

*L. Jack Staley, President of Stanford Group (Suisse) AG*

## Combining an entrepreneurial approach, disciplined asset management and philanthropy is the recipe for success

Stanford Financial Group, whose chairman Sir Allen Stanford is the third generation of his family to run the business, has always focused on these three ingredients. This approach has proven its worth, especially with the recent turmoil in the global financial markets, as we learned from L. Jack Staley, who heads up the group's Zurich-based asset-management company.



*PRIVATE: Mr Staley, how long has Stanford had a company in Zurich?*

**L. Jack Staley:** Stanford Group (Suisse) AG has been active in Zurich for the last few years. We purchased and renovated the building on Dreikönigstrasse, which we moved into in October 2006. I joined the company in the summer of 2006, and we have achieved terrific growth in these last couple of years.

*PRIVATE: Why Zurich in particular?*

**Staley:** It fit well with Sir Allen Stanford's global growth strategy. Since 1980, he has developed the group, which was started by his grandfather in 1932, into a global financial-services organization. Today the group of independent companies looks after more than 43 billion francs of assets worldwide. Further foreign entities in Lon-

don and the Middle East are planned for this region; Stanford's presence outside the USA was previously concentrated in Latin America and the Caribbean.

*PRIVATE: Would you still move to Zurich today?*

**Staley:** Most definitely. In fact I think conditions are even better for us now.

*PRIVATE: Is that because your biggest rivals are struggling?*

**Staley:** Competition is still tough, but the political and economic stability here is a big plus.

*PRIVATE: What is your business philosophy?*

**Staley:** To understand our business philosophy properly, you need to start with Sir Allen Stanford, who is a true entrepreneur and the sole owner of Stanford Group (Suisse) AG. That sets us apart from 99% of our competitors in this financial centre: a single owner who is the third generation of his family. In addition, we have a unique investment philosophy, and we want the public at large to share in our success through our philanthropic activities.

*PRIVATE: So is your strategy very different from that of your competitors?*

**Staley:** The main factor is that we are not swayed by short-sighted, short-term quarterly considerations, but can take a longer-term view in the best interests of our clients. That enables us to follow an absolute-return investment style, which requires a very high de-

gree of discipline. The Stanford investment philosophy is unique and has proved very successful here. We also focus on our philanthropic activities in order to share our success with the local community. For example, we are funding the "Sir Allen Stanford Pediatric Fellowship Program" in partnership with the University Children's Hospital Zurich, to support specific research projects. We also sponsor the hospital's annual Kispi Ball and the SOS Kinderdörfer children's charity.

*PRIVATE: How are you adapting your investment strategy to the current challenges?*

**Staley:** Part of the Stanford investment philosophy is a focus on true diversification – which allows us to find opportunities where others may be constrained. As an asset manager with global reach, Stanford employs expert investment techniques and continues to invest in proprietary global research to make informed investment decisions.

*PRIVATE: Do you buy investment products or do you develop and produce them yourself?*

**Staley:** At Stanford Group (Suisse) AG, we do not produce products. We remain independent and select external managers with specific expertise according to a best-in-class approach.

*PRIVATE: What client segments are you targeting in Zurich and elsewhere?*

**Staley:** We are positioned to meet the needs of high net worth investors who value a long-lasting relationship and portfolio performance based on targeted returns. We have a team in Zurich specialising in private wealth advisory

which focuses on the specific needs of very high net worth clients.

*PRIVATE: Do you have plans for expansion in Europe and the Middle East?*

**Staley:** Yes, Stanford is looking to expand in this region. As a next step, we intend to establish a location in London and two in the Middle East.

*PRIVATE: The Square Mile is rather beleaguered at the moment – that sounds like an anti-cyclical strategy.*

**Staley:** The first Stanford company was actually founded in the 1930s, in the midst of the Great Depression. Like his grandfather, Sir Allen sees opportunity where others do not. Aside from that, the current situation in terms of locations and staff is better than it has been for a long time.

*PRIVATE: Does that mean proven experts at reasonable wages?*

**Staley:** Yes, and I am confident that this will also be the case as we look to develop a Stanford company in London.

*PRIVATE: And do you have expansion plans for Zurich?*

**Staley:** We want to grow organically, and we are also looking into various acquisition opportunities. Prices of some target companies are very attractive right now.

*PRIVATE: Is that in private banking?*

**Staley:** Not exclusively; there are also some attractive independent asset managers and well positioned banks.

*PRIVATE: Are you going to stick with your core business or do you plan to move into investment banking at all?*

**Staley:** Stanford's core competence has always been and remains asset management. Stanford Group Company in the USA does have an institutional business with M&A and research, both of which are highly specialised and with a clear focus.

*PRIVATE: So does that make Stanford Group (Suisse) AG a true niche player?*

**Staley:** Absolutely. We focus on delivering value to our clients with the Stanford investment philosophy and our passion for delivering excellent service.

*PRIVATE: Have you been able to win many new clients recently?*

**Staley:** We are in the right place at the right time here in Zurich. Naturally, we and our clients are feeling the force of the stock-market losses. But because we offer clients an asset-management service based on the absolute-return principle, our performance is still in positive territory. We were not involved in any of the subprime business or fall-out. We have registered a very welcome inflow of net new money of late.

*PRIVATE: Are you also involved in hedge fund activities?*

**Staley:** We select hedge funds according to a rigorous selection process applying tough criteria and use selected funds as part of our portfolio-management strategy.

*PRIVATE: How much do your clients focus on returns?*

**Staley:** It goes without saying that our clients expect results, but they also demand good service. We are therefore in constant contact with our clients, and they place their trust in us.

*PRIVATE: So you offer your clients a very traditional model of service?*

**Staley:** We follow the high-tech, high-touch approach, i.e. a traditional service with the support of leading-edge technology. I don't think that clients' behaviour has changed: They still want and demand excellent service. That is as it always has been. Our clients are more than our friends; they are members of the Stanford family.

*PRIVATE: What consequences do you expect of the current financial crisis? Will clients demand greater transparency over certain products in future?*

**Staley:** Most definitely. Advisors selling such products in the future will have to understand this. In my view, simple instruments such as equities, bonds and cash will move back into favour, and possibly also some hedge funds.

*PRIVATE: Would you liken trends on the financial markets until recently to a kind of hyperinflation and the current state of affairs to ensuing deflation?*

**Staley:** That's a good way to look at it. We went through a credit bubble, and that has now burst.

*PRIVATE: That has made it harder to manage clients' assets, hasn't it?*

**Staley:** The tide is turning towards basic securities such as stocks and bonds, which can be seen as vindicating our disciplined investment process based on the absolute-return principle. Stability and security are the new buzzwords, and that too fits with our unique investment style.

*PRIVATE: Will some instruments disappear from the market altogether?*

**Staley:** Not immediately, but that will happen eventually.

*PRIVATE: Is sustainable investing the next megatrend?*

**Staley:** If not a megatrend, then it is certainly becoming an asset-allocation concept. We are interested in socially responsible investing and are looking into the best approach for delivering value in this area for interested clients.

*PRIVATE: Super high net worth individuals and institutional investors often have similar investment needs. Have you considered moving into institutional advisory?*

**Staley:** No. Although many super high net worth individuals have needs that are as multi-faceted as those of an "institution", they require very intensive personal support. That is not the case for institutional investors. The same thing is reflected in our philanthropic activities, which are highly valued by our private clients. They choose to come to us because they like our philosophy and commitment. If you ask a wealthy client what keeps him up at night, then the answer is much more likely to be his children or his philanthropic activities than his portfolio.

*PRIVATE: So the bond with your clients is what counts most?*

**Staley:** Yes, it's a critical factor.

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