

Independent Wealth Management Forum 2019 - Singapore

Exclusive Insights



At the Independent Wealth Management Forum 2019 in Singapore on March 7th, we asked leading industry experts for their insights

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Who did we interview?

Alain Groshens

Co-Founder &
Chief Executive Officer
SystematicEdge

Alex Borissov

Partner
Finaport

Andrew Hendry

Head of Distribution - Asia Pacific
Aberdeen Standard Investments

Bryan Henning

Damian Hitchen

CEO, Middle East & Asia
Swissquote

David Lai

Partner & Co-CIO
Premia Partners

Gary Dugan

Chief Executive Officer
Purple Asset Management

Larry Hatheway

Group Head of GAM Investment
Solutions and Group
Chief Economist
GAM

Leonard Chinchay

VP of Client Relations
Prodigy Network

Martin Huxley

Global Head of Precious Metals
INTL FCStone

Philipp Piaz

Partner
Finaport

Richard Harris

Chief Executive Officer, Founder
Port Shelter Investment
Management

Rohit Bhuta

Chief Executive Officer
Crossinvest

Sam Mudie

Singapore General Manager
Cult Wines

Urs Brutsch

Managing Partner & Founder
HP Wealth Management

Walter de Oude

Founder & Chief Executive Officer
Singapore Life

Will Lawton

Global Head
Quo



[Alain Groshens](#)
Co-Founder & CEO
SystematicEdge

Is diversification key today?

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Well that's very interesting. I mean I get to speak to other asset managers but also to family office intermediaries. Very interesting to see the vision of people. Obviously, I think that most of investors here in Singapore are really looking for fixed income and particularly income they really can count on. And we noticed as well there's starting to be a little fear about credit in general. I mean a lot of people are turning towards credit and it seems to be a very crowded trade and people are looking for alternatives to that. So, I think that diversification is key even if you go multi-asset, diversification with risk management and downside protection seems to be something very interesting and it was part of many topics in our discussions today with the people here.

Managing and understanding risk – how do you estimate risk, and how does it impact your investment process?

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With respect to risk, every single aspect of our strategy has very clear risk strategy return objectives. That

means a very clear risk budget in terms of volatility, but in terms of draw-down as well. Every single element of our strategy is basically hedged on the downside. We are a multi asset manager. That means we have equity, commodity, foreign exchange and fixed income, that means hedging the downside is very key. What we're looking at very specifically on top of the specific risk of each asset is the market risk sentiment. It means that if the market risk sentiment is negative, but you are right at the fundamentals, you need to be hedged. On the other side, if market risk sentiment is positive, like at the beginning of this year and the market is really taking off and rallying, although fundamentals are decreasing or being negative, obviously, you need to be hedged on the downside as well. And also, if market risk is positive and your fundamentals are positive, then you can be more aggressive.

[Alex Borissov](#)

Partner
Finaport

What are some of the common challenges for the IAMs/MFOs today? IT, HR, Ops, Compliance?

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What I feel that is misunderstood right now is that a lot of people are answering the question of less

efficiency now than 10 years ago, which I completely disagree with. I think that we are completely in a new environment where it has become much more efficient. If you tell me that 10 years ago to consolidate 60 custodians was an easy job, which it is more or less an easy job today, this is a different world today than what we had before. On the compliance side, yes, things have become more complicated, but we hope that with the adoption of the automatic exchange of information things will become much easier operationally and we can actually onboard clients digitally as we dream to do.

[Andrew Hendry](#)

Head of Distribution - Asia Pacific
Aberdeen Standard Investments

Is there anywhere to invest in 2019?

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It definitely feels like there isn't anywhere to invest in 2019. When you talk to investors, you talk to end clients, ultra-high net worth, multifamily office, it feels like there's nowhere safe to invest. But in reality, there is. The whole idea is you have to understand what your client's concerns are and then find something that fits in it. So, for us, we have, for the very worried clients, we have Australian dollar bonds,



4% very stable, very predictable. For those who are a little bit punchier, a little bit more long term in orientation, global private markets. It's an easy decision. Being able to access the liquidity premium, but with no lockup. That's our view. Those two areas are where people should be looking to invest this year.

[Bryan Henning](#)

What are the main investment themes and the products that will be most relevant in 2019?

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I think for 2019, people are going to be quite wary of the markets as global growth's slowing, but I think the main attractions will be in the emerging markets, which have had very big under-performance in prior years, but now will benefit from rotation. We've seen China being included in the MSCI, so I think Chinese equities, and Asian emerging market debt will do well, and I think people will slowly rotate out of develop markets, the US in particular.

[Damian Hitchen](#)

Chief Executive Officer, Middle East & Asia

Swissquote

How is technology impacting the delivery of Wealth Management?

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I think everybody can see globally, whether it's your large universal banks, whether it's your large regional banks, who are bringing out digital platforms, all the way down to your maybe smaller shop, external asset manager. Everybody is aware of the need of the move to digital, just in terms of



recordkeeping, information-keeping, et cetera. How that plays out in terms of how much people use digital across their business remains to be seen, but I think as a minimum, all wealth advisors, wealth management professionals around the world are very acutely aware that if they don't move in a digital way, that they're probably not going to be around for much longer.

What are the client demands regarding technology? What are the expectations?

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First and foremost, client demands are to be able to see their portfolio investments when they want to, at their preferred delivery channel. What do I mean by that? And if they speak to their RM or EAM, relationship manager it doesn't take them a week to come back with a portfolio evaluation. Because I

think the minimum expectation is information. How that moves on from information to execution I think will differ from shop to shop but the minimum expectation and requirement of technology is data and information.

[David Lai](#)

**Partner & Co-Chief Investment Officer
Premia Partners**

What are the opportunities in China's new economy and ASEAN stocks, as well as implementation options?

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Within emerging markets, we think the investor has to be more picky.....they should look at China and the emerging Asian market. We believe that their fundamentals are much better, let's say in China. There are two thing big differences from 2018. One is the trade volume development. I think it's no longer

a big surprise to the market, and also the leveraging policy is totally changed from last year. Now, the Chinese government is putting more liquidity into the market, so that's why we are seeing the flow is coming back to China. Of course, the MSCI inclusion, the increase of the inclusion factors, also lead to more inflows to the China market. For emerging Asia, I think people can look at the currency side. There is a big opportunity for emerging market currency this year, particularly the rate high cycle has been stopped. So fundamentally, they are still one of the fastest growing regions within emerging markets. Most of the countries in Asia are still growing around five to six percent.

[Gary Dugan](#)

CEO

Purple Asset Management

Is the US market over heated? Are we heading to the next financial crisis in 2020?

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I think we fundamentally believe the US equity market to be overheated. It's just [a question of] what's going to pop this bubble. I think it would come with a policy mistake. So

for certain, if the Fed were to increase interest rates at a pace greater than the pace of the US economy's growth, there we could see quite a significant setback in US equities, as particularly domestic investors probably run for the exits.

[Larry Hatheway](#)

Group Head of GAM Investment Solutions & Group Chief Economist
GAM

Are there any thematic/more secular equity ideas that are poised to do well? Like the environment and climate change?

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So I do think some of those themes will work, but I do think there are also very long thematic ones. For us, the more important question is what factors are likely to do well. For decades, the combination of momentum and value led the way, but for most of the last 10 years, value has languished and now momentum is not doing so well. We think investors want to pay up for good quality stocks with high and stable margins, and that's the best way to tackle equity markets today. Future themes like climate change or the advent of new

technologies will always be part of a portfolio, but they're likely to evolve much more slowly.

Can investors look to make money via a multi asset strategy as volatility / market uncertainty increases?

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I think it depends on the right kind of multi-asset strategy. The old 60-40 balance portfolio is no longer fit for purpose. In a world of declining returns and rising volatility, that's unlikely to deliver what investors expect. We have to be more clever with diversification, which means building in alternatives nondirectional strategies, like relative value and alternative risk premia into portfolios that also look across stocks and bonds. Properly designed to kind of a 30-30-40 portfolio, 30% equities, 30% fixed income, 40% nondirectional, looks like the best way to go in the multi asset world.

[Leonard Chinchay](#)

VP of Client Relations
Prodigy Network

What's your view on global equity markets and do you think real estate (real assets) provides an interesting opportunity at this time (un-correlated)?

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So global equities at this time bring a lot of volatility to anybody's portfolio. We have seen either the effects in Asia, in America, in Europe, where their bonds are in correlation with stocks. That makes the client look for some alternative investments. So what we bring to the client's portfolio is a more stable return with a cover of appreciation and fixed income, those are the different properties that we have.



So our model is that a client selects a property that they want to invest and there on they wait for appreciation on their return.

[Martin Huxley](#)
Global Head of Precious Metals
INTL FCStone

Is GOLD an interesting asset class today? What's its role in a client portfolio?

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I think gold is becoming increasingly interesting. In the last year or two, a lot of people would have expected it to perform slightly better with trade wars, political tensions, Brexits and other issues. But I think it's taken its direction from the US dollar, the strengthening U.S. dollar and expectation of rates rising. In terms of an investment asset, I think it's wrong to look at gold as purely, is it going to go up or is it going to go down. One of the things with gold is its diversifying effects and the fact that it's non-correlated with majority of other assets so with elevated asset valuations, other concerns and uncertainty, I think that people should look to put a portion of their portfolio into gold in order to protect against market stresses.

[Philipp Piazy](#)
Partner
Finaport

What does the IAM landscape in Singapore look like today and what's the outlook for the industry?

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The IAM landscape here in Singapore currently is very fragmented still, which is in a way good, and in a way bad. We



have several longer established firms in the size, of let's say 10, 10-plus years. The biggest increase of numbers we probably saw around five, six years ago, four years ago. It stagnated thereafter, but it is still very fragmented into predominantly smaller firms that have either set up here locally or as an extension of the existing business overseas. Where are we going? I believe that a lot of the potential is still not taken advantage of when it comes to location. Singapore for a lot of the existing EAM setups in Europe, use Singapore as a hub for Asia, one thing which is relatively easy to achieve, I guess. Another thing for new setups to start in Singapore, clearly they will be profiting from a very good regulator that is pro business that wants this type of business. These companies would profit from an extensive range of banks that offer custodian services, and of course they can have, they can

take advantage of the association of Independent Asset Managers to help them overcome challenges and obstacles.

[Richard Harris](#)
CEO, Founder
Port Shelter
Investment Management

In comparison to ten years ago; What has changed? What has not changed?

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Well, I think one of the best things I heard was that everybody thinks today is so totally different from yesterday, or maybe 25, 30 years ago when I first entered the business. But you know, it's not really, there are still the same issues. We still worry about clients. We perhaps worry about compliance a little bit more than we did. We have a lot more products to deal with. Most of them are not anything

better than we had 25 or 30 years ago. And the interesting thing is 25 or 30 years ago, we didn't really underperform. Today we have all this technology and people don't underperform anymore. Investment is not like the Olympics where things are bigger, higher, faster. You can do it in all sorts of ways and simplest is best.

What is the outlook for China in 2019? Good time to invest? What sectors are best?

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You know, you've got to look at China in two ways. The Chinese economy is in a mess. If it had proper GDP figures, you'd probably find the GDP was very low to almost negative. On the other hand, the Chinese market is very different. The Chinese stock market has fallen substantially in the last couple of years. We've seen a very big pop-up recently, but with the MSCI coming in putting more money into the market, it's a good chance that the Chinese stock market is going to be quite good this year. So, you have to separate the market from the economy. The economy looks bad? The market looks okay.

[Rohit Bhuta](#)

Chief Executive Officer

Crossinvest

How independent is independent?

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It's a term that's used very, very loosely, I'm afraid. And that's led to a very, rather fragmented industry as far as I'm concerned. Independent is where you are really, truly independent, where you're doing everything for the best interest of the client.

You're transparently disclosing everythingand establishing a long term relationship. Now, if you are conflicted, if you are in a situation where you may not have disclosed a certain thing, or certain revenue that you're generating on the back of the client, then he can't be independent because then you are conflicted.

[Sam Mudie](#)

Singapore General Manager

Cult Wines

How can HNW clients invest in wine? What are the likely returns and benefits?

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There were a few different ways you can invest in wine, the first being equities, buying into companies which have vineyards such as LVMH or Chanel. Secondly, you can buy into a wine fund, which gives you scalability. Also you can technically invest into the vineyards themselves, if you are of the ultra high-net-worth type. We personally build portfolios for private clients. So all of our, roughly one and a half thousand clients have full ownership of their own portfolio, full control over the objectives, and liquidity as well.

[Urs Brutsch](#)

Managing Partner & Founder

HP Wealth Management

What have you learnt about this industry over the last 30 years?

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Obviously, in the last 30 years, we have seen a tremendous development of this industry in Asia. But I think at the heart of

it remains the same thing, and that's the client. We should only be doing what's right for the client. I think that hasn't really changed. Clients are looking for wealth preservation and independent and honest advice. I think if we provide that, we will be successful.

[Walter de Oude](#)

Founder & Chief Executive Officer
Singapore Life

How can you understand the insurance needs of HNW clients?

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Well, the simplicity is that every high-net-worth client needs to look at his overall portfolio as a holistic set of compartments. Insurance always forms one of the verticals with any well managed portfolio, whether it's a universal life or a whole of life or whatever it is, there has to be a facility in place to maintain liquidity at the time that you really need liquidity and to make sure that the estate planning and legacy and provisions are part of the overall wealth management discussion.



How important is service and flexibility in the HNWI Insurance market?

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We are finding that service and flexibility is, in Singapore Life's case, the major reason for our initial success. Our ability to have been able to work with our bankers and our broker partners to be able to find solutions in some places and in cases which weren't previously available before, has led to a great business opportunity for us. So if a life insurance company is not able to serve.....the end customer with quick, reliable, solid advice, that's where the opportunities are going to arise.

Which are the hot HNWI insurance products in the market and why?

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Good old universal life will continue to take its lion share of the pie. We did see the business evolving though. There are changes in the way products



are working. Much, much more multi-pay product around, some changes around how no-lapse guarantees are going to work in the future. Whole-of-life has done phenomenally well so far, but I think the time is coming when people are going to certainly challenge the kind of illustrated rates that are being put on whole-of-life plans, which may not, when we really think about it, be reflective of what everybody expects the markets to be able to generate in terms of returns under those policies.

[Will Lawton](#)

Global Head

Quo

How is technology impacting the delivery of Wealth Management?

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A lot of different levels I would say. Firstly, one of the key aspects of the Quo platform is that we have within the trading screen some 650 connections



with brokers, banks, custody agents, et cetera. So one of the opportunities we have is aggregating everyone's positions together and showing a holistic report with their one portfolio. Secondly we now have the capability to execute across any asset class, with any broker or any bank that that client may wish to, and they can trade off one screen to actually show all of their possessions. So obviously it's around the efficiency and productivity for clients, and as well, handling some of the compliance and pre trade checks that need to be handled. The execution platforms today cover a much wider opportunity of analytics as well as opportunities like algo trading and other types of order placement. So it's a huge array of different things that can be provided. The technology is not just impacting the execution for clients, but it's also impacting advisory and discretionary services and improving that as well. So there are many opportunities. ■

