

# Asset Management Group Affin Hwang's Chan Ai Mei on Developing a Digitised and Diversified Client Offering

Chan Ai Mei is the Chief Marketing and Distribution Officer for Affin Hwang Asset Management and sat as one of our expert panellists for our Digital Dialogue discussion of November 2, focused on the development of wealth management in Malaysia. Ai Mei's valuable insights added significant import to the conversation. She told delegates how the market conditions remained rather robust, how investor demand for diversification and thematic funds had risen, and how digitisation and the client experience remained high priorities for the firm and indeed the broader wealth industry.



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**She explained that** in her role at the firm, she oversees product, wealth advisory, marketing and communications, as well as the banking distribution channel, working with partners such as Maybank and other leading financial institutions as distributors.

“2021 has been a positive year for asset managers including our firm,” she reported. Every year we are given a set of challenging targets, but we are still able to achieve them and scale new heights. We see a lot of opportunities still with deep pockets of liquidity sitting idle in the banking system. Many clients are mainly still holding onto their fixed deposits and are looking to deploy and diversify their savings.”

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### **Yield-starved investors**

With deposit rates at an all-time low in Malaysia, she said they see yield-starved investors now looking to shift their funds from deposits into investment products to participate in markets.

“The wealth pie is growing larger for everyone and there are many segments industry players can tap upon,” she explained. “The HNWI segment is an obvious one which everyone wants a piece of. But the mass affluent and millennial segment is also up and

coming. Technology and digital platforms will play a crucial role in capturing this target segment and is definitely a market we are eyeing as well.”

### **Robust markets**

She said that with markets robust and demand strong, there was great appetite amongst investors for technology funds - manifested for example through strong inflows into its Next Generation Technology Fund, and the Global Disruptive Innovation Fund. Investors looking to diversify geographically also generated strong appetite for country specific funds, such as China.

“We then had a slight blip in the second and third quarter of 2021 due to market volatility,” she reported, “although we did continue to see flows into global sustainability funds, as well as other thematic funds focused for example on the Millennials, changing lifestyles, climate change and disruptive technology.”

### **Unlocking the oceans of money**

Expanding her comments, she told delegates how the Malaysian wealth management market





**CHAN AI MEI**  
Affin Hwang Asset Management

had continued to grow, year on year, but how there is also still a vast amount of investible money simply sitting fairly redundant in the banking system, earning remarkably low returns in deposits. “With rates at all-time lows, of course there has been a shift from deposits to investments, but there is much further to go,” she reported. “As wealth increases and as more of wealth emerges and is transferred to the next generation, digital and virtual platforms will play a greater role in capturing this market segment.”

She added that since lockdown, there have been significant improvements in, and greater adoption of digital interface with its clients and partners that have boosted client engagement and enhanced user experience.

### The hybrid model ahead

“Whatever lies ahead, we will very probably maintain the hybrid mode of communication with our clients,” she reported. “In the new normal where masks and social distancing are here to stay, communicating and engaging

with our customers will certainly bring its own set of challenges. However, new digital touchpoints such as virtual events, hybrid communication and even chatbots are tools that asset managers can use to stay engaged with investors. We believe, a hybrid mode of communication will be ubiquitous. It’s a lot more convenient and addresses the issue of clients that are still wary

industry which is still at a nascent stage compared to more developed markets. Also, if the investor is holding the fund for what is a reasonable three-to-five-year period, then the fee is also spread over those years. That makes the sales fee entirely reasonable for that type of investment and time horizon.”

On broadening its product offerings, Ai Mei told delegates

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of meeting up due to fears of Covid-19.”

She added that the use of virtual platforms and events will likely prevail too. Whilst, it may not be the preferred approach, it’s a lot more convenient and safer for clients who can just dial in from their homes. “Internally for Affin Hwang AM, the use of such virtual platforms has given us much easier access to our investment partners who are located abroad to conduct trainings and market outlook sessions,” she told delegates.

### Fair returns

Moving on to market dynamics, Ai Mei also then debunked what she said was a misunderstanding that fees in Malaysia are remarkably high for investment products. “I can tell you that the initial sales charge today ranges between 2% to 2.5% for almost all funds,” she stated. “Now, that might still sound high in a global context, but there is a need to develop the local asset management

how the firm had been introducing new solutions to the market including fund-of-funds (FOFs) through its Smart Invest Portfolio Series. “We see rising demand for FOFs, as investors gain exposure to a much broader portfolio through a basket of other funds. So, it gives the ultimate diversification to investors by sourcing multiple fund strategies whether managed by Affin Hwang AM or our other global investment partners.”

“The Smart Portfolio Series is also rebalanced periodically or an ad-hoc basis to capitalise on market conditions. This helps to remove the need for investors to switch between different individual funds and tweak their asset allocation at various times when certain asset class, themes or styles are facing headwinds. Not only is it time-consuming for advisors, but investors get to enjoy an automatic re-balancing of their portfolio to suit market conditions.

“So by having an all-in-one portfolio with the rebalancing already done for investors, they just need to be consistent and stick with their plan. This strategy has worked pretty well for us with the fund size in the Smart Invest Portfolio series growing strongly and clients staying the course,” Ai Mei adds.

Ai Mei also commented on the Securities Commission’s new Capital Markets Plan 3, which also centres on looking after vulnerable investors including senior citizens or individuals that are not adept at using technology. “This is an important area for the regulators and the market, to ensure that there are not pockets of investors who have weakened or impaired access to their investments

because of technological advances,” she commented.

### **Boosting the client experience**

She said that another noteworthy trend and core focus for the wealth industry centres on the client experience. “The user or client experience is definitely a key priority for us,” she concluded. “At the end of the day, we exist only because of our clients. So, we are investing in this area to stay close to them. This is through digitalisation, which is a journey that we continue to embark on enthusiastically.”

Whilst most asset managers pay close attention to the front-facing aspects which is more visible as clients can see the

outcomes, she commented that it is also important to focus on the back-end and middle-office. This is particularly in improving turnaround time and transforming the backroom office to improve operational efficiency.

### **Pushing the boundaries**

“Our Managing Director threw a challenge to our technology team to design an app where it only takes just three clicks to open an account,” she said on closing her comments. “It’s a work-in-progress, but it’s a journey that we remain steadfast committed to. It’s all about pushing the boundaries and finding new ways to make things faster, more efficient and client-friendly.” ■

