

An advisory proposition for difficult markets

Paul Hodes of Citi explains the importance, especially during times of volatility, for wealth managers to be able to work with their clients to reassess goals and risk tolerance, as part of efforts to ensure their portfolios really are suitable.

Against the backdrop of volatile markets since mid-2015, creating and maintaining consistent, appropriate portfolios is more important than ever. For almost a year, many clients experiencing such uncertainty have been asking themselves questions like: 'Am I meeting my most important financial goals?' And, 'Is my portfolio really suitable?'

Paul Hodes, head of consumer bank wealth management for Citi in Asia Pacific, says it is critical for wealth management providers to be in touch with their clients during such times, to help them reassess their goals and tolerance for risk, review their portfolios, and meet the objectives that clients are comfortable with.

Specifically, each wealth manager needs to have a clear methodology and framework, to track what clients' have asked for, as well as their performance in respect of these goals, he explains. Further, institutions should be able to

analyse the portfolio and share these insights with their clients.

To achieve these goals, Hodes says wealth managers should first back-test portfolios; and secondly, understand what core relations may exist. For example, he explains, clients may have investments in the portfolio that appear to be diversified. But bankers need to determine the extent to which they are diversified against some of the client's largest holdings, which might not be held in the bank, like their own company's stock, or their real estate.

"Wealth managers need to understand how the portfolio performs relative to some of [the client's] most important assets," says Hodes.

USING TOOLS

According to Hodes, institutions need to create tools to help their advisers monitor client portfolios in this way. Plus, they need to ensure their invest-



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ment specialists work closely with the front-line. The goal is to give strong and holistic advice, and then be able to track it in good and bad times. ■