

# Hong Kong Digital Wealth Management Pioneer AQUMON Targets a Decade of Dramatic Growth

Kelvin Lei is the CEO and Co-Founder of AQUMON, whose mission is to empower every investor by leveraging technology to make next-generation investment services smarter, simpler and more affordable. Through its proprietary algorithms and scalable technology infrastructure, AQUMON's automated platform utilises big data and quantitative technology to analyse and select the optimal investments for clients. AQUMON has partnered with over 150 financial institutions thus far, and assembled an impressive collection of key shareholders, including Alibaba Entrepreneurs Fund, Lenovo Capital, the Hong Kong University of Science and Technology, Bank of China International Affiliate, and Cyberport. Hubbis 'met' with Kelvin recently to learn more of the strategy for achieving their goal of helping 10 million investors over the next 10 years.



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**AQUMON's mission** is to leverage smart technology to make next-generation investment services accessible to everyone. With Kelvin's acute sense for institutional needs, he is now driving adoption of digitization and automation technology within banks, brokerages, insurance companies, and wealth managers. Kelvin currently directs AQUMON's product development and go-to-market strategy. In addition, he leads the Institutional Client Group in expanding client coverage in Hong Kong, China, and overseas.

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The company entity he cofounded back in 2016 is Magnum Research Limited, which owns the AQUMON brand through which all the business is today conducted. The business today comprises 2 core elements, institutional WealthTech and professional quantitative asset management services.

### **One Scientific Quant Engine, Two Cores**

AQUMON offers what the firm describes as Hong Kong's leading automated smart investment solutions. With the most recent launch of AQUMON Bespoke, the company provides tailor-made Quantitative Strategies for investors and institutions via a wide variety of absolute return investment products. In addition to consumer

facing strategies, the firm describes the institutional WealthTech business as one of Asia's largest WealthTech providers, delivering customised WealthTech solutions to financial institutions in Hong Kong and the GBA of China.

“Essentially, we have two core businesses today,” Kelvin reports. “Firstly, the WealthTech solutions, namely our proprietary SaaS solutions, where we partner with institutions to empower more people to access better wealth management services. Secondly,

our AQUMON Bespoke service provides scientific investment solutions to mass affluent clients under the AQUMON brand.” Kelvin reveals that the Bespoke business has rapidly taken off with over 454% in AUM growth since its launch. “This is a newer business direction but its growth has been booming. I believe our automated and data-driven strategies are supporting the industry to become more efficient, yield more stable returns and all at a very low cost,” he adds.

Kelvin identifies two key trends in recent years. One is the institutional need for digital solutions, both to enhance customer service and reach, as well as to improve productivity and efficiency. Secondly, the market is increasingly

demanding more intelligent, sophisticated asset management that offer greater personalization for digitised investment advice and portfolio management. “If we use the metaphor of the self-driving automobile, we are currently in ‘semi-autopilot’ mode. We still need to keep our hands on the wheel to make sure the car detects road conditions correctly. However, in the near future, we will be able to go on ‘full autopilot’ mode, allowing the car to fully drive itself and be customised to our liking with minimal input.” He continues “Presently, we still require the customer's inputs on their preferences on investment sectors and asset classes to build the portfolio, however very soon we will be able to machine learn their preferences and completely automate the investment experience.”

As to the end-clients, he explains they are generally in the age range of 25 to 40, around 60% are male, and most of them are professionals, for example working in real estate, law, medicine, finance or technology. “They like how our automated financial services can devise and manage scientific, tailor-made portfolios for them,” he explains. “These customers want to make returns from the financial markets, but they are too busy to monitor the markets daily and do their own day trades. Most of our clients see us as their long-term investment platform. And our track records for the past five years speak for themselves, all of our invested users have experienced positive returns. In addition, their investment risks are significantly reduced through our strategic diversified asset allocation portfolios, our customers are never overexposed to just one single market.”

He adds that since 2019, the firm has acquired type 1, 4 and 9 licenses



**Kelvin Lei**  
AQUMON

in Hong Kong, allowing them to market a very wide range of services to their clients, some 95% of whom are based in Hong Kong. “We have a private fund license in China that allows our China team to service HNWI’s with our Bespoke products there. We also have a registered investment advisor license in the US, and right now, we are applying for our license to operate in Singapore as well. In the meantime, Hong Kong and the GBA still make up the majority of our institutional business and overall, we achieved over 4x revenue growth in 2021.”

### Quantitative research as the driver

AQUMON is centred on quantitative research while founded with a strong technological development capabilities. Kelvin explains that his co-founder, Dr. Huang, holds a PhD in mathematics and is a specialist in quant research. AQUMON works extensively with universities to promote financial data research and has established 2 AI labs jointly with the Hong Kong University of Science and Technology. “Research is in our DNA” he adds

### Getting Personal with Kelvin Lei

Kelvin Lei originally hails from the Jiangsu Province in China, and is today the CEO and the Co-Founder of AQUMON as well as a current member of the FinTech Advisory Committee of the Hong Kong Securities & Futures Commission. In the past, he had worked successfully with Deutsche Bank, Credit Suisse and CICC in key areas such as Fixed Income Sales & Trading and investments. He has a masters degree in Finance from the University of International Business & Economics in Beijing.

“I arrived in Hong Kong in May 2008, right before the global financial crisis,” he recalls, “and for the next eight years I handled the institutional sales in various banks in Hong Kong. Throughout my experience, I managed some very substantial trades with large institutions, especially with the SOE banks in China.”

He is married, and the couple has two children, a son of three and a daughter of around 18 months old. “These days, life without travelling is pretty simple,” he reports, “it mainly revolves around family and work, especially with WFH arrangements, it’s much easier to juggle my two roles as CEO and father. I love to play basketball and as such, we’ve actually started an AQUMON basketball team.” But these days, with AQUMON’s fast-paced growth, Kelvin finds less time to dedicate to his personal hobbies. “Working in Fintech means always keeping up-to-date with the latest technological and financial happenings. We are constantly busy innovating and developing new strategies for the business which can be very intense, an 8-hour working day is inconceivable. However what we are building is incredibly rewarding, especially when you share the same vision with a passionate and vibrant team such as the one we have at AQUMON.”

and highlights that this is a key differentiator for the business, which places a huge emphasis on its algorithms. Kelvin reveals that the quantitative research team is now 50-strong, of whom around 20 are STEM PhDs.

“We divided this team into different specialisations around data science, AI science and trading experts,” he elucidates. “We focus exclusively on using quantitative research methodologies to execute global asset allocation, and we have so far created more than 50 underlying strategies to cater to the different

needs of clients.” He gives examples such as hedge funds that have requested FX portfolios, banks that looked for a mutual fund-based solution, and brokerages that wanted ETF based strategies, and so forth. “We are a very dynamic, research-driven company that can deliver very sophisticated strategies with ease to these institutions through our SaaS business model.”

### Helping institutions access new customers

He offers the example of a client such as CMB Wing Lung Bank, with some half a million clients in



### Key priorities

He draws the conversation to a close focusing on his core priorities for the year ahead. “We plan to really push for the expansion of our B2B institutional business, as we receive much more interest nowadays. Through our unique proposition, I believe we are very advanced in the WealthTech development, and we can provide turnkey solutions for large institutions, especially Chinese institutions that are seeking to undergo digital transformations,” he reports. “Secondly, we want to expand further into Greater China, which possesses a vast market. In that regard, we already have an existing license in China so we can drive growth for AQUOMON Bespoke for onshore professional investors and the mass affluent clients. And our third core priority is to expand into new markets. We are actively applying for licensing in Singapore, and are looking into new opportunities, including the expansion of our quantitative wealth solutions around digital assets.”

**“Present day RMs are limited by time and resources to cover at maximum 50 of the wealthier clients or HNWIs, however with the technology, we easily automate the recommendation and execution process to service a greater number of clients at a much lower cost to customers and the institutions. With our smart advisory platforms, you can begin to invest with just a few thousand Hong Kong dollars. In addition, we offer a high degree of transparency, where the fees are clearly disclosed, and the underlying products are plainly listed. This is very useful and cost-effective for the retail clients, especially for the mass affluent market.”**

Hong Kong. AQUOMON has helped to devise a robo-advisory system embedded in the bank’s app called ‘WealthTech’, that provides automated wealth management services directly. “Within the app, the customers have to provide

information on their investment behaviour through a short questionnaire. The system then rapidly tailors a portfolio optimized according to the clients’ risk appetite. For example, the portfolio may recommend 10 to 15 mutual

funds to purchase with a proposed percentage of allocation. With one click, the customers can invest into the products immediately," he reports. "We then monitor 24/7 and auto-adjust the portfolios to make sure it provides optimal risk-adjusted returns for long term wealth growth."

He elaborates on the rationale for the bank to work with them. "They can reach customers they do not currently cater to," he reports. "Present day RMs are limited by time and resources to cover at maximum 50 of the wealthier clients or HNWIs, however with the technology, we easily automate the recommendation and execution process to service a greater number of clients at a much lower cost to the institutions. With our smart advisory platforms, you can begin to invest with just a few thousand Hong Kong dollars. In addition, we offer a high degree of transparency, where the fees are clearly disclosed and the underlying products are plainly listed. This is very useful and cost-effective for the retail clients, especially for the mass affluent market."

### The value of independence

He adds that a significant appeal for their institutional clients is AQUMON's independence. "The

non-bias is really important. We select from over 20,000 different mutual funds from our database, and through our factor modelling, the system only recommends the best-in-class and most relevant funds," he explains. "Secondly, we are research driven with a strong emphasis on risk management. Additionally, we are fully licensed and compliant, we have a good relationship with the regulators." With the company's latest WealthTech innovation, the Hong Kong SFC approved its unique SaaS model, where institutions can leverage on AQUMON's investment algorithms and full-suite services through cloud-based technology. Kelvin adds, "This has significantly expanded our opportunities to grow the WealthTech business quickly and efficiently to service a greater number of banks and institutions."

### The Robo-SaaS model

He says AQUMON has been a true pioneering WealthTech company in Hong Kong since 2016. The firm was one of the first robo-advisors to apply for SFC licenses back in 2017; it took them 10 months and an incredible amount of work to achieve that early and challenging goal. "Since then, we have maintained close contact with the regulators to advance new Fintech initiatives and developments," he

reports. "It was a huge milestone when we obtained the SFC Type 9 license for asset management. This helped to set the scene for SFC's approval of our current SaaS model, which allows institutions to access AQUMON's algorithms and full-suite services through modular units". He further divulges that the new SaaS business model provides quick deployment for an institution to launch their own robo-advisory without the customary long off-site integration; shortening the launch time from 1 year to within 4-6 weeks. "We see our role here as helping to advance the digital wealth industry and we work closely with the regulators to help push forward innovations in Fintech development."

He says the potential is huge. "With HKD35 trillion of AUM in the wealth management industry, Hong Kong is one of the largest cross border wealth management centres in the world. However, the digital WealthTech penetration is still less than 1% of the sector, so there is room for a lot of expansion and competitors to enter," he states. As an active member of the FinTech Advisory Committee of the Hong Kong Securities & Futures Commission, Kelvin is deeply committed to helping drive the nascent digital wealth industry and ensure that it moves in the right directions. ■

