

# Breaking through the bank barrier

*A diversity of offerings based on a leaner and more focused foundation will increasingly challenge traditional banking platforms in the Asian UHNW space, says Kenneth Ho of Carret Private Investments in Asia.*

Kenneth Ho believes the multi-family office value proposition will go a long way to breaking the monopoly that major private banks have enjoyed over managing the assets of China's growing number of super-wealthy.

A combination of tougher regulations and a diversity of offerings today –

And as growth in wealth in mainland China continues almost unabated, the fact that UHNW customers are increasingly mobile, are on the hunt for international investment options, plus are demanding superior service from their financial providers, all bodes well for a more personalised form of advice, explains Ho.

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from firms such as how own Carret Private Investments (Asia) Limited – will be pivotal in luring clients away from their traditional banking mentors.

## **OFFERING MORE WITH LESS**

While banks can also adapt to this changing world, the greater numbers of senior practitioners now embrac-



**KENNETH HO**  
Carret Private Investments

ing a new advisory model will lead to the type of shift in client loyalties that Ho expects.

"In Asia, the client service at most private banks has been inconsistent, particularly regarding UHNW individuals," explains the former head of investment solutions for Bank Julius Baer in Asia Pacific, as well as deputy global head of the investment solutions group. "Many banks roll out ineffective, one-size-fits-all strategies."

Instead, Ho, who within Bank Julius Baer was part of core team that built the franchise from essentially zero to over USD60 billion by the time he left in late 2015, explains that Carret was founded on the principal belief that fundamental value investing will always prevail over the long term.

"We have Carret to Asia, and in particular Hong Kong, to work with family offices and clients, especially mainland Chinese clients," he adds.

"We firmly believe that UHNW clients deserve a differentiated and focused investment strategy. And we will be rolling out innovative and sophisticated services to our high-end clientele."

Ho also believes that the changing rules of the game will play into Carret's hands.

"The regulatory and operating environment lends itself towards a fewer number of private banks which will grow much bigger," he explains.

"We have already seen a fantastic shakeout of banks, and there are going to be very few of the Bank Julius Baer-type players going forward."

As those banks which remain increasingly beef up their risk management controls and other checks-and-balances, Ho predicts that many senior prac-

tioners will want to look at other opportunities, perhaps in a more entrepreneurial environment.

"This is what happened in the US and Europe," says Ho, "and it is exactly what is going to happen here."

It has started to happen slowly already, although Hong Kong is a bit later to the game than Singapore. But Ho says the trend is clear nonetheless.

### **BEING FOCUSED**

Ho's focus with Carret is to intelligently grow the company's AUM, with a particular bent on the China market.

selling alternatives since the 2008 financial crisis, mainly because of the conservatism of head offices and the pressure from regulators."

Carret, meanwhile, has developed a staple of core investments in the alternative space that Ho is excited about – and will be taking to China too. "Frankly, as the wealth in mainland China continues to grow exponentially, there is plenty of room for banks and independent firms to co-exist," he adds.

Yet it is easier said than done, and Ho recognises that the influence and

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"We target clients in the USD50 million to USD500 million space, who deserve a tailored solution, but don't want to hire a dedicated family office team," he explains.

At the product level, the firm also targets some of Asia's largest family offices, although with some specific solutions rather than their broader investment needs.

A great deal of emphasis goes into developing strategies for investing in alternative assets, he adds. "It is impossible for smaller shops to begin accessing this space at a meaningful level. Many banks have stopped

brand appeal of international private banks remain.

So he knows he still need to do a lot of work and education to convince potential clients of the advantages of an independent firm. "It is always a challenge at first," he explains, "because people think they are going to lose out if they to put their money with a smaller firm. Once they understand that the custodianship is still with the big banks and that we are offering a better overall cost structure, along with rationalisation with better efficiencies and opportunities through working with us, [the benefits] become quite clear." ■