INVESTMENT INTELLIGENCE FOR THE FUND PROFESSIONAL
INVESTMENT EUROPE

For Christian Riemann of Global Investment Bridge, wealth management and fund selection involve understanding very different kinds of clients.

Christian Riemann's professional role is to help wealthy individuals and institutions manage assets largely through fund selection and direct alternative energy investments, and to advise them on their corporate finance.

He also assists private banks and other intermediary investors with these matters for their end-clients.

But as he expanded his client base from Germany in 2003, to Russia in 2006 and the Middle East in 2009, you sense Riemann has also become an 'investment anthropologist'. Along the way, in 2007, he and his business associates integrated their activities into Global Investment Bridge AG.

The nations it serves could hardly be more different to each other. Riemann says: "The regions are very different and distinct with respect to business culture, investment style, the emotional and cultural preferences of our customers, and the regulations for what can be done within the respective frameworks. Thus, products, processes and packaging vary considerably.“

Understanding

Riemann must understand each group's nuances. Such 'sociology' is a skill Riemann clearly enjoys practising. "It is clear that we can only offer best-in-class products that are very specific/particular. Communicating an investment honestly and unambiguously requires knowledge of cultures, since all investment products embody 'a promise' of a certain kind, which should subjectively not be broken with respect to the expectations behind it.

"When recommending funds, the [task] can have a lot to do with what I offer, of course, but also how I come across when I suggest it.

"We use different structures for each market, sometimes for each client. We visit all of our clients on a regular basis and discuss which structures we should use to accommodate a variety of issues, including risk tolerance and preferences, but also legal and tax reasons, to name a few."

Turning to national characters, Riemann begins with Russian investors. He moved to Moscow in 2007/2008, first to help Russians with M&A services – his background was managing large M&A transactions at Hitachi-Kokusai-Denki and Infineon Technologies.

Russian banks then started asking for advice on how best to prepare for regulation, such as Basel II, on risk management and private wealth management. “Investors wanted more services, and asked me more and more to help them manage assets, too”.

Global Investment Bridge’s Russian clientele is mainly institutional. He describes Russia’s national character as being “all about emotional attachment, so you cannot say you are their ‘business partner’ but also not a ‘friend’. For them, you have to be both. Russians will not do business with a fund manager who sits in London and flies in and introduces the product, before then flying back out.”

Russians are curious about new and sometimes complex investment ideas and strategies – so less straightforward strategies are not rejected a priori.

But the end-client must trust the person who runs, and recommends, the funds. Riemann says scepticism in this respect may well be justified, given “just how many fund disappointments there have been in the past years.

“A typical client in Russia has, say €3bn in assets under management. He would seek our proposal on the allocation of different products to build a portfolio of complementary strategies. We propose and place pre-selected investment products that we have previously licensed, and discuss the optimal solution with our client.”

Global Investment Bridge had a presence in Doha since 2009, and Riemann finds a different set of clients and requirements. Qataris are wealthy, but bring specific tastes to investing.

“They tend to like artefacts they can touch, and objects with a lot of prestige, and they are not so keen on abstract ideas. You have to package an investment in a way which reflects what they value, so they feel they should have it.”

Funds with obscure strategies or philosophies might therefore find less favour. Think instead of tangible, prestigious holdings. Precious metal investments are in demand – useful as potential stores of value insuring against inflation or financial market/economic crises – but landmark buildings, wrapped in a fund are also interesting.

In Qatar, Riemann says Global Investment Bridge’s business is “more about personal relationship than...products and services, however, initiative as to new business ideas is always welcome to our Qatar business partners”.

Homeland

In its homeland of Germany, Global Investment Bridge's primary areas of focus are private placements, new energy investment projects developed according to EU guidelines (wind and solar parks), and organising commercial real estate projects in central and Eastern Europe – both 'develop and sell' and 'buy and hold'. It seems a disparate group of activities, but there is a logic to combining them.

The owner of a German mid-sized business might have grown wealthy by exporting goods priced in cheap euros, and plans then to sell the family firm, and reinvest liquid wealth – or part of it – in non-correlated investments. At each point Global Investment Bridge can help.

Or they may simply look to invest more of their liquid wealth in areas quite different to their business – difficult in times of high correlation between assets. One option may be alternative energy investments, either packaged in funds or as private placements within the EU that offer subsidies and usually also tax advantages to the project owner, depending on his/her country of residence.

"Investors may look at this, as, for instance German government guarantees give between 7% and 9% returns on your investments, per year, before tax. If we can leverage the project, this can be substantially higher. You can take advantage of frameworks introduced by governments to redirect energy production away from fossil fuels. It is a huge opportunity for some investors and is in principle as safe as government bonds that pay close to zero interest, due to the state guarantees, though it is not that liquid."

'Greater safety through non-correlation' is a strong theme for Riemann. "If an investor had a time horizon of five to ten years since 2000, they could, as equity holders in most markets, have lost 50% to 80% of their money, twice. You definitely do not want that, because the market has to go up by a huge amount – 100% in the case of a 50% decline – to make back your money.

As global shares fell by 10.1% in 2011, many active traditional equity managers lost value. Riemann says: "The question for managers is always, 'can you beat the average over the long term?'. If they have showed over several years they have outperformed the market, of course we can consider it, but it all depends on the client.

"If not, we may as well take an ETF. If you take a strategy and combine it with ETFs, for instance trend analysis, you can beat the average, because you are forced into a disciplined approach and the costs are comparatively low."