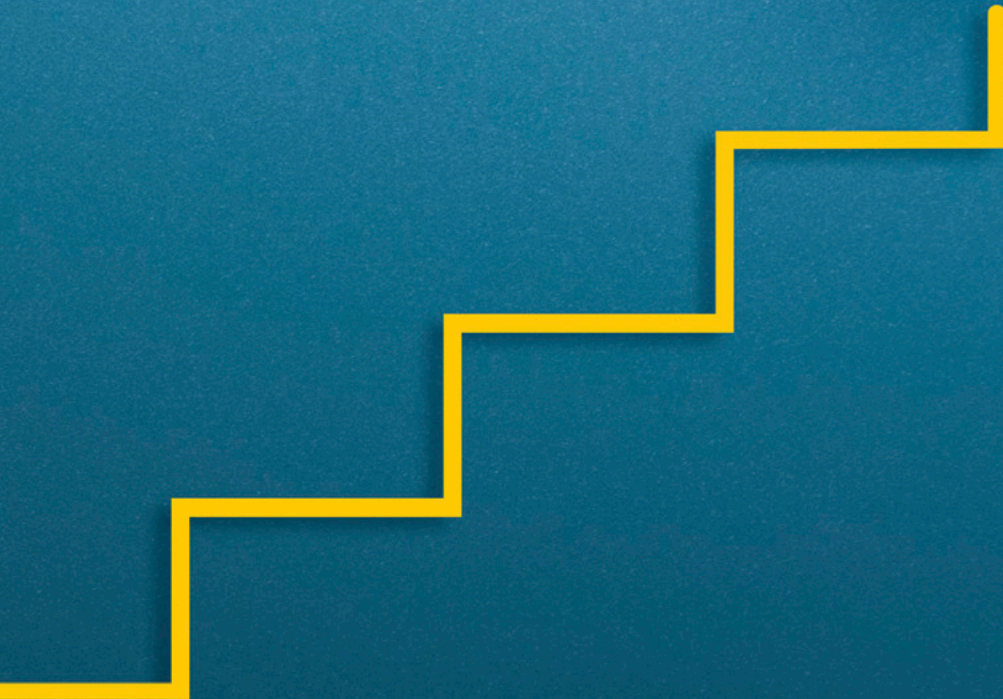
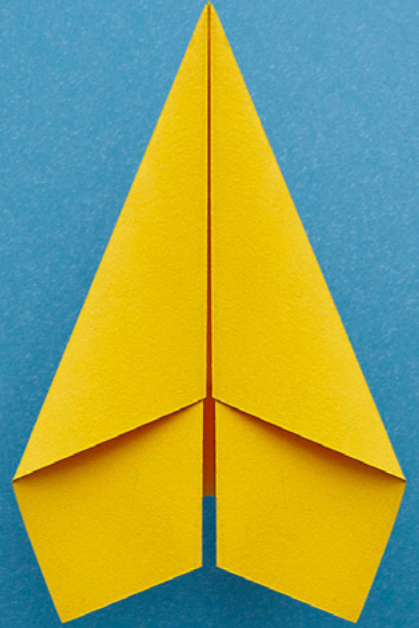


# Setting sights on new horizons



### ***Pictet Asset Services’ Claude Pech and Rob Lowe, sit down to discuss regulatory challenges, client expectations, and the firm’s future global strategy with Asset Servicing Times***

#### ***What are the key trends you have been identifying in the fund administration space in Switzerland and Europe as a whole?***

All market participants have been, largely, on a journey together over the last decade or so.

The recurring themes of regulation, cost efficiencies, consolidation and mergers, outsourcing and offshoring have all played a significant part in business considerations and continue to grab headlines while consuming executives’ time.

Pictet’s focus is on managing and maintaining each aspect of the value chain, removing the need for large outsourcing, or offshoring monitoring. This enables us to meet client expectations where our focus continues to be on our one-stop shop offering for European funds offering depository, fund administration, and as well as management, and Accredited Fiduciary Investment Manager (AIFM) services.

In Switzerland, we have been actively supporting the roll-out of the Limited Qualified Investor Fund (L-QIF) product, the key domestic regulatory change to have been rolled out over the past 18 months.

Two themes that we have monitored closely are the impact of T+1 on the other side of the Atlantic, with the inevitability of future changes to legislation in Europe —

*“Fund administrators with expertise in cross-border operations can seize opportunities in serving international clients”*

**Claude Pech**

Deputy CEO, global head of Business Development and Client Relationship Management  
Pictet Asset Services



and also the growth of private debt, real estate, private equity, hedge funds, and other alternative investments as part of fund managers product suite, both of which we support as fund administrators.

***What are the regulatory challenges and opportunities facing fund administrators?***

As regulatory requirements become more complex, we, as trusted partners, can provide valuable assistance to clients navigating and complying with these regulations. This includes offering expertise in regulatory reporting, data protection, and anti-money laundering (AML) compliance.

The European fund industry operates across multiple jurisdictions, and fund administrators with expertise in cross-border operations can seize opportunities in serving international clients. By understanding the regulatory requirements of different jurisdictions and offering tailored solutions, administrators can attract clients looking to expand their investment activities across borders.

ESG is a worthy mention here as it is largely fragmented across different regulatory agendas worldwide. The ongoing debate about ESG’s place in the market is healthy, particularly as some participants are showing ESG fatigue and are moving products into more generalised sustainable solutions.

In Europe, we believe the EU’s Sustainable Finance Disclosure Regulation (SFDR) is on the right path, enabling investors the choice of Article 6, 8, or 9 investments, and we would favour greater standardisation across markets in the years to come.

Supporting product launches is an important step to aligning investor outcomes by ensuring compliance with best practice. Reporting is also key, and Pictet has a powerful set of qualitative analytics overlaid with a human interrogation of key datasets, which provides much-needed transparency to each investment strategy.

### ***What steps are you taking to meet or exceed evolving client expectations of European fund administrators?***

Digital transformation has had a profound impact on the financial industry, revolutionising how businesses operate and how individuals manage their finances.

By embracing technologies such as robotic process automation (RPA), generative artificial intelligence (AI), and machine learning, Pictet has been able to streamline processes, reduce manual tasks, and enhance overall efficiency. We are on the cusp of an AI revolution that will further transform the industry, and fund administrators will not be excluded from these changes.

For now, our view is that AI is on a different pace of transformational change compared to the promise of blockchain technologies, which grabbed headlines over the last five years. That said, we continue to monitor the opportunities that blockchain can have, which are far-reaching for the funds industry.

One of the major advantages of digital transformation in the financial industry is the automation of repetitive tasks.

Ultimately, we see this improvement to operational efficiency as a positive to our clients' experience.

Individuals now have access to digital banking platforms, further enabling convenient financial transactions, real-time access to account information, and more personalised experiences.

The jury is still out on the future of undertaking for collective investment in transferable securities (UCITS) products, given the ascent of passive investments and active ETFs pushing boundaries on real-time valuations and investment solutions.

Pictet will continue to monitor and embrace these opportunities within our fund administration businesses with our priority on client experience.

*“The jury is still out on the future of undertaking for collective investment in transferable securities products”*

**Rob Lowe**

Market head UK  
Pictet Asset Services



# Fund Administration

## ***What are some of Pictet's long-term strategy growth objectives from a global perspective? What are your ambitions in the United Kingdom?***

Our corporate purpose at a group level is to be an independent investment partnership known for our long-term mindset, responsible approach to business, and entrepreneurial spirit. These principles have defined us since 1805. For our clients, colleagues, and wider society, we always aim to do the right thing and honour our commitment to enduring quality. For Pictet Asset Services specifically, the focus is on continuing to provide high-quality, agile, and client-centred asset services. We aim to grow organically, differentiating ourselves from industry giants by focusing on service quality and flexibility, ensuring a responsive and adaptable approach to meet the changing needs of clients and market conditions.

In the UK, we have a clear strategy to continue and extend our partnerships with boutique active investment managers. We aim to cement our position as the provider of choice for UK wealth managers for segregated custody mandates, which is an industry that continues to excel against the backdrop of political change, mergers and acquisitions, and price pressures.

Naturally, we are monitoring the markets' reaction to the changes in tax legislation, especially the non-dom status for individuals that was recently ratified by the new Labour government.

## ***How does the UK market differ from your other markets? How are you adapting to serve UK clients?***

The UK continues to be a highly sophisticated and competitive marketplace, and is often the canary in the coal mine for regulation and expectations of client service. With Brexit in the rearview mirror, top-tier managers have responded well to ensuring the continuation of service for European fund products.

UK private banks, wealth managers, and multi-family offices (MFOs) are an important backbone of the industry. Private banks had a combined £407 billion of assets at the end of 2023 and managed about 524,000 accounts, roughly half the 1mn accounts managed by full-service wealth managers according to a *Financial Times* report.

Pictet continues to participate and directly support both sides of this equation with best-in-class services, fitting in with the industry's expectations.

Pictet has a UK relationship management team, which we continue to invest in, and who directly support MFOs and fund managers. Proximity to clients, especially in the context of chatbots, automated services, and call centres, continues to be a key factor in our success.

## ***What do you see in the future for the industry and where is the industry heading?***

The biggest theme is digital transformation as we have covered, but the market will always be led by a human touch. All EU, Swiss, and UK market participants have a vested interest in promoting and succeeding in meeting investor needs. Retaining and nurturing industry talent is, in our view, critical to delivering Pictet's own ambitions and continued client satisfaction.

The great wealth transfer over this next generation will have a significant impact on the market. Cerulli projects that wealth transferred through 2045 will total US\$84.4 trillion. Of these, US\$72.6 trillion in assets will be transferred to heirs, while US\$11.9 trillion will be donated to charities. Greater than US\$53 trillion will be transferred from households in the baby boomer generation, representing 63 per cent of all transfers.

Next-generation digital natives will expect the industry to evolve, and AI, we expect, will be a key pillar in providing solutions to those inheriting wealth and managing assets based on their personal convictions over the coming decades. ■