

A digital path to fill Singapore's advice gap

Cashing-in on the growing popularity of robo-advisers, Crossbridge Capital's platform looks to cater to a large group of wealthy investors who need – but don't get – more tailored and flexible advice, explains Charlie O'Flaherty.

Among the more boutique wealth management firms in Singapore, Crossbridge Capital seems to have made some significant progress in leveraging digital channels.

What started out as a plan to provide access and opportunities to existing clients through online means generally, has evolved and grown into much more than this.

Around six months ago, in late 2016, this independent asset manager which serves UHNW families globally launched CONNECT by Crossbridge – promoting it as Singapore's first digital advisory platform serving accredited investors (AIs).

"[We found] a large group of either unbanked or under-served potential clients who are too large to get satisfactory treatment from retail banks and not quite large enough to be interesting to the private banks," explains Charlie

O'Flaherty, partner and head of digital strategy and distribution at Crossbridge Capital.

The firm used its experience in working with around 125 families or so out of its operations in Singapore, London and Monaco to devise a way to service UHNW clients using a combination of smart technology and targeted investment portfolios.

"We wanted to provide access for those clients to products that they wouldn't have access to through their retail bank, and that would not be suitable for retail clients, or maybe this group of people doesn't have access because they are not big enough to participate in some of the asset classes," explains O'Flaherty.

Further, the firm wanted to eliminate the hidden costs that erode investment returns. Since the initial launch and subsequent feedback, the firm has since tweaked the front-end to make it more



CHARLIE O'FLAHERTY
Crossbridge Capital

attractive to clients who are perhaps less financially savvy, by being what he describes as "more nurturing".

NEW DIMENSION

A key aim of the CONNECT platform was to introduce greater access and connectivity to Crossbridge Capital's in-house investment talent and advice, which currently advises on over USD3 billion of client assets.

Together with Morningstar, the firm built into the platform a series of portfolios around specific risk-return profiles, each with an exposure of up to 12 asset classes.

a pure robo-adviser offering. It needed to be, given that the target market are AIs.

"We felt it was important to be more of a hybrid model so that clients could call and talk to us, and not feel like they are forced to deal with a computer," says O'Flaherty.

For example, CONNECT delivers intuitive and user-friendly features including videos, live chat and human helpline

firm's office to complete sign-up. "This significantly speeds-up the onboarding process while ensuring that the very best standards of customer identification and verification are maintained," adds O'Flaherty.

MORE TARGETED

Next on the list for Crossbridge Capital and O'Flaherty on the digital side, is to further evolve the platform with a focus on identifying the next markets and products to offer.

"The thesis was that the group we are addressing are the largely unbanked and under-served individuals, so the best products would be globally-diversified, balanced portfolios, and we've done that," he explains.

"The next step, because we are goal-based, and each goal has its own risk level that's set by the client, is to offer investors a choice so they go through the risk modelling for that goal and in addition to the balanced portfolio, there could be some thematic or regionally-focused products alongside that," he adds.

The firm chooses to package its products in actively managed certificates (AMCs); this creates more efficiency and, by trading on net asset value like a mutual fund, it eliminates a lot of the friction points plus the hidden fees.

For example, the firm doesn't charge any transaction, banking or custody fees – just a management fee out of the portfolio.

"In terms of the client experience, we provide 100% transparency, so they see the holdings of every certificate," says O'Flaherty. ■

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And based on their investment goals – from real estate to financial security – CONNECT clients can access and manage their investments with a single transaction, yet benefit from a professionally structured portfolio that is actively rebalanced to ensure that investments remain aligned with clients' personal risk preferences.

The platform also has a simple and transparent fee structure with no commissions, administrative fees, brokerage fees or hidden charges.

Portfolios include fees of up to a maximum of just 1.25% per annum, depending on the investment choices. Yet the robo solution that Crossbridge Capital has today is a departure from

support for investors looking for a digital yet personal solution to their investment needs.

In addition, since the platform was developed to hold clients' assets and funds in custody with BNY Mellon's Pershing LLC, US expatriate investors are also eligible to invest.

An example of how the platform has evolved since its initial launch is its innovation in terms of now offering digital onboarding for AIs.

This streamlines the user sign-up journey by using e-sign technology for all required documentation. There is no requirement for the manual submission of documents or a physical visit to the