

**London-based Vestra was founded during the uncertainty of the financial crisis, but overcame early challenges and is now bringing its 'your wealth' ethos to Jersey**

# An obsession with service

BY HELEN BURGGRAF

One of the most frustrating things about launching a company in the second half of 2007 was that all the good names had already been taken.

So says managing partner David Scott, who recalls trawling through Latin-English and Greek-English dictionaries with his colleagues when setting up the upmarket London-based wealth management company now known as Vestra Wealth.

"We wanted a name that meant something," Scott explains. "But by that time [2007], the hedge funds had taken all of the best Greek names that had meanings like "trust" and "fidelity".

Fortunately for Scott, *vestra* – which means "your" in Latin, along the lines of the modern-day Italian word *vostra* – was still available.

"For me, Vestra Wealth – your wealth – worked perfectly, because the whole rationale for setting up Vestra was that it would focus on providing to its clients what they wanted for

themselves," the 47-year-old Ulsterman says.

Two-and-a-bit years later, Vestra Wealth has become a well-known name in certain circles, in spite of the company's lack of advertising, for doing just that: helping clients manage their own wealth.

## ■ HNW client base

It specialises in catering to a high net worth and UHNW clientele of mostly City of London-based financial services industry professionals, many of whom arrive on its Cornhill doorstep – directly opposite the Bank of England – with fairly set ideas about how they want their money managed.

While generally knowledgeable about investing, what these clients typically lack, Scott says, is the time and, in matters of structuring and in some cases execution, the expertise to do it themselves.

"They will say things like 'Oh, I want to be in Asia, can you find me the best way of doing that?'" Scott explains, seated

by a window in Vestra's offices opposite the BoE's darkly sombre and massive facade.

"So we will have a conversation about how they might want to get that exposure, for example, through a Chinese fund, a Hong Kong fund, or UK or US equities that benefit from Asian growth, or by buying commodities," says Scott, an ex-UBS managing director (about which more later).

As its pricey City offices suggest, Vestra is not your average two-year-old wealth manager.

For one thing, Goldman Sachs has a minority stake in the business. Then there is its high-powered investment advisory board, which includes former Tony Blair economic adviser Derek Scott; ex-JP Morgan Asset Management managing director Hendrik van Riel; and Prince Rupert zu Lowenstein, a merchant banker known best to many Baby Boom rock fans for having advised the Rolling Stones.

As this issue of *International Adviser* was

going to press, Scott and his Vestra associates were putting the finishing touches on their new, wholly-owned Jersey operation, which will have offices in Queen Street, St Helier and be headed up by Heather Tibbo and Paul Pollard. Both are partners in London but will move to Jersey, where they will be company directors.

## ■ Offshore experience

Vestra has had to provide specialist offshore services from day one, Scott explains, because many of its clients lead relatively complicated cross-border lives in the way even moderately wealthy people often do, with offshore assets and properties, non-domiciled partners, multiple nationalities and similar complications.

Until now, Vestra outsourced such services in Jersey, which has worked well, Scott says. But now he believes the time has come to bring these operations in-house. "It was just one of those sort of natural progressions," he explains



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of the decision to open a Jersey office.

“As time goes on, we are finding more of our clients are either international or non-domiciled, or they have non-domiciled partners, or they are entrepreneurs who may have something offshore.

“When we launched Vestra, we could have outsourced parts of our business in the UK, but didn’t because of our commitment and belief in service.

“We could not have done that in Jersey from the beginning. But now it makes sense. One of our partners, Heather Tibbo, is originally from Jersey, and is the ideal person to be involved with this project.”

**■ Calm after the storm**

As one gets to know Scott during the course of an hour-long interview, it becomes clear that even with £1.8bn entrusted to his company to manage, and the weight of general concerns having to do with the Jersey office launch, he is in fact just beginning to catch his breath from the trauma of some pretty stormy times that surrounded and coincided with Vestra’s launch.

The global financial crisis, for example, which picked up speed in the summer of 2008 and took off with the collapse of Lehman Brothers that September, could hardly have coincided more closely with the opening of Vestra’s doors.

But for Scott and his partners in the business at that time – including Ben Snee, Matthew Evans, Neil Pedley and Duncan Carmichael-Jack – there was also the awkward matter of a court case brought by Scott’s former employer,

Swiss bank UBS, which was aimed at preventing Vestra from poaching more of its staff than it already had at that point.

**■ UBS court drama**

Scott had begun working for UBS’s London operation in 2004, after it acquired Scott Goodman Harris, the London-based advisory business for HNWIs he had founded in 1998 with partners Julian Goodman and Philip Harris.

He was managing director of UBS in London in April 2007 when he decided to leave, because, he says, he disliked what he felt was steadily growing pressure to sell the bank’s products to his clients. He stresses, though, that the departure initially had been amiable.

“I just wanted freedom,” he says. “I said to them [UBS], ‘look, it doesn’t work for me any longer, but let’s be sensible and grown up about this’. I wasn’t trying to take anybody with me. At that time, I had no business to take anyone to.”

By 4 Aug, 2008, though, when a UK High Court judge granted UBS a court order to prevent Scott, four other former UBS employees and Vestra Wealth from approaching any UBS clients or employees about joining the firm, 75 people had quit the Swiss banking giant to join Vestra, which at that point was just in the process of formally opening its doors to clients for the first time.

The hoo-ha eventually was settled out of court, and although Scott winces at the mention of it today, he admits that the publicity actually probably helped.

“I remember when the first headlines in the Times came out. We had three

phone calls that day from people who had recently sold their businesses [and were looking to invest the proceeds].

“One of them flew down the next day, saying, ‘well, if you have the nerve to take on the Big One, then I’d like to come and see what you are about’.”

A few months later, after some of the world’s biggest banks had either collapsed or were in the process of being bailed out by governments in a desperate effort to keep the world’s financial infrastructure from imploding, Vestra – with its lack of an opaque and debt-laden legacy business to weigh it down – stood out like a healthy sapling in a forest full of battered and diseased oaks.

**■ The blank slate**

Scott says this “blank slate” of a reputation is a tremendous advantage, but also a responsibility, particularly as the company sets out on the international stage, where regulation across borders is ineffective or non-existent, and reputation for this reason all the more crucial.

“With the international business, we want to take a very clean, strong approach, and say we will only deal with people who are, for example, offshore only for legitimate tax reasons.

“Because we do not have a brand that has been around for 200 years, we will live or die by the reputation we create for ourselves now. [So] I am paranoid about it.”

Because Scott founded Vestra in part because of his determination to be truly independent, he says he is hesitant to offer many

**IA FACT FILE**

**Founded:** June 2007, opened for business in 2008

**Assets under advice:** £1.8bn (up from £1bn a year ago)

**No of employees:** 143

**No of clients:** About 2,500

**Locations:** London, Jersey

products, and says Vestra has none of its own.

**■ Vestra’s philosophy**

“We will use an offshore bond because it is really a tax wrapper. But it is not one of ours, but one from one of the major insurance companies.

“Occasionally some of the smaller, bespoke unit trusts will ask us to be involved in managing their funds, which we are happy to do in the right circumstances. But it would not be a product that we would then go out and sell.”

In recent weeks, the fee structure of wealth management organisations has been a hot topic in the UK financial press, fuelled in part by comments by hedge fund manager Crispin Odey, and press reports that have highlighted growing investor appetite for lower fees and more fee transparency.

Scott says Vestra’s approach is to be “totally transparent on fees”, and says he regards the ideal remuneration model to be “an all-inclusive fee, which is a percentage of the portfolio”, with any commissions or other monies being rebated to the client.

“The client needs to clearly understand the fees they are paying us for the service. It is then up to them to decide if the fee matches the service they are getting.”

**IA KEY POINTS**

Vestra is marking its second year as a trading entity with the opening of an office in Jersey, where it will look after the sometimes complex offshore interests of its HNW and UHNW clients.

Goldman Sachs has a minority stake in the business, as do 40 of the company’s employees, who are equity partners; its high-powered investment advisory board includes former Tony Blair economic adviser Derek Scott and ex-JP Morgan Asset Management MD Hendrik van Riel.

Vestra’s character as a business reflects that of feisty founder and managing partner David Scott, a Northern Irishman with firm ideas about how businesses should – and should not – look after their clients.