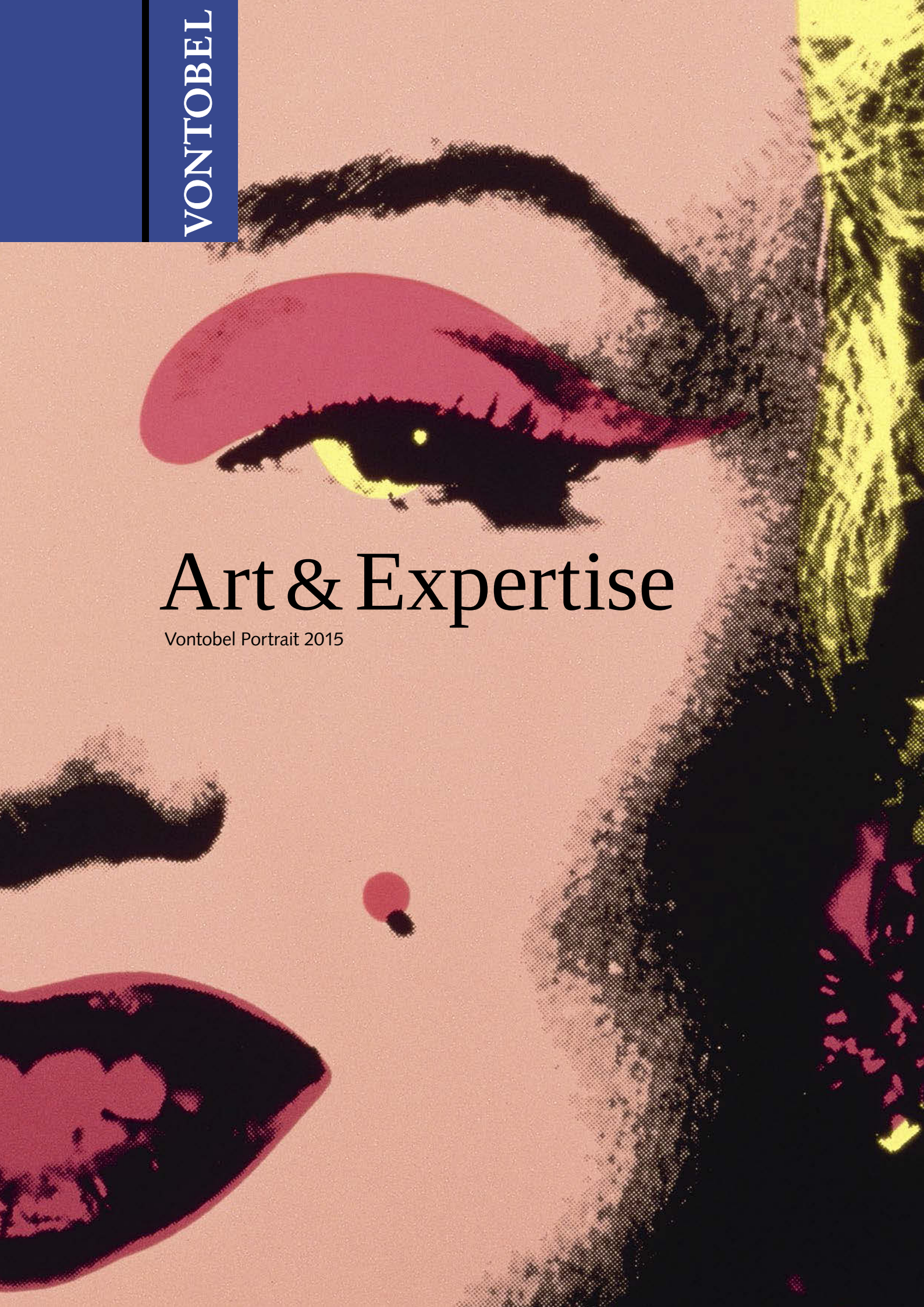


VONTOBEL

Art & Expertise

Vontobel Portrait 2015



About Vontobel

Vontobel's mission is to protect and build the wealth our clients have entrusted to us over the long term. Specialising in active asset management and tailor-made investment solutions, we provide responsible and forward-looking advice. In doing so, we are committed to Swiss quality and performance standards. With their good name, our owner family has stood by these principles for generations.

Our core capabilities

Protect and build wealth: Over the long term, we are committed to protecting and building the wealth our clients have entrusted to us. In doing so, we provide our clients with responsible and forward-looking advice, transcending generations.

Manage assets actively: As active asset managers, we create financial value-added for our clients. To accomplish this, we elaborate first-class solutions for optimising returns and managing risk.

Deliver tailor-made investment solutions: We implement tailor-made investment solutions for our clients. Our forward-looking research, as well as our competence in developing products and processes, assure our clients that we are the right partner.

Our company values

Forward thinking, responsible action and first-class engagement for our clients.

As of 31 December 2014, Vontobel held CHF 190.7 billion of assets. Around 1,400 employees work for Vontobel at 21 locations worldwide. The registered shares of Vontobel Holding AG are listed on the SIX Swiss Exchange. The Vontobel families and the Vontobel Foundation hold the majority of shares and votes in the company.

Art enriches our lives

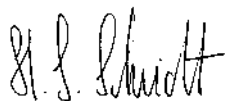
Dear reader

Art plays a very important role in our world, enriching our lives, challenging us, and often anticipating or even facilitating social change. The fact that art is allowed to be so uncompromising and question the status quo, push boundaries and explore new ground is an expression of the freedoms on which our society is based.

If we want our society to remain modern, open and innovative, we have to defend the freedom of art – and the best way is to be personally involved. It puts the onus on private individuals and corporations to do what they can to actively support culture and the arts. We at Vontobel have always been aware of this responsibility. It is what prompted our Honorary Chairman Dr Hans Vontobel (featured in the article on pages 26 and 27) to establish various foundations. It is also our motivation for acting as theme sponsor of the Lucerne Festival, one of the best-known classical music festivals in the world, which each summer draws music lovers to Switzerland from across the globe.

This year's Portrait is another expression of our dedication to art, with contributions from the people who make, appreciate and curate art, for whom art is their love or livelihood. We also present experts in our own organisation whose work involves a profound understanding of the "art" of active investing – which we at Vontobel believe is key to building long-term value for our clients. In addition to creativity, this approach calls for a commensurate degree of freedom and courage to act appropriately in accordance with one's own convictions and opinions about the markets and investment themes. This Portrait also looks at the pros and cons of investing in art. Can art be viewed as an asset class in itself, and can an investment in art even be a good means of portfolio diversification? All these are interesting questions, which we aim to answer in this publication.

We hope you will enjoy reading the Vontobel Portrait 2015.



Herbert J. Scheidt,
Chairman of the Board of Directors



Dr Zeno Staub,
Chief Executive Officer

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Cover photo: Excerpt from Andy Warhol's "Marilyn Diptych", a work depicting Marilyn Monroe. Andy Warhol, one of the best-known proponents of Pop Art, was a legend in his own lifetime. Created in 1962, the year the actress died, this silkscreen painting can be seen in the world-famous Tate Modern gallery in London.

Marilyn, 1981 (silkscreen), Warhol Andy (1928–1987)/Private Collection/Photo © Bonhams, London/Bridgeman Images, Berlin
© The Andy Warhol Foundation for the Visual Arts, Inc./2015, ProLitteris, Zurich

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The art of shaping the future



The art of swimming against the tide

Dr Staub, where does the art lie in managing one of Switzerland's leading asset managers?

For me, management isn't actually an art. I regard it more as a craft that can be learned. I agree with management educator Peter Drucker, who didn't want to see management reduced to buzzwords like "charisma" or "vision", preferring instead to emphasise the importance of practical skills. For me, ability is more important than the abstract term "art".

To describe management primarily as art sounds a bit pretentious to me.

Alongside craftsmanship, though, aren't specific human qualities also required to succeed as a manager?

There are a few basic skills that play a decisive role: you have to be authentic and predictable, and always remain reliable, even in stressful situations. These are the hallmarks of a good manager today. In addition, you need to be passionate about your line of work and the

Dr Zeno Staub has been CEO of Vontobel since 2011. Prior to that, he served as CFO of Vontobel and was later appointed Head of Investment Banking and then Asset Management. Zeno Staub studied economics at the University of St. Gallen, where he also received a doctorate.

issues you're dealing with. The ability to develop and communicate this passion is also important, as decision-making in today's organisations is highly knowledge-based, and structures are flatter. Without a personal sense of passion, you have no foundation for sustained performance. Of that I am convinced.

Nevertheless, can you see any artistic elements in your line of work?

Let's look at what we generally mean by the term "artist". It's a person who breaks out of the normal confines, defies convention, envisions the future, deconstructs structures and realities, and reassembles them in new constellations, who produces something new in a creative fashion, and so on. Of course, all of this can also be applied to our line of business. Anyone seeking above-average investment success must have insights that differ from the broad consensus and depart from convention. They then have to stand up for and explain their position, even if it jars with the majority of their colleagues or other stakeholders. The courage to swim against the tide really is common to both the active investor and the artist. Much the same applies to providing responsible and forward-looking advice: you genuinely have to condense the client's wish to set individual objectives so strongly that – in abstract terms – you can "paint" the right picture with the tools of your craft and the realities of the financial markets.

What's required to attract people with this ambition?

One of the most important factors is a stimulating environment in which you can exchange views with the best people in your area and measure yourself against these peers. This is clearly the case at Vontobel. Even the top talents work in teams here: it's the only way to cultivate the intellectual friction needed to maintain and stimulate the exceptional abilities of these individuals. Another important

factor for these people is the certainty that they will receive backing, support and encouragement from the organisation.

Should "artists" be given special freedoms?

You have to allow them to develop their own style. Vontobel is able to grant them greater freedom in this respect thanks to its more manageable size and agility as an organisation, and because the main shareholder supports this philosophy with great conviction. As we're not geared to quarterly cycles, we can give employees' ideas and initiatives more time to mature. This isn't the case at our large competitors, where frequently no one is willing to take responsibility when success is slow to materialise.

"Without a personal sense of passion, you have no foundation for sustained performance. Of that I am convinced."

How can a bank grant its employees freedom in today's highly regulated environment?

Regulatory requirements are one thing. The other is management culture, which plays a significant role in determining how much freedom can be granted. New employees often tell me they've never enjoyed so much freedom, but also that they've never had to take so much responsibility. There can be no freedom without responsibility – a realisation that society will also have to come to at some point.

How important are economic incentives?

They remain an important means of expressing recognition and rewarding success. Dialogue with the client is to us what an art gallery is to an artist. If the work, or in this case the finan-

cial product, sparks strong interest, this will inevitably have an impact on its performance.

Do you also come across “artists” among your clients?

Yes, we do. Our clientele consists of a privileged segment of the population that includes an above-average number of people who are successful, discerning and challenging. These people are high achievers who make a difference in their own right and who look for the same thing when investing their assets. For example, I can think of one client who has built two companies into global market leaders through sheer determination and great personal commitment, even though he comes from a background generally considered to have made him financially set for life.

What position does art, as we understand it in the classical sense, occupy at Vontobel?

It is something we use to position ourselves as well as a medium conveying a message. The art in our bank communicates to clients, visitors and employees that it's the result of a conscious decision. Take the layout of our rooms, or the design, materials and colour scheme of the interior decor. They are in deliberate contrast to the Louis XV style of many traditional establishments, whose aim is to establish an aura of historical authenticity. We create an atmosphere of modernity, transparency, trust and focus on performance. The clear message is that we're transparent, we know what matters, and we live up to these expectations.

Your new commitment to contemporary photography fits in with this philosophy.

Yes. Modern photography is an ideal match for how we see ourselves and what we want to achieve. It stimulates dialogue and critical engagement.

As a 90-year-old bank, Vontobel could legitimately also champion the art of an earlier era.

We're well aware of our history. But you have to remember that, throughout its history,

Vontobel has consistently looked ahead.

You could say that this firm focus on the future and great willingness to change are in the bank's genes.

Vontobel is a theme sponsor of the Lucerne Festival. What's the idea behind this?

I'd sum up this sponsorship in one sentence: radiating Swiss quality throughout the world. Lucerne is one of the world's leading classical music festivals, where a polyglot audience encounters renowned orchestras, conductors and virtuoso soloists. It's held in the modern, acoustically outstanding atmosphere of Jean Nouvel's Culture and Convention Centre, which engages in an exciting dialogue with the nearby old town and the idyllic lake.

What does this mean in relation to Vontobel?

Our ambition is to be international and globally competitive while consciously retaining our Swissness. We feel something akin to a spiritual connection with the Lucerne Festival. Both institutions succeed in creating a link between the world's most talented artists and Switzerland, and both offer world-class products.

Do I hear a certain amount of patriotism in your words?

More of an acknowledgement of Switzerland as a platform for promoting knowledge, expertise and the development of successful products. We see ourselves as an export company in the same way as an engineering or pharmaceutical firm. We think, research and produce, and then export our advisory services and our product – investments – to the wider world. ■

“You could say that this firm focus on the future and great willingness to change are in the bank's genes.”



“Art is deeply human and necessary”

Dr Christoph Becker (*1960) has been Director of Kunsthau Zürich since 2000. He studied art history and German language and literature in Munich, Vienna and Stuttgart, graduating with a Master of Arts in 1987. In 1992, he received his PhD from the Ludwig-Maximilians-Universität in Munich and the Zentralinstitut für Kunstgeschichte (Central Institute for Art History). Before moving to Zurich, he was Chief Curator at the Staatsgalerie Stuttgart.

Dr Becker, you once said that most art is boring. Does this mean you have a boring job?

I find it hard to believe I really said that. It doesn't sound like me at all! My line of work is surprisingly diverse. It brings me into contact with a lot of people who are involved with art in many different ways – first and foremost with our audience, the many hundreds of thousands of visitors who come to the Kunsthau each year to see what the team has come up with. The Kunsthau has a large and colourful crew of around 180 highly dedicated people working for it, including curators, workmen, exhibition planners, administration staff, attendants and many, many more. Some of these people have been with us for 30 years. The management is also part of this team. They're the people responsible for laying out the various threads and bringing them all together.

What value does art have?

Art is an inherent part of the world we live in. It's the visible expression of what people are capable of creating when they free themselves from necessity. And that's what makes it so deeply human and necessary.

There's this wonderful term “art education”. What does it mean today in 2015?

I don't like it. Art isn't an educational tool per se; that's an idea that arose during the slide rule era. Art is everywhere, all around us. We help make it a part of everyday reality for individual people.

Can art be used to achieve positive change in society?

Any artistic statement, whether it's in the form of a picture, in music, in the theatre or in literature, can have an impact – as long as there's someone there to receive the message. The Kunsthau is a place for living encoun-



ters with art. Our job is not to improve the world, but to open up horizons that transcend the everyday world. And we're delighted to see so many people taking up this offer, giving it space (and time) in their lives. They leave the Kunsthaus happy and enriched – why shouldn't they have a positive influence on society?

In your opinion, art can only have an effect if the viewer is prepared to enter into a dialogue with the artwork. What do you mean by that?

Art isn't something to merely be consumed. Of course, any cultural offering requires a readiness on the part of the viewer, because in various respects they have to get moving, and often also have to make a financial contribution. We create a space offering the best possible conditions for a dialogue of this kind. All of which places demands on us – expectations that we have to meet and also want to live up to. This may sound rather arduous, but this model is the engine that keeps our creative wheels turning. At the same time, a lot of what we do is aimed at all generations, giving people simple (and affordable) access to art. The Kunsthaus is open to everyone.

Looking back over your 15 years as director, which exhibitions were the most demanding in artistic terms, and which were the most commercially successful?

Every exhibition and every project basically presents a challenge, whether it's large or small, particularly costly or not. It's the overall picture, consisting of many different facets, that strengthens our good reputation locally and internationally in the long term. We're extremely proud of the excellent reputation that Kunsthaus Zürich enjoys, at home and abroad. It's this reputation that allows the institution to make such an important contribution to Switzerland's impact in the cultural arena abroad. The Kunsthaus Zürich is renowned throughout the world for its sophisticated programming and the high aesthetic

standard of all its productions. Commercial success is important to us, but it's not our sole motivation. Exhibition projects that attract large visitor numbers still need to serve a cultural remit that goes beyond the "blockbuster" effect, otherwise we would find our work boring. And I suspect the public would too.

What does the extension project, which was approved by Zurich's electorate in 2012, mean to you? What kind of challenge does the extension present – artistic, logistical or financial?

The extension is essential to Kunsthaus Zürich's future development as a cultural institution capable of meeting the demands of a 21st-century audience. David Chipperfield's clear and elegant design will allow the Kunsthaus to consolidate its status as one of the foremost museums in Europe. By linking the existing Kunsthaus and the extension to form a greater whole, art and its audience will be brought together in a contemporary and, above all, forward-looking dialogue. As the Kunsthaus extension will increase the number of highly important artworks on show, in particular the unique Impressionist masterpieces of the E.G. Bührle Collection, Zurich will be able to make a quantum leap in cultural terms.

The Kunsthaus extension has been ten years in the planning, and is underpinned by a detailed business plan. Financing has been secured for the construction project (almost half of it from private funds!) and future operating costs are covered. By voting yes in 2012, the people of Zurich gave the go-ahead for the most significant cultural project the city has seen for a century. A late objection to the planning permission by a Lucerne-based foundation has delayed the start of construction. But now, the path is clear. The groundbreaking ceremony will take place in autumn 2015, and by the time, the extension's completed in 2020, Kunsthaus Zurich will be the biggest art museum in Switzerland. ■

"We open up horizons that transcend the everyday world."



The 300-million-dollar question

“When Will You Marry?” (Nafea faa ipoipo) is the name of an 1892 oil painting of Tahitian women by Paul Gauguin. In February 2015, the painting’s previous owner, Rudolf Staechelin, sold it to the Emir of Qatar for USD 300 million, the highest price ever paid for a picture.

Photo: Bridgeman Images, Berlin

USD million
101

The world’s most expensive two-wheeler

Alberto Giacometti’s 1950 bronze “Chariot” fetched USD 101 million at last autumn’s auction at Sotheby’s in New York.

Source: www.wsj.com



René Burri

Swiss-born René Burri († 20 October 2014) was a world-renowned photographer of artistic, iconic images. His portraits of famous personalities clearly show his sympathy for his subjects. Probably his most famous photo shows Che Guavera with a cigar in his mouth (1963).

Photo: © Samuel Rouge

From Richter to Rist: the ten most in-demand contemporary artists



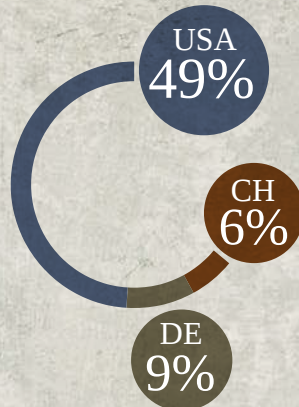
1	Gerhard Richter	Painting	Germany
2	Bruce Nauman	Object and video art	USA
3	Rosemarie Trockel	Object art and drawing	Germany
4	Georg Baselitz	Painting	Germany
5	Cindy Sherman	Photography	USA
6	Anselm Kiefer	Painting	Germany
7	Olafur Eliasson	Sculpture and installations	Denmark
8	William Kentridge	Drawing and film	South Africa
9	Richard Serra	Sculpture	USA
10	Pipilotti Rist	Video art	Switzerland

Sources: Kunstkompass 2014/manager magazin

The biggest art collectors

In 2013, 49% of the world’s 200 biggest art collectors were based in the United States, 9% in Germany and 6% in Switzerland.

Sources: Arts Economics (2014) with data from ARTnews



The most complications

In 1925, Patek Philippe in Geneva received an order from US banker Henry Graves for a pocket watch with 24 complications, eight more than in the one owned by car manufacturer James Ward Packard. On 11 November 2014, the watch was auctioned by Sotheby’s in Geneva for a record CHF 23.2 million.

Photo: Sotheby’s
Source: www.watchtime.net



Appreciation

of USD 1 million a year



Only 39 Ferrari 250 GTOs were ever built. Anyone a) buying one in 1963 and b) selling it for the record price of USD 52 million, as auto collector Paul Parnpaddello did recently, could have earned more than USD 1 million a year on their investment.

Photo: DUKAS



Pretty in pink

Diamond dealer Laurence Graff had to bid USD 46.2 million to secure a 24.78-carat fancy intense pink diamond at auction at Sotheby's on 16 November 2010. This was the highest price ever paid for a jewel at auction.

Photo: Sotheby's
Source: www.sothebys.com



USD 16.3 million/g

The world's most expensive blue diamond is a 9.75-carat pear-shaped jewel that changed hands for USD 32.6 million at auction at Sotheby's in New York in November 2014. With the jewel weighing around 2 grams, this translates into USD 16.3 million per gram.

Photo: Sotheby's
Source: www.nzz.ch



Ingenious architecture more than 100 years ago

Pioneering architecture in the Swiss Alps: Zurich industrialist Alfred Guyer-Zeller initiated the construction of the Jungfrau joch cog railway – a pioneering achievement at the beginning of the technical revolution. The unique railway, one of Switzerland's best-known tourist attractions, takes passengers to the highest railway station in Europe.

Art is power: the ten players with the biggest say in the art market



- ↑ 1 **Nicholas Serota** *
Director of the Tate Gallery

- 2 **David Zwirner**
Established international gallerist with the best-selling artists on his books and an impressive new exhibition space in New York

- 3 **Iwan Wirth***
Zurich, London and New York, Los Angeles, Somerset

- ↑ 4 **Glenn D. Lowry**
Director of the Museum of Modern Art (MoMA), New York

- ↑ 5 **Marina Abramović**
Performance artist, prominent muse, and successful crowd-funder of the Marina Abramović Institute

- ↓ 6 **Hans Ulrich Obrist & Julia Peyton-Jones**
Directors of the Serpentine Galleries, with Hans Ulrich Obrist, initiator of numerous extramural international art projects and exhibitions

- ↑ 7 **Jeff Koons**
"Balloon Dog" millionaire

- ↓ 8 **Larry Gagosian**
Established gallerist with galleries at 13 locations staging museum-quality exhibitions

- ↑ 9 **Marian Goodman**
Established gallerist representing outstanding artists at galleries in New York and Paris

- ↑ 10 **Cindy Sherman**
Artist and photographer famous for her images of herself as a model, creating a broad palette of performing art

*Swiss art dealer and co-owner of several galleries, Iwan Wirth is one of the three most powerful players in the world of art.

Sources: 2014 Power 100, ArtReview

American exceptionalism



Christophe Bernard is Vontobel's Chief Strategist. As Chairman of the Investment Committee, he is responsible for the bank's investment strategy. Christophe Bernard has more than 20 years of investment experience.

Seven years after the outbreak of the financial crisis, global growth remains fragile and critically dependent upon massive liquidity injections from central banks. Public debt has reached levels where any increase in interest rates would swiftly make the servicing of such debt unbearable. As a consequence, monetary authorities are doing everything in their power to keep real interest rates very low, or even negative – creating an utterly challenging environment for savers and investors alike.

Virtuous economic circle in the US

Looking at the major economies, the US stands out in two respects. Firstly, the aftermath of the financial crisis has been resolutely dealt with – consumer debt has come down, housing is recovering, banks are well capitalised, employment gains are broadening and economic output is above pre-crisis levels. Secondly, thanks to US companies' global leadership across technology sectors and a domestic energy revolution – the rising production of oil and gas from shale – the US has regained best-in-class competitiveness, attracting substantial foreign direct investment. This is in stark contrast to the euro zone and Japan, where economic growth remains anaemic despite the increasingly accommodative stance of the European Central Bank and the Bank of Japan. Their current aggressive monetary policies lead to structural US-dollar appreciation and, interestingly, contribute to capping the potential rise in US long-term interest rates. This is reinforcing the American “virtuous circle”, provided inflation does not flare up.

Falling commodity prices thwart inflation

Such dangers seem far-fetched, though: as long as global disinflationary forces continue to prevail, the threat of rising prices will hardly be on investors' radar screens. The internet remains a powerful disinflationary factor alongside excess labour capacity. In addition, a supply surge across key commodities such as iron ore, coal, grains or crude oil have triggered a considerable fall in prices, adding to disinflation. In addition, China's new economic model is designed to wean the country from its dependence on investment and real estate, targeting a slower, less commodity-intensive GDP growth.

Of course, the commodity downturn has its pros and cons: on the one hand, the “western” consumer will benefit from cheaper import prices. On the other hand, some exporters of commodities – many African and South American economies, for example – will suffer. It is essential to assess the medium-term ramifications of such “tectonic” price shifts when it comes to investing across stocks, fixed income and currencies.

Equity rally to continue?

Can equity markets extend their bull run? Simply put, the answer is “yes”, on the condition that earnings growth and monetary accommodation continue unabated. However, the long-term trajectory of earnings hinges on productivity growth, which in turn depends on investments. Since the outbreak of the financial crisis, growth in earnings per share has been driven more by increased efficiencies and share buy-backs than by productive investment, especially in the US. Given the fact that US corporate

earnings are at a record high in relation to the country's gross domestic product, there is an increasing risk that earnings growth could level off even before the next recession kicks in.

Reform fatigue in the euro zone

Broadly speaking, the euro zone, Japan and even China face sluggish demand due to adverse demographics and/or curbs on government spending due to mountain-high debt. How can policy makers rise up to the challenge? Debt restructuring, under which investors would have to forego part of their initial investment, is not (yet) politically palatable. Likewise, fiscal expansion – higher government expenditure, for example – is no longer an option as it would result in an unsustainable level of debt. In such a situation, resorting to extreme monetary policies can buy some time. Such a strategy, let us call it “pretend and extend”, will ultimately lead to major disruptions in financial markets.

The only option to boost demand without taking on more debt is to improve trend growth through structural reforms. Countries such as Spain, Ireland and Portugal, which basically had no choice but to swallow the bitter restructuring pill, have shown that this is possible. At the same time, there is huge opposition to reform in countries like Japan or Italy – not to mention France – as drastic measures would throw into disarray an economic and welfare model that has been in place since the end of the Second World War.

All told, political issues will come back to haunt financial markets in a not-too-distant future as the current course of action is unsustainable, in our opinion. Where does this leave investors? Here is one piece of advice we can offer: enjoy the ride, but have a foot on the brake. ■

Forecasts based on our views from February 2015.

“The US has regained best-in-class competitiveness, attracting substantial foreign direct investment.”



↑ Guido Hager in front of a picture from Herbert Brandl's "Panoramen" series.

“My first picture went back to the gallery the following Monday”

Guido Hager, why do you collect art?

I never actually meant to become a collector. I loved visiting museums and going to exhibitions and was always most interested in works that were unattainable, beyond reach. Quite unexpectedly, it became a full-blown passion as soon as I bought my first work.

What did you start with? And how?

Purely by chance. About 20 years ago, we were on our way to the auction house in Zofingen to look for furniture for our Art Nouveau style house. There we came across two oval pictures. They were quite sizeable – roughly 1.6 metres high – and originally came from an Italian palazzo. They showed two bickering

“Painting gets under my skin.”



Guido Hager (*1958) is co-founder, together with Patrick Altermatt and Pascal Posset, of Hager Partner AG, a company specializing in landscape architecture with offices in Zurich and Berlin. Following an apprenticeship as a gardener and florist, he studied landscape architecture at the Interkantonaales Technikum engineering school in Rapperswil before going into business for himself in 1984. Mr Hager has been a consultant to the Swiss Federal Commission for Monument Preservation (EKD) since 1997 and a member of the Berlin Academy of Arts since 2010. He regularly sits on national and international juries, lectures and publishes.

Photo left: Helenio Barbetta
Photo above: Markus Bertschi

putti that really appealed to us. We thought – more for fun – that they would make a good start. But since they were relatively expensive, we decided not to buy them – also because we were invited to an exhibition opening at the Galerie Mark Müller. A picture by Harry Jo Weilenmann was hanging in the extended entrance area, which after the two putti fascinated me a lot. It was a relatively abstract flower-strewn meadow, somehow reminiscent of Klimt, measuring 2 x 2 metres. The price was the same as for the putti, but this was a real painting, not merely a gag. So I asked Mark Müller to lend me the picture over the weekend. I didn't want to give it back afterwards, but that wasn't possible – back to the gallery it went the following Monday. That was my first picture. From then on, I was smitten. After a tentative start, the collecting bug just got stronger and stronger.

What does your collection focus on?

The first focus is contemporary painting, with works by artists of my own generation, which now covers quite a broad field. Twenty years ago, I was interested in how artists painted pictures in an age in which painting was "out" and everyone was concentrating on video art, photography and installations. That was the question I pondered, especially as I can't really get to grips with these other media. Painting, on the other hand, gets under my skin. I'm fascinated by the use of light to create mood and the effects of proportion. My second area of interest is drawings and watercolours. The oldest works on paper I possess are from the 16th/17th century – by Annibale Carracci. But the collection ranges right up to present-day pieces and covers a wide variety of themes. I was initially particularly interested in the human body, but the focus on physicality soon opened the door to abstract sculpture. To begin with, I liked actual sculptures, but I went on to discover new approaches, such as the two lines of coloured yarn used by American artist Fred Sandback

to redefine a space. Although I was never keen on nature or landscapes in art, as these are issues I grapple with every day, they turned out to be the very subjects that began to exert a particularly strong fascination.

How important is the investment aspect of art for you?

That's a nightmare question! As soon as an artist's work goes up in value, I can no longer afford it, the insurance premiums increase, the fear of lending pieces becomes almost unbearable. Will the work be returned in the same condition? All things considered, I don't take a positive view of rising prices. Of course, it's nice to see the success artists are currently enjoying at auction. But the lesson of history is that art tends to lose value very quickly owing to factors which neither the artist nor the collector has any power to influence. The whole thing is a huge gamble. The most important thing for me is that art gives me pleasure. I like hanging it on my walls, although sometimes I have to put it into storage for a few years until space becomes available. Whether it has retained its value in the meantime is of secondary importance.

If there was one work you could have, regardless of the price and who currently owns it, what would it be?

It would not be any one work in particular. It would be the opportunity to engage with artists from the "earlier" era of painting, such as William Turner. I would find that really fascinating. Or a small sketch by Francis Bacon, to find out what drove him – that would be fantastic. But I also derive pleasure from small works that I own, which are neither expensive nor well-known. I like living with these pieces, and will continue to appreciate them in future. ■

“Collecting art leaves its mark on the collector”

Klaus Thamm, why do you collect art?

My mother was an avid collector of porcelain. Her entire collection was destroyed during the war, forcing her to start afresh. I remember it clearly from my childhood. It impressed me the way she was able to build up a new collection with only modest funds and by continually acquiring information. This environment inspired me so much I took up painting. It was quite something to discover how experiences and feelings could be expressed through art. Despite the praise and recognition I received, I realised my ability was limited. But my interest in painting had been stirred and I wanted to see how other, much better, artists did it. That's where it stems from – my longing to take pictures that moved me in some special way home with me and live with them.

What did you start with? And how?

Picasso was the artist who particularly impressed me. Then, when I discovered that a homage to Picasso by the likes of David Hockney, Roy Lichtenstein, Richard Hamilton, etc., had been put together for his 90th birthday, it was “Picasso's Meninas” by Hamilton that impressed me most. This picture has such an exciting narrative content, and the story of how it all came about was so unusual, that I was fascinated. When in 1972 the Propyläen publishing house of Berlin asked Hamilton to contribute a piece of graphic art to the project, he agreed on condition that he could work with the Atelier Crommelynck, where Picasso himself regularly had his works printed. That's how he created such an impressive piece.

Velázquez' “Las Meninas” was considered by both Picasso and Hamilton to be one of the greatest paintings in Western art. Hamilton recreates Velázquez' stage-like interior faithfully. A harlequin from Picasso's Pink Period enters the scene and sets off the merry dance of characters from Picasso's varied range of representational styles. The figure seated next to the harlequin refers to his “Seated Woman” of 1927. A lady-in-waiting

standing to her right is depicted in Picasso's style of the late 1930s. The figure behind the seated woman portrays the “Demoiselles d'Avignon”. In front of this group of figures, we see a lying bull as in Picasso's epoch-defining work “Guernica”. Picasso himself is poised in front of the canvas, in place of Velázquez. The hammer and sickle on his breast indicate Picasso's political leanings. The narrative gravity in this work is wonderful!

What does your collection focus on?

The collection is centred around English and American pop art as well as German capitalist realism, which was also influenced by pop art. Richard Hamilton, David Hockney, Allan Jones, Sigmar Polke, Gerhard Richter, Andy Warhol, Robert Rauschenberg and Roy Lichtenstein are all featured in the collection.

How important is the investment aspect of art for you?

If you have a well-trained eye, are brave enough to make an informed bet on something new, are touched inwardly by a work, regularly talk to artists, curators and gallery owners, you can spot talent early on. In which case, the works you acquire will often appreciate in value automatically over the years. But there must be a playful side to it all: there's no point in buying something just for the sake of it, otherwise art becomes nothing more than an investment, and that tempts artists into producing works with one eye on the market, which is disastrous. Collecting art leaves its mark on the collector over the years. Maybe this kind of passion even goes so far as to change you over time. Meeting the artist, learning how he sees things, and not just through the statements made in his work, but by actually talking to him, discovering his view of the world, his fears, hopes, lifestyle. All these things broaden your horizon. Maintaining a dialogue with other people from the art scene is an interesting process that is character-forming.

Klaus Thamm (*1941) first went into business for himself at the age of 23, while still studying law. He is the founder of the German Thamm Group, which primarily involved in real estate investment, real estate services and asset management. The group expanded into retirement homes in the 1990s. Klaus Thamm has lived in Switzerland since 1978 and in Küsnacht, which is also home to his art collection, since 1986.

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↑ "Mao and Marilyn", Andy Warhol (Sunday B. Morning)

© The Andy Warhol Foundation for the Visual Arts, Inc./2015, ProLitteris, Zurich

"Collecting art leaves its mark on the collector over the years. Maybe this kind of passion even goes so far as to change you over time."

If there was one work you could have, regardless of the price and who currently owns it, what would it be?

My favourite piece hangs in the Museum Ludwig in Cologne. It's Gerhard Richter's wife Marianne Eufinger. Richter photographed his wife walking downstairs in the nude, full of hidden eroticism. He then painted his wife from this photograph. It's a milestone in his oeuvre in art-historical terms. The painting, with its soft colours blurred in typical Richter style, touches the viewer in a special way and you never grow tired of looking at it. It has such a fascinating effect that the writer Bernhard Schlink was inspired to make it the centrepiece of his novel "The Woman on the Stairs".

Richter's work is called "Ema (Nude on a Staircase)". The title refers to Marcel Duchamp's 1912 painting "Nude Descending a Staircase, No.2." In Richter's picture, you get a real sense of the personal. There's a tenderness there. This is the artist's own intimate reality – not just any old nude on any old staircase. No, it's his Ema! ■

Art as an investment? Or investment as an art?

Given the investment vehicles such as art funds created specifically for art and the dedicated art price indices (the Mei Moses Fine Art Index is a case in point), one could justifiably view art as an asset class in its own right. As art funds and indices show almost no correlation with other asset classes or indices, investing in art for reasons of diversification would indeed appear to be attractive. However, the volatility of art as an asset class is exceptionally high and almost impossible to forecast, making a valid analysis very difficult.

For this reason we are sceptical when it comes to treating art as a purely financial investment in the classic sense. All the same, investing in art can be worthwhile. For art is much more than a mere financial investment. Art is about passion and inspiration. It can generate recognition and prestige. Investing in art promotes talent and provides motivation. In short, art stirs emotions. For art enthusiasts and collectors, art has a value that extends far beyond its worth as a purely financial investment. And in our opinion, this philosophy is absolutely essential for anyone wishing to “invest” in art.

Like a financial investor, anyone interested in investing in art also has to proceed cautiously and seek competent advice. It is crucial to do a due-diligence check before purchasing, verifying the work’s provenance and authenticity, and clarifying the legal, financial, underwriting and logistical ramifications of the transaction. Investing in art indubitably requires great skill and care.

But what about investment itself – is it not also a form of art? In the wake of growing globalisation and significantly tighter regulation, these days successful investing is less a matter of art than of technical and advisory expertise.

Today, an analytical and structured approach is at the core of any professional asset manager’s job. Before investing, they have to thoroughly clarify the client’s objectives, needs, risk budget and expectations. On this basis, they come up with an investment strategy and decide how to implement it. Only then do they actually invest. An investment is on course if it is highly likely to achieve the objectives defined by the client. This requires in-depth, up-to-the-minute information and many years of market experience combined with a knowledge of asset classes and the available investment opportunities. An asset manager has also to be in constant control of the relevant processes.

All this has little to do with art in the sense of a primarily creative activity. Investing is, first and foremost, a question of discipline rather than creativity. At Vontobel, assets are managed on the basis of a global, structured, professional investment process. We use models to analyse markets and asset classes and manage risks, proceeding methodically and drawing on the knowledge of our experts. We manage our clients’ money actively to exploit market opportunities as they arise. Ultimately, we see ourselves less in the role of artist and more as a personal, reliable partner. Yet, we do also have some of the qualities of an ambitious artist: we place great value on independence and individuality – and we want our efforts to be crowned with success. ■



Georg Schubiger has been Head of Private Banking since 2012 and is a member of Vontobel’s Group Executive Management. Prior to this, he held management positions at Danske Bank in Copenhagen and Sampo Group in Helsinki during a period of ten years. He studied Finance and Accounting (lic. oec.) at the University of St. Gallen and obtained an MA in Political Science from the College of Europe in Bruges, Belgium.

Four questions to the artist Taryn Simon



Taryn Simon (*1975) is an American artist whose works combine photography, text, and graphic design. Her practice involves extensive research, in projects guided by an interest in systems of categorization and classification. Simon's works have been the subject of monographic exhibitions at **Ullens Center for Contemporary Art, Beijing (2013)**; **Museum of Modern Art, New York (2012)**; **Tate Modern, London (2011)**; **Neue Nationalgalerie, Berlin (2011)**; and **Whitney Museum of American Art, New York (2007)**.

Permanent collections include **Metropolitan Museum of Art, Tate Modern, Whitney Museum of American Art, Centre Georges-Pompidou, and Museum of Contemporary Art, Los Angeles**.

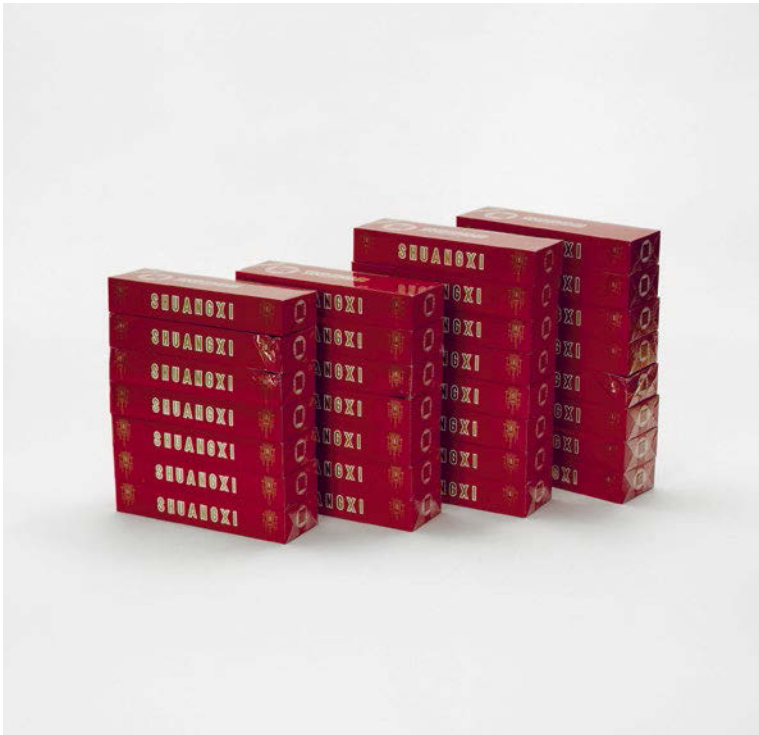
Her work was included in the **54th Venice Biennale in 2011** and the **Carnegie International in 2013**.

She is a graduate of Brown University and a Guggenheim Fellow. Simon lives and works in New York.

Photo: © Taryn Simon.
Courtesy Gagosian Gallery.



↑ Handbag, Louis Vuitton (disguised) (counterfeit) [Detail], 2010



↑ Cigarettes, Shuangxi, China (prohibited) [Detail], 2010

Contraband The above selection from a total of 1,075 photographs were taken at both the U.S. Customs and Border Protection Federal Inspection Site and the U.S. Postal Service International Mail Facility at John F. Kennedy International Airport, New York. For one working week, Taryn Simon remained on site at JFK and continuously photographed items detained or seized from passengers and express mail entering the United States from abroad.

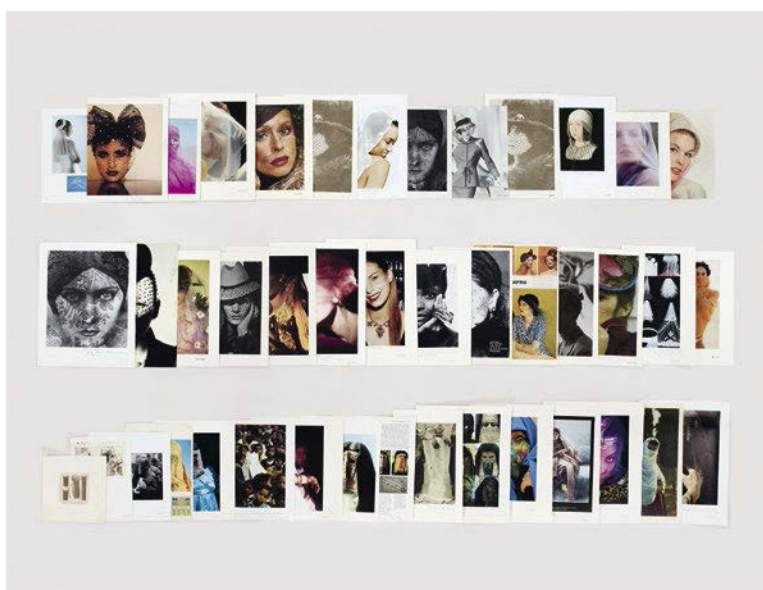
Photo: © Taryn Simon. Courtesy Gagosian Gallery.

How does your talent as a photographer influence your activities as a writer? And vice versa?

I use photography and writing to highlight an invisible space between the two governed by interpretation and manipulation. The two poles are constantly fighting each other and supporting each other and sometimes doing both at the same time.

You are known for working very hard, e.g. one full week just to take the pictures of the Contraband Room at JFK Airport. Why? How do you feel when working like this?

Exhausted. I think of "Contraband" (2010) as a performance piece. I lived in the contraband rooms at JFK Airport for a full working week and recorded all the items seized by U.S. Customs and Border Protection from passengers and express mail entering into the US. I worked without sleep for a five-day period. I'd take naps between the last flight and the first morning flight on an air mattress I shared with my assistants in the contraband room. There were counterfeit Louis Vuitton bags, counterfeit Chanel sunglasses; there was counterfeit Viagra, counterfeit Ambien – everyone chasing the same fantasy and escape. I anticipated collecting photographs of guns, heroin, animals... and I did. But the customs officials' overwhelming focus was on safeguarding brand identity. They were battling a relentless front – the influx of pharmaceutical and luxury copies. And then, as a photographer, I made a copy of a copy. The goods couldn't enter the US, but the photograph could. I then took the photograph and inserted it into another economy – the economy of art.



↑ Folder: Costume – Veil 2012

The Picture Collection On the third floor of the Mid-Manhattan Library on 5th Avenue at 40th Street are housed 1.2m prints, postcards, posters and images carefully clipped from books and magazines. Established in 1915, it is the largest circulating picture library in the world.

The New York Public Library Picture Collection has been an important resource for writers, historians, artists, filmmakers, fashion companies, costume designers and advertising agencies. The artist Diego Rivera used the collection while working on his “Man at the Crossroads” mural at the Rockefeller Center. (At the time, Rivera noted how the scope and the limits of the collection might shape contemporary visions of America.) Andy Warhol was also a frequent user of the library, especially keen on borrowing advertising images, many of which were never returned.

Romana Javitz, head of the collection from 1929 to 1968, recruited 40 artists through the Works Progress Administration during the 1930s to help clip, cull and catalogue the collection.

Images are currently collected under 12,000 subject headings. Individuals with a New York Public Library card can borrow up to 60 clippings at a time.

Artist Taryn Simon recognizes this archive of images from multiple sources as a precursor to search engines. She highlights the invisible hands behind seemingly neutral systems of image gathering.

Photo: © Taryn Simon. Courtesy Gagosian Gallery.

How do you select the subjects or themes of your works? Do you have a systematic approach or do you pick the topics at random?

The works are often guided by things I've been introduced to in the previous project, or they might be a rejection or even move against previous work. They often start simply, and then unfold into far more complicated programs. In “A Living Man Declared Dead and Other Chapters I–XVIII”, I tried to articulate certain systems, patterns, and codes through design and narrative. I traveled around the world researching and recording eighteen bloodlines and their related stories. I was exploring the unanswerable questions regarding fate and its relationship to chance, blood and circumstance. It's failures and rejections became a big part of the work. There are several empty portraits representing living members of a bloodline who could not be photographed for reasons including dengue fever, imprisonment, army service, and religious and cultural restrictions on gender. Some just refused because they didn't want to be part of the narrative. In the end, the blanks establish a code of absence and the presence. The stories themselves function as archetypal episodes from the past that are occurring now and will happen again. I was thinking about evolution and if we are in fact unfolding, or if we're more like a skipping record – ghosts of the past and the future.

Which will be the next “dark side of life” you will look at as an artist?

I'm currently looking at the paperwork of power and the ways in which human kind exerts the illusion of control over events and the natural world. I'm also working on a large-scale performance piece. ■



↑ Chapter I, A Living Man Declared Dead and Other Chapters I–XVIII, 2011

A Living Man Declared Dead and Other Chapters I–XVIII “A Living Man Declared Dead and Other Chapters” was produced over a four-year period (2008–2011), during which the artist, Taryn Simon, traveled around the world researching and recording bloodlines and their related stories. In each of the eighteen “chapters” that make up the work, the external forces of territory, power, circumstance or religion collide with the internal forces of psychological and physical inheritance. The subjects documented by Simon include feuding families in Brazil, victims of genocide in Bosnia, the body double of Saddam Hussein’s son Uday, and the “living dead” in India. Her collection is at once cohesive and arbitrary, mapping the relationships among chance, blood, and other components of fate.

Each work in “A Living Man Declared Dead” is comprised of three segments. On the left of each chapter are one or more large portrait panels systematically ordering a number of individuals directly related by blood. The sequence of portraits is structured to include the living ascendants and descendants of a single individual. The portraits are followed by a central text panel in which the artist constructs narratives and collects details. On the right are Simon’s “footnote images” representing fragmented pieces of the established narratives and providing photographic evidence.

The empty portraits represent living members of a bloodline who could not be photographed. The reasons for these absences are included in the text panels and include imprisonment, military service, dengue fever and women not granted permission to be photographed for religious and social reasons.

Simon’s presentation explores the struggle to determine codes and patterns embedded in the narratives she documents, making them recognizable as variations (versions, renderings, adaptations) of archetypal episodes from the present, past, and future. In contrast to the methodical ordering of a bloodline, the central elements of the stories – violence, resilience, corruption, and survival – disorient the highly structured appearance of the work. “A Living Man Declared Dead and Other Chapters” highlights the space between text and image, absence and presence, and order and disorder.

Photo: © Taryn Simon. Courtesy Gagosian Gallery.

“Quand même”

Dr Hans Vontobel was born on 4 December 1916 in Zurich, where he graduated with great distinction in law and political science in 1942. He joined the bank one year later, becoming a partner with unlimited liability in 1951. In 1984, the company was transformed into a joint stock corporation, in which he served as chairman of the board until 1991. Since that date, he has made his expertise and experience available to the board as its honorary chairman.

For many years, Hans Vontobel was Chairman of the Board of the Zurich Stock Exchange and the German-Swiss Chamber of Commerce. He was also a member of the Board of the Swiss Bankers Association and of the “Neue Zürcher Zeitung” newspaper. In addition, Hans Vontobel has established a number of foundations.

Photo: Ursula Markus

Anyone who practises the art of trying to please all of the people all of the time is destined to fail. One has to make choices. The question is, what governs these choices? The criteria used to make decisions are always defined by people, and always in the light of their own particular point of view. At the end of the day, there is inevitably someone responsible, even for decisions that are left to chance, or for non-decisions.

In both professional and private life the ability to make decisions, set the right course, reap success and learn from failures is an art. To a certain extent, this art can be acquired. But if you want to truly master it, you also need good fortune. To be able to look back on most – if by no means all – of the decisions one has made and say that was the right thing to do and led to a long and successful life, luck is essential.

In this my 99th year I consider myself extremely lucky to still be here, experiencing the world and the people who live in it. I am very grateful. As an adult, I was fortunate to find myself living in the middle of Europe in a country that was largely spared the horrors of the Second World War. I was fortunate in being able to build the business founded by my father into a healthy and successful banking group of worldwide renown, with the help of loyal colleagues and many hard-working employees. And I was fortunate to emerge unscathed from situations in which good fortune seemed to have abandoned me. There was always a practicable solution, and in some cases this led to an outcome that turned out to be even better than the failure or disappointment originally envisaged.

My cherished credo, “quand même” – which was actually only ever intended as an expression of my attitude to life – was often a recipe for success. As a former colonel in the armed forces, I would even go so far as to say that it was my secret weapon.

“Quand même”, “even so”, is what I told myself, for example, when a syndicate of full-service and cantonal banks tried to deny us access to the bond issuance market at the end of the 1950s, for example. Our response was to join forces with other institutions to set up the Zurich Private Bankers Group, which gave us a successful foothold in the issuance business.

Keeping a sense of proportion

But it is also important to recognise when insisting on a “quand même” approach would be inappropriate. I remember when we gave up our offices at Bahnhofstrasse 3 and moved to new premises at Gotthardstrasse 43 in 2007. As I knew from my own experience that our clients – the foreign ones especially – really liked visiting us at the Bahnhofstrasse address, I was reluctant to leave without pressing reasons for doing so. Despite this, I went along with the relocation to the highly modern offices at Gotthardstrasse. While saying goodbye to Bahnhofstrasse was a cause for personal regret, I also knew that our clients would understand why we were moving and that at the end of the day the precise location of my office was not so important.

Change can be unpleasant. Taking leave of something that has grown dear to you can be painful. But by refusing to adapt, rejecting any impetus for new ideas and stifling the will to keep on reinventing oneself is the recipe for a downfall. My inherent curiosity has motivated me to see change a priori as something positive. There is a



tremendous satisfaction that comes from being curious to learn more and acquire new knowledge. Indeed, a willingness and an ability to change have become qualities for which our bank is noted.

Money is a means to a good end

My attitude towards money is open and relaxed. As a banker, I acknowledge that money is important. But as a private individual, I have always maintained that money is not everything. Money enriches your life above all when you can spend it in a way that benefits others or brings them joy. It gives me pleasure to spend money that I do not need. I have been lucky in life and favoured by fortune, so I see it as my duty to help others. Money is a means to a good end.

This self-imposed duty, which is also shared by the other members of my family, has led us among other things to set up a number of charitable foundations. The Kreatives Alter and Lyra foundations deserve particular mention. The former was established in 1990 and has since awarded prizes to 145 people aged over 65 (since 2012, over 70) who are no longer involved in working life for their creative achievements in literature, science, music and theatre. "Stiftung Lyra" is a foundation that supports the training of highly talented young musicians, furthering their careers and enabling them to perform in public.

I am proud of the great social impact our family has had through the various foundations. We aim to carry the company forward into the next generation with this mindset and these values, and I am convinced that we shall succeed. ■

"My curiosity has motivated me to see change a priori as something positive."



A good eye, a hand plane, and lots of time

When Claudio Pedrazzini procures the raw material for his boats, his first step is literally to knock on wood. In this case, it's the door of a sawmill in Gütersloh in North Rhine-Westphalia, Germany, where he goes to examine the trunks of mahogany trees a merchant has purchased for him in Rotterdam or Marseille. If the quality of the wood stands the critical scrutiny of the boatbuilder, the trunk is sawn into lengths. These will later be turned

into planks of up to eleven metres in length, but are first delivered to the merchant's warehouse where they are stored for drying for several years. "Like a good wine", says Claudio Pedrazzini.

"Every single one of the 20-high-gloss layers of varnish is sanded down before the next one is applied."



Claudio Pedrazzini (*1962) has been sole proprietor of the "Yacht- und Bootswerft C. Pedrazzini" boatyard in Bäch on Lake Zurich since 1993. He completed a boatbuilding apprenticeship before gaining international experience as a trainee with boatbuilding companies in Sweden and Germany.

The comparison is apt. Both fine wines and high-end runabouts – open motorboats with a sun deck – can only be created using raw materials of the highest quality and by people with a full mastery of the craft they love.

"A Pedrazzini matures like a good wine."

At the Pedrazzini yacht and boat yard in Bäch on Lake Zurich, the time devoted to the work – usually a tightly controlled cost factor in any enterprise – is secondary. When it comes to crafting boats, care and devotion to detail are more important than maximum productivity. The wooden hull is built up layer by layer. Then comes the finish: first the wood is stained in the typical Pedrazzini hue, followed by 20 layers of varnish, carefully applied at week-long intervals. Each high-gloss layer is sanded down before the next one is applied. "A good eye and a hand plane remain our most important tools", explains Claudio Pedrazzini, who has been running the family business since his father's death in 1993, making him the third generation to do so. His son Alessandro also knows the three Pedrazzini models, the Capri, Vivale and Special, inside out. Father Claudio

can't conceal his pride: "I taught him how to float mahogany in style."

The 2,000 or so people worldwide who are proud owners of a Pedrazzini boat delight in the successful symbiosis of artful craftsmanship and profane waters. Their boat isn't a means of getting from A to B, but a piece of mobile luxury, something to be savoured in a generally attractive environment. The design of the mahogany boats from Lake Zurich plays no small part in generating this sense of well-being. The basic form, originally created in the 1950s, is still in use and has been developed continuously ever since. The characteristic rounded stern has become a hallmark of Pedrazzini boats. These high-class products from Lake Zurich can be encountered throughout Europe. "Swiss Made at its best." ■



“I encourage the musicians to play an active part”

“You only really prepare mentally for a piece immediately before the performance. It's part of the job.”

Philippe Jordan, what are the three main requirements for becoming one of the world's best conductors?

The ability to lead and shape, and above all the ability to let things happen. Magic only happens if you allow it to. Letting things happen is the quality shared by today's greatest, most experienced conductors.

A quality that's timeless and doesn't depend on the orchestra?

Absolutely. At orchestra rehearsals, I encourage the musicians not just to play in a certain way because the conductor has told them to, but to try and play an active role as part of the ensemble.

Has this sequence of leading, shaping and letting things happen changed over the course of time?

I believe so. In the past, leadership was the most important aspect of being a conductor. Just think of the Toscanini era, where perfect ensemble playing was a painstaking requirement.

Can you gauge an orchestra's level of artistry from a TV recording that doesn't quite convey the way things are allowed to happen?

You can certainly judge the key parameters, i.e. a certain sound, the personality of the conductor or orchestra, even if television

Philippe Jordan (*1974) has been music director of the Opéra National de Paris since 2009 and became chief conductor of the Vienna Symphony Orchestra in the 2014/15 season. He began his career as Kapellmeister at the Stadttheater Ulm in 1994. From 1998 to 2011, he was assistant to Daniel Barenboim at the Berlin State Opera, and from 2001 to 2004 held the post of chief conductor of both the Graz Opera and Graz Philharmonic Orchestra. He has conducted the world's most renowned orchestras and appeared at the foremost venues. He regularly performs as a pianist in recital and chamber music. Philippe Jordan was born in Zurich, where he attended the Conservatory. His father Armin was also a conductor, his mother Käthe a dancer.

Photo: Jean-François LECLERCQ

makes it more difficult to pick up on certain aspects. One exception would perhaps be the unique performances given by Claudio Abbado and the Lucerne Festival Orchestra. Even on TV, the devotion and abandon of the orchestra come across very clearly.

If we were to play you a recording of a Mahler symphony, would you be able to tell if it was one you'd conducted?

Yes, but not necessarily in every case. The biggest give-away would probably be the tempi, which in certain passages will be different than in other performances. I would probably also recognise that it was me at the helm by the sound that has evolved over the years – regardless of which orchestra is playing.

Does this mean the character of the orchestra isn't really that important when it comes to identifying a recording?

On the contrary. Every orchestra has its own sound and personality. This means that even though I try to achieve a transparent, well-balanced, clear, lucid sound with any orchestra, the Berlin Philharmonic will probably respond to this requirement in a different way than the Paris Opera Orchestra or the Vienna Philharmonic.

Are there national or local differences between audiences?

You need to make a distinction between opera and concerts. Opera lovers are generally more passionate than concert-goers. You rarely hear excessive bravos or booing at concerts. And, of course, there's a huge difference between the north and the south. Audiences in America are different again – they're very enthusiastic. Standing ovations are practically the order of the day.

How do you feel about other art forms such as painting and literature?

I'm very fond of other artistic genres and also like to go to the cinema, but more as a way of switching off and getting new ideas.

Do you also go and see other conductors perform?

Yes, whenever possible. I only wish I had the chance to do so more often.

How commercial can, or should, art be?

Art speaks for itself and mustn't become perverted by commerce. On the other hand, art needs to be commercial to give as many people as possible access to it. At the end of the day, art is a basic need.

How do you handle critics and criticism?

They come with the territory. As an artist and individual, I don't necessarily need to listen to the critics and their criticism. I'm capable of deciding for myself whether or not I've done a good job. As the head of an orchestra or an opera company, however, it's important to find out what's being written and said about us.

When you're preparing mentally for a work, does it make any difference whether you're tackling a sad piece like Tchaikovsky's "Pathétique" or an opera buffa such as Rossini's "Barber of Seville"?

It makes no difference, as my work is so diverse. I'm rehearsing a Beethoven symphony while at the same time preparing the "Missa Solemnis". I recently conducted "Die Entführung aus dem Serail" ("The Abduction from the Seraglio") and Webern's "Six Pieces for Large Orchestra". Even in the case of "Pelléas et Mélisande" by Debussy, which had its premiere in February 2015, I had to prepare while working in parallel on a number of other works.

You can simply switch from one thing to another?

It's all part of the job. I actually find this diversity highly appealing. It's enriching.

But also highly demanding. Probably only something that can be achieved at the professional level.

I have to agree. Twenty years ago, I was happy being able to spend six whole weeks concentrating solely on "Così fan tutte" or "Carmen". ■



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The economics of good taste

Professor Dirk Boll, PhD (*1970), has been Managing Director Continental Europe at Christie's in London since 2011 and is Professor of Cultural Management in Hamburg. He regularly publishes in international magazines and is the author of various books. In November 2014, "Auctioneers Who Made Art History", a collection on the cultural history of the art auction, was published. Dirk Boll studied law in Göttingen and Freiburg i.B. and following his trainee clerkships in Stuttgart and Brussels went on to write his PhD on the structure of the art market. His career at Christie's has taken him from London via Stuttgart to Zurich, where he was Managing Director until 2011.

Photo: Muir Vidler

The art world had a good year in 2014, replete with spectacular successes: exhibitions with record visitor numbers, art fairs with record-high sales, and auctions with record-breaking prices. Art remains in demand, whether as something to be received or consumed.

Art world attempts balancing act

The art market season, which has just drawn to a close with the New York auctions, saw a strong market with robust demand, numerous record-shattering artists and sales revenues back to their pre-crisis levels. Twentieth century art is selling best: the more expressive, the better. Auction houses and art dealers have been able to satisfy demand for classical, canonised art on the secondary markets to achieve all-time high turnover. But the picture on the primary market, hit significantly harder from the moment the crisis set in in 2008, is quite different. The art world is attempting a balancing act: while the contemporary is increasingly defining the general perception of art, buyers are seeking to combine the experience of art with the greatest possible security. Whereas until recently, contemporary art was most often associated with the avant-garde, now post-war art is the most highly sought-after. This is because the genre is still young enough to have an intellectual aura without any of the conservation issues, but old enough to have stood the test of the market. Many artists in this category have now become so established that private buyers feel safe investing in them, even without the expert opinion of a gallery owner to back them up. When acquiring new work, many collectors pay attention to its significance in terms of art history and the marketability this confers. They prefer art that is easy to grasp, understandable and recognisable. "Trophy pictures" is the term coined in Anglo-American cultural circles to describe pieces of this kind. What we currently have is a market for masterpieces.

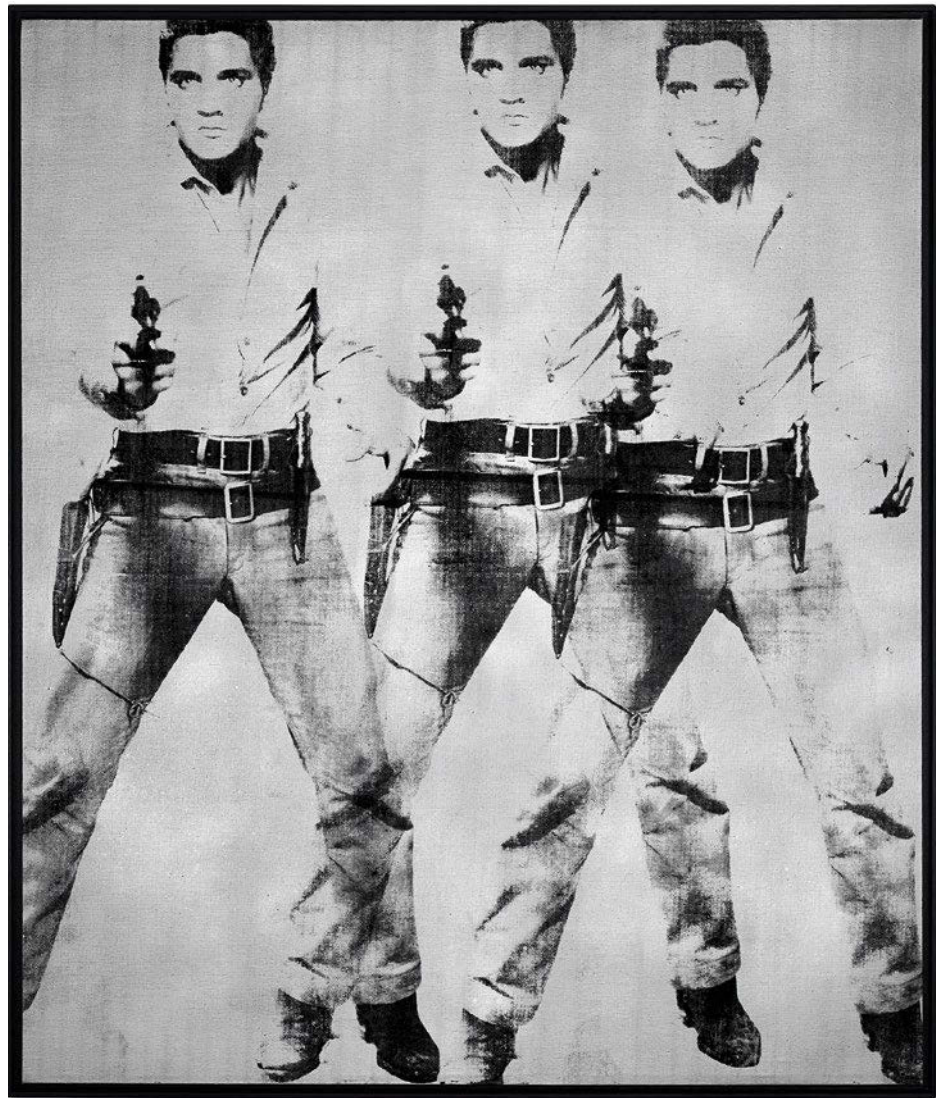
For masterpieces, the sky's the limit

At art fairs and auctions, an overall trend can be observed: in all areas of the collectors' market, there is an increasingly harsh divide between top art and mediocrity. This is true not just for the visual arts, but even for furniture and jewellery. Since 2008, buyers have learned to exercise restraint and restrict themselves to investing their available funds in accepted quality whose price is less volatile. As a result, we are seeing signs of fatigue in the middle price segment. For masterpieces, on the other hand, the sky would seem to be the limit, with both estimates and records smashed in rapid order. Predictions that a work will appreciate are enough to justify what appears to be an exorbitant market price, as even this is likely to be trumped in the foreseeable future. However, the restoration of the symmetry between the development of the market and valuations on the basis of historical significance can only serve to stabilise the market, as it protects it from its penchant for over-speculative snapshots and thus builds trust.

Global buyer base

These days, the buyer base for masterpieces is truly global, with works of this calibre as highly sought-after in China, Russia and Abu Dhabi as in California. According to this year's study by the European Fine Art Foundation, presented at TEFAF in Maastricht, the Chinese domestic market has regained its position as one of the two largest art markets in the world, although it mainly deals in Chinese antiques. Conversely, Chinese buyers, who closely follow global developments and collect Western art of the highest quality, are gaining in international influence. In a parallel trend, Russian collectors have recovered from the impact of the crisis and rediscovered their old purchasing power. Here too, the opinion leaders closely track collecting trends. Even though the percentage of such bidders at the London and New York auctions is still relatively low, it is precisely these

"20th-century art is selling best: the more expressive, the better."



buyers who are often responsible for the record prices there.

Growing cleft between market art and exhibition art

These developments have transformed the market's role in the canonisation process. While it has been empirically recognised since the 1990s that the commercial value of an artwork influences the way we judge it and its place in art history, it is becoming more and more evident today that the world can be divided into art for the market and art for exhibitions. Visitors to Basel, New York and London can see this clearly for themselves each year, and the phenomenon was visible at the 2013 Venice Biennale and the documenta in Kassel back in 2012. The exhibition business is deliberately setting itself apart from the market by increasingly focusing on installations and performance art. The market, on the other hand, is empha-

sising its devotion to tradable pieces more than ever by producing and selling works in durable materials. It will be interesting to see whether market participants voluntarily jeopardise their role in the canonisation process by doing so, whether there will be more trading in ephemeral institutional art in future, or whether the market for traditional media will continue to break away.

After the crisis discredited contemporary art as an investment, at least temporarily, concerns are now being raised about the primary market. Will gallery exhibitors and art fair dealers promoting works by upcoming artists be left out in the cold in an environment where there's less willingness to take risks on the demand side and a growing emphasis on the importance of auctions as "events"? Apparently, the speculative urge that used to drive demand for contemporary art only remains a force in Asia. In the galleries of the Western world, the shift

↑ In November 2014, Andy Warhol's 1963 work "Triple Elvis" fetched USD 81.9 million at auction at Christie's in New York.

© The Andy Warhol Foundation for the Visual Arts, Inc./2015, ProLitteris, Zurich
Photo: Christie's



towards better-known quantities seems to be cementing itself. We can only hope that successful galleries will not give up on the idea of presenting works by unknown names. Gallery owners are not just commercial brokers of artworks. They are also mediators who help communicate the content of artistic creation. And as such, they are predestined for the role of instructing, guiding, teaching and perhaps even educating young collectors a little. A lively art world and a functioning future market needs them – for this is the only way in which the looming split between the market and institutions can be overcome. ■

↑ The 1966 work "Four Marlons" changed hands for USD 69.6 million.

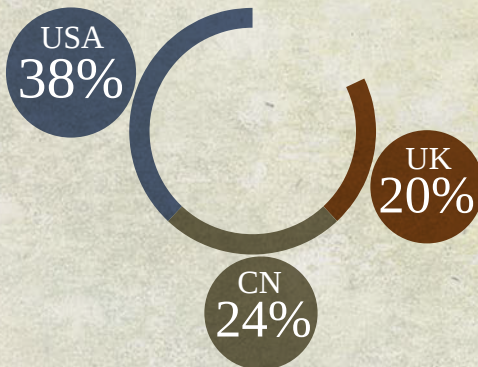
© The Andy Warhol Foundation for the Visual Arts, Inc./2015, ProLitteris, Zurich
Photo: Christie's

American post-war art The partiality for post-war art combined with American purchasing power has stimulated demand for Warhol: he is the master when it comes to depicting post-modern consumer culture, and his works are part of our global cultural heritage and have played a major role in shaping our visual memory. The current market is divided into the rare early works, which are of historical significance, and the late flower series or portraits of famous people, which could almost be described as mass merchandise.

Classical Indian art Following the boom in Indian post-war art, many new buyers have become interested in the roots of their culture; almost every collector's household now features classical Indian art alongside contemporary works. Traditional sculptures are the most expensive pieces. These deal with religious practices and were therefore originally associated with the temples. A lively and sensuous depiction of the religion was intended to encourage people to go to the temple.

Collectible cars Automobile investments are a major trend. This market has grown by an estimated 430 per cent over the past ten years. The scene has moved on and new players more interested in the lifestyle aspects than in the history of technology have emerged. Nowadays, it is no longer "tractors" from the 1930s that fetch prices in the millions, but post-war sports cars, which are easier to drive. The general interest in all things vintage is currently reflected in a pronounced preference for a natural patina.

EUR 47.4 billion



In 2013, global sales of art came to EUR 47.4 billion. The US accounted for 38%, China 24%, and the UK 20%.

Source: TEFAF Art Market Report 2014



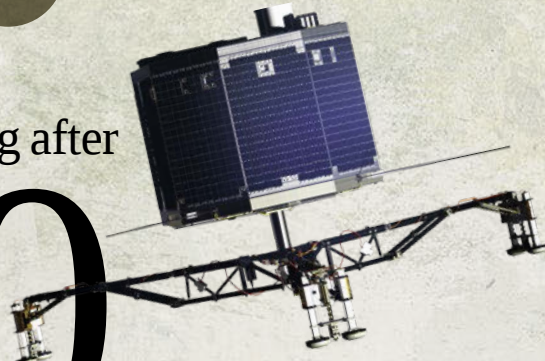
2.5 million jobs

The global art business employs around 2.5 million people working for dealers, galleries, auction houses and antiques businesses.

Source: TEFAF Art Market Report 2014

Pinpoint landing after

510 million km



An impressive example of art and ability in science is the "Philae" research lab and its mother ship "Rosetta". In November 2014, "Philae" landed on the Churyumov-Gerasimenko comet after a 6.4-billion-kilometre journey that lasted 10½ years. The landing site on the comet, 510 million kilometres from Earth, was only one square kilometre.

Photo: ESA – ATG Medialab
Source: www.nzz.ch

The most expensive woman painter

The most expensive woman painter of all time is Georgia O'Keeffe. In November 2014, her work "Jimson Weed/White Flower No. 1" was sold for USD 44.4 million at auction at Sotheby's in New York. The oil painting, which O'Keeffe (who died in New Mexico in 1986) painted in 1932, shows a white flower.



USD 44.4 million



Serena Wang

30 to 40 million young Chinese are learning the piano, creating a pool that produces thousands of extraordinarily talented young musicians every year. One of these people is Serena Wang (2004). She started piano lessons age four, and at age five became the youngest ever winner of the Bach competition at the University of California. In 2012, Serena Wang joined Murray Perahia's master class at Jerusalem Music Center. In 2013, she made several appearances with the China Philharmonic Orchestra and other famous ensembles.

Source: www.serenawang.com

© Georgia O'Keeffe Museum/2015, ProLitteris, Zurich
Photo: Sotheby's
Source: www.theguardian.com



Louvre leads the way

With 9.3 million admissions, the Paris Louvre attracted more visitors than any other of the world's top ten museums in 2013. This figure includes 28,000 groups and around 700,000 schoolchildren.

1	Louvre Paris, France	9,334,000	
2	National Museum of Natural History Washington DC, USA	8,000,000	
3	National Museum of China Beijing, China	7,450,000	
4	National Air and Space Museum Washington DC, USA	6,970,000	
5	British Museum London, UK	6,701,000	
6	The Metropolitan Museum of Art New York NY, USA	6,280,000	
7	National Gallery London, UK	6,031,000	
8	Vatican Museums Vatican	5,459,000	
9	Natural History Museum London, UK	5,250,000	
10	American Museum of Natural History New York, USA	5,000,000	

Source: TEA/AECOM 2013 Theme Index & Museum Index



Top ten for impressionism and modern art

Centro Cultural Banco do Brasil saw the highest daily visitor numbers (admission was free).

8,099	Impressionism: Paris and Modernity	Centro Cultural Banco do Brasil, Rio de Janeiro
7,364	Dalí	Centre Pompidou, Paris, France
6,615	Dalí	Reina Sofía, Madrid, Spain
5,528	Edvard Munch: The Scream	Museum of Modern Art, New York, USA
5,435	Impressionism: Fashion and Modernity	Metropolitan Museum of Art, New York, USA
5,077	Matisse: in Search of True Painting	Metropolitan Museum of Art, New York, USA
4,909	Impressionism and Fashion	Musée d'Orsay, Paris, France
4,856	Edward Hopper	Grand Palais, Paris, France
4,398	Picasso Black and White	Guggenheim Museum, New York, USA
4,287	Pablo Picasso	Palazzo Reale, Milan, Italy

Period between October 2012 and May 2013
Source: The Art Newspaper Special Report, spring/summer 2014



Top 3 in the international trade

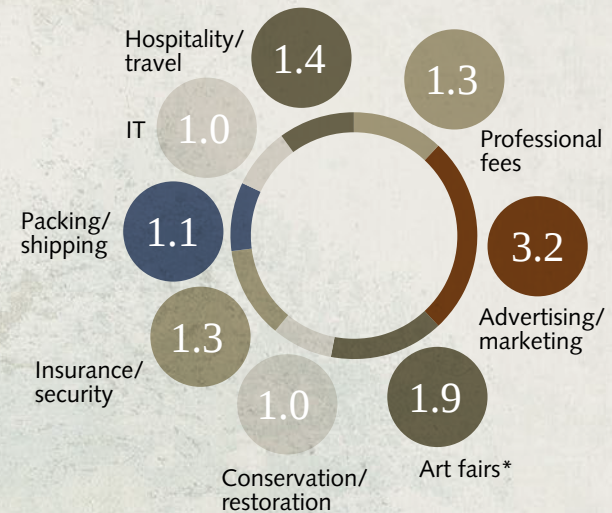
In terms of international trade in art and antiquities, Switzerland ranks third globally behind the United States and the United Kingdom. In 2012, Switzerland accounted for 8% of imports and 7% of exports worldwide.

Source: TEFAF Art Market Report 2014

Big business

Spending by the global art trade generates billions in revenues for other industries (figures in EUR billion).

Source: TEFAF Art Market Report 2014
* Sales with art dealers



Investing: more of an art than a science?



Axel Schwarzer is Head of Asset Management and a member of Vontobel's Group Executive Management. Before joining Vontobel in 2011, he held various management positions at Deutsche Bank in Frankfurt and New York. Axel Schwarzer studied Law in Mainz and Frankfurt.

Who would you rather sit down to dinner with – an artist or a scientist? And what does my question have to do with investing? Quite a lot if you are considering whether your wealth would be better managed by an artist or a scientist. I am thinking here in terms of an investment advisor's skills and personality. People tend to think of artists as having a big personality and accord them star status on the basis of their creativity and powers of expression. But do these qualities make for a good asset manager? Or are you more likely to trust an investment expert grounded in science and with experience in the field?

In the financial industry, science generally prevails, as demonstrated by the numerous Nobel Prizes awarded for capital market models. Science is about explaining relationships, and the replicability of processes. We have an instinctive tendency to look for these abilities in our asset managers. But then there are also famous investors such as Warren Buffett who have already attained pop star status.

Perhaps an orchestra analogy will help us find the answer to our question. The client is the composer who has created the work. They specify the tempi of the piece, in other words the level of risk they can tolerate. This is where the conductor and orchestra come in. All conductors consider themselves first and foremost as artists – but they also have to be able to read the score and possess the technical ability to interpret the piece correctly.

For their part, investment advisors seek out suitable asset classes, such as equities or bonds, for their clients. Sticking with our analogy, the members of the orchestra correspond to the individual representatives of these asset classes in the portfolio. The asset manager assesses and oversees their contribution to the performance to meet the investment objectives.

Like an orchestra, asset management also calls for the right mix of artistic elements like conviction and creativity, as well as technical skills and an understanding of the financial markets. Both components have to be "managed". And that requires replicable abilities with a sound theoretical basis. After all, our client wants to achieve an extraordinary performance more than just once. That's why a scientific approach – i.e., the investment process – must always serve as the starting point.

A good, active investment advisor must be able to unite creativity and process. This is the basis for any successful investment policy and the stable long-term performance it produces.

Here at Vontobel, we believe that we have found the right combination of talent and can offer an environment in which this talent can be best deployed to the benefit of our clients.

To return to our original question, who would you rather sit down to dinner with? Make it both, artist and scientist – it will be entertaining and educational at the same time. Besides, when it comes to investing, a successful performance is a matter of teamwork. ■

The art of tailor-made structuring

A good financial product is designed to meet specific client needs and expectations. These cover various investment objectives, market opinions and risk appetites, thus influencing the requirements placed on financial products. Structured products can match these individual requirements much better than any other instrument type. By skillfully applying financial mathematics, individual risk components can be combined like building blocks to shape any desired financial payout. The possible combinations are just as limitless as individual client's investment needs. Over the course of time, the offered range of structured products has grown dramatically to become all-encompassing.

Structured products could not have been created without financial mathematical models, which provide the basis for both valuation and risk management. Up until a few years ago, the focus of the industry was on the creation and distribution of mass-market products. In recent years, the needs have shifted towards tailor-made, individual solutions, specifically designed for a portfolio in question. Today, investors demand new value-adding aspects, such as immediate price availability, as well as the ability to compare products of different issuers in a transparent and easy manner. Risk, price and product performance must be available at all times, in addition to other high-quality across-the-board services.

Not too long ago, tailor-made structured products were sold in limited volumes and were comparatively inefficient and expensive. The art of creating these products therefore lay in packaging individuality for mass appeal. Over time, economies of scale have lowered the costs without any reductions in quality. The challenges that were overcome included addressing the flow and processing of large amounts of data for perfect-fit product calculations.

With targeted investments in know-how and high-performance IT systems, hundreds of different kinds of structured products with their individual components can now be efficiently created, managed and monitored by a small number of people. Whereas previously, time-consuming, manual sub-processes with precarious interfaces were required, the current high degree of automation has reduced the possibility for errors to a minimum. But even the use of a high-performance infrastructure will not be enough to cope with the increased complexity in the future. If higher quality standards are to be continually met in the long run, the production process – just like a structured product itself – must be flexible in its very design.

Creating a structured product is a true art, and one which Vontobel practices with great passion, outstanding expertise and a proven track record. New, previously unimagined possibilities and opportunities lie just around the corner. ■



Roger Studer has been Head of Investment Banking since 2008 and is a member of Vontobel's Group Executive Management. He has held various management positions at the bank for almost 25 years. Roger Studer also gained management experience at DG Bank, ABN Amro and Swiss Life. He holds a Rochester-Berne MBA.

We are not just creating buildings – we are creating architecture

Urban planning is first and foremost communication. Creating habitable towns and cities requires cooperation between all the actors, from the local population and investors to local authorities and politicians. Because urban planning can only ever happen in dialogue, you have to be a master of the art of diplomacy, skilled negotiation, weighing up interests, and translating between the different languages used by the different people involved. Urban planning is sustainable if it builds bridges between urban development, the political arena and urban society.

As permanent secretary, I represent the senator for urban development in the state parliament and senate. My job involves fighting to have additional funds awarded by the budget

“I translate between professional jargon and the language of politics.”

committee when the cost of a construction project rises, or battling to gain political approval for land use plans from the members of the urban development committee. I spend at least 50 per cent of my working time on political committees, where my job is to translate between professional jargon and the language of politics. Other aspects of my work involve building bridges: drumming up support at public events for the construction of desperately needed new housing, generating understanding among local people for the densification of their neighbourhood, or gathering ideas through civil dialogue on how to develop Berlin Mitte, a district around the TV tower which is currently full of green spaces and water. I persuade, mediate and try to get people on board. And I motivate investors to engage with the competing ideas of architects so that they can also learn and grow through the challenges presented by the project.

Mutual acceptance on an equal footing

I no longer do any building myself, but I am still in my element sitting on the jury of an architecture competition, standing on the building site at the Berlin State Opera as the person with political responsibility for public-sector civil engineering, or discussing with architect David Chipperfield how to renovate the facade of Mies van der Rohe’s National Gallery to do justice to the building’s heritage.

If Rem Koolhaas wins the competition for the Axel Springer Digital Media Campus, he’ll encounter me not only in my capacity as a member of the jury, but also later as a critical, yet supportive partner in the project planning and approval process. Berlin is getting bigger and bigger, and as senate building director, I pave the way for class to arise alongside mass, ensuring that – amidst all the euphoric growth – “building culture” is established as an indispensable add-on in residential and urban infrastructure construction. I can only do this through the never-ending process of reconciling two areas of interest which are often miles apart – architecture and urban planning on the one hand, and an urban policy geared to general well-being on the other. This can only be achieved if there is mutual acceptance and people treat each other as equals.

Art and ability

In my job, I get to play a decisive role in shaping the future development of Berlin. But even more fascinating than this is the fact that I get to move in such very different worlds. I might be holding highly emotional discussions on architecture theory with expert colleagues on the plans for the Kulturforum – which is home to the city’s most important cultural institutions, including the Philharmonie concert hall, the New National Gallery, the Berlin State Library and the Gemäldegalerie art museum, but still has to be part of everyday city life. Or I shall be negotiating with investors on contribution to funding the urban infrastructure and



Regula Lüscher (*1961) has been Permanent Secretary and Senate Building Director at the Senate Department for Urban Development and the Environment in Berlin since 2007 and Honorary Professor for Urban Renewal at Berlin’s University of the Arts (UdK) since 2012. In 2012, she was presented with the ULI Germany Leadership Award in the Urban Planning category. Born in Basel, Ms Lüscher gained a degree in architecture from the Swiss Federal Institute of Technology Zurich (ETH) in 1986 and, after spending time abroad, successfully ran her own architectural firm while also teaching at ETH Zurich. She subsequently joined the City of Zurich Office of Urban Planning, ultimately becoming Deputy Director.

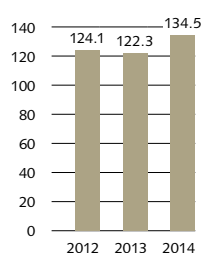


affordable housing, chairing workshops with local stakeholders and project developers on redesigning the Alexanderplatz square going forward, or appearing with the theatre manager to open the rehearsal stage centre built by my department for the Deutsches Theater. In each of these roles, I need to combine personal

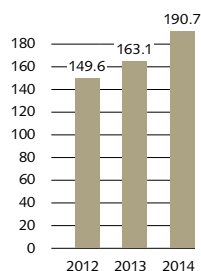
know-how and the art of good communication. At the end of the day, we are not creating much more than just buildings – we are creating works of architecture. ■

Solid business performance – strong inflow of new money

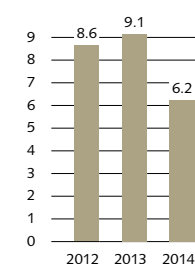
Group net profit
in CHF mn



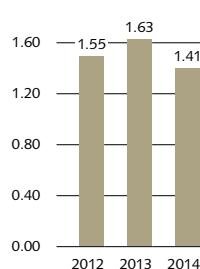
Client assets
in CHF bn



Net new money
in CHF bn



Shareholders' equity
in CHF bn



As a renowned wealth and asset manager committed to creating value for clients as their "Most Trusted Global Investment Advisor", Vontobel once again delivered a good result. Net profit was a respectable CHF 134.5 mn in 2014, even though income levels and profitability were curbed by record low interest rates and subdued market volumes.

Against this backdrop, the 10% increase in profit we achieved confirms the effectiveness of our strategic direction. Our focus on our own strengths – active asset management and the implementation of tailored investment solutions – was rewarded with a very pleasing net inflow of new money. Private and institutional clients entrusted CHF 6.2 bn of new money to us over the course of the year, and client assets stood at a record CHF 190.7 bn at the end of 2014.

Our company generated a return on equity of 8.7% in the past financial year, and has thus moved a step closer to its 10% target. Even after the repurchase of Raiffeisen's shareholding, our BIS tier 1 capital ratio remains extremely solid at 21.3% and is substantially higher than the regulatory minimum requirement. It will be proposed to the General Meeting of Shareholders in spring 2015 that the repurchased Vontobel shares be cancelled. At a time when other financial institutions need to raise capital in order to strengthen their capital base, we are in the comfortable position of being able to concentrate our share capital thanks to our profitable and, at the same time, low-risk business model. The Board of Directors will also propose to shareholders that the dividend be increased by 19% to CHF 1.55 per share.

The situation for companies operating in Switzerland has altered dramatically as a result of the SNB's decision in mid-January 2015 to discontinue the minimum exchange rate for the Swiss franc against the euro. As a globally oriented wealth and asset manager, we remain firmly committed to our strategic direction. There is a consensus among market participants that the structural changes in the finance and banking industry are set to continue and may even accelerate. Backed by a history spanning over 90 years, we can look to the future with optimism. We are well positioned and have the expertise, energy and necessary agility to succeed in this new reality as well.

Key figures	31.12.2014	31.12.2013	31.12.2012
Earnings per share (CHF) ¹	2.24	1.92	1.95
Dividend per share (CHF)	1.55 ²	1.30	1.20
Equity per share outstanding at the balance sheet date (CHF)	25.65	25.67	24.49
Share price at the balance sheet date (CHF)	37.50	36.95	28.20
Return on equity (%) ³	8.7	7.6	8.3
Cost ⁴ /income ratio (%)	80.3	80.8	79.9
Equity ratio (%)	7.6	8.3	7.4
BIS tier 1 capital ratio (%) ⁵	21.3	25.5	27.2
Headcount (full-time equivalents)	1'378	1'338	1'383

¹ Basic earnings per share; basis: weighted average number of shares (monthly figures)

² As per the proposal submitted to the General Meeting of Shareholders

³ Group net profit in % of average equity (monthly figures)

⁴ Operating expense, excl. value adjustments, provisions and losses

⁵ Tier 1 capital in % of risk-weighted positions

Private Banking

Our business philosophy and activities centre on the needs of our clients and on ensuring they are satisfied with our offering. Our clients deserve our full attention and respect. Technological advances, the growing demand for needs-oriented service and advice, and increasing performance and transparency requirements are driving the transformation of the wealth management industry. We have anticipated many of these developments in recent years and now offer processes and advice that meet today's needs. Our investments in the expertise of new employees on the advisory and investment front as well as in innovative digital channels have also been praised by external parties. The Swiss business magazine "BILANZ" named Vontobel the "Best Private Bank in Switzerland" in 2014, for example, while in Germany we were assigned the top rating "excellent" by the investor magazine "€uro" in a mystery shopping test. Concentrating on its home market and focus markets, Vontobel Private Banking pursued organic growth again in 2014 via the strategic strengthening of its team of relationship managers. In the course of this expansion, the pre-tax profit was maintained at CHF 57.1 mn, this being virtually on a par with the 2013 level despite the high level of investment in the business.

Asset Management

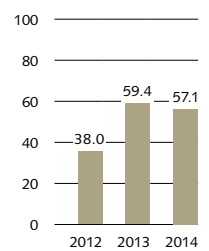
Asset Management has generated significant growth in recent years. Income has risen from CHF 202 mn in 2011 to CHF 380 mn in 2014, an increase of 88%. Over the same period, pre-tax profit has almost trebled from CHF 36.7 mn to CHF 108.2 mn. This disproportionately large rise in profit was achieved as a result of significantly increased operating efficiency. In 2014, advised client assets rose by an impressive 27% to CHF 88.1 bn. This growth was partly driven by CHF 5.6 bn of net new money recorded by Asset Management in the second half of the year. Asset Management achieved further diversification in terms of its income base and asset classes. The Quality Growth boutique further strengthened its investment expertise in the Global Equities and Far East Equities strategies, delivering another excellent investment performance in 2014 with 97% of this boutique's assets under management outperforming the benchmark. The Fixed Income boutique achieved a 20% increase in advised client assets to CHF 10.7 bn in 2014, and thus contributed to the diversification across boutiques.

Investment Banking

Investment Banking has returned to a growth path. Business expansion coupled with disciplined cost management resulted in a 17% increase in the segment result to CHF 66.1 mn. The Financial Products division further strengthened its competitive position in Switzerland and Germany. Vontobel ranks as the second largest provider in Switzerland in terms of exchange-traded volume. It maintained its ranking as the eighth largest provider in Germany, while also growing its market share. As a long-standing and reliable market participant, Vontobel has gained an excellent reputation through its strong client focus. Further progress is also being made in establishing deritrade® MIP. We can therefore offer our business partners – banks and asset managers – an impressive selection of issuers that collectively represent more than 70% of the exchange-traded volume of structured products in Switzerland. ■

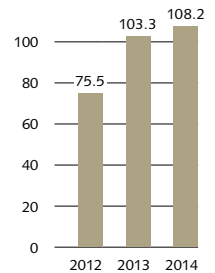
Private Banking

Pre-tax income in CHF mn



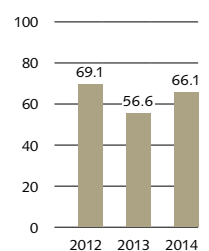
Asset Management

Pre-tax income in CHF mn



Investment Banking

Pre-tax income in CHF mn





The art of shaping the future

Our present and our future are dominated by unprecedented complexity, uncertainty, and abrupt political, economic and social changes. The year 2014 provided abundant evidence of this, and a sharp reminder that in these areas at least, we no longer have clear-cut scenarios and reliable projections to fall back on. It was in this eventful year that Vontobel commemorated 90 years of history – an era which has also seen its share of challenges, and which has been indelibly marked by war and peace, and phases of prosperity interspersed with dramatic economic and financial crises. The effects of the most recent of these crises, in 2008, can still be felt today. Over the years, we have suffered setbacks ourselves. But we have used them as an opportunity to learn from our mistakes, improve, grow and gain in strength. For proof of this, one only has to look at the way we have evolved over the years from a Zurich brokerage firm into a broad-based Swiss private bank and international asset manager with three fields of business – and now into a global investment advisor. As we move into a world of complex and radical changes, this evolution reinforces our confidence that we will be able to seize our opportunities and continue to grow sustainably and successfully while maintaining a sharp awareness of the risks.

Herbert J. Scheidt has been Chairman of the Board of Directors of Vontobel since 2011. He served as the company's Chief Executive Officer from 2002 to 2011. Prior to this, he held various international management positions at Deutsche Bank over a period of two decades.

What are the strengths that have enabled us to evolve successfully in response to the needs of our clients? Firstly, our people: our ability to attract and retain the highly motivated experts whose hard work, perseverance and know-how are the mainstay of our business. Secondly, and just as importantly, is our clientele: over the years, we have always been able to appeal to our clients on a human level, gaining their trust and understanding them so well that we are able to recognise their needs and offer them solutions to match. If we have clients who recommend us unreservedly, we can look all the more confidently to the future.

Another crucial factor has been our ability to rapidly adapt to changes in our operating environment and devise creative solutions and new approaches. Given the challenges facing our industry now and in the future, this ability will continue to be key to our success. The fourth industrial revolution – the digital revolution – is upon us, so if we want to deliver on our aspiration of positioning Vontobel as a trustworthy global investment advisor, we also have to embed our outstanding product and advisory expertise in tomorrow's digital world. A good example is deritrade®, a digital technology platform for structured products recently developed by Vontobel, which has firmly established itself as a marketplace in a very short space of time.

Our third strength is embodied in the credo of our honorary chairman and the elder statesman of our business, Dr Hans Vontobel: "quand même" – "even so". This means the ability to act entrepreneurially, be courageous and creative, and just do it, even at the risk of failure. A quality perhaps best described as passionate entrepreneurship – or entrepreneurial passion. ■

"Another crucial factor has been our ability to rapidly adapt to changes in our operating environment and devise creative solutions and new approaches."

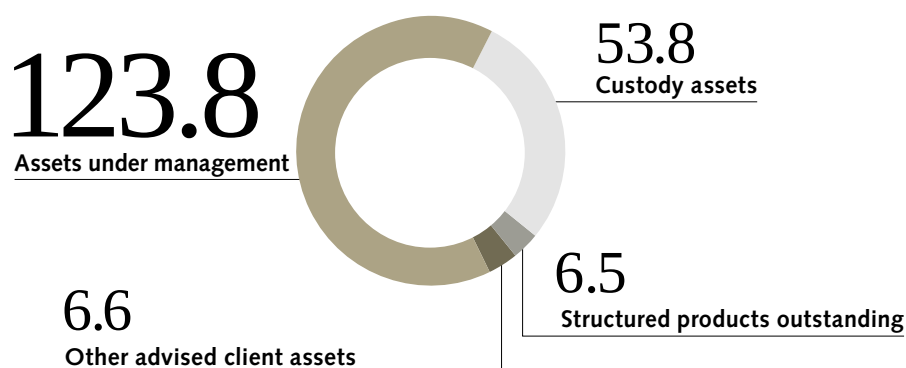
"If we have clients who recommend us unreservedly, we can look all the more confidently to the future."

Vontobel in figures

as of 31 December 2014

190.7

Total client assets (in CHF bn)



1.41

Shareholders' equity (in CHF bn)

21.3

BIS tier 1 capital ratio (in %)

6.2

Net new money in 2014 (in CHF bn)

In 2014, we again won a number of awards, underscoring our cross-disciplinary expertise and the sustained value it enables us to generate for our clients.

Swiss business magazine "BILANZ" named Vontobel best private bank in Switzerland 2014.



Vontobel was rated "very good" in the 2014 private banking test conducted by German investment magazine "Euro".



In the Thomson Reuters Extel Pan-European Survey 2014, Vontobel ranked first in all six categories and thus secured the top place in the overall classification.



"Swiss Derivative Award – Top Service 2014": for the fourth year running, the jury awarded this accolade to Vontobel in recognition of its outstanding performance in delivering top service.



FERI EuroRating has named Vontobel Asset Management best fund manager for commodities in Germany, Austria and Switzerland.



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