

Dealing with the strong shekel is the biggest challenge facing olim today

‘How do you make a small fortune in Israel?’ asks wealth manager Andrew Album. ‘The punchline to this joke of course is that you come with a large fortune. But I’m not so sure that’s true. I actually think the answer is that whatever money you come with as an oleh, if you get the right financial guidance, you can rest assured that you will always have that fortune.’

Andrew is founder of the website www.uk-aliyah.com and has written articles in the Jerusalem Post and globally, as well as being the author of an acclaimed guide about financial planning for olim.

He is well known as the only financial adviser who is currently qualified and licensed in both the UK and in Israel, working with market-leading firms in both jurisdictions. With thirty years’ experience and this unique dual qualification, he has established himself as a leading authority in the English-speaking community.

Fifteen years ago, he made Aliyah with his family to Ra’anana, with a thriving practice in the UK which he has maintained until now.

‘Initially I had no intention of advising clients in Israel,’ he recalls, ‘but it gradually became apparent that British olim were taking advice from UK firms with no presence in Israel, no licence to advise here and were essentially unable to provide the right solutions to meet the needs of those making aliyah’. It became apparent that this challenge was not unique to olim from the UK.

Having an established relationship with Pioneer Wealth’s chairman Monty Hilkowitz for over a decade, it was easy to identify which was the right firm to join here in Israel. ‘Monty brought to Israel the concept of a wealth management business with the integrity, culture and client focus

of the leading firms globally,’ he says. ‘That made joining Pioneer a very simple decision.’

Founded in 1986, Pioneer Wealth is recognized by the Israeli Securities Authority as one of the thirty largest wealth managers in Israel. ‘What makes us different,’ explains chief executive Dafna Goren, ‘is our complete independence – not only in terms of not being owned by a large institution, but also that running through our DNA is a commitment to put the client first by avoiding any potential conflicts of interest in our approach.’

This means that Pioneer Wealth is almost unique amongst its peers in that it has no in-house funds, such that client investments are selected from across the whole market without bias. ‘We also insist on ensuring that our clients will always have complete confidence in our decisions by charging no fees for transactions and being contractually obligated to rebate any commissions we receive back to the client,’ she adds.

These strengths contributed to *Global Business Outlook* acclaiming Pioneer as ‘Best Wealth Management Company in Israel 2021’.

The rise and rise of the Shekel

Perhaps the biggest challenge confronting olim over the past few years has been the huge appreciation in the value of the shekel.

There are several reasons for the strength in Israel’s currency. These include the huge inward flow of investment capital as investors have sought to grab a piece of the action in the country’s tech sector, the significant hedging by Israeli institutions of their global assets, gas production from new fields

in the Mediterranean and, more recently, the passing of a budget and the Bank of Israel’s decision to reduce its intervention in the currency markets.

Over this period, the US Dollar has lost one third of its value, the British pound more than 50% and the South African rand almost three-quarters.

According to Andrew Album, little coverage has been given to ‘the massive impact that this has had on the financial wellbeing of many olim – both new and veterans.’ Many receive pension or investment income from their country of origin and have assets overseas which are now worth far less in shekel terms.

‘Matching assets with liabilities is a core principle of financial planning,’ he explains, ‘but it is an issue that many olim do not pay attention to and many advisers cannot help with. The end result is a mismatch between their assets and income being in a foreign currency and their expenses that are in the ever-strengthening shekel.’

He suggests that there are a number of reasons for this, including a wariness of shekel investments due to language barriers, a lack of understanding and a tendency to put capital into familiar investments.

‘What particularly concerns me,’ he adds, ‘is that most advisers who pitch to olim do not offer shekel investment solutions, lack relationships with domestic banks and are not licensed by the Israeli Securities Authority to give advice in Israel. More than anything else this is exactly what every oleh actually needs if they are to achieve financial security – a comprehensive investment approach which includes shekel strategies’

‘The end result,’ he adds, ‘is that



Andrew Album (Courtesy)

olim have unnecessary financial worries because their advisers have not been able to recommend what they actually need in order to have peace of mind with their finances.’

‘In addition to offering global investment portfolios in a range of currencies, we have a separate asset management team of experienced Israeli professionals that runs shekel portfolios for our clients, so we can truly take a comprehensive approach,’ explains Pioneer’s chief investment officer Mike Ellis. ‘This provides exposure to global markets and a diverse range of assets but with the entire portfolio hedged into shekel, which means that the client has no currency risk at all.’ For larger investors there are also more specialist investments in alternative assets, again hedged into shekel.

‘Olim are hugely underinvested in shekel assets and the cost to them has been incredibly painful,’ adds Andrew Album. This is an outcome that I work hard to ensure that my clients are protected against. ‘Nobody knows for certain what will happen next in currency markets, but a diversified approach which includes shekel investments is definitely the right strategy’.