# Investment Solutions Forum 2019 - Singapore

# Exclusive Insights


**At the Hubbis Investment Solutions Forum 2019 in Singapore on June 13th, we asked leading industry experts for their exclusive and incisive insights**

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# Who did we interview?

**Vincent Magnenat**
Chief Executive Officer of
Asia Pacific
Lombard Odier

**Simon Lints**
Chief Executive Officer - Singapore
Schroders Wealth Management

**Damian Hitchen**
Chief Executive Officer,
Middle East & Asia
Swissquote

**Silvio Struebi**
Partner
Simon-Kucher & Partners

**Paul Stefansson**
Managing Director, Global Co-
Head of Investment Funds
UBS Wealth Management

**Arjan de Boer**
Deputy Chief Executive, Head
of Markets, Investments &
Structuring, Asia
Indosuez Wealth Management

**Pierre DeGagne**
Executive Director - Investment
Funds Fund Selection & Strategy
DBS Private Banking

**Gary Dugan**
CEO
Purple Asset Management

Johan Jooste
Head: Rates
Bank of Singapore

**Jalil Rasheed**
Investment Director, Head of
Singapore Office
Invesco

**Dominic Bokor-Ingram**
Joint Lead Portfolio Manager
Fiera Capital

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

**Alvin Y. Lee**
Managing Director,
Head of ASEAN
Account Management
IHS Markit

**Sam Clothier**
Investment Director, Private
Market Specialist Distribution
Aberdeen Standard Investments

**George Boubouras**
Managing Director and CIO
Caledonia Pacific Capital Partners

**Steven Mantle**
Head of Marketing &
Investor Relations
PXP Vietnam Asset Management

**Mehak Dua**
Business Development
GMO

**Anand Ramachandran**
Partner & Fund Manager
River Valley Asset Management

**Vincent Magnenat**
**Chief Executive Officer of Asia Pacific**
**Lombard Odier**

**What have you got that means you will still be here in five years?**
**Watch Video**

I think what we have is we clearly have the people, we have the values, and we have our connections. And of course we have a vision and a strategy. And our strategy is to embrace the changes that we see in the industry these days. That could be in terms of the regulatory environment or investments, and we adapt the strategy to grow our business with our bankers on a holistic approach with our partnership and our approach for single and multi-family offices.

**Simon Lints**
**Chief Executive Officer - Singapore**
**Schroders Wealth Management**

**What's your USP at Schroders Wealth Management?**
**Watch Video**

I think one of the biggest challenges in the local market is attracting good RMs to continue building the business. What we've managed to do, through our recent acquisition, is create essentially two business models, the traditional wealth management model but also through third party custody arrangements, allow good RMs to join us and leave their clients' assets in the banks where they currently are without having to transfer those over to us. So that makes this a very attractive proposition for high quality RMs who want to come and join us, stay close to their client, but not necessarily move their client assets to us. Those relationship managers also have visibility across all the clients' various bank accounts. So we're seeing the full spectrum of their assets and I think that places us particularly strongly to advise them very correctly and grew the business accordingly.

**Damian Hitchen**
**Chief Executive Officer, Middle East & Asia**
**Swissquote**

**Can we cut cost – without impacting the client experience or performance?**
**Watch Video**

Undoubtedly, costs can be reduced and managed for end clients. If you take the digital platform that we offer, then the client user experience and the client choice available within that platform will be massively expanded. What I would say, however, is I think the industry needs to be cognisant and think about how far reduction and driving down of costs it really wants to move to, because as I said earlier today, there's always a fundamental cost of doing business if you're operating our type of platform, if you're operating a global custody bank. So therefore there will be a limit to how far we can push that down. Also, there should be a price for professional advice. If you're getting good quality advice as a client from your advisor, then you should be willing to pay for that. But is there an ability to reduce some of the costs that we see today? Undoubtedly, there is. There's cost savings, there's synergies, there's efficiencies available through our platform and other like-minded platforms.

**Silvio Struebi**
**Partner**
**Simon-Kucher & Partners**

**How do you deal with the younger generation?**
**Watch Video**

What is important to think about is this younger generation grew up in a different era; hence, they have different needs and expectations.

This has a direct impact on the value proposition, on the sales strategies banks should apply. The way they should interact with the customer base should really change, because they are engaging with lots of brands in the market, new fancy technological brands. These brands are actually determining the mindset of these customers, what is a good way to interact and what's a bad way to interact. So banks should definitely become a bit more like Amazon, Netflix, and these types of players.

**Paul Stefansson**
**Managing Director, Global Co-Head of Investment Funds**
**UBS Wealth Management**

**What do the younger generations expect from wealth managers?**
**Watch Video**

I think the younger generation, because they're digital natives they're very, very focused on digital solutions. Wealth management going forward is going to have to deliver an easy to use solution that is very similar to Gmail or Google or Amazon. Digital for the younger generation, the millennials, the iGeneration, is going to be absolutely critical. However, one thing that never changes is human nature. We're always greedy and we're always fearful. And so you will need some advice in there. Much of that will be built into the digital technology, but I believe you'll probably still need some humans to help us get through some of the crises we'll see in the future. And that's one thing I do believe is a constant, is human nature. And because of that, we're always going to have booms and busts and we'll always need good advice.

**Arjan de Boer**
**Deputy Chief Executive, Head of Markets, Investments & Structuring, Asia**
**Indosuez Wealth Management**

**Has client demand for Impact investing, SRI, ESG increased? Do you provide these solutions in-house?**
**Watch Video**

The demand for ESG-related investments or green investments has increased dramatically. Asia's been behind the curve for a long time compared to North America and Europe. It's very quickly picking up. What we do, and we have done for a few years now, just to give you an example, is we report E, S and G scores separately in our client statements. We proactively have discussions with our clients, because we also report the ESG scores at a portfolio level, to see how they can improve these scores by switching from one security to another, and one with more ESG credentials. Interestingly if you look at ESG in relation to securities and their ratings, there's a lot of evidence that those companies with high scores actually perform better in terms of returns, and superior returns as well. We're very proactively supporting our clients with advice with regards to ESG.

**Pierre DeGagne**
**Executive Director - Investment Funds Fund Selection & Strategy**
**DBS Private Banking**

**When you launch a new product - how do you gauge whether it was successful?**
**Watch Video**

This is how we are looking at products nowadays, you know? I think in the past, most of the time there's a very big divide between the people who are interested in if the product sells well, and then there is another factor which is how does the product perform after it's launched? The reality is, from my side, the most important thing has always been that the product performs very, very well.

I think going forward, we're more interested in actually gauging how much of this idea has been put into clients' portfolios, and how much it has profited clients. We're really looking at two factors here. One, we want the product to work the way we thought it should work, and the way that it has added value for clients. We also want to be able to also say that it's made impact by seeing volumes going into those products.

**Gary Dugan**
**CEO**
**Purple Asset Management**

**What's the role for private debt and alternatives within portfolios?**
**Watch Video**

For the longer term, I think the one risk premium that's still under-exploited is that of illiquidity, which you can find particularly in the private debt markets, but also in some of the credit markets, which may have monthly liquidity rather than weekly liquidity. There is a complete change going on in the financial services industry, with the individual investors now taking the place of banks. You can lend directly to individuals, you can support trade finance, you can be in micro finance. And I believe that those kinds of investments will become more mainstream over the course of the next four or five years. With sovereign wealth funds, they already are. It's coming to the retail market too.

Johan Jooste
**Head: Rates**
**Bank of Singapore**

**What must be considered when investing in emerging markets?**
**Watch Video**

In emerging markets, as you get to the end of the cycle, this cycle is no different from previous ones. There's a lot of liquidity, and investors can become quite complacent about the opportunities to get in and out fairly easily. As the cycle comes to an end, and things tighten up, it might not be so simple to move your investments in emerging markets, whether in stocks or bonds, or something a little bit less liquid like the private space. Think about liquidity all the time. How are you going to get out of this investment? How is your manager going to move things if you wanted to? And equally, where is your income stream going to come from? That is going to be very important, not for a month or two, possibly a 2020 or 2021 thing. But liquidity and EM, never good friends when the cycle turns.

**Jalil Rasheed**
**Investment Director,**
**Head of Singapore Office**
**Invesco**

**How are we improving the investment platform and processes?**
**Watch Video**

One of the things that we've been telling the investment teams is that, "Yes, you've been super successful the last two decades doing this, but you may have to rethink it in this current environment." So over the last few years, some of our teams have been holding on to cash, who have never held cash for a long time and are now holding cash. In 2018, that worked because that was the only asset class that actually generated any positive returns. We've also had teams rethinking about this buy and hold strategy. They've been trading a lot more. So I think one is a cultural shift in mindset

that there is a need to move on from the old ways of doing things. Second is that we've been spending a lot more time seeing how can we be a bit more efficient. There is an insane amount of data that comes in for the fund managers on daily basis, 99% is irrelevant. So we've been using ways to shift this data around and see what works well for us and just trying to make life much more efficient for us.

**Dominic Bokor-Ingram**
**Joint Lead Portfolio Manager**
**Fiera Capital**

**What's the case for frontier markets today?**
**Watch Video**

Frontier markets provide a high growth opportunity, in terms of economic growth, with low correlation to global asset classes and global equity markets. This is because frontier markets tend to be driven by domestic reform processes, rather than by global factors, and therefore, correlations between different frontier markets tend to be very low. As an overall asset class, correlations to emerging and developed markets tend to be around 0.5, and therefore act as a very good diversifier within any global folio.

**How are frontier markets being impacted by global macro trends?**
**Watch Video**

Frontier markets' economies tend to be very isolated from global economies and global macro factors, due to a number of different standout characteristics. First of all, they tend to have very low levels of US dollar debt, which mitigates against rising interest rates in the US and a strong dollar.

Secondly, most of the markets in which we're investing, particularly in the Middle East and a lot of the Asian markets in which we invest have either balanced or large current account surpluses, which again take a lot of the risk out of this current strong dollar environment. In addition, the biggest beneficiaries of the recent trade wars, particularly in Asia, but in some cases in Latin America, have been the frontier markets that are benefiting from foreign direct investment flowing away from markets like China, towards markets like Vietnam and Bangladesh, and driving the next wave of growth.

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

**Why should investors focus on simplifying beta choices in Asia?**
**Watch Video**

I think now investors are getting more interested in a Beta kind of a product in the ETF market. Why is this the case? We think that some of the reason is that they have been investing in some active strategy with it not performing as much as they want. If you think about overall transparency, their cost issue, the ETF market, pure Beta form, is still a very good choice. At Premia Partners, we provide many options focusing in the Asia region that will help the investor get Beta exposure.

**Alvin Y. Lee**
**Managing Director, Head of ASEAN Account Management**
**IHS Markit**

**Has client demand for Impact investing, SRI, ESG increased?**
**Watch Video**

We're seeing that we're in the very early stages, still, for ESG and impact investing in the wealth management space. This is something that's picked up quite significantly in the institutional space, so the question is, when will

it pick up in a similar way in the wealth management space? I think what we're observing is that the acceleration rate is very measured. It will take quite a lot of time, but it seems inevitable that this will permeate into what investors, and consumers, want to see in the space. It will happen steadily.

**Sam Clothier**
**Investment Director, Private Market Specialist Distribution**
**Aberdeen Standard Investments**

**Why do Private Markets have the potential to deliver higher returns than traditional assets?**
**Watch Video**

Private markets have the potential to deliver superior returns over public markets, for a variety of reasons. First is the hands-on ownership of the assets. You can take control of your own destiny, and you're operationally focused, you get into a company, and you can correct the things that are going wrong with it. You can build that asset, and make strategic acquisitions in order to re-purpose this asset to become considerably more valuable than you could otherwise by just being a passive equity investor.

**What are the different options available to HNW clients when they invest in Private Markets?**
**Watch Video**

The way we define prime markets is anything that's not traded on the public markets. Private equity, real estate infrastructure, private debt, and natural resources. In terms of private banking, dealing for the high net worth clients, a lot of these high net worth clients will have made their money via the prime market. A private ownership of a company or perhaps a private ownership of real estate. So that's the area we're looking to package up and sell more broadly now.

**George Boubouras**
**Managing Director and CIO**
**Caledonia Pacific Capital Partners**

**Shifting the Dial - how do investors (Family Offices, UNNW, Private Clients) recalibrate their portfolio for the year ahead?**
**Watch Video**

What clients need to be doing in the year ahead is understanding where the risk and returns are going forward. Very quickly, listed equities with valuations where they are you'd be taking and trimming off the table, earning your valuations while supportive. You'll be tactically taking profit around those asset classes. But where we're seeing an awful lot of demand and a lot of tactical tilts are unlisted, private equity, private equity debt, even longer term VC. There's obviously a liquidity premium you've got to trade off there. And also bespoke infrastructure or property assets that's got low gearing. So we're finding some key investors that were partner with ourselves are looking at those asset classes for the year ahead by taking some listed risk or volatility off the table.

**How will you help clients shift mindset, investing style and portfolio holdings as the market transitions to a more volatile phase?**
**Watch Video**

We are expecting elevated volatility between now and year end. And there's another reason for what's happening. Clearly global growth downgrades has led to earnings downgrades going forward, and obviously, central banks are cutting to rectify those concerns. So in that challenging environment with decreasing economic activity, earnings, momentum slowing, where do you go at the margin? We recommend taking profit out of listed equities, building up cash reserves for that opportunity if there's a pullback, but also importantly, it's where to recalibrate some of those profits for a five, seven and 10 year cycle, something much longer. That is private equity, private equity debt, VC and some direct infrastructure and/or property investments. That non-listed space is in much higher demand at this stage of the cycle to get through the volatility we're anticipating between now and year end.

**Steven Mantle**
**Head of Marketing & Investor Relations**
**PXP Vietnam Asset Management**

**What are the opportunities to invest in Vietnam today?**
**Watch Video**

Last year Vietnam delivered GDP growth of 7.1%. This year it's on course for 6.7%. Fundamentally, companies are still very strong, we still have double digit earnings growth forecasts, and yet the market's come down from a high of over 1,200 last April to round about 950 today, having closed last year below 900 points. So the market is becoming cheaper, valuations have become more attractive. The noise of the IPOs has now gone away, which was causing some of the problems last year as the market started to fall. On an external basis, it seems like Vietnam will be the main winner from a trade war. That's a fairly unanimous agreement. Trump himself is of course, very proud of how much is moving from China to Vietnam. At the same time, we see very real, dispersed FDI figures from China coming into Vietnam as well, so it's very tangible there.

**Who is PXP Vietnam Asset Management?**
**Watch Video**

PXP Vietnam Asset Management Limited were founded in 2002, co-founded by Kevin Snowball. We've been managing funds since 2003. Today, we manage just short of USD100 million. We have two funds, PXP Vietnam Emerging Equity Fund, and PXP Vietnam Smaller Companies Fund. My job as head of marketing is talking to our current investors, and also meeting potential new ones. Our investor base is largely family offices, both single and multi-families, and high net worth individuals, generally from Hong Kong, Singapore, Switzerland, the UK and America.

**Mehak Dua**
**Business Development**
**GMO**

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

Making money in multi-assets is certainly more difficult today. It requires more patience. If you ask the investment team at GMO it requires a slightly longer term horizon. At GMO, we use our seven year asset forecast to determine the fair value of different asset classes and based on that, we design a multi asset portfolio. Today, we have a 40% allocation to equities, we have a 30% allocation to alternatives, some fixed income, mostly US tips, and then some cash in the portfolio. Within our equity valuation, we hold no US equities. We hold 25% emerging market equities. That's testament to the fact that our approach to multi-asset investing is often contrarian. It is value based, and it often plays out over the longer term. Indeed, our multi-asset strategy has delivered returns that have been in excess of the equity market over the long term, and with lower volatility than the equity market

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

Jeremy Grantham, one of our co-founders, one of our three co-founders, believes that there will be a secular shortage of natural resources. We therefore have a strategy that builds upon that. And we also think climate change is real and is here to stay. So we have a strategy that builds upon that. In both these strategies, we've taken a very pragmatic approach. In our resource strategy we're buying publicly listed resource equities

that are very volatile that most investors don't touch because they have nothing to hide behind. And we take a value oriented approach to investing in a resource equity strategy. In the climate change strategy, we'd never buy something like a Tesla because that's too expensive for us, but we go about taking a value oriented approach in a growth universe. We play electric vehicles through battery operators for instance. And off the beaten path, we had a climate change strategy that is benchmark to the market. And it's not some esoteric ESG type benchmark, but we believe we can keep track with the market. We also have a resource equity strategy that does have a resource benchmark, and it's done pretty well over time.

**Anand Ramachandran**
**Partner & Fund Manager**
**River Valley Asset Management**

**What is your current thinking about the role of fixed income and credit in HNW / UHNW clients' portfolios?**
**Watch Video**

Clients in Asia increasingly look at allocating money to the Asian high yield market because the yields are very attractive. We are in an environment where US rates have come down and have stabilised. The yield pick-up that you're getting with the US tenure is now currently 5% in the region, which if you go back to 2017 which the last time that US rates were at the current rate, the index was giving you 5% so the yield pickup was 2.5. So currently in the environment, you're getting a very attractive yield pickup, which is something that clients should be invested in.

**Equity - where is best to invest today?**
**Watch Video**

We find a lot of opportunities right now in China. Investors have been indiscriminately selling down equities in China because of the current US-China trade war issues. When you look at the market place, we find a lot of attractive ideas where stocks are trading with strong cash flows, giving dividends back to investors, and they are trading at fees which are less than the dividend yield. These are classic value investment opportunities.The other market where we find a lot of ideas is Indonesia, which has just gone through a political cycle. We have now had five years of stability with the government back in and investors have ignored the fact that this is one market which gives you very high real rates. And going forward, we most probably are going to see a new easing cycle, which will be positive for the equity markets.■