CROSSBRIDGE
CAPITAL

In the news…

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New London-based wealth management boutique to recruit for international expansion

More evidence that the wealth management sector is not afflicted with unmitigated gloom comes from Crossbridge Capital LLP, a newly established London-based boutique that provides investment advisory, risk management, merchant banking and holistic wealth management services to very rich clients.

The brainchild of Tarek Khlat and Jean-Pierre Aoun, who built a $2 billion business focused on the Middle East while at Credit Suisse, Crossbridge opened for business in August 2008, just before global equity markets fell precipitously. Despite the inauspicious timing, Crossbridge has already generated a substantial volume of business. It is also set to book a sizeable profit for the seven months to the end of March 2009.

"Our first seven months have been very encouraging," Mr Khlat told thewealthnet. "We have built a scalable business model which genuinely appeals to clients and now intend to increase our international profile. At present we focus predominately on the Middle East. But we would like to move into other emerging markets that offer good growth prospects.

"We are exploring prospects in India, the non-resident Indian market and Russia, as well as filling in gaps in our coverage of the Middle East and North Africa, although we are quite prepared to expand on an opportunistic basis as circumstances arise. We intend to make more hires in the coming months and would certainly be interested in hearing from anyone that has a good business book in these markets and shares our business outlook and philosophy."

Client needs helped underpin the decision to leave Credit Suisse and form Crossbridge.

"Credit Suisse has an excellent open architecture platform and we never came under any pressure to sell Credit Suisse products," continued Mr Khlat. "Nonetheless, although they valued the advice and services we provided, our clients made it clear that they preferred complete independence. If we could provide a completely independent service they would be prepared to put more business our way.

"This meant we would be able to offer a much more comprehensive service. Very rich clients typically like to diversify their wealth managers. But this makes it very difficult to provide holistic advice on strategic asset allocation or risk management as any one manager will typically only be responsible for a portion of the client's wealth. In addition clients wanted additional services that we couldn't necessarily provide at Credit Suisse, such as merchant banking facilities for example.

"Going independent provided a solution to this problem. We can provide advice across the client's entire portfolio, even on assets that are held at other firms as well providing a much wider range of services. And because our clients retain choice of custody this doesn't necessarily mean that we are taking business away from the institutions concerned. Rather we are working with them for the greater good of the client."

This is a similar business model to that of Singapore-based AL Wealth Partners, another relatively new independent boutique formed by Anthonia Hui and Leonardo Drago, both also senior Credit Suisse alumni.

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