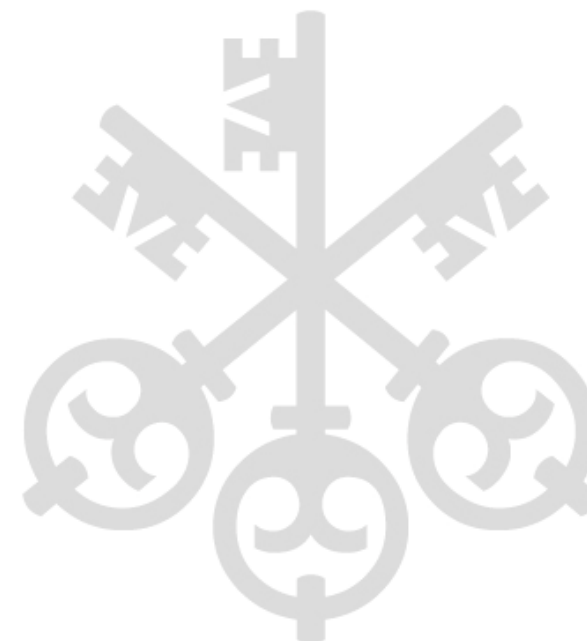


# Wealth Management – The New Era

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June 2012

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Section 1

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# Trends in Wealth Management

## אותה הגברת בשינוי האדרת?

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לאחרונה, נציגי בנקים זרים מנסים לפתותכם בשירותי Wealth Management, מה שנקרא בפינו ה"ילידים המקומיים" בנקאות פרטית.

לכן, בפעם הבאה שבנקאי בחליפה ועניבה מציע לכם Wealth Management....

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עיתונאי ישראלי בעיתון מוביל, 2012

# What do managers have to say about?

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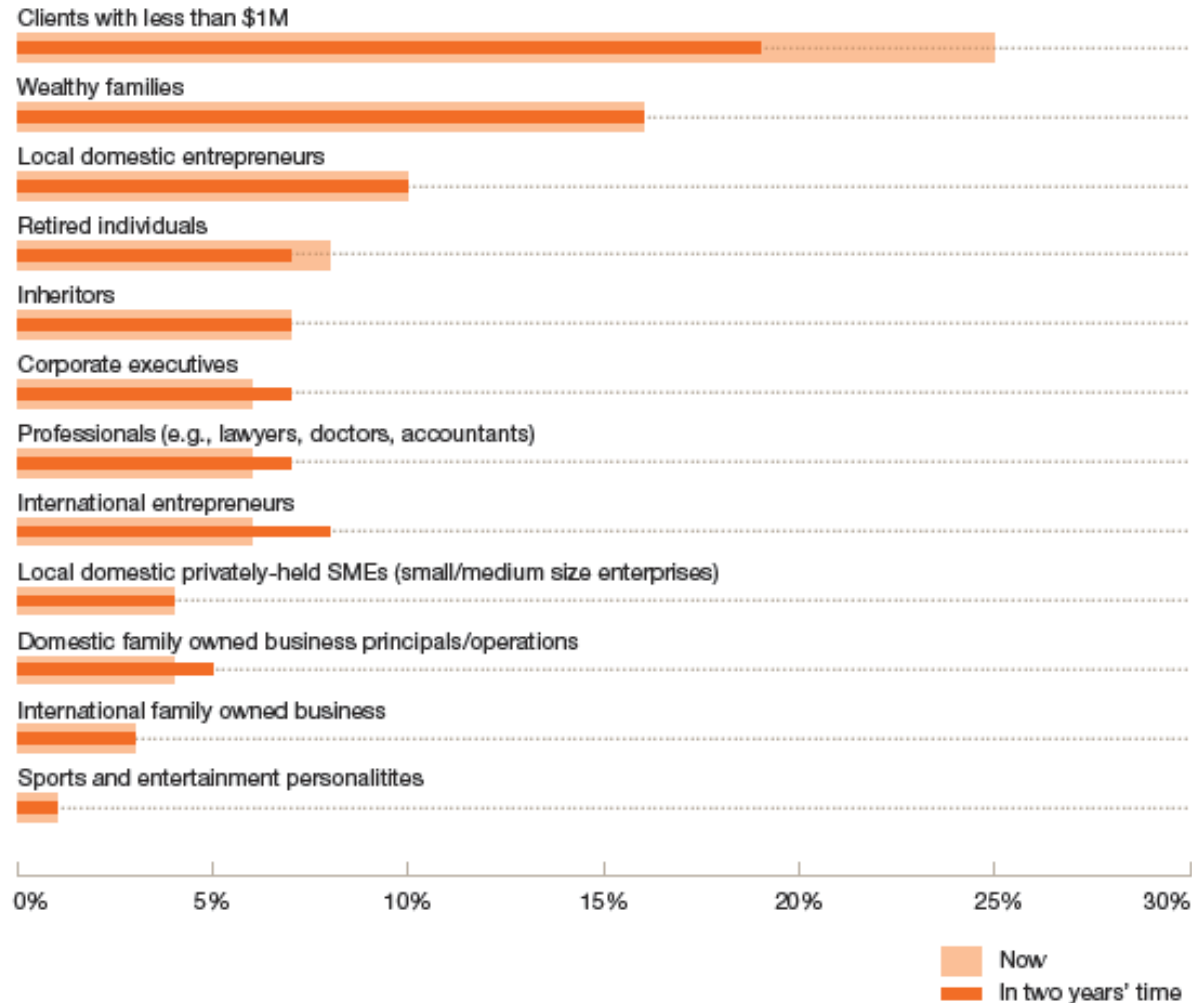


- Focus on Wealth Management services (rather than classic Private Banking)
- Financial intermediaries
- Tightening regulation

Source: *Anticipating a new age in wealth management*,  
Global Private Banking and Wealth Management Survey 2011, PWC

# This trend will set the ground for shifting from private banking to wealth management

## Client's segment and sub segment



*...More sophisticated clients will seek sophisticated solutions...*

Source: *Anticipating a new age in wealth management*,

Global Private Banking and Wealth Management Survey 2011, PWC

## Financial Intermediaries, top priority

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In 2011 Private Banking and Wealth Management Survey (PWC) respondents were asked to rank their three strategic priorities. They have ranked *Gaining more clients through referrals from professional intermediaries, as top priority*. Improving the overall client experience, and hiring senior relationship managers were also included in the top 3.

Source: *Anticipating a new age in wealth management*,

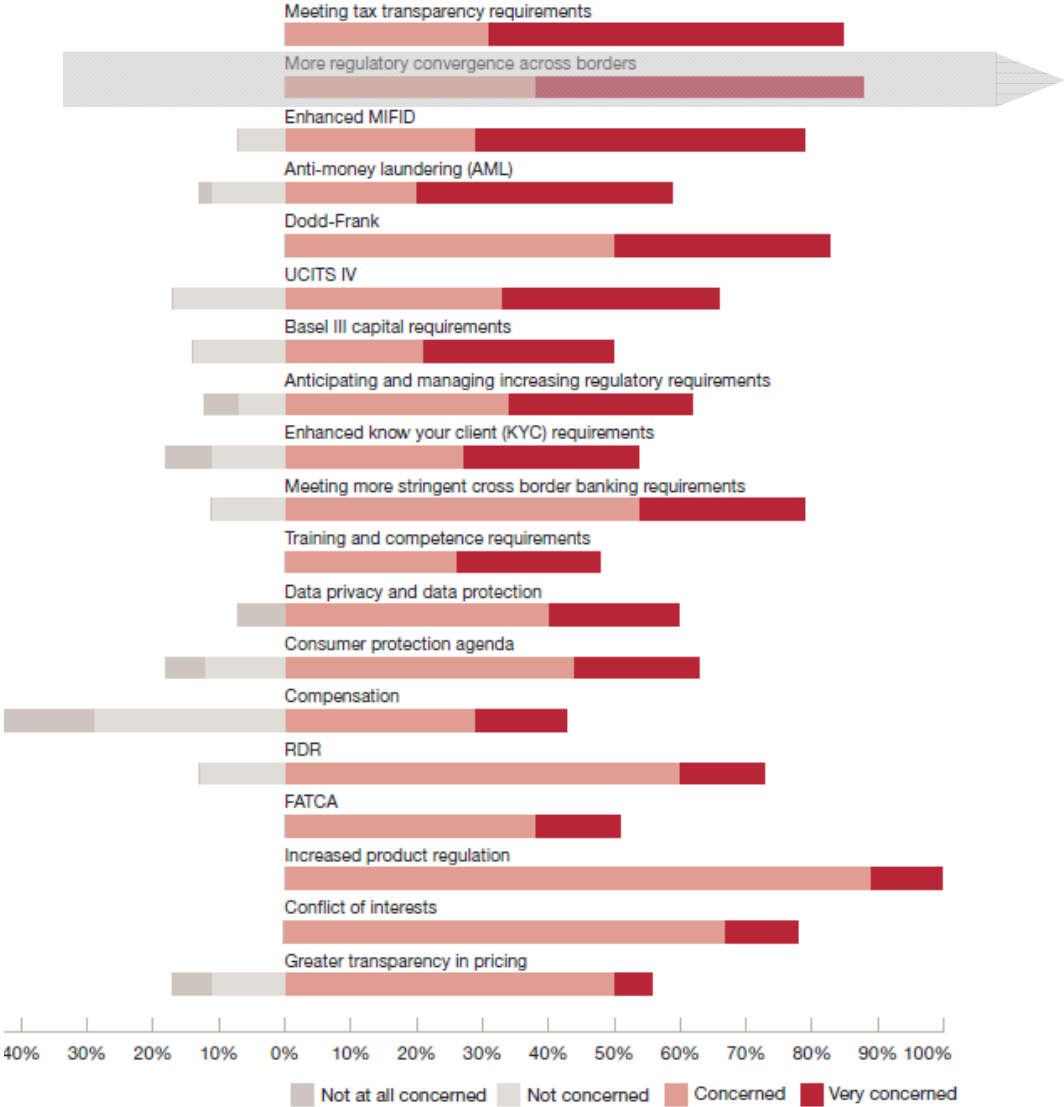
Global Private Banking and Wealth Management Survey 2011, PWC



*...Recognizing single & multi family offices as value partners seeking different solutions than the beneficial owner...*

# Cross border capital flow comes with tightening Regulatory Framework

## Regulatory specific concerns



During the last few years, governments have introduced new regulations at country, regional and global levels (e.g., Basel III regulatory framework). The pace and complexity of regulation shows no sign of slowing down for the foreseeable future. For the first time, this affects every market facing aspect of the business, including capital allocations and office locations.

*...Wealth managers need to meet not only industry regulations and requirements but also customer's tax and regulatory environment...*



Source: *Anticipating a new age in wealth management*,  
Global Private Banking and Wealth Management Survey 2011, PWC

# So what is the difference?

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## Private Banking

Emphasizes the relationship as leading indicator



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## Wealth Management

Emphasizes different solutions to the client's complex set of needs

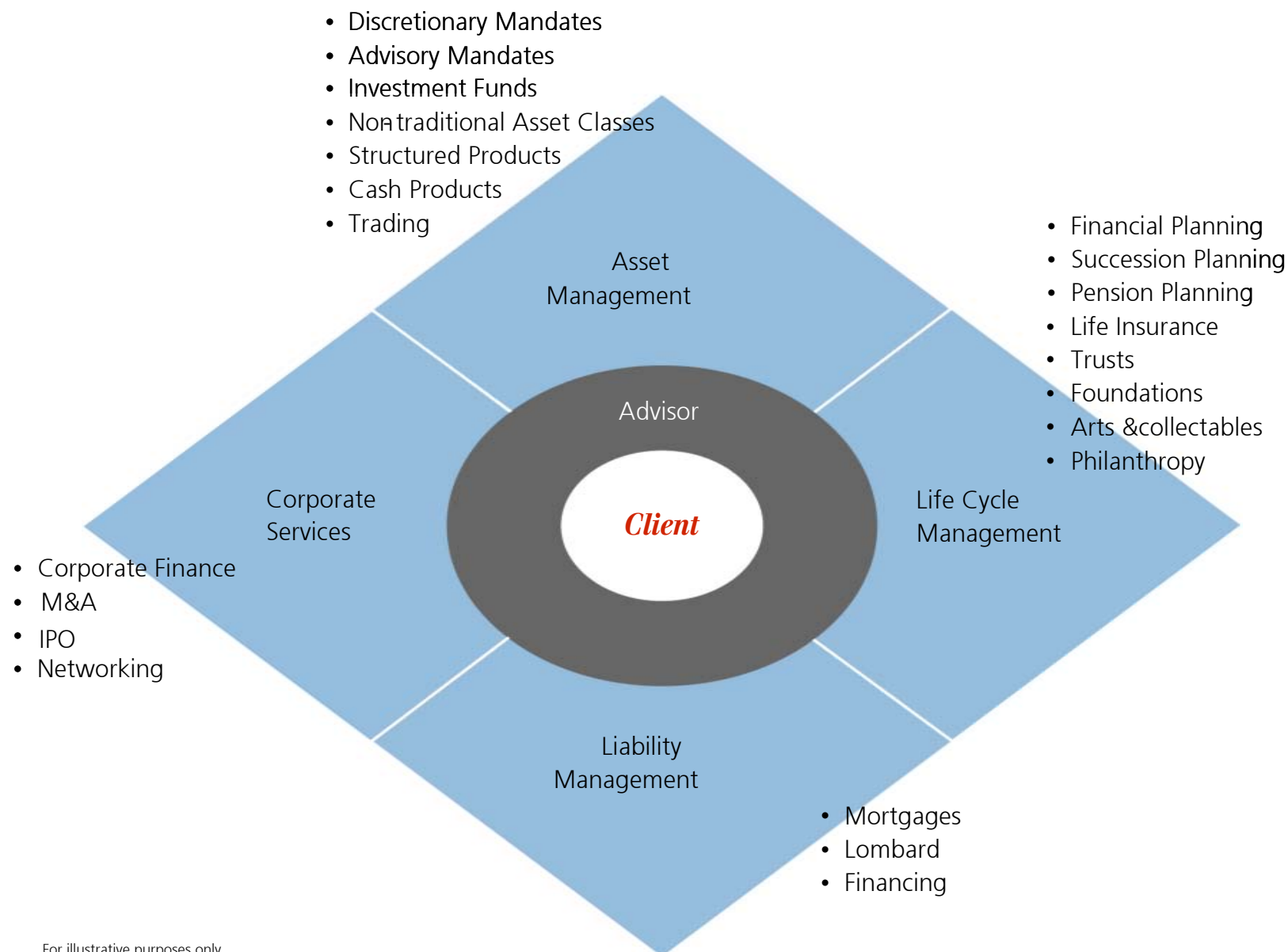


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# The spectrum of Wealth Management services

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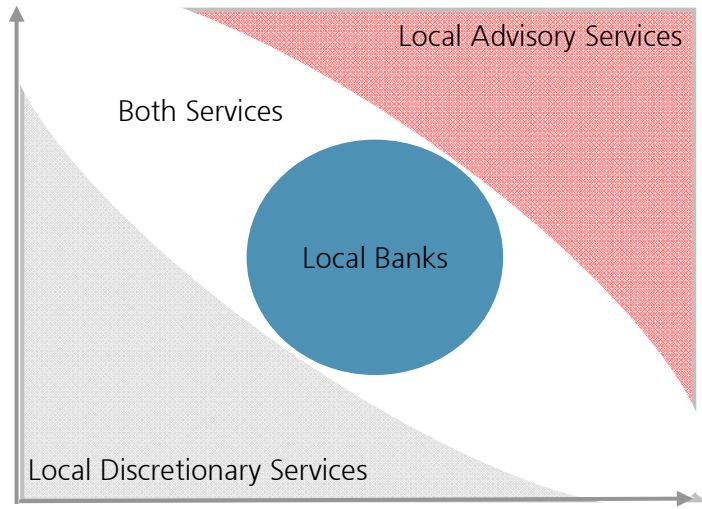
## Section 2

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# WM trends in Israel

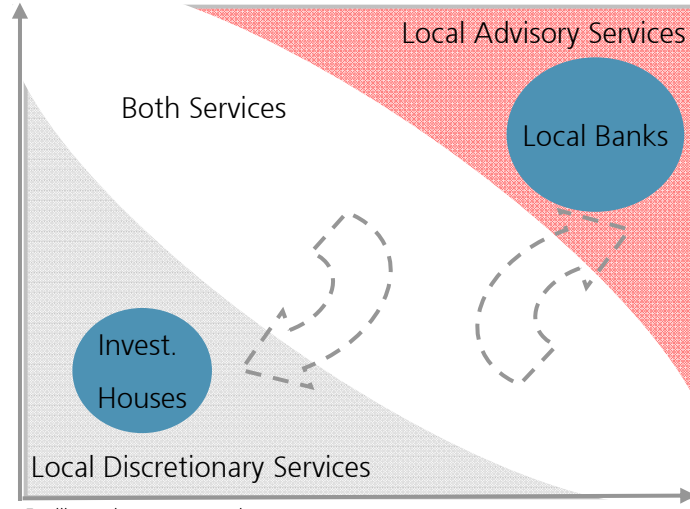
# The Bachar Reform 2005

2004



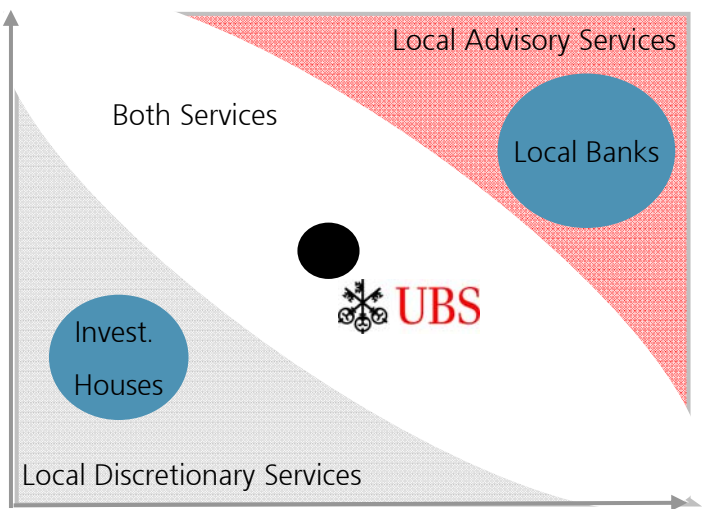
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2006



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2012



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## The Bachar Reform 2005

The Bachar reform of 2005 requires banks to sell off mutual and provident funds; most banks sold discretionary together with these fund activities

Banks subsequently focused on banking and product-centric investment advice – significantly curtailing their investment capabilities

Investment houses acquired the investment product and portfolio management capabilities

Due to their business model, investment houses focus on product promotion in the retail segments and wholesaling their products to banks

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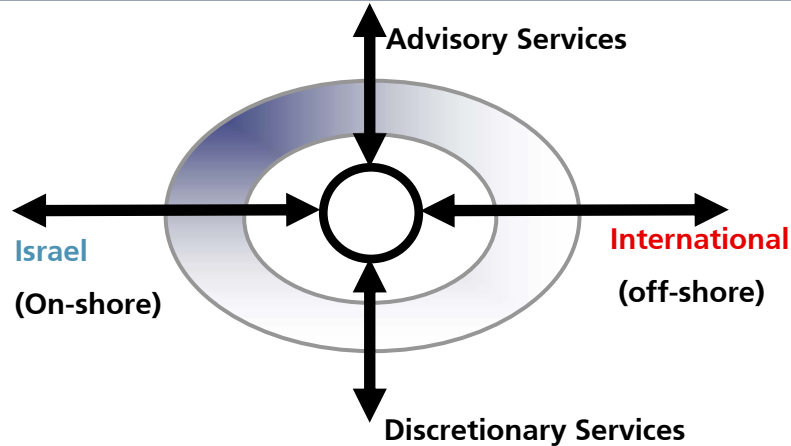
# Different providers for different needs

Core Business

Limited



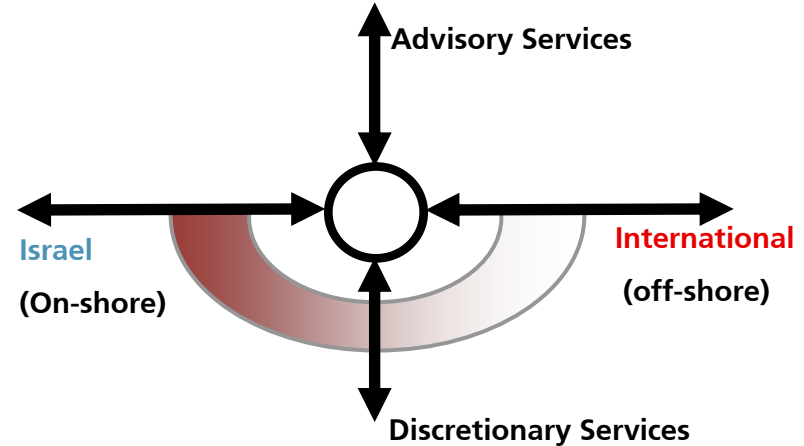
## Local Banks



Offering mainly local advisory services. Complementary global/disc services are offered via subsidiaries

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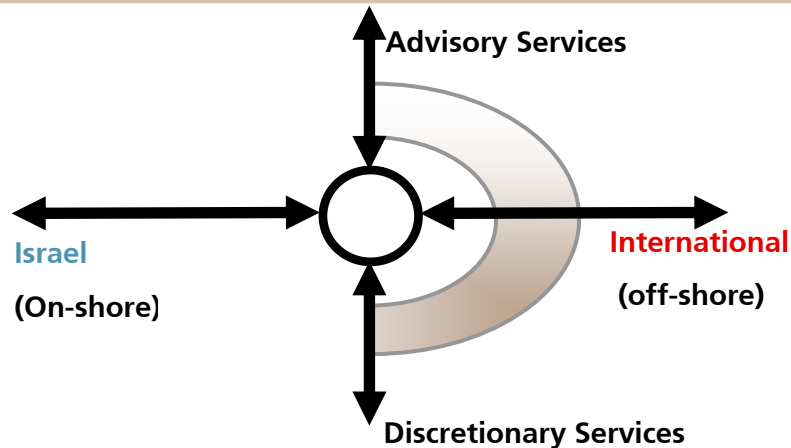
## Local Investment houses



Offering mainly local discretionary services. Exposure to global markets via limited amount of dedicated funds or FIM agreement

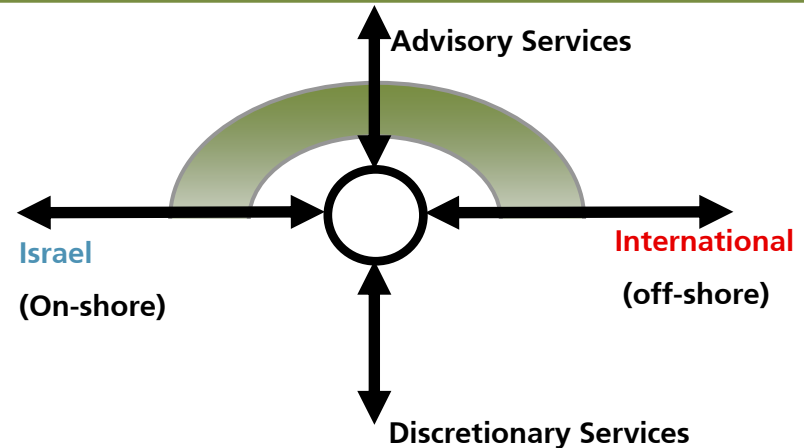
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## Global Banks



Offering mainly discretionary global services. Advisory services mainly through dedicated booking center. Limited offices with marketing license.

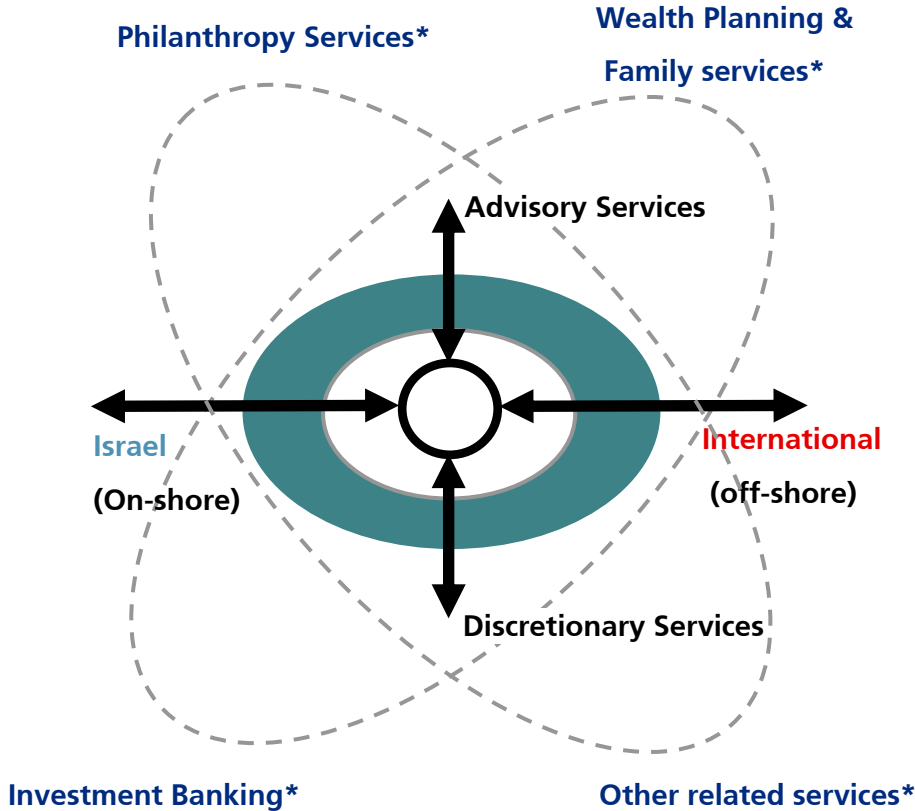
## Family Offices



Offering mainly advisory services, both local and international. Concentrating mainly on integrative services, choosing best of breed providers

# Comprehensive Wealth Management in Israel

## UBS Wealth Management Israel



\*provided by UBS AG, for illustration only



## Value proposition



Note: 1) Israeli New Shekel

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