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Aman Dhingra of UBP in Singapore on Creating and Delivering an Optimal and Holistic Advisory Offering

Aman Dhingra is Head of Advisory at Swiss private bank Union Bancaire Privée (UBP) in Singapore. UBP has grown rapidly and increased its prominence in recent years, with AUM across the bank in Asia more than doubling since 2016. Hubbis spoke with Aman recently as he surveyed the regional wealth management market and explained why he and UBP remain so optimistic about private banking in the region and also for the delivery of the bank's wealth and advisory propositions. We last interviewed him in 2018, when he offered some valuable perspectives on the evolution of the private banking model in Asia, and when we 'met' up with him again recently, we heard how the bank had stayed true to the vision he had set out back then around developing a relevant and high-quality advisory model. He is an advocate of constancy and consistency, something that UBP's HNW and UHNW private clients no doubt value greatly, especially in light of the pressures imposed by the pandemic and the associated volatility and uncertainty in global financial markets. With the rollout of vaccinations around the world, there is more hope ahead and perhaps greater clarity on the outlook. However, clients clearly need dependable, robust and structured guidance to help them position their portfolios appropriately.

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Can you start by reminding us of your vision of advice and of the skills and attributes required of the RMs and advisors who can deliver that effectively to clients?

When we last talked, I outlined how the wealth management industry had for too long focused on its priorities over its client's priorities

To us client advisory is not only about portfolio performance; it is about how we engage and conduct business with each client. We believe that when any advisor spends time with a client, there needs to be a structured framework for that engagement.

The framework includes assessment of client's financial goals versus their risk appetite. The actual investments that follow should be the result of this exercise as opposed to products (and a product push) being the start point of discussions with clients. Critically this framework needs to be adjusted time and again with the evolution of the client's goals, preference, knowledge and experience.

Turning to our RMs and advisors, we need them to be highly skilled strongly motivated, alert, agile, energetic, and driven to provide the best service and perspectives for their clients. They have to be able to interpret the financial markets at all times and be aware and informed about the broader macroeconomic backdrop. Communication has to be quick and efficient to help clients improve and adjust their portfolios. They also need to show empathy towards their clients and understand how to engage with them and offer the best interpersonal and 'soft' skills. Finally, we require our advisors to have a strong ethical and moral compass; this is harder to measure, but it is indeed a vital element for the bankers and for the bank.

What do you think are the key challenges you face at UBP in delivering your investment advisory proposition?

As I mentioned before, we focus closely on providing holistic advice rather than straying into the realm of product promotion. Although the wealth management industry as a whole in Asia has been making progress in this regard, we still see a two-paced nature to advisory processes run by wealth managers.

Let me clarify that comment by first saying that we observe the average advisory client being very responsive at the underlying security level as they react to market events in the equity, fixed income and FX spaces. As an example, we find that they are keen to invest in disruption stories, to seek out value buys, to tactically trade volatility, to invest in conviction stocks and so forth.

On the other hand, clients can tend to hesitate when considering the broader economic picture and its long-term impact. This can manifest itself in a slower response to the implementation of asset allocation changes.

I can think of numerous examples over the years, but delayed response was particularly visible just recently during this year's rotation from growth to cyclical stocks. Another example, at a broader level this time, clients still need to rethink about their bias allocations towards traditional fixed

income an into equity and alternatives. I am not saying that these changes never happen but inaction or delays lead to missed opportunities as well as greater risks especially when these changes are at a fundamental level.

Simply put, the bigger portfolio and asset allocation pivots are harder to implement than smaller ones at the level of the actual securities, as those more major adaptations of approach involve greater analysis and discussion, and more time.

How are you managing to evolve the quality and delivery of the advice you offer to your private clients?

At UBP, we have been working ever closer with the CIO office to ensure that product selection, while a key part of our investment selection, comes after a detailed discussion with clients on asset allocation and risk management.

To give you an example, most banks publish a macro analysis and outlook document. More often than not, these are not fully absorbed, as bankers are usually too busy and engaged in their client servicing activities, with the constant demands of regulation and fulfilling the compliance requirements, or with business development aspects. The focus is, therefore, on their immediate priorities and deliverables. We recognise this limitation, so while we have our well-crafted reports and insights, we recognise that we need to use the entire communication machinery within the bank to ensure that macro messages are received, understood and acted upon.

Specifically, we ensure that our client RMs and advisors participate in multiple calls with our global investment committee over different forums so that they are fully aware of our evolving house views. In addition, all notable changes that our Discretionary Portfolio Management team make to their portfolios are swiftly shared with the advisory units along with suitable parallel strategies for advisory clients. Our business works on information, so we ensure that the message is further disseminated throughout the organisation, be it via the Investment Meeting, Team Huddles, or internal pitches that are succinct and highly relevant.

Moreover, we encourage our product specialists to present their Investment Solutions in the contexts of the broader global environment and our associated house views. We also encourage our advisors to provide a portfolio context to every product discussion they have, be it for internal or external clients.

While reiterating that these things may seem to be obvious steps to take for any diligent private bank, delivering and enforcing them in organisations takes time, constant attention and relentless effort. We believe in doing this with consistency so that this all becomes second nature to our teams.

What advice would you offer clients today around how they structure their portfolios?

Some of the steps I have outlined above demonstrate our agility and fast information flow. This is all about having a highly responsive and nimble advisory offering. However, we do recognise that while we can create robust processes for our staff to implement, the key point of breakdown often happens at the client level, as they are busy and often do not have the time to engage properly and in-depth.

As a result, for the most time poor clients, we always prefer that they use our bespoke Discretionary Management service, so our team of professionals can cater to their requirements without taking too much of their individual time.

For other clients who prefer to stay closely involved in this whole process, those who like the sense of control, we have created an innovative solution by unitising our core discretionary service into Multi-Asset Allocation funds.

These targeted investments represent a multi-asset offering that

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perfectly mirrors our house views; they are cost-efficient and well-regulated, and, best of all, they offer clients a strong proposition for a core portfolio, giving credible risk-adjusted returns. Finally, they come with 100% transparency on client holdings.

The last point is so important, as we have been encouraging clients to own these funds as the core part of their portfolio. Since these holdings are always fully known to the advisor, any investment advice provided from that point takes into account their current status and performance.

One more aspect to highlight is that UBP's multi-asset offering is in the top quartile amongst peers when it comes to risk-adjusted returns. However, that is not the main reason why they make a good basis for the portfolio. We cannot allocate to any multi-asset fund and pretend that we have created a solid core to last for the long term. Like a well-tuned Dragon boat racing team here in Asia, all the oars need to be pulling at the same time and to the same beat and in the same direction. The fact that our advisory proposition fits perfectly with this core multi-asset offering is the key reason we believe we can work through the two-paced challenge that I highlighted earlier.

We have been very encouraged by the response amongst clients to this proposition, and we are therefore expanding its scope to increase the range of currency options (currently three are available), as well as to offer more Asia-biased profiles, in addition to the global profiles that we already provide.

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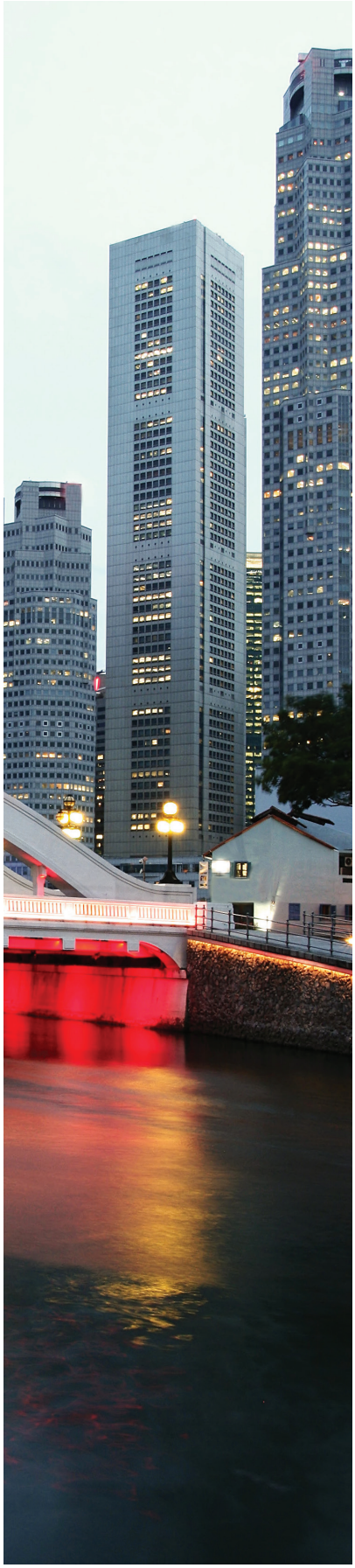
What products or solutions would be worth considering today with a view to helping your clients achieve specific outcomes?

Once we have firmly established the core for the portfolio, then it becomes easier to create the rest of the client portfolio and to manage it. Outside of the core, the rest of the components can be added on top. There can – and there often is - a separate tactical trading allocation for equities and FX. Clients can participate in disruption stories as well through thematic funds, and we offer some best-in-class solutions in this space covering areas such as medical innovation, AI, energy transition, and industry 4.0.

Finally, clients can - and do - maintain a separate allocation for their private market investments; this is becoming increasingly relevant for us in a low yielding market where other forms of risk premiums are harder to come by. In conclusion, it is the combination of all of these elements that we believe can help clients to achieve their desired outcomes.

And finally, can you offer us a quick snapshot of UBP today and the business in Asia?

Very briefly, UBP was founded in 1969 by Edgar de Picciotto, whose vision from the outset was to offer investors a high-quality and in-



novative wealth and asset management service. In its fifty-plus year history, the bank has maintained its independence and remains on the expansion trail. In recent years, UBP has acquired the international private banking divisions of Royal Bank of Scotland (Coutts) and Lloyds, the Swiss subsidiary of the ABN AMRO group, ACPI Investments in London, and Banque Carnegie Luxembourg.

These significant and timely acquisitions, combined with organic growth, have helped group-wide AUM to double in the last decade. At the end of 2020, the group's AUM totalled CHF 147.4 billion. Today, the bank operates from more than 20 locations worldwide with its Asia operations including major hubs, Hong Kong and Singapore, as well as offices in Tokyo, Taiwan and Shanghai.

UHNW is the fastest-growing client segment of UBP's business across Asia. The bank's proposition is developed jointly with Asset Management and starts with a highly customised investment strategy that reflects the needs of the client, anchored around three niche investment capabilities: customised mandates and credit solutions, private markets and thematic advisory.

UBP is not listed – it has been family-owned from the start – which enables it to take a longer-term view than perhaps a public company would consider, given the pressures of quarterly reporting. We see this is a major positive for the bank in Asia, as we as a team can focus on the long-term success of the business and sidestep pressure to pursue short-term growth for growth's sake. That really helps us create and deliver our holistic advisory proposition.

In Asia, having more than doubled the growth in UBP wealth management since 2016, the asset management and wealth management businesses at the end of 2020 registered AUM of almost CHF 30 billion across Asia, and after what turned out to be a surprisingly positive 2020 from a business perspective, we continue to see significant growth opportunities throughout the region, and certainly here in Singapore. ■