

CSOP Family Office: building a benchmark

A bit mysterious but increasingly talked about, CSOP Family Office recently met Hubbis to share its plan to build a first class franchise and set the benchmark for quality in the Asian wealth management space.



CHINESE FIRMS ARE MOVING INTO THE GLOBAL wealth management and private banking space with ambition, structure, and commitment, according to Dr Xiao, Managing Partner at Hong Kong-based CSOP Family Office.

“Twenty years ago, people didn’t believe that Chinese commercial banks would be in the global top 10; fifteen years ago, people laughed at the idea that Chinese securities firms could sideline bulge brackets in Asia; today, people doubt that Chinese players can build a thriving international wealth management business. But when size, proximity, and expertise all come together, tectonic plates begin to shift,” says Xiao.

The CSOP story

CSOP is the international arm of China Southern Asset Management (CSAM), one of the largest asset managers in China with USD 140bn AUM as of end 2017. Huatai Securities, one of the biggest securities firms in Asia and known for its M&A franchise, is a large shareholder in CSAM.

“CSAM came to Hong Kong ten years ago to set up CSOP Asset Management, which has since established itself as the leading investment manager bridging the world and China.” CSOP now has dominant positions in spheres like ETFs, and increasingly, the firm is active in mutual funds and alternatives space, according to Xiao.

“To build a high quality wealth management franchise to complement the great asset management business is the mandate of my team, and the avenue we have chosen is the classic EAM model,” he says. “We centralise advisory, giving clients un-conflicted, unbiased solutions encompassing

family wealth, succession, and pursuits, while using selected private banks to custodise client assets and handle execution.”

The CSOP edge

Explaining how they choose and work with the wide range of private banks on their panel, Ealise Wei, Chief of Staff, CSOP Family Office goes into the details.

“We present private banks and booking options to the clients, and carefully explain and compare them. We match the right bank with the right client, and increasingly recommend multiple banks as a package to meet the same client’s needs across equities trading, fixed-income DPM, premium financing, European real estate financing, for example”, she says.

Wei adds, apart from products and execution capabilities, another thing is the service commitment. Some clients trade like

turbulent markets. When the next crisis comes, and we hear rumbles on the horizon, the clients will appreciate the great care we exercised in choosing the right private banks for them.”

Ethics and integrity are prime

Talking deeper about what makes CSOP Family Office unique and different, Xiao says that they are firmly on the client’s side.

“All client advisors strive to be unbiased and objective, but are they always commercially motivated to be?” he asks.

Integrity should be intrinsic, and ethics should be paramount. But the system should not be structured to dilute them.

When a client advisor is liberated from the stress of short-term revenues and the confines of one captive platform, he regains conviction, has real choices, and

“Some private banks go as far as designating one equities trader just for CSOP Family Office. This kind of dedication is appreciated, by us and by our clients.”

hedge funds, or are indeed hedge funds. “For such clients,” Wei says, “Some private banks go as far as designating one equities trader just for CSOP Family Office. This kind of dedication is appreciated, by us and by our clients.”

In addition, CSOP Family Office looks at the overall health of the business. “Some banks have relatively thin capital buffers. Some banks are ambivalent towards their PB business. And some banks have big IB prop trading desks which could become an issue in

begins to work exclusively for the client’s interests, and is ultimately rewarded with the empowerment to manage all wealth affairs and bank accounts for the same client family, says Xiao.

Going beyond investment advice

According to Xiao, CSOP Family Office draws upon the intellectual capital of the various private banks and research boutiques, and uses the strong inhouse expertise typical of a large asset



manager like CSOP, to generate, validate and enhance investment advice. “Investment is a tough game, and it’s tougher when you deal with tycoons whose wisdom and instinct have been sharpened over many decades. By being humble, objective, and tirelessly diligent, we partner with the clients to decipher the world and plan ahead.”

But, as a family office, CSOP goes beyond just investment advice for its clients, and that is not just a marketing measure. “People sometimes top up ‘family’ as a brand, as a pitch, or as something apparently very desirable but without structure or substance,” he says.

What CSOP does, Xiao says, is that when they approach a family client, the first thing they do is mapping. “Mapping in the sense of the family tree, the family relationships, the family footprint, and

the family businesses. Before you prescribe, you describe,” he says.

According to him, this is a diagnostic exercise that lets them uncover milestones, experiences, aspirations, and unspoken con-

cerns. Then, they organise specialists from private bank partners and consultancies into case teams, build solutions, engage the family, test and refine, decide and implement, all the while remaining vigilant to reconcile what’s the best way with what’s seen as the right way.

Tapping the institutional segment

Interestingly, CSOP Family Office leverages its capabilities to serve client segments beyond the typical UHNW families.

“Investment is a tough game, and it’s tougher when you deal with tycoons whose wisdom and instinct have been sharpened over many decades.”

Frank Ke, who joined CSOP Family Office as senior RM after years at French and Swiss banks, elaborates: “When a large Chinese private enterprise set up their global treasury centre, they consulted us on the pros and cons of HK, Singapore, Luxemburg, and London as potential hubs for their



global liquidity. With our facilitation, some of our custodian banks presented their platforms and solutions to pitch for the corporate cash.”

tutional clients-cum-partners expand the spectrum of expertise at the disposal of CSOP Family Office, and from time to time the synergies between these insti-

- even a regent,” Xiao portrays the type of talent CSOP Family Office is going after.

Asked how to attract such senior, accomplished people who are the hottest commodity in Asia, he explains, “Our talent predominantly came from leading private banks, where they spent 15-20 years building their expertise and gaining client trust. At some point, the client advisor realises that he must involve multiple private banks to serve one tycoon family with excellence, and a family office platform with multi-bank, multi-jurisdiction booking/products capabilities is exactly what he needs.”

Xiao adds, “The institutional credibility of CSOP, our enlightened shareholders, a meritocratic culture, and support functions people who are the best of their professions and always available - also helped us attract some of the best talent in the market.” ■

“At some point, the client advisor realises that he must involve multiple private banks to serve one tycoon family with excellence, and a family office platform with multi-bank, multi-jurisdiction booking/products capabilities is exactly what he needs.”

Xiao adds, “European fintech players entering China, Indian fund managers expanding distribution in Asia, pension funds building their property portfolio in Europe - they have all found the network and advice of CSOP very useful. Also, such insti-

tutions and our client bases of entrepreneurial families could be very substantial.”

Targetting talent

“A great client advisor is a gatekeeper, a guardian, a confidant, and - when needed by the family