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“The shape of financial markets will change very rapidly now.”



Last year, UBS introduced a new purpose: Reimagining the power of investing. Connecting people for a better world. This purpose is the North Star that guides us and guides others to us.

In a series of interviews, we talk to the most important people at UBS - our clients - to find out what our purpose means to them. We hope their personal stories and insights inspire you to reimagine how the power of investing and interpersonal connections can help you create a better world; for yourself, for the ones you love, for the planet, and for all.

In this first interview, we talk to Bernard Sabrier, Chairman of Unigestion Group, an international asset manager, and President of the charitable Famsa Foundation.

The views expressed are those of the interviewee, not UBS.

“The way we invest in the future will be different,” says Singapore-based Bernard Sabrier. This sea change is in fact already underway. “Look at UBS and Pictet, with their thematic funds. No one would have sold a thematic fund 10 years ago”. Now it is pretty much “the only thing you sell.”

We’re sitting in Unigestion’s conference room opposite the University of Geneva. An inflatable dolphin, part of an art installation, sits outside the door. Sabrier co-founded The Museum of Modern and Contemporary Art in Geneva.

“Medtech, foodtech, edutech, biotech, algorithms, artificial intelligence, cyber security, all these things will continue to construct the world and be the businesses of tomorrow. More recently, we’ve also seen Clean Energy and ESG take off. They have been around for years,

of course, but now I see my socks are sustainable and my eyeglasses and phone are sustainable. These trends – a better world, climate change, technology at large – will all continue. In a way, the world has never made so much progress so fast.”

We sought out Sabrier’s view of the world with good reason. Marrying rigorous risk-analysis with an artist’s feel for the shape-shifting nature of financial markets, Sabrier has a long track record of making fortunes by entering and exiting markets before others have caught on.

“...the world has never made so much progress so fast.”

In the mid-1980s, for example, Sabrier was a day one investor with the then unknown hedge fund talents Paul Tudor Jones and Stanley Druckenmiller. In private equity, Sabrier similarly invested early with the Carlyle and Blackstone groups. “I just thought private companies were cheap. A private company was then selling for five- or six-times price-earnings; the same public company sold for 10. I thought, even if you are a dummy, at least you have a hedge buying these companies for 30% or 40% cheaper. Of course, now private companies are much more expensive than public companies, particularly in the midmarket.”

In 1987, at the age of 35, Sabrier successfully launched a hostile takeover of the undervalued Banca della Svizzera Italiana, a shocking thing for *Finanzplatz Schweiz* to witness. He was, however, intent on building a private-bank business to complement his alternative investment expertise, and he thought the Ticino-based outfit with ‘universal bank’ pretensions would serve well as a launchpad. Not long afterwards he sold BSI on to Swiss Bank Corporation and rebuilt Unigestion as a private bank.

A decade later, in 1996, the fabled private banker Edmond Safra of Republic National Bank of New York invited Sabrier to a lunch he was hosting for Paul Volcker and some other Americans. The lunch guests were intent on pressuring the Swiss banks to help locate and distribute assets from dormant accounts left over from the war years. “I went back to the office [after the conversations over lunch] and spoke to my partner, Patrick Fenal. “We should sell the bank,” I said. ‘The Swiss private banking model based on secrecy is over.’”

Sabrier’s timing was slightly off – it would take another decade for Swiss bank secrecy to formally end – but he had heard the mood music correctly.

Sabrier called Safra later that same day to thank him for the Volcker lunch. “‘It’s great you invited me because it made things clear in my mind,’” Sabrier said. “I don’t want to be a private banker anymore.” Safra instantly retorted, “I will buy the bank. Come back.” Sabrier returned to Republic National Bank at 4pm and an hour later the deal was done. “We had a few months of due diligence, of course, but we shook hands and he bought the bank.”

Sabrier became Vice Chairman of Republic, and then an advisor to HSBC’s private bank board, when that banking colossus bought Republic a few years later. But Unigestion was once again “naked,” as he says, and his team had to again reinvent their business. Today

they are back up to USD 23 billion under management, this time for mostly institutional clients.

“People will invest in you not for your profits, not for your turnover, but for the way you treat your employees, for the impact you have on society or the climate and nature.”

Sabrier is a commission member of the International Science Council’s Global Missions for Sustainability and his analysis of Sustainable Investing, where UBS is a market leader, is particularly insightful and cleared-eyed. We reminded Sabrier of something he once publicly said about ESG investing: “Maybe we will end up one day where your balance sheet is totally meaningless. People will invest in you not for your profits, not for your turnover, but for the way you treat your employees, for the impact you have on society or the climate and nature. Maybe you do zero profits, and they will pay you a billion [dollars]. If that happens it will be an opportunity.”

What did he mean by “it will be an opportunity” ?

“There will be arbitrage,” he says. At an earlier stage in the development of Sustainability Investing, the niche was derided by ‘serious investors.’ You couldn’t possibly make money by doing good, it was argued. That myth has since been debunked, but now we have the opposite problem – a sentiment that doing good always translates into making money.

“ ...the financial world has to share in the responsibility for our future, next to governments and every private citizen.”

“I don’t think there is a choice for companies today. You will be in the ESG camp, or it will get harder and harder for you if you are genuinely polluting or creating bad will. What I don’t understand is whether you will have goodwill embedded in your balance sheet or market valuation for being a well-run company, or solely for being good on climate change and ESG. It’s happening and it worries me. I see a lot of banks and asset managers who jumped into this sustainability trend and are claiming, ‘If you buy into our ESG mandates you’re going to do well.’ And instead of charging X basis points, they are charging a higher fee, because you know, it’s hard to manage an ESG portfolio and you need to charge more.”

Sabrier purses his lips in disapproval. “I don’t think that’s very clean. I think you have to say, ‘we have to invest today, because the financial world has to share in the responsibility for our future, next to governments and every private citizen.’ But it doesn’t mean that simply because we share this responsibility, you are going to make more money with us. You are going to make money – and you’re going to lose money.”

Sabrier says that demand for Sustainability Investments is in fact creating valuations today that more closely resemble the early stages of the IT sector. “Some people will buy a small company at crazy valuations because they think it will take away plastic from the water or produce electricity ... and these companies will be traded at billions and collapse and

others will become the Googles and Amazon of tomorrow. You're going to have great winners and losers."

Sabrier warns that a period of repricing always follows a period of overexcitement. "If you bought Cisco or Microsoft in 1999 or 2000, at around 100 times price-earnings, it took 10 years to get your money back, despite the fact the companies were good and continued to grow 20% or 30% a year. But the PE went from 100 to 30. The same will happen in Clean Energy and many of these things."

"We will have to rethink how we do things."

Which gets us back to Sabrier's belief that how we invest is rapidly changing. "For many, many years the modern finance theory was based on diversification. It worked very well. But today I think correlation is much stronger, and thematic investing is now a greater [approach than diversification.] If you had diversification the last five years you had very pedestrian results, but if you had ESG and Clean Energy for the last year, then you were the king. This is not how we learned how to invest.

Maybe the 'free lunch' will be much more difficult to find in the future, particularly if we enter a period where interest rates and geopolitical risks are on the rise, where democracy itself is going to be challenged. We will have to rethink how we do things."

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"Take me out of your will"

Bernard Sabrier was born in Morocco, where his French family was briefly stationed, and at the age of three his father Henri moved them all to Geneva, where Sabrier père eventually founded a small financial advisory firm called Unigestion. Bernard wanted to be a fine art photographer and was convinced the universe would provide for him. "When I was 22, I called my father and said I wanted to be taken out of his will. He said, 'Why?' My sister was much more intellectual than me, was more interested in learning, and I thought she would do better with the money than me. I wouldn't have known what to do with that money. It didn't belong to me. It may be unusual, but it was what I felt – you are what you are."

But Sabrier worked at Paribas and Renault to pay for his passion for photography, and he was slowly taken over by the finance bug. In 1976, at age 23, Sabrier bought his father out of Unigestion for CHF 500,000, half in cash and half paid out over two years.

This unusual take on inheritance also shapes how he sees his parental role and what he will be leaving his own four children. In 1994, Sabrier created Children Action, an NGO that aids disadvantaged children globally, famously creating a sea change in how suicidal teenagers are treated. His purpose was practical: He wanted to create a vehicle where he could properly measure the impact of his project participations (he personally picks up

Children Action's administration costs) and leverage the outfit's social 'investments' for maximum effect.

Then, in 2011, thinking of his legacy, Sabrier transferred his ownership of Unigestion Group to the Famsa Foundation, a Swiss nonprofit that stands for 'family Sabrier.' This vehicle has a wider remit than Children Action and can potentially engage his children's varied interests in science, humanitarian aid, education, theater, and the arts.

Why the structure? "As soon as you receive money from your parents, you are no longer independent. I am very pragmatic. I think the only thing you can give your children is strong values, education, contacts -- really force them to be free and become good citizens. Your leadership as a parent is difficult, there is no recipe, but the only recipe really is to create independent children, if you can."

Sabrier and his wife appear to have succeeded: one of their children is a chef, another works in the jewelry business, yet another at a charity. Only one child's interests led him back to Unigestion.

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A passion for fine art photography



Copyright: Bernard Sabrier

Bernard Sabrier 's feel for financial markets often reveals itself in the chiaroscuro photography that is his passion. In a photo we found on his [Instagram account](#), an ancient tree stands solid, its roots planted deep in a black ridge, but the swirling clouds and light behind the tree's silhouette are shifting and unstable. "There is a certain stability in my instability," Sabrier says.

His [photographs of the people of Vanuatu](#) was published to critical acclaim by Steidl Books.

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