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Vol. IV
N°38 - Mars 2015



CIFA's New Advisory Role at the UNITED NATIONS



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ÉDITORIAL

“... Quanta fretta, ma dove corri, dove vai?”

Queste le parole di un famoso cantautore italiano. Questa la percezione che molti operatori del settore finanziario hanno della politica portata avanti dal Consiglio Federale, ed in particolar modo dalla Consiglieria EWS, a livello nazionale ed internazionale.

Oltre 3 anni di colloqui e negoziati, tanto è stato il periodo necessario per arrivare ad un accordo: un protocollo, firmato pochi giorni fa tra Svizzera ed Italia, che modifica nel suo intimo la situazione nazionale ed internazionale, soprattutto in ambito finanziario.

In questi 3 anni, nella vicina penisola, sono cambiati 3 Presidenti del Consiglio, 4 Ministri dell'Economia ed altrettanti Ministri dell'Interno. Probabilmente questi cambiamenti alla testa del Governo non hanno favorito la continuità dei negoziati con la Confederazione. È forse questa una delle spiegazioni possibili dell'effettivo risultato di questi negoziati: tante concessioni da parte elvetica, poche e non meglio identificabili “promesse d'apertura” da parte italiana. In sintesi, un accordo che appare affrettato (*difficile crederlo dopo anni di negoziati*), poco approfondito e carente nelle sue parti più importanti. Unico aspetto essenziale: firmare, entro fine febbraio.

Analizzando il testo del protocollo e la cosiddetta “road map”, appare evidente come la sostanza della discussione si concentri unicamente sulla dimensione “scambio di informazioni su richiesta”, questo a supporto del programma di emersione volontaria (*voluntary disclosure – VD*) varato a dicembre. La roadmap, più che una linea guida effettiva per una collaborazione internazionale a vari livelli, appare come un maquillage necessario allo sdoganamento verso l'opinione pubblica elvetica di un accordo storico che porterà non poche conseguenze, soprattutto nella parte italoфона della Svizzera, il Canton Ticino.

Una domanda sorge spontanea: dopo anni di negoziazioni, non ci si poteva attendere maggiore sostanza in relazione ai vari argomenti trattati e negoziati?

- L'uscita dalla “black list finanziaria” non avverrà sino alla ratifica parlamentare della nuova convenzione (*peraltro soggetta a referendum facoltativo*);
- L'uscita dalla “black list commerciale” non avverrà prima della revisione del quadro normativo di tassazione delle imprese a livello nazionale;

- Nulla è specificato su modalità, tempistiche, scadenza in relazione all'accesso al mercato italiano per gli intermediari finanziari elvetici;
- L'accordo sui frontalieri non appare chiaro, tanto che, il Canton Ticino ad esempio, non è ad oggi in grado di stimare l'impatto fiscale delle modifiche implementate.



Resta probabilmente speranza di avere dei bravi negoziatori (...) che sappiamo avanzare nella reale implementazione della roadmap; tutto questo con l'auspicio di non dover conoscere, nei prossimi mesi, il 4° Presidente del Consiglio ed il 5° Ministro dell'Economia della Repubblica Italiana, che delle Roadmap dei precedenti inquilini potrebbero non rivelarsi grandi sostenitori.

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CIFA'S NEW ADVISORY ROLE AT THE UNITED NATIONS



In January 2015, the UN/ECOSOC recommended elevating CIFA's consultative status to the Category I (General), a prestigious level which is granted to only a handful of international organizations worldwide. This article describes the context and rationale which led to this important recognition of CIFA's contribution to the United Nations' work and objectives.

The 1945 Charter of the United Nations called on competent international non governmental organizations (NGO) to make "arrangements for consultation" with the ECOSOC on "solutions of international economic, social problem... on standards of living, full employment and conditions of economic and social progress and development ... with a view to the creation of stability and well-being which are necessary for peaceful and friendly relations between nations" (art. 55 and 71).

In 1946, it will be noted that the first international organization to be accredited with a general consultative status by the UN/ECOSOC was the *International Chamber of Commerce*. In the United Nations' first decades civil society organizations and NGOs were less involved in the Organization's activities. Since the 90's, NGOs became more active at the international level and sought an increased participation in the UN decision-making processes and conferences. In 1996, with more NGO's expressing interest for UN conference and project participation, and for operational purposes, the ECOSOC/UN has decided to create 3 groups of NGOs for accreditation purposes:

- Category I (General),
- Category II (Special), and
- Category III (Roster).

In early 2014, there was a total of 3900 NGOs which had then received ECOSOC accreditation in its 70 years of existence, but only 147 organizations had a Category I accreditation, which we now refer to as the "General consultative status" (source: E/2013/INF/6).

The meaning of "General" consultative status at ECOSOC/UN (Category I)

In 1996, in order to clarify its different consultative status, the ECOSOC adopted a resolution which established the conditions required for each category, and it specified for its Category I "General" consultative status:

22. Organizations that are concerned with most of the activities of the Council and its subsidiary bodies and can demonstrate to the satisfaction of the Council that they have substantive and sustained contributions to make to the achievement of the objectives of the United Nations in fields set out in paragraph 1 above, and are closely involved with the economic and social life of the peoples of the areas they represent and whose membership, which should be considerable, is broadly representative of major segments of society in a large number of countries in different regions of the world shall be known as organizations in General consultative status. (ECOSOC/Res/1996/31)

In articles 23-24 of the same 1996 ECOSOC resolution were described the conditions for NGOs with "Special" and with "Roster" status which carried less stringent requirements, weight and prestige (formerly called Category II and Category III).

In 2007, CIFA was accredited in Category II ("Special" consultative status).

CIFA's advocacy role since its 2007 accreditation with UN/ECOSOC

During the last 8 years since 2007, CIFA was very active at ECOSOC and worldwide by supporting and promoting within the financial community the 8 *Millennium Development Goals* (MDG), as well as the *UN Development Agenda*. In addition,

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CIFA'S NEW ADVISORY ROLE AT THE UNITED NATIONS

Consulter la version intégrale de cet article dans TRUSTING 7 - Jan.-June 2015 / www.cifango.org

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CIFA prepared and submitted consultative reports, organized international forums on finance and held meetings with UN delegates (*in New York and Geneva*) on partnership initiatives aiming to increase the involvement of the financial community in the preparation of the new *Sustainable Development Goals* and of the *Post-2015 UN Development Agenda*.

In November 2013, to further these partnership initiatives with the UN, a joint work session was held at UN headquarter with members of the **UN Forum for Small States (FOSS)**, followed in April 2014 by CIFA's conference held during the **Joint ECOSOC-General Assembly Session on SDGs** aiming to promote "*Partnerships for Development*".

In August 2014, at the 6th Annual Forum of the **UN Alliance of Civilizations (UNAOC)**, CIFA organized in Asia a roundtable of experts to exchange on the "*Contribution of investors and of the financial sector to sustainable development, in a context of cultural diversity*" which recommended a greater involvement of the private sector in achieving the new *Sustainable Development Goals* (SDGs) of the United Nations.

In January 2015, in Geneva, together with Members of the Board of "**Groupeement Suisse des Conseils en Gestion Indépendants**" (GSCGI) and "**Fédération Européenne des Conseils et Intermédiaires Financiers**" (FECIF), CIFA organized another work session with UN High officials at the Palais des Nations in Geneva on the topic of "*The Financial Sector's Partnership and Contributions to the Post 2015 Development Agenda and Strategies*". Recommendations on how to increase Public-Private-Partnerships (PPPs) with the UN in order to be able to implement the SDGs were suggested and invitations to attend the *World Investment Forum (Geneva)* and the *Third Conference on Investing for Development (Addis Ababa)* were made by UNCTAD and ECE, respectively.

As required by its "Special" consultative status, CIFA has also produced quadrennial reports to the ECOSOC where it described the substance of each of its *Annual Forum* held in Monaco. Every year, CIFA also contributed a position paper on the selected themes of the ECOSOC's **Annual Ministerial Review (AMR)**. Unfortunately, under ECOSOC rules, these CIFA reports and documents to the UN/ECOSOC were constrained by a statutory 500-word limit imposed on NGOs holding "*Special consultative status*".

In 2013, in view of the foregoing restrictions on NGOs with "*Special consultative status*" and considering CIFA's availability to produce more substantive contributions to the United

Nations and ECOSOC debates, CIFA decided to submit a 14-page proposal to the ECOSOC seeking a **Category I status (General)**. ECOSOC's NGO Committee initially reviewed CIFA application during its 19-24 May 2014 resumed session, where all CIFA activities, objectives, budget and reports were carefully scrutinized, in order to ensure that it met conditions for a **Category I status (General)**. On 20 September 2014, after thorough analysis and consultations, the CIFA secretary-general submitted a new report responding to ECOSOC queries. This CIFA submission to ECOSOC was complemented with various studies and publications, such as CIFA annual Forum reports, its **TRUSTING** magazine, etc. CIFA provided ample details about: (1) The rationale for upgrading CIFA status at the UN to **Category I (general)**, and (2) The "universal" nature of CIFA's activities as its key feature.

UN deliberations on CIFA's application for "general" consultative status

On 2 February 2015, after a thorough review of the CIFA Application, **the NGO Committee unanimously recommended that CIFA be granted Category I status (General)**, and this recommendation is tabled for endorsement at the ECOSOC Coordination Segment and Management session scheduled for 8-10 April 2015.

CONCLUSION

The CIFA Leadership and the CIFA Member of the Executive Committee heading the Commission on UN-ECOSOC and Agency Liaison, must be commended for their present and past contributions in helping resolve major financial, social and economic problems confronting the world. It must also be congratulated for accepting to cope with the huge challenge, which its new "General" consultative status will represent in the future for all Humanity. We also wish to thank the 19 Member-States Delegates and the Chairperson, participating to the ECOSOC NGO Committee and the UNDESA/NGO Branch staff members and the OIC, for their dedication and professionalism in facilitating the access of and welcoming civil society participation at the United Nations, such as that of the "**Convention of Independent Financial Advisors**".

Me François Lorient

Me François LORIENT, Member of the Bar, Docteur d'État in International Law (Paris), Attorney active before the United Nations Tribunals and Appeals Court. Legal Advisor to various international NGOs with observer or consultative status at the United Nations and in International Organizations. Former Principal Legal Advisor on Justice and Accountability at the United Nations, and Chief of Legal Sector at UNDP, UNFPA, UNOPS, UNV.

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FECIF NewsFlash 12/2015 — ESMA: Revised 2015 Work Programme

The European Securities and Markets Authority (ESMA) has published its revised Work Programme for 2015. The revised programme, based on an approved budget of €33,601,402 and 137 Establishment Plan posts people following the adoption of the EU Budget, sets out how ESMA intends to achieve its statutory objectives of investor protection and stable and orderly functioning markets through its operational activities of convergence, risk monitoring and analysis, the single rulebook and supervision.

Full report available upon request to either FECIF or GSCGI.

FECIF NewsFlash 11/2015 — EIOPA: Year-end report on Functioning of Colleges and Accomplishments of Action Plan 2014

The European Insurance and Occupational Pensions Authority (EIOPA) published a Year-end Report on Functioning of Colleges and Accomplishments of the Action Plan 2014. In its Year-end Report on Functioning of Colleges and Accomplishments of the Action Plan 2014, EIOPA concludes that:

- in most countries Colleges have developed in line with targets regarding information exchange, risk assessment, development of emergency plans and coordination arrangements.
- the implementation of the Solvency II preparatory guidelines will require significant further attention both from national supervisors and insurance groups.

EIOPA concludes further that ambitious group supervision and Colleges require proper resourcing. EIOPA will focus its support to Colleges in order to ensure the consistency of supervisory practices within Solvency II. Looking at the Action Plan 2014 it shows that although a lot of progress has been made, a minority of the 92 colleges are on track on all tasks. EIOPA staff will keep on working closely, in both an informal and a formal way, with group supervisors and individual supervisory authorities to improve the status and quality of the Colleges work.

Report and Annex 1 available upon request to either FECIF or GSCGI.

FECIF NewsFlash 10/2015 — ESMA: Addendum Consultation Paper to implementing rules for MiFID II

The European Securities and Markets Authority (ESMA) has published a consultation paper which complements the transparency section of the consultation paper on MiFID II/MiFIR published in December 2014 (*see FECIF NewsFlash 113/2014*). This consultation runs until 20 March 2015. This consultation paper covers the following non-equity asset classes:

- foreign exchange derivatives;
- credit derivatives;
- other derivatives;
- and contracts for difference (CFDs).

For each asset class two sections are provided: the first presents the analysis on the definition of a

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liquid market and the second includes the calculations on the pre-trade and post-trade transparency large in scale (LIS) and size specific to the instrument (SSTI) thresholds. The last section of the consultation paper completes draft RTS 9 (*Transparency requirements in respect of bonds, structured finance products, emission allowances and derivatives*) published in Annex B of the consultation paper on MiFID II/MiFIR on December 2014, where rules and tables were included for bonds, structured finance products, emission allowances and derivatives not covered in this more recent analysis. This consultation paper should be read in conjunction with ESMA's consultation paper on MiFID II/MiFIR and the related Annex B published in December 2014 (see *FECIF NewsFlash 113/2014*). All contributions should be submitted online at www.esma.europa.eu under the heading 'Your input-Consultations'. ESMA will use the input received to finalise its draft RTS which will be sent for endorsement to the European Commission in mid-2015. MiFID II/ MiFIR and its implementing measures will be applicable from 3 January 2017.

Full report available upon request to either FECIF or GSCGI.

* * *

FECIF NewsFlash 09/2015 — European Commission consults on Capital Markets Union

Executive Summary — The European Commission today launched its landmark project to unlock funding for Europe's businesses and to boost growth in the EU's 28 Member States. The purpose of the Green Paper on the Capital Markets Union is to kick-start a debate across the EU over the possible measures needed to create a true single market for capital. Two complementary consultations on 'high-quality' securitisation and the Prospectus Directive are also being launched today. All stakeholders and interested parties are invited to submit their contributions by 13 May 2015.

Analysis — The Capital Markets Union (CMU) aims to break down the barriers that are blocking cross-border investments in the EU and preventing businesses from getting access to finance. The current environment is tough for businesses that remain heavily reliant on banks and relatively less on capital markets. With the CMU, the Commission also wants to clear obstacles that are preventing those who need financing from reaching investors and make the system for channelling those funds – the investment chain – as efficient as possible.

The Commission launched a three-month consultation round, known as a Green Paper, the outcome of which will shape an Action Plan to help unlock non-bank funding so that start-ups can thrive and larger companies can expand further. The CMU is a long-term project that will require sustained effort over many years although early progress can also be made in some areas in the coming months. The Green Paper also seeks views on how to overcome other obstacles to the efficient functioning of markets in the medium- to long-term, including how to reduce the costs of setting up and marketing investment funds across the EU; how to further develop venture capital and private equity; whether targeted measures in the areas of company, insolvency and securities laws as well as taxation could materially contribute to CMU; and the treatment of covered bonds, with a specific consultation in 2015 on a possible EU framework.

Following the public consultation, the Commission will adopt an Action Plan this summer setting out its roadmap and timeline for putting in place the building blocks of a **Capital Markets Union by 2019**. The Commission is also launching its consultation on the Prospectus Directive with a view to making it easier for companies (*including SMEs*) to raise capital throughout the EU while ensuring effective investor protection. A key focus will be to reduce the administrative hoops through which companies have to jump. The consultation will, among other things, consider ways to simplify the information included in prospectuses, examine when a prospectus is necessary and when it is not and how to streamline the approval process. A third EU-wide initiative on 'high-quality' securitisation would need to ensure high standards of process, legal certainty and comparability across securitisation instruments through a higher degree of standardisation of products. This would notably increase the transparency, consistency and availability of key information for investors, including in the area of SME loans, and promote increased liquidity. This should facilitate issuance of securitised products, and allow institutional investors to perform due diligence on products that match their asset diversification, return and duration needs.

Green Paper available upon request to either FECIF or GSCGI.

Sources/ Consultations:

Green Paper: http://ec.europa.eu/finance/consultations/2015/capital-markets-union/index_en.htm

Prospectus Directive: http://ec.europa.eu/finance/consultations/2015/prospectus-directive/index_en.htm

Securitisation: http://ec.europa.eu/finance/consultations/2015/securitisation/index_en.htm

PLACEMENTS & TECHNIQUES DE GESTION

Tigers, Flies, the New Silk Road and life behind the Great Firewall



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Despite its GDP growth down to about 6% in Q4 2014, China is more than ever the world's second largest economy, the most important trade partner for each of its neighbors and for countries as far as Brazil.

A dizzying array of initiatives and concepts are sprouting non-stop, from reining in shadow banking to the new Free Trade Zones, from the Hong Kong-Shanghai Connect to the China Dream, without even referring

to the notorious "ghost cities". We focus here on three themes with relevance to foreign investors.

The New Silk Roads and China looking outside

The **New Silk Road** refer to a state-sponsored push to improve land and sea routes connecting China with Europe. High speed train lines through Russia and Central Asia would bring goods to and from Germany, serving Moscow, Istanbul and Tehran on the way. The sea route is to link Fuzhou to Venice, through Jakarta, Kuala Lumpur, Nairobi and Athens.

An **Asian Infrastructure Fund** is being established, with China providing the bulk of its USD40bn equity.

The main obstacles are political, as some (*if not most*) of the countries to benefit from this infrastructural upgrade are concerned at the geopolitical shift this will mean.

China is particularly keen on high speed rail projects, given its experience with what is now by far the largest operating network of this kind. The two main manufacturers of rolling stock (**CSR and CNR**) are merging to form **CRRC**, a company with revenue in excess of USD25bn/year and global ambitions. A winning bid in Mexico was cancelled (*there will be a re-bid*). The first ventures abroad will most likely be in Thailand (*as part of a high speed link between Kunming and Singapore*) and Russia (*Moscow-Kazan*).

There are many other aspects to China's push outside.

New York's Waldorf Astoria, the Louvre Hotels Group, PizzaExpress and Club Med have all been bought recently by Chinese companies.

While the Waldorf Astoria clearly falls in the "trophy property" category, the other investments are more typical of China's unglamorous shopping abroad, which reached about USD100bn in 2014, USD18bn of which in Europe. **Fosun International** recently bought Club Med for USD1.1bn. The more than 1,100 mid-to-low end properties managed by Louvre Hotels will come handy to greet and shelter cohorts of Chinese tourists: which chalked more than 100m trips abroad in 2014.

Another interesting focus is on the food business in Europe, the US and Australia, aiming at acquiring know-how, technology and brands. The **WH Group** has become the world's largest pork-meat processor, with sales in excess of USD20bn, after its purchase of Smithfield Foods in the US.

The Tiger, the Flies and the bystanders

The Central Commission for Discipline Inspection must be the most feared institution in China right now. Since early 2013, the anti-graft body has investigated more than 75,000 cadres and publicly sanctioned about 650 "flies" (*provincial-level officers and company directors*) and about 50 "tigers" (*very senior officials within the party, government and army*).

The campaign shows no sign of abating. While corruption in China's power circles cannot be regarded as a revelation, the seriousness of some of the cases disclosed is mindboggling. By and large, the public appreciates the effort but there are risks: decision-making at all levels is hindered and a blend of Confucian morals and ideals of frugality from earlier revolutionary ages seem to increasingly underpin the anti-graft campaign. Conspicuous consumption and gambling are frowned upon, whether the source of money is legitimate or not. Sales of luxury watches, fine wines and Prada suits were early victims of the campaign. It is becoming increasingly apparent that objections against gambling go beyond anti-corruption measures. This represents a sea change for Macau (*with gross receipts in February down 50% y-o-y*), but also bad news for casinos in Singapore, Manila and Las Vegas.

“ *The New Silk Road refer to a state-sponsored push to improve land and sea routes connecting China with Europe* ”

The saga of the **Kaisa Group**, a property developer with USD2.5bn in outstanding bonds, is an example of hard to foresee consequences of the campaign. For reasons supposed to be linked to a corruption investigation of a senior official in Shenzhen (*but never mentioned*), the company, which had no known

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links to him, was prevented to sell some prime assets upon completion. In a quick fire sequence, Kaisa defaulted on some of its bank credit; a controlling stake was sold quietly to another company (*Sumac*); real assets were swapped for IOUs to suppliers; and a restructuring was imposed behind closed doors to some – but not all – domestic creditors. The story is still unfolding but, even if it ends well for the holders of USD bonds, this will remain a textbook case of some unquantifiable risks of doing business in China.



The latest annual report of the American Chamber of Commerce reported that its 525 members (*including 100 Fortune 500 companies*) feel “less welcome” than before in China. More than 80% said they were negatively affected by slow internet access, a result of online censorship. And this was before the closure, in January 2015, of the corporate VPN typically used by foreign companies to circumvent the Great Firewall.

Raymond Hêche

Life behind the Great Firewall and business conditions for foreign companies

Google, Facebook and Twitter are off limits in China. This, coupled with excellent postal delivery and phone services, has allowed one of China's most spectacular success story, the emergence of local e-commerce. Alibaba, Baidu, Tencent, Ctrip, Vipshop, JD, Weibo and Qihoo have successfully developed services reminding of Amazon, Google, Twitter or Groupon.

For reasons that Snowden made painfully clear, the Chinese government is wary of the links that US tech companies maintain with their government.

The Great Firewall, which in its early days was blocking politically sensitive web sites and content, is becoming a sophisticated barrier against Western ideas and influence. It already affects operating conditions for foreign companies in China.

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The fund seeks to achieve medium and long term capital growth by investing in shares of companies in the Asia ex-Japan equity markets.

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Willerfunds was established in 1985 as an instrument for Swiss private bank Banque Morval to manage its clients' assets in investment segments where picking individual stocks or bonds was not the most cost- and risk-effective solution. It then became a showcase of the bank's skills on various investment themes.



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JURISTES & FISCALISTES

Professor Brunetti on Market Access and Financial Stability

Conférence de CDBF du 19 janvier 2015; article de Cosima F. Barone

Le 19 janvier 2015, le Centre de Droit Bancaire et Financier (CDBF) de l'Université de Genève a convié le **PROFESSEUR DR. AIMO BRUNETTI** (Université de Berne; Président du Groupe d'experts chargé du développement de la stratégie en matière de marchés financiers), ainsi que le **PROF. CÉDRIC TILLE** (Professeur à l'Institut de hautes études internationales et du développement) et **ME LIONEL AESCHLIMANN** (Associé Gérant, Mirabaud SCA, membre de la Commission des offres publiques d'acquisition) autour d'une table ronde modérée avec maestria par le **PROF. LUC THÉVENOZ**, professeur ordinaire à la Faculté de droit de l'Université de Genève et directeur de son Centre de droit bancaire et financier



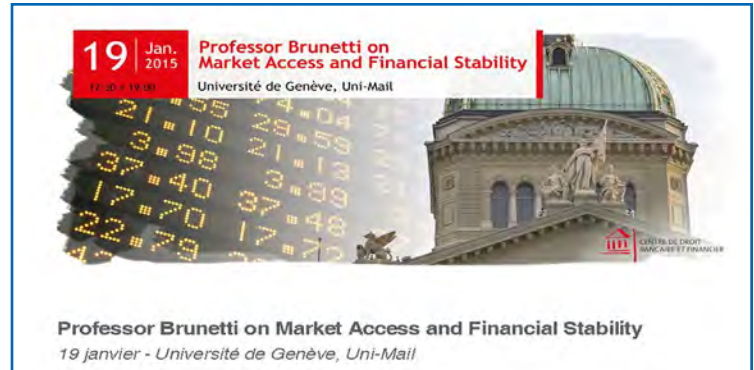
Comme indiqué dans le titre de conférence, la pièce centrale était le Rapport du Groupe d'Experts chargé (le 4 septembre 2013) de l'élaboration de la stratégie future en matière de marchés financiers. Pour illustrer son propos, le Prof. Brunetti désigne ledit rapport, volumineux et composé de cinq annexes, soumis au Conseil fédéral le 5 décembre 2014.

Le rapport final est consultable sur le site web de la Confédération par ce lien: <http://www.admin.ch/aktuell/00089/index.html?lang=fr&msg-id=55545>

A noter que, depuis 1999, la politique économique de la Suisse porte une forte empreinte du Prof. Brunetti, qui réunit à la fois expérience des questions politiques et maîtrise des thèmes économiques, calme et vision, avec en plus un sens certain de "vulgarisation" des ces thèmes complexes, les rendant accessibles à tous. Sans surprise, le Conseil fédéral s'exprime ainsi dans son communiqué du 5 décembre 2014 que:

"Le mandat du groupe d'experts expire à fin 2014. En lieu et place, le Conseil fédéral a chargé le Département fédéral des finances de mettre en place un comité consultatif «AVENIR DE LA PLACE FINANCIÈRE». Également placé sous la conduite du professeur Aymo Brunetti, ce comité assurera les échanges réguliers entre les acteurs-clés de la stratégie en matière de marchés financiers et examinera, sans devoir subir la pression des affaires courantes, les défis stratégiques et les perspectives d'avenir du secteur financier suisse, en tenant compte de l'ensemble de l'économie."

Le Prof. Brunetti est appelé à conduire également le nouveau comité consultatif. Avec sobriété et concision, le Prof. Aymo Brunetti (*PhD in Economics, Université de Bâle*) a un credo fondamental: seules des réformes économiques conformes au



droit, et pertinentes sur le plan politique, peuvent contribuer à la santé de l'économie d'un pays. Ancien responsable de la direction de la politique économique auprès du Secrétariat d'État à l'économie (SECO) et consultant auprès de la Banque Mondiale et de l'IFC (*International Finance Corporation*), le Prof. Brunetti peut se prévaloir d'avoir remodelé la politique économique de la Suisse et d'avoir infléchi la ligne politique du Conseil fédéral durant plus de 15 ans.

L'accès au marché (*annexe 2 du rapport final*) et la stabilité financière (*annexes 4 et 5 du rapport final*) ont été les deux thèmes abordés durant la conférence organisée par le CDBF le mois dernier.

L'accès au marché, par les institutions financières suisses, se décline de trois façons:

1. onshore (*par une filiale*)
2. offshore, passive (*servir de la clientèle étrangère depuis la Suisse*)
3. offshore, active (*acquérir et servir de la clientèle étrangère depuis la Suisse*)

...et il souligne que, la troisième étant actuellement la plus importante pour les banques, il est essentiel que la Suisse se dote d'un système réglementaire et de supervision équivalent à celui des pays étrangers concernés, mais sans le travers "copy & paste". La Suisse a traditionnellement favorisé la formule des accords bilatéraux. Le Groupe d'Experts recommande que, pour renforcer sa position en phase de négociation de tels accords bilatéraux, la Suisse participe à l'avenir de manière plus proactive à l'établissement des standards internationaux de régulation des marchés financiers. Mais, il est recommandé de faire évoluer son approche vers l'équivalence réglementaire avec l'Union Européenne et, probablement, vers un accord bilatéral global avec l'UE sur le plus long terme. Il soulève, à ce niveau, un point fort important: l'approche coût-bénéfice, car l'avalanche de réglementation ne doit pas induire des coûts exorbitants pour notre pays et ses acteurs financiers. Il est capital que la reconnaissance

...cont'd on page 11

JURISTES & FISCALISTES

Professor Brunetti on Market Access and Financial Stability

Conférence de CDBF du 19 janvier 2015; article de Cosima F. Barone

...cont'd from page 10

d'équivalence puisse être transparente et prévisible. Le Prof. Aymo Brunetti reconnaît qu'un éventuel accord global avec l'UE (*complexe; non réalisable dans un futur immédiat*) devrait trouver son fondement non seulement sur une analyse précise du ratio "coûts encourus-bénéfices obtenus", mais également sur la constatation d'une réelle avancée d'accès de la Suisse aux marchés étrangers, tant par l'approche des accords bilatéraux que par l'équivalence réglementaire avec l'UE. On le comprend bien ... le sort de la place financière suisse est en partie entre les mains de nos négociateurs politiques!

La deuxième partie de sa présentation est consacrée au thème "Too Big To Fail" (TBTF), un régime sur lequel l'approche suisse est restée plutôt libérale en comparaison avec la réglementation des États-Unis, de la Grande Bretagne et de l'Union Européenne et avec d'autres standards internationaux.

Dans l'ensemble, le système suisse est considéré comme adéquat et ne nécessite pas de grands changements. Toutefois, les deux grandes banques suisses (*UBS et Crédit Suisse*) sont surveillées tout particulièrement pour les mesures prudentielles et organisationnelles qu'elles auront (*ou pas*) mises en place. Non seulement elles ne l'ont probablement pas encore fait, mais il n'existe aucune certitude que ces mesures permettent dans l'avenir de prévenir le risque "TBTF" ...ce

que le Prof. Brunetti juge "inacceptable"! Il relève notamment que le "minimum leverage ratio" est bas, l'application des mesures extraordinaires n'est pas garantie, et il ne ressort pas clairement, en cas de crise grave, que ces banques détiennent suffisamment de capitaux propres pour en absorber les pertes. Par conséquent, il est important que la Suisse adopte des mesures complémentaires en vue de renforcer le facteur risque "TBTF" et la capacité de résistance des banques d'importance systémique, permettant l'assainissement voire la liquidation ordonnée de celles-ci sans recourir aux deniers du contribuable. Le Groupe d'Experts a donc recommandé de rééquilibrer les exigences en matière de fonds propres et d'augmenter le ratio de levier financier non pondéré ("*minimum leverage ratio*"). En ce qui concerne la stabilité financière en Suisse, le Prof. Brunetti indique que les institutions de la catégorie "SIFI" (*systemically important financial institutions*) doivent avoir de plans de gestion de crises, mais il n'a pas encore été établi si des banques comportant

un risque systémique mineur devaient également être soumises aux mêmes exigences.

La réaction du Conseil fédéral ne s'est guère fait attendre. Le 18 février 2015, le Conseil fédéral **"adopte le rapport sur l'examen des dispositions en matière de 'too big to fail' et charge le DFF de lui présenter d'ici à fin 2015 des propositions concernant les modifications législatives qui s'imposent"**. Il est prévu qu'un groupe de travail soit constitué, sous la direction du DFF et composé de représentants de l'Autorité fédérale de surveillance des marchés financiers (FINMA) et de la Banque Nationale Suisse (BNS), ainsi que des établissements financiers concernés.

Durant le débat fort intéressant qui a suivi la présentation du Prof. Brunetti, on relèvera en particulier l'observation du Prof. Cédric Tille (*Institut des Hautes Etudes Internationales et du*

3. Too big to fail

III: Does the Swiss legislative approach solve the TBTF-problem?

- > Not entirely
- > Without adjustments, substantial uncertainties remain
 - Minimum leverage ratio is low in international comparison
 - Feasibility of emergency plans is not guaranteed
 - Unclear, whether in case of a crisis there is enough loss absorbing capital for an orderly resolution

=> Additional measures necessary to strengthen the Swiss TBTF regime

Développement, et Center for Economic Policy Research - CEPR) concernant la coordination éventuelle des plans de liquidation (des TBTF) avec des régulateurs étrangers, que le Rapport du Groupe d'Experts a vraisemblablement occultée. Il relève en outre que le rôle des instances publiques devrait être mieux défini (*un fonds préfinancé peut être coûteux; rôle de l'état comme prêteur de dernier recours et de sa capacité à financer par l'impôt; parallèle avec l'économie internationale et la problématique d'«auto assurance» par les*

réserves) en s'enquêtant en particulier sur la garantie réelle des dépôts. En faisant le parallèle avec la crise des sub-primes aux USA, le Prof. Tille mentionne le risque, certes non systémique mais tout autant devastateur, de certaines banques qui ont une présence majeure au niveau régional. Un "pooling" entre banques régionales serait-il indiqué? ...il s'interroge. Me Aeschlimann souligne l'importance stratégique de l'accès au marché pour divers secteurs de l'économie suisse et redoute l'asphyxie qui menace le secteur financier. La Suisse n'est pas discriminée au niveau mondial, dit-il, mais tolérée. La Suisse aurait intérêt à transcrire dans son droit national le MiFID de l'EU, et à adhérer à l'échange automatique d'informations en exigeant en échange l'accès au marché, afin de préserver le premier rang qu'elle occupe encore dans la finance internationale!

La suite dans les prochaines pages d'histoire du secteur financier suisse!

L'AVIS DE L'ANALYSTE

Objectif Technique pour le NIKKEI: 21'360 pour 2016

Bruno Estier Strategic Technicals

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Depuis 1990, les investisseurs se sont habitués à un marché baissier, tellement baissier qu'on l'a appelé marché baissier séculaire. Après un sommet à 38'900, la première grande baisse dura plus de deux ans jusque vers 14'200. Les rebonds qui suivirent de l'an 1992 à 2000 culminèrent entre 21'600 et 20'800 (voir ligne rouge horizontale supérieure sur graphique), avec un court séjour à 22'800. Puis suivirent les deux baisses de 2000 à 2003, avec un creux vers 7'600, et celle de 2008 partie de 18'300 (voir ligne rouge horizontale inférieure sur graphique) pour se terminer vers 7'000. Ainsi en joignant les sommets de 38'900 à celui de 18'300 par une ligne de tendance descendante – en trait plein sur le graphique – l'indice NIKKEI a donné l'impression jusqu'en 2012 d'être dans un marché baissier séculaire qui ne finirait jamais!

L'intérêt des investisseurs était vraiment à son plus bas pendant la période de 2010 à 2012, caractérisé par une volatilité fortement en baisse, comme le démontre visuellement le fort resserrement des Bandes de Bollinger (en bleue autour de la moyenne mobile de 20 mois en pointillé) entre 11'000 et 8'200. Tout un chacun sait qu'en Novembre 2012, la politique des trois flèches a été lancée au Japon, ce qui a emmené sa devise, le Yen, à la baisse comme l'indique la ligne orange en pointillé de l'index Yen sur le panel supérieur du graphique. Cela a aussi immédiatement contribué

à une hausse fulgurante du NIKKEI, qui cassa vers 14'000 la grande tendance séculaire baissière et réussit même à tester, fin 2013, une autre ligne de résistance vers 16'000 (en pointillé bleu) joignant le sommet de 2000 à celui de 2007.

Finalement, fin 2014, cette résistance de 16'000 a été percée, ouvrant la voie pour les 18'300 de 2007. Pour l'année 2015-2016, il est très probable que le NIKKEI se hisse au-dessus de 18'300, puisque nous y sommes actuellement. Mais de plus, étant donné que l'année 2014 a déjà été caractérisée par une pause de plusieurs mois et suivie par une accélération haussière confirmée – sur le panel inférieur – par le MACD mensuel croisant à nouveau à la hausse, il est tout à fait envisageable de projeter un objectif vers 21'360, qui est une extension de 162% de la hausse entre 8'175 et 16'300 fin 2013. Cet objectif est très réaliste d'un point de vue d'analyse technique. Il se situe aussi dans la zone de résistance entre 20'800 et 22'800, qui ont vu les sommets des années 1990s. Néanmoins, il serait raisonnable d'envisager cette hausse de 18% sur un horizon de temps de 18 à 24 mois. Cerise sur le gâteau, cette hausse pourrait aussi être accompagnée dans les mois à venir par une hausse de la force relative du NIKKEI versus le S&P500 (en noir sur le panel supérieur), qui montre quelques signes de frémissement haussier dès 2014 sur des graphiques à plus court terme.

Graphique:

Nikkei en bougie mensuelle avec représentation d'une moyenne mobile de 20 mois entourée de Bandes de Bollinger. Sur le panel supérieur se trouvent la force relative du Nikkei versus le S&P500 (noir) et l'index Yen (orange – trait tillé), dont la faiblesse est corrélée avec la montée du Nikkei les deux ans passés. Sur le panel inférieur se trouvent l'indicateur de vitesse Slow Stochastic, indiquant un marché haussier fort, et le MACD, qui a redonné un signal haussier dès la mi-2014.

Source: Stockcharts.com



L'AVIS DE L'ANALYSTE

Ukraine Hyperinflates



Since the New Year, Ukraine's currency – the hryvnia – has collapsed, losing 51 percent of its value against the U.S. dollar.

To put this rout into perspective, consider that the Russian ruble has only lost 8 percent against the greenback during the same period.

Like night follows day, the hryvnia's meltdown has resulted in a surge of inflation. The last official Ukrainian year-over-year inflation rate is 28.5 percent. This rate was reported for January and is out of date. That said, the official inflation rate has consistently and massively understated Ukraine's brutal inflation. At present, Ukraine's implied annual inflation rate is 272 percent. This is the world's highest inflation rate, well above Venezuela's 127 percent rate (see the accompanying chart).

When inflation rates are elevated, standard economic theory and reliable empirical techniques allow us to produce accurate inflation estimates. With free market exchange-rate data (usually black-market data), the inflation rate can be calculated. Indeed, the principle of purchasing power parity (PPP), which links changes in exchange rates and changes in prices, allows for a reliable inflation estimate.

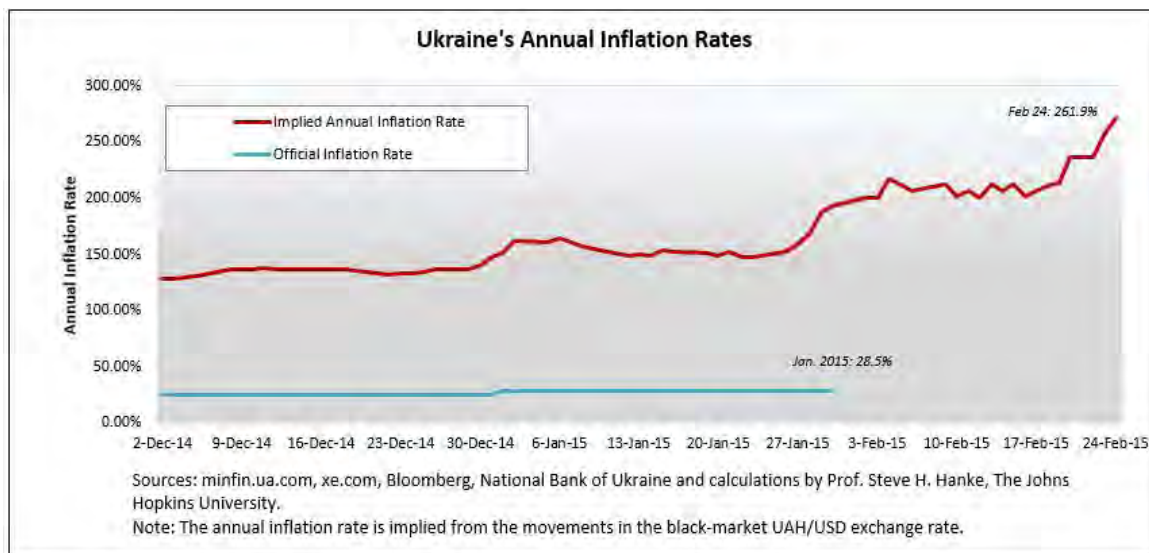
To calculate the inflation rate in Ukraine, all that is required is a rather straightforward application of a standard, time-tested economic theory (read: PPP). At present, the black-market UAH/USD exchange rate sits at 33.78. Using this figure and black-market exchange rate



data that the Johns Hopkins-Cato Institute for Troubled Currencies Project has collected over the past year, I estimate Ukraine's current annual inflation rate to be 272 percent – and its monthly inflation rate to be 64.5 percent. This rate

exceeds the 50 percent per month threshold required to qualify for hyperinflation. So, if Ukraine sustains its current monthly rate of inflation for several more months, it will enter the record books as the world's 57th hyperinflation episode.

Steve H. Hanke



Steve H. Hanke is Professor of Applied Economics at the Johns Hopkins University in Baltimore, MD. He is also a Senior Fellow and Director of the Troubled Currencies Project at the Cato Institute in Washington, D.C. You can follow him on Twitter: @Steve_Hanke

As 'Spoof' Trading Persists, Regulators Clamp Down

[...] Bluffing Tactic That Dodd-Frank Banned in 2010 Can Distort Markets [...]

[...] The 2010 Dodd-Frank financial-overhaul law outlawed spoofing, but the tactic is still being used to manipulate markets, traders say [...]

[...] CME, the world's largest futures exchange, put out rule clarifications in August 2014 intended to end spoofing. The second-largest, Intercontinental Exchange Inc., or ICE, followed suit last month [...]

[...] The first criminal charges against an alleged spoofer were brought in October 2014 in Chicago. The Securities and Exchange Commission and CFTC have brought several civil spoofing cases since 2012 [...]

Read more: <http://www.wsj.com/articles/how-spoofing-traders-dupe-markets-1424662202>

Source: The Wall Street Journal - Feb. 25, 2015

CFB

Le secret bancaire pour les Suisses en débat

[...] Le Conseil fédéral s'oppose à l'initiative visant à défendre le secret bancaire pour les Suisses [...]

[...] Le conflit entre normes suisses et internationales au cœur des discussions [...]

[...] «Vous vous casserez les dents sur le secret bancaire»... Cette célèbre phrase du conseiller fédéral Hans-Rudolf Merz, qui date du 19 mars 2008, fait oublier que l'opposition à cette particularité du droit suisse date de plus d'un demi-siècle. [...]

[...] La première attaque contre le secret bancaire (adopté en 1934) date de la fin de la Deuxième Guerre [...]

[...] La neutralité de la Suisse était mal vue des Alliés. «Les Américains en particulier ... les réserves d'or suisses avaient été arbitrairement bloquées par les Américains en juin 1941 [...]

Read more: http://www.letemps.ch/Page/Uuid/a7d612b8-babb-11e4-b703-7833333027ee/Le_secret_bancaire_pour_les_Suisses_en_d%C3%A9bat

Source: Le Temps - Feb. 23, 2015

CFB

Fiduciary or Broker? Many Financial Advisers Wear Both Hats

[...] While the Obama administration is pressing for more financial advisers to operate as "fiduciaries," the reality is [...]

[...] A typical "dual registrant" is registered with the SEC or a state securities regulator as an investment adviser, a role that carries fiduciary duty, while also being supervised by FINRA as a representative of a securities firm [...]



Read more: <http://blogs.wsj.com/totalreturn/2015/02/25/fiduciary-or-broker-many-financial-advisers-wear-both-hats/>

Source: The Wall Street Journal - Feb. 25, 2015

CFB

How addiction to debt came even to China

[...] Huge increases in private sector credit preceded many financial crises [...]

[...] In an update of work on debt and deleveraging, McKinsey notes that between 2000 and 2007, household debt rose as a proportion of income by one-third or more in the US, the UK, Spain, Ireland and Portugal [...]

[...] Among economies that have had sharp rises in private debt, China leads the pack, with a rise of 70 percentage points in the ratio of corporate and household debt to GDP between 2007 and 2014 [...]

[...] The world desperately needs new ways to manage its economy, ones that support demand without creating unmanageable rises in indebtedness. If the affliction is now affecting China [...]

Read more: <http://www.ft.com/intl/cms/s/0/585ae328-bc0d-11e4-b6ec-00144feab7de.html#axzz3SsKx2TII>

Source: Financial Times - Feb. 24, 2015

CFB

IN GLOBO CONTINUED ON PAGE 15

Roger Nightingale on central banks

US investors were upset last week. Mrs Yellen, the Fed Chairman, had misled them, they complained. Throughout 2014, she'd been indicating that credit conditions were shortly to be tightened and interest rates raised. Now, her story had changed: there was to be a further significant period of accommodation and the maintenance of historically low interest rates.

It's true, of course, that Mrs Yellen's diagnosis was wrong, and her proposed therapy ill-advised. But, there was little for investors to complain about. They shouldn't have been so credulous. If they'd been more sceptical, if they'd looked at the data more dispassionately, they'd have known that the US economy wasn't strong enough to justify tighter monetary conditions. In 2014, GDP grew at only 2½%! And, around the turn of the year, the numbers indicated, not acceleration, but deceleration. Elsewhere, conditions were even worse. Japan was in recession; so was Europe; and, as for China, nobody knew ...its numbers being terminological inexactitudes! How, in this context, could anybody believe that the US might buck the trend?

Mrs Yellen's credibility is now shot to pieces. Likewise, that of the Fed in general. For years, it was the one central bank that could be trusted. Today, it commands about as much respect as the ECB!

It'll be interesting to see what it next forecasts for the US economy. Will it indicate modest (*sub 2% pa*) growth? Or, will it bite the bullet and go for recession? And, what will it say about inflation? After fretting for so long about the risks of a sharp quickening, will it now, more realistically, turn its attention to the dangers of protracted deflation? And, how will it recommend that the new malaise be treated? Will it suggest the maintenance of negligible interest rates? Or, will it opt for another phase of QE?

It's much the same for the rest of the world's central banks. They all shut their eyes to the early signs of depression. And they're all trying now to find excuses for their incompetence then. Are there any? Of course not. There should be a good deal of falling on swords, therefore.

In Europe, meanwhile, the Greek tragedy is drifting towards its inevitable end: withdrawal from the euro. The sooner the better. Once Greece is in a position to devalue, it has the possibility of economics revival. Its export prices will be much lower than those of Portugal, Spain, Italy and France. Its export volumes will be much stronger, therefore. The losers will fret, of course. But will they follow Greece's lead? Probably.

Within five years, especially if those years are characterised by depression, there'll not be more than a couple of countries left in the euro. That'll probably suit the Bundesbank. It was always sceptical about the common currency. In that, it was right. But, in proving its point, it's destroyed huge chunks of the European economy, and made itself more hated than at any time since the early forties!

That was obvious as well. If the Germans had thought things through properly, they'd have foreseen the economics debility, the collapse of the euro, and the EU's internecine political disunity. Can Germany survive being so right again?

The good news is that, for the moment at least, security prices are rising briskly. It's not that investors are cheerful; just that they're inundated with liquidity. And, the deployment of that liquidity lifts valuations. As forecast for the last twelve months or so, the worse the economy has become, the higher the indices rise. The trend is set fair for several more months. Not indefinitely, though.

roger nightingale [r.d.nightingale@gmail.com]

FINMA. La transparence à usage préventif

[...] Premier rapport sur «l'enforcement» de l'autorité de surveillance. David Wyss - son directeur et membre du directoire de la FINMA - a présenté mardi à Zurich le premier rapport (2014) sur l'enforcement de l'établissement [...]

[...] Interventions plus actives à l'encontre des particuliers [...]

[...] La division «Enforcement» occupe actuellement 80 personnes, soit 15% du personnel de l'autorité fédérale de surveillance des marchés financiers [...]

[...] Sur un total de 673 investigations préliminaires menées l'an dernier, 128 d'entre elles concernaient des établissements autorisés, banques et compagnies d'assurances principalement, 436 autres investigations préliminaires visaient des prestataires financiers exerçant leur activité sans droit et 109 s'inscrivaient dans le cadre de la surveillance des marchés [...]

Read more: <http://www.agefi.com/suisse/detail/artikel/fnma-premier-rapport-sur-%3C%3Clenforcement%3E%3E-de-lautorite-de-surveillance-interventions-plus-actives-a-lencontre-des-particuliers-392798.html>

Source: L'AGEFI - Feb. 26, 2015

CFB

LA REUNION MENSUELLE DU GSCGI

2015, Feb. 27 - Geneva: Risque Maximum sur Les Classes d'Actifs, Banque Pâris Bertrand Sturdza,

Membre Partenaire du GSCGI

article de Cosima F. Barone



Emmanuel FERRY

Directeur des Investissements
Banque Pâris Bertrand Sturdza

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Jérôme Chagneau

Analyste Quant & Gérant de fonds
Banque Pâris Bertrand Sturdza

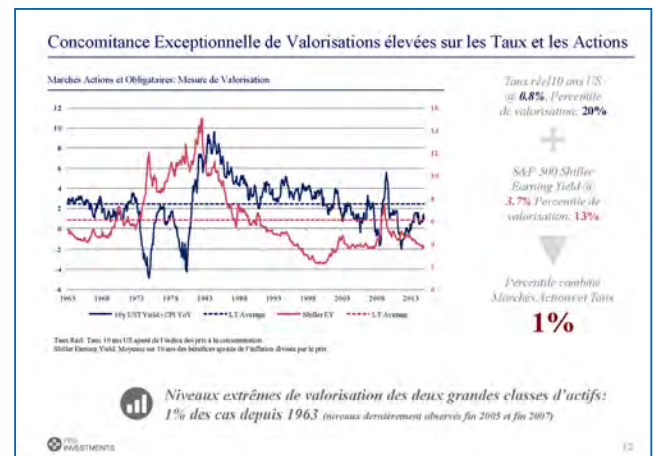
www.bkpbs.com

La deuxième réunion mensuelle thématique du GSCGI de 2015, organisée en collaboration avec la Banque Pâris Bertrand Sturdza, Membre Partenaire du Groupement, a une nouvelle fois réuni un parterre de nombreux gestionnaires de fortune, gestionnaires de fonds et banquiers de la place. Le thème "Risque Maximum sur les Classes d'Actifs" présenté par **MONSIEUR EMMANUEL FERRY** (Directeur des Investissements) et par **Monsieur Jérôme CHAGNEAU** (Quant analyst et gérants de fonds) dirige d'emblée la discussion sur les préoccupations majeures de tout gestionnaire de fortune, c'est-à-dire préserver le capital en toute circonstance et anticiper crises financières éventuelles et éclatement des bulles spéculatives. Les présentations des deux intervenants dénotent une analyse critique et créative de la Banque Pâris Bertrand Sturdza, établissement spécialisé sur les investissements fondée en 2009 par Pierre Pâris et Olivier Bertrand. À ce jour, PBS gère environ CHF4 milliards avec une équipe dynamique et expérimentée d'une trentaine de professionnels ...précise **SÉBASTIEN DI IORIO** (Vente & Distribution) en début de conférence.

Les premières infographies présentées (à droite) illustrent le propos: "les banques centrales et leur politique de taux zéro sont à la base du doublement de la capitalisation boursière mondiale" ...dit Emmanuel Ferry. La formation d'une bulle financière est particulièrement évidente aux États-Unis, où l'économie réelle peine à suivre au même rythme.

Les attentes sur la croissance économique mondiale sont régulièrement révisées à la baisse. La stagnation devient séculaire tant la reprise reste faible, l'épargne ne cesse de croître et le risque de déflation se propage sur la planète. Par conséquent, le cycle d'investissement en actions se prolonge au-delà de la moyenne observée sur plusieurs décennies. Avec une hausse cumulée de 7 ans, 2015 nous fera rentrer dans le 3^{ème} meilleur marché haussier depuis 1929. Les valorisations des grandes classes d'actifs n'offrent plus de marge de sécurité. L'excès en durée et amplitude se termine invariablement en récession!

Emmanuel Ferry explique le décalage entre le cycle économique et le cycle financier aux USA, qui devra tôt ou tard, mais inévitablement, causer un réalignement entre l'économie et la valorisation des actions et des obligations. La concomitance exceptionnelle de valorisations élevées sur les obligations et les actions constitue le risque majeur auquel sera confronté le gestionnaire de fortune à l'avenir. Il faut néanmoins qu'il reste investi, tout en essayant de trouver un compromis pour sortir de cette impasse.



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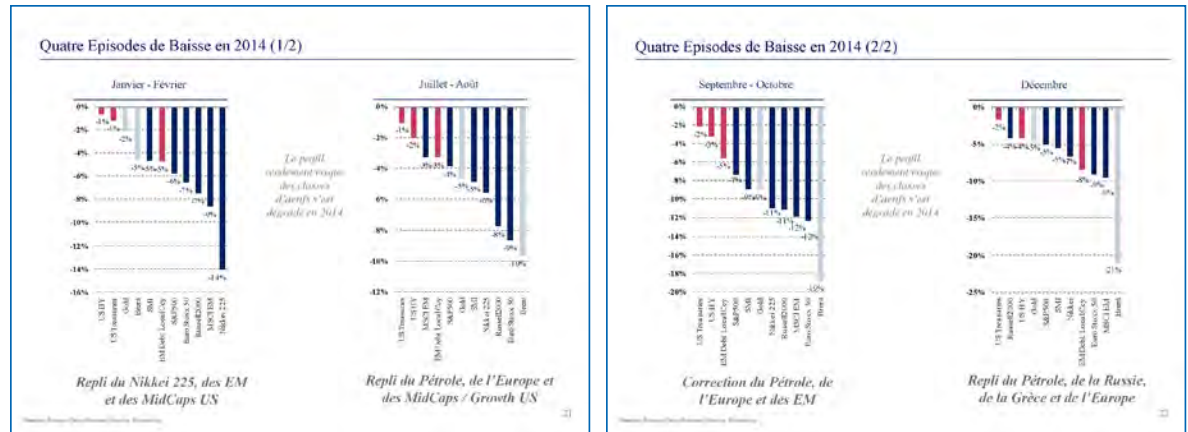
LA REUNION MENSUELLE DU GSCGI

2015, Feb. 27 - Geneva: Risque Maximum sur Les Classes d'Actifs, Banque Pàris Bertrand Sturdza,

Membre Partenaire du GSCGI

article de Cosima F. Barone

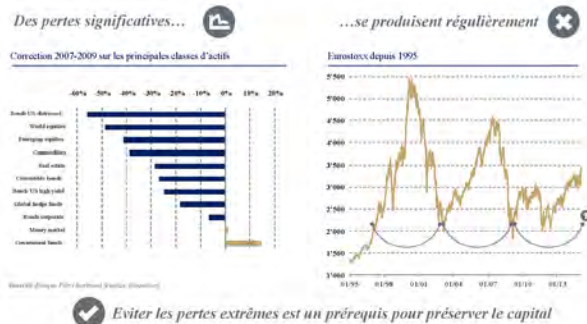
Emmanuel Ferry présente ensuite les divers indicateurs d'excès de confiance (*PE/VIX; margin debt; activité M&A; capitalisation/PIB; ratio large caps/small caps; etc.*) qu'il observe régulièrement pour anticiper un éventuel éclatement de la bulle financière ou des inversions de tendances qui auraient un impact significatif sur les portefeuilles gérés. Rien qu'en 2014, à quatre reprises des changements importants de leadership ont été observés sur les marchés des capitaux.



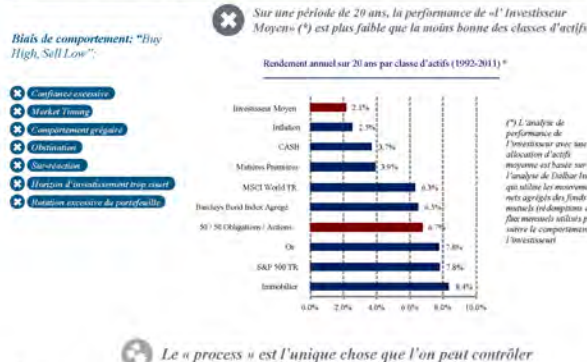
Après une analyse détaillée des épisodes baissiers observés depuis 1970 à nos jours, tant par leur amplitude et durée que par leurs caractéristiques (*krach; marché baissier; correction; repli; autres*), Emmanuel Ferry termine son intervention en recommandant de se préparer plutôt que prévoir, étant donné les diverses incertitudes actuelles après 7 ans de reflation.

Jérôme Chagneau dit que la fréquence des épisodes baissiers et leur amplitude ont renforcé la nécessité d'une approche dynamique et "absolue" par rapport à une approche relative à des benchmarks. Les pertes significatives se produisant assez régulièrement, la solution pour éviter les plus extrêmes en amplitude et pouvoir ainsi préserver le capital passe par une plus grande diversification. Le modèle de gestion actif et dynamique de la PBS (*de 2009 à aujourd'hui; voir infographie ici-bas*) permet de capter les tendances des différentes classes d'actifs. Jérôme Chagneau explique en détail la dynamique de chacune de ces approches et souligne en particulier que le "PBS Smart" permet tant la protection du capital dans les marchés baissiers que la pleine participation aux marchés haussiers. L'approche "WISE", basée sur les actions, se décline dans la version "global" et "Europe" offrant des résultats très attractifs. L'approche "FAST", basée sur les alternatifs, fait l'objet de rebalancements hebdomadaires et non directionnels, ainsi que sur une gestion systématique non émotionnelle.

Nécessité d'Adopter une Gestion Dynamique...



... Mais Eviter le Piège de l'Investisseur Moyen...



Les Grandes Etapes de la Gestion PBS



Cette conférence se distingue par la présentation d'une analyse pointue des marchés financiers, tant historique qu'actuelle, ainsi que par les suggestions utiles de la part des présentateurs pour préserver le capital en cas de crise future.

BOOK REVIEW

Flying with the Winged Elephant: Niche themes that may emerge in India for global businesses

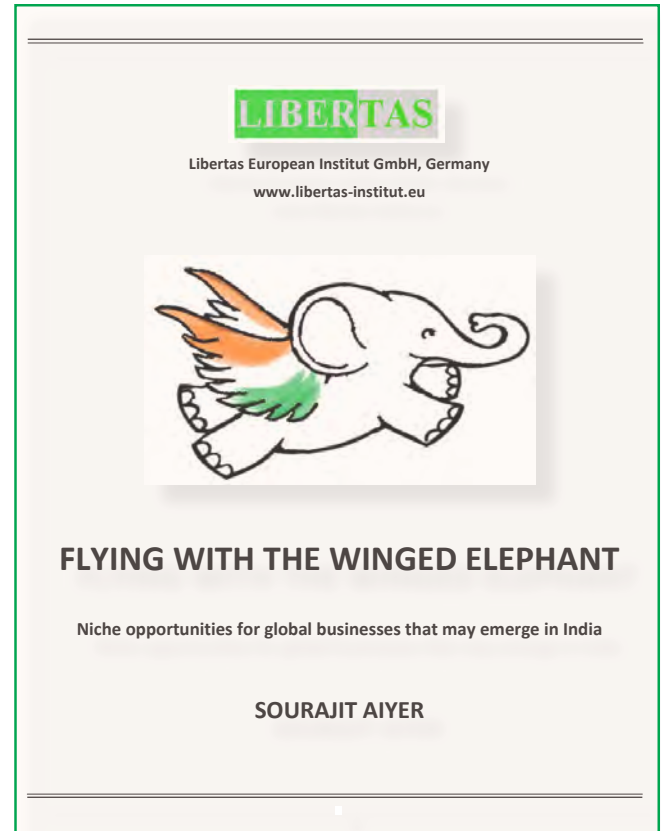
by Sourajit Aiyer

“Flying with the Winged Elephant: Niche themes that may emerge in India for global businesses” looks at niche business themes that may emerge in a reviving India for the interest of global businesses. It has been published by Libertas European Institut GmbH, a Germany-based organization engaged in economics and political consultancy. It is available in both E-book and Print version from verlag@libertas-institut.com (ISBN: E-book 978-3-937642-53-6, Print 978-3-937642-54-3).

Knowledge First is the mantra of the company the author works for - **Motilal Oswal Financial Services** (*Disclaimer in E-Book). The stress is on utilizing knowledge as the foundation to create growth. This thought-process was a motivator. Another motivation was in a speech by Mr Narendra Modi, now India's Prime Minister, during India's election campaigning in 2014. He believed that the 21st century could be India's century. Whenever the world had moved into periods of knowledge throughout its history, India had played a leading role through its contributions in sciences, mathematics and economics. These observations stressed the criticality of knowledge. But conveying that knowledge is as critical as gaining it, especially when partners are needed to realize the results. The objective of this E-Book is to identify some niche opportunities that may emerge in an evolving and reviving India, their rationale, possible solutions to implementation challenges, qualitative trends that support them, and convey that knowledge to global businesses for collaborations.

Most of these opportunities are such wherein India has the resources to build its competitive advantage in the long-term, and that should validate the rationale to commit long-term capital. It leverages India not only as a mass-consumer, but also as a mass-producer to utilize global sourcing opportunities. The themes are sector-agnostic, and cut across food, tourism, education, media, infrastructure, engineering, offshoring, consultancy, waterways, renewables, housing, e-commerce and retirement. Most are niche themes that are likely to emerge, and that makes the opportunity more focused. One should also recall that the business language in India is English, since the legal system is largely based on British common-law. This might make it easier to global businesses to navigate.

The quirky title is intentional. India has often been characterized by the ‘Elephant’ vis a vis ‘Dragon’ for China. India's evolving socio-economic profile, coupled with expectations of revival, can create niche opportunities. These can boost growth and help the elephant to race ahead, hence the usage of ‘Wings’.



The usage of ‘Flying’ is to convey to global businesses that they could benefit from this growth, by actively partnering in these opportunities.

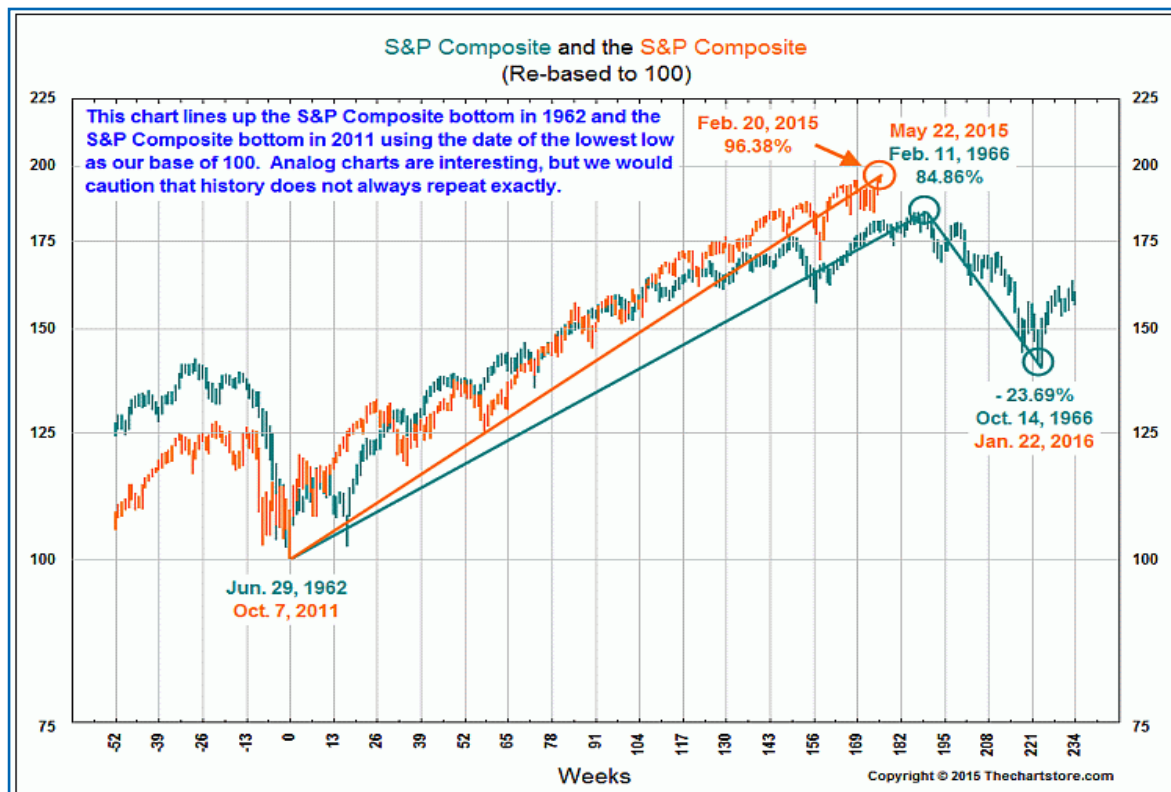
For global businesses, the benefits include increased demand for their specialized services, investments into high-growth pools of opportunity, demand for intellectual capital and manufactured inputs, ability to develop products more relevant for India's cultural specificities, etc. For India, the benefits include business and income opportunities, creation of future assets to assist growth, deepening of export capabilities, and a fill-up to employment and entrepreneurship. Some of the themes may relate to small businesses, but it is these very small businesses that can become large in a growing economy.

The bottom-line: India is expected to revive. This can throw up niche themes which global businesses should participate in.

Sourajit Aiyer

CLIN D'OEIL À L'HISTOIRE

Equities: Will the music stop playing in May?



History might not repeat itself, but it often rhymes!

The historical graph, on left, offers intriguing similarities of the S&P 500 Composite index with bottoms of 1962 and 2011 compared.

Then, will the music stop playing in May?

Historical Graph:

courtesy of

The Chart Store

www.thechartstore.com

Cosima F. BARONE

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CALENDRIER DES PROCHAINES REUNIONS MENSUELLES

February 27, 2015/Geneva — Orateurs: E.Ferry & J. Chagneau, Banque Pâris Bertrand Sturdza, Membre Partenaire du GSCGI

March 27, 2015/Geneva — Orateur: tba..., Banque Internationale à Luxembourg (Suisse) SA, Membre Partenaire du GSCGI

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Le Conseil du GSCGI et le Comité de Rédaction de "The IFA's Wealth Gram" invitent les Membres et Partenaires du Groupement à partager leur expérience et connaissance avec les collègues en fournissant des articles sur des thèmes divers: (a) actualité, (b) techniques de gestion, (c) analyse fondamentale, technique et globale, (d) fiscalité, (e) régulation, etc. Annoncez et adressez vos écrits à wealthgram@gscgi.ch le plus rapidement possible. Les non-Membres également peuvent fournir des articles et sponsoriser Wealth Gram.

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* * *

Cette année, veuillez noter la participation exceptionnelle au Forum:

- du **PROF. AIMO BRUNETTI**, Chef du Groupe d'Experts (CF et DFF)
- de **MATTHIEU RICARD**, moine bouddhiste qui revient adresser son message au monde financier, et...
- d'autres éminents intervenants de Suisse et du reste du monde.

* * *

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