

# Crossbridge Capital's CEO on Bringing Wealth Management to Asia's Well-to-Do

**Yai Sukonthabund, Partner and Chief Executive Officer of Crossbridge Capital Asia, had a colourful upbringing that began with his birth in Pakistan to his Thai father, a United Nations officer and his Korean mother. Then followed school days in places as disparate as India and Israel. Today this fully global citizen still allows little grass to grow under his feet - he met up with Hubbis recently to recount the firm's ongoing, dynamic evolution from a traditional external asset manager to a robo-advisory platform that aims to democratise wealth services beyond Asia's HNWIs and the ultra-rich.**

**S**UKONTHABHUND IS HEAD OF THE FIRM he joined in 2010 when it was more of a traditional asset management business. He begins by describing how today Crossbridge has evolved into a fully integrated financial services platform offering wealth management, family office, corporate finance and digital investment solutions to families, entrepreneurs and business owners in emerging markets worldwide.

His drive for a good number of years has been to plug a gap in the market. He believes that while most wealth managers today focus exclusively on the upper end of the HNWI market, there is a significant opportunity in the segment above retail/mass affluent, those holding some USD1 million or more of investments, but whose wealth is below the typical minimum USD5 million of assets required for a private bank client with a regular private bank.

### **Connecting to the well-to-do**

Accordingly, Crossbridge decided to target well-to-do investors and fill that gap with its CONNECT platform. CONNECT launched in November 2016 as Singapore's first actively managed digital advisory service for accredited investors.

Having teamed up with top-tier industry partners such as Pershing, Morningstar and Bank Julius Baer, it built the platform using technology with the stated mission of democratising wealth management, and Crossbridge has effectively moved the former traditional Asian type wealth management offering - too often driven by opaqueness and retrocessions - to a transparent and digitised 'fees for assets under management' model.

CONNECT therefore offers a low touch, high efficiency, fully automated investment platform

for accredited investors. It is also the first to offer end-to-end digital onboarding. And as one of the strengths of the firm is the economy of scale that it can bring to clients, this continues to help keep the fees it charges competitive or better, as well as fully transparent.

CONNECT, which is regulated under the Monetary Authority of Singapore, does not hold client assets. Instead, once signed up, assets are placed in custody with BNY Mellon's Pershing under the client's own name. Moreover, investment advice for the CONNECT portfolios is supported by the independent research firm, Morningstar, in conjunction with Crossbridge Capital Asia's own in-house team of investment advisers.

The limitation to only servicing accredited investors means that aside from the mainstream

course, that is vitally important, as this range of investor would not tolerate large losses.

### **Rewards - hard-earned but consistent**

Crossbridge Capital Asia was unsure how their target market would respond. It need not have worried. Whilst the platform was slow to get customers at the outset, it quickly gained traction, Crossbridge's Assets Under Management (AUM) currently stand at over USD 4 billion. And Sukonthabhund has also driven Crossbridge more recently towards B2B, thereby he says extending those services to other institutions that could benefit from the experience of the firm.

The road to reach where Crossbridge is today has not been as smooth or as straight as Sukonthabhund and colleagues had

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and liquid equity, bond, fund, forex and similar investments that may be found in such an individual's portfolio, CONNECT can also offer some exposure to alternative assets. The firm offers what Crossbridge's team considers a very efficient product called Actively Managed Certificates (AMCs), which currently is not permissible for sale to the pure retail market.

"In general," says Sukonthabhund, "people in this range of wealth prefer investments they understand, and that helps them sleep soundly at night." And of

hoped. "Finding the right partners and locating the right service providers has proven to be the most difficult challenge," he reports. "We got there in the end, but it was a tough path."

He offers further insights into the trials of partnering to achieve outcomes. "You want to rapidly bring other people's experience, expertise and capability to the table," he explains, "and while you expect them to match what their packaging says, that does not happen very often."

Actually, he notes that the regulatory hurdles that the team had



YAI SUKONTHABHUND  
Crossbridge Capital Asia

thought would be the most difficult to overcome proved far less onerous than they had imagined at the outset.

“We did, in fact, find a supportive regulatory environment, with the regulators quite helpful and supportive of us pushing into new areas, as long as we maintained professionalism and responsibility,” he reports. “I can even say that our own fears somewhat held us back more than the reality, and we now find that there is rather a notable ‘halo’ effect in our thinking that helps the rest of our business.”

### Embrace evolution, or...

Whether the term used is digital advisory, robo-advisory, fintech, or other nomenclature, Sukonthabhund comments that this is all about embracing the attitude of moving towards the future, moving ahead as opposed to staying static and thereby falling behind.

“This industry does not suffer fools gladly,” Sukonthabhund observes, “and failure to strategise and then act result in consequences, sooner or later. This is not the kind of business for people who are content to stay still.”

Blockchain, for example, he explains, will happen and will result in a significant impact on the

industry. “It is an enabling tool, allowing for more efficient record keeping and sharing of information. But just because you apply the blockchain ledger protocol doesn’t mean you are going to have a good business, in the same way as those early adopters of internet technology did not necessarily achieve a magic formula for success. You need a solid, vibrant business. Blockchain is simply a tool to be used on the road to transparency, accountability and safety.”

### The quest for transparency

The endgame, Sukonthabhund believes, is that people should have access to low-cost investment products that suit them, rather than suiting the institution that they buy it from. “Most people cannot buy US treasuries, because it is cost-prohibitive between the custodian fees and the transaction costs. We are in the business of trying to slowly change that. It takes economy of scale and fee compression, but also transparency and greater efficiency.”

Sukonthabhund extols the vital importance of the platform. “It is like the foundation upon which you build your house, and the better you build the foundations, the better the size and strength of the structure, the more people it can house and the more flexibility it offers.”

Sukonthabhund concludes the discussion with what is tantamount to a warning to the big brand name banks. “I think we are moving away from the big names, their attractiveness is starting to wane,” he states. “Instead of trying to stand out I think it is more important to blend into the background, we should be enablers as opposed to the ‘stars’, we should offer transparency, ease of use, appropriate investments, and of course value, rather than trying to make the most money possible from the clients.” ■

### Getting Personal

Since 2010, Sukonthabhund has held the position of Partner & CEO of Crossbridge Capital, the firm he joined with a vision of democratising wealth management.

With many years of experience in trading and private banking, he has worked for well-known firms such as Bank Julius Baer, Citigroup and Deutsche Bank.

Born in Pakistan, where his Thai father, with the United Nations, and his Korean mother were then living, he later moved to India and then Israel where he studied for eight years through to leaving high school.

Sukonthabhund then studied mechanical engineering at Cornell University, USA before coming back to Thailand to work as an engineer. He soon decided better opportunities lay elsewhere and entered the world of banking at Deutsche Bank in Bangkok before transferring to Singapore, later working with Julius Baer and Citigroup.

Sukonthabhund is married to a Singaporean, and they have an 11-year-old daughter. Leisure time is light exercise, reading, and when time permits, travel to favourite destinations such as Japan, and Thailand, where his mother, now a naturalised Thai, resides.

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## Crossbridge's key priority - regional expansion

Aside from strengthening its technology and overall proposition, Crossbridge's most pressing mission is regional expansion. "It is always good not to take things for granted in terms of improving the proposition and expanding the market," Sukonthabund comments, "so as to the first priority, regional expansion is essential. We want to move out to other countries, we want to see how effectively we can work with other partners in those countries."

Both Hong Kong and Thailand had been the early target markets and on July 26 Crossbridge announced its first such offshore deal in Bangkok, in partnership there with Globlex Securities.

The new CONNECT by Globlex leverages Crossbridge's robo-advisory service, to bring customised and actively managed investment portfolios to the same type of accredited investors, but this time onshore Thai investors. Globlex is a publicly-listed, Thailand-based, securities broker and is seeking to leverage its relationships with these types of accredited investors by bringing to them customised and actively managed investment portfolios.

"For a securities broker offering traditional brokerage and trading services, the concept is that integration of CONNECT by Globlex will add premier digital wealth management to their suite of product offerings, enabling it to deepen relationships with its existing customers and to reach a broader client base cost-effectively," Sukonthabund comments. "Through CONNECT, Globlex will be able to offer rigorously constructed, goals-based investment portfolios to suit investment objectives and risk appetites, diversified across twelve global asset classes."

"The decision to partner with Crossbridge was based on their superior ability to bring a seamless digital wealth management experience, the strength of their technology and their investment expertise. There is huge growth potential in the wealth management space in Thailand, with customers increasingly looking for the next-generation digital solution to manage their wealth efficiently, and CONNECT by Globlex will create a truly differentiated offering from our competitors," said Thanapisa Koohapremkit, Chief Executive Officer of Globlex Securities, at the time of the announcement.

For Sukonthabund, regional expansion and the growth of Assets Under Management are intrinsically linked with the focus firmly on generating volume, ensuring maximum efficiency and offering transparent fees.

"We have to work with other partners when we move out regionally because we are not licensed in those other countries," he explains. "We are now working with Globlex, and we might elsewhere be working with a securities company, or trust companies, or with insurance companies. I think it is just a story of one plus one becoming three. We are essentially offering these partners the engine, the platform to more fully leverage their client base."



Sukonthabund says that building the proposition with overseas partners and for their client bases is a compelling proposition for them, as it is expensive to set up a robo-advisory platform. With a digital advisory platform comes custodians, programming, interfaces, marketing and understanding of UI/UX.

"These are generally things that I think every firm wants in this business, so it's about optimisation, about getting your name out there, reaching more people, expanding your business. Those are all key objectives for any company, so we approach other institutions and offer these solutions more cost-effectively and without the pain that we have gone through to get this far."

He adds that Singapore is an excellent base from which to expand, due to the credibility of its regulatory regime. This, he says, will enable Crossbridge to enter jurisdictions which are not as established or as advanced. "Leveraging our expertise and what we have achieved this far, as well as the genuine Singapore credibility factor, we can go out into the region and through our technology we can offer an exciting level of service to the mass affluent in those places. And to do so, as I said, we are looking for the right partners."

