A strategic approach to a solid discretionary business

Claude Haberer of Pictet Group explains how banks need to think and act to increase the engagement by UHNW individuals in Asia of discretionary portfolio management (DPM).

When most private banks in Asia get asked why the percentage of client assets in discretionary portfolios is still in the low- to mid-single digits, it is common to see some head-scratching.

This isn't the case for Pictet. Based on its approach to engaging clients, it has earned the bragging rights to count just over 40% of AUM in such mandates.

Indeed, this proves it isn't just Europeans who want DPM.

"Any sophisticated or intelligent investor goes to a bank for what that bank is good at," says Claude Haberer, chief executive officer for wealth management at Pictet in Asia.

THE RIGHT APPROACH

What advisers – and investors – need to be aware of is the approach required for success. For example, the DPM mix has changed as different categories of clients embrace discretionary for various reasons, and want different kinds of mandates, explains Haberer.

For large clients like family offices, he says that they typically want to use the services of such an external specialist from the outset.

Yet what is an out-dated and ineffective approach, is for a bank to pigeon-hole a client into being either an advisory or discretionary customer.

"When we talk to a client about their investment needs and about the kinds of strategies they want to implement, we might realise they are well-qualified to execute some themselves based on their personal experience," explains Haberer.

It is to help that client access other markets or assets of interest where the conversation about DPM is more relevant. "This type of approach leads to a tiered portfolio, in which there is always room for discretionary," he adds. ■

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