

# Adam Reynolds, APAC CEO, Saxo Markets

## on Why the World needs Financial Advisors

Financial advisors and private wealth managers face an increasingly challenging external operating environment. What can advisors do to become even more client-focused and create a better financial future for their clients? What sort of focus does the industry have on helping clients understand their investing mentality and emotional state as an investor, especially in difficult markets? What does the modern RM and advisor digital toolset look like? Digital tools and communication throughout the investment life cycle, central portfolio management and tailored solutions across different wealth segments are some of the key ways to provide investment advice or discretionary services, according to Adam Reynolds APAC CEO for Saxo Markets, as he explained in a lively presentation at the Hubbis Digital Wealth Forum on October 5.



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**Adam Reynolds**  
Saxo Markets

### The financial advisor business is an extremely important part of the financial sector, more so now than ever

Adam said he has more than three and a half decades of experience in the financial markets across APAC, so the current crisis the world faces is nothing new to him.

"I have learned over those many years that both traders and advisors need to focus on strategy, risk control, and a huge amount of what they do is around psychology, and the psychology of how the clients deal with their own risk aversion, risk appetite, loss aversion, and how to handle situations when they start to go bad. And in my view, as a trader, it is probably 60% to 70% psychology, and the rest strategy and risk. Maybe as an advisor, the percentages might be slightly different but ultimately, there's a huge amount of psychology involved when you're talking to clients and helping them to cope with difficult financial markets."

### Saxo Markets - A Snapshot

Saxo Markets is a licensed subsidiary of Saxo Bank, a leading FinTech specialist that connects people to investment opportunities in global capital markets. Saxo Markets has operated in Singapore since 2006 and serves as the APAC headquarters.

As a provider of multi-asset trading and investment, Saxo's purpose is to get curious people invested in the world. Saxo's user-friendly and personalised platform experience gives investors exactly what they need, when they need it, no matter if they want to actively trade global markets or invest into their future.

Founded in 1992, Saxo Bank was one of the first financial institutions to develop an online trading platform that provided private investors with the same tools and market access as professional traders, large institutions, and fund managers. Saxo combines an agile FinTech mindset with close to 30 years of experience and track record in global capital markets to deliver a state-of-the-art experience to clients.

The Saxo Bank Group holds four banking licenses and is well regulated globally. Saxo offers clients around the world broad access to global capital markets across asset classes, where they can trade more than 40,000 instruments in over twenty-five languages from one single margin account. The Saxo Bank Group also powers more than 135 financial institutions as partners by boosting the investment experience they can offer their clients via its open banking technology.

Headquartered in Copenhagen, Saxo Bank's client assets total more than USD80 billion and the company has more than 2,500 financial and technology professionals in financial centres around the world including London, Singapore, Amsterdam, Shanghai, Hong Kong, Paris, Zurich, Dubai and Tokyo.

### There are many negatives, and worse is to come before better times return

Adam reeled off a list of challenges ahead. The US Federal Reserve continues to tighten and remains hawkish, focusing on beating inflation first and foremost. Major factors include the energy crisis that is being driven by the Ukraine-Russian war, which of course follows the war on

Covid-19 across the world, and the ongoing geopolitical 'war' between China and US, which has caused a decoupling and deglobalisation, impacting all supply chains around the world. The European winter is going to be an especially troubled time, particularly for energy supplies and prices, leading to political unrest.

Japan is starting to get inflation, but is in a deflationary mindset,

leading to intense volatility in the Yen and the JGB prices.

“And the world in my view is going to move into a recession sometime, either in Q4 or in early 2023,” he said.

### **In a difficult world, sound advice stands out. But trust is an essential prerequisite between RMs and their clients**

“All in all, it is not a great story ahead,” he added, “but it does highlight the importance and value of sound advice. If you are sitting there with a variety of investments, and no financial advisor, you are likely to make mistakes and do things at the wrong times. And if you are older, someone of my age planning retirement in coming years, portfolio losses plus inflation are a dangerous combination.”

He explained we have moved from bullish times when investors feared missing out to challenging times when investors are simply fearful. “Advisors need to be equipped to have the tough discussions with clients, and platforms such as SaxoWealthCare, providing digital tools to wealth managers, and to independent asset managers, can help those RMs and advisors offer the right ideas, right timing, and help clients make the right decisions on their portfolios.”

But he cautioned delegates that clients will not listen to RMs and advisors they do not trust. With rising competition and also increasing regulation, there are costs and challenges, which is why the RMs, and advisors need smart digital solutions and platforms and transparency to support their

### **A Brief Word on Adam Reynolds**

Adam Reynolds is APAC CEO of Saxo and has overall responsibility for growing the business for active traders, investors, and wholesale clients and for positioning Saxo as a leader in digital transformation and major player in the institutional financial brokerage market.

Adam joined the Saxo Bank Group in 2014 and has more than 30 years’ experience in financial markets as a macro trader and manager of financial markets trading, sales, and portfolio management teams. Prior to Saxo, he was Asia CEO for the Cambridge Strategy Asset Management managing the Asia trading team, business development across the region and portfolio managing their Asian Macro fund. Prior to that, Adam was Managing Director for both Merrill Lynch and Société Générale.

He has an MSc in Finance from the School of Oriental and African Studies at the University of London and is a member of the Australian Institute of Company Directors and the Singapore Institute of Directors.

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ideas and the product flows, and to build and maintain trust with their clients.

“The regulatory direction is without a doubt heading towards what we see in Australia, where, as an advisor, you’re really talking about creating portfolios for your clients in a very prescriptive manner, with a very prescriptive set of reports that you need to give them,” he explained. “I think that the whole industry will go in that direction.”

**“RMs and advisors should focus on value-added services and ideas for clients, but risk management is really the key”**

Adam explained that amongst interesting and newer assets and concepts, advisors can focus on ESG, private markets, alternatives and so forth. But one of the most important elements of the relationship is helping clients understand their risk profile and appetites.

## Freeing up the advisors to focus on their real skills and capabilities

Adam pointed to a PwC survey of the wealth management space, highlighting how about 60% of a manager's time is for non-value-added activities, with only about 40% of an advisors' time spent looking after the individual client assessing their portfolios, meeting them, preparing for those meetings, and then acting on those meetings.

"It is my strong belief that if you can improve your processes through better digital tools, and you can flip that 60-40 to at least 40-60, and then each advisor can service 50% more clients, or they can do a better job on the

clients that they currently service," he stated. And that, he said, helps make their business more scalable, and also at the top tier more bespoke.

## Saxo's offerings cover the spectrum from the retail/mass affluent market to UHNW type investors

Adam offered some considerable detail on the Saxo platform and offerings for direct investors but also for wealth management intermediaries such as EAMs, family offices and IFAs.

## The final word – Saxo's doors are open

Adam concluded by noting that Saxo is all about making life

easier for wealth management partners and investors of all types. The Singapore office has incredibly advanced onboarding, supported by access to SingPass and MyInfo to onboard clients, and Saxo offers full digital client engagement. They have more than 120 odd people in the Singapore office, covering the institutions, the partner business, including prime services and including relationship managers. And they provide end-to-end digitisation of all of the operational processes.

"Our doors are open, and we look forward to developing discussions and helping you develop your business," he concluded. ■

## Key points Adam made about Saxo's products & offerings

Saxo accesses the capital market products via the major banks in the world, obtaining the best professional access and best pricing.

Saxo's real IP is the facilitation model, in a technology stack, and a set of business processes that are really world leading. "The banks do not have a cross product offering, because all of those tech stacks that they run are run independently of each other, which is why we have so many banks coming to us to use our platform, even though they have markets desks that access all of those products," he reported.

Saxo offers seamless execution and custody and valuation/reporting, as well as risk management assessment on the portfolios in real time. "We have about 870,000 end accounts at the moment, each of those accounts get value and risk management every minute of every day, which is quite impressive across all of the different markets, and all of the different instruments that we have within the platform," he told delegates.

The product range is immense, and distribution covers the end clients, traders and the partners with which Saxo works. The wholesale frontends include SaxoPartnerConnect, which is how they deliver an advisor tool to advisory partners such as IFAs.

Saxo offers a different product set across the different wealth segments, from simple to sophisticated, from retail to UHNW.

SaxoWealthCare is the digital offering, which the platform can also share with partners such as IFAs, EAMs and family offices. "We call this a fifth-generation robo-advisor and it has individual personalised

portfolios,” he reported. “SaxoWealthCare is fifth generation as it is state-of-the-art and includes personalised portfolios, and personalised goals within your portfolios, which are prioritised and the proximity and importance of that goal, to help define and refine your portfolios. And the portfolios on offer have three different engines within them.”

All of Saxo’s propositions are there to boost financial advice, improve RM/advisor productivity and capability, and boost client loyalty and trust. He explained that the offerings can facilitate either the discretionary model where all of the activities occur and happen automatically for the clients, or it can be in an advisor model where the client gets the SaxoPortfolio app, and the client then have to give consent to the switches and the changes taking place.

SaxoAdvisor is the newer offering coming online currently, and which allows the client or the advisors to upload client portfolios from other providers to get a much more holistic view of those clients’ positions

At the more advanced and sophisticated end of the offerings, they provide SaxoTraderPRO, which is a very advanced trading tool. “If you are an external asset manager and trading on behalf of clients, you can trade all sorts of leverage products, you can see all sorts of risk dynamics around those products,” he explained. “And there are different ways that you can leave orders, algorithmic orders and so on. And then do allocations across different clients as you see fit.”

He added that with open API, this is also an advanced trading solution for people who use an external portfolio management system but want to connect into Saxo so that Saxo can be the account holder for the clients on their portfolio management system. “That is very much more for the high net worth and UHNW segments,” he reported.

