

Independent Wealth Managers in the Evolving UAE Market – Getting it right and Growing the Business

Why set up an EAM/MFO in the UAE? How do you create and sustain a profitable business there? What are the business models that are relevant to this segment, who are the potential clients and what are their expectations? Is there enough talent available? What is the potential for the family office sector, which has of late been seeing more growth and more interest from regional and international families? These and other questions were put to a panel of experts at the Hubbis Independent Wealth Forum in Dubai on March 15. One of the experts speakers was Sunita Singh-Dalal, Partner, Private Wealth & Family Offices at law firm Hourani & Partners. We have summarised her observations in this short review.

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Sunita Singh-Dalal
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Looking at the HNW and UHNW segments in the UAE and further afield across the GCC, what are you seeing in terms of their needs and expectations, and how they interact with the independent wealth management community?

The wealth management industry in this region continues to evolve rapidly and represents an increasing variety of geographies. With the melting pot that it is, this means the demands of clients are very different.

For example in my firm, we discreetly, behind the scenes, advise and handhold families from Saudi Arabia as well as local Emirati families, and for some of them an independent or external asset manager is not always the right solution for a variety of reasons, perhaps because they want complete control when selecting their own investments and asset managers.

That opens the door to the family office structure, and whereas in the past that would have meant traditional centres such as Switzerland, London, or perhaps even Singapore, we now have a variety of options here on the ground in the UAE.

In terms of external asset managers, we meet many of them in our daily role as trusted advisors to families. If I am asked what we think of a particular firm or EAM, the first thing I think of is matching the client's cultural preferences, location, investment

preferences & inclinations etc to the right firms and individuals.

Many of the families here in the region are incredibly protective about their ancestral wealth, wealth that has built up over generations, wealth that has been created by very hard work and by people following fundamental basic, regional investment concepts. Just as one would be protective with ones children, where it would be unheard of to simply hand over the care of them to someone else without conducting extensive due diligence, and certainly not to someone without the right cultural nuances, insights or connectivity.

So similarly, what we look for in an external asset manager is not only their portfolio management, their performance, or other such capabilities, but also their cultural awareness.

Investment managers need to be able to match portfolios to individuals, so for example you would not pitch new asset classes, for example digital assets, or ESG centric investments, to a regional patriarch in his 80s. Sometimes that sort of approach is a step too far for clients.



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There are many positive developments taking place in the region, but what is happening in the wealth industry to drive the UAE to become an even more attractive hub for EAMs and family offices?

I think in terms of trends, we see a continuation of a trend

towards more professionals and more talent coming into the UAE, offering clients a far bigger and deeper pool from which to select their expertise. Moreover, with more differentiation of investment offerings and skills, clients have a greater array of portfolio options to choose from.

There are many family offices here and as an advisor we are

seeing the family offices of those indigenous GCC families evolving and improving. We see informal family office operations maturing into more formal family office structures with tighter regulation and governance, better and more comprehensive capabilities, and such offices projecting a much clearer identity.

We have also seen a huge increase from global families choosing to set up here, using regional family offices to complement their main family offices. These are all major and positive developments to help diversify and improve the regional wealth management ecosystem. ■

