

Independence and “Independence”: How to Tell the Difference?

In the Swiss wealth management landscape, two concepts are often highlighted to reassure both current and prospective clients: images of mountains to illustrate the “Swissness” of the institution in question, and the usual discourse on solidity, sustainability, and long-term vision. But above all, there is one value that features prominently across countless institutions: **independence**.

The same related claims are found on websites and brochures: “at the service of our clients, absence of conflicts of interest, your satisfaction is ours.”

Yet this uniform appearance conceals very different realities, ones that investors must better understand in order to make conscious, informed choices.

Indeed, independence is frequently claimed but rarely fully practiced. According to a recent study by the VZ Wealth Management Center, cited by the *Tribune de Genève*, **63.5% of portfolios within private banks consist of in-house products**, whose commissions inflate margins at the expense of clients' actual performance.

These costs, often hidden, can erode long-term net returns. Estimates show that clients may pay up to 3% annually in direct and indirect management fees, or even more.

In fact, to offset difficulties in attracting net new money, or simply to cover the rising costs of regulation, many wealth management institutions have diversified in recent years into asset management or the issuance of certificates and various structured products.

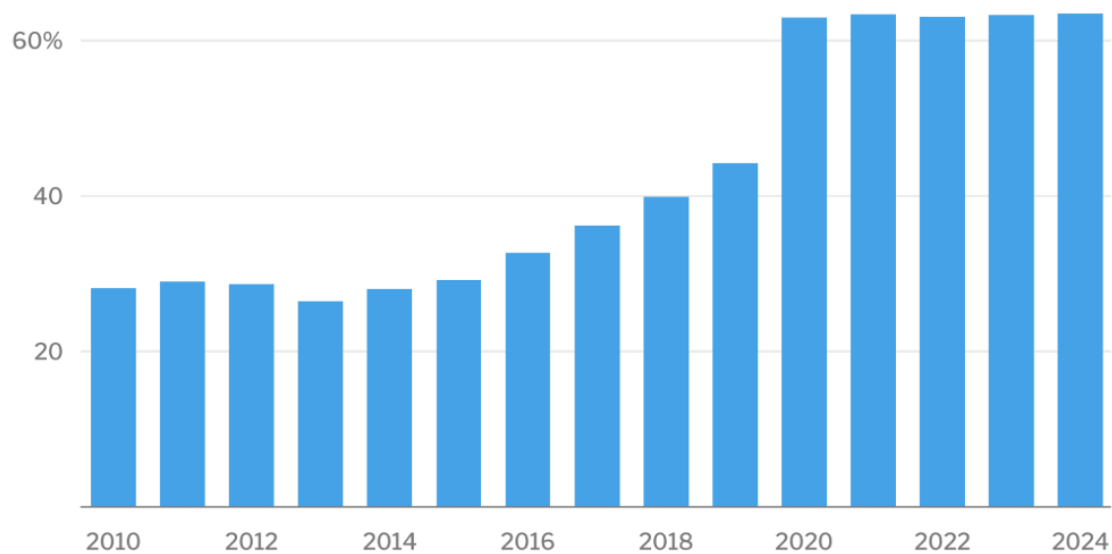
These so-called “in-house” products are prominently listed among the approved funds from which portfolio managers can freely select, in full “independence,” to make the best possible choices for their clients.

MIFID regulation has improved transparency around such practices and eradicated the most blatant conflicts of interest. But it has by no means eliminated all grey areas. Retrocessions have often simply been replaced by virtual management fees on “in-house” products that are, in reality, managed by external providers. On what selection principles are these in-house funds automatically approved at the same level as external funds that undergo rigorous analysis? The question becomes even more



pertinent when considering that, according to the same VZ study, nearly three-quarters of actively managed Swiss equity funds underperformed passive products over five years.

Evolution of the bank proprietary products share compared to the overall size of the portfolio



Graphique: ki; Source: Centre de gestion de fortune VZ

Faced with this reality, **Selvi & Cie has made different choices**. Independence is not a label, but a concrete commitment: we are not tied to any proprietary product, we manage no “in-house” funds, and we receive no retrocessions. The absence of conflicts of interest is therefore complete. This positioning allows us to align our interests solely with those of our clients: optimizing their net performance, rather than serving internal commercial objectives.

We structure our approach around three key principles:

Transparent pricing: Every cost is explained, detailed, and justified. We favor simple structures—for example, fees based solely on assets under management, without hidden charges or incomprehensible variable commissions.



Neutral advice: Our recommendations are never biased by commercial ties. We select the most appropriate products for each situation, whether low-cost index funds (ETFs) or targeted active approaches—but always in the client's interest, not that of distribution networks.

Net performance optimization: Where many overlook the cumulative impact of fees, we place it at the heart of our wealth management thinking. Reducing fees by even a few dozen basis points can, over the long term, represent several percentage points of additional performance.

In a market where wealth management remains too often tied to internal distribution, **Selvi & Cie embodies true independence**, strengthened by the absence of proprietary structures: our decisions favor no third party but aim solely to protect and grow each client's wealth over time.

So yes, independence is often claimed. But **independence truly lived without retrocessions or in-house products is the commitment we make at Selvi & Cie, for you and with you.**



Laurent Selvi, CEO, Selvi & Cie SA.