

# Creating a clearer value proposition through independence

*Philippe Legrand and Sanam Ramchandani have worked hard over the past five years to establish London and Capital Asia's niche of tailored, independent advice. In an industry which is increasingly polarising, the value of this differentiated approach is becoming clearer.*

Helping Asia's wealthy entrepreneurs and families get the right advice is a challenge that distinguishes the worthy wealth managers from the rest.

This goes to the heart of the biggest challenge for the industry in this region. While the amount of wealth being created continues to be impressive across the board, its pace of growth is much faster than that of the number of people able to service it.

far will increasingly exit it, mainly due to retirement.

This further reduces the number of experienced professionals able to respond to the evolving needs of clients.

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London and Capital Asia

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In addition, the existing crop of veterans who have led the way in building the Asian wealth management industry so

founding partner and chief executive officer of London and Capital Asia. And in light of the growing international

nature of the typical Asian client, these are issues that wealth managers need to better understand and have the expertise to help clients know what to do



**SANAM RAMCHANDANI**

London and Capital Asia

### **COLLABORATIVE APPROACH**

The group's London office was opened in 1986, to provide advice to private individuals, family offices, trusts, financial intermediaries and institutions on offshore and onshore investment strategies. The prime focus was – and remains today – capital preservation via personal, tailored services.

The Hong Kong office was opened in 2010 as a joint venture with the Asian management team as its major shareholder; Legrand's side of the business serves as a multi-family office (MFO) to service the full spectrum of an Asian family's private banking needs, as well as those generated from their family business in terms of corporate or investment banking solutions.

"There continues to be a shortage of holistic advice to handle the wide variety of specialised needs of these clients, and they generally cannot be filled independently by one particular institution," explains Sanam Ramchandani, founding partner and deputy chief executive officer of London and Capital Asia.

with it, he adds. "The first place they tend to look are to brand names."

"But they are now aware that the brand itself won't answer all their questions. This is leaving them a bit shaken as to what their options are, and the alternatives for getting appropriate and unbi-

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ased advice they need are not really presented to them in a clear manner," he explains.

This is the seemingly ever-widening hole which he and his firm strives to fill.

Indeed, the recent surge in the concept of independent wealth managers and MFOs servicing UHNW clients in Asia is a direct consequence of a growing number of families looking for service beyond brand.

### **Banking on the right partner**

*The interactions that London and Capital Asia has with various private banks are based on two main areas of service: custody and execution.*

*When a client asks the firm which bank it recommends, the first consideration is one of perception. "Some clients want to have an account with a certain bank, or book their assets in a specific country," explains Legrand. "For those people who are bank neutral, we generally advise them to look at the banks which are more user-friendly and flexible depending on the client's intended AUM."*

*The next factor relates to what clients want to use the bank for. If they intend to buy and hold a bond portfolio, for example, custody fees become important in terms of their impact on the yield on the portfolio.*

*Overall, there is always one thing Legrand sees as vital: risk. "If somebody comes to me and says, 'I heard about this bank because it gives a good deposit rate', we need to explain that the client is basically lending money to that financial institution, so is taking on that firm's risk."*

"They now want to build their own access point to high-quality and unbiased advice in order to service their overall needs," adds Ramchandani.

To deliver this, wealth managers need to be realistic that they cannot play all parts in delivering the advice these

clients need. Lawyers, accountants and financial advisers all have roles within an overall team, but different perspectives from which to contribute. "This takes a certain amount of time and investment to get the infrastructure and offering right," says Legrand.

### A 'CAN DO' MIND-SET

He is convinced that more and more clients in Asia are increasingly aware that boutique players like MFOs represent more than just a traditional wealth management platform.

And with Ramchandani and Legrand each being over 25-year veterans of the Asian private banking landscape, including building and running large franchises of international institutions in the past, they bring something unique to the table. "Our offering is based on a 'one-stop solution' that provides a 'can do attitude' combined with being a lot of things to a limited number of clients," says Ramchandani.

This stems from a mind-set of making the time to listen and understand issues while at the same time having the knowledge and experience to be able to deal with them.

The growth in independents also helps.

London and Capital Asia, for example, is a founding member of the new Association of Independent Asset Managers (AIAM) in Hong Kong, launched in the second half of 2015.

"Given that the issues clients face are wide in nature and require a broad set of competencies to meet them, it is important for trusted advisers to keep their minds open as to finding an appropriate solution in each case," explains Ramchandani.

Whether this comes from an internal pool of knowledge or from external providers and partners, she says the key is to remove ego from the equation in finding the right solution for the client.

### MAKING THE DIFFERENCE

The approach Ramchandani and Legrand take is one that epitomises the service culture that wealth management should reflect. Crucially, this is not about quantity and scale – rather, focusing on fewer clients. This enables the firm to dedicate the time it knows it needs to, leading to a better understanding of what clients really need.

Armed with this insight, the fundamental difference in the firm's offering compared with other options that clients have becomes clear. For example, it steers clear of the temptation to offer the type of singularly-focused solution that many traditional private banks might turn to as a way to respond to an individual need. A typical case would be a relationship manager (RM) providing financing.

Yet the shortcoming is the fact the client is limited to a certain product range that the bank's RM is authorised to discuss with them. More specifically, if a client wanted to access private equity opportunities, that individual would be restricted to those deals the bank can offer or is willing to sell to that client, explains Legrand.

And the option of the bank's adviser asking the client to sign a reverse enquiry form is off-putting, he adds. This distances the RM from any responsibility or liability for the investment, or even from keeping the client informed on its performance. "As an adviser which sits outside the bank, we can source the investment and monitor it."

### *Engaging clients through asset allocation*

*London and Capital Asia has been advising clients to focus on income generating assets over the past few years.*

*This is no different for 2016, says Ramchandani, especially with mature bull markets in both bonds and equities, and market volatility likely to increase further on the back of the US starting gradually to raise interest rates.*

*To deliver performance for clients, the firm expects equity market dispersion to continue, on the back of diverging monetary policies and heightened geopolitical risks. As a result, risk monitoring is the key.*

*With such an economic backdrop, the firm continues to focus on companies which can offer sustainable dividend yields.*

*When it comes to the decision-making process in relation to the firm's product shelf, it has been underweighting bonds in general. To reduce market risks, it has been taking profit from high yield bond funds on a tactical basis and switching into more unconstrained bond funds.*

Or, if a client wanted to buy a jet, for which they need financing, and chose to domicile it in China, this might not be in line with the scope of service of a particular bank. By contrast, when using a firm like London and Capital Asia, Legrand says he will go to a variety of banks but also to external leasing companies to find the appropriate solution to his clients' needs. ■