

Unravelling the secret

Exclusive test | Euro went mystery shopping at 38 high-end wealth managers in the German-speaking countries. And found out what the elite portfolio managers are now recommending for millionaires

BY RALF FERKEN AND LUCAS VOGEL

What do BMW heir Susanne Klatten, 47, Microsoft founder Bill Gates, 53, and investment legend Warren Buffett, 78, have in common? Something very unpleasant: they have all lost a fortune. According to the US magazine Forbes, Ms. Klatten is € 800 million less wealthy than a year ago while Bill Gates has even lost around € 12 billion. Of course, it's easier to absorb losses of this magnitude when there are still a few billions left. But one thing is certain: the crisis has not left the mega rich unscathed. Pretty much every millionaire's portfolio suffers when the DAX falls by 40 per cent.

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Magical mystery tour. This was a secret that needed to be unravelled. That's why Euro teamed up with the Munich-based magazine "Wirtschaftswissen" to examine a total of 20 banks and wealth managers in Germany, Luxembourg, Austria and Liechtenstein. Euro magazine's Swiss sister publication "Bilanz", which is also a member of the Axel Springer publishing house, had previously assessed 18 renowned banks between Geneva and Zurich based on Euro's test methods. (...) engaging a "mystery shopper", sending an unknown new client to visit each of the banks. The mission: to invest an amount in the millions over the long term, the minimum requirement being to preserve the amount invested after costs, taxes and inflation.

No risk. BHF-BANK, a subsidiary of the private bank Sal. Oppenheim, had already made a name for itself in last year's Euro wealth manager test, where it put forward a very good investment solution. This year, its investment proposal stood out on account of its good risk management and the direct investment ratio of 95 per cent. The jury was also impressed by BHF-

BANK's honesty. The written investment proposal stated a target return after taxes, but not before.

"The decisive question for us is how much risk the client is willing to take, and we ask straight away whether he or she can tolerate a loss of ten or 20 per cent," explains CIG. CBOL. To preserve the capital invested. With such a cautious remit, the real target rate of return can hardly be much more than one per cent after taxes, BHF-BANK quoted an expected return of 4.8 per cent and thus ranks mid-table among the institutes tested.

For the institutes, the annual target returns ranged from 3.24 to 5.5 per cent. Not much difference at first glance. But extrapolated in the test case, the expected overall returns vary widely on account of the compound interest effect. The different target returns result in a difference of up to 10 per cent. In spite of widespread investor uncertainty at the moment, doomsday scenarios did not play a major role in any of the proposals submitted. (...)

Marianne Obermüller | Entrepreneur

"Foundation founder seeking wealth manager"



The Euro editorial team's test client for its private banking survey was entrepreneur Marianne Obermüller, 59, founder of the Earthrise Society. She got to know the auto manager two years ago and knew straight away: "She's the perfect candidate."

The banks were approached by a wealthy client on behalf of a

married couple, both aged 55, from Starnberg near Munich. The couple had inherited € 4.5 million - an amount they wished to bequeath to the Earthrise Society foundation after their deaths. The banks' job: to create a portfolio that would preserve the amount invested. The couple also had € 900,000 parked in a money market ETF with a direct bank. Here the banks were asked to consider possible alternatives. None of the bank employees involved became sceptical. "This is a typical case for us," they often said. "The banks never had a chance to see us in person. We contacted the banks on behalf of a

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