

Buyer beware

Why China's party congress matters for investors — GEORGE MAGNUS, PAGE 18

US patent wars

The battle with Big Tech for more protection — RANA FOROZHAR, PAGE 7

Credit Suisse targeted for break-up by activist fund

- ◆ RBR to exploit impatience with Thiam
- ◆ Split would revive First Boston name

PATRICK JENKINS — LONDON
LAURA NOONAN — HONG KONG

A Swiss hedge fund is poised to launch a campaign to break up Credit Suisse, tapping into investor impatience with the progress of the bank's turnaround under Tidjane Thiam, chief executive.

RBR Capital Advisors, supported by Gaël de Boissard, a former Credit Suisse investment bank co-head, is set to unveil the plan at the JPMorgan Robin Hood investor conference in New York this week, say people briefed on it.

Run by Rudolf Bohli, a former analyst and trader, RBR has had success with activist campaigns against GAM, the asset manager, and Gategroup, the airline catering company now owned by China's HNA. RBR is based in the town of Küsnacht, near Zurich.

Credit Suisse has outperformed most European peers over the past year but its share price — diluted by capital raisings — is barely half what it was when Mr Thiam took over in 2015. Over the same period, the Stoxx Europe 600 banks index is down just 13 per cent.

According to people briefed on Mr Bohli's plan, he will argue for a three-way split of Credit Suisse into a Wall Street investment bank that revives the old First Boston brand; an asset manager; and a wealth management group that encompasses Credit Suisse's retail and business banking operations.

RBR will attack the "dis-synergies" in the conglomerate structure and suggest the split could double the current SF\$40bn valuation, according to a copy of the plan seen by the Financial Times.

"First Boston 2.0", as conceived by RBR, would be slimmed down, spun off and floated. It would also be part-owned by staff through a partnership structure.

Mr de Boissard, a contender for the top job when Mr Thiam was appointed, has since become a fintech investor. But he retains a significant personal stake in the bank and is frustrated at the decline in its value. He has been consulted on the RBR plan and believes it has merit. He has told Mr Bohli he is standing by in case help is needed.

So far RBR is understood to have built only a small stake in Credit Suisse, amounting to between 0.2 per cent and 0.3 per cent of the share capital. But it has signed non-disclosure agreements with 100 other investors, some of them existing shareholders, suggesting the campaign could garner momentum.

RBR's GAM and Gategroup campaigns helped generate a 130 per cent return over two and half years, according to a person close to the fund. Senior Credit Suisse representatives, including chairman Urs Rohner, have engaged with the hedge fund.

Credit Suisse is two years into a three-year restructuring plan designed to improve efficiency, pivot towards high-growth areas, such as wealth management and Asia Pacific, and reduce the capital allocated to its investment bank.

It said: "Our focus is on the implementation of our strategy and our three-year plan, which is well on track and which we believe will unlock considerable value for our clients and shareholders."

Star struck Astronomer after detecting collision



Scientists have hailed a new dawn in astronomy after combining observations of gravitational waves and light to record a cataclysmic collision between two neutron stars in a distant galaxy.

The crash took place in the previously obscure NGC 4993

galaxy in the Hydra constellation, 130m light years away. The gravitational wave distortions in space produced by the smash were recorded on Earth on August 17.

The blast also produced atoms of gold, uranium and other heavy metals in



Oil-rich Kirkuk falls to Iraqi force tremors spread from Kurds' refer