

Carret Private: Leveraging its Greater China Successes with Singapore Expansion

Kenny Ho, managing partner of Carret Private, can at weekends often be found on the golf course at Discovery Bay, enjoying a convivial round with colleagues, business partners and clients. But when it comes to the high-net-worth investment game, the Hong Kong boutique wealth management firm Ho helped co-found in 2016 is altogether a more serious proposition, one that has since its creation has enjoyed considerable success and that is soon to expand into Singapore. Ho met with Hubbis to explain how Carret Private differentiates itself from other independent asset managers and where the firm's future lies.



“PEOPLE MIGHT REFER TO US as an EAM, or an IAM,” Ho begins, “but at the end of the day we are trying to do the same thing as private banks, except we feel like we do it better because (a) we side with the client and not the bank and (b) we don’t want 5,000 clients, we want 50 clients and then to focus the heck out of them.”

Carret Private was formed in 2016 by Ho and two fellow managing partners. Ho co-founded Carret Private in 2016 with J.D Lee and Alan Quasha, a renowned private equity investor from New York. They merged with the licensed, family office business of Paolo Picazo in Hong Kong later that year.

Carret Private’s USPs

Ho reports that the core USP of Carret Private from the outset has been the ability to manage multi-asset class portfolios for its wealth management clientele, but what differentiates it has been its ability to source and find interesting outstanding investment products in an alternative space which private banks don’t typically source. “We are probably one of the larger ones,” he reports, “with circa USD2 billion of assets under management. We also have a sister company in the United States, Carret Asset Management, which manages around USD2.6 billion across many industries and regions.”

Another key USP, Ho explains, is that the firm does not itself offer custody, but operates for its clients with a selection of top-flight custodians. “We select the best of breed and farm this function out to different banks,” he reports. “We can book at multiple

custodians and therefore select the absolute best custodians for our clients. It is certainly a core USP to be multi-custodian.”

Ho expounds on this custodian issue, adding that the firm has relationships with 13 different private banks and with the ‘pure’ custodians, such as State Street, BNY Mellon, Pershing, and some others, although the firm tends to focus its booking on only a few of those. “As I said, we take best of breed for our clients,” he says.

The evolution in Asia

Stepping back to put the firm’s evolution in perspective, Ho recalls that when he set the firm up it was either through creating his own brand or through finding a partner such as Carret in the US. “We felt that since our core markets were in Greater China, having their 50-year brand associated with us and having their history of investment expertise, was very important to developing people’s confidence in our offering.”

It was in 2016 that Ho and several partners left Bank Julius Baer - whose wealth management operations they had helped found - to partner with Carret in the US to create Carret Private Capital in Hong Kong as an independent asset manager that focuses on holistic solutions for ultra-high-net-worth families.

Other arms of Carret Private today include Arocrest Capital Management, which provides investment and management expertise to Arocrest Company, a Hong Kong based company focused on private equity investments in mid-market growth and family businesses. Target sectors include consumer products, financial services, agribusiness, and natural resources. Geographically, Arocrest focuses on emerg-

Key Priorities

First on Ho’s list is to keep refining the firm’s business proposition in order to attract outstanding RMs and outstanding clients. “We have, we believe, been perhaps more successful than the other EAMs out there,” he reports, “but it is not easy, and we need to continue to get our name out there and to build upon that.”

His second priority is to build on what he calls the “fantastic track record” of the past two years since the firm received its licences in Hong Kong. “Last year,” he states, “for our discretionary portfolios we were on average better than breakeven which, compared to the wider marketplace, was fantastic, so we are delighted that we made money for our clients last year. We must continue to build upon that track record and performance.”

And a third priority is to further develop the technology solutions in order to create a better value proposition for the clients, for example delivering information, faster execution times, consolidated reporting, ease of dealing with the regulatory regimes.

ing markets in Southeast Asia such as the Philippines, Indonesia, Thailand, Vietnam, Sri Lanka, and Myanmar.

Another arm is SBI Carret, a fintech joint venture company between Carret Private Investments and SBI Hong Kong Holdings. The Carret website also highlights Timbercreek Asset Management, a Canadian real estate fund manager, that aims to be a leading investment house for real estate exposure with its global experience and local presence.

Differentiation by design

“The Carret brand, aligned with the extensive track record that my senior colleagues and I offer, as well as the range of products and our particular focus are all helping us truly differentiate the firm from the private banks as well as from other IAMs,” Ho reports.

Today, Ho has two fellow founding partners, JD Lee and Paolo Picazo, as well as five other senior partners. Indicative of the type of senior-level hires the firm has been seeking out for its expansion, Carret in 2018 managed to hire well-known veteran bankers in the form of Mauricio Ribeiro and Changick Kim as partners in 2018.

Prior to joining Carret, Ribeiro was a Managing Director, as well as Head of the International and Independent Portfolio Management Service Desk at EFG Bank Hong Kong. And Kim also joined from EFG, where he had focused on managing portfolios for high net worth individuals from Europe, the Middle East and Asia. Additionally, the firm hired Sam Chee from BNP Paribas in 2017.

Singapore beckons

To keep the momentum of the firm moving forward and to satisfy growing client demand for jurisdictional diversification, the firm announced the opening of their new office in Singapore in

early March 2019 to cater to the Southeast Asia region. To enable business in Singapore, the multi-family office has applied for a full-function CMS licence there.

“Although we are a boutique wealth manager, we do need critical mass,” Ho remarks, “and Singapore is a natural extension. There are increasing numbers of clients who for various reasons wish to diversify from Hong Kong as a booking or servicing centre. Most of the private banks have their main branch in Singapore and not in Hong Kong, so we felt it was imperative to develop a Singapore platform.”

Ho adds that Singapore has done so much in recent years, particularly on the regulatory front, to make it easier for firms

cliente. “The private banks tend to focus on the very largest private equity, real estate and hedge fund managers,” he reports, “and they tend to go for the bigger, seemingly safer names with a longer track record, names such as Carlyle and Blackstone in the private equity space, for example. However, those bigger names might not have the optimal performance, whereas we tend to look for middle-market deals which are below the radar of the big private banks.”

Seeking middle-market opportunities

Ho reports that studies have shown that the smaller alternative asset managers have better performance. “It is harder to

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Niche expertise

In terms of the current suite of Carret offerings, Ho explains that Carret focuses on particular niches where it can compete and where its activities best suit its

put your money to work once you are in the multi-billions of dollars deal ranges, whereas we can target smaller deals that are easier to conclude and offer higher returns.”

Carret is also focusing on the real estate sector, seeking out direct deals for clients. “There are very few private banks who like to do that,” he observes, “as they tend to do this in a fund capacity, with a variety of country-based deals in one basket, for example, Vietnam. But we like direct deals because if anything goes wrong,



KENNY HO
Carret Private

we can go after the asset and more importantly we are usually co-investing along with highly reputable managers.”

He gives an example in Hong Kong of Gaw Capital, which he says is the most prominent real estate private equity firm in the SAR, and possibly in Asia.

“We co-invest with them,” he reports. “We do not have all the expertise in-house, but we will outsource it to experts such as Gaw Capital and others. Having said that, my background is in leading the product teams for Credit Suisse and then Julius Baer, and my colleagues offer high-level expertise, so we do of course offer high-level advice here, as well.”

He concludes this topic by reiterating how important exclusive access is to these middle market deals. “They are critical for our success,” he says.

Tried and trusted investment philosophy

Ho explains that the connection to Carret Asset Management in the US is vital for its discretionary asset management. “As I said, we believe we are very different from the other

Getting Personal

Ho was born in Delaware on the east coast of the United States and attended the University of Chicago, where he obtained his MBA in Finance and Accounting. His first job was with global management consultancy company, McKinsey in Houston, Texas, before moving into investment banking with what was then known as Salomon Brothers on Wall Street.

“Salomons later brought me out to this fantastic opportunity we call Hong Kong,” he recalls, “to participate in this amazing growth of Greater China. Then in the early 2000s I went from investment banking to wealth management where I was very lucky to go directly into Credit Suisse Private Banking, heading up the Asian investment platform and then from there a team of us followed our CEO from Credit Suisse to build the wealth management business for Bank Julius Baer.”

Married to a Hong Kong national, they have a 10-year old son and in his spare time, Ho enjoys golf and tennis. “My clients also share the same passions, so that makes it easier,” he says. “Favourite golf course is Discovery Bay, which is where several of my business partners, clients, and board members also play. I also enjoy games in China and in Bali, when travelling there.”

independent asset managers,” he reports. “From the investments perspective, we have anchored ourselves with Carret Asset Management primarily because they have a long history of developing a very robust investment philosophy and track record, they have an amazing discretionary product base, all of which we have taken onboard and refined for the Asian market. So, we did not start from scratch, we actually took a successful template, a USD3 billion success story from New York and brought it here.”

Secondly, Ho remarks that other EAMs have typically been created by one or two private bankers who were clearly fed up of working for a big bank. “But we

reverse engineered that,” he says. “We found a company with a great history in Carret Asset Management and it is worth noting that neither I nor my founder colleagues are actually private bankers. We are historically product people, we built products, built platforms from scratch, around client solutions.”

Reverse engineering the proposition

This means that Carret Private, he explains, did not start with a few key clients, then offer them solutions and then expand that to other potential clients. “Instead, and this is a key difference,” Ho reveals, “we are doing it the

other way around, we are building products, we are building platforms, we are building compliance frameworks because that's what we do. We are not private bankers, we have a very different DNA."

Ho returns to the critical components of the firm, which he reiterates are, equally, branding, having the right investment products and processes in place, and having the right people.

He explains that as the company increases in scale, momentum builds but the greatest challenge to overcome - and the firm has indeed done so, he reports - has been developing the framework, the processes, in order to become scalable.

"We have already become very successful," he reports, "we have hired so we could create six marketing teams, six different completely isolated teams, each using

the same framework and scalable processes, and this is something that we can keep building."

Bigger building blocks

And to keep that building momentum, Ho reports that Carret is seeking new hires with books of business that exceed USD300 million. "We don't look for the smaller RMs with USD50 million of client money," he reports, "so that of course makes it tough to hire the right people."

Ho explains that the firm has also tied up with some partners to enhance the wealth planning advisory capabilities. For example, Carret is about to partner with the immigration advisory practice of a leading global immigration law firm. And with Charles Monat and IPG on the insurance brokerage side.

Education

Ho closes with an insight into his and the firm's commitment to wealth planning education, noting that Carret has tied up with several people on the educational side, and Ho himself sits on the Global Advisory Board for the University of Chicago Booth School of Business.

"The point here," he concludes, "is that wealthy families have numerous challenges around business, asset protection, transferring wealth to the next generation, they might have tax issues, insurance issues, whatever it might be, but not only are we trying to offer them best in breed solutions, we are also trying to help them, educate them, and help them understand the consequences of what they should or should not do." ■

