Link to Article on website

Curating Winning Portfolios and Improving Allocation for Thai Private Clients

The Hubbis Thailand Wealth Management Forum took place on May 24, during which Dr. Jon Wongswan, Managing Director of Kiatnakin Phatra Securities presented delegates with some helpful insights into the curation of fit-for-the-future investment ideas and allocation. He sat as one of the experts on a panel discussion that included seasoned specialists from GAM Investments, Leo Wealth and MBMG Group. These experts addressed key issues such as the opportunities and challenges for the year ahead, the need for more rigorous risk management than in recent years, the preferred asset classes and geographies, and building the right balance of public and private investments for wealthier clients. Most importantly, he explained that they are working hard to communicate regularly with clients and to ensure that they accept that this is in the US and to a large extent in the European markets, there is now a very different financial and investment environment from that which had prevailed for a decade or more until early 2022.

GET IN TOUCH

[View this Panel Discussion On Demand]
[View Dr. Jon Wongswan's LinkedIn Profile]
[Find out more about Kiatnakin Phatra Securities]

Dr. Jon Wongswan
Kiatnakin Phatra Securities

"People have for a long time seen the Fed intervene when markets tumble but that should not be expected any longer; hence the buy-on-dips approach is far riskier nowadays."

Dr Wongswan first pointed to fixed income as a core holding that could be upsized in many private portfolios. He explained that the firm expects inflation [in the US] to stay stubbornly elevated, even though it is coming down, and that in turn means the US Federal Reserve will likely keep rates high at least for the rest of 2023. Yields on risk-free paper at 4% or 5%, making it a simple investment.

The 60-40 portfolio is again of greater relevance, he indicated, noting that his firm advises clients to hold much more of a balanced portfolio than in the bullish markets of recent years.

As to other investment ideas, Dr Wongswan told delegates that the outlook for the US economy remains murky and with considerable risk of a recession of some sort, while there is more geopolitical risk than for many years. These elements combined with higher inflation and higher rates does elevate risks in risk assets, so risk management is more important than it has been for some time.

"We know there are plenty of risks out there, but what we cannot predict is where the risks will manifest themselves, such as we have seen in the banks sector," he said. "Accordingly, we need to fall back on basic portfolio construction, directing our clients towards core and satellite portfolios, diversification of asset classes, geographies and sectors and avoiding concentration risks."

Additionally, careful scrutiny of portfolios on a very regular basis, good communication with their clients and the ability to adjust allocations with agility are all vital in the current conditions.

"In this environment where you see a lot of ups and downs, people get nervous and if we focus on long-term investments, robust risk management and good communication," he explained.

He also observed that the Fed is not effectively underwriting the stock market as it has done for many years by releasing yet more liquidity when times appeared to be difficult.

"People have for a long time seen the Fed intervene when markets tumble but that should not be expected any longer; hence the buy-on-dips approach is far riskier nowadays," he told guests.

He said that nevertheless, many of his firm's clients are finding it tough to recalibrate their mindsets. "Recent history plays a very important role in forming future expectations, naturally," he said. "That is where we need to communicate the reality of this very new environment and impress on clients that their approaches of recent years are no longer valid. In that way, we can disseminate the concepts of diversification, and risk management, and in general, adjust and help manage their expectations."