Cazenove seeks to carve out a niche through specialist advice

The recently re-branded Asian arm of Schroders is counting on its investing expertise to attract ultra-wealth clients at a time when less focused private banks have fallen by the wayside, according to chief executive Khing Go.

The recently rebranded Cazenove Capital Management intends to leverage strong client relationships and a new business plan to expand its reach with ultra-high net worth individuals (UHNWs) in the region, says the company's chief executive officer for Asia.

Khing Go is focusing the company, which has regionally been renamed from Schroders, on reaching some of Asia's wealthiest investors.

The company describes UHNWs as having investable portfolios of US$20 million to US$50 million.

"Clients are looking at very specific objectives," he says. "If they come to us and ask whether we can do margin lending, we can say yes, but [we want] them to come to us for a complete review of their asset management needs. We are different to other private banks, which are largely very balance sheet-driven."

Go says Cazenove Capital Management is primarily focused on UHNWs because they can provide the company with longer-term, annuity-type revenues.

"These kind of clients do not want to be bothered every day," he explains. "Once they decide to work with you they will give you the chance to work on a mandate for two to three years. If you are within the benchmarks they will continue to work with you."

Go has spent the last few months creating an entirely new strategy for the Asian business, in tandem with the Hong Kong and UK office, which will be rolled out in the coming weeks. Cazenove Capital Management is now ready to put these plans into action.

"The growth process is very clear to us," says Go. "We want to grow our business in Asia, and the consolidation that has been in the industry is not a surprise to us."

KHING GO
Cazenove Capital Management

LAYING THE GROUNDWORK

Go knows a thing or two about consolidation, having come to head Cazenove in the region as a result of several rounds of it.

He founded KE Swan & Co. as a wealth management company in 2000, and the firm was later brought under Commonwealth Bank of Australia. In 2008 the Australian bank started to pull back to its home country, and it sold KE Swan to Schroders Private Banking Group as the latter sought a foothold in Asia.

Go says that the company spent the first three years at Schroders focusing on integration, moving from an external portfolio management platform to an internal one. But a bout of consolidation in the UK financial services market from 2013 has drastically changed the company's nature.

This began with Schroders buying the UK's Cazenove Capital Management in 2013, and one year afterwards bringing Cazenove's funds under the Schroders brand name.

Schroders is a big industry player. On March 5 it reported that its total funds under management had risen 14% in 2014 to £300 billion (US$450 billion), while its wealth management arm saw net revenue rise 42% to £213.5 million on the back of "a full year of contribution from Cazenove Capital", Schroders said in its annual statement.

The support of Schroders helped the UK operations of Cazenove Capital Management double its own asset pool to around £40 billion over the past two years.

Go says the name of the combined business in Asia was changed from Schroders to Cazenove because the latter already had an established presence in Hong Kong, and the company wanted to ensure a uniform brand in the region.

ASSET MANAGEMENT EXPERTISE

As the company he founded moves ahead, Go believes it can thrive in Asia.

The firm's Singapore operation has extended its geographical reach to attract a broader array of clients to its asset management proposition, which is provided under a merchant banking licence.

"We can help families in different countries with asset management in Europe by working with them in the UK, and if they want to be in Asia we can work with them in Hong Kong or Singapore," says Go.

The flow goes in the opposite direction too. Go cites the example of a European client who chose Cazenove Capital Management in Singapore to establish his Asia investment portfolio.

Between 12% and 15% of the company's product offering is constituted of Schroders products, including legacy Cazenove funds that were rebranded in the middle of last year. The remainder is comprised of third-party funds and discretionary mandates, including hedge funds and direct investments into fixed income instruments.

"We deal mainly in funds, but are growing our customised mandates," Go says.

This means Cazenove Capital Management can meet the very specific needs of customers and avoid spreading its resources too thinly, as many private banks have in Asia.

That should help Cazonove effectively meet the specific needs of the region's wealthiest individuals. ■