

Global CIO Office: Investment and Research Services for Asia's Growing Army of Family Offices

Gary Dugan and Johan Jooste are soon to launch the Global CIO office in Singapore, that will provide outsourced investment ideas and research services to multi-family offices. Dugan will be Chief Executive Officer of Global CIO Office and Johan Jooste will act as Managing Director. Their current firm, Purple Asset Management in Singapore, will continue as before and Purple's joint owners, the UK's Fry Group and the Independent Strategy Group, will back the new venture with funding and resource. Dugan and Jooste met with Hubbis in July to explain their vision.

JOOSTE BEGINS BY EXPLAINING THAT PURPLE ASSET MANAGEMENT is a Singapore entity created in 2016 by the UK wealth advisory firm Fry Group and that is also 50% owned by the Independent Strategy Group, which he says is principally a Fintech provider, but that also supplies financial services and portfolio management to the IFA market in the UK.

Jooste explains that Fry and Independent Strategy Group are making their platform and technology available, helping to leverage the type of outsourcing facilities that Global CIO Office will be providing.

Bespoke and independent

“We do not need to go out and get any of this ourselves,” he explains, “so we can concentrate on offering bespoke research and use the platform to roll out our offering in a discretionary format for larger accounts also. For the types of clients that we are targeting, they do not have the scale or financial resources to be able to offer these services to their end-clients at the right price points and also at sufficient margin to operate themselves. And we are offering white labelling if they wish, so it appears as if this is entirely their offering.”

Dugan and Jooste are therefore launching the Global CIO Office under Purple Asset Management. “Based in Singapore and owned by the same two entities but with a totally different target market,” Jooste reports, “the CIO team will be looking after ultra-wealthy segment of multi-family offices and possibly also outsourcing research and fund management services to some of the independent asset managers based in Singapore and across the region. Actually, under

the Purple brand we already have some of those clients signed up locally in Singapore and elsewhere in Asia.”

Dugan explains that regulatory approvals are essential, so with Purple Asset Management in the background, Global CIO will obtain its own full CMS license in Singapore. “This will help us to interact with companies or individuals who could become customers in other jurisdictions because the regulatory environment here in Singapore is seen as very strong indeed,” he remarks.

The typical client

Jooste explains that Global CIO’s ideal client will be a small to medium sized family office, with assets of USD50 million and upwards, that is fairly recently

Jooste explains that it is a common hurdle to overcome for new family offices to provide the level of service to their clients that those clients might be used to, especially if they are moving off a leading private banking platform.

Outsourcing excellence

“Overcoming that challenge is where we come in,” he says, “and out of that challenge and overcoming it will come a flow of interesting transactions and advisory assignments, covering for example private deals on the equity and the debt side, possibly including due diligence on deals on offer. A typical transaction might be private equity deals too small or too niche for the private banks, or where the deal organisers prefer to keep the investor

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group tighter, or where they don’t want to make a marquee-style launch. These are all opportunities that we anticipate will flow from the main business line, for which we see considerable traction in Singapore and in the UK.”

Research as the catalyst

Jooste believes that there is great value in the research and experience that he and Gary Dugan can bring to the table. “Research we might supply does not simply



GARY DUGAN
Global CIO

result in a buy order, or not, it is very often the starting point for a request for more for insights, for someone to bounce ideas off, to consult with people like us - with our combined 60 years plus of experience, our additional angles, our bespoke approach and our deep range of connections to help analyse opportunities effectively.”

Dugan explains that there are two key motivations for setting up the outsourced CIO services. “First,” he comments, “I have remarkable experience across many institutions and many jurisdictions, so I want to put that to best use for clients. Secondly, I find the wealth industry is in some disarray, going through a monumental change as clients are often very upset with the kind of service they are getting and with the investment proposition. I think unfortunately at this point in time private banking is still driven by the front office, not by the investment professionals. Many private bankers are breaking out on their own and need the support of good quality research

Getting Personal with Gary Dugan

Dugan hails from Coventry in the West Midlands of England and was educated at the well-regarded Lawrence Sheriff Grammar School. He studied Economics at Salford University and went straight into finance. “I was lucky in my career to work with some top-flight names,” he reports, “including JP Morgan, where I later became a managing director and CIO of their multi-asset portfolios out of London, and also for Merrill Lynch through the global financial crisis and beyond.”

Dugan is on his second marriage and has five children aged from 24 to just five years old, and all of them living in Singapore currently.

Leisure interests include travel, reading, collecting books and exercise in the form of walking and cycling. “My wife is actually from India and we love to visit places that she has not yet been to. For example, we had a wonderful trip there recently, visiting Varanasi to see the Ganges, and also Amritsar to see the Golden Temple. The most interesting place was Sanchi, where there are huge stupas where parts of Buddha’s body are buried - they were re-discovered by the British in the 1850s after being hidden for over 500 years.”

and high-quality product ideas. In short, this can be better defined as helping the client rather than ripping the clients off.”

Plugging the gaps

Dugan delves deeper into what he sees as the malaise in the wealth industry. “When I started in the UK, I worked for a small brokerage company that was selling single ideas. Then the private banking became more of an asset management business, helping clients build a portfolio of ideas. But cost pressures and revenue targets have combined to reduce private banking to more of a brokerage style, offering single ideas, whereas actually clients look for a portfolio of ideas, diversification

and the opportunity to achieve their long-term wealth goals. We now want to be the catalyst for making sure that is again what is on offer.”

Dugan believes that Global CIO will be able to compete effectively with the private banks in some of the key areas. “The multi-family office is typically set up by front office people who soon realise that there is quite a considerable cost if they take attempt to provide all of the investment services that a private bank would offer,” he observes. “Our objective is to make it very simple for them, we will explain that they don’t really need a CIO but can secure that expertise with flexibility and at reasonable cost through Global CIO services.



JOHAN JOOSTE
Global CIO

We can offer expertise on all of the different aspects of the private banking investment proposition at speed, as well as access to all the information and data necessary without taking on the considerable costs of having terminals and data providers on tap in their office.”

Expertise at a manageable cost

Dugan adds that access to the depth of experience that he and Jooste can offer would be prohibitively expensive for family offices to hire in-house. “For those family offices that, for example, open a small office with perhaps USD100 million under management to start with, they can get access to that experience immediately, for the time-frame and to the extent that they require,” he notes.

Dugan adds that many CIOs in larger private banks today offer perhaps 10 to 15 years of experience. “However, I personally think that they need at least 20 to 25 years of experience to be truly effective, so I think there is a huge gap that we can fill for these operations.” ■

Getting Personal with Johan Jooste

Jooste is South African, hailing from Cape Town, and later studying at what was then the University of Port Elizabeth and is today the Nelson Mandela University, majoring in Economics and Law. He then completed his Masters in International Economics, and spent a decade working in FX and fixed income with the South African firm, Rand Merchant Bank. He was in London working in fixed income institutional fund management when he was hired into Merrill Lynch Wealth Management, joining Gary Dugan who was then head of fixed income.

"That was six weeks to the day before the fall of Lehman Brothers, a date I will never forget," Jooste recalls. "That was my first real exposure to wealth management, and I then enjoyed five years there before moving to Julius Baer and ended up after that spending three years at Bank of Singapore, before re-joining Gary with effect from 1 July 2019."

Jooste is married with a 23-year old daughter who studies in The Netherlands. One of his hobbies is collecting antique books. "My father was a professor of literature, so I have a predilection to buy old classic literature things that come in nice leather bindings and smell of old book shops when you open them," he explains. "My most prized books are stored in the UK, as the heat and humidity here in Singapore is not ideal."

In his roughly 500-strong specialist book collection, Jooste counts a number of tomes on South African colonial history, especially around the time of the wars against Britain during the period from 1860 to about 1910. "I find it fascinating how times have changed," he observes, "so for example a book written by Winston Churchill or Arthur Doyle about the Angle Boer War will use language that today would fail every test of political correctness. For example, the way they might have written about race or attitudes of British soldiers towards Afrikaans women or vice versa is truly fascinating."

Jooste also likes to act out a role as "master chef" at weekends. "Roast Leg of Welsh lamb is a bit difficult to find in Singapore, but we can find Australian lamb here and the trick is to cook it from fresh, never frozen and to cook it super rare."

Key Priorities

"The US market has a well-developed system of outsourced CIO services," Dugan reports, "and while I do not expect this to be replicated in Asia as the investments from this region will be more global so we need to offer expertise across the world of investments and across multiple types of asset classes to the new and upcoming multi-family offices, to help them realise that they do not need to go to the cost and the risk of hiring people in-house in order to professionally service their end-clients. Our priority is to get them onside early enough, perhaps with a fixed income mandate, or an equity mandate, or supporting them on strategic asset allocation, we can gain the traction with them and then offer them more services in the future."

Dugan maintains that the relationship is important, but the priority must also be to provide performance as the catalyst for true success.

"We cannot rely only on the relationship, that might endure for a year or two, but the client needs performance," he comments, "so we must deliver access to top quality investment product and investment professionals. If you look at the successful independent asset managers, whether in Europe or Asia, the most successful leave the relationship aside and focus on delivering the best deals, the best ideas, the best products, they focus on the investments and the clients stay with them as a result."

Dugan closes the discussion by stating his dream for the Global CIO Office to act as a hub to service a variety of multi-family offices, offering them expertise, professionalism, outstanding talent, and the economies of scale that will help them achieve their success.

Dugan and Jooste officially launch the Global CIO Office on 25 September 2019. "We understand the market and see great potential for the new firm," Jooste concludes. "Singapore will obviously offer a great base from which to start and there are also excellent opportunities across the broader landscape of Asia."

