MARTIN GILBERT
CURRICULUM VITAE

1981
Qualifies as a CA in Edinburgh with Meston & Co

1982
Joins law firm Brander & Cruickshank, Aberdeen

1983
Sets up Aberdeen Trust with a small group of other investors

1991
Aberdeen Trust lists on London Stock Exchange

1997
Acquisition of Prolific takes Aberdeen into the UK's top 10 unit trust managers. The company is renamed Aberdeen Asset Management

2000
Aberdeen purchases Murray Johnstone (UK) and Australia's EquitiLink

2003
Following the split capital trusts controversy, Aberdeen sells a significant number of unit trusts to New Star, and acquires Edinburgh Fund Managers

2005
Aberdeen acquires Deutsche Asset Management

2010
Aberdeen acquires various businesses from Credit Suisse Asset Management

2014
Aberdeen acquires Scottish Widows Investment Partnership

2017
Merger agreed with Standard Life. Gilbert is to be co-CEO with Keith Skeoch

EDUCATION
University of Aberdeen (LLB Law, MA in Accountancy)

OTHER POSITIONS
Chairman of FirstGroup (1995–2014); deputy chairman of Sky plc; senior governor of University of Aberdeen; patron, The Aberdeen Law Project.

FAMILY
Married, with three children.

INTERESTS
Golf, skiing, fishing, Aberdeen FC (where he was a board director, 1997–2012)

TOGETHER WE ARE STRONGER

In the run-up to its merger with Standard Life, we catch up with Aberdeen Asset Management's CEO, Martin Gilbert CA

THE GRANITE townhouse that is home to leading fund manager Aberdeen Asset Management is also something of an art gallery. Modern classics line the walls, many acquired over three decades as part of Aberdeen's expansion, absorbing competitors such as Murray Johnstone.

Now, Aberdeen Asset Management is on the brink of another big deal – a mutually agreed merger with financial services giant Standard Life. The combined business will be the biggest asset manager outside the US in terms of revenue and the second biggest in terms of assets under management

In this share-based merger, Aberdeen Asset Management is the smaller partner; its shareholders will own a third of the new, yet-to-be-named business. For Martin Gilbert CA, CEO of Aberdeen, the rationale behind the deal is clear: "To build a world-class investment company."

He explains: "We are highly complementary businesses. In absolute return products, Standard Life is a world leader and I like to think that, in emerging markets, we're strong. I think the combination is very powerful."

Standard Life's Global Absolute Return Strategies fund has been hugely successful, while Aberdeen's policy of managing emerging market funds with locally based specialists has made it one of the strongest performers in that sector. In total, Aberdeen has £302.6bn in assets under management (as of 31 December 2016).

Standard Life employs 6,300 people worldwide, including 5,500 in the UK; Aberdeen has 2,800 employees, of whom 1,500 are in the UK. Clearly, there will be some duplication, especially in terms of support staff, and there are also IT savings to be had (especially as both organisations already use the same asset management IT application). Gilbert stresses, however, that cutting costs is not the primary motivation for the deal.

One talking point already has been the decision to appoint Gilbert and Standard Life's Keith Skeoch as co-chief executives, under the chairmanship of Sir Gerry Grimstone, who is currently chairman at Standard Life. Gilbert, who has known Skeoch for many years, says: "Keith and I are complementary in terms of our abilities and what we're interested in doing."

He adds that co-chief executives are not that uncommon in the financial services sector. Standard Life and Aberdeen put out a statement to clarify the roles of the two CEOs, which says that Skeoch will have accountability for "the day-to-day running of the fabric of the combined business" and Gilbert will be accountable for "external matters, including international activities, distribution including client engagement and business development, marketing and corporate development."

Gilbert also explains that some Aberdeen staff are now working with the Standard Life management, and vice versa, to ensure that the two organisations do not start out with a "them and us" mentality. He hopes that the merger could go through, subject to approval by the regulators, as early as June this year. He says: "The key, really, is about building something that is relevant globally."

The move, Gilbert says, positions the merged business as a strong brand that is all about solutions for clients, not just about specific investment products. Both brands are likely to be retained, with a holding company that incorporates both names: "Aberdeen Standard" is one option.

Another reason to consolidate is that private banks have been reducing the size of their fund manager panels. With panels of just 10 or 15, it's important to have a brand that cannot be ignored.

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Fund management has changed a lot from what Gilbert describes as a "cottage industry" when Aberdeen was founded. He believes that technology will continue to change the industry, but he sees the key challenges coming from the established players that can adapt their business models, rather than new entrants disrupting the market.

He says: "We operate in a tightly regulated business... Many of the specialist 'Internet banks' failed because the established banks themselves became Internet banks. So we have to become 'robo-advisers' and platform businesses, and that's what we are doing."

Gilbert was born the son of expat Scots in Kuala Lumpur, Malaysia. He trained as a CA in Aberdeen with Meston & Co after taking an accountancy degree at the University of Aberdeen, followed by a law degree. He then started with law firm Brander & Cruickshank, based in the same building that now houses Aberdeen's head office.

He says: "I was lucky that the firm was looking for a potential partner who had a law degree and who was also a chartered accountant to help with the fund management of the trust it was running."

In fact, he never qualified as a solicitor. With three months to go before completing his legal apprenticeship, he left to co-found Aberdeen Trust, the company that was to become Aberdeen Asset Management, in June 1983.

Aberdeen grew organically and through a series of well-timed acquisitions, including the purchase of Sentinel in 1988, Prolific (acquired from Scottish Provident) in 1997 and Murray Johnstone (together with the Murray Johnstone art collection) in 2000. More recently, in 2013, Aberdeen acquired Scottish Widows Investment Partnership from Lloyds Banking Group, becoming one of the world's leading fund managers.

As well as a keen eye for an acquisition, Aberdeen also grew its reputation as a manager in emerging markets, partly thanks to a philosophy of managing assets in the region where those assets are based. The decision to move the company's Far East desk to Asia helped establish Aberdeen as one of the most successful operators in the sector.

It hasn't always been a smooth ride, however. In the early 2000s, Aberdeen became embroiled in a financial scandal involving split capital trusts. These are investment trusts issuing different classes of capital for investors with different risk appetites. The problem

Beth Allen at the Ladies' Scottish Open, sponsored by Aberdeen Asset Management

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was that some investors, it appeared, had gone into high-risk capital on the understanding that it was low- or no-risk, and at the end of the 1990s a number of people lost a lot of money.

Aberdeen was the biggest name involved in the controversy and came in for heavy criticism from the regulator, the media and the House of Commons Treasury Select Committee, before which Gilbert was called to appear in 2002.

The scandal cost Aberdeen a considerable sum in compensation and the collapse of its market capitalisation, not to mention the resignation of Chris Fishwick, the director heading that part of the business.

Martin Gilbert recalls: "That was one of the great learning curves we had as a company. It's easy to manage in the good times, but it's incredibly hard in the bad times. We almost went bust: we went from market cap of £1bn to £50, and then back up to where we are today [more than £4bn]. It was a pretty tough time and, when you are CEO, you are in the firing line."

Aberdeen sold off what it could and Gilbert and his team began to rebuild the business. Gilbert says two factors were critical: the loyalty of the firm's staff and clients, who stuck with the business, and the determination to be open and honest about the situation.

He adds that not much now bothers him, having lived through that experience. As he puts it: "You are never as good as the press say you are, and you are never as bad as they say you are."

Another lesson, he adds, was: "Make sure that you know the right people before the proverbial hits the fan."

He did not know John McFall, then-chair of the Treasury Select Committee, before he appeared in front of the committee; now, they have a good relationship and, says Gilbert, McFall refers to him as "his best pupil... I learned my lesson!"

Gilbert is on terms with both Prime Minister Theresa May and First Minister Nicola Sturgeon, and – thanks to a mutual interest in golf – with Donald Trump. He says Trump's election should not have come as a surprise, given the number of people around the world who do not believe that globalisation has worked for them, and adds: "That's why people voted for Brexit."

Gilbert says: "The stock market likes Trump's pro-business approach. He's going to borrow and spend, he's going to cut regulation and lower taxes. If he can achieve all those things, then the American economy will do well."

Gilbert agrees that there is a dearth of trust in the establishment and in business. He says: "In the asset management business, we have got to show people that we are there for their benefit. We are not just a counterparty; we have a fiduciary duty to manage their money to the best of our ability, not to make money on our own behalf by taking positions in the market. We have a huge responsibility and we can make a big difference to people's lives if we do a good job."

He is proud to be a CA and says: "It's the best qualification you can have... throughout my career the CA has been the most valuable thing I did."

He also believes that the value of the CA as a management qualification has been undersold and says: "We've got to move away from the idea that it's only good for people in professional practice."

For the CA just starting out who is keen to make a career in business, Gilbert advises: "If you can, find a good small firm because you'll get a lot of accounting experience, not just auditing. And if you are auditing, find a firm that does audits of small companies or estates, not just big companies."

Gilbert adds that the networking side of ICAS membership is hugely important. He has always been actively involved in ICAS events. The next one of these is the Conference in September, where he will be one of the keynote speakers (see box, below). There's no doubt that his story will be one well worth hearing. CA

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"EXPECT THE UNEXPECTED": HOW TO LEAD IN A CHANGING WORLD
THE ICAS CONFERENCE 2017

In association with Investec Wealth & Investment

THIS ICAS Conference, in association with our principal partner Investec Wealth & Investment, aims to help business people, at all levels, understand today's turbulent world. "Expect the Unexpected" brings together some of the most insightful leaders in business, politics and the media, and brings you together with fellow professionals who are all trying to solve the same conundrum.

Speakers announced so far include:

- Sir Brian Souter CA, chairman of Stagecoach Group plc – one of the UK's leading entrepreneurs and philanthropists
- Martin Gilbert CA, chief executive of Aberdeen Asset Management plc – the man who grew Aberdeen Asset Management from a small investment trust to become one of the world's leading asset managers
- Alison Cornwell CA, (pictured right) chief financial officer of VUE International plc
- Jo Fletcher CA, recently appointed chief financial officer of golf's PGA European Tour

Date: Wednesday 20 September

Venue: Edinburgh International Conference Centre. Morrison Street, Edinburgh EH3 8EE

Time: 9am, concluding with a drinks reception at 5.30pm

Cost: ICAS members £177; CAPS members £148; non-members £196; students/retired/career break £126 (prices, inc VAT, are early bird rates available up to the end of June)

For more information, go online to icas.com and search for "ICAS

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