

Founder and CEO Charles Monney on Lyra Capital's Offerings, its USP and on Optimism

Lyra Capital Pte Ltd is a privately-owned wealth management company first incorporated in 2007 in Singapore. Hubbis 'met' recently with the company's founder, Charles Monney, to learn more of the firm's bespoke investment services to HNW investors in Asia and in Europe, which he reports represents about half the firm's clientele. The firm extols the virtues of independence, integrity, a highly personal approach, and robust performance. Lyra's team of six today are dedicated to tailor-made investment solutions for those HNWIs and single-family offices on a discretionary basis or on an advisory basis, with global asset allocation and advanced risk management protocols. Although he hopes to soon complete his hours for his private pilot's license, he says Lyra is a close-knit team and hopes to add one or two more bankers in the year ahead. Charles believes that by sticking to the firm's core values throughout its 13-year history has laid the foundations for success today and for his optimism over the years ahead.

Charles opens the discussion by explaining that the firm had developed two particular investment solutions in terms of funds. One of these, he reports, covers the consumer segment in Southeast Asia, and is a value strategy focusing on the growth in domestic demand, as wages rise, and spending increases across the board. "We have offered this since 2011 and with great success, the fund producing annualised returns of +6.3%, considerably better than the MSCI Southeast Asia, which is actually minus -3.4% annualised," he explains.

The second strategy was launched three years ago and centres on global trade finance, as a means for investors to participate in the real economy whereby the firm allocates money to professional lenders who allocate the capital to SMEs across the world to finance commodity transactions. He explains that the firm allocates the money it raises from investors to those companies against the full collateral of the exported goods and other guaranties. It is a very, very low volatility strategy (<1%), delivering 5% to 7% annualised return net of fees.

Value in SE Asia

"The Lyra Asian Value strategy is somewhat more aggressive, because it's emerging market, it's equity, and it's domestic currencies," he adds, "so this balances off against that, with what is effectively a fixed income comparable alternative. For all other investments, we would outsource to carefully screened investment funds or ETFs in order to build clients' global markets exposure."

He offers more detail on the trade finance fund, noting that as an

asset class, it is rare for this to be available to investors below the size of very large single-family offices or institutional investors.

Diversification and low volatility

"Most of the investments in this asset class would traditionally be several million dollars of entry price," he reports, "and the opportunities would likely be more concentrated and therefore riskier. What we do however is select what we consider the

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best of around 15 lenders across the globe representing some 3000 plus recurring loans, to achieve high diversification on a geographic basis, and at the same time make the entry-level accessible to HNW clients from USD150'000 onwards."

He adds it is also very low volatility, and therefore very predictable, with a default rate a tiny fraction of corporate bonds. "It offers investors predictable yield with uncorrelated access to the real economy," he explains, "and gives them diversification into what

has historically been more of an institutional asset class."

Risks well under control

He says that, as to risks, the main risk on such investments relate to liquidity, because the fund is lending money to real players. "We cannot just pull the plug and tell them goodbye; we commit capital for three months, six months, 12 months," he elucidates. "And that creates some liquidity constraints on the product, which is why we

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Building the AUM

Monney explains that the AUM of the fund is today around USD26



CHARLES MONNEY
Lyra Capital

million and the firm is currently starting external marketing for more money from a variety of IAMs, EAMs and family offices, as well as offering a new Yen-denominated feeder vehicle for Japanese investors to enter the fund, distributed through one of their shareholder in Japan.

“We are highly confident of the trade finance strategy, and this is a good time to be marketing,” Monney reports, “as it has come through the stress testing of the pandemic, and still produces solid returns. We have seen that this will deliver a minimum 4% performance this year with a volatility of only 1.1%, and even top investment-grade bonds have not performed like that.”

He also reports that Lyra recently started working on managed accounts in global trade finance; these are effectively replicating the global trade finance strategy, he says, but for particular family offices from USD 20 million onwards.

Independent values

Monney steps back to survey the independent wealth management and family office scene, noting

Getting Personal with Charles Monney

Monney was born in and grew up in Geneva, studying later there at the Graduate Institute for International Studies in Geneva where he completed his first degree, before moving on to Vienna for his Master’s degree in International Affairs at the University of Vienna.

Then ensued a career in banking, starting in corporate banking in Geneva and Zurich for UBS, which sent him to Singapore in 1999. He returned to Geneva in 2002 he was hired by for Citibank in Geneva as an investment specialist. A few years later his team was bought and he joined Barclays Wealth where he worked as a director for Europe.

“Then in 2007 I decided to start Lyra, partly because I was really attached to Singapore from my first experience here, so I decided to incorporate the company here,” he reports. “I was cautious as I needed to see how we would get on, and of course the global financial crisis soon hit, but we came through well, and we have created a successful business over the years.”

He is married to a successful Finnish entrepreneur who gave him two daughters aged 17 and 15.

Monney has a variety of interests ranging from skiing in his favourite Onsen resort in Japan, in Lapland or at home in the Swiss Alps, to swimming in Singapore. He loves reading, especially American, French and other modern literature.

“And I have one or two unusual pastimes,” he reports, “including archery when back in the countryside in Switzerland, and flying, for which I was on track to earn my private pilot license, following a course I took in Perth, Australia in 2019. I still have to do some flying hours, as I couldn’t complete because of Covid, but as soon as the borders reopen you will see me back in Perth to fly solo again.”

that there is understandably some consolidation as costs have continued to rise in recent years, while the growth of the overall private wealth cake for HNWIs and UHNWIs has started to slow somewhat. “We are not however interested in consolidating at this stage, preferring organic growth. We have adjusted our HNWI offering in the past twelve months,

especially in relation to making it much easier to onboard with us and get immediately access to international wealth management services. This is a key advantage as far as clients are concerned.”

Holding clients’ hands

He elaborates on this, noting that Lyra can guide these clients through all these key hurdles and

that many EM clients are somewhat wary of the whole regulatory and compliance processes. "Making this seamless and less opaque for some of these clients, for example, those from some of the less 'wealth management familiar' ASEAN countries, is a hand holding exercise that they consider of great value. It also establishes a firm foundation as this is required right at the outset of the relationship. Finding and negotiating the right custodian is of course, a huge advantage for all concerned. We have that level of expertise and experience to smooth over these often-rocky paths."

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Integrity and consistency

He also observes that the focus currently amongst clients is not so much on stellar performance, but on stability and transparency. "Typically, the high net worth individuals we work with or the single-family office both want transparency, consistency and continuity. The banks ironically have helped us on this, largely

because there's been such a big turnover in the RMs at the banks, making many actual and potential clients really fed up, thereby helping the independent segment."

Key Priorities

Charles Monney reports that Lyra's first mission is to grow the global trade finance business, leveraging Lyra's and portfolio's manager Carlos Gonzalez Florenzano expertise in the segment thus far to build a bigger array of offerings in the world of global trade finance easily accessible to high affluent and private banking segment.

Priority number two would be to expand further in Japan through the Yen class feeder fund, and priority three is to further expand the Lyra Asian Value offering, which he says has great potential in terms of the domestic markets in Southeast Asia. "And finally," he reports, we hope to hire one or two more bankers that would fit well Lyra's corporate values

and bring additional knowledge to the firm."

He adds more detail on Lyra's USP, noting that aside from the core values he already highlighted, aligning Lyra's interests with clients interests while providing high reactivity and flexibility is particularly appreciated. Offering a friendly approach to the customers for his banking affairs has somehow been a bit lost in translation by large institutions.

Protector of assets and relationships

"We need to be seen, and we are, a protector of the assets, and a protector of the relationships between the banks and the clients. With us as an independent and objective entity between the two parties, it offers a really good filter and control mechanism to help monitor risks exposures, screen best of breed and to guide those clients with discipline and objectively."

Monney closes the discussion by reiterating that Lyra has remained true to its core philosophy and values throughout the years since its inception in 2007. "We truly strive to stick to our core expertise and our core values," he says, "and we believe we have done so, and that it is paramount to our success in the past and our optimism over the future." ■

