



Pictet & Cie – 200 years of history





Pictet & Cie: 200 years of history **1805-2005**

## 1805-1841

### The beginnings

Two young bankers, both under 30, joined forces to set up a company to “trade in goods and articles”. The Restoration period proved to be a favourable one for trading, and the industrial revolution was starting to gain a foothold in Geneva. Paddle steamers were already plying the waters of the lake.



**View of Lake Geneva  
by Friedrich Fregevize  
(1770-1849).**

**From De Candolle, Mallet & Cie to De Candolle, Turrettini & Cie:  
the origins of Pictet & Cie**

On 23 July 1805, two young bankers, both aged under 30, Jacob-Michel-François de Candolle and Jacques-Henry Mallet, signed a partnership deed in Geneva, together with three limited partners. After changing its corporate name on several occasions, this partnership would eventually become Pictet & Cie.

With share capital of 125,000 pounds, “the local currency of Geneva”, the new company was established “to trade in goods and articles of all types, collect annuities and undertake speculation in commodities”, a business the Bank would very quickly abandon to devote itself entirely to wealth management and exchange transactions. The Bank had its offices in De Candolle’s own house, at 3, cour Saint-Pierre.

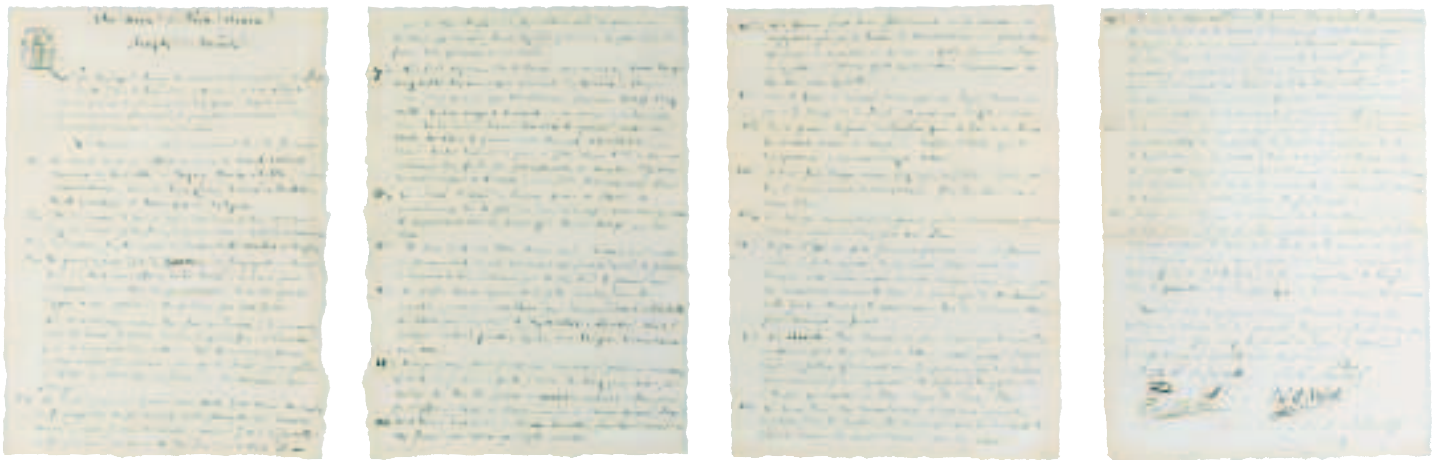
**Setting up a bank in French-occupied Geneva**

When Jacob-Michel-François de Candolle and Jacques-Henry Mallet embarked on the plucky venture of founding the company that was ultimately to become Pictet & Cie, the official calendar of the French Revolution was still in use and the date quoted thus: 5 thermidor an XIII. Indeed, these bankers, whose names are entwined with the history of the former Republic of Geneva, were considered “French-born”, following the signature of the Treaty that annexed the Republic of Geneva to the French Republic on 7 floréal an VI (26 April 1798).

**Various private initiatives, including the association that was at the origin of Pictet & Cie, came into being. Thus it was that a Geneva resident by the name of Schweppe, who had been manufacturing carbonated mineral water for 15 years, found a benevolent ear at the departmental authorities in 1807 before the British branch of his operation – Schweppe's – started to enjoy lasting success.**

The French occupation of Geneva, which became the administrative centre of the new Department of the Léman, marked the start of a difficult period. Between 1801 and 1803, watchmaking production was down by a third on the output in 1785 (60,000 watches as against 85,000 previously). The French administration adopted a protectionist stance and tried to come to the aid of Geneva's economy, in particular by setting up a chamber of commerce and a commodity market, together with a council for commerce, the arts and agriculture.

At the same time as working as a private banker, Jacob-Michel-François de Candolle (1778-1841), brother of the famous botanist Augustin Pyramus de Candolle, held various positions in public office. Jacques-Henry Mallet (1779-1807), his partner, died just two years after the Bank had been founded, without having had the opportunity to play a major role. His elder brother, Jean-Louis-Etienne Mallet (1775-1861), became a managing partner, alongside Paul Martin (1766-1837) and Jean-Louis Falquet (1768-1842). Following the death of Jacques-Henry Mallet in 1807, Jacob-Michel-François de Candolle chose as a new partner his friend Charles Turrettini-Necker (1782-1857), who acted both as a managing partner and also a limited partner. In 1807 the Bank changed its name to De Candolle, Turrettini & Cie, and then in 1812 to J. de Candolle & Cie. In 1819 it once again changed its name, this time to De Candolle, Turrettini & Cie, and moved into its new premises at 26, rue de la Cité, where it remained until 1856.



The articles of association of the Bank, whose share capital amounted to 125,000 pounds in the currency of the day.

### Money changers, gold merchants and wealth managers

Apart from their more conventional business as “money changers” and “gold merchants”, the banks at the time traded and held bills of commerce, bought and sold securities on behalf of their clients, offered arbitrage services, cashed the revenue and reimbursement of securities deposited with them, and, finally, participated in the floating of loans on the capital market. The Geneva Stock Exchange did not yet exist at this time, as it was not created until the latter half of the 19th century. Thus, licensed exchange brokers would travel from bank to bank every day, making offers and taking orders.

Messrs de Candolle, Turretini & Cie also became involved in insurance from a very early stage. In 1821 they became the Swiss agents for the Paris-based life assurance company *Compagnie Générale d’assurances sur la vie*.

In addition to conventional bonds and equities, client records from 1838 also show some more original investments, such as lottery tickets from Vienna and Naples as well as tontines (from Ireland, Turin and Orleans). The bonds included the French 2½%, the 2½% *Dette intégrale* from Holland, the 4% from the City of Paris and the 5% *Emprunt russe*. Among the equities were those issued for the Pâquis “wire bridge”, one of Europe’s first suspension bridges; the ship the *George* at Le Havre; or for the *Rotterdam*, a Dutch steamship.



Jacob-Michel-François de Candolle, who joined forces with Jacques-Henry Mallet. The company they founded was to become today’s Pictet & Cie.



Charles Turretini-Necker, who became Jacob-Michel-François de Candolle’s partner in 1807.





The Pâquis "wire bridge" in Geneva, one of the first suspension bridges in Europe.

The plumes of smoke of the *Winkelried*, which was built by a company of shareholders set up by M.-A. Demole, became a common sight on the lake, alongside the lateen sails of the large lake barges that were still to be used for some time yet for the transportation of goods.

Napoleon's defeat at Leipzig (18-19 October 1813) opened Switzerland's and Geneva's gates to the Austrian army. The collapse of imperial France also allowed Geneva to revive a project from the past, that of becoming part of the Swiss Confederation. On 19 May 1815, the new canton of Geneva joined Switzerland, following the signature of an act of reunion at the Diet of Zurich.

The 27 years of the Restoration brought with them a period of relative prosperity. The watchmaking industry started to grow again, with production increasing from 64,000 watches in 1820 to 100,000 in 1845.

The Restoration also saw the emergence of a new society in Geneva, one that sought to eradicate the still vivid memory of the Revolution and the garrison reviews under French occupation. The Physics and Natural History Society, the History and Archaeology Society, the Medical Society and the Reading Society all came into being at this time.

Following the construction of the new quays on the shores of the bay of the lake and along the Rhône, visitors were able to observe one of the first signs of industrial innovation: the paddle-steamer. From 1823, it was possible to travel by boat on the lake from Geneva to Coppet, Nyon, Rolle or Ouchy (Lausanne).



The *Winkleried* on Lake Geneva, a steamboat belonging to a company of shareholders set up in 1823 by M.-A. Demole.

## 1841-1878

### A renewed association: Turrettini, Pictet & Cie

The construction of the first railway lines helped to fuel the rapid expansion of the industrial revolution. The Bank became involved, as part of various consortiums, in the promotion and financing of this new mode of transport and, for the first time in its history, it began to take an interest in shipping.



Cornavin main railway station in Geneva. Platforms for trains leaving for France.

### **Making his mark in the century: Edouard Pictet (1813-1878)**

A member of the Pictet family became a partner for the first time in 1841. The name Pictet was thus included in the Bank's name as well, and has remained there ever since. Shortly before his death, Jacob-Michel-François de Candolle, who had no son to take his place, turned to his wife's nephew, Edouard Pictet (1813-1878), who was appointed partner in 1841. From this time on until 1848, the Bank was known as Turrettini, Pictet & Cie.

During a long career spanning 37 years, Edouard Pictet (1813-1878) had as his partners Charles Turrettini, François Girard, Alphonse Turrettini, and, finally, Ernest and Emile Pictet. From 1848 until 1856, the Bank operated under the name Edouard Pictet, and from then until 1878 as Edouard Pictet & Cie. In 1856 it moved to new premises at 8, rue de la Corraterie.

In addition to his work as a private banker and in keeping with family tradition, Edouard Pictet was a member of the board of directors of the *Caisse d'Epargne* and carried out the role of judge at the Commercial Court. When he was 30, he married Amélie Prevost, whose father had been a partner for many years at the London bank Morris Prevost and Co. Their only son, Emile Pictet, born in 1845, became a partner in 1875 and held this position until 1909, the year of his death. He followed in his father's footsteps, and continued his career in the shadow of his partner Ernest Pictet, the man who truly headed up the Bank.

The building of the first railway lines started to change the face of Europe. In Italy, Count Cavour planned two such railways. One of these



**Edouard Pictet, who was made a partner in 1841.**

The commission appointed by the Geneva *Conseil d'Etat* to pass judgment on the building of a new railway line on the territory of Geneva started out by considering the project to be “undesirable from a moral point of view”, but ultimately “imperative from an economic point of view”. In 1845, François Bartholoni was therefore authorised, together with other Geneva entrepreneurs, to set up a company to undertake the construction work on this line. Among the co-founders of this company, mention should be made of Messrs. Pictet, Hentsch, Ferrier, Chaponnière, Lombard and Odier.

was to link Turin to Alessandria. The budget for this was 35 million, a substantial amount at the time, which the Piedmontese were hoping to raise through a group of Geneva private bankers. The “Quatuor”, a bankers’ consortium, was therefore set up for this purpose. It comprised the four banks of Hentsch & Cie; Lombard, Odier & Cie; Turrettini, Pictet & Cie; and Louis Pictet. Although this project ultimately never came to fruition, it did serve to strengthen the links between Geneva’s main private bankers at the time. In the same spirit of collaboration and for the defence of certain common business interests, Geneva’s private bankers decided to set up the Financial Association in 1872, followed by the Financial Union of Geneva in 1890, and finally, in 1933, the Geneva Private Bankers’ Association, which still exists today.

#### **From Swiss railways to North-American bond issues**

Between 1850 and 1870 the Bank offered its clients a range of Swiss, European and North American securities. It recommended bonds and stocks from a wide range of companies. These included the *Société générale des chemins de fer suisses*, the *Compagnie franco-suisse des chemins de fer*, the *Compagnie française de réassurance*, the insurance company *La Suisse* in Lausanne, zinc mines in Silesia, the Saint-Gobain Glassworks, as well as bonds issued to finance American railways (such as Ohio-Mississippi and Ohio-Pennsylvania).



## 1878-1909

### An age of liberalism

The end of the 19th century proved to be a prosperous period for Geneva, which benefited from considerable political stability. Ernest Pictet was favourably disposed towards Anglo-Saxon liberalism, and his ideas injected fresh life into the Bank, which, at the time, comprised a dozen or so staff members.



Ernest Pictet and Guillaume Pictet (respectively 4th and 2nd seated from the left) surrounded by the Bank's staff in 1906.

### **Ernest Pictet & Cie: unlimited commitment**

The grandson of Jacob-Michel-François de Candolle, one of the Bank's founders, Ernest Pictet (1829-1909) became a partner in 1856, having worked for a number of years in a cotton-importing business in Liverpool. He remained a partner for no fewer than 53 years, alongside Edouard, Emile and Guillaume Pictet.

With a strong sense of business acumen, Ernest Pictet injected fresh life into the Bank. He was a keen advocate of Anglo-Saxon-style liberalism and applied this economic doctrine in all his business ventures.

For many years, he was president of the *Banque de Commerce*, one of the 18 banks that was authorised to issue banknotes in Switzerland at the time. With a view to facilitating monetary transactions in Switzerland, Ernest Pictet proposed the setting-up of a central issuing institute under the supervision of a private company. He defended this idea in 1863 in a brochure entitled *Des banques de circulation en Suisse*. This project was never fully realised, however, as the Swiss National Bank, founded in 1905, appeared on the scene as a joint emanation of the public and private sectors.

Throughout his long career, Ernest Pictet was entrusted with various official functions. In 1865, he became a founder and the first chairman of the Geneva Chamber of Commerce, which was set up in the English style as an association free of all government involvement. Ernest Pictet assumed various public functions outside of the Bank, in particular as the





**Raoul Pictet (1846-1929),  
a renowned scientist.**

**The name Pictet was in evidence at the Swiss national exhibition that took place in Geneva in 1896. Raoul Pictet was there to present the results of his research into the liquefaction of oxygen at  $-183^{\circ}\text{C}$ . Apart from reinforcing Geneva's position of excellence among the world's centres of experimental physics, this work would also lead to the invention of the refrigerator.**

president of the association overseeing Swiss trade and industry and as a National Councillor within the Swiss federal government. The bank Ernest Pictet & Cie, which employed some 12 people in 1880, moved to its premises at 12, rue Petitot, where it was to remain until 1909.

### **The industrial revolution arrives in Geneva**

Notwithstanding the last conflicts arising from religious differences, the second half of the 19th century in Geneva was marked by greater political stability, and this proved to be a guarantee of substantial economic expansion. Geneva was now an “open” city. Its ramparts had been dispensed with, and it was undergoing a veritable industrial revolution at local level – a development in which Pictet & Cie also had a part to play –, the result of the synergy between scientists and businessmen. Indeed, these efforts were all the more remarkable, since Geneva suffered the effects of the crash of the bank *Union Générale* in France, which delivered a blow to the Geneva Stock Exchange from which it took some years to recover. Precision engineering started to develop when Auguste de la Rive and Marc Thury set up the Society of Physical Instruments, which became famous as a result of the manufacture of high-precision measuring tools. From 1880 onwards, a whole group of mechanical industries came into being. De Meuron & Cuénod, which was later to become the *Ateliers de Sécheron*, was a pioneer in the construction of electrical machinery.



Geneva's industrial boom was clearly apparent by the end of the 19th century. By that time, the primary sector employed only 9% of the working population, compared with 42% in the industrial sector and 50% in the tertiary sector. The finances of the State of Geneva, which had been heavily in debt following the costly industrialisation programme decided on a few years previously (the setting up of the company *Services industriels de Genève* placed an enormous burden on the State of Geneva's accounts), were once again in the black at the end of the century, under the direction of the new government in the hands of the democrats, a party led by Gustave Ador. The Geneva economy was now ready to respond to the challenges of the new century ahead.

**At the end of the 19th century, Geneva was a city open to the world and in the full throes of the industrial revolution.**

## 1909-1939

### Good times and bad times

While Geneva was undergoing major industrial development, the Bank was forging important links with the USA and South America. However, the 1929 crash put an end to the guarantee of years of prosperity, and social tensions started to divide the people of Geneva. By this time, the Bank's staff had risen to around 60 people.



The main entrance hall  
of the Bank at 10, rue Diday.

### **From Guillaume Pictet & Cie to Pictet & Cie**

Guillaume Pictet (1860-1926) was the second son of Ernest Pictet. Although he had proven himself an outstanding scholar in the field of literature and the sciences, he opted to follow in the footsteps of his family and become a banker. Whilst he made a success of this, he never lost his enthusiasm for the latest scientific discoveries, taking a keen interest in developments in electricity and photography.

When he was 29, in 1889, Guillaume Pictet became a partner under his father. After his father died in 1909, the Bank changed its name to Guillaume Pictet & Cie and, in the same year, moved to new premises at 10, rue Diday.

By the time Guillaume Pictet came to the end of his career, the Bank had become a large private bank, employing some 60 people. Throughout his career, Guillaume Pictet knew how to take advantage of the extraordinary industrial advances of the age.

### **The Bank begins to spread its wings on the international stage**

Guillaume Pictet was quick to realise the importance for a Swiss banker of cultivating a broad network of contacts in the United States and South America. With this in mind, he travelled to New York, San Francisco and Los Angeles in 1895 and then, in 1905, again visited the United States and also Mexico.



**Guillaume Pictet,  
who built up  
a business network  
on the other side  
of the Atlantic.**

Guillaume noted that his more cautious clients were concentrating their US investments in the bonds issued by railway companies. He decided to offer them a somewhat more lucrative alternative: shares in companies that generated and distributed electricity. He thus became in 1910 a founder and the first chairman of the *Société Financière* for electricity companies in the United States, which, after moving its headquarters to New York, became the American European Securities Company, an investment company investing the bulk of its portfolio in companies operating in electricity.

Upon his return from Mexico, Guillaume Pictet recommended buying a certain number of shares in Mexican companies set up by French immigrant families, e.g. the *Brasserie Moctezuma*, the San Rafael Paperworks, the Industrial Company of Orizaba, the cigarette company El Buen Tono and the fabric producer San Ildefonso. He also showed an interest in the *Société Financière pour l'Industrie au Mexique*, which had been founded in 1900 under the aegis of the *Banque de Paris et des Pays-Bas*, which was later to become the *Société de participations financières et industrielles Sopafin* in 1942, after selling its Mexican shares. This company retained close links with Pictet & Cie until 2002.

The American European Securities Company (which exists to this day under the name of Amerosec) and the *Société Financière pour l'Industrie au Mexique* can be seen as the precursors of investment funds.



A paper security of the American European Securities Company, which still exists today under the name of Amerosec.

Guillaume Pictet was, of course, also interested in developing Swiss companies, such as Brown-Boveri, the *Société Financière Franco-Suisse* and the *Compagnie Genevoise de l'Industrie du Gaz*. He was a member of the executive board of the Swiss National Bank and the Swiss Bankers Association. Between 1915 and 1920, Guillaume Pictet used the excellent personal relationships he had developed in London and New York to negotiate three major loans in dollars for the Swiss Confederation through the Bank.

Towards the end of his brilliant career, Guillaume Pictet, a man in great demand, still found time and energy to devote to the public good. In 1924 he was elected a Councillor of State in Geneva. He took on the weighty role of head of the Department of Finance at a time when the finances of the Republic and Canton of Geneva were anything but good. Worn out by the heavy toll of political struggles and by illness, he passed away 16 months later.

Apart from Ernest, Emile and Aymon Pictet, Guillaume Pictet also worked in partnership with Jacques Marion, Gustave Dunant and Charles Gautier.

Following the death of his father in 1909, Guillaume Pictet, who had no desire to head the Bank single-handedly, chose his deputy Jaques Marion (1856-1930) as his partner. Jaques Marion, who had joined the Bank as an apprentice at the age of 16, worked with four generations of partners during his 58 years' service.



A Piccard-Pictet car, known affectionately as the “*Pic-Pic*”. Only a few models remain in existence around the world today.

*Ateliers Piccard, Pictet & Cie* – the forerunner of the *Ateliers des Charmilles* – produced hydraulic turbines first of all, and later the *Pic-Pic* motorcar. The company contributed to the development of Switzerland’s reputation as an industrial centre at the start of the 20th century.

In 1914, the Bank called upon the services of Gustave Dunant (1880-1933), who was a partner of the London-based bank Morris, Prevost and Co. Gustave Dunant played an important role in developing the Bank’s commercial relations with England. After the death of Guillaume Pictet, Gustave Dunant became the senior partner of the Bank for a few years.

#### **The birth of the Bank’s corporate name “Pictet & Cie”**

In 1926, the Bank adopted the corporate name by which it is still known today: Pictet & Cie. It also transferred its premises to 6, rue Diday. During the half-century that followed, the Bank was led by some 20 partners who succeeded in guiding a medium-sized private bank numbering around 60 employees in the 1920s through vastly differing economic cycles, and transforming Pictet & Cie into a private bank with a staff of 300 people in 1980, the 175th anniversary of its founding.

Guillaume Pictet was succeeded by his eldest son Aymon (1886-1928), who, after gaining work experience in the US and Mexico, became a senior executive of the Bank in 1910 and subsequently a partner in 1919. When his father was nominated to the Geneva *Conseil d’Etat*, Aymon Pictet also launched himself into a series of political campaigns. He took on the vice-presidency of the Management Board of the *Union de défense économique*, a party that supported the policy of austerity advocated by Guillaume Pictet to help re-establish the canton’s finances. Aymon Pictet was also a director of several companies, including the *Compagnie*



Laying of the foundation stones of the League of Nations, the forerunner of the United Nations.

*d'assurance nationale suisse* in Basle. He died suddenly at the age of 42 in 1928. Aymon Pictet was replaced by his cousin, Albert Pictet.

Having already taken on a humanitarian role since the founding of the Red Cross in 1864, Geneva gained its status as an international city following the end of the First World War. On 15 November 1920, the first general assembly of the League of Nations was held in the “Salle de la Réformation”, which had been refitted for the occasion. The International Labour Organisation was the first of a long list of international organisations to find in Geneva a suitable location in which to set up their headquarters – not to mention the numerous international conferences to which the city played host, including the talks on disarmament between 1932 and 1934.

### **The darker hours: the 1929 stock-market crash and the collapse of the *Banque de Genève***

Geneva's first steps as an international city could do nothing to hide the catastrophic effects of the First World War, which had just finished. The Geneva cantonal government increased its borrowing before embarking on a policy of austerity that enabled it to gradually reduce its deficit. Guillaume Pictet, who was a member of the cantonal government and of the *Union de défense économique* in a government with left-wing leanings, succeeded in cutting the public deficit of more than 8,600,000 francs in 1924 to less than a million francs in 1927. These laudable efforts on his part were, however, very seriously thwarted by the Wall Street crash in 1929,





Ferdinand de Saussure, considered the founder of modern-day linguistics. Several members of the de Saussure family have been partners of Pictet & Cie.

which plunged the world economy into a depression with harrowing consequences. By 1931, the effects of the crisis had started to make themselves felt in Geneva as well. The traditional clients of the watchmaking industry, the machinery factories and the hotel industry were becoming increasingly scarce in number. This “time of political passions” was marked by unemployment and social tensions. Geneva embarked on a three-year period of socialist government, led by Léon Nicole. The *Banque de Genève*, which was both a political and economic symbol, closed its counters on 11 July 1931, having plunged into a bankruptcy that had more than a whiff of scandal about it.

The economic difficulties and political storm clouds did not, however, prevent Geneva from continuing to enjoy a rich intellectual scene. In 1912, Edouard Claparède created the *Institut Rousseau*, which was dedicated to psychology and the future sciences of education. The following year saw the death of Ferdinand de Saussure, considered the father of modern linguistics. His *Cours de Linguistique Générale* defined certain fundamental concepts, such as the distinction between *langage*, a system of signs that express ideas, *langue*, which refers to the abstract system of language, and *parole*, referring, in essence, to speech or the ‘putting into practice of language’. These concepts were to inspire other fields of human sciences. Several members of the de Saussure family have been partners of Pictet & Cie.



In 1926, the Bank transferred its premises to 6, rue Diday.

## 1939-1950

### Crisis and diversification

To offset the consequences of the Second World War, the Bank began to diversify its activities, in particular by investing in real estate and commodities. From 1950 onwards, wealth management started to enjoy a revival.



View of Geneva after the War.

The years between 1920 and 1950 were difficult ones for private bankers. Political crises followed on from economic crises, and vice versa, causing business to slow down and profits to fall. During the Second World War, capital invested abroad was blocked, while contact with a large proportion of the Bank's clients was cut off.

During this period, Charles Gautier, Pierre Lombard, Albert Pictet, Alexandre van Berchem and François de Candolle managed to overcome the difficulties and ensure the continued existence of the company.

Charles Gautier (1886-1974), a brother-in-law of Albert Pictet, joined the Partners Committee in 1919. In addition to assuming the heavy burden of acting as senior partner during the crisis years, he was also president of the Chamber of the Stock Exchange and the Geneva Private Bankers Association. Charles Gautier was particularly sensitive to social issues and was one of the pioneers in setting up pension funds with equal employer/employee contributions in the private banks, while also encouraging the building of affordable accommodation.

Shortly before Aymon Pictet's death, Pierre Lombard (1886-1977) was appointed as a partner in 1927. First of all, he showed both lucidity and efficiency in facing up to the catastrophic consequences wrought by the years of recession on the state of clients' wealth and on the course of business. Then, when the economy started to recover after the war, he proved himself to be an astute businessman and an outstanding asset manager. For a number of years he successfully presided over Sopafin, which was the public image of Pictet & Cie's asset management.

Albert Pictet (1890-1969), who was a lawyer by training, was a partner from 1928 to 1951. At the start of his career, he too experienced the difficulties of the crisis years. In 1942, Albert Pictet was elected to the Federal Council of States, where he remained a member for five years.

### **New activities**

To compensate for the effects of the crisis, the partners sought to diversify the Bank's activities. As a result, they began taking an interest in real-estate investments, building, small loans, oil and shipping. Spurred on by François de Candolle (1903-1942), son-in-law of Guillaume Pictet and a partner of the Bank from 1937 to 1942, Pictet & Cie took over the *Rente Immobilière Genevoise* and stabilised the company, thus making it a highly secure investment amid the economic upheaval of the time. François de Candolle, who had a civil engineering background himself, also played his part, together with an erstwhile fellow student, in taking over the management and control of the civil engineering company Conrad Zschokke. In addition, Pictet & Cie set up Orca, a company specialised in small loans. The Bank was involved as well in the construction of an oil refinery in Antwerp and became the owner of a shipping company that operated three freighters and four commercial vessels. These various activities were abandoned after the war.

The career of Alexandre van Berchem (1900-1977), which began in 1930 and ended in 1965, straddled the two contrasting eras: the crisis years



After the War, the Bank diversified its activities and acquired a shipping company which owned several boats, including the *Anunciada*.

and the era of extraordinary post-war recovery. In June 1940, he left for the United States for two years with all of his family to defend the interests of the Bank there. He sat on the management board of the *Société genevoise des instruments de physique* and succeeded François de Candolle on the board of Zschokke, where he became chairman from 1950 to 1969. He also took an interest in oil, mining, shipping and agriculture-related business. Apart from this, he was one of the first to advocate Pictet & Cie's expansion on the international stage by setting up offices outside of Switzerland.

In the period following the Second World War, the development of international exchanges that was now taking place against a backdrop increasingly characterised by free trade agreements and worldwide dialogue provided a boost for commercial and banking activities.

Geneva's stature as an international city was further reinforced. While the choice of New York as the headquarters of the United Nations was swiftly made, that of the European headquarters aroused more controversy. Several cities were in the running, including Paris, Brussels and Vienna, but the presence of the League of Nations in Geneva swayed the decision by the United Nations in favour of the city. Apart from the political implications, locating the UN's headquarters in Geneva also had a major impact in economic terms. Construction was at a peak; communication routes developed; and there was sustained growth, in the banking sector as well.

## 1950-1980

### The post-war boom

By launching a series of new activities, the Bank was able to reap the benefits of the remarkable economic development seen during the thirty-year boom period after World War II. Computers were to change banking practices considerably, and the burgeoning globalisation of markets meant that Pictet & Cie's 300 employees needed to show an even more acute sense of judgement.



Boulevard Georges-Favon  
before the construction  
of Pictet's new headquarters.

### **Diversification and expansion on a grand scale**

The second half of the 20th century proved to be a period of major expansion for Switzerland as a banking centre and for private bankers in particular.

Private banking as a profession started to diversify, while also becoming more international and more sophisticated, both from the point of view of the financial techniques employed and also the administrative processes. And, not least, it was developing against a legal backdrop that was becoming increasingly complex.

Whereas the clientele had comprised mainly Swiss and European private clients up to the end of the Second World War, it subsequently expanded to include the whole world. As the years went on, the Bank outgrew its premises in rue Diday. To remedy this situation, the Partners Committee decided to have a new building constructed in boulevard Georges-Favon, where all the Bank's services would be united under one roof. In 1975, three and a half years after work had begun, the Bank moved into its new premises, which combined classicism of form with modernism of infrastructures.

At the start of the 1950s, the area of wealth management started to pick up again, while also attracting a new type of client that was to occupy an increasingly important position, namely pension funds and other institutional funds. Starting in the 1960s, Pictet & Cie was one of the first Swiss private bankers to offer its services to institutional investors.



Pictet & Cie grew rapidly over a period of 35 years. Its workforce of 70 staff in 1945 had increased to 300 by 1980. Pictet & Cie's rapid expansion was due in part to the security provided by Switzerland on a political and monetary level and to the development of the world economy, but also to the work of a close-knit and well-managed team, dedicated to serving their clients' best interests. Furthermore, the partners maintained a special relationship with Geneva-based institutions, as well as with Swiss institutions as a whole. Several of them became involved in public life, with both Albert Pictet and Victor Gautier representing Geneva on the Federal Council of States from 1942 to 1947 and from 1955 to 1963, respectively.



In 1955, Pictet & Cie celebrated its 150th anniversary. The Bank's staff then comprised over 140 staff members.

### **The birth of a major private bank**

With the war receding into the past, Pictet started to grow at an increasing rate. To accompany the economic development in the second half of the 20th century, the Bank introduced a whole series of new activities.

At the start of the 1960s, wealth management for private clients was still the Bank's main activity. However, at that time, Pictet employed only three assistant vice-presidents (*fondés de pouvoir*) and one officer (*mandataire commercial*). Consequently, it was the partners who were mainly responsible for receiving clients and managing portfolios. Trading orders were still written out by hand and sent by messenger to the Stock Exchange trading desk. As business developed further, four asset managers were appointed. The individuals in question boasted 20 or so years' loyal service to the Bank, and had previously shown their mettle in other departments before joining Private Banking. The remarkable economic boom experienced from the 1950s onwards caused unprecedented development in the area of private banking. In order to respond to the substantial increase in the volume of business, the partners decided to create groups of asset managers.

Out of private banking, which was the core business of the Bank, grew various other activities, in particular institutional asset management. In 1967, the *Fondation d'Investissement pour la Prévoyance en faveur du Personnel (FIPPER)* marked the start of this activity. In the decade that followed, the institutional department, which comprised just four people

The partners of Pictet & Cie in 1970, from left to right: Guy Demole, Denis de Marignac, Claude de Saussure, Michel Pictet, Jean-Pierre Demole, Edouard Pictet, Jean-Jacques Gautier, Pierre Pictet.



at the time, worked on the marketing and development of this foundation, while also dealing with Swiss and foreign institutional clients that had entrusted the management of their pension fund to Pictet & Cie. An “Institutional Asset Management” department was created, subsequently renamed Pictet Asset Management (PAM). The area of pension provision and social welfare underwent substantial development during the 1980s.

Another innovation that went hand in hand with the development of markets was Global Custody. Several factors contributed to its emergence in the 1970s, namely the globalisation of institutional investments, the integration of IT into securities management and the ever-increasing development of asset management companies that were not banks and were therefore not able to act as security custodians.

And finally, in the 1970s as well, Pictet & Cie started up formal relationships with several independent asset managers.

### **The globalisation of markets**

In the second half of the 20th century, Pictet & Cie set up offices outside the European continent in response to the general development of business, which was to result in a globalisation of the financial markets. Pictet & Cie first tested the waters outside of Europe by opening an office in Tangier, and then one in Montevideo.



**Whatever changes the Bank undergoes, the partners' rolltop desks remain from generation to generation.**

In the mid-1970s, at the height of the Cold War, Pictet & Cie began looking for a strategic location on the American continent that would provide protection for its clients' assets in the event of a major crisis in Europe. Thanks to its excellent communications network and privileged geographical location, Montreal seemed to be the ideal place at the time to set up the Bank's first office on the North American continent. This office opened on 5 June 1974. At the end of the Cold War, Pictet Montreal, which had been transformed into an asset management platform, was also able to provide the whole of the group with a securities brokerage service on the US and Canadian markets. Since 1974, Pictet & Cie has held a seat on the Boston Stock Exchange, and in 1984 the Bank became a member of the Montreal Stock Exchange. From 2000 onwards, it also enjoyed direct access to NASDAQ.

In 1978, Pictet & Cie set up an office in the Bahamas. Today, the Bank's business in the archipelago focuses on a sizeable international clientele domiciled in the Bahamas, as well as on serving clients living in Central and South America (Venezuela, Colombia, Peru and Ecuador) and in Canada. Pictet Overseas Trust, which was created in the Bahamas in 1995, later became the main trust company of the Pictet & Cie group.

The past 25 years have seen Pictet's international expansion continue around Europe and Asia. In 2005, the group comprises 16 offices around the world.



The first computer arrives at Pictet & Cie.

The first IT system was introduced at Pictet & Cie in 1968, based on an IBM 360/20 mainframe system. In 2003 the Bank chose a new IT platform, *Avaloq*, capable of processing around 8000 million instructions per second. This machine has a 288 gigabyte (288 billion bytes) memory. To achieve the same capacity with the 1968 system, 1,440,000 machines would have been required.

### Information technology at Pictet & Cie

Information technology made its debut at Pictet & Cie in the late 1960s. Since then it has undergone huge developments and ongoing tweaking to improve performance. The concept of a “real-time bank” brought about a veritable revolution in working methods, which was to relieve staff of a number of repetitive administrative chores while also ensuring greater speed of execution of everyday tasks.

The first IT system was based on a mainframe computer capable of executing 20,000 instructions per second and with a memory capacity of 16,000 bytes and storage capacity on magnetic disk of 50 million bytes. Punchcards were used for data entry, with the processed results printed out as hard copies (advices, lists, account statements, valuations, etc.).

This first step into the world of IT was followed by many others, up to the launch of the *Unity* project in 2002, a complete redefinition of the technical and functional architecture of the banking system for the entire Pictet group.



From the outset, Pictet recognised the extraordinary potential of IT and dedicated considerable resources to its development.

## 1980-2005

# A private bank in a changing universe

The last 20 years of the millennium went hand in hand with impressive growth within the Pictet group.

The staff headcount soared from 300 in 1980 to over 2000 in 2005, in particular as a result of the development of institutional asset management and of investment funds.



**Opening up, expanding and specialising:  
a private bank in the 21st century**

Over the past 25 years, Pictet & Cie has maintained at an increased pace its process of anticipating the ever more pressing demands of private and institutional investors. Against the backdrop of developing internationalisation of markets and clients alike, the Bank found itself not only providing its services to a growing number of clients with a higher volume of assets to manage; it also had to come up with new investment vehicles for its clientele and take into consideration the most up-to-date management techniques. It would also be called upon to further develop its approach to global wealth planning.

This expansion of Pictet & Cie's activities occurred both in Switzerland and abroad, and also necessitated a significant increase in operational, corporate and etat-major services. These developments entailed a sharp increase in the staff headcount, which grew from slightly less than 300 in 1980 to over 2000 in 2005.

Throughout this period, while maintaining the spirit and traditions that had ensured its reputation and solidity over two centuries, Pictet & Cie became a private bank of international stature, anticipating and successfully overcoming the challenges from clients and markets alike.

Partners Pierre Lardy (3rd from the left) and Denis de Marignac (3rd from the right) surrounded by several of the Bank's senior managers, under the watchful eye of future senior partner Ivan Pictet (1st right).



### **The development of pension provision**

From the 1980s onwards, the area of pension provision underwent major developments in all industrialised countries. Pension funds were beginning to accumulate ever increasing sums. However, Pictet & Cie was able to respond to the expectations of institutional clients both in Switzerland and abroad.

In 1980, Pictet & Cie, together with Mellon Bank from Pittsburgh, formed an institutional asset management joint venture in London, which was subsequently wholly taken over by Pictet & Cie. An institutional entity was established in Tokyo in 1986. The institutional marketing for the rest of the world is currently carried out through the branches in Montreal, Frankfurt, Milan, Paris, Tokyo and Singapore.

Between 1983 and 1986, the institutional asset management department at Pictet & Cie also launched several private investments for major Swiss borrowers, such as the Swiss Confederation, the cantons, SSR and Migros.

Furthermore, this department initiated Global Custody for the pension funds of the City of Zurich, Nestlé (Switzerland) and ABB (Switzerland). It also showed its innovative qualities by creating a number of indexes that allow investors to compare performance. In 1999, all the institutional activities of Pictet & Cie were grouped together in one division, Pictet Asset Management (PAM). In 2005, there are around 200 staff, all with extensive expertise, managing close on 70 billion Swiss francs of capital held in pension funds, insurance funds, public funds or investment funds.



Between 1960 and 2000, the total of assets deposited at Pictet & Cie was multiplied by a factor of 50.

### **The fruits of growth**

Between 1960 and 2000, private banking underwent substantial development. The total amount of funds deposited with Pictet & Cie multiplied by around 50 in that time. This impressive growth, in an increasingly complex legal environment with ever more sophisticated management techniques, came about as a result of the willingness to innovate solely for the benefit of private and institutional clients.

Investment funds were virtually non-existent at the start of the 1960s. However, they subsequently came to represent a substantial and ever-growing proportion of the asset allocation of client portfolios.

With the launch of the Emerging Markets fund in 1991, Pictet & Cie became a pioneer in investment in emerging markets. In the same spirit, a number of collective investment vehicles were launched in Eastern Europe. In 1996, following a change in the law that handed the Bank a real opportunity to develop its fund-based activities, Pictet & Cie decided to found Pictet Fund Management S.A., a Swiss fund-management company serving as an internal and external distribution platform for the Group's asset management expertise in the form of collective investment vehicles.

In 2005, Pictet Funds numbers 130 staff, distributing more than 80 money-market, bond and security funds with a total value of 35 billion Swiss francs. Their activity comprises several elements, covering product development, administration, and distribution. All of these aspects repre-

sent the complete value chain of the Pictet group. Today, investment funds remain one of the spearheads of the European development of the Group.

In April 1998, Pictet & Cie became one of the first European banks to set up its own Family Office. This service is targeted at families of substantial wealth with complex requirements as far as wealth management is concerned.

In the mid-1990s, a small unit of three people was set up with the primary function of conveying financial information to external managers. With increasing specialisation of management techniques and ever more stringent regulations on exercising this profession, Pictet & Cie decided in 1999 to create a platform devoted entirely to the services of independent asset managers. It now comprises 25 employees working in Geneva, Zurich, Nassau and Luxembourg. In 2005, there are 260 asset managers working in co-operation with Pictet & Cie. The assets managed by them total around 15 billion Swiss francs.

Since 1989 Pictet & Cie has offered institutional investors a comprehensive, tailor-made service in economic analysis, investment consulting and order execution. When originally set up, the Institutional Brokerage Services (IBS) department specialised in trading in Swiss equities only. Since then, however, it has spread its wings to include European companies operating in sectors of particular importance for the Swiss economy: pharmaceuticals, chemicals, foods, banks and insurance companies. In November 2002, to rule out any conflicts of interest, Pictet & Cie



decided to make a clear-cut division between those research activities supporting its own asset managers (buy-side) and those used as a basis for advising external clients (sell-side). This decision led to the creation of a brokerage company for institutional investors that is legally independent from Pictet & Cie: this is known as Helvea S.A., which came into operation at the end of 2004.

In 2006, Pictet & Cie will be on the threshold of a new era. All departments and all staff members working in Geneva will be reunited in a single building, based in the Acacias, which will become the Group's new headquarters.

**In September 2002, construction work started on the Group's new headquarters, where all staff members working in Geneva will be reunited under one roof as of 2006.**

## Prelude to the future

“Cohesion between the partners is the keystone of our institution”

Charles Pictet joined Pictet & Cie in 1969 and became a partner in 1979 and senior partner in 1996.

He was appointed by the Swiss Federal Council to sit on the Federal Banking Commission as of July 2005.

Charles Pictet has been a key figure in the development of Pictet. He takes a look at the recent past and at the future of the bank that he is leaving.



**You have spent 25 years as a partner at Pictet.**

**What have been the highlights for you?**

Opening up. The world has opened up. This process is continuing – and it's fantastic. The end of the Cold War, symbolised by the fall of the Berlin Wall, has dramatically changed our world. The development of Pictet, and especially the setting-up of different offices abroad, has gone hand in hand with this movement, and even anticipated it. For an entrepreneur, the industrialised world has never been so promising. Our predecessors had to deal with wars, exchange controls, dictatorships, political problems and devaluations. When you look ahead, as a rule you see only obstacles. But if you look to the past, you will see all the obstacles endured by our predecessors – and then things appear in a very different light. A historical perspective helps you to move on: it provides an important foothold that allows you to be strong in the present. The world is opening up today, and there is no risk of widespread war. We need to take advantage of this period to continue developing our Bank.

**Which element in the history of your bank has, in your opinion, been the most important?**

The cohesion between the partners. This cohesion is the keystone of our institution, a fundamental requirement. Several people together are rarely entirely wrong. Even if I'm convinced that I'm right, if all the other partners think that I'm wrong, then maybe I am. It is essential to possess the necessary humility and to be able to question oneself. Moreover, if the top management of the company is united, all the rest will follow. Another feature that has marked the history of the Bank has been its capacity to maintain its course over the long term and not to yield to the temptations of prevailing fashions. Our financial independence gives us the great good fortune of being able to maintain a long-term vision.

**How can you remain at the cutting edge of progress while still focusing on the long term?**

You always have to adapt and to question yourself, but within clear parameters. You have to be able to change, but still remain aware of your profession, your history and your limits. The system whereby responsibility is handed down by the older partners to their younger counterparts combines all the advantages. The Bank remains at the cutting edge and is aware of new developments thanks to the younger partners. But its course remains firmly focused on the long term thanks to the more senior ones. The arrangement leaves nothing to chance: it is planned and organised 10 years in advance. The age distribution within the Partners Committee must be the right one. The "new guard" is ready to take over and has been prepared to do so for some time. The key to success is



planning ahead. This is not a principle which we have invented by any means, since our predecessors acted in exactly the same way from the outset. For instance, the last five years have been difficult ones with regard to the markets. We nonetheless decided to invest in and start construction of our new building while we were in the trough of the economic cycle, exactly as the previous generation did in the 70s. From time to time, you just have to stick at things in spite of – or maybe because of – occasional difficult periods. You need to cling to your own convictions, which is what we have done. And that is mainly why all the years spent at Pictet & Cie have been exciting ones.

#### **Has the banking profession evolved?**

The profession is constantly adapting to the economic and legal framework worldwide, regardless of whether investment techniques, compliance, nationalities, skills or market segments are concerned. When I joined Pictet & Cie in 1969, there were 12 university graduates; today, there are nearly 500, who speak 48 languages. That is an important thing: showing respect for others means speaking their language and understanding their culture. Despite its small size, Switzerland, as a federal and multicultural country, has a very diverse population with a strong international outlook. This is a major strength for us, especially as qualifications tend to be high.

#### **How would you describe the bank that you are leaving?**

It is a fine institution with a clear strategy. The mission that each partner is entrusted with is to hand the Bank down to the generations that follow, having improved it. My father gave me his “tool” and said to me: “Now it’s



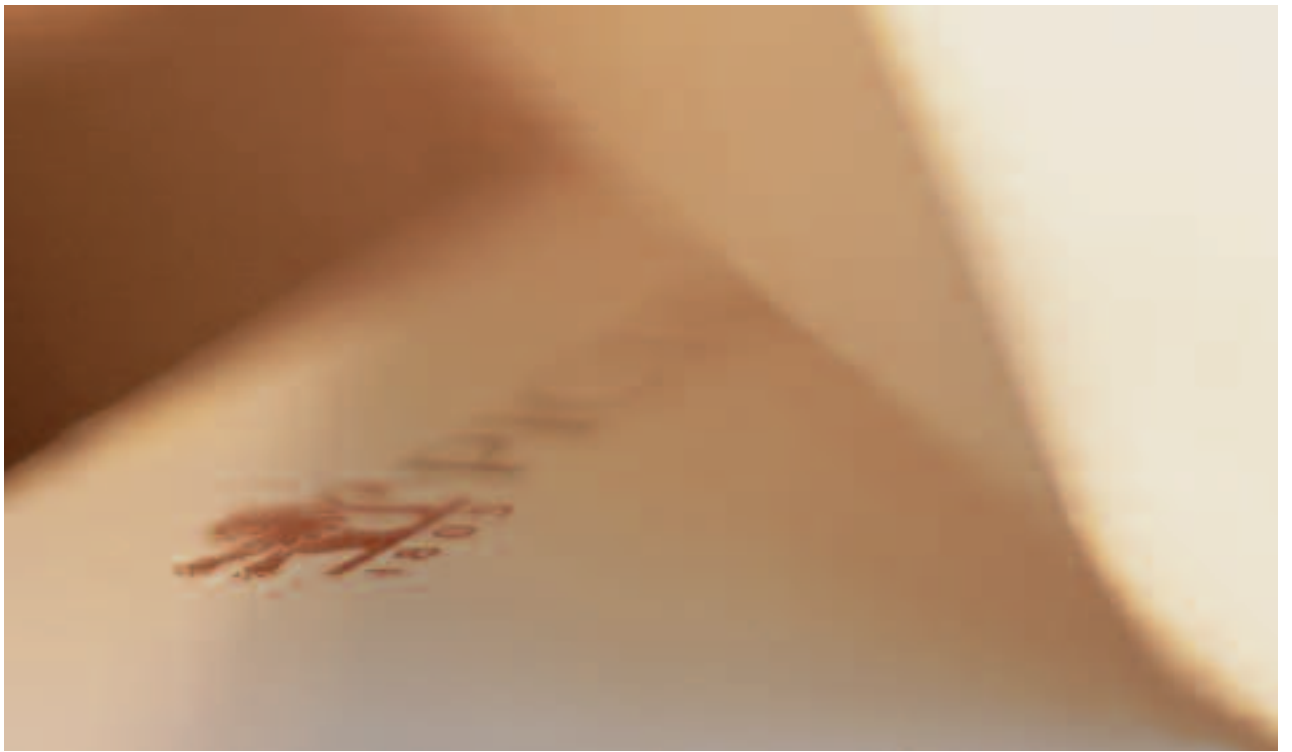
up to you to do better". Today I'm happy to be able to pass the baton on myself. It's always a delight to watch the younger generation develop. You can guide them, help them to grow and assist them in their development. It truly is a great pleasure to see the younger generation doing better than we have done.

**Does the Pictet model have its limitations?**

The limitations are imposed by training and by the possibility of integrating staff into our corporate culture. If we are opening an office, we need to have high-quality staff to do so, but also people who share our values as a company. Given our profession, a service-providing profession, it is not possible for us to grow as rapidly as, say, an industrial company. And regarding the question of whether the Pictet model is limited as a result of its size, I'm afraid I have no answer to that. The future will tell. All companies ask themselves the same questions. In any event, I believe that our economic model is the one that best serves the future destiny of the owners and the managers of the company (who happen to be the same people), the staff, and most importantly our clients.

**What advice would you give to your fellow partners as you leave the Bank?**

"Get on well with each other", that's the most important thing of all. I wish all the very best to the Bank and to all those who help develop it day after day.



**The Bank's different corporate names**

|            |                               |
|------------|-------------------------------|
| 1805-1807  | De Candolle, Mallet & Cie     |
| 1807-1812  | De Candolle, Turrettini & Cie |
| 1812-1819  | J. de Candolle & Cie          |
| 1819-1841  | De Candolle, Turrettini & Cie |
| 1841-1848  | Turrettini, Pictet & Cie      |
| 1848-1856  | Edouard Pictet                |
| 1856-1878  | Edouard Pictet & Cie          |
| 1878-1909  | Ernest Pictet & Cie           |
| 1909-1926  | G. Pictet & Cie               |
| since 1926 | Pictet & Cie                  |

**The Bank's head offices**

|           |                                     |
|-----------|-------------------------------------|
| 1805-1819 | 3, cour St-Pierre                   |
| 1819-1856 | 26, rue de la Cité, actuellement 18 |
| 1856-1878 | 8, Corrairie, actuellement 12       |
| 1878-1909 | 12, rue Petitot                     |
| 1909-1926 | 10, rue Diday                       |
| 1926-1975 | 6, rue Diday                        |
| 1975-2006 | 29, bd Georges-Favon                |
| from 2006 | 60, route des Acacias               |

### **Pictet & Cie : 200 years, 38 partners**

|                           |              |
|---------------------------|--------------|
| Jacob-M.-F. de Candolle   | 1805 to 1841 |
| Jacques-Henry Mallet      | 1805 to 1807 |
| Charles Turrettini-Necker | 1819 to 1848 |
| François Girard           | 1821 to 1843 |
| Edouard Pictet-Prévoist   | 1841 to 1878 |
| Alphonse Turrettini       | 1841 to 1843 |
| Ernest Pictet             | 1856 to 1909 |
| Emile Pictet              | 1875 to 1909 |
| Guillaume Pictet          | 1889 to 1926 |
| Jaques Marion             | 1909 to 1930 |
| Gustave Dunant            | 1914 to 1933 |
| Aymon Pictet              | 1919 to 1928 |
| Charles Gautier           | 1919 to 1948 |
| Pierre Lombard            | 1927 to 1954 |
| Albert Pictet             | 1928 to 1955 |
| Alexandre van Berchem     | 1930 to 1965 |
| François de Candolle      | 1937 to 1942 |
| Jean-Pierre Demole        | 1945 to 1975 |
| Victor Gautier            | 1948 to 1960 |
| Edouard Pictet            | 1950 to 1975 |
| Jean-Jacques Gautier      | 1955 to 1973 |
| Michel Pictet             | 1955 to 1980 |
| Edmond Boissonnas         | 1956 to 1965 |
| Claude de Saussure        | 1959 to 1986 |
| Denis de Marignac         | 1963 to 1987 |
| Pierre Pictet             | 1963 to 1988 |
| Guy Demole                | 1967 to 1996 |
| Pierre Lardy              | 1975 to 1995 |
| Charles Pictet            | 1979 to 2005 |
| Ivan Pictet               | since 1982   |
| Claude Demole             | since 1982   |
| Jacques de Saussure       | since 1987   |
| Nicolas Pictet            | since 1991   |
| Philippe Bertherat        | since 1995   |
| Fabien Pictet             | 1996 to 1997 |
| Jean-François Demole      | since 1998   |
| Renaud de Planta          | since 1998   |
| Rémy Best                 | since 2003   |

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