



Portrait

LGT Group

“Focus, continuity, global perspective and the fact that clients, the owner family and employees invest using the same strategy have helped us to refine our investment expertise.”

H.S.H. Prince Max von und zu Liechtenstein, CEO LGT Group

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“Good diversification of our assets has helped us time and again to weather major political and economic turmoil. ”

H.S.H. Prince Philipp von und zu Liechtenstein, Chairman LGT Group

Partner for generations

Dear Client

The financial services industry – driven by the financial and debt crisis – is undergoing fundamental change. Traditional values such as security, competence and integrity are regaining their importance and acquiring a new immediacy. They have always distinguished our bank and characterized LGT's long-term perspective and clear identity.

In the following pages you can find out how we live up to these values and how we implement them for you and your assets. As your partner for generations.

We look forward to working with you.



H.S.H. Prince Philipp von und zu Liechtenstein
Chairman LGT Group



H.S.H. Prince Max von und zu Liechtenstein
CEO LGT Group



H.S.H. Prince Philipp von und zu Liechtenstein (left) and
H.S.H. Prince Max von und zu Liechtenstein (right)

LGT at a glance

LGT Group is the largest Private Banking and Asset Management group in the world that is wholly-owned by an entrepreneurial family.

As the family office of the Princely Family of Liechtenstein, we possess extensive experience in the management of family assets. We also use this expertise to work out and implement solutions for your assets. In doing so, we combine tried and tested services in private banking and asset management with supplementary offerings such as philanthropy and fine art advice.

Our services for you

LGT Private Banking

Personal and comprehensive service and care for private clients

- Investment advice and wealth management
- Loans and financing
- Philanthropy
- Fine art advice

LGT Asset Management

Investment management for institutional clients and public funds

- Global selection of successful investment managers
- Formulation and optimization of investment strategies
- Development and realization of investment processes, products and solutions

Princely Family as the owner

As an entrepreneurial family, the Princely Family of Liechtenstein has personally owned and managed LGT for over 80 years – which these days is a truly unique constellation, even among private banks. The special ownership structure leads to an entrepreneurial understanding and conduct that shapes the strategy, operational business, balance sheet and culture of LGT.

Long-term strategy and corporate philosophy

The private and simple ownership structure of LGT also allows us to pursue a long-term corporate strategy, while making decisions rapidly and independently. Underpinning our business activity is a forward-looking, holistic approach to the way we think and act. We are constantly striving for even better solutions and processes and this helps us in refining our products and services. We do not seek to optimize short-term profits, but rather endeavor to achieve long-term investment success based on a prudent, balanced and sustainable level of risk. We attach importance to aligning the interests of LGT and its staff with those of our clients as far as possible. As a result, besides the owner family, many members of the management team invest significant amounts of their own capital in the same investment programs as our clients.

Conservative balance sheet

LGT has a healthy balance sheet, a high level of liquidity and a solid capitalization. Its equity capital is well above the legal requirements and reflects the financial soundness of our company in international comparison. We are one of the world's few internationally active private banks to have our creditworthiness rated by such prestigious, independent rating agencies as Standard & Poor's (S&P) and Moody's. In 2012 S&P wrote in its report that in the last few years LGT has successfully adapted to the new challenges in the private banking business. The rating agency awarded us a high credit rating from both a short-term and long-term perspective.

Inspired staff to inspire our clients

We want our staff's competence, dedication and integrity to inspire our clients. We therefore attach particular importance to developing the personality of our employees – in the certain knowledge that it takes more than just professional competence to fulfill the needs of our clients. For more than 15 years, the Liechtenstein Academy has supported our employees and provided them with effective guidance for their own development. For example, at the "Personality Academy" we foster our employees' emotional and social skills as well as their mental fitness. Since 2012 the holistic programs offered by the Liechtenstein Academy have also been available to clients, both companies and families.

International platforms – strong local presence

We invest with a global perspective and in close collaboration with the world's leading investment specialists. Besides our asset management headquarters in Switzerland, we also have offices in the key financial centers – London, New York, Singapore, Hong Kong, Tokyo, Beijing and Dubai.

We offer our private clients five booking centers, which they can utilize independently of their place of residence. Irrespective of whether you are in Austria, Switzerland, Liechtenstein, Hong Kong or Singapore, we have a strong local presence to take care of you. Throughout the LGT Group we employ around 1800 persons at more than 20 locations in Europe, Asia, America and in the Middle East. Since December 2012, we have also been operating in Dubai with LGT (Middle East) Ltd. From here we look after private banking clients in the Gulf region, the eastern Mediterranean, Turkey, Africa and South-East Asia.

Offering the next generation the same possibilities

H.S.H. Prince Philipp von und zu Liechtenstein and H.S.H. Prince Max von und zu Liechtenstein talk about sustainability and the principles of successful investing.

You are both members of a successful and wealthy entrepreneurial family. Your family manages LGT Group, but also other companies, for example the largest seed manufacturer in North America. You manage agricultural estates and real estate and you own one of the most important private art collections in the world. What does such wealth mean to you?

H.S.H. Prince Philipp von und zu Liechtenstein believes family governance forms an important foundation for preserving family assets.



H.S.H. Prince Philipp: Well firstly, wealth means that one has the resources to do something. Primarily, that is a challenge but also a motivation and an obligation to utilize the possibilities that are associated with wealth in a constructive manner. We are a large family. Some family members are active in business, others in politics, the academic world or in other areas – there are no restrictions. What really counts is that each family member utilizes the potential of our and his wealth in a positive way.

H.S.H. Prince Max: It helps to set clear goals in life and then to consider how one can use wealth to reach those goals. Over many centuries, our family has actively participated in politics, business and social projects. We want to preserve the possibility for future generations also to make a positive contribution in

“Families should clearly and explicitly regulate such important financial issues as succession, inheritance and beneficial use in so-called family governance agreements.”

H.S.H. Prince Philipp von und zu Liechtenstein

all these areas. In the meantime, sustainability has become a blanket term. In essence, however, it involves offering the next generations the same possibilities that oneself has enjoyed. And here I'm referring not only to one's own family but also to society and the environment as a whole.

You also apply these considerations to your financial assets. Your family entrusts the management of a large portion of its wealth to LGT. What principles apply here?

H.S.H. Prince Max: We invest with a long-term horizon and apply an extremely disciplined approach to capital investments. We are firmly convinced that risk should be sensibly diversified,



H.S.H. Prince Max von und zu Liechtenstein advocates a long-term approach to investing.

that means not putting all one's eggs in one basket. The financial markets react emotionally and are only efficient to a certain extent. Investors can exploit such inefficiencies, if they possess the appropriate expertise. Consequently, we try to identify the leading asset manager for each asset class and each investment instrument, irrespective of whether that person works in our bank, or is an external manager and receives a mandate from us. Of course, we are not always successful. But it is important to learn from mistakes and take the necessary consequences. If I consider the long-term investment performance of our own assets, then I have to say: by and large we've done a pretty good job.

Investment success also depends on being able to correctly anticipate the most important trends. Which trends do you think will be most important for investors in the medium to long-term future?

H.S.H. Prince Max: One important trend that is still gaining a great deal of momentum is the global shifting of economic power from the West to the East and the corresponding upturn in Asia. We saw this trend coming at a very early stage. Today, around a third of our staff work in Asia. In Hong Kong and Singapore, we have two attractive platforms in this growth region, which will continue to be important for investors. Another trend is the increasing polarization of society in our Western democracies. This trend is being exacerbated by the current economic crisis. This is not only dangerous for society, it could also lead to disruptions on the financial markets.

H.S.H. Prince Philipp: Another pressing issue could be inflation. Unfortunately, it has to be expected that the public debt, which has piled up in many countries, will be reduced either via inflation or, even worse, by imposing restrictions over the power of disposal of private wealth. As keywords here I can mention capital export restrictions or compulsory loans. Against this backdrop, one should diversify into tangible assets and examine what portions of one's wealth should be sensibly placed in countries with a high degree of legal certainty and solid public finances – countries such as Switzerland and Liechtenstein.

“Today, our expertise in traditional and alternative investments has attained a scope and depth, which is almost unique in our industry.”

H.S.H. Prince Max von und zu Liechtenstein

LGT serves as the family office for the Princely Family. How do your clients benefit from this special constellation?

H.S.H. Prince Philipp: Families should clearly and explicitly regulate such important financial issues as succession, inheritance and beneficial use in so-called family governance agreements. For this purpose, we offer exclusive platforms at which families and their advisors can exchange views and ideas on such questions. Time and again, I've noted how immensely valuable this exchange is for all participants, including us.

H.S.H. Prince Max: We have, in the meantime, become a large multi-family office with a clear focus on wealth management. Today, our expertise in traditional and alternative investments has attained a scope and depth, which is almost unique in our industry. Other families and investors can benefit from this experience by either investing in the same strategy as the Princely Family, or using this as a benchmark. They can also take advantage of specific areas of our expertise. ♦

H.S.H. Prince Philipp von und zu Liechtenstein, born in 1946, has been Chairman of LGT Group since 2001.

H.S.H. Prince Max von und zu Liechtenstein, born in 1969, has been CEO of LGT Group since 2006.

Personal private banking

For us, trust and a long-term approach together with personal advice and high-quality asset management are the key elements of a lasting partnership with you, our clients.

This philosophy is reflected in the results of our client surveys that we carry out regularly: "I appreciate the very personal advice provided to me by the same advisor for over ten years", as one client summarized his long experience with LGT. In addition, positive ratings are continually given to the relationship with the adviser based on trust, our knowledge of client requirements, and the individual investment proposals that are provided.

Award as the leading international private bank

Our advisory services are continually assessed by independent experts. We are happy to undergo such tests because they confirm the quality of our work and act as an incentive for us. The testers of the "Fuchsbriefe" and "Elite Report" regularly select us as one of the best asset managers in the German-speaking region and for over a decade have given us top ratings for our products and services. In their journal "The Elite of Asset

Managers 2013", the editors of the Elite Report stated: "As the only global – and at that very successful – asset manager in Liechtenstein LGT, owned by the Princely Family, is a reliable bank for internationally-oriented clients." LGT is an attractive, forward-looking partner for institutional clients and high net worth individuals, the report continues. In its assessment the "Fuchsbriefe" highlights the outstanding quality of the advisory service provided by LGT: "Top in advisory services and top in investment proposals."

Comprehensive investment advice and asset management

We always seek out the best solutions for you from the entire investment universe and provide you with neutral advice. Your relationship manager is your direct contact person, and if necessary he can call in other experts from LGT Group or from our international network. If you decide in favor of a portfolio management mandate, we invest your assets in line with the investment strategy formulated with you and in accordance with your risk propensity and tolerance. We talk to you in person and prepare regular, detailed reports to keep you informed about the performance of your assets.

Financing and loans

Our LGT Private Banking Mortgage offers you an exclusive financing facility for your residential property. If you have a short-term financing requirement but do not wish to sell assets to cover it, a Lombard loan against the pledging of a custody account offers you a low-interest, simple solution. The loan amount depends on the collateral value of the pledged securities.

Fine art advice

For centuries, the Princes of Liechtenstein have been passionate collectors of works of art. Consequently, the Princely Collections have now become one of the most important private art collections in the world. If you wish to purchase or sell a work of art, we will be pleased to put you in contact with art experts.

LGT Venture Philanthropy

We are convinced that wealth and entrepreneurial activity should be matched by a broad social responsibility, which we want to actively support and participate in. LGT Venture Philanthropy was founded in 2007 on the initiative of H.S.H. Prince Max von und zu Liechtenstein and worldwide supports some 30

organizations in Latin America, Africa, India, South-East Asia and in Europe and China to improve the quality of life of less advantaged people. To this end, it invests up to USD 10 million in each of the chosen organizations. In addition to financial support, LGT Venture Philanthropy provides partner organizations with access to important investors and networks and advises them on business issues. Just like the Princely House of Liechtenstein, you too can make donations to selected organizations making a great social and environmental impact.

Experience philanthropy

At the "House of Philanthropy Solutions" in Zurich, you can experience philanthropy with your senses. You can see, hear and touch innovative solutions, which organizations that we support have developed. In a unique exhibition, you can experience interactive "Solution Globes" on seven different topics: education, water, health, nutrition, renewable energy, resource management and markets for social investments.

A city of global citizens

Although LGT has European roots, in Asia it is regarded as an international bank with very strong regional ties. A discussion with Henri Leimer and Vicky Wong of LGT Asia, who epitomize this versatility.

After beginning his career at a large Swiss bank in Europe, Henri Leimer was ready for the challenges of the world of international finance. He received offers in the financial centers of London and New York – but after his first visit to Asia, this

“I found all of that at LGT, with its unique ownership structure, convincing advisory approach and desire to establish long-term partnerships with our clients.”

Vicky Wong

young banker knew where he wanted to continue his career: “My wife had suggested back then that we should take a holiday in Asia, so we visited Singapore and Hong Kong. We immediately fell in love with Asia, its culture, its people, and its way of life.” His employer at the time had a vacancy in Hong Kong for a portfolio manager, and the decision to move there was quickly made. Four years later, when the opportunity came up to work for LGT’s Hong Kong representative office, he took it straight away. Today, 22 years later, Henri Leimer is the CEO of LGT Asia.

The former representative office that had just 15 employees has now become one of the most successful private banks in the region, with a staff of 300 in Hong Kong and Singapore.

Appeals to the best talent

LGT Asia enjoys an excellent reputation, in part because it succeeds in attracting the best and most talented staff in the region. One example is the well respected investment team built up in Hong Kong and Singapore by Tony Stanton, Head of Investment Services at LGT. And there is Vicky Wong, who spent over ten years working for a leading American bank and moved to LGT in 2011 as the Head of Key Client Solutions: “I wanted to work for a smaller bank with an exceptional selling proposition and a long term commitment to Asia,” she explains. “I found all of that at LGT, with its unique ownership structure, convincing advisory approach and desire to establish long-term partnerships with our clients.”



Work and life in their favorite city: Vicky Wong and Henri Leimer in Hong Kong.

Vicky Wong was born in Hong Kong, but the fact that she lives and works here is not a matter of course. When she was five years old, she emigrated to Canada with her parents. Growing up, she never thought she would return to Hong Kong – until she received a job offer in 1996. “I’ve lived here again since then, ironically, only three streets away from the childhood home that my parents left in order to provide me with a better perspective for the future.” What Vicky Wong loves most about her job are the intellectual challenges and the many different contacts with interesting people. She is a lawyer by training,

and takes care of the bank's largest and most discerning clients. "We offer our clients the services of a family office and support them not only in connection with investments, but also in all related areas such as structuring and succession planning, implementation of philanthropic commitments, and even providing advice for those who wish to relocate to another country." And what is particularly important: "We provide neutral, unbiased advice. We don't focus on promoting products or organizations, but rather, we try to design the best, tailor-made solution for each client."



City of stark contrasts

Henri Leimer and his wife have never regretted their decision to move to Asia. Both of them appreciate the extreme contrasts that Hong Kong offers: a life in a pulsating world city, dynamic, exciting and full of variety all at the same time, but also with quiet spots in areas far from the hurly-burly of big city life.

As was the case with Vicky Wong, the Leimers' three children were born in Hong Kong. "If you ask them, they will tell you that they are locals," says Henri Leimer. "The great thing about this

city is that the kids who grow up here become true global citizens." And, in this way, LGT Asia is also a citizen of the world: "Our clients really appreciate that although we have European roots, we also have very strong regional ties and our bank's important functions are locally operated. This enables us to act quickly and in a distinctly client-focused manner – exactly as our Asian clients expect from us. In other respects, the expectations that our Asian clients have of a private bank are not much different from those of clients in Europe. Asian clients, too, want to entrust their assets to a reliable and trustworthy institution which understands their specific needs," says Henri Leimer. A large number of clients are conservative in investment matters and take a long-term perspective – precisely the values that LGT represents.

Respect for the family

Vicky Wong has a similar view: "Many of our clients are entrepreneurs and really appreciate the fact that LGT is family-owned and managed." That aligns very well with Asian tradition, which shows great respect for family legacies. "Being wholly owned by the Princely House also gives LGT the advantage of efficiency, due to its simple ownership structure. This enables us to implement agreed strategies in a timely and efficient manner," she adds.

Henri Leimer and Vicky Wong agree on another point: even though tiny Liechtenstein may be very far away, and LGT may be small in comparison with the large multi-national banking

"Our clients really appreciate that although we have European roots, we also have very strong regional ties and our bank's important functions are locally operated."

Henri Leimer

groups, thanks to its unique offering, its cosmopolitan employees and its entrepreneurial approach to client mandates, LGT is a success story in Asian private banking – this has been true for more than 25 years, and will surely also be true in the future. ♦

Henri Leimer, born in 1956, is the CEO of LGT Asia and the Chairman of its Executive Board. He grew up in Liechtenstein, and remains today very closely connected to the Principality. He has guided the development of LGT in Asia for nearly 20 years – a period that this passionate golfer describes as "a wonderful journey."

Vicky Wong, born in 1967, has been the Head of Key Client Solutions and Member of the Executive Board at LGT Asia since 2011. She was born in Hong Kong and grew up in Canada. An ardent long distance runner, she returned to the city of her birth in 1996 on account of the many professional opportunities that Asia offers.

Outstanding asset management

Successful investing over many years requires stability, competence and discipline. Our ownership structure and our long-term strategy provide the foundation for our stability. Our expertise and discipline are based on the quality and experience of our management and of our around 300 staff in Europe, Asia and America.

Institutional clients from over 30 countries and private investors in our funds place their trust in the investment expertise we have built up over decades. Our investment strategies are inspired by the investment philosophy of the Princely House, which is characterized by its systematic diversification across various asset classes, and which is based on the endowment funds of the leading US universities.

Asset allocation

The core element of our investment philosophy is the disciplined asset allocation across the full spectrum of all asset classes and the permanent risk monitoring of the portfolio. Using a tried and tested system for risk management and portfolio structuring, we analyze different scenarios which then form the basis for taking investment decisions.

Access to the best managers worldwide

In fulfilling our goal of finding the best possible investments for your assets, we utilize a sophisticated manager selection process based on a thorough analysis of qualitative and quantitative factors. Thanks to our global network and our business presence in all the key financial centers, we can provide you with access to the best investment managers worldwide.

Alternative investments

Alternative investment categories, such as private equity, hedge funds, commodities and insurance linked securities, frequently offer interesting risk-adjusted returns and excellent diversification possibilities for private and institutional investors. LGT is a leading global provider of multi-alternative solutions. We manage assets of over USD 40 billion for a client base of more than 400 pension funds, insurance companies, sovereign wealth funds, banks, foundations and family offices.

Your own family office

Our owner family uses the LGT Asset Management division as a family office for its financial investments. As a private client, you have the possibility of investing your assets according to the same strategy as the Princely Family. Depending on your personal investment horizon and risk tolerance, you can invest in a strategy comparable with the "Princely Portfolio", or combine individual elements of the strategy to form a made-to-measure investment solution.

Outstanding investment expertise

LGT services and products in both traditional and alternative investment categories regularly receive recognition. In 2012, for example, Morningstar and Lipper, fund rating agencies, selected us as the best fund company in Switzerland in the "Mixed Funds" category. LGT funds' excellent risk-adjusted returns across a broad range of products was the decisive factor for this recognition. In the area of alternative investments, we were selected as the best provider in the European Fund of Hedge Funds Awards 2012, as well as in the Asset Asia Awards 2012, and the Asian Investor Performance Awards 2012.



“When investing we take a long-term perspective and practice an extremely disciplined approach.”

H.S.H. Prince Max von und zu Liechtenstein, CEO LGT Group

Investing in the right entrepreneurs

Private equity funds invest in unlisted companies. They can generate attractive returns for investors – but only when the right fund manager is chosen.

Entrepreneurship, financial, business and industry expertise, years of experience, the much-cited “good nose” and an excellent network: private equity fund managers require a combination of very varied skills to be successful. The mainly small to medium-sized companies in which they invest are much less transparent than those traded on the stock exchange. It is, therefore, not surprising that the differences in performance between the best and worst private equity funds are much greater than those of classic share or bond investment funds.

Identifying and investing in the best private equity funds isn't easy. The industry is tight-lipped and successful fund managers generally only accept carefully selected large investors. Minimum investment amounts are extremely high and investment periods can be ten years or more. The most sensible form of

investment for most investors is, therefore, widely diversified private equity funds of funds, managed by specialists in the industry, i.e. funds that invest in private equity funds themselves.

Identifying the best teams

Cem Meric knows the peculiarities of private equity investments. He works in the Private Equity division at LGT, one of the world's leading providers of private equity funds of funds. Together with his colleague Thomas Cooper, he is responsible for identifying the best European private equity teams and monitoring their performance as well as the risks on an ongoing basis. In addition to analyzing entrepreneurial strategies and performance figures, they hold countless meetings with private equity teams, CEOs and other market players. According to Meric, you need a good deal of knowledge of human nature and experience to assess the



Hunting for the best private equity funds: Cem Meric (left) and Thomas Cooper (right).

quality of a private equity team correctly: “To be successful in this industry you don’t just have to perform exceptionally, you also have to be better than average at selling yourself. Our job is to look behind the facade of what might be a slick sales presentation and ask the right questions to filter out the crucial points.”

Meriç, who speaks fluent English, French and Turkish, studied finance at IEP Strasbourg. He then gained his first professional experience in the areas of Mergers & Acquisitions and Private Equity. When he joined LGT in 2001, he was only the eighth member of staff in the Private Equity division. Today, following twelve years of rapid growth, there are about 100. Thomas Cooper has been there almost as long. The Liechtensteiner with American roots joined in 2002 as an investment controller after studying business administration. After just three years he moved into the Investment team, where he now works closely with Meriç.

Entrepreneurial and performance-oriented

The culture in the Private Equity division is extremely performance-oriented and entrepreneurial, but remains a friendly environment despite the rapid growth. New employees need to bring more than an above-average performance record; they must be able to fit into the team. This ensures stability which is important in this business. As part of this performance culture each employee invests some of his annual remuneration into LGT fund solutions. “We are in the same boat as our clients and pursue the same objectives”, is how Cooper sums it up.

**“We are in the same boat
as our clients and pursue
the same objectives.”**

Thomas Cooper

One of the most important clients is the Princely Family of Liechtenstein, a substantial part of whose financial assets is managed by LGT. The Princely Portfolio is geared to the long term and a significant part of it is invested in alternative investments such as hedge funds and private equity. Private investors

are able to invest in exactly the same investment strategy as the Princely Family and hence invest comparatively small amounts in alternative investments that are normally reserved for large investors.

Fundamental change in the industry

Private equity funds have sometimes been described as “locusts” that ruthlessly squeeze the companies they buy. As far as Meriç is concerned, this accusation was in part justified in the early days of private equity. However, the industry has moved on. Today it involves awakening the potential that lies dormant in many companies and accelerating growth. If a struggling company has a positive future again the employees benefit too. Cooper is of the same opinion: “I believe that today private equity makes a significant contribution to the development of small and medium-sized businesses and has thus become an important engine of the economy.” ♦



A well-established team: Thomas Cooper (left) and Cem Meriç (right).

Lucrative business model

You buy a company with dormant potential, get it into shape using targeted strategic and operational measures and then resell it – at a higher price: in very simple terms this is the private equity business model. The companies involved are generally unlisted small or medium-sized businesses. Reasons for selling them to private equity funds can include a lack of capital for developing new products, financing acquisitions, unresolved succession problems, as well as difficulties caused by a wrong strategy or lack of managerial skills. Private equity investors bring in not only fresh capital but also entrepreneurial expertise and valuable networks. Their objective is to successfully reposition the company in the market and increase its value for the long term. When the company is resold or floated on the stock market following a successful repositioning, large profits beckon. The investors are usually very large or institutional investors who want better diversification of their portfolio and to benefit from the prospect of attractive returns.

How we practice sustainability on a daily basis

For us, sustainability means conducting our activities in a manner compatible with our social responsibilities and in line with a long-term holistic perspective. This self-image has a long tradition with our owner, the Princely Family – as a family-owned company, we believe in these principles at all levels: in strategic and operational management, in taking care of our clients and their assets, as well as in selecting innovative investment methods and instruments.

Sustainable investing

We enable you, our clients, to invest in promising themes through sustainable investment products and by so doing, generate long-term added value and improve the quality of life of less advantaged people. To this end, we offer various products suitable for both private and institutional clients. We manage total assets of some EUR 790 million in line with sustainability criteria.

As a member of UNPRI, we support the principles of responsible investment. In pursuing an investment approach developed in-house, so-called sustainable impact investing, we ensure that the companies in which we invest take into consideration social and ecological aspects and adhere to best management practice.

The prevailing view with regard to sustainable investments in particular, is that they would generate lower returns than traditional investments. Our sustainable impact investing products are, therefore, not guided by sustainability benchmarks, but traditional indices. The sustainable bond fund of LGT was selected by ECoreporter.de – the leading online portal for ecological and ethical investments – as the fund of the year for its performance.

Commitment to the environment and climate

We are committed to keeping the global carbon footprint of our company as small as possible. Consequently, we use natural resources extremely carefully and employ solar energy panels and other alternative sources of energy. LGT Group has been CO₂-neutral since 2010. By purchasing carbon credits, we are supporting a hydro-power project in China in collaboration with South Pole Carbon Asset Management Ltd. – one of the leading companies in the world specializing in reducing emissions. Within the context of our environmental strategy, we have defined further measures to reduce energy and water consumption and minimize waste. Moreover, we purchase only environmentally-friendly and socially-responsible office supplies and request a corresponding manufacturer's certificate.

Commitment to society

As a family-managed company, we take our global and local social responsibilities very seriously. Through our investments in LGT Venture Philanthropy, we provide targeted support for disadvantaged people in developing countries. Our Employee Volunteering Program offers our staff a platform for voluntary work with selected partner organizations. The program ranges from periodic deployments to the long-term support of projects.

Imparting knowledge and promoting dialog

At the "Next Generation Academy", we have created a platform for cross-generational dialog on topics such as values, goals and finance. Experts provide coaching in the multi-faceted skills required by the members of the next generation, who will take over the demanding responsibility for large family wealth.

Research for the future

Actively participating in shaping the future means exploiting the benefits of innovation in a targeted and responsible manner. For many years, we have worked closely with experts in behavioral finance, and we actively support the realization of innovative projects such as the Laboratory for Empirical Financial Market Research at the University of Zurich.

Broad alignment of interests

The holistic development of our staff, the close cooperation with leading scientists, the implementation of sustainable investments having a pronounced social and environmental impact, as well as the long-term focus of our thinking and actions give our company a very distinctive character. All these elements combine to create a broad alignment of interests between you as our client, our owner family, our employees and society as a whole.

Power from husks

In India rice has been planted and processed for centuries. Until recently no one had found a use for the waste product that occurs when the husks are separated from the rice – that is until the arrival of four young entrepreneurs who wanted to produce power for the poor.

In the era of iPads and smart phones, it is easy to forget that worldwide over one billion people still have no access to electricity, including 480 million people in India. The situation is particularly precarious in Bihar, one of the poorest states in the country. After nightfall life in the villages comes to a standstill with kerosene lamps as the only source of light.

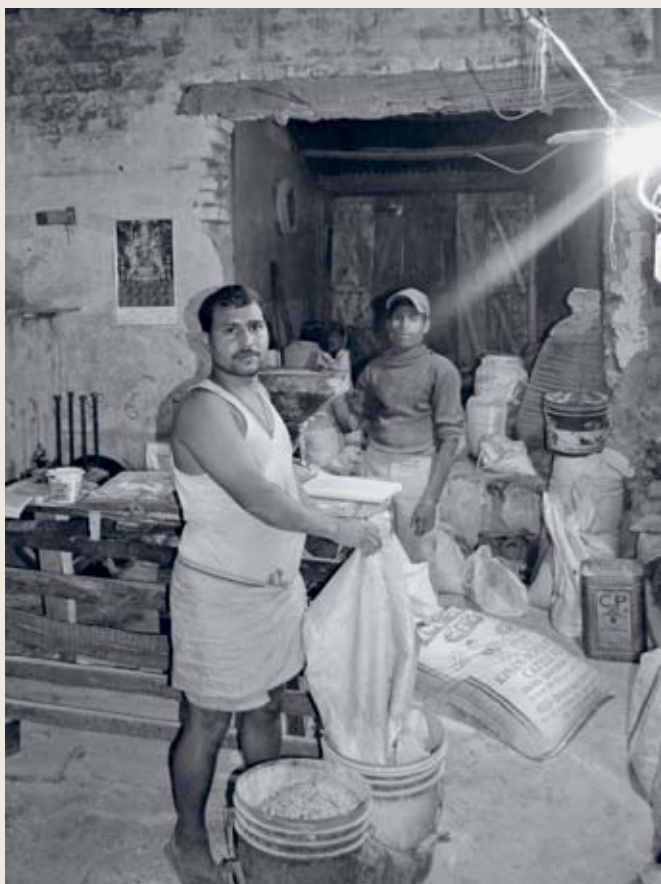
Thanks to four friends: Gyanesh Pandey, Ratnesh Yadav, Manoj Sinha and Charles W. Ransler, today 200 000 people have electricity in Bihar. In 2007, they founded Husk Power Systems. Its CEO, Gyanesh Pandey, grew up in Bihar. In poverty and without electricity. “I always felt inferior as a result and just wanted to leave”, he said. Thanks to a scholarship, he was able to study electrical engineering

“That’s a lot cheaper than a kerosene lamp.”

Ratnesh Yadav

in New York. Subsequently, he started a career with a leading semi-conductor manufacturer in Los Angeles. “I earned a lot of money and enjoyed life“, remembered the 36-year old. But he wasn’t happy. As he was meditating it became clear to him that he wanted to use his knowledge of electrical engineering for the country of his birth and help his countrymen to have a better life. Gyanesh Pandey returned to India and, together with his school friend Ratnesh Yadav, who in the meantime had become a successful businessman, looked for possibilities of producing power and light in Bihar. They made organic solar cells, used the seeds of a plant to create biodiesel and tested solar-powered lights. “For me it became clear that we needed a high-tech solution for our project”, said Gyanesh Pandey.

Preparing the rice for further processing: workers in the rice mill of Kundalpur, West Champaran.



However, all their innovative processes failed or were only useful to a limited extent. Only after a chance meeting with a gasifier salesman, did the two friends conceive the simple idea of using rice husks to produce electricity. After all, around 120 million tonnes of rice is produced every year in India. To enable it to be further processed, the husks have to be separated from the rice. Every year, 40 million tonnes of rice husks are left over – biowaste, for which up to that time no one had found a productive use and which was mostly left to rot. The entrepreneurs experimented with the husks, tested generators, and constructed a small biowaste power plant that could generate enough power for 500 homes by burning rice husks. It worked.

In 2007, the first plant went into operation in the village of Tamkuha in Bihar. For the equivalent of two US dollars a month, the villages receive electricity for cooking and light. “That’s a lot cheaper than a kerosene lamp.” said Ratnesh Yadav. “And environmentally friendlier too.”

Further financial resources were required to put the business model on a solid basis. Manoj Sinha and Charles W. Ransler, at that time MBA students, formulated a business plan together with the team in India, which made the search for investors easier. Today, 80 power plants deliver electricity for over 200 000 people in the poorest region of India.



He wants to use his biomass power plants to provide electricity for over 8.5 million people: Gyanesh Pandey, CEO of Husk Power Systems.

Helping people to help themselves

In the next five years, Husk Power Systems intends to provide 8.5 million people with electricity. “For this purpose, we need around 2000 decentralized production plants“, explained Gyanesh Pandey. The organization is trying to set up a franchising system in order to grow faster. In the meantime, their model has proved to be suitable not only for rice husks but also for other biowaste products, which extends its employment possibilities.”

“At the moment, we are carrying out tests in Africa to see how we can provide the poor with electricity.”

Gyanesh Pandey

At the moment, we are carrying out tests in Africa to see how we can provide the poor with electricity“, added Gyanesh Pandey. In pursuing its goal, Husk Power Systems can count on reliable and long-term committed partners such as LGT Venture Philanthropy. The latter has supported Husk Power Systems since 2009, and up to now has invested around 1.3 million US dollars in the organization. ♦

LGT Venture Philanthropy was founded in 2007 on the initiative of H.S.H. Prince Max von und zu Liechtenstein, CEO of LGT Group. It supports around 30 organizations worldwide, which dedicate themselves to improving the quality of life of disadvantaged people. LGT Venture Philanthropy invests up to ten million US dollars in each of the selected organizations and advises and supports them over the long term. In doing so, it provides them with expertise, on-the-spot advice and access to important investors and networks. Just like the Princely Family of Liechtenstein, LGT clients can also invest in these selected organizations. www.lgtvp.com

Brief interview

Wolfgang Hafenmayer, Managing Partner at LGT Venture Philanthropy

How did your cooperation with Husk Power Systems start?

The organization was looking for investors. Thanks to our good network in India, Husk Power Systems quickly found us. As with all the other organizations in which we invest, we subjected them to an in-depth due diligence analysis, which generally lasts between six and twelve months.

What distinguishes Venture Philanthropy from traditional development assistance organizations?

In contrast to traditional development donations, which usually go to individual projects or programs, we invest directly and for the long term in young, strongly growing organizations, which take an entrepreneurial approach to creating social or ecological added value for disadvantaged people. In doing so, we not only provide financial resources but above all expertise, our contacts and our management experience.

How can LGT clients participate?

The simplest method is to make a donation to LGT Venture Philanthropy Foundation. We can also offer social investors, who wish to contribute an amount of from 100 000 Swiss francs, individual investment and donation possibilities. In addition, there is the possibility of investing in our Sustainable Impact Investment Funds. From a commitment of five million euros, we can assist in setting up own funds or foundations. To ensure that the commitment is successful over the long term, and that we can find the optimum, individual solution for the social investor or donor, our process begins with a personal advisory meeting.

“Sustainability has become a blanket term. However, at its core it involves providing future generations with the same opportunities as we had ourselves.”

H.S.H. Prince Max von und zu Liechtenstein, CEO LGT Group

Annual results 2012 and outlook

For the financial services industry, the year 2012 was characterized by an economic climate that remained unsettled, and by low interest rates. In this challenging environment, LGT Group succeeded in significantly expanding its position in all of its business areas and markets.

Strong profit growth and excellent capitalization

Income from commissions and services increased by 15% in the year under review, while net interest income was up 4% on the prior year. Income from trading activities and other income was up by almost 150%. This was aided by valuation gains on high-quality bonds held by LGT Group in its securities portfolio to maintain liquidity, as well as by hedging transactions.

Total operating expenses increased by 9% to CHF 615 million in the period under review. Personnel expenses rose by 12%. This increase was due to higher performance-related compensation resulting from the growth of the business, which was partially offset by the positive effects of a change to the LGT pension fund plan. Business and office expenses remained practically stable thanks to good cost management, although the company continued to selectively invest in the expansion of its business in 2012. The cost-income ratio improved to 64%, compared to 75% in the prior year.

Depreciation, amortization and provisions were up by 80% to CHF 86 million in the year under review. This increase was primarily due to write-downs on goodwill.

LGT Group posted group profit of CHF 216 million for the 2012 financial year. The group profit of CHF 70 million in 2011 was net of one-off costs of CHF 50 million associated with exiting the private banking business in Germany. In consideration of this special item in the prior year, profits increased by 80% in 2012.

LGT Group is very well capitalized and maintains a high level of liquidity. By December 31, 2012, its tier 1 capital ratio increased to 21.5%, compared to 17.5% at the end of 2011.

Strong net new money inflows

LGT Group was able to attract net new money inflows of CHF 10.5 billion in 2012, compared to CHF 8.6 billion in the prior year. These net inflows in the year under review thus represented an excellent 12% growth on the assets managed at the end of 2011. Both the private banking business, with its platforms in Liechtenstein, Switzerland, Austria, Singapore and Hong Kong, and the institutional asset management business recorded very good inflows.

On December 31, 2012, assets under management amounted to CHF 102.1 billion, up 18% on CHF 86.9 billion as at the end of 2011. In addition to the strong net inflows, a solid investment performance in a good trading year contributed to this result.

Well positioned for further growth

For more than ten years LGT Group has been pursuing an international growth strategy in the two business areas of Private Banking and Asset Management. As a long-term-oriented, family-owned company with a particularly strong capital base, we regard ourselves as positioned well for the future, which will enable us to continue to invest in our business areas and to implement appropriate growth initiatives. Our international base, the commitment of our employees, the quality of our services and above all the trust that our clients place in us, are the most important prerequisites for our future success.

Financial highlights

		2012	2011	2010	2009	2008
Assets under administration	CHF m	102 118	86 932	86 079	89 023	78 030
thereof client assets under administration	CHF m	99 448	84 486	83 547	86 604	75 912
thereof LGT's Princely Portfolio	CHF m	2 670	2 446	2 532	2 419	2 118
Net asset inflow	CHF m	12 342	5 758	3 102	4 550	-1 265
thereof net new money	CHF m	10 515	8 562	3 102	-3 651	-1 265
thereof through acquisition	CHF m	1 827	0	0	8 201	0
thereof through disposal	CHF m	0	-2 804	0	0	0
Total operating income	CHF m	957	709	883	779	788
Group profit	CHF m	216	70	148	106	163
Appropriation of Foundation earnings and dividends	CHF m	-150 ¹	-75	-75	-75	-75
Group equity capital	CHF m	3 345	2 932	3 084	2 958	2 561
Total assets	CHF m	27 192	26 252	24 388	24 793	22 795
Ratios						
Tier 1	%	21.5	17.5	19.3	18.5	16.5
Cost/income	%	64	75 ²	70 ³	74	68
Performance of LGT's Princely Portfolio	%	11.5	-1.7	13.3	15.7	-24.1
Headcount at 31 December		1 830	1 779	1 889	1 985	1 870
Rating⁴						
Moody's		Aa3	Aa3	Aa3	Aa3	Aa3
Standard & Poor's		A+	A+	A+	A+	A+

¹ Proposed

² Excluding charges in connection with the sale of LGT Bank in Liechtenstein & Co. OHG

³ Excluding payment to German authorities in 2010

⁴ LGT Bank Ltd., Vaduz (formerly LGT Bank in Liechtenstein Ltd., Vaduz)

Consolidated income statement

Consolidated income statement (TCHF)	2012	2011	Change	
			absolute	%
Net interest and similar income	111 139	107 245	3 894	4
Income from services	562 062	487 678	74 384	15
Income from trading activities	255 065	56 572	198 493	351
Other operating income	29 150	57 499	-28 349	-49
Total operating income	957 416	708 994	248 422	35
Personnel expenses	-439 596	-392 109	-47 487	12
Business and office expenses	-175 701	-174 170	-1 531	1
Other operating expenses	-85 557	-47 736	-37 821	79
Total operating expenses	-700 854	-614 015	-86 839	14
Operating profit before tax	256 562	94 979	161 583	170
Tax expense	-33 539	-20 090	-13 449	67
Net profit before minority interests	223 023	74 889	148 134	198
Minority interests	-7 054	-4 548	-2 506	55
Net profit of LGT Group	215 969	70 341	145 628	207

Consolidated balance sheet

Consolidated balance sheet (TCHF)	2012	2011	Change	
			absolute	%
Assets				
Cash in hand, balances with central banks	5 903 959	2 619 966	3 283 993	125
Loans and advances to banks	4 010 212	6 530 566	-2 520 354	-39
Loans and advances to customers	7 243 838	6 288 793	955 045	15
Securities held for trading purposes	8 935	4 948	3 987	81
Derivative financial instruments	756 918	1 435 273	-678 355	-47
Financial assets designated at fair value	3 442 402	3 538 563	-96 161	-3
Other investment securities	1 962 237	2 220 926	-258 689	-12
Investments in associates	2 671 693	2 446 237	225 456	9
Property and equipment	180 928	181 280	-352	0
Intangible assets	272 882	265 470	7 412	3
Prepayments and accrued income	88 981	81 843	7 138	9
Deferred tax assets	6 976	2 676	4 300	161
Other assets	642 273	635 579	6 694	1
Total assets	27 192 234	26 252 120	940 114	4
Liabilities				
Amounts due to banks	1 231 402	1 855 132	-623 730	-34
Amounts due to customers	19 094 587	17 253 591	1 840 996	11
Derivative financial instruments	805 327	1 512 064	-706 737	-47
Financial liabilities designated at fair value	590 047	659 520	-69 473	-11
Certificated debt	1 572 986	1 516 851	56 135	4
Accruals and deferred income	85 892	60 867	25 025	41
Current tax liabilities	10 277	10 194	83	1
Deferred tax liabilities	103 925	78 665	25 260	32
Other liabilities	274 121	302 339	-28 218	-9
Provisions	78 234	70 571	7 663	11
Total liabilities	23 846 798	23 319 794	527 004	2
Group equity capital				
Foundation capital	339 044	339 044	0	0
Retained earnings	1 991 906	1 850 937	140 969	8
Cumulative translation adjustments	-41 864	-52 297	10 433	-20
Other reserves	1 048 914	789 112	259 802	33
Total Group equity capital and reserves attributable to LGT's equity holder	3 338 000	2 926 796	411 204	14
Minority interests	7 436	5 530	1 906	34
Total Group equity capital	3 345 436	2 932 326	413 110	14
Total liabilities and Group equity capital	27 192 234	26 252 120	940 114	4

Client assets under administration

Client assets under administration (CHF m)

Client assets under administration (excluding the Princely Portfolio) which are stated according to the provisions of the Liechtenstein banking law are as follows:

	2012	2011
Client assets in own-managed funds	23 018	20 122
Client assets under management	24 803	25 525
Other client assets under administration	51 627	38 839
Total client assets under administration (including double counting)	99 448	84 486
thereof double counting	12 416	11 413
Net asset inflow	12 342	5 758
thereof net new money	10 515	8 562
thereof through acquisition	1 827	0
thereof through disposal	0	-2 804

Client assets in own-managed funds

This item covers the assets of all the actively marketed investment funds of LGT Group.

Client assets under management

The calculation of assets with management mandates takes into account client deposits as well as the market value of securities, loan-stock rights, precious metals and fiduciary investments placed with third-party banks. The information covers both assets deposited with Group companies and assets deposited at third-party banks for which Group companies hold a discretionary mandate.

Other client assets under administration

The calculation of other client assets under administration takes into account client deposits as well as the market value of securities, loan-stock rights, precious metals and fiduciary investments placed with third-party banks. The information covers assets for which a management or advisory mandate is exercised.

Double counting

This item covers investment fund units from own-managed funds as well as certain assets that are included in client assets under management.

Custodian assets

Custodian assets (assets held exclusively for transaction and safe custody purposes) are excluded from client assets.

Capital resources

Capital resources

Capital adequacy and the use of capital are monitored by the Group and by individual operating units, employing techniques based on the guidelines developed by the Basel Committee on Banking Supervision and implemented by the Liechtenstein Government for supervisory purposes.

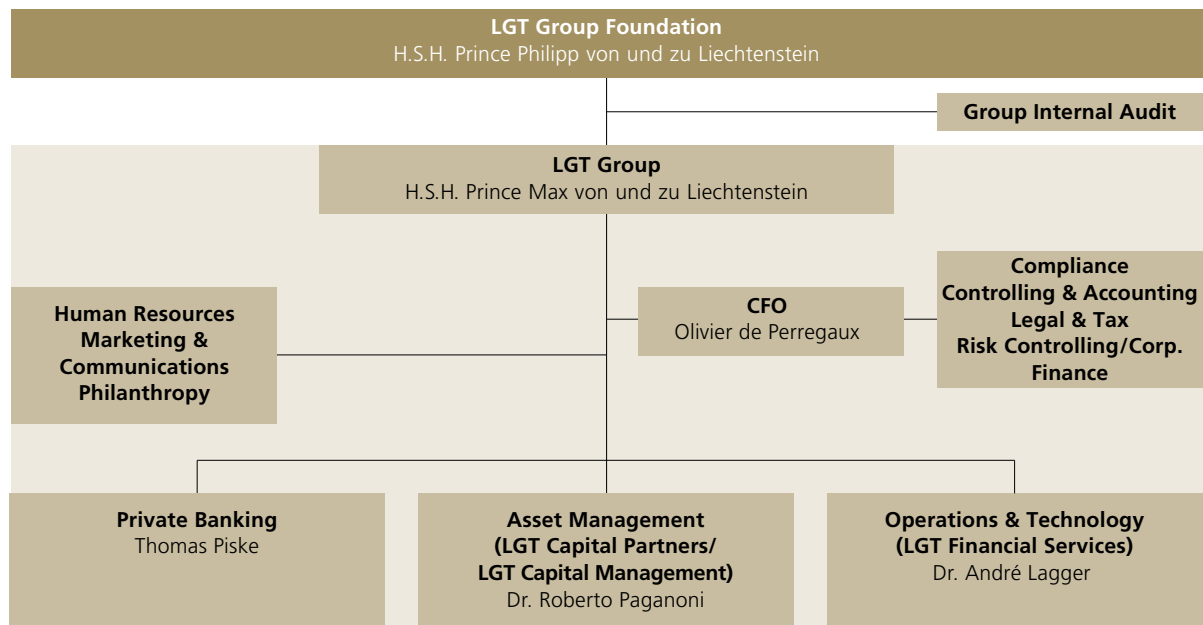
The Basel Committee guidelines require minimum risk ratios for all international banks of 8 percent. These ratios measure capital adequacy by comparing the Group's eligible capital with balance sheet assets, off-balance sheet commitments and market positions at weighted amounts to reflect their relative risk. Assets are weighted according to broad categories of notional risk, first being multiplied by a conversion factor and then being assigned a risk weighting according to the amount of capital deemed to be necessary for them. Off-balance sheet commitments and default risk positions are also multiplied and risk-weighted. Market risk is calculated with the standard approach.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the period.

The following table analyzes the Group's capital resources as defined for regulatory purposes:

Capital resources (TCHF)		2012	2011
Capital resources		3 345 436	2 932 326
thereof minority interest		7 436	5 530
thereof "innovative" instruments		0	0
Other deductions		-463 214	-227 558
Net core capital before adjustments		2 882 222	2 704 768
upper tier 2 capital		0	0
lower tier 2 capital		178	362
tier 3 capital		0	0
Other deductions		-272 882	-265 470
Net capital resources		2 609 518	2 439 660
Required capital (TCHF)			
Credit risk			
Approach			
Standard		789 607	877 574
On-balance sheet		774 521	863 033
Non-counterparty risks		15 086	14 541
Market risk			
Standard		53 948	112 122
thereof interest rate risks		11 280	59 075
thereof equity position risks		586	521
thereof foreign exchange risks		14 997	17 713
thereof commodities risks		27 070	34 811
thereof option risks		15	2
Operational risk			
Basic indicator		127 464	122 509
Total		971 019	1 112 205
Capital adequacy ratio		21.5%	17.5%
Net capital resources		2 609 518	2 439 660

Organizational structure



Board of Trustees

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 K B Chandrasekar²
 Dr. Phillip Colebatch¹
 Sir Ronald Grierson²
 Dr. Dominik Koechlin^{1,2}
 Prof. Dr. Conrad Meyer²

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 Dr. André Lagger, CEO LGT Financial Services
 Dr. Roberto Paganoni, CEO LGT Capital Partners
 Olivier de Perregaux, CFO LGT Group
 Thomas Piske, CEO LGT Private Banking

Internal Audit

Daniel Hauser, Head Group Internal Audit

External Audit

PricewaterhouseCoopers Ltd., Zurich

¹ Member of the Human Resources and Compensation Committee

² Member of the Audit Committee

International presence

Austria

Salzburg

Vienna

Bahrain

Manama

China

Beijing

Germany

Frankfurt am Main

Hong Kong

Hong Kong

Ireland

Dublin

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Vaduz

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The illustrations in this brochure are details from Hyacinthe Rigaud, "Portrait of Prince Joseph Wenzel I of Liechtenstein", 1740

Portrait of Prince Joseph Wenzel I of Liechtenstein

During his stay in Paris (1738–1741) Prince Joseph Wenzel I of Liechtenstein had himself painted, twice, by the French portraitist Hyacinthe Rigaud who was probably the greatest of the period. In each case ensuring that he was recorded in his full regalia and with an almost imperial demeanor. To mark his appointment as Austrian Ambassador, the prince ordered a luxury vehicle from the best manufacturers in Paris, his celebrated Golden Carriage, which was both technologically and stylistically one of the most advanced of its day. It was in this carriage that Joseph Wenzel I of Liechtenstein would arrive at Versailles and at the Louvre; and it was also in this carriage that Isabella of Parma, the bride of the later Emperor Josef II, made the journey from Parma to Vienna.

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“With around 1800 employees from 31 countries at more than 20 locations worldwide, we have a global horizon while at the same time being here for you personally.”

H.S.H. Prince Max von und zu Liechtenstein, CEO LGT Group

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A complete address list can be seen at www.lgt.com

