



Franz von Metzler and Ralf Lochmüller on the importance of entrepreneurial independence and perseverance when developing better solutions.

Edited by Markus Gutberlet. Photos by Markus Kirchgessner



**leitwolf:** Metzler is Germany's oldest bank with an unbroken tradition of family ownership. Mr Von Metzler, you are the 12th generation to help shape the Bank's fortunes. Did the Metzler name carry an obligation to continue the family's management tradition?

**Franz von Metzler:** We celebrated our company's 350th anniversary last year. While we are extremely proud of that achievement, we also think about it with a great deal of humility, as remaining independent for 350 years is not easy. Of course, the Bank and its ongoing development have always been a major topic of conversation around our dinner table. Having said that, our parents were keen to let my sister and I decide on our own career paths. This freedom allowed me to develop a greater interest in the continuation of our Bank after completing my studies and working for a large bank in London.

**leitwolf:** Mr Lochmüller, independence was your biggest driver when you and

your partners brought Lupus alpha into the world 25 years ago. Why was that?

**Ralf Lochmüller:** Back then, we were genuinely obsessed with being independent. Yet it was also clear to us that we really only had a chance in the market if we focused on something that not everyone was doing – that is, if we specialised – and succeeded in incorporating all of our knowledge into our fund products in an unfiltered way, without being influenced by any broader corporate guidelines. We love our independence to this day and would never give it up.

**leitwolf:** What have you learned from 350 years of maintaining the Bank's independence?

**Franz von Metzler:** Perhaps the most important thing we've learned is that you also have to be able to make bold, disruptive decisions to align yourself with the latest developments. That was also the case 200 years ago, when Christina Barbara Metzler was appointed to lead the Bank. Back then, it was extremely

unusual for a woman to be in charge of a bank, yet it perfectly demonstrates that we do not hold back from making unconventional decisions as long as they are correct and objectively appropriate. It's also easier to understand what we do best by looking at what we don't do. Today, we focus on just a few key areas: private banking, asset management, capital markets and corporate finance for institutions and wealthy private clients. We do not operate a deposit-based business or a lending business, which allows us to keep our risk under control.

**leitwolf:** How significant is independence for you and your clients today?

**Franz von Metzler:** Independence allows us to offer solutions that are genuinely in the best interests of our clients. We can only do that by truly adopting a long-term mindset and enduring weaker periods every once in a while. I am thinking particularly of the small and mid-cap expertise we have also developed over 25 years or the fact that we built up ESG expertise at an early stages. Then there's our Metzler Pension Management business for occupational pension schemes. I am certain that a large corporation would have scrapped it at some stage because we hadn't yet reached our goals after three years. Fast forward to today, and our clients are now

profiting hugely from the fact that we didn't pull the plug too quickly.

**Ralf Lochmüller:** Independence allows us to make the best fund management decisions in our clients' interests, yet it has also been extremely helpful to our continued strategic development over the years. After all, new strategies need to be given time to come to fruition. In 2004, our partners spent an entire year discussing whether to use derivatives in our mutual funds or special funds, and eventually decided that this could be a new line of business for us. We began by very systematically developing databases, then recruited staff and then, over the course of two or three years, built up a performance history. This ultimately enabled us to develop capital protection concepts and position volatility as an alternative risk premium in the market.

*"Independence allows us to offer solutions that are genuinely in the best interests of our clients."*

Franz von Metzler



**Franz von Metzler:** Member of the Executive Board and co-owner of Metzler Bank.

Together with his sister Elena, Franz von Metzler is the 12th generation to continue the tradition of leading Metzler Bank. For more than 350 years, Metzler has used its independence to continue developing products and services geared towards the interests of its clients.

**leitlewolf:** Both of your companies place an emphasis on entrepreneurial spirit...

**Franz von Metzler:** For us, that falls under the topic of responsibility. It gives us a lot of possibilities to support and encourage our employees, think creatively and take responsibility from an early stage. That's particularly important to us.

**Ralf Lochmüller:** Entrepreneurship is something you have to put into practice every day. Yet we also have initiatives such as our annual ideas competition, where the best of more than 120 ideas are recognised and put forward for further development, as well as our internal entrepreneurs' award and a bonus system that incentivises each and every person within our company. Everyone "wears the Lupus alpha shirt", and our clients notice that.

**leitlewolf:** Independence has the potential to create freedom for decision-making. But how do you make practical use of this potential?

**Ralf Lochmüller:** Indeed, it's not always easy to separate the hustle and bustle of day-to-day business from the decisions that really matter. How do we try to do that? On the one hand, we have our five-person Executive Committee, which meets at 5 p.m. every Monday for discussions that often last until 9 or 10 p.m. – something we've been doing for 25 years. Then, of course, for strategic issues we also have offsites, annual target workshops and so on. Finally, we have our nine-strong team of partners that regularly discusses the strategic development of Lupus alpha.

**Franz von Metzler:** We also use institutionalised meetings to "remove ourselves" a little from pressing matters in our everyday business and give ourselves an opportunity to think outside the box. We have recurring workshops, offsites, etc., and that's where many of our key strategic decisions are ultimately made.

**leitlewolf:** Shareholder culture in Germany is something that is very close to both of your hearts. Why are shares so integral to pensions and wealth creation?

**Franz von Metzler:** We have been committed to shares for centuries. Why? We have ensured our own survival over the past 350 years by participating in productive capital. It has



**Ralf Lochmüller,** Managing Partner and CEO at Lupus alpha.

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helped us to endure two world wars, Napoleon in Germany, the Franco-Prussian War and much more besides. It is also incredibly important from a social perspective for us to integrate German citizens into the capital markets cycle by investing capital for their retirement.

**Ralf Lochmüller:** There is an awareness that you cannot rely solely on state pension but also have to do something yourself to create an attractive pension – both as part of occupational pension schemes and privately. In this respect, I believe that shares will penetrate the public consciousness even more emphatically in the next generation – and that's a good thing.

**leitlewolf:** Many thanks for this conversation!



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