

A world of opportunity in an ever-changing world

The Hubbis Investment Solutions Forum, 2018 took place in Singapore, where more than 250 senior wealth management practitioners benefited from the unique expertise of more than 30 local and international speakers, who gave their views on everything from investment strategies and ideas to the digitisation of platforms and investor interface.

A TOTAL OF FIVE PANEL DISCUSSIONS, FOUR PRESENTATIONS and four workshops were provided for attendees. With 2017 being hailed as the best investment year for a long time, it may be that we are headed for more volatile times ahead. Experts gave their views on the best way to position client portfolios and manage their expectations in preparation for the various potentialities that lie ahead.

The forum began with a panel of experts assembling to discuss re-engineering the platform to ensure it is fit for purpose in the new world of wealth management.

Wealth management has a different dynamic today compared with 10 years ago. Core objectives remain the same, while technological advancements threaten to leave the less savvy wealth service providers in the dust. The industry needs to be focusing on improving the presentation of all their asset classes on one easy digital investment platform and diversifying their clients' portfolios to better weather the volatile markets ahead.

The second panel discussion of the day centred around the benefits of discretionary portfolio management (DPM), which many see as a holy grail that will provide recurring, stable fees, as opposed to one-off payments for selling products such as shares, bonds, funds and structured products. Active man-





agement strategies might pay greater dividends than in recent years when a rising tide of optimism and liquidity floated all markets.

Panellists weighed up the value of DPM, or providing managed accounts, as wealth management firms in Asia try to emulate the transition towards advisory fees that is ongoing in Europe.

Although it is not in the nature of the Asian high net worth individual (HNWI) to hand over important decision-making to others, we might have entered a new era of volatility and more range-bound markets, in which environment investors might

reconsider their appetite for passing over control of some of their assets by outsourcing this to experts.

Focussing more deeply on client needs and relationships is one benefit of outsourcing, as wealth management firms require a deeper level of understanding in order to fulfil specific mandates.

The third panel discussion brought panellists together to gain a deeper understanding of how to engage clients, seek the best products and achieve the best outcomes. There are many facets to the efforts of wealth managers to improve the performance, and satisfaction, of their HNWI clients.



Panellists warned that we could be facing a major upheaval in the mainstream asset markets in the foreseeable future as quantitative easing ends, as rates rise and also potentially as trade wars or actual wars emerge. The investment ‘herd’ mentality should be replaced by greater selectivity.

Looking forward, new asset classes, new managers diversification are going to increase in importance. Technology is going to radically change everything, and some panellists feared it could also be the downfall of traditional banks and financial institutions. Keeping relevant and up to date, as well as moving away from product-centric approaches towards the customer will help those in the wealth management industry survive and prosper.

The penultimate roundtable discussion focussed on the outlook for the second half of 2018 for capital markets and structured products. Attendees pondered whether the market for structured products has changed, and what the optimal types of structured products might be in the foreseeable future. The experts recommended strategies and surveyed the future investment landscape.

Panellists generally agreed that it had been a positive start to the year. To fare better in the volatile markets many predict, they suggested that asset diversification and a migration towards higher-quality risk were two areas to focus upon. Panellists also felt that a key driving force behind digital platform creation is regulation, aiding transparency and more rigorous selection procedures. Concluding the discussion, panellists agreed that empowering relationship managers (RMs) to have more power over product selection and pricing, as well as better access to research, will boost their performance exponentially.

The final panel of the day revolved around investment ideas for Asia’s wealth management clients. Investment experts all agreed that 2018 was set to remain volatile but that there were plentiful investment opportunities for their wealth clients to focus on.

Experts agreed that diversification away from passive investment strategies such as exchange-



traded funds (ETFs) has been increasingly popular in these changing conditions. Instead, the more uncertain market conditions have been encouraging a tendency towards active strategies.

Future returns are potentially entering a difficult period due to the unwinding of the QE trade, rising rates and threatening geopolitical risk factors. Investors now need to consider practising a 'bottom-up' strategy, some panellists suggested. This means scrutinising individual stocks rather than simply buying the big names or baskets.

A series of presentations and workshops took place during the day, covering a wide variety of topics from the eyes of experts in each of their respective field. The topics covered included: the benefits of impact investing; the appeal of Asian small-cap stocks; the explosive growth of the global fixed income ETF market and the reasons why and how investors in Asia are increasingly using them in their portfolios; key trends in portfolio advisory; the evolution of structured products; and the growth and value of managed accounts. There is no doubt



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that Asia's wealth management industry is looking at itself in the mirror and assessing what it needs to hold onto and win new clients in the region. Investment returns as well as wealth preservation are both keys to success.

Those wealth managers that are smartest and most nimble and that have the most effective strategies in place will win through as Asia's explosive economic growth continues apace. ■

