

Hywin International CEO Discusses the Path to Greater International Expansion, Intergenerational Engagement, and Enhanced Expertise in 2024

Hywin Holdings (NASDAQ: HYW) is a leading independent wealth manager with 180 offices across Mainland China, Hong Kong, and the United States. Hubbis recently spoke with Dr. Nick Xiao, CEO of Hywin International since 2019. This Hong Kong-based subsidiary is Hywin Holdings' key hub for international business. Dr. Xiao's discussion focused on his vision for 2024, addressing the wealth management sector's challenges and opportunities. He emphasized Hywin's priorities for the coming year: enhancing its global presence, engaging the next generation of clients, expanding the Hywin International team, and investing in comprehensive training and education for team development.

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DR. NICK XIAO
Hywin International

The beginning of the conversation focused on Nick's outlook for 2024, honing in on the challenges and opportunities on the horizon for the independent wealth management and family office industry. "I'd say for wealth managers and family offices, 2024 could be a year of important decisions," he notes. He reports elevated market valuations at the portfolio level, and clients and their advisors calibrated how to position for the busy political calendar in US and Asia. And moreover, the potential shift in interest rates could lead to notable impacts, adding fuel to the climbing-a-wall-of-worry bull run in recent years, or actually triggering a systemic review of (profitable) exposures. Additionally, considering current geopolitical dynamics, next year might present an opportunity to re-enter markets

that have been avoided for the last three or four years. And, with a year filled with election campaigns and actual elections, political manifestos will play a crucial role in shaping key decisions. These decisions will not only affect client portfolios and business expansion, but will also influence the strategic positioning of wealth managers, private banks, or family offices. Essentially, 2024 will be a year marked by critical decision-making and turning points.

The conversation then turned to Hywin's priorities for the coming year. "In regard to Hywin International, our offshore assets under management (AUM) started modestly four years ago. We've seen significant growth, likely reaching around USD 1.5 billion by the end of this year, based on our current run rate. Our aim for next year is to cement successes, and aim higher," said Nick. The current scale of AUM provides a solid foundation for further infrastructure development, positioning Hywin prominently among global family offices, and contributing to the firm's increasing weightings of recurring revenues.

The second priority is to expand the international 'flavour and essence' of the business. "More than 80% of our clients served out of Hong Kong, as mentioned by our Group CEO at a recent analyst call, are domiciled outside of Mainland China. So,

Hywin is likely the only Chinese wealth manager who can proudly say that we are a truly international shop." Following the successful launch of the firm's Middle East and NRI desk in 2023, Nick reports that the next mission is to look at intensifying efforts in the Middle East, as well as Southeast Asia. To put it succinctly, strengthening Hywin's international franchise is a key objective.

The third priority is to elevate Hywin's research and market perspectives. "Hywin has been advising clients for the past 18 years. But it might be time that we disseminate our research findings and forecasts more broadly through seminars or thematic research reports with the overall market, and with clients."

The discussion then turned to the proposition that Hywin offers to its international clients. "We are interested in engaging with clients who are newly minted wealth," he says. Clients, he reports, look to Hywin for booking centre diversification, as well as opportunities to variegate their investment portfolios, particularly showing an ongoing interest in investment opportunities related to Greater China and wider Asia, both in public and private markets. Nick emphasizes that clients are attracted to Hywin because it is not a commercial bank or retail brokerage driven by short

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term and for short term, but an established family office and wealth management firm with an operating horizon probably matching the multi-decade thinking of its clients. Hywin stands out due to its proven expertise in catering to a diverse clientele with varied cultural, ethnic, and geographical backgrounds.

The next topic of discussion was the finance industry's need to adapt to a younger, evolving client base with high expectations. Nick made note of the fact that large banks often rely on traditional strategies like succession planning and family governance to retain client loyalty across generations. "Private banks presume, if I keep the patriarch and matriarch happy, then the second or third generation would just stay with me. They could be in for big surprises. The private banks are in the defensive position, as they have everything to lose

in intergenerational transitions. But their pitch is still to the older generations, which might not resonate well with the inheritors." Some progressive family offices and smaller wealth managers, however, are actively seeking ways to engage with the younger generation in a meaningful and dynamic manner. "In November, I onboarded three young professionals from Taiwan to join Hywin. They are young, dynamic, curious, and speak the same cultural language as the second and third generations."

Nick emphasized that onboarding colleagues of this younger demographic reflects his belief in the importance of authenticity in firm-client interactions. Rather than superficially discussing topics like cryptocurrency or popular culture to relate to younger clients, he suggests that genuine engagement and a youthful perspective are crucial. He thus

believes Hywin's approach and team are ideally suited to connect with this younger generation.

Bringing the conversation to a close, Nick noted the final part of his plan for 2024: enhancing the knowledge, skills, and training of his team. He explains that his team is diverse, and therefore training that prepares his team for the wide range of challenges and opportunities in real private banking is at the top of his list. In turn, he notes his desire to hire more staff, from diverse backgrounds, and the need to integrate them effectively into the Hywin ecosystem. He notes that private banking is often seen as a field where professionals are difficult to train, but he challenges this view. Only with the right educational tools can his team flourish, and be prepared to navigate the wealth management landscape, making the most of each opportunity as they present. ■

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