



PRESS RELEASE

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Swiss private banks start to offload leaving clients' illiquid legacy investments

Multiplicity Partners, the Zurich-based specialist for distressed and illiquid investments, sees a strong acceleration of requests for secondary market exits by Swiss private banks looking to divest hard-to-transfer fund shares and other illiquid residual investment positions, typically stemming from clients terminating their relationship with the bank.

Roger Rüegg, founding partner of the firm, comments: "Since the beginning of 2014, we have seen a massive surge in residual portfolios and impaired positions being offered for sale by Swiss-based private banks and independent wealth managers. This seems to be the direct result of the tectonic shift in the cross-border tax environment that led to an acceleration of forced and voluntary closings of bank accounts by the banks' offshore clients. Often there remain investments such as private equity, hedge funds, Madoff funds or defunct structured products that can neither be transferred to other banks, nor be redeemed or easily sold due to their illiquidity."

Andres Hefti, partner at the firm, adds: "Our data shows that 80% of impaired investment positions at Swiss private banks are below USD 100'000. In the past, many clients who held such smaller impaired investments were offered only one solution to clean-up and close their bank account: a write-down of the position to zero and transfer to the bank's proprietary account as a form of donation. This practice is obviously exposed to a conflict of interest and usually no longer tolerated under modern compliance standards. Today, banks and wealth managers are well advised to use a specialist such as Multiplicity Partners to implement an exit strategy for impaired positions that is compliant and in the best interest of their clients."

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About Multiplicity Partners

Multiplicity Partners is an independent investment boutique that helps investors liquidating their illiquid and impaired investments. The firm provides advisory solutions such as secondary transaction management and valuations. Since 2009 the team has managed the wind-down of various illiquid and impaired portfolios with assets of more than USD 2 billion for clients such as institutional investors, private banks and fund-of-fund managers.