

A different kind of family office in Asia

Alex Scott of Sandaire explains the approach and value proposition of his firm's offering as part of its growth plan for the regional market.

The further east Alex Scott goes from the UK, the more business opportunities he encounters.

Five years ago, the founder of Sandaire Investment Office, which manages his own funds and those of 40 other families globally, set up his office in Singapore. Today, as he travels to markets like India and Hong Kong, and witnesses first-hand the dramatic creation and concentration of wealth across the region, he is convinced of the opportunities to be had in the longer term.

Although family offices have existed in Hong Kong and Singapore for more than 100 years, the kind that he spearheads, catering to multi-families, are somewhat rare. There are only a handful of them in both Singapore and Hong Kong.

Sandaire stands out, though. "We manage our own funds as well as those of other families. So my family takes the service, pays the fees, as

any other family there. That's an unusual degree of alignment compared with other financial services businesses," explains Scott.

Yet that's not the crucial differentiating factor to his mind. Catering to a small group of families, Sandaire offers a different model than what is provided by most wealth managers in the region.

The group's focus is on asset allocation, risk control and portfolio construction, but it does not buy or sell stocks.

"What we do is to find talent to operate on behalf of the families who are our clients. Most of the financial service providers started with a focus on buying and selling individual stocks and then moved up to asset allocation; we are going the other way around," he explains.

Sandaire calls itself more of an intermediary. It enables families to deploy



ALEX SCOTT
Sandaire

their assets on a global basis through multiple managers, but it doesn't do the underlying management of the stocks.

Scott believes that outsourcing is the right way to approach the business when there is an explosion of talent globally instead of trying to do everything himself.

In addition to asset allocation, Sandaire to its clients serves as a platform to provide ideas and insights from other parts of the world and vice versa.

The firm's global reach makes it something of a specialist in what it does. "We flex the asset allocation depending on global macro-economic and geopolitical events, and find the right talent to work on behalf of families," says Scott.

A FAMILY OFFICE FOR EVERYONE

Sandaire is aiming its services at families who want to preserve their wealth and build an inheritance for the next generation, but do not have the critical mass to set up their own family office.

"We work with families individually. So, we like to think that we are their outsourced family investment office and the key service that we offer is to work with them to understand their objectives, and then to build around them a portfolio that is focused," explains Scott.

The look and feel of the place is oriented towards this ethos; clients are able to access any member of the senior management team, and its offerings are tailor-made.

"It's very personal and it's structured around the family, we are not fitting the family into a pre-existing matrix, we are saying, 'we are going to develop something precisely for you,'" he adds.

In many ways, Sandaire is uniquely positioned to offer unbiased and independent advice to clients.

"We don't lend money, we don't act as a stockbroker and we don't act as a custodian. All we do is focus on asset allocation, portfolio management for a small number wealthy families. That's it. So, we are small business but we are specialists," says Scott.

"Every culture and every race have idiosyncrasies around the way that they think of the wealth they inherit, but at the core good stewardship is universal, and I think that's why we have an opportunity to expand our business here," says Scott.

"Most of the financial service providers started with a focus on buying and selling individual stocks and then moved up to asset allocation; we are going the other way around."

LOOKING BEYOND THE SHORT-TERM

The focus on the long-term is crucial. Sandaire's typical clients are those who have a 20 to 30-year investment horizon in mind.

"We are going to have a limited number of clients, they are going to be families, sometimes foundations, because these are similar to families that have long-term horizons and can invest flexibly. That's our key value proposition," explains Scott.

While opportunities abound in Asia, Sandaire is aiming at the second and third generation inheritors who do not wish to be as closely involved with the management of their wealth as their parents or grandparents.

Yet it also has its sights set on early-stage entrepreneurs, although typically the first-generation wealthy in Asia like to take a hands-on approach to management of wealth.

"We will adapt what we do for local requirements but at the core we all know that it's really hard for wealth to endure beyond three generations."

Scott believes the balance of opportunities is tilting towards the East.

In India, for example, where there are large family-owned businesses, he is looking to partner with businesses to manage funds generated from a liquidity event.

"There is an opportunity for us, but it will take time because this is a new option which we think has been constructed in a way that's really complementary to a family's needs," he says.

Going forward, Sandaire has only one goal: to grow its business sustainably in a way that every piece of that growth is to the advantage of its existing clients. "We believe that there is a niche in this market for a business like ours," explains Scott. ■