

Leo Wealth's CIO on Evolving the Ideologies Around Curating Investment Offerings for Private Clients

The Hubbis Thailand Wealth Management Forum took place on May 24, during which Harmen Overdijk, Chief Investment Officer of Leo Wealth presented delegates with some valuable general insights into the curation of fit-for-the-future investment ideas and allocation. He sat as one of the experts on a panel discussion that included seasoned specialists from GAM Investments, Kiatnakin Phatra Securities, and MBMG Group. These experts addressed key issues such as the opportunities and challenges for the year ahead, the need for more rigorous risk management than in recent years, the preferred asset classes and geographies, and building the right balance of public and private investments for wealthier clients.

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**HARMEN OVERDIJK**

Leo Wealth

Leo Wealth is a Asia and U.S. based asset management firm that focuses on the fee-based asset management model. The firm in its current guise was created from the August 2021 strategic merger of a US-based multi-family office and The Capital Company, the Hong Kong-based IAM, which Harmen had originally co-founded in February 2017.

In past interviews, Harmen has explained that the deal was an ideal fit because The Capital Company, as an independent firm, had focused on offering global and Asia-specific investment advisory and related services to wealthy international investors, with robust connectivity and expertise linking Asia and the US. And the US merger has brought additional AUM, additional focus on the US, and a strong inclination towards alternative assets, where the US firm has a particular expertise and track record.

Today, the firm has AUM of around USD 5 billion and Harmen believes that the enlarged group is now even better at providing a broad range of value-added services

in terms of helping clients and families build and protect their asset portfolios and, therefore, a stronger competitive position competing against the private banks and other providers. And all of these factors, he maintains, are also helping the firm expand their wealth management offering and expertise.

He told delegates they offer clients a holistic approach, factoring in tax, wealth advisory and planning and investments. On the investment side, they provide discretionary portfolio management on a fee basis. "That is the US model we now implement for our clients," he reported. "We focus on quality portfolio formation and allocation."

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Harmen explained that Leo Wealth currently likes equities. "We think that in the US a recession is further away than most people fear, and the fact that we have elevated inflation means that corporate earnings measured in nominal terms are actually growing. The S&P is still down 15% from the start of 2022, and earnings have continued to grow, albeit more slowly. We think that there is too much fear in the markets, and equities can rally."

Given all that, he said they prefer to stick robustly to quality stocks, with quality defined, he elaborated, as profitable and not perhaps all in the future. Hedge funds, he noted, have

been underperforming the equity markets for the last 12 years, delivering around 5% to 6% per annum against market rises averaging more like double that. He said hedge funds had therefore been rather out of favour but are moving back onto the radar, as they can continue to deliver the 5% plus returns but the cash element is now yielding closer to 5% rather than almost zero for so many years. That all translates to an annual return of around 10%, he anticipates.

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stated. "Accordingly, we think people should allocate more to hedge funds going forward."

And he reported that there is far greater interest in private markets and alternative assets. "We like private credit, and we like private equity as it is similar to public equity, but with a lower near to intermediate-term volatility profile," he explained, noting that hedge funds could receive a higher allocation by perhaps somewhat downsizing the commitments to private equity and credit and topping up hedge fund exposures.

Harmen stepped back from drilling down into the detail and told delegates how investing never gets easier, and volatility and difficult



policy decisions and geopolitical uncertainties have been plentiful for decades and continue to be so.

“The story remains the same, and the only way to mitigate the risk it to be well diversified,” he said. “And do not try to time the markets or chase particular stories. We try to reinforce the concept of conservatism and consistency with the clients. Do not fear too much. And do not become over-exuberant. Stay invested as time has proven that diversification and consistency both help build wealth and mitigate longer-term risks.”

He reiterated that the major economies have very different financial market conditions today than at any time since the global financial crisis. “Free money is a thing of the past, and investors need to adapt and diversify in the face of these new conditions,” he said. “Right now very cheap or free money has gone from sight and shows no sign of reappearing.”

Harmen also observed that AI will have a major impact on the world of investments, as AI has far wide-ranging implications for automation and the role of human capital. “AI will surely have profound impacts on the economy, and the relationship between human labour and capital is going

to be redefined in the face of it,” he said. “AI-linked stocks have surged in value but that it is very difficult to predict which will be the winners, just as it was in the early years of the tech revolution.”

He closed his commentary by highlighting the many studies

showing that real income in the US and Europe has actually been steadily declining for the last 30 years. “Demographics will have a huge part to play in which sectors and markets perform well,” he said. “There are many interesting years ahead.” ■

A Short Note on Harmen Overdijk

Harmen Overdijk is global Chief Investment Officer of Leo Wealth, a U.S. and Asia based asset management firm focused on fee-based asset management. Leo Wealth was created from the strategic merger of two existing independent asset managers, where the partners have decades of Asian and International wealth management experience.

The firm’s philosophy is based on Evidence-Based Investing, a disciplined approach that gains insights about the markets and returns from academic research, structures portfolios along the dimensions of expected returns and adds value by integrating research, portfolio structure, and implementation. This investment approach makes extensive use of low-cost investment instruments.

Harmen is an experienced portfolio manager with 25 years of investment management experience. Prior to Leo Wealth, he held senior management and CIO roles for several successful asset management practices at EFG Asset Management, Fortis Bank and MeesPierson.

He is a Chartered Financial Analyst (CFA) holder and has an MSc in economics from Tilburg University, The Netherlands.