

# Allfunds' Head of Hong Kong on Leveraging the Region's Growth, Dynamism and Diversification



Sebastien Chaker joined investment fund platform Allfunds as Head of Hong Kong in July last year and immediately set about helping to boost the firm's presence, having opened there in early 2020. His immediate priorities for Hong Kong and the Greater China area centre on continued rapid growth in terms of new distributors joining the platform and onboarding more fund houses, especially those offering the Hong Kong-domiciled funds stipulated for the Greater Bay Area - Wealth Management Connect scheme. He reports the wealth management industry is expanding fast in Hong Kong, with traditional incumbents upgrading their offerings and with numerous new entrants and disruptors coming in, including many from Mainland China. Aside from the platform's capability to deliver streamlined access to close to 1,200 fund managers and over 100,000 funds, Allfunds is also expanding its horizons. For example, globally the firm has launched a new partnership with iCapital to provide streamlined access to private assets. And locally in Hong Kong, they now offer a new investment product due diligence service and are helping ambitious new entrants and traditional players build their digital wealth offerings. And at the same time, Sebastien is aiming to build an even deeper dialogue and rapport with the wealth and Asset management community in his markets, helping them understand what Allfunds represents as a disruptor delivering traditional solutions in an optimised manner, as well as newer, tailored solutions. In his spare time, Sebastien is a keen surf skier, and is very clearly riding the fast-building evolutionary wave sweeping across the wealth markets of the region.

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**“We are expanding,**

building, hiring and promoting,” Sebastien begins. “The head office for Asia is in Singapore but be in no doubt that Hong Kong is crucial and central for our North Asia and Greater China strategy. We are launching new initiatives, for example, expanding into private assets, offering investment product due diligence, building digital wealth services, and positioning for the immense potential of Wealth Management Connect. It is all about our global expertise and tailoring our services and connectivity to the local environments.”

**A global platform**

Allfunds is one of the leading B2B WealthTech platforms for the fund industry, offering fully integrated solutions for both fund houses and distributors. Allfunds has built and continues to evolve an ecosystem that covers the entire fund distribution value chain, with solutions including dealing, custody, and asset servicing, distribution and rebates management, data and analytics tools, RegTech, ESG screening, as well as digital and portfolio management solutions. It presents itself as being the sole fully integrated one-stop shop in the industry.

Founded in Madrid in 2000, Allfunds now spans 16 offices around the globe, covering all major financial markets. Today it has assets under administration of c. EUR1.5 trillion, operates in more than 62 countries, works with c. 1,200 fund groups and has access to 831 asset owners i.e. Fund distributors and institutional investors.

**Delivering the Allfunds message**

Sebastien explains that he is getting the message across the industry that Allfunds is a digital marketplace connecting buyers and sellers of investment funds. “We provide the governance structure of the ecosystem and we create a set of standards and protocols to facilitate interactions at scale between a large number of players, covering the exchange of fund units or shares, cash settlement and fees, data, corporate actions and fund documents as well as due-diligence documents.”

**“There is tremendous AUM growth across the wealth spectrum, and enormous diversification in terms of the types of players, from traditional private banks to digitised or virtual entities. A lot of this is driven by the huge pool of Chinese money in Hong Kong and that will continue long into the future, and accelerate.”**

He explains that one of the main industry issues today in Hong Kong is around the onboarding of new distributors for Fund houses and new investment products for distributors, which is all too often very complex, lengthy and cumbersome. “It involves a lot of legal, compliance, operations and senior management manpower,” he says. Both parties have to conduct extensive due diligence on each other, negotiate complex legal distribution agreements, set-up bilateral operational processes, agreeing on data exchanges, which from start to finish can easily take six to 12 months and sometimes more.

**Fast-tracking expansion**

But when a fund manager joins our platform, they have

immediate access to all our approved distributors; they simply plug in once and off they go. The costs diminish greatly, and they gain access to a host of major, mid-sized and smaller distributors, especially important as certainly here in Hong Kong there are more and more players developing wealth management offerings using investment funds as the main asset class. These might include robo-advisors, the virtual banks, the new digital arms of incumbent banks, and so forth.

**Simplifying access to a universe of funds**

“All these newer players are knocking on the doors of the fund managers to sign distribution agreements, but it is really costly and time-consuming for them, whereas we offer a one-stop solution that solves the issues for both parties,” Sebastien explains. “For the distributors, they gain immediate access to a carefully curated universe of over 1,200 fund managers and over 100,000 funds at no cost. Imagine how long that might take for anyone, a long-established player or more particularly, any new entrant.”

Sebastien reports that growth and diversification in the Hong Kong wealth management market



**SEBASTIEN CHAKER**  
Allfunds

is more robust and dynamic than at any time he recalls this century.

### Hong Kong's dynamic wealth market

"There is tremendous AUM growth across the wealth spectrum, and enormous diversification in terms of the types of players, from traditional private banks to digitised or virtual entities," he says. "A lot of this is driven by the huge pool of Chinese money in Hong Kong and that will continue long into the future, and accelerate."

Moreover, he says Wealth Management Connect will also significantly boost activity, especially in the retail market. "Hong Kong is only 7.5 million people but suddenly this leaps dramatically to a market of 80 million people across the region. This will not be an overnight phenomenon, it will take time, but the wave is building. As we see this, it is a game-changer for Hong Kong."

### More wanted, more needed

As this happens, the wealth management businesses, new and incumbents, are seeking

### Getting Personal with Sebastien Chaker

Sebastien comes from Brussels, Belgium and completed all his studies there, graduating in Economics from the Université Libre de Bruxelles, Brussels University.

"My career history is really more about new products, solutions and initiatives than going into a core business and trying to maintain the growth," he reports. "I was actively involved in the launch of FundSettle at Euroclear in 2000, which is a mutual fund trading platform," he recalls. "And they have since enjoyed great growth. Another highlight was leading the acquisition of EMX by Euroclear, another platform in the UK. And my time with Calastone was a great experience, helping build the company from a firm of about 20 in the UK to significant international expansion, first into Europe and then to Asia in 2012, after which we built successfully across Taiwan, Hong Kong, and Singapore. All those experiences brought me quite naturally to Allfunds, where there is immense potential."

Sebastien is married, and they have two girls aged 12 and nine. In easier times, he would love regular trips to ski in Niseko and professes himself a passionate admirer of all things Japanese, from the food to the culture, the lifestyle and also the outstanding powder snow of Niseko. "I love off-piste skiing," he reports, "and that powder is undoubtedly the best on the planet."

He is also a very keen surf skier, which involves riding Open-sea kayaks through the waves. "That is my main sports activity at weekends in Hong Kong," he says. "It is fast, furious, challenging, and exciting. I actually competed in the Surf Ski World Championships that took place in Hong Kong back in 2017, and finished 1st... of the Belgian competitors."

He says Hong Kong always had great appeal, as the opportunities for activities were always so plentiful, from surf skiing on the ocean in the morning to a hike with the family in the afternoon, rounded off with dinner in one of the numerous nice restaurants in Hong Kong. "That was then," he recalls, wistfully, "but of course, since the pandemic hit, things are far less vibrant and dynamic. Nevertheless, Hong Kong and Hong Kong people are very resilient, and we are convinced that all this will return sooner than later."

more products, greater volumes and need a more automated and scalable infrastructure to cope with this increased activity, as well as to reduce costs in an intensely competitive space.

He also points to the Hong Kong SFC having some of the most stringent

regulations around retail fund distribution, in terms of investment due diligence, investor and product suitability, and so forth. "This means even more cost and time to onboard new funds," he observes. "But again, through Allfunds, we help distributors through these



hurdles in a rapid, compliant and cost-efficient manner.”

### Asia lags, but growth is accelerating

Sebastien looks across to Europe to help explain the future path of expansion in Asia. There, he says, B2B fund platforms have grown apace for pretty much 20 years, with Allfunds being one of the pioneers and with

happening very fast, and we believe that within three to five years, - more than half of the entire funds distribution market in Hong Kong will happen via platforms.”

### Best-of-breed throughout

Allfunds is today the world’s largest institutional fund distribution network. “Our core selling point of course is as an outsourced,

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He explains that the same phenomenon has been seen in Latin America and also the Middle East, while Asia is actually the last region to really engage with this journey. “We started in Asia about five years ago now, and today we service a large and diverse client base including some of the largest international banks and insurance companies, the largest regional Wealth managers and the current phase is our expansion into the Chinese banks, Virtual banks and new digital wealth managers in Hong Kong,” he reports. It is all

digital funds marketplace, with demand driven by the need for greater efficiency, by our ability to filter best-in-class products, by the ease of use and access, and of course, the resultant cost reductions achieved for distributors, as well as revenue enhancement for fund manufacturers,” he says, drawing the conversation towards a close.

### The USP

His final word is on the differentiation the firm offers. “Our is essentially derived from helping financial institutions and new entrants of all types and the world over to scale up their business without increasing their infrastructure and costs,” he reports. “We are agnostic as to providers; we are pure open architecture, and we curate best-of-breed solutions. With the additional layers we now offer, such as private assets, as well as our due diligence and digital wealth services, we are incredibly well poised for rapid growth in North Asia.” ■

### Key Priorities

Sebastien reports that his first mission is to continue to increase the coverage of Hong Kong funds. He notes that through Wealth Management Connect Banks can only promote eligible Hong Kong domiciled funds, which means that more and more global asset managers have been looking to expand or build from scratch their Hong Kong-registered funds range.

“Instead of distributing their UCITs funds here in Hong Kong, we see a growing trend of Hong Kong funds being launched for Hong Kong and GBA-WMC distribution. This shift means we have been working hard to onboard all these Hong Kong registered funds,” he reports. “And on top of these, there are many Chinese asset managers setting up in Hong Kong as their first international expansion. We think we have roughly 80% of this market covered but we want to get close to 100%. Moreover, with WMC firmly in their sights, the Hong Kong banks need more Hong Kong funds and want more Chinese asset managers that have stronger brand recognition amongst Mainland Chinese investors, both of which Allfunds can deliver seamlessly through our platform.”

A second priority is to help distributors in the complex, difficult due diligence process to onboard new funds in Hong Kong. As a result, Allfunds has now launched an investment regulatory due diligence service for clients, which really cuts time to market when they need to onboard a fund. “It provides a huge benefit for distributors and for the fund houses,” he reports. “This service which leverages on our global investment due-diligence capabilities has been specifically upgraded for the Hong Kong market taking into account SFC due-diligence requirements’. Going forward we are also building a digital workflow management solution to help distributors further streamline their internal fund approval process and ongoing management of their approved fund universe.”

His third mission centres on the Allfunds digital wealth solution. “We bought a digital wealth company in Europe in 2017, and we now promote these services to our clients here,” he reports. “We might help them build digital wealth management offerings from the ground up, for example, providing a robo-advisor solution, delivering model portfolio solutions for them, and trade rebalancing services. We are thereby enabling their rapid expansion into these markets, offering refined and proven solutions that bring them to market rapidly and provide their own customers with excellent products and services.”

His final priority is to expand robustly into the private assets space. The firm very recently launched a partnership with iCapital to provide private market investment opportunities to the Allfunds global distributor network. He notes the private asset space is one of the fast-growing asset classes globally and we see very strong demand from clients here in this region.

“We teamed with iCapital as it has the biggest network in the private asset space,” he explains. “Our customers will now have access to an increasing range of private market funds from leading GP’s across geographies and strategies – in private equity, private debt, and real assets – with lower minimum investment levels that would typically be the case through direct investments. This is in line with both firms’ common goal to allow a broader range of wealth managers and banks to access investment opportunities that can help clients meet their portfolio objectives.”

