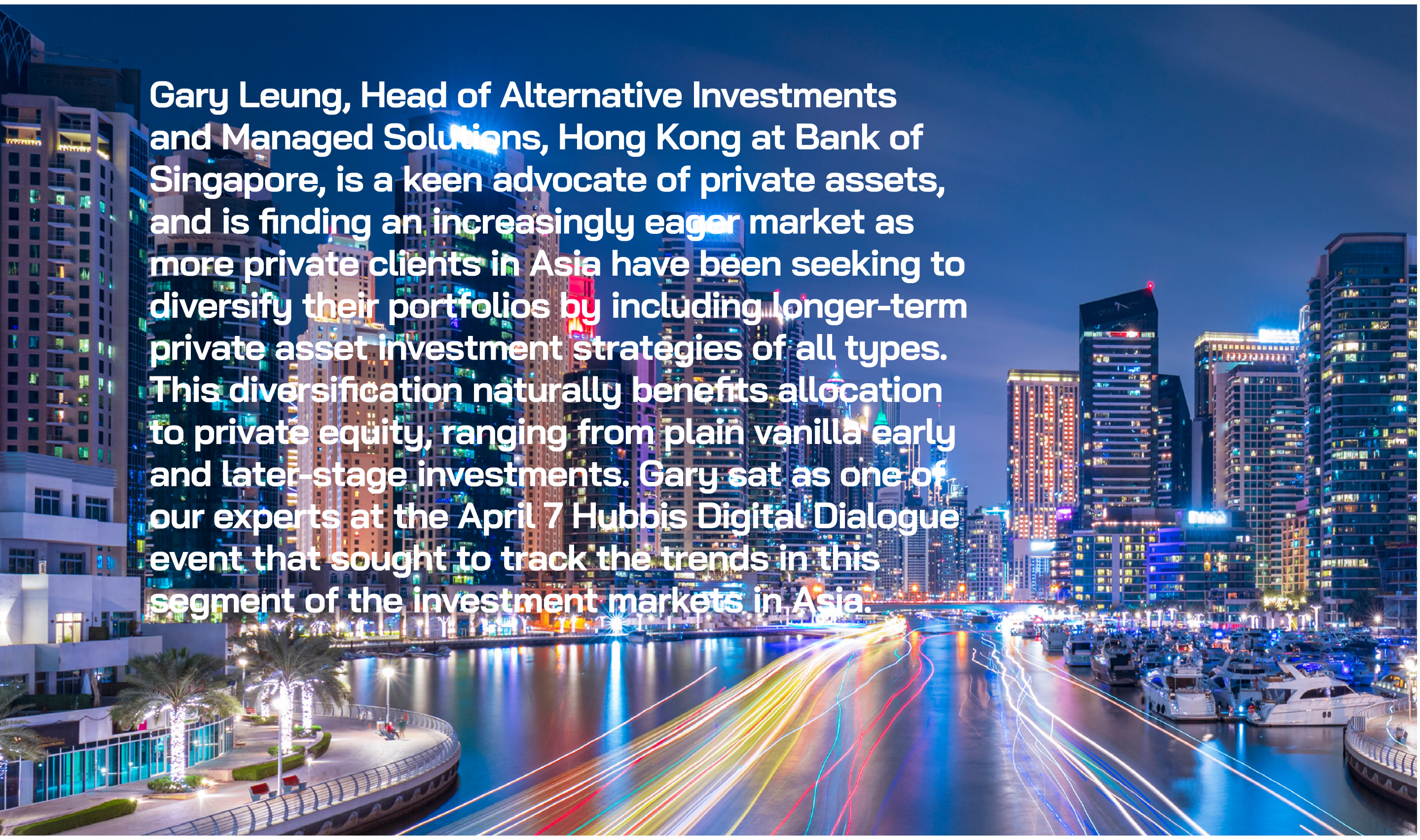
Link to Article on website

Bank of Singapore's Alternative Investments and Managed Solutions Specialist Gary Leung on Addressing Client Demand for Private Assets



Gary Leung, Head of Alternative Investments and Managed Solutions, Hong Kong at Bank of Singapore, is a keen advocate of private assets, and is finding an increasingly eager market as more private clients in Asia have been seeking to diversify their portfolios by including longer-term private asset investment strategies of all types. This diversification naturally benefits allocation to private equity, ranging from plain vanilla early and later-stage investments. Gary sat as one of our experts at the April 7 Hubbis Digital Dialogue event that sought to track the trends in this segment of the investment markets in Asia.

GET IN TOUCH

View Gary Leung's LinkedIn Profile

Find out more about Bank of Singapore

GARY LEUNG
Bank of Singapore

Gary opened his observations by remarking that the private wealth market is far from homogeneous, ranging from UHNW clients, perhaps with family offices, to the middle tier HNW client market with perhaps USD5 million or more to invest, and then there is the mass affluent market with investible funds of perhaps up to USD5 million.

"We target all these segments, but of course it is vital to address them correctly," he told delegates. "In the UHNW segment, they have immense choice of all the big-name brands and players, so we need to take them something that is more of a bespoke, direct investment or a specialist product that will really add value for them."

In the HNW space in Asia, the clients value brand names and track records and are seeking diversification from public market assets and their associated volatility. They are seeking more exposure to private assets, with some liquidity needs. "These segments, especially the mass affluent investors, need more liquidity than the UHNW market, so we need to bring them the right sort of products that address their needs and personal situations," he explained.

"These segments, especially the mass affluent investors, need more liquidity than the UHNW market, so we need to bring them the right sort of products that address their needs and personal situations."

Gary told delegates how increasing amount of value is derived from the private market these days, as companies tend to stay private for longer, with many unicorns not going public until they reach a sizeable valuation. "To some extent returns that are less correlated to the public markets and potentially less susceptible to market volatility," he said. "And Asian investors, who are historically very exposed in the investment of hard assets in their countries, possibly in the region, are increasingly interested in exposures to markets they are less familiar with, such as US or Europe, so if we bring them the right deals with the right investment managers, there could be a healthy demand."

In general, he reported that Asian clients are generally somewhat under-allocated to alternatives, presenting great upside potential for this market. "And as private assets increasingly feature some degree of liquidity, and as public markets are becoming more volatile, we are at a prime time for investors to be allocating to private markets."

His final comment was that investors are also seeking income as well as long-term gains, hence his team concentrate also on opportunities that offer some running yield during the relatively lengthy holding periods required for private assets.

"Real estate and infrastructure are interesting as you have running yields through rents and other income, while at the same time inflation are driving asset prices higher," he explained. "In short, there are some really compelling reasons for investors to shift allocations to private markets and, armed with the right opportunities that we help curate from around the world, our clients are seeing the benefits of this trend and already reaping some of the rewards. And there is more to come." ■