

INTERVIEW: New UK Private Investment Office Bucks So-Called Consolidation Trend



Tom Burroughes
Group Editor in London

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With all the talk – and quite a lot of action – of how the wealth management industry is going through consolidation, it is easy to forget that while some firms are joining forces, there remain people who'd rather break free and set up on their own.

In the UK, there has been a flurry of marriages in the multi-family office space, notably the recent deal between Stonehage and Fleming Family & Partners, as well as the SandAire and Lord North Street union. (See [here](#) and [here](#).) As regulatory and other costs continue to mount, the thinking goes that this is a business that requires more scale to be viable. (Depending on the type and complexity, a family office, for example, can cost between 50-60 basis points of AuM to as high as 120 bps or even more, at least according to the type of figures WealthBriefing has seen.)

But just when people might have thought that the family/private office sector was being consolidated, a new UK kid on the block by the name of Lincoln Private Investment Office, started by a trio who used to work at German-headquartered Berenberg, has come along. As reported last week, the three individuals behind the venture are Ross Elder, Fred Hervey and Becky Robbins, holding the positions of managing partner, chief investment officer and chief operating officer respectively.

"There has been an incredible amount of consolidation in our sector and that is not slowing down; it creates opportunities for us," Elder told *WealthBriefing* in an interview following the launch announcement last week. He said that some clients did not want to be in businesses that had been taken over.

"We are building this business with a 20-year view... We are not building this business with the intention of being taken over at any stage," Elder said.

The idea of coming up with a private investment office has been gestating for some time. The thinking about the possibility of such a private investment office is something that Elder and his now-colleagues had engaged in for several years, with the shock events of 2008 driving views about the need for independent advice and robust arrangements to protect wealth.

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Experience

The experience of helping to set up a private client business at Berenberg was a useful experience for the Lincoln project, Elder said. Elder had been managing director and co-head of Berenberg Private Banking UK, which he launched and built into a successful and well respected business. Prior to that, he was a director at both HSBC Investment Management and Barclays Wealth where he ran one of the high net worth client teams. In the case of Robbins, she was previously head of operations at Berenberg Private Banking UK, where she built the platform and processes to support the London advisers. Prior to that role, she moved with her team from Credit Suisse to set up Jefferies Wealth Management in London. As for the third founder member, Hervey, he was previously managing director and co-head of Berenberg Private Banking UK, where he focused on delivering the investment solution to clients. Before that he ran a team of bankers advising clients at Barclays Wealth having started his career at James Capel Investment Management.

As for the Lincoln business, being a large player is not important, Elder said.

"Our aim is to be better not bigger than the established firms in the business," he said, citing such metrics as setting down a clear track record for investment performance.

"A very important element is that everyone who works in the business must have their own money invested in our core strategies," Elder continued. In other words, this is a firm where the main managers have to "eat their own cooking".

"Our only shareholders are clients of the business and we have no external shareholders trying to drive economies of scale. Our clients are predominantly entrepreneurs, financial professionals and sophisticated business owners," he said.

So far, Lincoln has more than 30 clients. The long-term strategy is that the firm will reach a size where managers can handle 35 clients – 50 will be the absolute limit.

Another target is that over the next six years, Lincoln aims to get up to £1.0 billion (\$1.56 billion) of assets under management, and hire gradually and selectively over that time. Elder said he and his colleagues are not in any rush.

If the reasoning that Elder provided for why a new PIO makes sense appeals to clients, then this is unlikely to be the last example of a team from a large bank deciding to set up their own shop. An example in a slightly different form is that of Plurimi, a London-based wealth boutique created by former Credit Suisse bankers. It appears that at the very time that some people are talking of “consolidation” and “scale”, others continue to see the benefits of “small is beautiful”. In its own way, these contradictory forces are what help make wealth management such a fascinating market.