback that generated an almost uninterrupted boom for the continent right up to the early 1970s.

## New Activities on the Stock Exchange

The strong tradition at Vontobel of stock market operations is a common thread running through the entire history of the bank. It also came to the fore in the fascination of both Jakob and Hans Vontobel for the goings-on at the Börse, Zurich's Stock Exchange. "Jakob and Hans went to the exchange almost every day," says Bernd Mossner. "Whenever things got very busy, the two bosses took orders with them that had come in to the bank by telephone to personally give them to the trader."

With the strong links to the Zurich Stock Exchange as its traditional base, Hans Vontobel established new business areas for the bank. Whilst his father travelled to clients in neighbouring countries, the son looked after the regional clientele. Above all, he called on other financial institutions, convincing them of the advantages Zurich offered as a financial centre, and hoping that they would choose Bank Vontobel as their partner to execute their stock exchange trading orders. His commitment to Zurich as a financial centre did not go unnoticed. From 1961 to 1974, Hans Vontobel was president of the Zurich Stock Exchange, and later President of the German-Swiss Chamber of Commerce, a board member of the Swiss Bankers Association, and on the Executive Board of the Swiss Private Bankers Association—to name just a few of his many appointments.

Bank Vontobel courted its newly acquired clients, continuously providing them with information. Every week, the bank put together securities proposals and sent them to institutional clients and other banks. "And every day, we called them up to tell them about what was happening on the Swiss Exchange," recalls Max Zaugg. "There was no Internet in those days. We would let them know, for example, that SBG was buying the shares of company X like crazy, and sometimes this would lead to a trade order for us."

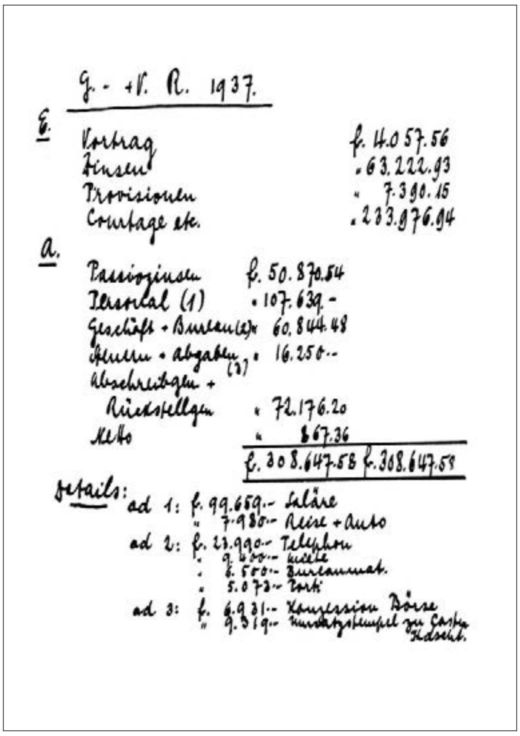
Both Jakob and Hans Vontobel had a knack for finding new business opportunities, and they spared no expense doing so. "If you had nothing to do for ten minutes," Max Zaugg recalls the recommendation of Jakob Vontobel early in his career at the bank, "you would use the time to look through the annual reports of Swiss companies. That is because at that time, the annual reports of banks and other companies listed their positions in securities in detail. My job was to see if we could get a company to order a transaction," says Zaugg. If an industrial company was holding bonds issued by the Canton of Zurich in its account, he tried to convince the company that the higher-yielding bonds from the Canton of St. Gallen were more attractive. "These calls always generated some turnover," he said.

The bank also earned money with other kinds of trades. Although it did not make any loans, at the suggestion of Hans Vontobel, it acted as an intermediary to place short-term money. "For example," says Hans Vontobel, "just after the tax revenues come in, the city administration is flush with cash, but they don't immediately need the funds all at once. And perhaps, at just that moment, a company making jams and jellies needs money to pay for the berries it uses in production. We would mediate between these two parties and charge a commission." Transactions like this were not appreciated by the big banks, however. "The director of one major Swiss bank responsible for these clients once called me up to tell me they frowned on this practice," he recalls.

In the end, these strong-arm tactics failed to impress Hans Vontobel very much. He carried on with the business anyway. Then in 1958, Bank Vontobel entered new territory with the issuance of bonds, laying the cornerstone for a business area that would later earn the bank an excellent reputation: investment banking. "We just said, if the others can do it, so can we," says Hans Vontobel. The bank issued two non-publicly issued bonds, one for the Bernese utility Bernische Kraftwerke AG for 6.5 million francs, and one for the Canton of Bern for 10 million francs. Placing 16.5 million francs was no small thing for the bank.

In any case, the two transactions irritated the big banks. As Hans Vontobel describes the tense atmosphere, "The former director of one of the major banks called us up, and summoned us to an audition with him." Up to then, issuing securities had traditionally been the bailiwick of the cantonal banks and the big banks. The private banks had had to be content with the allocations made to them by the syndicates—which consisted of the cantonal and big banks.

Hans Vontobel would not allow himself to be patronised by the big banks. At the end of the 1950s, Bank Vontobel began making contact with foreign borrowers. Swiss franc bonds of foreign issuers were easier for Bank Vontobel to place than domestic bonds, in particular with the bank's foreign clientele, as domestic bonds were even then subject to a withholding tax. Along with three other private banks, the bank floated a 5½% bond issue for the Wiener Hypothekenanstalt, the Vienna Mortgage Institute. Again, a representative of one of the major banks paid Bank Vontobel a visit, demanding that from then on, if the private banks floated any bond issues, they should get the agreement of the major banks in advance. "It was a farce. In the case of a British borrower, the big banks refused to give us their approval, on the grounds that its credit rating would be below the level of the Swiss bond market. Just a few months later, though, the big banks themselves issued bonds on the market from that same borrower." The tensions were finally eased when the smaller banks in 1962 teamed up to form the "Group of Zurich Private Bankers". In addition to Bank J. Vontobel & Co., this consortium also included Julius Bär & Co., Rahn & Bodmer, and the St. Gallen-based private bank Wegelin & Co.



G.- + V. R. 1937.

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" 9.400.- Miete
" 8.500.- Bureaumat.
" 5.073.- Porti
ad 3: f. 6.931.- Konzession Börse
" 9.319.- Umsatzstempel zu Lasten Kdschft.

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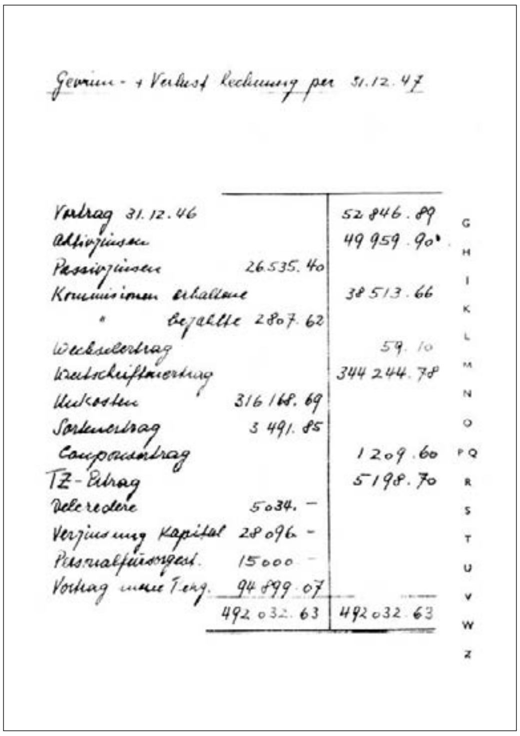
**Profit and loss statement, in the handwriting of Jakob Vontobel.**



Gewinn- + Verlust Rechnung per 31.12.47

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| Passivzinsen | 26 535.40 | |
| Kommissionen erhaltene | | 38 513.66 |
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| Wechselertrag | | 59.10 |
| Wertschriftenertrag | | 344 244.78 |
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| Couponertrag | | 1 209.60 |
| TZ-Ertrag | | 5 198.70 |
| Delcredere | 5 034.- | |
| Verzinsung Kapital | 28 096.- | |
| Personalfürsorgefonds | 15 000.- | |
| Vortrag neue Rechg. | 94 899.07 | |
| | 492 032.63 | 492 032.63 |



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**Already two years after the end of the war,Bank Vontobel's earnings regained the level of 1937.**


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**Zurich’s Paradeplatz, July 1959**

# The Sixties and Seventies

## A New Stock Market Crash, 1962: Switzerland's "Black Tuesday"

Hans Vontobel has a keen understanding of contemporary trends. This was evident in 1962 in the midst of the euphoria felt on the stock market. Recall that it was only in 1954 that the turnover on the Zurich Stock Exchange, around 10 billion Swiss francs, had finally regained the level of 1928. But from that point, it went up quickly. By 1961, the Zurich Stock Exchange was already turning over 24 billion francs a year. Since the end of the war, the share index had posted an increase of 600 percent. There was no sign that the bull market would end. Yet Hans Vontobel, sticking his neck out, wrote in one of his publications that share prices were far too high, and warned of a reversal. "For sharing this opinion, I was vehemently criticised," he says. Just two weeks later, on 29th May 1962, "Black Tuesday", the bubble burst, triggering the start of a long bearish phase. Bank J. Vontobel would be affected as well, but even this new situation opened up fresh perspectives.

On the morning of 29th May, the telephones were ringing off the hook in the trading departments of banks all over Zurich. The traders at Bank Vontobel were also overwhelmed by a wave of sell orders—so many they could barely handle them all. In New York, prices slumped in early trading on the stock markets. The Big Board posted the biggest one-day price decline since 1929. On this Black Tuesday, the Swiss Stock Exchange lost almost 13 percent of its value, closing that evening at 825.4 points—in the midst of an economic boom. What was the reason for the crash? Valuations were too high, with share prices having climbed so much that the dividend yield on many shares was no more than one percent. On top of that, the market was also thin; it only took a few sell orders to lead to losses.

Panic among investors was widespread. But Jakob Vontobel did not feel it. "Just like every other day, on 29th May 1962—Black Tuesday—he went over to the Stock Exchange and told the traders it isn't the end of the world," recalls Bernd Mossner. "Today is a day to buy shares, he said to them." Jakob Vontobel was a man that was hard to perturb. When he received bad news, he often replied: "Wäg dem gömmer doch nöd in See!"—roughly: "We're not going to sink on account of that!"

But for once, Jakob Vontobel got it wrong. The market reversal was not limited to "Black Tuesday" alone, but instead was the beginning of a prolonged slump. The Swiss stock market sagged to 451 points in November 1966. Revenues remained stuck at around 20 billion francs. In 1968, prices began to climb again. With his sensitive feel for the market, Hans Vontobel had suspected this already by the end of 1967. However, it would take until 1972 until the Zurich Stock Exchange would record a turnover of more than 70 billion Swiss francs in one year.

Persisting for several years, the bear market hit Bank Vontobel hard. Over the years, however, the bank had built up a considerable base of private clients who, even in difficult market periods, would still buy and sell some securities and thus generated some revenue. But Vontobel was still primarily a bank closely linked to the stock exchange and heavily dependent on trading orders from other financial institutions.

Background

**A Stock Market Crash Without Consequences**

Collapsing stock market prices, like the 1962 slump, led to the then novel insight that not every financial crash also brings about an economic slump. The drop in prices had not been completely unexpected; in a book that had received much attention, in the late 1950s the American economist John Kenneth Galbraith had sounded alarm bells even before the beginning of the bull market, pointing out similarities between the present day and the stock market speculation that had gone on in the 1920s. Horrific scenarios like the ones Galbraith disseminated were widely heeded. When the stock market crash really came to pass, many believed that it would trigger a new world economic crisis, but this failed to materialise. In October of the same year, the world slid to the brink of a nuclear catastrophe with the Cuban missile crisis. For once, however, the old rule didn't apply that stock market panics lead to general economic crises.

It was probably a random event that set off the market plunge—a string of sell orders in a thin market. A stroke of bad luck prevented the specialist firms, entrusted at that time with maintaining orderly price movements, from intervening and smoothing out the declines. The resulting price dip, unusually steep, was interpreted by less sophisticated market participants as a sign that much more was amiss, and they responded with a flurry of sell orders. It was only with great difficulty that things could be brought back under control. But already by the end of the year, New York had managed to recoup its market losses.

## Old Values, New Pathways: The Sixties and Seventies

Instead of looking for completely new business opportunities during the difficult market phase, Bank Vontobel decided to focus on aggressively expanding its core business. There had to be a way to move clients—whether private or institutional—to buy securities. For Hans Vontobel, there was a simple answer to this challenge. He was convinced that clients needed two things above all: more information about the workings and mechanisms of the financial markets, as well as access to new markets. "We wanted to break new ground," remembers Max Zaugg. "Our clients mainly traded Swiss equities and bonds. In their portfolios, you might also find some German or American securities. But even securities from Scandinavian countries, for example, were considered exotic back then—to say nothing of Asian securities." No sooner said than done! Building on Vontobel's existing culture as a firm that frequently published market information—the series Streiflichter ("Sidelights"), for example, had appeared regularly since 1958, penned by Hans Vontobel himself—the bank published an article in 1963 on Japan. "Japan: Young Economic Giant" was the first issue in the bank's new series Blick über die Grenzen ("Looking Beyond the Borders"). "At the time, we considered Japan as a market of the future," says Max Zaugg. Bank Vontobel wanted to bring Nippon closer to its clients, but in doing so, wanted to generate revenue, too, of course. Making the report on Japan's economy even more valuable, the bank added a list of recommended Japanese shares and their current prices. In addition, the bank also began working more closely with a Japanese brokerage. This commitment to a market that up to then had been almost unknown increased awareness of Bank Vontobel far and wide. Not least, journalists quoted from the bank's research. Soon Bank Vontobel had become known as a specialist in the Japanese market. "People talked about us. Even a giant like Deutsche Bank transacted its Japanese trades through us," says Zaugg, "since they themselves had hardly any contact with Japanese brokers."

Soon, Bank Vontobel had extended its range of securities and advice to cover Argentina, Mexico, Spain, Israel, and even Hong Kong, with an issue of Looking Beyond the Borders accompanying each new market. The decision to include such a new market often was based on a trip there by Hans Vontobel himself. Physically present, he would become convinced of the potential of these markets and get in touch with local brokers. "It was possible to earn a lot of money with Mexican shares back then," says Max Zaugg, "but in Switzerland nobody knew the market." With Mexico, the bank also found a way to offer its clients diversification into new sectors such as mining and telecommunications. "It was an expensive way to tap into new markets, but it was worth it," says Zaugg.

During the difficult times in the early sixties, Bank Vontobel did not want to make any major investments. However, space in the bank's offices at Bahnhofstrasse 58 had long become much too tight. In 1964, the possibility emerged of obtaining more spacious offices at Bahnhofstrasse 3—and in spite of the downturn, the bank grabbed at the chance. Bahnhofstrasse 3 was an appropriate address for a bank whose roots were in a brokerage firm, because it was at this address that the Zurich Stock Exchange Association held its first sessions. However, as Max Zaugg recalls, "Getting new furniture, which is normal when you move to new office space today, was out of the question then." The new premises provided enough space for 70 people and were rented until 2007. But over the years, the bank continued growing dynamically. By and by, additional office space at numerous other localities was rented, so that, over time, the bank had employees scattered across the city. It has only been since the beginning of 2008 that most Vontobel employees once again worked next to one another, namely when the Vontobel campus was opened as the headquarters of Bank Vontobel at Gotthardstrasse 43.

But looking back at the sixties and seventies, Bank Vontobel's focus was on the core business. In addition to trading in foreign securities, one goal was to expand the business with private clients. Hans Vontobel had a clear vision of what the bank had to offer in this regard. His idea was a precursor of today's family office –a term that didn't exist at the time and embraces the wideranging care of a client in all financial matters. He realised that clients needed more than just an account and some investment tips. For this reason, the bank began to build up a comprehensive service, something that the other banks very rarely offered in the same form. Bernd Mossner often wrote to potential clients, describing the idea this way: "Someone who is in physical pain visits his doctor. Someone who is suffering mentally sees a psychiatrist or a pastor. But someone who has financial worries should confidently turn to us for help." This approach meant, however, that Jakob and Hans Vontobel, who until then had given investment advice and managed the affairs of their private clients alone, would now have to hire new employees and entrust them with the care of the bank's private clients.

Max Zaugg played an important role in this development of the bank's business with high net worth individuals. The career path that led him to the bank was rather unusual, however. "After my studies," he recalls, "I moved to New York, first to work for one of the big Swiss banks there, and afterwards in a department store, getting to know the country and people, and to improve my English. One day, I got a letter from a certain Dr. Hans Vontobel, whom I had never heard of before. He said that I had been recommended to him, and asked if I wanted to come work for Bank Vontobel as his right hand. I wrote him back that I was still due to sail to England by liner, but when I was back in Zurich, I would take contact with him. In fact, I didn't really want to work for a bank. But once I was back in Zurich and had no job, I decided to go see Mr. Vontobel." That first conversation with Hans Vontobel was apparently so convincing that Max Zaugg decided to take up the job offered by the bank on the following Monday. He never regretted this step. At the beginning of 1977, he was appointed the only partner in the history of Bank Vontobel who was not a member of the family.

Max Zaugg began to build and expand the investment advisory business, extending the range of the bank's financial publications. For especially good clients, the bank now offered loans using securities as collateral. "We offered clients a particular service by visiting them abroad if they wanted." In 1961, the bank complemented its range of services under the direction of Bernd Mossner by adding a legal and fiduciary department. This unit prepared wills and powers of attorney for the bank's clients, as well as establishing limited liability corporations, trusts and foundations for them, too. Over the many years, a banking relationship would exist, many of the client advisors at Bank Vontobel developed a true friendship with their clients. A deep, trusting relationship would form.

The bank's expansion and its investment in the private client business had paid off. Earnings grew along with the business, as did the bank's equity. Around the beginning of the decade, income from securities was about eleven times greater than the bank's income from commission fees, and rose sharply after the expansion of the private client business, starting in 1965.

Background

**The Prehistory of Swiss Banking Secrecy**

As a destination for the funds of private clients, Switzerland first gained importance between the two world wars, and even then, not on a consistent basis. Before the First World War, income was taxed in the country in which it accrued. A foreigner who owned assets in Switzerland was therefore taxed in the Swiss canton where these assets generated income—and later at the federal level—but not in his home country. In an age of generally low tax rates, there was no problem with this arrangement; overall, taxes only created minor incentives for capital flight. However, foreign asset holders did seek the safety that neutral Switzerland afforded them. This aspect may have had some degree of importance before the First World War. It only gained in significance, however, after the October Revolution in Russia and the growing number of violent political changes seen in many parts of Europe, and overseas as well.

Changes came about with the introduction of income tax before the First World War. To the surprise of the experts—and the joy of the politicians—this new tax quickly proved lucrative. Soon after the First World War, many countries increased their income tax rates from the single digits to sometimes highly progressive percentages. Rapidly, income tax became almost confiscatory; top tax rates of 70% to 80% were not uncommon. This led to new approaches to crossborder taxation. More and more countries concluded double taxation agreements. Their increasingly dense network functioned like a cartel of tax collectors. Switzerland was a special case in this regard, as it only hesitantly moved away from the conventional principles of taxation at source, maintaining to this day the principles of tax competition and local equivalence—i.e. the concept that local tax revenues should correspond to local government services. As a result of this separate development, in Switzerland the tax rates, and the growth of the state's economic activity, remained significantly below those of its European neighbours. This made Switzerland attractive from a tax point of view.

Soon not only foreign taxpayers, but also tax investigators had learnt to become resourceful when it came to investments in Switzerland. Already in the early 1930s, it was common practice by German and French tax authorities to procure information on the accounts of German and French citizens in Switzerland, often directly by paying sums of money to employees of Swiss banks. A provision in the Swiss Banks Act, which was enacted in 1934 to try and bring the Swiss banking crisis to an end, forbade bank employees from then on to pass on client information to third parties, and thus banking secrecy was born. In subsequent years, however, and until long after the Second World War, capital flight to Switzerland was motivated more by political reasons than by tax considerations.

In its double taxation agreements, Switzerland practised restraint; only at the request of the taxpayer making use of the agreement would foreign tax authorities be granted official assistance. A major exception was the double taxation agreement concluded with the USA in 1951, which gives much greater powers to the foreign tax authority.

With the successful expansion of the service for private clients, the basis for the continued geographic expansion of the bank was also laid. With the support of his management team, Hans Vontobel launched an extensive travel programme. In addition to the neighbouring countries of Germany and Austria, the bank also wanted to expand its activities to Latin America and the Middle East. In 1970, Hans Vontobel travelled with his wife for the first time to South America. Following the trip, Marx Kobler was given responsibility for looking after this market. Beginning in 1971, additional trips followed to the Persian Gulf—to Kuwait, Bahrain, Qatar, Abu Dhabi and Dubai. "We visited local banks and met potential clients," recalls Marx Kobler, who was responsible for the development of overseas business. "For the Gulf region, I was also looking for a representative. At the time, we were working with a German living in Beirut, who had good connections in Tehran and the Gulf region." In his role, Kobler travelled several times a year to South America and the Persian Gulf: "We followed the principle that every important client should be visited at least once a year."

In Eastern Europe, Bank Vontobel was also among the pioneers, although at first, Hans Vontobel did not travel to this part of the world with the intention of developing business. His fascination with Eastern Europe already began in 1962, when Vontobel was invited by the Swiss Embassy in Warsaw to give a lecture. After that visit, he travelled regularly to Eastern Europe and systematically built up many contacts and friendships. Even today, he is deeply impressed by this part of Europe and visits often. "I wanted to understand the local conditions and markets, make new personal contacts and deepen existing ones, and establish long-term relationships. But not least, I wanted, through my lectures, to correct a false picture they had of the free market economy," he wrote in an essay in 1995. Over the years, Hans Vontobel committed himself to the needs of Eastern Europe, and has received several awards and honours for his engagement. For example, he received the Order of Friendship of the Russian Federation, the Knight's Cross of the Republic of Hungary and an Honorary Doctorate in Economics from the University of Bratislava. For his far-sightedness in bridging East and West, he has also been awarded some of the highest honours of the Federal Republic of Germany.

From a business perspective, however, Eastern Europe became interesting for the bank only as from the mid-eighties—at the time it opened politically to the West. Walter Temperli, senior executive in Bank Vontobel's private banking area since 1984, attended a conference in Zurich organised by the Swiss-Hungarian Chamber of Commerce in 1986 focusing on investment opportunities in Hungary. After the conference, he shared his opinions with Hans Vontobel about the business potential that he saw in Hungary. "Hans Vontobel was very interested and began right away to organise a trip to Hungary. He told me, 'We have to be persistent and think about the long term. That's when we'll reap the benefits.'" He was right: Today, Eastern Europe is one of the major international markets for Vontobel's Private Banking, next to German-speaking Europe.

Also being intensified during the sixties was the bank's institutional business, especially with other banks. For example, Vontobel supported regional and cantonal banks in the training of their client advisors, an activity that created a lot of goodwill for Bank Vontobel. These smaller financial institutions felt threatened by the growing competition from the big banks, which had greatly enlarged their branch networks during this period. First and foremost, of course, Vontobel continued to offer its services in executing market transactions and placing funds on deposit. For these visits to local institutions, the basics of the stock market were as important as a fundamental understanding of agricultural practice, since the topics of conversation were equally likely to include the weather and the upcoming harvest. For the employees of Bank Vontobel, there was little time for idle chit-chat, though, as it was the opinion of Jakob Vontobel at that time that a client advisor should be able to make a minimum of eight client visits a day.

## The Move to IT

Over the years, the transactions that Bank Vontobel executed for other institutions and their clients became so voluminous that accounting for the transactions and calculating bond interest by hand could no longer keep up. In October 1967, the bank began to deal intensively with the issue of electronic data processing (EDP), as it was then called. Around 1970, the first computer system was introduced. "Before the introduction of EDP, about 30 steps were necessary between clients, switchboard operators, traders, apprentices, messengers, billing offices and so on to execute a client's purchase order," says Paul Schlittler, who was responsible for securities accounting at that time.

Paul Schlittler has fond memories of the switch to computerisation. Together with his team, he had three months to transfer 8,000 security types into the computer. After two months, the work was finished—to the delight of Hans Vontobel. "He said to me, 'You were too fast—take a month off. But before you leave on holiday, take your wife to the Hotel Baur au Lac and order yourselves a magnum of Champagne and some foie gras'," Schlittler remembers.

Some of the employees were uneasy about the changeover. "Employees with direct client contact were very sceptical," recalls Otto Hiestand, who was responsible for the computerisation. "They were afraid the clients would leave because they didn't trust the electronic systems." By mid-1971, computers were sufficiently integrated into the bank that Vontobel could take another revolutionary step: it introduced daily statements. "We were the first bank to offer that," Hiestand said. Before that, the bank only produced quarterly, half-yearly or annual portfolio or account statements. Hiestand had joined the bank in 1941 as an apprentice and by 1983 was a member of Executive Management.

Hans-Dieter Vontobel, the son of Hans Vontobel, entered the bank in 1972 and quickly pushed the computerisation of the bank forward. He saw that the technological revolution would bring the bank great opportunities. But he also used the computerisation for another purpose—namely as "an alibi". His grandfather Jakob Vontobel, ever the patriarch, often wanted to know exactly what Junior was working on. Hans-Dieter deflected these questions quickly. "My grandfather was around 90 years old, and he didn't understand a lot about modern technology. In his mind, he was still living in the age of stenographers. Whenever I had to go see him and he would ask me, 'What are you working on?' and I didn't feel like giving him a long answer, I would just say, 'Computer stuff.' And in general, he would be satisfied with that answer," recalls Hans-Dieter Vontobel with a smile. In the years to follow, Bank Vontobel made large investments in IT. And since 2006, it offers other banks a full range of securities transaction processing on Vontobel's systems. Regular investments in IT are now a cornerstone of the company's strategy.

## Rejuvenation and Generational Change

Intensively expanding the bank's business base in the mid-sixties and seventies called for new organisational structures. Up to that point, Jakob Vontobel had led the bank for all intents and purposes alone. To be sure, his son Hans was a partner, but the final word was his father's. The other heads of department had signatory authority. Without the knowledge of his then 83-year-old father, Hans Vontobel decided in early 1969 to set up an executive staff and appoint as its members a number of managers with signatory authority, giving them the title of Vice Director. Max Zaugg, as head of the private client business, was the only one appointed Director. "Jakob Vontobel knew nothing about these promotions," said Walter Kleiner, who as head of bond trading was also a member of this first executive staff. Hans Vontobel told me, 'My father will find out about it soon enough.'" In fact, it was a bold move, making Bank Vontobel once again a pioneer amongst private banks. The bank's competitors only decided later to reorganise along similar lines.

In light of the bank's successful expansion and the age of its boss, this was an absolutely necessary step, as Max Zaugg explained: "In his last years, Jakob Vontobel's health was not so good any more, and he was no longer able to be present in the bank on a permanent basis. Thanks to the new structure, we now had the competence to act when Jakob Vontobel was absent and Hans Vontobel was on one of his many trips abroad." The new executive staff also freely took advantage of its room for manoeuvre to attend to little things that the two Vontobels would have frowned upon. For example, as Bernd Mossner remembers cheerily: “Once we decided to buy a coffee maker for the employees.”

When Jakob Vontobel died in 1976, his son undertook further innovations. He changed the equity base: The majority part of the equity, instead of being held by a single limited partner, was now held by two limited partners. The capital of Jakob Vontobel, amounting to 24 million francs, was transferred into the “AG für Partizipationen” (Limited Liability Corporation for Shareholdings). Hans Vontobel’s capital was placed in the newly formed Havonto AG. Together, the bank’s share capital amounted to almost 40 million francs. In addition to this, the liability of Hans Vontobel, as partner, extended to his own private assets. These legal changes were only the first step for the expansion of the partnership and the passing of responsibility to the next generation. On 1st January 1977, Hans-Dieter Vontobel and Max Zaugg were made general, unlimited liable partners. Hans-Dieter Vontobel, as his father before him, had studied jurisprudence. With the expansion of the partnership, Hans Vontobel was also preparing the way for his son to take over managerial responsibility. “It was a question as well of making sure that in the person of Max Zaugg, Hans-Dieter Vontobel would have an experienced banker and family friend at his side,” as one member of the executive staff at the time described it.

In 1981, Hans Vontobel handed over the operational management of the bank to his son. Ten years later, he retired as Chairman of the Board of Directors and transferred this position to his son as well. Since then, Hans Vontobel has been the Honorary Chairman of the Bank. “I didn’t want to make the same mistake as my father. I wanted Hans-Dieter to be able to take over the management of the bank earlier and not have to keep reporting to his father at an advanced age,” Hans Vontobel explained. Unlike his father, Hans Vontobel did not intervene in the business policies of his son. “I have gone for months without even seeing him,” he recalls.

Hans-Dieter Vontobel was already putting his stamp on the bank before he was appointed Chairman of the Executive Board. He was very interested in new management methods. As both a lawyer and an officer on the Swiss Army’s General Staff, Hans-Dieter Vontobel was educated to think strategically. It was therefore clear to him that if the bank wanted to continue to grow, it needed a new leadership style. As he once wrote: “Instead of influencing employees every day by the directly visible model of some supreme boss (as Jakob Vontobel had embodied), today a leadership style has been introduced that is based on different hierarchical areas of competency. Employees should be able to develop their skills and capabilities in the broadest possible area of competency and responsibility, but this is only possible if the company’s management has communicated its ultimate goal and system of values in the form of a mission statement.”

In 1975, Hans-Dieter Vontobel, together with a group of bank employees, created just such a mission statement—one which since then has been regularly updated on behalf of the Board and Executive Management, most recently in 2005. Its essential elements are the bank’s understanding of its mission and its strategic objectives.

In his capacity as Chief Executive Officer of the Vontobel Group and later as Chairman of the Board of Directors, Hans-Dieter Vontobel has used the occasion of the General Meeting of Shareholders to deliver a number of much acclaimed and wideranging speeches. They have met with great attention and approval by their audiences.

With the takeover of the Chairmanship of the Executive Management by Hans-Dieter Vontobel in 1981, a new era began for the bank. The son of Hans Vontobel wanted to build on the successful expansion that took place in the sixties and seventies and drive it forward rapidly. To achieve this, he undertook a few organisational changes. Above all, Hans-Dieter Vontobel rejuvenated the management team. In addition to its current members, Walter Kleiner, Otto Hiestand and Marx Kobler, he appointed Oskar Holenweger, Dieter Loewe and Martin Ebner as new members of Executive Management. Hans-Dieter Vontobel knew these men from his military service as a colonel serving on the General Staff, or from his days as a student. Selecting just these men was no accident. Hans-Dieter Vontobel appreciated the Swiss Army: “That is where I learnt how to ask the right questions. As a young General Staff officer, you have a good technical education, but no practical expertise, and because, as a young man, you want—and need—to be taken seriously by the experienced colonels, you only have one chance when you are asking specific questions and trying to get to the bottom of something. That’s why I would even say that I learnt more in the military than I did at university.”

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**Plunging prices:**
**On the morning of 29th May 1962, phones began ringing off the hooks in the trading departments of Switzerland's banks.**

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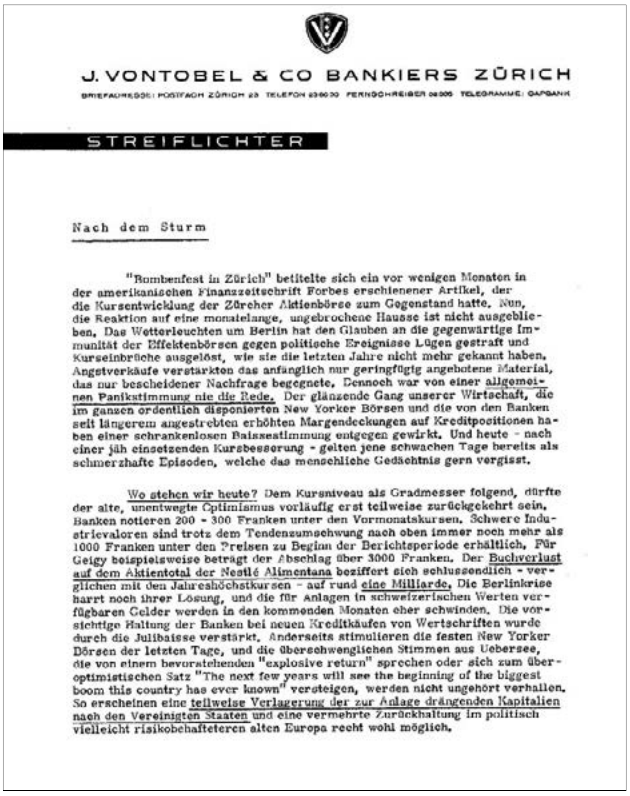
**Head office of Bank Vontobel**
**Bahnhofstrasse 3, Zurich, 1964 – 2007**



J. VONTOBEL & CO BANKIERS ZÜRICH

STREIFLICHTER

Nach dem Sturm

"Bombenfest in Zürich" betitelte sich ein vor wenigen Monaten in der amerikanischen Finanzzeitschrift Forbes erschienener Artikel, der die Kursentwicklung der Zürcher Aktienbörse zum Gegenstand hatte. Nun, die Reaktion auf eine monatelange, ungebrochene Hausse ist nicht ausgeblieben. Das Wetterleuchten um Berlin hat den Glauben an die gegenwärtige Immunität der Effektenbörsen gegen politische Ereignisse Lügen gestraft und Kurseinbrüche ausgelöst, wie sie die letzten Jahre nicht mehr gekannt haben. Angstverkäufe verstärkten das anfänglich nur geringfügig angebotene Material, das nur bescheidener Nachfrage begegnete. Dennoch war von einer allgemeinen Panikstimmung nie die Rede. Der glänzende Gang unserer Wirtschaft, die im ganzen ordentlich disponierten New Yorker Börsen und die von den Banken seit längerem angestrebten erhöhten Margendeckungen auf Kreditpositionen haben einer schrankenlosen Baissestimmung entgegen gewirkt. Und heute - nach einer jäh einsetzenden Kursbesserung - gelten jene schwachen Tage bereits als schmerzhafte Episoden, welche das menschliche Gedächtnis gern vergisst.

Wo stehen wir heute? Dem Kursniveau als Gradmesser folgend, dürfte der alte, unentwegte Optimismus vorläufig erst teilweise zurückgekehrt sein. Banken notieren 200 - 300 Franken unter den Vormonatskursen. Schwere Industrievaloren sind trotz dem Tendenzumschwung nach oben immer noch mehr als 1000 Franken unter den Preisen zu Beginn der Berichtsperiode erhältlich. Für Geigy beispielsweise beträgt der Abschlag über 3000 Franken. Der Buchverlust auf dem Aktientotal der Nestlé Alimentana beziffert sich schlussendlich - verglichen mit den Jahreshöchstkursen - auf rund eine Milliarde. Die Berlinkrise harrt noch ihrer Lösung, und die für Anlagen in schweizerischen Werten verfügbaren Gelder werden in den kommenden Monaten eher schwinden. Die vorsichtige Haltung der Banken bei neuen Kreditkäufen von Wertschriften wurde durch die Julibaisse verstärkt. Anderseits stimulieren die festen New Yorker Börsen der letzten Tage, und die überschwenglichen Stimmen aus Uebersee, die von einem bevorstehenden "explosive return" sprechen oder sich zum überoptimistischen Satz "The next few years will see the beginning of the biggest boom this country has ever known" versteigen, werden nicht ungehört verhallen. So erscheinen eine teilweise Verlagerung der zur Anlage drängenden Kapitalien nach den Vereinigten Staaten und eine vermehrte Zurückhaltung im politisch vielleicht risikobehafteteren alten Europa recht wohl möglich.

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**A page from Streiflichter ("Sidelights").**

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**Stock market orders were received by Bank Vontobel in the morning.**



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**Traders who could use the Stockmaster were essentially "live" in New York.**

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**In the bank's former vault.**


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**A Hungarian bond, 1961**

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**Transition towards IT: the first computer system of 1970**

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**Hans-Dieter Vontobel, 1977**

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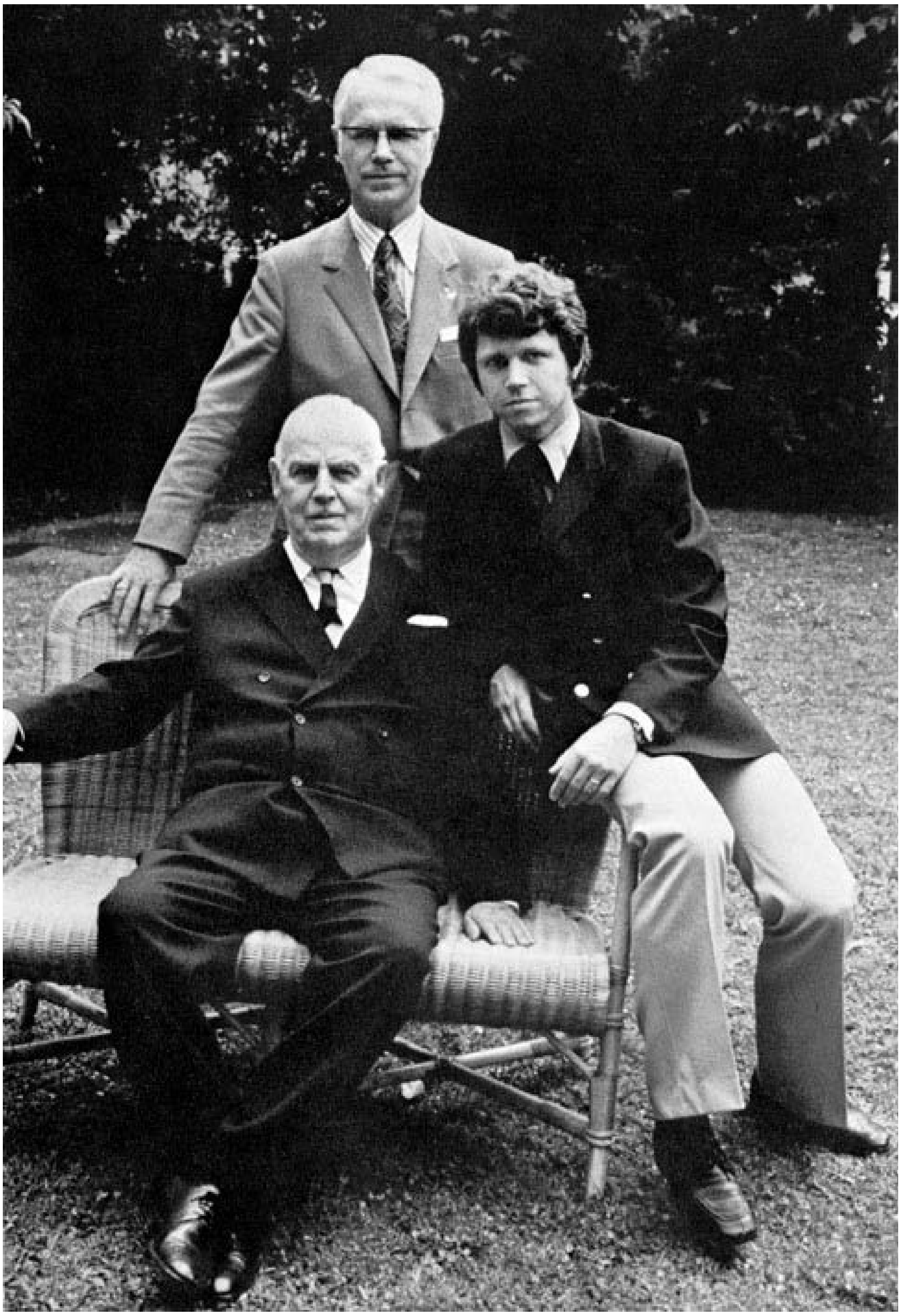
**The executive staff of Bank J. Vontobel & Co., 1969**



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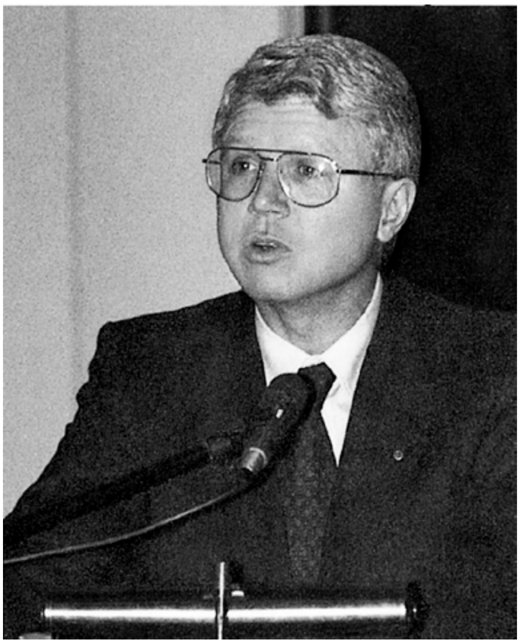
**Three generations:**
**Jakob Vontobel, Hans Vontobel, Hans-Dieter Vontobel, 1974**



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**Dr. Hans-Dieter Vontobel, 1990**

28 Mittwoch, 19. Juni 1996 · Nr. 140 WIRTSCHAFT Neue Zürcher Zeitung

## «Shareholder value» – ein trügerischer Reiz?

### *Ein Plädoyer wider die Darwinisierung der Sitten*

*Von Hans-Dieter Vontobel**

*An der Generalversammlung der Vontobel Holding ging deren Präsident, wie der nachstehende Text zeigt, intensiv auf Fragen um den Stellenwert des «Shareholder value» ein. Die im Artikel wiedergegebenen Auffassungen und Schwerpunkte stehen teilweise im Widerspruch zur Auffassung der Wirtschaftsredaktion dieses Blattes. Angesichts der Wichtigkeit der Auseinandersetzung werden dazu in loser Folge weitere Artikel und Kommentare erscheinen. (Red.)*

Wie selten zuvor kontrastieren derzeit Prosperität und weitverbreitete Verunsicherung: Florierende Unternehmen einerseits, wachsende Arbeitslosigkeit anderseits sind Begleiterscheinungen eines Strukturwandels, der besonders dann irritierend wirkt, wenn die Börsen den Abbau von Arbeitsplätzen mit teilweise massiven Kursavancen quittieren. Ohne Zweifel: Die Gangart ist härter geworden, der Wettbewerb intensiver, die Zeitverhältnisse enger. Die einen sehen die Ursachen dieser Entwicklung in darwinistischer Logik, in einer rasanten Globalisierung, die als Kampf aller gegen alle dargestellt wird. Andere sehen sie in der Profitgier eines masslos gewordenen Kapitalismus, der nun, nachdem seine Kritiker von der Geschichte desavouiert worden sind, sein wahres Gesicht zeige. Wieder andere orten die Ursachen bei Managern, die formal ihren Aktionären, faktisch jedoch niemandem verantwortlich sind. Mit dem Geld, das ihnen gar nicht gehöre, verfolgten sie angeblich visionäre Träume. Schliesslich liesse sich das Phänomen auch als Pendelbewegung interpretieren, als späte Folge jener Jahre der Hochkonjunktur, als selbst bescheiden qualifizierten Arbeitnehmern Phantasielöhne bezahlt wurden. Jene Erfahrung beschleunigte die Investitionen in Technologie, mit der die Unternehmen den Auswüchsen auszuweichen suchten. Die Folgen sind nicht ausgeblieben.

#### Eindimensionaler «Vulgär-Liberalismus»

Die Apostel des Zeitgeistes reduzieren die hochkomplexe Thematik allerdings zu einem eindimensionalen «Vulgär-Liberalismus». Ihr *modisches Rezept* heisst «Shareholder value». Sie glauben, die wirtschaftliche und letztlich auch die soziale Organisation der Gesellschaft lasse sich ausschliesslich über den Profit und den von ihm bestimmten Einsatz der Ressourcen steuern. Die Argumentation dieser Denkschule hört sich an, als habe das kapitalistische System bisher nicht auf dem Streben nach Gewinn beruht. Neu ist höchstens der Umstand, dass der *Sinn für die Proportionen* verlorengegangen ist, wenn Eigenmittelrenditen postuliert werden, die weit entfernt sind von jeder empirischen Erfahrung eines seriösen und soliden, langfristig orientierten Unternehmertums. Die Übertreibungen fördern einen *grundlegenden Konflikt* ans Licht: den Zusammenstoss zwischen der vertrauten, längerfristig konzipierten unternehmerischen Tradition und einem ungeduldigen, auf kurzfristige, oft auch kurzsichtige Gewinnmaximierung angelegten Kapitalismus angelsächsischer Prägung.

Es ist aber auch der Konflikt zwischen zwei grundverschiedenen *gesellschaftlichen Wertordnungen*: zwischen dem kontinentalen, protestantisch geprägten, von Max Weber beschriebenen Kapitalismus und der angelsächsischen Spielart, die nicht der unternehmerischen Leistung, dem «earning money», verpflichtet ist, sondern die dem «making money» huldigt. Angesehen ist, in angelsächsischer sozialer Hierarchie, das spekulative Genie. Der Unternehmer aus der «manufacturing industry» rangiert hingegen weit unten. Diese *Geringschätzung* der unternehmerischen Leistung ist eine der Hauptursachen jenes Krebsgangs, jener Desindustrialisierung, die man während Jahrzehnten als «englische Krankheit» diagnostiziert hat.

#### Strapaziertes Selbstverständnis

Mit dem *Gegensatzpaar* «making money» und «earning money» sind nun auch wir konfrontiert. Was sich in den ersten Runden als gieriger Raubzug auf pralle Reserven auslegen liess, wird als Ringen um die Beherrschung börsenkotierter Unternehmen wiederkehren und auf Jahre hinaus hiesiges unternehmerisches Selbstverständnis gründlich strapazieren. Der damit einhergehende Wandel der Wertvorstellungen wird weitreichende Auswirkungen auf unternehmerisches Handeln haben. Die angelsächsische Spielart des Kapitalismus hat mit der Londoner City und der Wall Street Erfolge begründet, die keiner weiteren Legitimation bedürfen. Im eigenen Geschäft sind wir oft mit dieser Problematik konfrontiert. Das verantwortungsbewusste und sorgfältige Abwägen zwischen eigenen Wertvorstellungen und kommerziellen Opportunitäten kommt häufig einer Gratwanderung gleich. Die *Verabsolutierung* des Shareholder value signalisiert eine grundlegende Akzentverschiebung im Verhältnis von Kapital und Arbeit. Gegensätze brechen auf zwischen der kontinentalen Version eines sozialverträglich gezähmten Kapitalismus und der rücksichtsloseren angelsächsischen Tradition.

*Ludwig von Mieses*, einer der Vordenker des modernen Liberalismus, hat den *Vertrag* zwischen Kapital und Arbeit, den Vertrag anstelle des darwinistischen Gewaltprinzips, als Kern einer menschenwürdigen Gesellschaftsordnung definiert. Dieser Vertrag ist gefährdet, wenn einseitig die Interessen der Kapitalgeber privilegiert werden. Denn ökonomisch kann der Shareholder value, jedenfalls in den postulierten Grössenordnungen, *nur auf Kosten* der übrigen «Stakeholders» gesteigert werden. Das führt in der Praxis zur Privatisierung der Gewinne und zur Sozialisierung der Lasten. Wer eindimensional den Shareholder value verherrlicht, der rüttelt an den Grundlagen unserer wirtschaftlich-sozialen Ordnung und des politischen Systems. Über die längerfristigen Konsequenzen sollte man sich keinen Illusionen hingeben. Mit unverfrorenem *Etikettenschwindel* nennt man solch eindimensionale Reduktion «liberal». Und bereitet damit einzig den Skrupellosen und Rücksichtslosen den Weg.

#### Ideologisierte Diskussion

Die Ideologisierung der ordnungspolitischen Diskussion ist ein untrügliches Zeichen für eine *Flucht aus der Realität*. Die Shareholder-value-Ideologie findet in einer ganz besonderen Konstellation ihren wohlwollenden Widerhall. Weil an allen Ecken und Enden das Geld fehlt, vermögen wir der Versuchung nicht zu widerstehen, die Zitrone noch ein wenig mehr auszupressen – das dringend benötigte Geld also eben dort zu holen, wo es angeblich brachliegt, auch wenn wir damit *neue soziale Lasten* schaffen, die ihrerseits wieder finanziert werden wollen. Dies erklärt unter anderem, warum ausgerechnet Pensionskassenverwalter als Fürsprecher einer höheren Eigenmittelrendite auftreten. Mit der gesetzlich vorgeschriebenen Mindest-Performance von 4% sind sie längerfristig nicht in der Lage, die Ansprüche zu decken, die eine überalternde Gesellschaft an ihre Sozialvorsorge stellt. Dramatisch wird es, wenn der Finanzierungsbedarf der Altersvorsorge der einen die Arbeitsplätze der anderen gefährdet.

#### Mangel an Geld und Zeit

Der Strukturwandel überrollt uns und mündet in wachsende Arbeitslosigkeit. Diese potenziert das Problem der sozialen Sicherheitsnetze, ihrer ineffizienten und oft ungerechten Transfersysteme und von deren Finanzierung. In dieser Lage fehlt es nicht bloss an Geld. Es fehlt – jedenfalls vordergründig – auch an Zeit, denn der Wettbewerb unter Standorten und Systemen ist unter anderem ein Wettbewerb gegen die Zeit. Und in diesem Wettrennen schränken Sachzwänge wie etwa die demographische Entwicklung die Handlungsfreiheit zusätzlich ein. Die Herausforderung erheische Lösungen, deren Komplexität und Zeitbedarf mit der *Landung auf dem Mond* vergleichbar seien; so urteilte jüngst der amerikanische Ökonom *Lester Thurow*. Hierzulande hingegen sucht man die Lösung unverdrossen dort, wo sie mit geringstem Widerstand zu haben ist: mit Geld, mit immer noch mehr Geld. Geld als Ersatz für Politik, Geld als Ersatz für Weitblick.

Die Entlassungen von heute sind oft die Management-Fehler von gestern. Zu Fehlern zu stehen und nüchtern zu handeln ist allerdings schwierig, wenn eine Gesellschaft – im Spiegel ihrer Medien – nur noch in Kriterien von Sieg oder Niederlage zu urteilen vermag. Auch da lässt sich eine Darwinisierung unserer Sitten ausmachen. So verbaut man sich pragmatische Lösungen und setzt sich selber unter Druck und übersieht dabei, dass im angelsächsischen Raum die gefeierten Sanierer von gestern neuerdings als «industrielle Mörder» vom Podest geholt werden. Der im Kern einst richtige Ansatz von *Margaret Thatcher* und *Ronald Reagan* hat sich eigendynamisch übersteigert. Der Rausch ist ausgeträumt. In Grossbritannien und den Vereinigten Staaten hat vorab der Mittelstand die Rechnung bezahlt. In unserer Nabelschau nehmen wir dies aber nicht zur Kenntnis. Auch da bleiben wir uns unbeweglich selber treu; schliesslich ist ein gedanklicher Rückstand von zehn bis fünfzehn Jahren auf die angelsächsische Welt hierzulande üblich.

#### Kapitalismus ohne Arbeit?

Modeströmungen haben in einer Zivilisation, die nach immer neuen Reizen giert, zunehmend kürzere Halbwertzeiten. Das Rennen um Bilanzsummen ist abgelöst worden durch die Kür der Eigenkapitalrendite. Auf «Big is beautiful» folgte «Small is beautiful». Heute sind wieder elefantöse Grössenordnungen en vogue. Gefragt sind aber möglicherweise Lösungen für einen Kapitalismus ohne Arbeit. Daher sucht man seinen eigenen Weg am besten gelassen zwischen den Extremen. Zeitliche Zwänge schafft man in aller Regel selber. Mehrfachkrisen – um einen Begriff aus der politischen Strategie zu entlehnen – verstärken mit ihrer Komplexität den Eindruck, es fehle vor allem an Zeit: Längerfristig tragfähige Lösungen lassen sich nicht verordnen oder erzwingen. Sie müssen reifen und *politisch wie sozial* akzeptiert sein. Dies wiederum setzt voraus, dass sie *langfristig* angelegt sind – mit einem Weitblick, der im Alltag gelegentlich einen schweren Stand hat. Der Eigendynamik von Prozessen kann man sich nicht entziehen. Wer sich als Unternehmer dem Wandel verschliesst oder ihn allzu zögerlich angeht, der riskiert, überrollt zu werden. Dennoch bin ich der Meinung, man sei gut beraten, eine *skeptische Distanz* gegenüber allzu Trendigem zu bewahren. Scheinbar einfache Lösungen beruhen immer auf einer ideologischen Reduktion der Realität. Und auf längere Sicht sind es meist teure Lösungen, teuer nicht nur im Sinn von Geld.

Wer einseitig den Shareholder value forciert, der bewirkt bei den übrigen Anspruchsgruppen eine spiegelbildliche Reaktion. Er ermuntert sie geradezu zu analog *egoistischem*, analog *kurzsichtigem* Verhalten. Wer mit masslosem Gewinnstreben den Gesellschaftsvertrag bricht, der zerstört das Vertrauen und die Loyalität der Mitarbeiter wie der Kunden und folglich auch der Aktionäre – also jenes Vertrauen, auf dem der Erfolg eines Unternehmens letztlich beruht. Er zerstört jene Identifikation mit dem Unternehmen und seinen Zielen, die Spitzenleistungen überhaupt erst möglich macht. Auf solche Spitzenleistungen ist jedoch angewiesen, wer im rauher gewordenen Wettbewerb bestehen will. Dies gilt erst recht im Banking, denn das Geschäft beruht auf der langfristigen Partnerschaft mit den Kunden, auf Redlichkeit und gegenseitigem Verlass. Dieses Kapital sollte man nicht fahrlässig strapazieren.

* Der Autor ist Präsident des Verwaltungsrates der Vontobel Holding.

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**The text of a speech given by Hans-Dieter Vontobel on the occasion of the bank's 1996 General Meeting was also published in the Neue Zürcher Zeitung on 19th June 1996.**

# The Eighties and Nineties

## The Transition to a Publicly Held Company

Hans-Dieter Vontobel wanted to expand and open up new markets and clients for the bank. At the same time, however, he also wanted to transform the institution from a family business into a publicly held company. “To master this task in the context of the bank’s generational change was probably the most difficult challenge of my career,” Hans-Dieter Vontobel remembers. “And, of course, it didn’t happen without problems, mistakes and disappointments.” Hans Vontobel welcomed the step toward becoming a publicly held company: “Should inheritance issues ever come up in the Vontobel family, then we will be better positioned to resolve any difficulties if we are structured as a joint stock company, compared to a company structured as a limited partnership.” That is because the shares of a corporation can be apportioned more easily and sold if necessary, compared to the shares in a limited partnership.

For the switch to a publicly traded company, extensive preparations were necessary. In November 1982, Hans Vontobel integrated Havonto AG, in which he held his shares in the bank, into the “AG für Partizipationen” (the “Public Limited Company for Shareholdings”). From this corporation emerged the legal shell for today’s Vontobel Holding. In 1984, the limited partnership J. Vontobel & Co. was transformed into the publicly owned company J. Vontobel & Co. AG, with a share capital of 50 million Swiss francs.

Even in the legal form of a corporation, the bank retained the character of a family business. But it was the end of the personal liability of the partners, who were liable to the bank with their private assets. Some employees felt this change as a loss of the previous corporate culture and regret it, to some degree, even today. But the majority welcomed this step into the future. For the 60-year and 80-year anniversary of the bank, each employee was given, amongst other things, Vontobel shares. As Hans Vontobel said at the third Annual General Meeting of the holding company, “Employees should also be able to benefit from the achievements and ideas that they have contributed to the bank in the course of a year.” With this move, Vontobel became the first Swiss bank to make its employees participants in its success via shares in the company. In 1995, a share ownership programme for the management team was added. Then in 2005, a share ownership plan for all employees of the Vontobel Group was introduced, reflecting the most up-to-date approach in this kind of incentive programme.

In 1986 came the final step in the plan to go public, the initial public offering (IPO). 22,500 bearer shares with a nominal value of 500 francs were issued, 15,000 of which were floated on the market on 7th July, at an initial price of 10,000 francs each. The registered shares continued to be owned by the family. The IPO was a success: On the first day of trading, the price of the shares climbed to 15,800 francs. By the time of the stock market crash in October 1987, they had reached a level of 17,587 francs. In 2001, a unified registered share was created.

“Theoretically,” said Hans-Dieter Vontobel, “we could have also gone the route of a Geneva private bank, of course. If we had followed that path, we would have remained a private company and simply added more partners. But with the IPO, I wanted to resolve the question of succession differently.” At the time of the IPO, questions of succession were not very acute. On the other hand, the capital requirements for the investment banking activities certainly were. “There was not enough capital available for us to grow the investment banking part of the company,” he explained. “If we had had to rely on the equity generated through retained earnings alone, we would not have been able to expand this business—which to this day contributes significantly to the bank’s growth.”

In the end, Hans-Dieter Vontobel was very successful with his expansion plans. “When I started to work at Bank Vontobel at the beginning of the eighties, I was assured that the number of employees would certainly never go over 300. At that time there were 280,” says Janine Nabholz, who worked at Bank Vontobel for 27 years. She was hired to receive the growing number of private clients. “At first, we put a kitchen table at the entrance. Only later did we get a proper reception desk,” she recalls. Business was going so well that the staffing plans did not last long. In 2012, some 1,300 people were employed by the bank.

True to the tradition of Bank Vontobel, Hans-Dieter Vontobel also wanted to make use of exceptional and exciting publications to interest clients in the bank and make them loyal to the institution. He gave the mandate to establish a professional primary research capability to Martin Ebner, a classmate from their days as students together. Soon, the company and industry studies generated by this department had established an excellent reputation amongst clients, competitors and the media. “Martin Ebner was the first analyst who published an opinion on other Swiss banks,” says Christoph Ledergerber, who headed the bank’s Asset Management division until 2007. “That was very brave and put us at the leading edge.” On this solid foundation, Ebner built up the bank’s activities for institutional clients such as pension funds and insurance companies. Domestically, this business performed well. The bank was helped along both by the booming financial markets and the fact that in 1985, in addition to the AHV (Switzerland’s Old-Age and Survivors’ Insurance), so-called “second pillar” pension plans were made compulsory. Amongst the country’s many pension fund managers, Bank Vontobel landed some of the largest as clients. For Bank Vontobel’s international business, however, the Swiss National Bank threw a spanner in the works. The measures undertaken at the time by the SNB to counter the flight of foreign capital into Swiss francs, such as the so-called negative interest rates charged on Swiss franc deposits held by foreigners, proved, at least in the short term, to inhibit the development of the bank’s foreign clientele.

## Trading in Eurobonds

In contrast, however, Eurobond trading grew to be an important pillar in the bank’s international business. This business came into being after the Cuban missile crisis in

1962, when the Russians withdrew billions in deposits from the United States and transferred the accounts to London. Eurobonds are bonds that are not denominated in the currency of the country in which they are traded. Mostly, they were denominated in dollars or yen. It was in the early eighties that Eurobond trading gained in importance. Bank Vontobel was one of the first Swiss institutions that intensively developed its opportunities in this market. For the foreign clients of the bank, Eurobonds, mostly traded in dollars, were particularly attractive because they were exempt from withholding taxes. Thanks to this lively demand and the bank's resulting placement power, Vontobel was very successful in arranging Eurobond issues, and, in particular, the bank was successful trading Eurobonds. "In order to survive in this market at all," recalls Max Zaugg, "we had to take these securities on our own books as well." In addition, Bank Vontobel also traded Eurobonds for many of Switzerland's cantonal and regional banks.

Hans-Dieter Vontobel put the bank's business with private clients on a more professional basis as well. As one of the first financial institutions to do so, Bank Vontobel led the move into portfolio management, and in addition to transaction fees, introduced the model of charging investment management fees based on the client's asset volume. In the 1980s, the bank succeeded in substantially enlarging the number and size of client portfolios under management. But that was actually not so difficult: The stock market was booming, and banks were doing very well indeed. Vontobel, however, grew even faster than the market, which meant that the bank at that time was gaining market share.

Many private clients, especially from Germany, felt threatened by the then Soviet Union. They wanted to know that at least part of their money was in a safe place, and in the eyes of many, Switzerland was still too "near". For this reason, clients looked for investment options overseas. Vontobel decided to open a branch office in New York, which came to pass at the end of October 1984. This subsidiary, Vontobel USA Inc., was registered with the Securities and Exchange Commission as an investment advisor and had its offices at 450 Park Avenue. "Although we went to New York with nothing more than a pad of paper and a pencil, we didn't have to start the business from scratch," says Marx Kobler, who was given the task of building the American business and headed the New York office during its first three years. He already brought a large portfolio with him from Zurich, consisting of assets from clients who wanted a portion of their investments managed overseas. Things were not easy in the beginning, and it took some time before the "dowry" from Europe had doubled. The desire of the bank's clients to transfer assets to the USA was apparently not as great as had been hoped. The Vontobel Group had expected to reach the breakeven point after four to five years. Instead, it took almost ten years before the subsidiary in New York could pay a dividend to the parent company. Then, after the collapse of the Soviet Union, the New York services were no longer in much demand by the bank's private clients. Today, the subsidiary in New York concentrates primarily on asset management, and is very successful.

The Cold War was also the reason why, in 1982, the bank developed a concept for the eventuality that the armies of the Warsaw Pact would invade Western Europe. It founded Kanata Securities Services in Toronto, and in an emergency, all accounts and portfolios would be looked after from the North American continent. "We encrypted all our data," said Marx Kobler, describing the laborious procedure, "and at time intervals that were adapted to the threat situation, we sent the data tapes to a lawyer in Toronto. Then, twice a year, we flew to Toronto to monitor the decryption of the data."

For a long time after this first, only moderately successful step overseas, Bank Vontobel proceeded cautiously with its international expansion. But that did not mean that the bank did not try out ideas every once in a while. "For example," recalls Bernd Mossner, "we opened a subsidiary in London, led by a former colonel of the British Army in India. But that experiment failed." Wolfhard Graetz, then a senior employee of the bank and later a member of the Board, also recalls another overseas adventure which enjoyed little success: "In Hong Kong, Bank Vontobel bought the business owned by a Canadian lady, which would form the basis of a branch there. However, this lady did not come from the banking business. She focused on getting Canadian visas for the local Chinese. The chaos was preordained," he remembers. Activities in Hong Kong were terminated soon thereafter.

## Targeted Expansion

After these attempts at overseas expansion, the bank refocused its activities on Europe. It was only in the nineties that targeted expansion was put back on the front burner, initially in its home market Switzerland, where in 1993 Vontobel acquired a holding in the Geneva private bank Tardy, de Watteville & Cie, which in 1998 became wholly owned by Vontobel. In 1995, a holding in the Salzburg-based bank Berger & Comp. was added. This step followed a referendum in which the Swiss electorate rejected a proposal to join the European Economic Area (EEA). With a subsidiary in Austria, Bank Vontobel wanted a licence allowing them to conduct stock exchange and banking activities in the European Union. Branches were later opened in Vienna, Frankfurt, Munich, Milan, and Vaduz, and representative offices were opened in Vancouver and Madrid.

Apart from the stumbling start in New York, the eighties were a golden era for Bank Vontobel and the banking world in general. Banks were doing very well, even if there were occasional exaggerations and excesses, such as those reflected in movie characters like the arrogant, smug Wall Street banker Gordon Gecko or in the book Barbarians at the Gates, which describes the aggressive business practices of the specialist buyout firm KKR in what we would call private equity today. In the international financial centres, banks doled out large loans, and unfriendly takeovers, financed with so-called junk bonds, were the order of the day. The boom and its related business opportunities fired the imagination and innovation of specialists developing new financial products, and in London and New York, futures, options and derivatives were created and introduced, with a lively trade in these new instruments developing on the markets. By joining the Soffex in 1987, Bank Vontobel also jumped into the market for derivative products. The bank's options business was especially shaped by Robert Strebel, who was Deputy Chief Executive Officer of the bank from 1985 to 1991.

He joined Vontobel from Credit Suisse First Boston, where he had already gained experience with the new instruments. "Back then, we laid the foundation for our success in investment banking by writing options," Strebel explained. Today, thanks to its Financial Products, Bank Vontobel is amongst Switzerland's largest providers of structured products, and this business segment makes a substantial contribution to the success of the bank. But even this business felt the turbulences of the recent financial crisis.

## A New Stock Market Crash

The stock market "party" of the eighties couldn't go on like that forever. On 19th October 1987, prices collapsed in New York as investors sold off millions of shares on the market. The situation was so dramatic that on 20th October, the Geneva Stock Exchange did not want to open for trading. In Zurich, the decision was made to open as on any normal trading day, and later, this view prevailed in Geneva as well. But that day was anything but "normal". The banks' phone lines were totally overloaded, and trading was completely uncontrolled. Investors were prepared to unload their shares on the market at almost any price.

Bank Vontobel was not able to escape the consequences of the plummeting market. Thanks to the large trading volume, the bank recorded high commission income, but on its own portfolio positions, and those of its clients, massive losses had to be dealt with.

The shock went deep. "Hans-Dieter Vontobel insisted at the time that he wanted to avoid such risks in the future," said Susanne Borer, head of Investor Relations. "Neither the bank nor any individual employee should be allowed to enter into such a market situation with so much equity that the traders can hardly answer the phone." This was a decision that would pay off decades later.

Shortly after the crash, the brokerage fee convention—also important for banks—was done away with. Up to then, banks had calculated the brokerage fees they would charge their clients in accordance with this official convention. Every financial institution stuck to the rules. Although Vontobel welcomed the new measure, it made life difficult for the bank. "After the end of the brokerage fee convention, the banks began aggressively competing against each other based on price," says Christoph Ledergerber. With the lifting of the convention, an important revenue source for Vontobel collapsed. "We posted a very significant decline in brokerage fee income," recalls Max Zaugg. The bank responded immediately. The cost-cutting programme called "Fit 88", which had been put in place immediately after the stock market crash of 1987, was intensified, and for the first time in its history, Vontobel had to reduce its staff headcount. However, not in every case was an actual termination required; the bank also was able to rely on some early retirements, and departing employees were sometimes not replaced. "At the same time, we had to redouble our efforts to acquire new clients," Zaugg recalls. "We were able to make up some of the losses with higher volumes again."

Background

**Programmed Trading and the Collapse of Prices**

Following slumps in Hong Kong and Southeast Asia, on 19th October 1987, the Dow Jones in New York fell by more than 22% in a single session. This followed a crisis in the savings and loan industry in the USA, whilst internationally there had been tensions concerning the credibility of the commitment to peg the Hong Kong dollar to the US dollar. But fundamentals did not seem to provide an adequate explanation for the sudden collapse of share prices. The recent appearance of programmed trading, in which limit orders were automated, may help explain a large part of what happened—helpless traders were said to have stood by, wringing their hands in front of their screens and desperately demanding that the programs simply be switched off. But like in 1962, the drama in the financial markets was not followed by a general economic downturn. Before long, price levels recovered, and the global economy continued its growth unabated.

## New Business Ideas and Cooperative Ventures

Shaken by the ever volatile stock markets and thus also by the volatility of returns, the bank also made a costly blunder. In order to become more independent of the fluctuations in the banking business, diversification was seen as a solution. Accordingly, Vontobel decided to enter into classic management consultancy in addition to its traditional financial activities—and not to do so in small steps, but with a big splash. In 1989, EC Consulting Holding was established, with offices in Zurich, London, Düsseldorf and Brussels. Including a software company purchased later, up to 200 employees worked for this company. But EC Consulting could not manage not to get out of the red. In 1995, the bank finally drew the necessary conclusions and separated from EC Consulting.

Bank Vontobel was considerably more successful with the founding of the fund company Vontobel Fonds Services AG in 1990. "When it came to setting up investment funds, we tended to be amongst the laggards back then," said Wolfhard Graetz self-critically. It was not until 1990 that Vontobel established its first investment funds under Swiss law, named "Vontobel Swiss Equities" and "Vontobel Swiss Small Companies". In 1991, the Luxembourg Investment Fund SICAV was established with various subfunds. Though late, the launch was very successful. "In 1993, the

Vontobel Fund Emerging Market Equity was so popular that we had up to 40 calls a day asking for the fund prospectus. That meant copying all the documents 40 times, binding them and creating a cover letter. I often worked late into the evening doing nothing else," says Verena Fusco, who was working in this area at that time. The fund "Vontobel Fund—Eastern European Equity" got off to a somewhat slow start, but Hans Vontobel—who had had the idea for the fund—believed in these markets and put money into it himself until the fund was able to generate broader demand. "Up until the Russian financial crisis of 1997, the fund was a great success."

Vontobel Fonds Services AG booked its greatest and most enduring success in 1994. In that year, the company was commissioned by the Swiss Union of Raiffeisen Banks to privatelabel five funds under the Raiffeisen name. "We anticipated that after five years, we would have half a billion Swiss francs in assets under management," recalls Verena Fusco. "But we reached the half billion milestone in less than six months. From that point on, things progressed rapidly, and at relatively short intervals we would celebrate another billion together with Raiffeisen."

"Bank Vontobel has extensive 'machinery' for creating funds and structured products, but we lacked the sales capabilities," explains Christoph Ledergerber, who has led the cooperative management of Vontobel Asset Management since 2008. For this reason, the close collaboration with Raiffeisen, which over the years had generated successful growth, was significantly expanded and strengthened after ten years with a cooperation agreement.

Since the nineties, Vontobel has been continuously reviewing ideas that provide for possible cooperative ventures with other companies in the financial services industry. In 1995, it took over the management of the strategy funds for Helvetia Insurance, which are mainly used in unitlinked life insurance. Smaller partnerships exist in other countries, for example in the United States and Luxembourg. For these partners, the primary role of Vontobel is to manage fund assets. A cooperative venture of this type that is as important as the one with the Raiffeisen Group has not yet materialised as of today. "But we continue working in this direction," explains Christoph Ledergerber.

Also in terms of the bank's internal structure and alignment, there were many ideas for change at the beginning of the nineties: "To transfer Private Banking and Brokerage into two legally separate banks, or sell the brokerage business," wrote Hans-Dieter Vontobel.

"In addition, we also made detailed plans for working with strategic allies, i.e. similarly positioned banks, for example in the back office functions." All these measures were designed to lead the bank back onto a solid growth path and to consolidate its position in the home market.

Many of these plans were examined and rejected. What has always been maintained has been the bank's focus on its real strengths. The mission statement for the period 1991–1996 documented the reorientation of the organisation: In the area of asset management, the activities of the Private Clients and Asset Management divisions were more closely coordinated. In the brokerage division, the bank's leading position in Swiss securities and derivatives was expanded. Supporting this objective, the bank invested primarily in its equity research capabilities for Swiss mid caps and small caps. In addition, in 1992 the brokerage division was integrated into the Investment Banking business area.

The expansion of Research was, amongst other things, the basis of the bank's success in the implementation of IPOs (Initial Public Offerings). "As an asset management and transaction-based institution, we had a unique positioning," explains Robert Strebel. "Clients appreciated our independence. They knew that we aren't managing their business accounts whilst at the same time offering them mortgage loans, but instead we're finding them the best conditions." With these arguments, Bank Vontobel succeeded with the first two IPOs to be launched after the stock market crash of 1987, for Arbonia-Forster and Phoenix Mecano. In 1994, the bank participated in the IPO of technology company Esec, and later came Micronas, the Austrian company SEZ, Ciba spinoff Gretag Imaging and countless more. Vontobel had succeeded in becoming a player in this business, right alongside the biggest names in the sector, such as Goldman Sachs. These were lucrative times.

## The Dot-Com Bubble

The numerous IPOs must be seen today in the context of the Internet bubble that formed in the second half of the nineties. This bull market exceeded all expectations; anything seemed possible. Especially in the United States, financial analysts became investment bankers and manipulated the market in accordance with the tastes of their bosses. With the growth fantasies of the Internet, almost any business idea could be sold as a success story, even if the underlying company had never reported one penny of actual earnings. Companies like Yahoo and Amazon.com reached a higher market capitalisation than well-established firms from the so-called "old economy". On the stock market, the principle no longer applied that the valuation of a company was determined by expected profits, but instead was based on pure fantasy. "It was an unbelievable period," says Walter Temperli, who observed these developments from his leading positions in Vontobel Private Banking. "At the end of the nineties, we had a Christmas party, and there was a competition: Everybody on the staff had to choose a share, and whoever picked the one that posted the highest gain, won. One employee chose a share whose price went up 5,600 percent!"

Like other providers of financial services, Bank Vontobel benefited from the bull market. Vontobel Corporate Finance not only organised a number of IPOs but also founded the company Private Equity Holding (PEH). After its own IPO, this company could boast of having around 800 million francs in equity. PEH invested in young companies that could later be taken public. These capital market transactions made important contributions to the success of the bank. Nevertheless, Hans Vontobel was not at all pleased with the developments. He had been observing the world's financial markets for too long and had experienced many a bubble and crash. During this period, he wrote an essay in which he warned of the dangers o the private equity market. But in the euphoric mood of the times, no one wanted to listen to him.

Background

**The Growth Fantasies of the Internet**

Among the many famous waves of speculation on the stock market, the dot-com bubble is worth noting, above all because of its magnitude. Based on the usual, imperfect metrics, such as price increases, priceearnings ratios, or market capitalisation reached relative to GDP, the dot-com bubble far exceeded the bubble of the late twenties. Having said that, there are also certain similarities. Just as was the case with the dot-com bubble, in 1929 and 1873 new industries were at the centre of attention, achieving the most dizzying price gains, but also the steepest crashes. During the early 1870s—the so-called Bismarckian "Gründerzeit"—there was a start-up boom as newly regulated joint stock companies came into existence. The industries of the future at that time centred especially on mechanical engineering. In the twenties, it was again the high-tech sector that inspired the imagination: the telephone industry, radio, and household electrical appliances, but also aircraft production. At the 1928 Berlin Radio Exhibition, a prototype of the television was introduced; in every industrialised country, development teams were working feverishly on getting this device ready for serial production.

And so, just as engineering had been the great hope of investors in the late 19th century, telecommunications and electrical appliances were quite rightly the hope of investors in the twenties. Factory automation, starting in the early 20th century, and the mass consumption of electrical and electronic equipment from the mid-20th century exceeded even the most optimistic hopes prevailing during the stock market boom. Yet both fantasies experienced a jarring interruption: It simply took longer than initially expected for the techniques, processes and products to really catch on. Instead of an assembly line culture around 1880 or a mass consumer society around 1935, in both cases there was initially a long phase of economic depression, and it was only 20 or 30 years later that the new industries began to fulfil their true potential.

The dot-com boom also fits this pattern of speculating on the impact of a new invention. Investors far too optimistically put their money on ideas that would not generate earnings for a long time, imagining that the growth of the new industries would be much quicker. Any price would be paid, as long as the exuberant expectations could justify it. Notwithstanding this fallacy, the dot-com boom, like its predecessors before it, did have a real basis: Many of the speculative, profit-free shares later made their owners rich—if they had enough patience and cash to get through the hangover phase.

At the end of the 1990s, the bull market took on really dangerous proportions. At this time, Vontobel was working on the launch of its own Internet bank, with which Vontobel Private Banking would be catapulted into a new "digital Internet age". The bank was to be named "You-Bank", and hopes were high that it would generate excellent profits. But already in the formation stage, costs spun out of control. The originally planned investment of 70 million Swiss francs didn't come close to covering the project's cost, which finally amounted to around 200 million francs. And "You-Bank" should never have existed.

In March 2001, Hans-Dieter Vontobel, as Chairman of Vontobel Holding, pulled the emergency brake. On 15th March, he called a muchpublicised press conference at which he announced that the "You-Bank" project had been stopped and the three bankers Jörg Fischer (Chairman of the Board of Bank Vontobel), Walter Kaeser (CFO) and Hans-Peter Bachmann (Head of Corporate Finance) would be leaving the bank immediately due to irregularities, breaches of internal rules, and actions exceeding their authority. As a further consequence, long, drawn-out court cases followed, touching on regulatory issues, civil and criminal law. "Managing the legal proceedings, summarised in the so-called Project M, occupied us for about ten years," says Jürg Künzli, Head of Group Legal.

In 2010, the District Court of Zurich disallowed in its entirety the State Prosecutor's Office's indictment against the former bank managers, as well as the request for recovery of pecuniary benefits at Bank Vontobel. Finally, in June 2011 the prosecution with-drew its appeal against the lower court's acquittal. Thereupon, as a result of a court settlement, Private Equity Holding dropped its civil lawsuit against Bank Vontobel. It had filed a complaint against Vontobel in September 2010, claiming that the bank had violated stock corporation laws when increasing the capital of PEH in the year 2000 in connection with the acquisition by the company of its own shares, which it claimed made the transaction void.

Künzli, the legal conscience of the bank, is able to take pleasure in the positive aspects of the project, or to be more precise, the Case M. The fact that he repeatedly had to confront Executive Management and the Board in place with the latest developments—it should be noted that Executive Management was never involved in the case itself—helped him to learn from the past. Künzli is convinced that the awareness of proper corporate governance and risk management would not be at such a high level within the Vontobel Group today if there had never been any need for such intensive involvement with the past in conjunction with the capital increase of PEH.

The end of "You-Bank" and the subsequent legal proceedings were a serious setback for Bank Vontobel not only from a legal perspective. There were serious consequences in terms of the institution's reputation as well. The company's profits plummeted, and even more so its share price. For months, coverage of the bank in the media was predominantly negative. After all these events, the first priority of Bank Vontobel was to restore its tarnished reputation. The marketplace was awash with persistent rumours of a takeover. Hans-Dieter Vontobel, in addition to his chairmanship of Vontobel Holding, once again took over the post of Chairman of the Board of the bank. He forcefully reiterated the intention of the bank to remain independent, gaining much attention and respect for his stance. "For the staff, it was a stressful time," recalls the former Head of Human Resource Kurt Gutknecht. From that point on, the newly constituted Executive Management, headed as before by Robert Zingg (2001 to 2002), took up the operational management of the Vontobel Group. The company needed to be put back on its feet.


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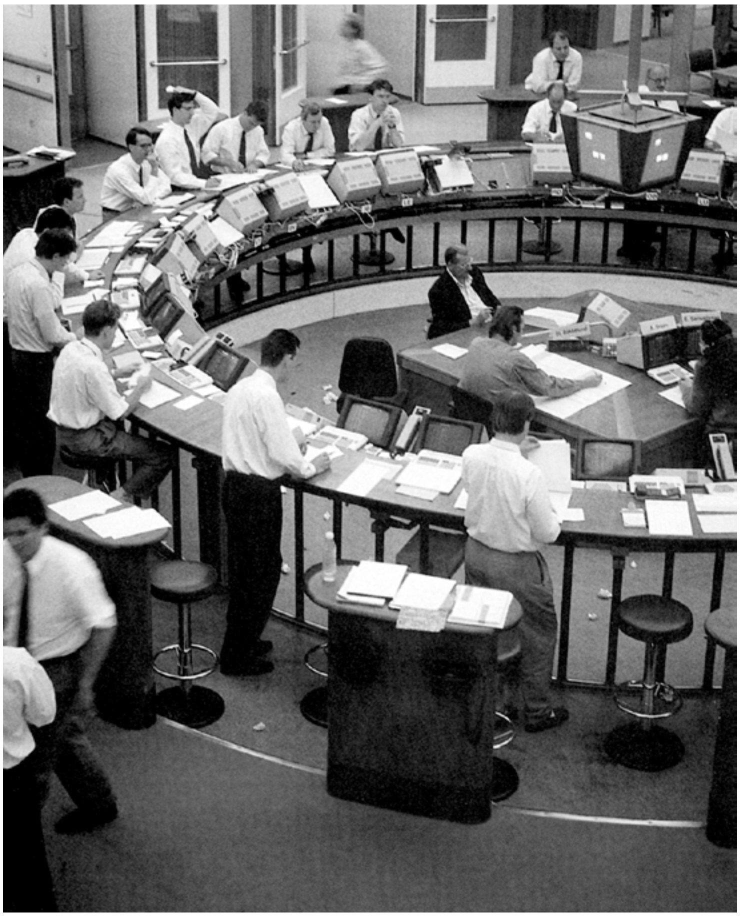
**Bearer share of Vontobel Holding AG**



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**In 1986, bearer shares of Vontobel Holding AG were listed on the Zurich Stock Exchange. In 2001, the unified share was created.**


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**Newspaper accounts of the stock market crash, 1987.**

# Die Bank Vontobel im neuen Kleid

**Die Umwandlung der knapp 60 Jahre alten Bank J. Vontobel & Co. in eine Aktiengesellschaft mit einer Holding an der Spitze (vgl. NZZ Nr. 152) auf den 1. Januar 1984 hat nach Angaben von Dr. Hans Vontobel und dessen Sohn, Dr. Hans-Dieter Vontobel, an einer Pressekonferenz in Zürich weder eine Aenderung in der Geschäftspolitik zur Folge noch einen unmittelbaren Anlass. Die Bank bleibt in der «ökologischen Nische des Portfolio-Managements», blickt auf ein bisher überaus erfreuliches Geschäftsjahr zurück und erfährt bezüglich der Besitzverhältnisse keine Veränderung.**

*bb.* Der Uebergang von der Personen- zur Aktiengesellschaft scheint bei der Bank Vontobel relativ leicht vonstatten zu gehen. Wie Vater und Sohn Vontobel an ihrer Pressekonferenz in Zürich weiter ausführten, steht der Wechsel zum ersten im Einklang mit den vom Unternehmen erstellten Leitbildern — gegenwärtig ist das Leitbild für 1990 in Ausarbeitung — und dient zweitens dazu, der «kontinuierlich wachsenden Bank jene Rechtsform zu (geben), welche die *grösstmögliche Flexibilität* für die kommenden Jahre gewährleistet. Auf Grund der Tätigkeit im indifferenten Bankgeschäft war die *Eigenkapitalunterlegung* nicht massgebend für den Entscheid.» Durch die Holding-Konstruktion, in welcher die Dachgesellschaft mit einem Aktienkapital von 45 Mio. Fr. — aufgeteilt in 130 000 Namenaktien à 100 Fr. und 64 000 Inhaberaktien à 500 Fr. — die 300 Personen starke Bank Vontobel vollständig kontrolliert, bleibt der *Charakter einer Familiengesellschaft* bewahrt. Hans Vontobel, dessen Schwester und sein Sohn Hans-Dieter besitzen 95% des Aktienkapitals der Holding, derweil 5% auf die Geschäftsleitung entfallen. Ungeachtet der Tatsache, dass die Bank bei einer *Bilanzsumme* von knapp 500 Mio. Fr. vorläufig *keinerlei Bedarf an zusätzlichem Risikokapital* aufweist, sind damit die Voraussetzungen für ein allfälliges «going public» der Holding, die noch zwei weitere Beteiligungen hält, gewährleistet. Hans Vontobel wies aber darauf hin, dass dies vorläufig nicht nötig ist und im weiteren durch entsprechende Poolverträge und letztwillige Verfügungen zusammen mit der Stimmrechtskonstruktion der Holding, wonach jede Aktie ungeachtet des Nominalwertes eine Stimme repräsentiert, sichergestellt wird, dass die *stimmenmässige Beherrschung* der Holding durch die Exponenten der Familie Vontobel erhalten bleibt.

### Brückenkopf in New York?

In seinen Ausführungen zur Unternehmenspolitik der Bank Vontobel wies Hans-Dieter Vontobel darauf hin, dass eine Diversifikation *ausserhalb* des angestammten Gebietes nicht zur Diskussion stehe. Das kompromisslose Bekenntnis zum Spezialistentum — unter anderem etwa gekennzeichnet durch 115 Zeichnungsberechtigte, wovon 39 Direktionsmitglieder und eine ausgebaute Abteilung für Wirtschaftsstudien — scheint sich zu bewähren. Aus dieser Logik heraus fällt eine *geographische Diversifikation innerhalb der Schweiz* ausser Betracht, und gleiches dürfte wohl auch für Europa als Gesamtes gelten. Im Blickfeld und begleitet von entsprechenden Vorarbeiten ist aber ein möglicher *Brückenkopf in New York*, womit man der Tatsache Rechnung tragen möchte, dass ein beachtlicher Teil des ausländischen Mittelzuflusses über die amerikanische Grossstadt läuft. In diesem Zusammenhang wurde an der Pressekonferenz in Zürich erklärt, dass die Hälfte der Erträge aus dem Geschäft mit der ausländischen Kundschaft stammt. Unter dieser nehmen deutsche Anleger nach wie vor die wichtigste Position ein. Die 50%-Aufteilung findet sich im übrigen auch beim *indifferenten Geschäft:* Nach Angaben von Hans-Dieter Vontobel entfällt in diesem Bereich je die Hälfte der Einkünfte auf die Betreuung privater und institutioneller Kunden (inklusive Banken).

Angesichts der Tatsache, dass per 1. Januar 1984 die Eröffnungsbilanz der Bank Vontobel publiziert wird, verzichtet die noch bis Ende Jahr als eigentliche Privatbank geltende Unternehmung auf strukturelle Angaben über die Bestandesrechnung. Nicht ohne Genugtuung wird aber festgehalten, «dass sich ein Abschreibungsbedarf ... unter dem Titel „faule Debitoren" erübrigt».

**Verwaltungsrat der Vontobel Holding AG**

Dr. Hans Vontobel, Präsident
Dr. Hans-Dieter Vontobel
Frau Ruth Dornonville-De la Cour-Vontobel
Prof. Dr. Jürg. J. Schwenter (Philips AG)
Walter Lüthy (Zürcher Kantonalbank)
Prof. Dr. Klaus M. Schwab (Davoser Symposium)

**Verwaltungsrat der Bank J. Vontobel & Co., AG**

Dr. Hans Vontobel, Präsident
Max Zaugg (Partner Bank J. Vontobel)
Dr. Johann Ulrich Baumberger (Unternehmensberater)
Dr. Peter Emil Welti (Allgemeine Treuhand AG)
Dr. Hans Peter von Ziegler (Spinnerei Murg AG)

### Verändertes Anlegerverhalten

Was schliesslich einen *möglichen Imageverlust* durch den Uebergang von einer Gesellschaftsform mit direkt und unbeschränkt haftenden Gesellschaftern zu der gleichsam «profanen» Aktiengesellschaft anbelangt, so wies Hans Vontobel darauf hin, dass nach seinen Erfahrungen und Beobachtungen *keinerlei Konsequenzen* zu gewärtigen seien. Die Einstellung der Oeffentlichkeit zur Gilde der Privatbankiers unterliegt in seinem Dafürhalten gleichwohl einem starken Wandel. Relevant ist zwar noch die Tatsache, dass eine Familie hinter der Bank steht, kaum aber mehr die Haftungsfrage. Von sehr zentraler Bedeutung ist hingegen die Beurteilung der Ertragskraft: «Wir stellen fest, dass es nicht nur die grossen internationalen Anleger sind, welche ihre Vermögensverwalter nach Performance-Gesichtspunkten auswählen, sondern auch vermehrt alteingesessene Schweizer Familien, welche bis vor kurzem kaum gewagt hätten, von der angestammten Bankverbindung abzugehen.»

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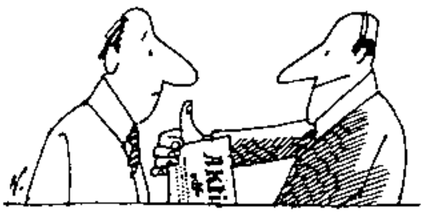
**NZZ, 21st September 1983**

IM RAMPENLICHT

# Vontobel-Aktie: ein Rolls-Royce



■ VON FRITZ PFIFFNER

Die renommierte, in der Vermögensverwaltung und im Wertpapierhandel tätige Bank Vontobel öffnet sich: Die Holding gibt 22 500 Inhaberaktien à nominal 500 Fr. aus. 15 000 Titel werden einem «ausgewählten Kreis von Freunden und Kunden» in der Zeit vom 20. bis 30. Juni angeboten. Weitere 7500 Titel sind für die Mitarbeiter bzw. zuhanden des Verwaltungsrates reserviert. Der Emissionspreis beträgt stolze 10 000 Fr. Der Handel an der Zürcher Vorbörse wird am 7. Juli aufgenommen.

Soll man zeichnen? Man kann es versuchen, doch die Chancen stehen schlecht. Es ist zwar erstaunlich, wie viele Freunde die Bank Vontobel plötzlich hat, doch Hans-Dieter Vontobel, der Vorsitzende der Geschäftsleitung, macht klar, dass mit Freunden vor allem jene gemeint sind, mit denen man gute geschäftliche Beziehungen pflegt. Die Zuteilung bleibt letztlich Ermessenssache. Sicher sollen die Kunden (minimale Depotgrösse 500 000 Fr.) zum Zug kommen. Doch selbst ein Grosser wird sich mit 20 bis 30 Titeln zufriedengeben müssen. Mit dieser konventionellen, eng abgegrenzten Öffnung glaubt man im Hause Vontobel wenigstens die Zahl der Enttäuschten klein zu halten. Ein Investor wollte sofort 5000 Stück zum Preis von 20 000 Fr. kaufen. Doch auch dieser Potentat mit seinen 100 Mio. Fr. wurde, wie andere auch, an die Börse verwiesen.

Wie ist der Emissionspreis zu beurteilen? Wird der Kurs rasch auf 15 000 oder 20 000 Fr. steigen? Der Preis von 10 000 Fr. spiegelt die fundamentale Beurteilung durch Vontobel-Analysten, welche die internen Zahlen nicht genau kennen. Diese «Outsider» schätzen den effektiven Gewinn der Bank für 1985 auf 50 Mio. Fr. (ausgewiesen wurden nur 14,9 Mio. Fr.) und denjenigen für 1986 auf 65 Mio. Fr. Man liege damit nicht weit von der Realität entfernt, gesteht Hans-Dieter Vontobel. Man kommt mit anderen Worten auf ein Kurs-Gewinn-Verhältnis von 15 bis 17 und damit auf eine Grössenordnung wie bei der Bank Bär. Bär Holding notierten am Donnerstag 17 300 Fr. (Die Bär-Gruppe ist allerdings eine Schuhnummer grösser als Vontobel).

Natürlich glaubt man bei Vontobel, bei einem Preis von 10 000 Fr. liege noch Kursphantasie drin. Doch sollten die Titel rasch 30 bis 50% steigen, so wäre sicher das Pricing falsch gewesen. Renditemässig ist nicht viel zu erwarten. Selbst wenn im nächsten Jahr die Holding-Dividende von 12% auf 14% erhöht wird, was als praktisch sicher gilt, ergibt sich nur eine Rendite von 0,7%.

Der Vontobel Holding und damit letztlich der Bank werden sofort 150 Mio. Fr. und sukzessive nochmals 75 Mio. Fr. neue Mittel zufliessen. Dieser Eigenmittelschub dürfte die Bank in die Lage versetzen, ihre Position im Wertpapierhandel weiter auszubauen. Auch der New Yorker Stützpunkt wird wohl verstärkt, doch mit der Fussfassung in Tokio will man sich Zeit lassen.

Hauptmotiv der Öffnung war nicht die Expansion, sondern die Sicherung der Unabhängigkeit für alle Fälle (Erbteilung usw.) sowie etwas für die Mitarbeiter (sie sind das wertvollste Aktivum der Bank) zu tun.

Auf absehbare Zeit will Vontobel keine weiteren Titel ausgeben. Der Markt wird eng bleiben, zumal ein rechter Teil der Aktien in feste Hände gerät. Die Vontobel-Aktie wird mithin zu einer Rarität, zu einem Rolls-Royce, was eigentlich nicht der Sinn und Zweck einer Publikumsöffnung sein sollte. Die Schaffung eines leichteren Titels scheiterte an Stimmrechtsüberlegungen. Aber gegen eine spätere PS-Emission spricht nichts.

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**Tages-Anzeiger, 13rd June 1986**

# The Way to the 21st Century

## 2002: A New Beginning

In October 2002, Herbert J. Scheidt took over the management of the Vontobel Group as its new CEO. What lay before him was no easy task. The bank needed to be stabilised, and it was necessary to strengthen and reposition the Vontobel brand, because it had lost some of its lustre. The bank's staff had been unsettled by the recent events. A new perspective for the future needed to be opened. These tasks would be tackled together with the company's Board Chairman Peter Wagner, also new to his post (he served from 2002 to 2005), and from 2005 with his successor in office, Dr. Urs Widmer. The basic strategy was to pursue two essential objectives: first, to secure and strengthen the basis for the long-term freedom of manoeuvre and independence of Vontobel, and second, to orient the organisation toward steady and healthy growth in earnings. In other words, nothing less than achieving a turnaround was necessary. At the beginning of his tenure, Herbert J. Scheidt changed the entire Executive Management of the Vontobel Group; in the process bringing in Dr. Zeno Staub as Chief Financial Officer in January 2003, who became a key member of the new team of CEO Scheidt. During his time as CFO (2003 to 2006) as well as head of the two business areas Investment Banking (2006 to 2007) and Asset Management (2008 to 2011), he actively and decisively participated in the restructuring of the company. In 2011, he succeeded Herbert J. Scheidt in the office of the CEO, as Mr. Scheidt took over the chairmanship of the Vontobel Group from Dr. Widmer.

The renewal of Executive Management went hand in hand with the introduction of a divisional organisation, with clear responsibilities and competencies. With the bank being organised into three internationally active business areas—Private Banking, Investment Banking and Asset Management, all of which are supported by cross-divisional functions such as Finance & Risk and Operations—the intention was to be able to develop business in existing and new markets in a focused way. This new "integrated business model" would be the basis for future growth initiatives. It was not always easy to communicate these dramatic changes to the employees at the time, and the process was not implemented without frictions. Steering the course, Scheidt and his team succeeded in putting Vontobel gradually back on track.

One essential element of the consolidation and realignment was the complete renewal of the bank's IT infrastructure and processes. In the years to follow, the bank made sustainable investments so that Vontobel now has an extremely stable and modern IT platform.

Another important step in the new growth strategy was the substantial expansion in June 2004 of the already ten-year-old cooperation with the Raiffeisen Group. As part of a cooperation agreement, Vontobel took over the role of developing and producing the product and service offerings in the area of investment funds and structured products for the entire Raiffeisen Group and its banks. In a further step, the entire securities trading and portfolio management were added to the arrangement. In return, the Raiffeisen Group acquired a 12.5 percent stake in Vontobel Holding AG. This was a win-win situation, a big step for both partners, and garnered a lot of attention in the Swiss market. The current cooperation agreement will run until at least 2017.

Through a series of targeted acquisitions in the subsequent years, Vontobel was able to expand its performance positioning as an active asset manager with first-class product capabilities. In 2006, Vontobel Group acquired a majority stake in the hedge fund specialist Harcourt. With its innovative range of alternative investments, that transaction promises to complement Vontobel's product portfolio perfectly. That same year, the brokerage and corporate finance activities of Lombard Odier Darier Hentsch were taken over, significantly strengthening Vontobel's market position in corporate finance and the brokerage business in the Swiss market.

In parallel, the bank worked intensively on positioning itself as an independent Swiss private bank and active international asset manager, laying the groundwork for the successful growth of Vontobel's brand awareness and brand preference, both in the Swiss domestic market as well as in key focus markets abroad. The bank's reorientation was also reflected in terms of physical space. In 2007, the bank moved into the "Vontobel campus", with its new modern headquarters at Gotthardstrasse 43 in Zurich. Previously scattered around the city, the bank's various business units were finally brought together in a single institution. And in the very popular staff canteen and café, employees discovered a key communication point where they could easily and pleasantly meet with colleagues. Even the bank's Honorary Chairman, Dr. Hans Vontobel, always enjoys visiting.

After this period of consolidation and strategic realignment, the Vontobel Group quickly found its way back to solid growth. The group's earnings and assets under management experienced gratifying growth. In 2007, the bank posted earnings of 263 million Swiss francs, the highest group net profit in its history. Thanks to consistently good earnings and a balanced long-term dividend policy, the bank's equity increased gradually in the following years—an explicit goal of the Board of Directors and Executive Management. Over the next few years as well, this conservative approach should prove successful, "even if there have been moments," as the bank's Chief Financial Officer Dr. Martin Sieg says, "when analysts have told us, you're overcapitalised, give some money back to the shareholders." He adds with a smile: "These days, being well capitalised is once again a virtue."

## Stability through the Financial Crisis

The year 2007 brought about a dramatic change for the financial world. What began as a US housing crisis soon developed into a global banking, financial and debt crisis—one which has not yet been overcome, and which has shaken the banking world to its very foundations. Gone were the old certainties: Banks no longer trusted one another; their customers lost confidence; an entire profession fell into disrepute. What distinguishes this current crisis from the previous ones? Economist Walter Metzler, Senior Investment Advisor at Bank Vontobel, pinpoints the main difference: “The bubble of the nineties was financed with equity. When the bubble burst, at the beginning of the new millennium, and the overvalued shares lost their value, it was the shareholders who suffered losses, and the market as a whole recovered relatively quickly. This time, we are dealing with a debt crisis, which is continuing to spread like a chain reaction: from real estate to banks, and from banks to Europe’s governments.”

The first link in this chain of events was the rise of US interest rates in August 2007. For many American homeowners, this was a devastating development, and they could no longer service their loans. In and of itself, this would not have had to develop into a drama on a global scale. However, because these loans had been packaged into new financial products which afterward could be found in the books of banks all over the world, it was inevitable that the crisis would spill over into the entire global system. But just how bad things would become was something no one predicted back then. Almost everyone believed it would be a short-term crisis.

For Herbert J. Scheidt, then CEO and now Chairman of the Board, it was clear that the crisis would not be over so quickly. The case of the German industrial bank IKB sounded an alarm bell for him. Already in July 2007, IKB had to be rescued by the German government.

At the time, Scheidt was on holiday in Crete: “For me, it was clear that if IKB—which at the time I considered to be a well-managed bank—could get into liquidity problems, we had something very big lurking around the corner.” Still on the beach, he phoned the bank and urged his colleagues to check liquidity and increase it by an additional 200 to 300 million francs. “I wasn’t worried, but I wanted to be prepared for any eventuality.” Unlike Scheidt, the financial market did not regard the case of IKB as a warning sign. It took more than a year before the actual extent of the disaster became apparent. In March 2008, the US Federal Reserve, working with JPMorgan Chase, put together a rescue package for the ailing US investment bank Bear Stearns. But that was just the beginning. A short time later—in August—the American investment bank Lehman Brothers went into a tailspin. This time, the US government chose not to step in and save it. In retrospect, this was probably a fatal decision.

“We had expected that in the event a major investment bank would collapse, there would be systemwide effects as the contagion spread,” says Dr. Zeno Staub, at that time still head of Asset Management, and since 2011 CEO of the Vontobel Group. But for exactly that reason, Vontobel also expected that Lehman Brothers would not collapse. Either way, the bank was prepared. “We knew our positions down to the franc and centime,” says Staub. It was very complex, and for a long time many questions remained unanswered. Was the parent company Lehman Brothers really broke? Which business units were affected?What about the subsidiaries? What other companies would be sucked into bankruptcy as well? Questions, and more questions. But it quickly became clear that the Vontobel Group had launched only a few products related to Lehman Brothers and was therefore only marginally affected. Open positions existed only in the bond portfolio. “It would have been bad if there had been operational risks in the derivative portfolios,” Staub emphasises. “That would have created a vicious cycle.” As it happened, however, there was only one position that was problematical, and even if written off as a total loss, it could be easily digested. “Lehman Brothers is the only substantial write-down we’ve ever had on the bond side,” says the CEO. Many other banks—and with them their customers, too, in some cases—were hit much harder.

Overall, Bank Vontobel was well-positioned to with-stand the second wave of the financial crisis: In all those turbulent years, the bank continued to increase assets under management and thus benefit from the difficult situation. The excellent positioning was not only a matter of having a solid business model and conservative business policy, but also due to specific commitments. Amongst these was Hans-Dieter Vontobel’s decision after the 1987 stock market crash to stop proprietary trading. But it certainly also includes Scheidt’s decision in 2005 not to build up derivatives on credit. “We are not a lending bank, and understand nothing about lending,” says Scheidt on his decision. “We have always been a bank based on securities, and that is what we will remain.” Or, as Staub put it, “Very early in the derivatives business, we passed over to covered trading. As a result, there is virtually no counterparty risk for us in this area.” Scheidt was disturbed less by the leverage of the derivatives than by the estrangement between making loans and distributing them. “The banks accepted no further responsibility for their loans—they simply repackaged them and sent them on.”

Background

**The Financial Crisis and the Law of Unintended Consequences**

Since 2007, the financial crisis has caused a fundamental shake-up of the international financial system and the global economy. As one of the few major events in financial history, it can only be compared with the Great Depression of the 1930s and the devastating international financial crises of the 19th century. Its great peculiarity lies in a number of financial innovations, which in a previously unfamiliar manner chained the capital markets and the short-term money market one to the other, creating a direct transmission mechanism between the two. When one market became wobbly, the other also stumbled. The traditional methods of intervening in money markets soon proved ineffective. But before the mechanics of the crisis were fully understood, spectacular government actions were required to support the banking industry in America and the United Kingdom. With the collapse of Lehman Brothers in New York, the crisis took another dramatic turn, just when policy makers had come to believe the situation was under control. The result was the most severe economic downturn since the war, with heavy damage caused worldwide to banks, GDP and public finances—consequences that are not yet behind us today.

Traditionally, the instruments of monetary policy and capital markets were largely separated from each other. In terms of demand for liquidity, banks could resort to their respective central banks to finance the peaks in demand by rediscounting commercial bills. The discount rate applied to these transactions was the key interest rate used to effect monetary policy. In addition, the central banks could intervene at the long-term end of the capital market by trading long-term government bonds. But since the 1980s, use of commercial bills as a short-term source of credit has pro gressively disappeared, mainly because it could not readily be sold by means of electronic trading. For this reason, central banks soon shifted to providing liquidity by means of repurchase agreements, in which the borrowing banks sell bonds as collateral but agree to repurchase them. In such repo deals, securities with longer maturities are traded as well; bonds of different maturities are also commonly used as collateral in overnight credit in the interbank market.

But with this shift, the previously neat separation of the money and capital markets disappeared, without anyone noticing. Whereas previously the collateral for short-term interbank and central bank loans had been made up of commercial bills, i.e. self-liquidating short-term instruments that were absolutely senior in case of insolvency, it was now made up of longer-term bonds whose first-class quality was in any event determined by a rating agency that bore no liability. If under this new system, systemic risks emerged in the bond market, contagion immediately affected the money market: Systemic counterparty risks in the capital market could almost instantaneously lead to the freezing over of the money market and, with that, to a general financial crisis.

This is what happened to international financial markets in the autumn of 2007, when a price decline in the US housing market precipitated a systemic crisis in the market for mortgage-backed securities (MBS). In previous decades, such a mortgage crisis would not have generated much attention from the makers of monetary policy, as the problems associated with a crisis like that could be considered a solvency issue—one that perhaps required the restructuring of the affected financial institutions, but perhaps not.

The financial crisis in 2007 was quite a different matter. The freezing over of the markets for MBS, amplified many times by leveraging with derivatives and the increased uncertainty about the quality of the underlying mortgages, turned immediately into a liquidity crisis. Central banks were faced with a dilemma: On the one hand, they wanted to ensure the supply of liquidity, but on the other hand, they were confronted in their repo transactions with securities that in no way could be considered to be high quality any longer. In the early stages of the financial crisis, this rare occurrence of counterparty risk at the counter of the central bank strongly compromised the function of the central banks as lenders of last resort. So the initial hope was to overcome the solvency and liquidity problems of the large banks through international mergers and government bailouts, but without the dynamic involvement of the major banks.

In September 2008, events started coming thick and fast, as the decision was taken not to rescue the apparently insolvent Lehman Brothers, trying to avoid creating perverse incentives for other banks to go into insolvency as well. The ensuing chain reaction resulted in the partial nationalisation of several big banks in the UK, and extensive government support measures elsewhere. Soon, central bank involvement was required. While largely giving up their independence in terms of monetary policy, they participated in the support measures in order to absorb the shock of a further deepening of the crisis. The aggressive monetary expansion under the policy of quantitative easing is a direct consequence of this late change of course, and emerged from the initial misconception that the increasing liquidity problems of the international banks could be addressed by a reduction of capital costs. When it was finally understood how the counterparty risk of the collaterals enabled the crisis to be transmitted between the capital and money markets, it was almost too late; the international financial crisis had taken its course.

The financial crisis did not leave Vontobel unaffected. Even though the bank continued to generate profits every year, earnings were hit. Above all, the market environment for investment banking and private banking became increasingly difficult. In the area of structured products, a consolidation would probably have occurred sooner or later, even without the financial crisis. “Everyone wanted to join in,” recalls Georg von Wattenwyl, Head of Advisory & Distribution Financial Products. “There was a real gold rush mentality.” The financial crisis led to a slight decline in overall demand for structured products, but at the same time, client needs changed, moving toward simpler, more transparent, and more individual products.

This development did not come to Bank Vontobel as a surprise. “We had a vision for this market early, and we expected that structuring would become subject to automation,” agree Pfister and von Wattenwyl. Already ten years ago, Bank Vontobel put its weight behind the development of a webbased tool called “Vontobel deritrade®”, which allowed the relationship managers—also those of other banks—to assemble even customtailored structured products for their clients. Pfister cites figures that demonstrate how much the market has changed over the years: “Before the financial crisis, we issued approximately 50 structured products per week. Today, one is issued every minute. That makes about 150,000 new products per year.”

As in the case of the strategic cooperation with other banks, Vontobel's deritrade® platform enables Bank Vontobel to act as a product factory and to use the placement capabilities of other partners. "On average, the bank places 80 to 90 percent of its production, taking both asset management and investment banking into account, into external channels," says Scheidt. Today, some 3,000 specialists working in more than 800 financial institutions use Vontobel deritrade®—also abroad. Following Germany, London and Dubai, where Vontobel opened a branch in 2010, it is now Singapore's turn—the branch there was opened in 2012—and Hong Kong is to follow later. Because of the existing platform, the initial investments are reasonable, yet expansion abroad is still a challenge—one which also comes with risks. That is because Asian clients naturally want structured products based on Asian instruments. This is new territory for Bank Vontobel. "Also new to us is the fact that we have to run our platform in Zurich virtually 24 hours a day," says Scheidt. "At the end of the day, however, the platform from which the very important risk processes are handled will remain in Zurich."

The bank's CFO, Martin Sieg, believes that Vontobel has embarked on the right path with such an expansion policy, also because global regulatory pressure will increase again. That is why the platforms must be constructed so that they can be managed globally and only need to be adapted to local regulations in each country on a modular basis. This has the advantage that in core foreign markets, clients can be addressed in accordance with the applicable law, but at the same time the settlement, processes and back office are all taken care of in Switzerland. "If we set up our business model this way," says the CFO, "we have the opportunity of attaining critical mass on our platform, in spite of enormous changes in the financial world. This also involves guaranteeing the quality of the products and the processing from Switzerland." With this type of platform development in Switzerland, the bank considers itself to be better positioned than taking the physical step of establishing a bank in Asia.

## Paradigm Shift in Private Banking

For Private Banking, the financial crisis meant a major upheaval. Susanne Borer, Investor Relations Manager of the bank, illustrates this with some sobering numbers: "Today, trading revenues are 70 percent below the average monthly revenues from January to June 2007. What's more, investors are holding on average nearly 30 percent of their portfolios in cash." These missing revenues have been reflected in Private Banking in declining margins. "Clients are disillusioned," observed Hanspeter Spalinger, Team Head of Private Banking Switzerland.

When margins are low, either costs have to be cut or volumes have to be increased. Bank Vontobel is doing both. In 2010, it introduced "Advisory@Vontobel". With this new model, the advisory, risk and personality profile of the client are captured better, and above all, they are monitored better. The new system has not only improved the risk management of client portfolios, but also increased efficiency and professionalism in Private Banking. As Spalinger says, "The system also forces us to call the client when things aren't going so well."

For a long time now, a process of transformation can be observed all around the world—one which was accentuated by the financial crisis. The crisis revealed hidden needs for tax revenues in many countries. This in turn has generated substantial pressure from the OECD on Switzerland. These tax disputes—especially with the USA and Germany—and the tax treaties being negotiated are changing Private Banking in Switzerland. This is a development that does not leave Bank Vontobel unaffected, even if the bank has long insisted that its clients should be tax-compliant. "This transformation process requires a significant rethink," says Herbert J. Scheidt. He is thinking not only of the relationship managers, but also about the organisation and processes. Because it raises the question of how many countries a bank can actually cover with cross-border Private Banking. "Previously, you could serve a hundred countries. Everyone had the same product: an account abroad. Today," Scheidt explains, "clients must be treated exactly as if they were domestic clients, taking all the various tax perspectives into consideration." Banks will have to decide which markets they want to expand into with cross-border services. For Bank Vontobel, it is still clear that this means the German market, where it has had roots for a long time, and where the bank also operates locally and has enjoyed a full banking license by the Federal Financial Supervisory Authority (BaFin) since 2009.

Simultaneously, Vontobel has expanded in recent years in the domestic market as well, and has successfully increased its volume. In 2010, branches were opened for Private Banking in Bern and Basel. In the summer of 2009, Vontobel also acquired the Swiss subsidiary of Commerzbank, increasing assets under management in Private Banking by 20 percent at a stroke. And the bank does not rule out further acquisitions. Executive Management and the Board have also indicated that some 600 million francs in core capital are available for further acquisitions—also in Private Banking.

## Competent and Competitive

When it comes to the future of Switzerland's financial centre, Bank Vontobel has no doubts. There are only very few banking centres in the world that can point to such a long record of stability. Or banking centres that were able to record high net new money inflows even in periods of historical adjustments.

It is precisely the Western industrialised nations that are facing structural challenges. "The extent of government debt, the existing promises made to finance the various social systems, the aging of society, and international competitiveness—and they are all interconnected," explains Staub. Given such challenges, Switzerland can take pride in the fact that government debt here is an acceptable 35 to 40 percent of gross domestic product, which compares favourably with many other countries. "The social systems will not be able to be maintained at the present levels," Staub believes. But healthcare costs are 10 percent of GDP and are relatively stable. By comparison, in the USA, healthcare costs are 12 to 13 percent of GDP, and rising. Staub even sees the old-age pension system, despite problems, as largely financed in advance. Demographically, Switzerland benefits from immigration, and the country's competitiveness is high. The only fly in the ointment, according to the CEO, is the strong Swiss franc.

Background

**The Euro Debt Crisis**

Debt crises follow financial crises. This old regularity was true once again in the euro crisis since 2010. In the true sense, it is not a currency crisis; the euro has not dramatically lost any external value, nor in terms of internal purchasing power. But in the financial crisis starting in 2008, tax revenues collapsed everywhere in Europe, often by double-digit percentages. Even government budgets that had previously appeared solid began to wobble, all the more for some highly indebted, structurally weak economies on the periphery of the euro zone. Germany and its neighbouring countries, as suppliers to the booming Chinese economy, recovered relatively quickly from the crisis, whereas Europe's peripheral countries, with their weak manufacturing industries, did not. Liquidity problems of British investors soon allowed the UK banking and real estate crisis to spread abroad, in particular to Ireland and the Iberian peninsula, which deepened the crisis even further. Costly bailouts of the respective national banking systems put additional strains on the government budgets of the countries concerned. Within the Euro area, exchange rate fluctuation is not an available balancing mechanism, unlike the case of highly indebted Iceland, which was helped out of the crisis by a hefty devaluation, coupled however with high inflation and double-digit interest rates.

The deeper roots of the debt crisis in the euro zone countries lie in the coming together of very different countries in a monetary union without there being a fiscal union or any clear rules about what should happen in the event of a debt crisis. A fiscal union with transfers from richer to poorer countries would probably not have even allowed the debt problem to arise in the first place. With a little luck, clear guidelines on how to proceed in the event of an impending debt default would have made it possible to wrap up the debt crisis faster. Overall, however, a monetary union between countries with very different prosperity levels is a risky venture. Nevertheless, there is a historical precedent for a monetary union without a fiscal union: the United States. There, financial transfer systems were not built until the thirties. Previously, the dollar area, with member states as diverse as the highly developed Massachusetts and the long underdeveloped Mississippi, represented a currency area which was just as sub-optimal as the euro zone today. The dollar area maintained its stability for more than a century especially due to a strict no-bailout clause which left bankruptcies of individual member states to be settled between the local tax authorities and the respective creditors, without neighbouring states or the federal government intervening. Such a no-bailout clause was also stipulated in the Maastricht Treaty of 1992, establishing a European Union. In a reversal of political doctrine, however, this clause was watered down in the Treaty of Lisbon in 2009. Since then, debt guarantees have been based on the exemptions referred to in that treaty. Under the Lisbon agreement, the European Union tries to lead its over-indebted members back onto the path of more sustainable debt policy through a combination of debt-restructuring support and a strict austerity policy. As a flanking measure, the European Central Bank has announced that it will stop the speculation in the capital markets on southern European debt defaults, if necessary through unlimited purchases of government bonds. Whether these support measures will blaze an inflation-free path back to long-term debt sustainability in the euro was still in great doubt as of the time when this company history was written. A break-up of the euro zone is still possible at any time.

Vontobel aims to take advantage of Switzerland's fundamental advantages, i.e. its security and stability, which go hand in hand with the high quality of its services, not only in Germany but also in Southeast Asia. Wealth is shifting away from the industrialised countries to the emerging and high-growth countries. Vontobel is approaching these countries in a different way than many of its competitors are doing. Dr. Zeno Staub is determined that it cannot be the task of the bank to help people become rich. "The investment and product expertise of our bank, however, can help Southeast Asian entrepreneurs to remain rich." Bank Vontobel is hoping to attract wealthy Asians as clients in Switzerland, and to have about 10 percent of their assets looked after here—not with a maximum yield in mind, but with the thought of security.

Background

**Switzerland in the Age of Tax Disputes**

Since the eighties, tax evasion has been the focus of renewed attention, first in Europe and later in the USA. This trend was accompanied by a tightening of capital taxation in the major European countries. At that time, these countries were implementing the new insight that revenue could be increased by lowering the tax rates on capital income whilst broadening the tax base. In 2003, the progressive international introduction of upfront withholding taxes followed the OECD Model Convention on Double Taxation, which provides for a high degree of mutual assistance on tax collection. The European Directive on Taxation of Savings from the same year provides for the abolition of withholding taxes and also an extensive exchange of information between tax authorities. Switzerland made assurances to both organisations that in future revisions of its double taxation treaties, it would expand the applicability of the assistance measures.

The agreement of 2004 on taxation of interest brought about a compromise according to which Switzerland gives foreign taxpayers a choice between self-disclosure to their domestic tax authorities, or else subjecting their Swiss interest income to a tax at source. There were similar arrangements for certain countries within the EU, but only as a transitional arrangement. The withholding tax rate increased in two stages, from the initial 25 percent to the current 35 percent. The Swiss authorities transfer 75 percent of the revenues generated by this withholding tax to the respective EU tax authorities. However, the EU is seeking to replace this process, getting rid of the withholding tax and moving instead to disclosure to the tax authorities in the tax-payers' country of origin. This would amount to adjusting the conditions to those in the EU jurisdictional area.

Similar efforts in the United States to enforce its tax laws led to the adoption of the Foreign Account Tax Compliance Act (FATCA). In accordance with this law, foreign banks will have to disclose the accounts of American citizens to the US tax authorities. If they do not, the revenues of these banks generated by US assets are subject to a 30 percent withholding tax. The farreaching provisions of the Act have led some banks to close their securities accounts for US citizens. Whether the provisions of the Act will enter into force in 2013 as planned is still uncertain; the US side has offered a simplification of the procedure, and in addition, certain initiatives related to FATCA are still pending in the US Congress. Regardless, in their negotiations with the USA, the majority of EU member states, and Switzerland as well, have assured full compliance with the new provisions.

## Be True to Yourself

Safety first: This philosophy also applies to Vontobel. The attitude of forgoing short-term returns rather than taking on unknown and uncontrollable risks has paid off, and the bank is sticking to it. A big proponent of this thinking is Board Chairman Herbert J. Scheidt: "The essential thing is that you have to stay true to your model—and at Vontobel, we do. We are listed on the Stock Exchange and have major shareholders just like other industries. That means that we have large shareholders who scrutinise us very closely, who also feel responsible and to whom I also feel responsible—that's a very different relationship than if I were sitting on the board at a more anonymous big bank." The advantage of this arrangement is the high degree of transparency. "We're so small that we can't hide anything. A large bank takes off its shirt, and underneath it are five more shirts. We take off our shirt, and underneath it you see the skin," says Scheidt. Bank Vontobel sets great store in this family business culture. And he sums up again: "We stand for solidity, we stand for security, we're future-orientated, but we're not speculative, and we don't follow every trend. We have not been involved in any of the problematic issues seen in the last few years. For example, we had no exposure to the US real estate market during the housing crisis there. Our conservative risk culture held us back from grabbing at those poison pots filled with opaque financial instruments. Overall, our actions were dynamic but cautious."

Thanks to this particular culture, the bank's independence and freedom of action, its good "market standing", and a rock-solid balance sheet, Vontobel looks to the future with confidence—even if the macroeconomic environment may remain stormy, not least because of the crisis in the Euro area.

Of course, Switzerland as a financial centre is currently facing major challenges and finds itself in the midst of a dramatic process of change. "This process will result in winners and losers—that is in the nature of things," says CEO Zeno Staub. He continues: "The consolidation and streamlining in the banking sector is still far from complete. There are a few banks that will disappear." In spite of this, he foresees an unbroken future for the financial centre, with three reasons supporting his view: first, the country's higher than average global advisory and investment expertise; second, the unique stability and neutrality of Switzerland; and third, the fact that the financial centre has done its homework early so that comparative competitive factors such as public debt, the equilibrium of the country's social systems and the consequences of demographic developments all stand in Switzerland's favour.

It is in times like these that Vontobel intends to continue on the path it has chosen. Staub is convinced this is the right thing to do. "We are well-prepared and flexible enough to act quickly. What is critical is that Vontobel has the core capabilities that matter today and tomorrow. And the right people to put these capabilities into action. Let's not make it more difficult than it is. At the heart of it all, we protect the assets entrusted to us by our clients and make them grow over the long term. Specialising in active asset management, we create financial value and implement customised investment and product solutions for our clients. In doing so, we are committed to Swiss quality and performance standards. And, with their good name, our owner family has stood by these principles for generations."

## The Banker as Citizen: Journalism, Patronage and Social Activities

With his journalistic activities, Hans Vontobel made his own mark early on. In 1949, he reported for the first time for the Neue Zürcher Zeitung on the trading year just ended. This became a tradition. For 30 years—until 1979—Hans Vontobel wrote about events and developments in the stock market. Beginning in 1980, his son Hans-Dieter took over this task. Hans Vontobel also began early publishing essays on financial topics. In 1943, there appeared an essay from his pen in the Schweizerische Handelszeitung and in 1944 in the Ostschweizer Tagblatt, entitled “The First Confederation Bond of 1848”.

The bank’s cooperation with the Neue Zürcher Zeitung deepened rapidly. In the evening edition of 25th September 1950, there appeared the very first report on the share and bond prices of the previous day to be signed “J. Vontobel & Co.”. The bank had been able to take over this assignment from Bank Rinderknecht. But even in this area, the big banks interfered. “Once, Hans Vontobel wrote in a market report that the share price of a major bank was crumbling. Immediately, he got a call from the Chairman of the Board of that major bank who declared that its price was most certainly not crumbling,” a long-time employee recalls.

From his contacts with the regional banks and private clients, Hans Vontobel understood the value of market information. Up to that time, Bank Vontobel had satisfied the need for information with price tables, security lists and, to some degree, with daily phone calls. But now, Hans Vontobel saw that the time had come to use more extensive publications as a way to increase the loyalty the clients felt toward the bank. In 1958, he introduced the series Streiflichter (“Sidelights”). Later, other publications were to follow, such as Blick in die Zeit (“Looking toward the Future”) and Blick über die Grenze (“Looking Beyond the Border”). In these reports, a country would be singled out and presented to investors, or a topical subject would be addressed. The series began in 1960 with an essay covering “The American Leisure Industry”. This was followed by “Critical Thoughts on the Problem of Surplus Immigration”. The editorial range was broad enough to have room for such diverse themes as “The Renaissance of the Yield Mentality”, as well as “Small Child—Big Consumer”. Over the years, these journalistic productions have practically become a trademark of Bank Vontobel. Also as an individual, as a patron, philanthropist and author, Hans Vontobel unfolded a rich variety of activities over the years. In 1990, a collection of his articles and speeches appeared under the title Unverbucht –Betrachtungen eines Bankiers (“Not Booked—Reflections of a Banker”), and in 2003 this was followed by the philosophical work Der Mensch als das Mass (“Man as the Measure”). Also worth mentioning here is the biographical work on Hans Vontobel that was published in 2009, Bankier—Patron—Zeitzeuge (“Banker—Patron—Witness”) by Susanne Giger. In addition, for 19 years Hans Vontobel was engaged as the chairman of the foundation for the nursing school and hospital run by the Red Cross in Zurich Fluntern. In 1986, he founded the Vontobel Families Foundation supporting social welfare, education and culture. Then followed the Vontobel Foundation, established in 1993. In his own name, he established several other foundations, such as the Creativity Beyond Seventy or the Lyra Foundation for talented young musicians. And without the generous support of Hans Vontobel, the Masoala Hall of the Zurich Zoo would probably never have been built.

## The Family

Without making much of a public fuss, the members of the Vontobel and de la Cour families take a keen interest in the fortunes of the Vontobel Group. Already, members of the fourth generation are active in the operations of the bank’s business as well as sitting on the Board of Trustees of the Vontobel Foundation. The company’s strategic decisions have regularly been given the full support of all the members of the family, even if this meant reducing their degree of ownership as shareholders, as in the case of the strategic cooperation with the Raiffeisen Group. Also, by regularly taking part in bank events, the family members publicly demonstrate their ties to the institution. They work in diverse ways with the cultural and charitable projects of the bank. In the charitable foundations, Hans-Dieter Vontobel chairs the Vontobel Foundation, whilst Regula Brunner-Vontobel, her daughter Ines Brunner and her cousins Carin Häsler-de la Cour and Christina Wettergren-de la Cour contribute as Trustees with great personal commitment to the successful operation of the Vontobel Families Foundation, in the public interest.

***Shareholder pooling agreement.*** Fundamental to the strength and reliability of the company are a solid capital base and a stable shareholding structure, with long-term and entrepreneurially minded principal shareholders. Since 2002, a shareholder pooling agreement has existed between the substantial equity holders, which is valid until 2017 and may be extended without notice for further periods of three years. As of the end of 2012, a majority of the voting rights and capital of Vontobel Holding AG is held by the Vontobel families, with their free shares, as well as other substantial shareholders bound by the shareholder pooling agreement.

## Well-Positioned for the Future

For the fourth generation of the Vontobel and de la Cour families: Dr. Maja Baumann, Patrick Häsler, Nicole von Däniken, Björn Wettergren

***We stand with the bank.*** As family shareholders, our families have stood with the bank and its commitment over the course of four generations. This is a strong foundation for the future of the Vontobel Group. It benefits from the stable shareholding structure, with long-term orientated and entrepreneurially minded principal shareholders. Its independence is an important competitive factor. Employees and clients of our bank appreciate the clear connection to the family and in this sense feel well cared for, from an emotional as well as an objective point of view. We are also convinced that the clear presence of the owner families as the core of our bank, especially in an increasingly global and anonymous environment, increases our credibility and trustworthiness. Each one of us is interested in what happens in the bank, and we appreciate the regular communication with employees, Group Executive Management and the Board of Directors. Some of us are currently working in the company; others have worked in the bank for a certain time and in this way have intensively acquainted themselves with the institution. Employees and clients of our company whom we see regularly confirm to us again and again that our commitment is important. This pleases and encourages us immensely.

***We stick together.*** Our families are closely linked –both as shareholders and at the private level. We are united in the belief that Vontobel is well-positioned for the future as an independent and innovative Swiss private bank with a strong, value-based culture. As the owners of the Vontobel family business, we think and act for the long term. This also means that our thinking is not based on short-term, quarter-to-quarter earnings results. With this attitude, we want to contribute to good governance, which will give the company's management the necessary flexibility to shape its strategic and operational decisions in challenging times. The key cornerstones of governance are aimed to promote the healthy growth of our bank, a strong and stable value-based culture, internally and externally, and entrepreneurial agility and innovation. To maintain and continue strengthening the healthy balance between family governance and business (corporate) governance is a key success factor for our family business, which has existed now for over four generations.

***We stand for strong values.*** As a family and as its owners, we are the guarantors for the bank's strong and stable values. They mean a lot to us, and we also think that Bank Vontobel will increasingly diverge on this point from other companies in the industry. We do not follow every short-term trend, and we have a clear commitment to dealing with each other and with the employees and clients of the bank. Through the strong family shareholding, we can think long-term and act independently. Crucial for us are trustworthiness, honesty and transparency. For generations, an entrepreneurial spirit and a strong social engagement have gone hand in hand for us. We are proud of the great social achievements our family members have made through the various foundations. With this attitude and these values, we want to take the company into the next generation.

# Dynamically into the Future

How will things go on from here? Where will—where should—Switzerland be in a decade? What will be, not the next big challenge, but the challenge after that, for Switzerland's financial centre, for the economic policy of Switzerland, for the Swiss people and their links with the global economy? Where will the global economy be in 20 years, or in the middle of the century? Determining authoritative answers to these questions is difficult for economists. The difficulty of making economic forecasts has fundamental reasons. Insofar as "Homo economicus" is constantly inventing new products, processes and institutions, the market economy itself is also a process of discovery. To predict its outcomes over longer periods of time would be tantamount, in the final analysis, to predicting future inventions. And that would have the same epistemological value as science fiction.

But some trends can be identified because some changes unfold more slowly than others and are longer-lasting in their effect. The great waves of technological progress have often shaped economic life for half a century or longer before slowly ebbing away. Demographic changes in fertility and mortality often come about quite suddenly, but then turn out to be extremely tenacious and bring about changes that last for several generations. Both of these phenomena are making their mark on the current global economy, and will continue to transform it for a long time to come—until something new, not yet foreseeable today, comes to the fore.

The digital revolution has been compared with the impact of the steam engine, and by all appearances, the rise of the computer and its many applications has now surpassed the British Industrial Revolution in importance. In the foreseeable future, the digital revolution will continue to change the way we work and live as consumers. For Switzerland, this is doubly important. First, with the undiminished importance of these industries, the technological influence of the USA will remain unbroken; for the last 30 years, the repeated warnings of America's technological decline have not come true. And second, the development gap between the USA and Europe threatens to increase once again. Although prosperity and quality of life in parts of Europe are not inferior to the USA, the large, economically important technological impulses in the last decade have, once again, come more intensively from America. There are no signs that this will reverse. Switzerland as a scientific and technological centre of excellence will do well to orientate its institutions and educational system even more towards America's top institutions. Benchmarking them against Europe instead would be taking them down a notch. In the next decade, if you have not fixed your gaze on the United States, you may be left behind.

Much attention—perhaps almost too much attention—has been paid in recent years to the rise of China as a world economic power. This trend could not have come as any real surprise, as China was merely reassuming the position it had given up long ago thanks to its backward-orientated policies. Just as with Japan before it, China's catch-up phase cannot go on forever at such high rates of growth. The big challenge will be whether the country can master a smooth transition to a mature economy with high standards of living but low rates of growth. To do this, however, the private consumption of the Chinese population must be able to keep pace with the expansion of the production base. This was not the case in Japan; efforts focused single-mindedly on pushing exports. This contributed to a prolonged economic standstill, from which the country has not escaped to this day. The task of the future will be to keep the Chinese economic miracle manageable. It is too early to judge the success of this experiment, but the excessive rise of Chinese investments during the low-growth episode of the recent years is giving rise to some apprehension.

With clever strategies, Europe and Switzerland can benefit from Chinese growth. Exports of high-quality and luxury products are flourishing, and the Chinese, like the Japanese 30 years ago, have discovered Switzerland as a tourist destination. On their short holidays here, they are buying reliable Swiss quality watches; the watch industry and trade are reporting record sales. As a destination for the private investment of Asian clients, Switzerland is attractive in any case; it will be possible to realise even more potential in this area. The strong Swiss franc, and the high degree of pressure it puts on the economy to modernise give Switzerland a head start in being able to perceive China less as a threat than an opportunity. In the future, however, attention will have to focus on what happens after the Chinese economic miracle comes to an end.

China's super-growth is part of a broader catch-up being played out since the fall of the Iron Curtain. Thanks to competition from these cheaper suppliers, wage growth has flattened in Western countries, whilst investment-seeking capital has been able to hope for returns not seen since the postwar era. This effect seems to have been exhausted for now; the bonanza of the post-communist transition in the global economy is over. And for the time being, growth in other emerging markets has not fulfilled expectations. For Switzerland as a financial centre, this change is an opportunity: For now, the time is over for flash-in-the-pan investments in the financial markets, and the foreseeable future will belong to reliable, long-term asset management—allowing the Swiss financial centre to leverage its traditional strengths once again. This is because Swiss banks' core competencies lie in their long-term client relationships, custom-tailored wealth manage ment, and support in the selection of optimal regulatory framework. With Switzerland as the basic platform, this concept can be exported worldwide. It is difficult to imitate, because countries with similar political and economic stability are rare. For this reason, Switzerland has every chance of succeeding in healthy, performance-based competition with the financial centres of Southeast Asia.

Of great importance are the coming demographic changes. Birth rates are falling worldwide. In many parts of Asia, but also widely in the Middle East, population growth has slowed to merely the maintenance level or even below it, such as in Iran or Egypt. In South America as well as in southern Africa, a similar development is anticipated. Still growing rapidly, however, are the populations of Central Africa and the Sahel. This is in contrast to the populations of Europe and East Asia, which in the decades to come will be facing a decline in absolute numbers. In the medium term, this will lead to increased competition for skilled immigrants. If immigration can sensibly and successfully be managed, at least from countries outside Europe, Switzerland will be an immigration winner instead of an immigration loser; successful role models, such as Australia and especially Canada, could be the inspiration.

Even the Swiss position within Europe will be fundamentally affected by the global economic changes of the coming decades. Since the fall of the Iron Curtain, weights have imperceptibly shifted in Europe, with the countries in Central Europe, previously separated from Western Europe, regaining importance. The burden of adjustment is being borne by the peripheral countries of Europe. The structural crisis of the Mediterranean region is also a consequence of this shift in weights. The Czech Republic, Slovakia and Poland have undeniable geographical advantages compared to Southern Europe, and these advantages could not be ignored by economic policy without being punished. This also explains the readjusted role of Switzerland. To avoid being marginalised, Switzerland must become increasingly involved in European projects in which its location is advantageous. Entirely new perspectives are opening up, for example in the modernisation of the European electrical grid, a project in which Switzerland can play a role as a true hub, primarily serving as an energy accumulator that matches demand for energy with supply. At a time when reliance on nuclear energy is declining and the use of renewable energies, whilst on the rise, is still only sporadically available, Switzerland, with its existing and future hydroelectric capacity, will increasingly take centre stage. Particularly promising is the investment in rail transit, which also confers importance on Switzerland's location. Much will depend on how Switzerland reformulates and recalibrates its relationships with its neighbours in the coming years in order to take advantage of its technological expertise and geographical location.

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**An Outlook by**
**Prof. Albrecht Ritschl,**
**London School of Economics**


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**The headquarters of the investment bank Lehman Brothers, taken on 15th September 2008, the day that Lehman Brothers filed for bankruptcy in New York.**

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**Dr. Zeno Staub, Chief Executive Officer, and Herbert J. Scheidt, Chairman of the Board of the Vontobel Group, 2011.**


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**Head office of Bank Vontobel AG**
**Gotthardstrasse 43, Zurich**

**Dr. Hans Vontobel, 1993**

—
**The Vontobel and de la Cour families, 15th December 2012.**

# Vontobel— from bank to investment firm

Due to its cautious risk policy and solid capital base, Vontobel survived the financial crisis of 2007/2008 without any major setbacks. However, the turmoil emanating from the US real estate market has shaken up the Swiss financial center and prompted banks to rethink their business models. The need for action is all the greater as Switzerland feels compelled under great international pressure to introduce a so-called white money strategy. This is essentially aimed at keeping undeclared money from foreign clients out of the Swiss financial center. The regulatory defense mechanism put in place by the authorities for this purpose has had far-reaching consequences: margins in cross-border business with wealthy clients, the most important source of income for traditional private banks, are narrowing and cost pressure is increasing at the same time.

## Focus on selected core markets

Vontobel is no exception here. The firm, which serves institutional clients (Asset Management) as well as private clients (Wealth Management) and issues and trades a wide range of structured products (Investment Banking), is working on bundling its fragmented activities abroad and closing less profitable locations with insufficient synergy potential. “The first phase was about creating order. We had to realize that we were too small to set up our own bank in all the markets we serve,” says Georg Schubiger, who took over as Head of Wealth Management in 2012. “We decided to focus on the cross-border business.”

The branch in Italy with a banking license, the bank in Salzburg with a branch in Vienna and the location in Dubai are all being scaled back and ultimately closed as a result, although this means cash outflows. Moreover, Vontobel is streamlining its processes and setting up an efficient, process-oriented “engine room” in Zurich.

The aim is to conduct cross-border business with wealthy clients primarily from Switzerland in the future. In addition, only Germany has a banking license to ensure that clients in EU countries can be served even if cross-border access to this important economic area should be made overly difficult. In addition to its home market and other European countries, Vontobel is targeting North America as a third core region. With its subsidiary Vontobel Swiss Wealth Advisors (VSWA), which is licensed by the US Securities and Exchange Commission (SEC), it is one of the country’s leading providers of internationally diversified investment solutions for US cross-border clients.

## Acquisitions support organic growth

In parallel with streamlining its processes and focusing on its core regions of Switzerland, Europe, and the US, Vontobel is moving to support organic growth in Wealth Management through acquisitions after many years of restraint. “Our cautious risk policy prevented us from experiencing any negative consequences due to the financial crisis of 2008 and 2009. Caution was firmly anchored in the minds of our employees,” says Herbert J. Scheidt, Chairman of the Bank’s Board of Directors until the 2022 Annual General Meeting.

Vontobel took its first cautious step in 2009 with the acquisition of Commerzbank (Switzerland). However, the clean-up work at the Zurich subsidiary of the major German bank, in which the Federal Republic of Germany has held a significant stake since 2009, proves to be more extensive than expected, especially as it operates in almost the same markets as Vontobel and many redundancies have to be eliminated. Despite an attractive takeover price, expectations are not fulfilled. In addition, Vontobel takes over the small Finter Bank based in Ticino, which is controlled by the Italian industrialist family Pesenti, in 2015. This gives the Zurich-based bank access to a high-quality client book and an extensive network of relationships in Italy. Lastly, Vontobel gains a foothold in Ticino at a time when many other Swiss banks had withdrawn, thereby expanding its presence in its home market of Switzerland. Until then, Vontobel was represented in Zurich, Lucerne, Berne, and Geneva. Vontobel acquires Bank Finter for CHF 80 million, which manages client assets of CHF 1.6 billion.

While the acquisitions of Commerzbank (Switzerland) and Finter Bank can still be seen as rounding off the wealth management activities, Vontobel became one of the leading Swiss private banks in 2018 with the acquisition of Raiffeisen subsidiary Notenstein La Roche. Following the acquisition of the St. Gallen-based private bank, Vontobel is now represented in an additional 13 locations in its home market, giving it a nationwide distribution network. Vontobel acquires Notenstein for CHF 700 million. Notenstein manages client assets of around CHF 16.5 billion and is also active in business with external asset managers. Moreover, around 200 Notenstein employees join Vontobel. Following this acquisition, at the end of 2018, Vontobel’s assets under management will increase to CHF 55 billion. Vontobel thus succeeds in permanently surpassing the CHF 30 billion hurdle, at which its growth ambitions had failed for many years.

Vontobel, which has successfully cooperated with the Raiffeisen Group in the fund and securities business since the 1970’s and acts as its exclusive distribution partner, has repeatedly sought to acquire a stake in Notenstein. This is because the hopes that Raiffeisen placed in the acquisition of the former Bank Wegelin in 2012 have not been fulfilled. The boutique, which is highly specialized in terms of products and technology, remains a foreign body in the down-to-earth, cooperative Raiffeisen universe. Raiffeisen clients are not warming to Notenstein’s cufflink bankers. Asset outflows, unsatisfactory results, and a high turnover in Notenstein management are the result.

Against this backdrop, Raiffeisen decides to sell Notenstein to Vontobel after all. Patrik Gisel, who replaced Pierin Vincenz at the helm of Raiffeisen Switzerland in March 2016, wants to get rid of the Notenstein millstone. Vontobel is also taking action because another buyer could potentially disrupt or even jeopardize the long-standing cooperation between Vontobel and Raiffeisen. Vontobel wants to avoid this at all costs. After all, the cooperation with Raiffeisen generates millions in income for Vontobel every year and makes the St. Gallen-based company an important partner for the Zurich-based asset manager.

The acquisition of Notenstein initially proves to be a challenge. Many Notenstein clients withdraw their assets, unsettled by the new change of ownership. “We lost more clients than we had hoped,” says Scheidt. The outflow of assets eats up part of the inflow of new money in the two years following the acquisition. In addition, the partners of the former Basel private bank La Roche, who had sought their salvation under the Notenstein umbrella in 2015, leave after the switch to Vontobel. Despite all the initial difficulties, there is no doubt that the acquisition of Notenstein has catapulted Vontobel into a higher league in its home market and beyond, making it a national Swiss brand.

## Market leader in a niche business

Following the purchase of Notenstein, a further acquisition-related expansion step was taken in Wealth Management in 2019. Vontobel acquired the cross-border wealth management business with clients in the US from Geneva-based private bank Lombard Odier as part of a cooperation agreement. Assets totaling over CHF 700 million are since managed by the Vontobel subsidiary VSWA (today Vontobal SFA), which is represented by client teams in New York, Geneva, and Zurich. Lombard Odier has also started to recommend Vontobel as the first port of call for US clients who wish to work with a Swiss asset manager licensed by the SEC.

The cooperation provides for income to be shared between the two partners. If a client leaves, for example because they have returned their US passport, they return under the wing of Lombard Odier. More and more banks are withdrawing from the cross-border business with US clients because it is heavily regulated, incurs considerable costs and generates correspondingly narrow margins. However, Vontobel is one of the leading players in this market segment with VSWA, alongside UBS and the Geneva-based private bank Pictet.

And it continues to get better. In 2022, UBS surprisingly sells its SEC-licensed business with US clients to Vontobel. With the acquisition of UBS Swiss Financial Advisors (SFA), which is completed in August 2022, VSWA (which will be renamed into Vontobel SFA after the merger) receives additional client assets of CHF 6 billion. This makes Vontobel the undisputed number one in this niche market in Switzerland. Following the transaction with UBS, the Vontobel subsidiary now manages around CHF 10 billion. As part of its increased focus on business in the world’s largest wealth management market, Vontobel opens a further location in Miami during the same year. Private clients from the region and Latin America as well as institutional clients are served via Miami.

Vontobel is opening a wealth management office in Milan in 2020. The bank is thus deviating from its strategy of not opening any new branches abroad. However, Italy has made cross-border business so difficult that it is now only possible to serve individual clients in Italy from Switzerland at great expense. The Milan office makes it easier to advise wealthy families, entrepreneurs, foundations and holding companies in northern Italy.

## In a different league

Following these acquisitions, Vontobel, which is now represented throughout Switzerland, is now one of the leading providers of wealth management services. Its core markets also include the rest of Europe, including the UK, Germany, Italy, the Nordics, and the US. Vontobel generates no less than four-fifths of its business with wealthy private clients in the western world. Unlike other banks, Asia, and emerging markets in other regions of the world play only a minor role in the bank’s strategic considerations. Vontobel is not represented in China, which a considerable proportion of its competitors regard as a future market. The bank has closed its wealth management office in Hong Kong.

After all, focusing on the western world may mean lower growth rates, but it is associated with lower risks and greater stability. Occasionally, this cautious strategy draws criticism. However, it has been shown time and time again that wealthy Asian individual clients are more focused on a short-term investment horizon, generally want access to credit, do not develop strong ties to their bank and are quick to withdraw their money in the event of distortions. Continuity and stability, two key success factors for Vontobel, are difficult to guarantee under these circumstances.

The results of this cautious, capital-efficient growth strategy, which rounds off organic growth through acquisitions, are impressive. Over the past decade, assets under management in Wealth Management have tripled to around CHF 100 billion. Vontobel is one of the best addresses for wealth management in Switzerland and in its focus markets of Europe and the US.

## Institutional business is also picking up speed

Following the financial crisis, there is a need for action not only in the business with wealthy individual clients, but also in Asset Management, the business with institutional clients such as insurance companies, pension funds, sovereign wealth funds and third-party banks. This business unit is also geographically dispersed and is essentially based on its activities in Switzerland and the US.

In the Swiss home market, the focus is on cooperation with Raiffeisen in the fund business. The St. Gallen bank is one of the most important cooperation partners in asset management. Raiffeisen clients have been able to invest in fund products from distribution partner Vontobel since the seventies.

The situation is similar in the US. In New York City, the Quality Growth boutique sets the pace with its equity strategies. Its multi-award-winning boss, Rajiv Jain, is regarded as a rainmaker in the industry. At the beginning of 2003, Jain toyed with the idea of a management buyout to go his own way with his team. With a great deal of effort and additional resources, Vontobel managed to persuade him to stay. This paid off. When Jain left Vontobel in 2015 to set up his own company, the Quality Growth boutique accounted for around half of all assets managed in Asset Management, which is a third of the bank's total assets under management.

Due largely to the reputation and professionalism of the New York City boutique, it succeeds in gaining a foothold in the Asia-Pacific region in fall 2012 and concludes a cooperation agreement with Australia and New Zealand Banking Group Limited (ANZ). This alliance gives the Zurich-based bank access to ANZ's distribution system and thus to a growth region. Vontobel is also gaining a foothold in Japan. "Rajiv Jain has shown us how modern asset management works," says Scheidt. As in Wealth Management, China also remains a white spot in Asset Management.

The six boutiques in the Vontobel universe function like external asset managers. As centers of competence for selected investment strategies, they focus on achieving the best possible performance for their clients. How they do this is up to them. The independence of the boutiques means that their business is difficult to scale, which limits flexibility on the cost side. Distribution is at least centralized, and once a year they compete for the place that their products should occupy on the "shelf" of the company's internal sales organization.

## A giant step forward

As in Wealth Management, Vontobel is also cautious about acquisitions in Asset Management.

In 2015, however, Vontobel acquires a majority stake of 60% in the British company TwentyFour Asset Management LLP (TwentyFour), based in London. Founded in 2008 by ten partners, the boutique offers its institutional clients, for whom it manages assets of CHF 6.5 billion, a broad range of fixed-income products. Its strengths include a disciplined investment philosophy and a well-established, robust investment process. By joining forces with TwentyFour, Vontobel, which initially focused on equities, is strengthening its fixed income business and significantly expanding its presence in the UK, the most important European market for institutional clients.

The TwentyFour brand, which is well established in the UK market, is retained following the change of ownership. The partners, who continue to hold a 40 percent stake in the company, continue to run the day-to-day business and retain responsibility for all investment decisions. Vontobel incurs hardly any integration costs and TwentyFour contributes to the firm's profits from day one of the takeover.

The acquisition of TwentyFour can be compared in its impact with the takeover of Notenstein La Roche for Wealth Management. It provides new momentum, increases the reach, and opens new areas of activity for Asset Management. The assets managed by TwentyFour quadrupled in the following years to around CHF 30 billion. In 2021, Vontobel acquired the remaining 40 percent of TwentyFour. The partners who sold their firm to Vontobel in 2015 are still on board.

In 2024, Vontobel took an important step in entering the institutional private markets space by acquiring a significant minority stake in Ancala Partners LLP (Ancala), an independent, private infrastructure manager based in London. Expanding the investment offering for high-net-worth private clients is one of Vontobel's priorities in 2023 and 2024.

## Intensified cooperation with Raiffeisen

One year after the TwentyFour acquisition, Vontobel and Raiffeisen are putting their cooperation in asset management on a new footing. The Raiffeisen Group, still at the instigation of its controversial head Vincenz, duly terminated the mutually important cooperation agreement in mid-2017. Under the leadership of Vincenz's successor Gisel, this decision is corrected, and the cooperation is continued and intensified.

As part of this realignment, Vontobel is buying Raiffeisen's asset management subsidiary Vescore, which manages a total of CHF 15 billion in client assets. Raiffeisen has abandoned its plan to forge its own powerful asset management group from a collection of boutiques. In the future, the cooperative bank intends to utilize the expertise and sales infrastructure of its partner Vontobel. The latter is selling off the Vescore subsidiaries that are neither profitable nor fit into its portfolio. Two business areas, Sustainable Investing and Quantitative Investments, new business areas for Vontobel, are integrated into Vontobel's own product range. They will later be incorporated into the newly formed Multi-Asset boutique.

In an environment of negative interest rates, in which a great deal of institutional money is looking for an investment, assets under management and thus the income of the Vontobel boutiques are expanding significantly. Only the assets managed by the New York-based Quality Growth boutique are stagnating at a high level following a setback in the wake of Rajiv Jain's departure. Due to a combination of organic and acquisition-driven growth, Vontobel has succeeded in broadening and diversifying its revenue streams in asset management. All six boutiques make a substantial contribution to the success of Asset Management. The dependence on the Quality Growth boutique has been overcome.

Over the past ten years, the prudent growth strategy has proven its worth, as it has in Wealth Management. Assets under management in Asset Management increased by 60 percent to around CHF 110 billion. As in Wealth Management, the acquisitions in Asset Management are all financed from Vontobel's own resources. Vontobel refrains from any capital increases.

The normalization of the interest rate environment halted the long-term upward trend in 2022. Inflation fears, a more restrictive monetary policy by central banks, the outbreak of war in Ukraine, fears of a recession—this is only the fourth time in the past five decades that both equity and bond prices have come under pressure worldwide at the same time. The diversification effects that usually result from the combination of these two important asset classes are being reversed. The price swings are not smoothed out but amplified. The negative performance reduces the volume of assets under management and leads to cash outflows. Although these new framework conditions have recently dampened the earnings trend, they are not able to call into question the long-term upswing in asset management and wealth management.

## Technology opens up new markets

In addition to asset management for private and institutional clients, Vontobel will be active in a third business area from 2020 under the title Digital Investing (formerly Investment Banking). The core business of this unit is the issuance and trading of listed structured products, in particular leveraged products. The heart of this business is digital: with the interactive multi-issuer platform Deritrade, Vontobel has established a leading market position in Switzerland and abroad over the years.

It all started almost 20 years ago with simple Excel spreadsheets. As a precursor to Deritrade, these Excel spreadsheets were supplemented by an Internet front end to which internal users had access. Later, clients were given access to the platform via the Intranet. Today, hundreds of players such as brokers, banks and independent asset managers immerse themselves in an extensive investment universe on the Deritrade platform, putting together individual products for their clients using a wide variety of modules, simulate their performance and compare them with offers from third-party providers. Deritrade becomes the first truly successful digital offering.

Vontobel not only issues structured products, but also trades them. Between 20,000 and 30,000 Vontobel products are constantly listed on the SIX Swiss Exchange alone. Since 2015, Vontobel has been able to export the products listed on SIX and the German stock exchange to the Nordic countries, Italy, France, and the Netherlands at no great additional cost via its German location. “Because a product approved in Germany is also approved in other EU countries without major adjustments, we were able to list our offering on other European stock exchanges and introduce it to broker networks,” says Markus Pfister, Head of the Internal Structured Solutions & Treasury division until the end of 2023. Against this backdrop, it is possible, for example, to be present in Finland with a broad range of products and services without employing a single employee there.

Vontobel is the market leader in this so-called public distribution business in Switzerland and occupies leading positions in other European countries. But the potential is far from exhausted. Half a million intermediaries regularly consult the Derinet website, which can be seen as a huge product catalog. They buy products for 700,000 of their clients via this channel, and 30,000 people have subscribed to a newsletter. The aim is to introduce this huge pool of potential clients to Vontobel, integrate them into the Vontobel universe, satisfy their constantly growing needs with the help of specialists and support them in their decision-making.

Digital Investing not only operates the structured products business, which is essentially a B2B business, but also targets end clients. With the “Volt” application, the unit also provides interested parties with direct digital access to its investment universe. These can be existing private clients who are tech-savvy and therefore use their app to make investment dCHecisions in a hybrid approach in addition to personal advice. However, Vontobel is also using Volt as a “gateway drug” for new client groups in 2019. The target audience is primarily affluent clients with assets of up to CHF one million. After a test phase, a completely revised offering will be launched in the Swiss market in 2022: “Volt by Vontobel”. Due to the war in Ukraine and the changing economic environment, the launch could not be supported as desired in terms of advertising. This unfortunate timing is a key reason why fewer clients than expected were acquired via this purely digital channel. However, the collaboration with Raiffeisen, which offers its clients a digital service via “RIO” on Volt’s technology platform since 2019, is running in line with expectations. Clients of the Brazilian broker Nova Futura Investimentos have also been using Vontobel’s platform since 2021.

The “Cosmofunding” platform holds a unique position in the Digital Investing offering. It arose from the idea of expanding the Deritrade concept, which focuses heavily on equities and their derivatives, to include the business of privately placed bonds, loans, and public bonds—a new business for the equity-oriented Vontobel. Currently, the Cosmofunding platform is mainly used for private placements. When an issuer submits a financing request, it is immediately forwarded to all connected institutional investors. These investors have access to a wealth of information about the issuer itself, its rating, and the conditions of the issue. If an investor commits, a contract is automatically drawn up and the transaction is processed. Although everything is automated and digitalized, users can contact an employee at any time if questions arise.

The issuers are mainly public-sector entities such as cities, cantons, hospitals, state-owned power plants and transport companies throughout Switzerland. The maturities of the issues range from two weeks to 20 years, the volume of an issue fluctuates within a range of CHF 300,000 to CHF 300 million, with an average of CHF 15 to 20 million.

Launched in 2018, the volume traded on the Cosmofunding platform reached around CHF 12 billion in 2023—or around CHF 1 billion per month. Behind this success is a growing network of issuers, investors and interested parties, a platform trimmed for speed and a high number of interfaces to clients. Moreover, Cosmofunding enjoys another advantage, as Vontobel itself is not very active in the lending business, there is no internal credit department worrying about the disruptive effects of an in-house digital alternative offering. Cosmofunding can develop freely as a credit intermediary without burdening Vontobel's balance sheet.

## Digital transformation

There is no doubt that the digitalization of the banking industry will continue. The aim is to make the Vontobel's entire client business, including asset management, digitally fit for the future.

It is already foreseeable that artificial intelligence will play a decisive role in the digitalization of the banking industry. "Artificial intelligence will develop a similarly disruptive force in the banking industry as the steam engine once did. We have to participate in and master this radical change," says Markus Pfister, Chief Operational Officer (COO) since 2024. From this perspective, many of the tasks behind the client interface, the design of which determines success or failure, will be taken over by virtual agents. The differences between digital and non-digital offerings are becoming blurred. However, it will still be possible for clients to talk to in person advisors in the future. Ultimately, the aim is to offer them the flexibility to decide how much digital contact they would like to have on a scale of 0 to 100.

## The patron steps down

An era comes to an end at the beginning of January 2016. Dr. Hans Vontobel, the bank's patron, passes away at 99 years old in his hometown of Zurich. This marks the departure of a banker who had begun his career during the Second World War, in 1943. Hans Vontobel remained present physically in the building as he aged. He received employees and guests in his office above the rooftops of Zurich on the eighth floor with a view of the lake and the mountains, lets them take a seat on the green leather sofa and discusses questions that are on his mind. Hans Vontobel was a crisis-tested banker, promoter of the financial center, benefactor, patron, pioneer, and an innovative thinker. He also maintained a sense of moderation in his professional and private life, in politics and in society. He did not indulge in the pleasures of accumulated wealth but adhered to values such as modesty. Even late in life, he did not drive his company car to his office but took the tram. He will always be remembered as a Zurich banking legend.

## The fourth generation takes over

A few months after the death of Hans Vontobel, at the Annual General Meeting in April 2016, Dr. Maja Baumann and Björn Wettergren are elected to the Board of Directors of Vontobel. They were proposed for election by the Board of Directors in December 2015 while Hans Vontobel was still alive, following an intensive selection process. 15 years after the departure of Hans-Dieter Vontobel, the next—fourth—generation of the founding Vontobel and de la Cour families will take a seat on the bank's top management and supervisory body. Chairman of the Board of Directors Herbert J. Scheidt sought contact with the two-family representatives at an early stage and prepared them for their new roles.

Baumann, the granddaughter of Hans Vontobel, is a partner in a Zurich law firm and a lecturer. She brings indepth knowledge of commercial and corporate law, mergers and acquisitions, real estate law, banking, and financial market law to the Board of Directors. Wettergren, the grandson of Hans Vontobel's late sister Ruth de la Cour, has been a partner in a start-up company that aims to shape the digital transformation of society and industry since 2016.

Both family representatives got to know the bank from the inside as employees during the earlier years of their careers—Baumann, a lawyer, in the Compliance, Internal Audit and Corporate Finance departments; Wettergren, a mechanical engineer and MBA graduate, as a project manager and portfolio manager. In addition, the two cousins, like many other family members who are not in the public eye, are also involved in the extensive Vontobel universe. Today, Baumann looks back on the past few years with some excitement: "We have been able to build up a great deal. The Board of Directors has done a lot of groundwork, for example on the topic of corporate values."

## For generations

To ensure Vontobel's continued existence beyond the fourth generation, the two families do not rely on entrepreneurial success alone. A shareholders' pooling agreement secures the family shareholders' control over the Vontobel Group. Together, this pool, which includes the Vontobel Foundation, two family holding companies and a family member, holds a majority of just under 51 percent of the share capital of Vontobel Holding.

The fact that the family shareholders hold an indirect stake in Vontobel via holding companies is intended to ensure the stability of the controlling majority. Due to this arrangement, additions and disposals of family members do change the ownership structure within the individual holding companies. However, their weight as pool shareholders remains unaffected. This makes it possible to consider the risk that diverging interests of a growing group of family members could increase the distance to the bank and dilute the controlling majority. Regular scheduled family meetings are the backbone of the family exchange. There is broad agreement within the Vontobel family that the long-term interests of the company have top priority.

On the nine, resp. 10-member Board of Directors of Vontobel Holding, the parent company of Bank Vontobel, the two-family representatives Baumann and Wettergren have the status of "any other" members. They do not enjoy any special rights, nor do they see themselves as ambassadors of the owner family bound by instructions. Rather, Baumann and Wettergren represent all shareholders, are free to vote as they wish and contribute to the Board of Directors according to their areas of focus and experience.

Baumann, a lawyer, is primarily involved in legal and compliance, while Wettergren, an engineer, focuses on technology and digitalization.

“The family has not wanted to be involved in the bank’s operational business for many years. They just want to ensure that investments are made for the long term and that the culture is right,” says Andreas E.F. Utermann. The manager, who was previously at the London-based Allianz Global Investors Group, took over from longstanding Chairman Scheidt at the 2022 Annual General Meeting after a one-year induction phase on Vontobel’s top committee.

If the fourth generation has its way, Vontobel will remain an independent investment firm controlled by the family in the future. Collaborations, for example at product or distribution level, remain an option. Since 2023, for example, Vontobel collaborates with the US company Portfolio Advisors, LLC, to expand its investment offering in the private markets segment. There is also no intention to refrain from acquisitions, provided they create access to certain “right” clients or employees. From Baumann’s perspective, the coming years will be about leveraging Vontobel´s strong base, generating economies of scale, and accelerating the pace of growth, particularly in the US. Baumann also sees it as an important task to inspire the fifth generation of family members, who are in their teens, to get involved with Vontobel. The Vontobel universe, which includes various foundations and holding companies in addition to the bank, offers a wide range of employment opportunities far removed from the public eye.

## One Vontobel—the vision

Early on, the Board of Directors and Executive Board gave a great deal of thought to how the bank could continue the success story of the past decade. The result of these deliberations was reflected in the One Vontobel project launched in 2019. The basis of this vision is a system of values that has been newly sharpened by the Board of Directors and the Executive Board. The primary objective is to fully align the firm with client needs across all divisions and to promote cross-divisional cooperation. Flat hierarchies and independent action are intended to support firm-wide cooperation. This vision is supported by the three guiding values established as part of the revised 2017 brand strategy: ownership, tenacity, and foresight.

In this context, the term “ownership” is to be understood in the sense that employees use their creative freedom at their workplace, independently review and, if necessary, improve their work processes, bear responsibility, and give their best for internal and external clients. This is the only way to ensure that employees have a sense of enjoyment for their work and can fully realize their own potential for the benefit of the firm as a whole. The term “tenacity” echoes an old saying of Hans Vontobel (“quand même”). Once a path has been identified as the right one, it must be pursued despite all resistance. This is most likely to succeed if you only do what you do best. Lastly, “foresight” stands for the long-term perspective that a family business such as Vontobel takes across generations.

Maja Baumann, who helped to develop this trilogy of values in 2017, is in favor of placing trust in every employee, even if there are a few outcasts in every firm. In her view, it is not worth monitoring and restraining the entire workforce because of a few disloyal individuals. “Either new employees flourish with us, or they are out of their depth,”- says Baumann. Vontobel has become increasingly successful in attracting and retaining talent from all over the world.

In order for the values of ownership, tenacity and foresight to be fulfilled, they must be lived within an organization that is built around them. To this end, the former silos, Wealth Management, Asset Management, and Investment Banking were merged, despite their operational success. The heart of each of these three areas, investment expertise, was extracted and bundled in the newly established Investments Competence Center. This pool of around 300 investment specialists with experts in Zurich, New York and London makes its knowledge and expertise available “across borders” to all client-related divisions. In addition to the Investments Competence Center, the two other units, Structured Solutions & Treasury and Technology & Services, also support client advisors on the front line. They develop credit solutions, arrange private placements and loans via a digital platform, maintain a range of structured products and manage risks. The competence centers are like the engine room that provides services and products for the client groups.

The former Investment Banking division was largely integrated into the Asset Management unit and the Structured Solutions & Treasury competence center in 2019. The newly formed Digital Investing division, which will be integrated into the Private Client unit (formerly Wealth Management) in 2024, sees itself as an outpost in the vast digital space. The experts are searching for digital ways to establish contact with new clients and primarily make their experience available to Wealth Management colleagues.

In the previous environment, each business unit would have had to set up its own IT infrastructure. “You can no longer afford that. You have to be able to maximize synergies, otherwise you don’t have enough financial leverage,” says Markus Pfister, COO since 2024.

## On the way

Today, the implementation of One Vontobel is well underway. The common set of values, the strategy, the organization—they have made the leap from paper to reality and are having an impact. The days of leaders who create a corporate life of their own, with only the prosperity of their own business unit in mind are over. The ongoing digitalization of the banking business requires stronger cross-connections and information flows, which are much easier to manage in an open environment.

The One Vontobel model also takes into account the fact that the needs of private and institutional clients are increasingly converging and the boundaries between private and institutional clients are becoming blurred. Very wealthy clients are demanding investment solutions that are more typical of an institutional clientele. Moreover, it is also clear that more private clients want to invest digitally. In the past, clients were categorized into clearly defined segments to ensure a certain homogeneity of needs and create a standard. Today, organization and technology make it possible to respond better to client needs without this strict segmentation.

In addition, advisors who were previously embedded in Wealth Management can draw on a pool of peers in the new structure. Instead of products, they increasingly deliver solutions that take individual requirements into account. This applies not only to individual clients, but also to institutional investors. These can invest in solutions that take account of local regulatory requirements, such as local tax laws or pension fund regulations. Ultimately, the One Vontobel model allows access to an increase in expertise, research, and technology options. Less well-established clients with less complex needs also benefit from this pooling of expertise. “One of the challenges of One Vontobel is financial management,” says Dr. Thomas Heinzl, Chief Financial Officer (CFO) of Vontobel. Costs and income are less easy to break down into individual units than in a silo organization. It is also more difficult to make comparisons with competitors that are organized differently.

A Global Executive Board compromising of representatives from the client-facing market segments and the competence centers ensures that the further development and management of One Vontobel works and that the strategic compass is not lost. The aim is to spread the responsibility for joint success across several shoulders and to combine firm-wide expertise. In addition, two further firm-wide forums will ensure that clients have the most positive experience possible in their dealings with Vontobel (Global Client Forum) and that the performance and robustness of the firm’s own range of products and services is correct (Investment Performance Forum).

The family hopes that the One Vontobel model will create a more cooperative and inclusive working environment. In the long term, this should also be reflected in higher earnings. However, breaking down silos should also bring benefits on the cost side. In view of the challenging environment in recent years—the Covid crisis, the war in Ukraine, rising interest rates—it is still too early to reliably assess the impact on earnings and costs. However, the potential for efficiency gains, robust growth and the development of disruptive business models is there. The long-term focus that is typical of a fourth-generation family business ensures that there is enough time to optimize this model across economic cycles.

## Dual leadership as a solution

It fits in well with the One Vontobel vision that Dr. Zeno Staub handed over the reins to a dual leadership team at the beginning of 2024 after a successful twenty-year tenure. Since then, Georg Schubiger and Dr. Christel Rendu de Lint have led Vontobel together as Co-CEOs. They combine the experience of two core areas of the bank: the Private Clients/Wealth Management division and the Investments Competence Center.

From the point of view of the Chairman of the Board of Directors, dual leadership is an obvious choice. “One Vontobel is no longer compatible with a patriarchal management model. It only works well when a broad organization works together collaboratively,” says Utermann. In such an environment characterized by flat hierarchies and independent employees, a traditional CEO would have had a hard time. Whether the expectations associated with the new dual leadership will be fulfilled remains to be seen. Much depends on how well the management duo can work together and how quickly a joint decision can be reached when opinions differ.

This is because the introduction of One Vontobel is not yet complete. On the one hand, the outbreak of the Covid crisis delayed the implementation of the project. In addition, the two takeover transactions Swiss Financial Advisors and TwentyFour had to be completed.

Staub identifies another reason for the delay: “The forces of inertia are strong. The structure and organization are in place, but One Vontobel is not yet in people’s minds everywhere.” From Chairman Andreas E.F. Utermann’s point of view, the still incomplete realignment was another key argument against appointing an external CEO as Staub’s successor. On the one hand, a CEO hired from the outside would have had to complete a project that they were not involved in creating and which they might not have supported in all respects. Secondly, there would have been a great temptation for the division heads to win over the new head. “The battle for resources is the wrong culture. It is the opposite of One Vontobel,” says Utermann.

## Part of the club

There is no doubt that Vontobel is now an established brand in Switzerland. It is one of the four or five leading providers able to offer sophisticated advisory and management solutions for private and institutional clients. “Twenty years ago, it was not clear whether Vontobel would be one of the winners or losers in the asset management business, which was under pressure. Today, there is no doubt that we are among the winners,” says Staub.

More clients not only want to know what services Vontobel has to offer. They are also interested in how and why. For this reason, Vontobel began to take a close look at its own brand back in 2016. Visually, since 2017, this is reflected in the new "Vontobel" logo. The traditional Vontobel blue is joined by additional colors from the family coat of arms—the very first logo in a way. "In times of constant change, trust is gained by those who clearly show their “face”, their identity. That's why we decided to clearly establish what we stand for before we started working on colors and fonts. Today, every employee knows what values and client promises Vontobel stands for," says Staub. The Vontobel brand stands for independent action, for the unwavering will to support its clients in shaping a better future in a cooperative working environment.

## Fit for the future

In order to continue its success story, Vontobel has supplemented its One Vontobel Strategy 2020 with an ambitious longer-term vision. By 2030, Vontobel aims to be recognized as one of the world's leading and most respected investment firms (Lighthouse goal). Its organization should be geared towards clients in every respect. Digital processes, data and artificial intelligence will support the satisfaction of complex needs in advising and managing the assets of private and institutional clients. "We are already only talking about private and institutional clients," says Dr. Christel Rendu de Lint, Co-CEO and Head of Investments. "That's why we officially introduced these terms at the beginning of 2024. One Vontobel will become Vontobel—not just in terms of the brand, but in every other respect too."

In order not to lose sight of the Lighthouse target, the investment company has divided the period up to 2030 into two-year periods. The aim is to remain agile and flexible. "Stability at the level of strategy, values or ownership is very important, but change is also needed. We have changed too little for a long time," says Rendu de Lint.

Vontobel has set itself four priorities for the two-year period from 2023 to 2024. Firstly, existing and new investment strategies should help to protect margins and secure the inflow of new money. The newly targeted business areas include private market investments such as investments in equities, bonds, loans, and real estate projects that are not traded on a stock exchange. This asset class has been overshadowed by history since Vontobel parted ways with its subsidiary Private Equity Holding two decades ago. Since then, there has been a backlog in the private markets offering. "More money is flowing from the public markets into the private markets," says CFO Thomas Heinzl.

Secondly, Vontobel wants to acquire new clients and expand its market share. The focus is on exploiting economies of scale in existing businesses and focusing on a limited number of markets. With its focus on mature markets, Vontobel already has access to 80 percent of global assets. Against this backdrop, the third priority has to do with the core US market, where Vontobel already successfully serves private and institutional clients. The ambition is to expand the regional presence, work more closely with new and existing partners and expand the distribution network. The fourth priority is to make the deployment of capital, the control of costs, and the organization of processes more efficient.

There is no doubt that Vontobel has achieved a great deal in recent years and is fit for the future. The metamorphosis from a bank to an investment firm that focuses on investment expertise, operational excellence and unconditional client proximity is progressing rapidly. Vontobel's strong technological base is accelerating this transformation. The vision is for Vontobel to be one of the world's leading and most respected investment firms in 2030 and beyond.

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**Dr. Hans Vontobel, 1987**

—
**Dr. Maja Baumann, 2024**

—
**Björn Wettergren, 2024**

—
**Dr. Zeno Staub, Christel Rendu de Lint, Georg Schubiger and Andreas E. F. Utermann, 2023**

—
**Head office of Bank Vontobel AG**
**Gotthardstrasse 43, Zurich**

# Family's coat of arms

The first recorded mention of the name von Tobel, later written Vontobel, dates from 1324. The family originated from the village of Wald in the Zurich Oberland, where the clan is said to have owned Burg Tobel, a small, fortified mediaeval castle that also went by the name of Strickenberg. From Wald, the family moved out into neighbouring areas, as well as further away, and by 1710 had settled in Irgenhausen, which later became the birthplace of Jakob Vontobel. Shortly before the turn of the 20th century, the Vontobels moved to Zurich. The simple, clear heraldic devices on the family's coat of arms, which dates from 1488, include a red pale in gold, emblazoned with three silver stars.

# Milestones

**1924**
– Brokerage firm F.E. Haeberli & Cie founded in Zurich

**1936**
– Jakob Vontobel takes over the brokerage firm Haeberli & Cie and establishes the limited partnership J. Vontobel & Co.

**1943**
– The son of Jakob Vontobel, Dr. Hans Vontobel, joins the company

**1972**
– Dr. Hans-Dieter Vontobel, grandson of Jakob Vontobel and son of Dr. Hans Vontobel, joins the bank

**1984**
– Transformation of the limited partnership J. Vontobel & Co. into the limited liability corporation J. Vontobel & Co. AG
– Founding of Vontobel USA Inc. (today, Vontobel Asset Management Inc.), based in New York

**1986**
– Listing of the bearer shares of Vontobel Holding AG on the Zurich Stock Exchange (today, the SIX Swiss Exchange)

**1988**
– Founding of Vontobel Asset Management AG, integrated into Bank Vontobel AG in 2008

**1990**
– Founding of Vontobel Fonds Services AG

**1991**
– Founding of the Vontobel Fund (SICAV) in Luxembourg
– Founding of Vontobel Fund Management SA in Luxembourg, integrated into Vontobel Europe SA in 2011

**1993**
– Majority stake purchased in Banque Tardy, de Watteville & Cie SA, Geneva (full ownership achieved in 2000 and integration into Bank Vontobel AG in 2009)

**1995**
– Majority stake purchased in Bankhaus Berger & Comp. AG, Salzburg (full ownership achieved in 1998), today named Bank Vontobel Österreich AG, based in Salzburg with a branch in Vienna

**1996**
– Building up Asset Management in Vienna

**1999**
– Founding of Vontobel Securities AG in Cologne, integrated into Bank Vontobel Europe AG in 2010

**2000**
– Name change from Bank J. Vontobel & Co. AG to Bank Vontobel AG
– Opening of Bank Vontobel (Liechtenstein) AG in Vaduz

**2001**
– Introduction of the unified registered shares of Vontobel Holding AG
– Founding of Vontobel Luxembourg SA, today named Vontobel Europe SA, based in Luxembourg with branches in London, Madrid, Milan, Stockholm and Vienna
– Opening of a branch of Bank Vontobel AG in Lucerne

**2002**
– Building up Asset Management in Frankfurt

**2003**
– Building up Asset Management in Milan

**2004**
– Expansion of cooperation between Vontobel and the Raiffeisen Group: Raiffeisen Switzerland Cooperative acquires a 12.5 % stake in Vontobel Holding AG

**2005**
– Founding of Vontobel Financial Products GmbH, Frankfurt

**2006**
- Majority stake purchased in Harcourt Investment Consulting AG (full ownership achieved in 2011)
- Acquisition of the brokerage and corporate finance activities of Lombard Odier & Cie by Bank Vontobel AG

**2007**
- Opening of a branch of Vontobel Europe SA in London

**2008**
- Founding of Vontobel Financial Products Ltd. in Dubai
- Founding of Vontobel Asia Pacific Ltd. in Hong Kong

**2009**
- Acquisition of Commerzbank (Switzerland) AG and integration into Bank Vontobel AG
- Bank Vontobel Europe AG, based in Munich and with branches today in Frankfurt, Hamburg and Cologne, receives a full banking license for Germany

**2010**
- Opening of branches of Bank Vontobel AG in Basel and Bern
- Founding of Vontobel Swiss Wealth Advisors AG in Zurich

**2011**
- Founding of Bank Vontobel (Middle East) Ltd. in Dubai

**2012**
- Founding of Vontobel Financial Products (Asia Pacific) Pte. Ltd. in Singapore
- Founding of Vontobel Wealth Management (Hong Kong) Ltd. in Hong Kong

**2013**
- Founding of Vontobel Asset Management Australia Pty Ltd. in Australia

**2015**
- Acquisition of of majority stake in TwentyFour Asset Management LLP, London. Completed in 2021 when Vontobel acquired the remaining 40%.

**2016**
- Vontobel strenghthen the collaboration with Raiffeisen in Asset Management, acquiring Vescore AG.

**2019**
- Vontobel launches volt by Vontobel

**2020**
- Founding of Vontobel Asset Management Pte. Ltd. in Japan
- Founding of Vontobel Asset Management S.A. in France

**2022**
- Launch of Vontobel multi-boutique approach in the USA. Purchase of UBS Swiss Financial Advisors.

**2023**
- Founding of Vontobel Asset Management S.A. in Schweden

**2024**
- Acquisition of a significant minority stake in Ancala Partners LLP.

**The evolution of the company logo**

J. VONTOBEL & Co.
vorm:
HAEBERLI & CIE
Bankgeschäft
ZÜRICH
Bahnhofstrasse 58

J. VONTOBEL & CO BANKIERS ZÜRICH

BANK VONTOBEL
Zürich

VONTOBEL

Vontobel

# Foundations

**In addition to his dedication to the company, over the years Dr. Hans Vontobel has established a number of foundations that are active in many ways for the public good.**

**“Stiftung Kreatives Alter”**
Since 1990, the foundation appeals to people over 70, inviting them to enter a creative work in a biannual competition. Honours and awards for outstanding and original achievements are then given in the following areas: literary works, historical papers, and scientific works on natural history, but also musical compositions and performances, plays and theatrical productions.

**Vontobel Foundation**
Established in 1993, the Vontobel Foundation supports projects of Swiss charitable institutions in the areas of social welfare, culture and society, as well as nature and science. Funding is also provided to disadvantaged individuals, families, and students. Additionally, the Foundation publishes a series of indepth monographs that address current and fundamental issues, contributing to political, social, economic, and cultural discussions. The “Foundation of the Vontobel Families”, which was established in 1986, was merged with the Vontobel Foundation in 2015.

**“Stiftung Lyra zur Förderung hochbegabter, junger Musiker und Musikerinnen”**
Since 1995, the foundation supports gifted young musicians from Switzerland and abroad in their education, promoting their career and giving them opportunities to perform in public concerts. The foundation awards scholarships for study and attending master classes in Switzerland and abroad. It receives contributions from patrons and sponsors.

**“Hans Vontobel Stiftung zur Förderung des Gemeinwohls”**
At the end of 2004, the foundation for the Promotion of the Common Good was launched. Its purpose is to promote, directly and indirectly, the common good in the broadest sense in Switzerland, and in connection with social-humanitarian projects also abroad. In particular, its activities focus on promoting and supporting the areas of social-humanitarian work, culture, science, environment, education, medicine and animal welfare.

# Thanks

**This book was made possible with the cooperation of numerous active and former employees of the Vontobel Group, and we would like to thank them cordially for their assistance.**

The following persons were interviewed for the Vontobel history, and have been quoted in the text.
In alphabetical order:

Susanne Borer
Verena Fusco
Dr. Wolfhard Graetz
Kurt Gutknecht
Otto Hiestand
Walter Kleiner
Dr. Marx Kobler
Jürg Künzli
Christoph Ledergerber
Dr. Walter Metzler
Dr. Bernd Mossner
Janine Nabholz
Markus Pfister
Christel Rendu de Lint
Herbert J. Scheidt
Paul Schlittler
Georg Schubiger
Dr. Martin Sieg Castagnola
Hanspeter Spalinger
Dr. Zeno Staub
Robert Strebel
Walter Temperli
Andreas E.F. Utermann
Dr. Hans Vontobel
Dr. Hans-Dieter Vontobel
Georg von Wattenwyl
Max Zaugg

Additional sources:
- Vontobel-Chronik from 1991
- Kleine Geschichte des Bankhauses J. Vontobel & Co., Zürich, published on the occasion of the company’s 50-year jubilee in 1974
- 75 Jahre Vontobel, a jubilee publication from 1999
- Vontobel archives

Bank Vontobel AG
Gotthardstrasse 43
8022 Zurich

vontobel.com