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Asia sees pressing need to deliver longer-term solutions

Providing advice in a more structured and consistent way is essential in preparing investor portfolios for the longer term – especially in an environment where the potential for a market correction looms large and digital disruption gathers pace.

A key goal for wealth managers in Asia should be to deliver sustainable performance in a way that helps position and protect investors' portfolios against market corrections.

This is especially important given the successful run in the markets in the first half of 2017.

So with most wealth management firms and their clients doing well during this period, where do they go from here?

This formed much of the discussion and debate among speakers and delegates at the annual Hubbis Investment Solutions Forum in Hong Kong in late August.

Today, investors have become smarter in the wake of lessons learned over the past decade. They are increasingly looking at solutions – to either get a certain level of protection or a significant buffer to weather corrections.

It seems that the transaction model that has driven performance for many private banks in the region is quickly becoming a thing of the past. The industry needs to think more about self-policing, rather than waiting for regulators to dictate the way forward.

In the push towards fee-based propositions, however, institutions will need to provide clients with the required transparency to help them identify which parts of the process they are paying for – and where they will get the value they should expect.

At the same time, the active-passive debate is somewhat redundant, according to several speakers. Instead, clients

Delegate, speaker and sponsor summary

- *More than 25 speakers*
- *Over 220 senior product & fund gatekeepers from the top international and local Private Banks, Retail Banks, Multi-Family Offices and IFAs, as well as for RMs and investment advisers from across the industry.*
- *Sponsors: BlackRock, PineBridge Investments, Principal Global Investors, Premia Partners, Blockchain Technologies, Numerix, Commerzbank, Leonteq Securities, and Asia Plantation Capital.*

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- *2018 event - Thursday 6th September*

care about the ‘solution’, with a focus on the fees they pay and the performance they get; the instruments and vehicles used are of secondary importance.

This is ever-more pertinent given the efforts by robo-advisers and other emerging digital platforms to challenge the traditional investment process and distribution channels.

Ultimately, in looking towards longer-term changes in the business of wealth and asset management in Asia, some speakers said it would be helpful for clients – and also regulators – if the industries collectively started to take a more structured and consistent approach to asset allocation and investment planning for the future.

Further, lower fees and efforts to create greater sustainability in client relationships, coupled with a broader digital enablement, is high on the wish-lists of industry participants.

KEY EVENT TAKE-AWAYS

- Clients are better educated today than they were 10 years ago, according to 68% of poll respondents – although just under one-third disagree.
- This is likely to be tied to the fact that nearly 80% of poll respondents said they believe that a typical wealth manager is more capable today than a decade ago of having a proper, long-term conversation with clients about their portfolios.
- Although over 80% of poll respondents said that there is a structured investment process in their organisation, only half of them say it is mandatory that they follow it.
- Meanwhile, almost 20% of delegates said there is no structured process at all.

- Optimistically, 73% of poll respondents said they think clients in discretionary portfolios have had a good experience so far.
- In developing their discretionary portfolio management offerings, poll respondents were divided between whether this should be done in-house or outsourced.