

Principal Global Investors eyes next phase of Asian growth

A year after joining the firm's multi-boutique business model from BlackRock, Suresh Singh has focused on laying a solid foundation upon which he will now start to broaden the offering to the region's private banks.

A steady approach based on a philosophy of doing a few things well, feels right for a lesser-known brand in the cut-throat world of Asian wholesale asset management.

In line with this, Suresh Singh has been focused on getting his feet firmly under

ground support he grew accustomed to at BlackRock, his previous employer.

So his approach since arriving at PGI in August 2016 has been to focus on one opportunity from the array of boutique investment managers on the firm's menu.

"We decided to focus on a flagship product to build traction and then to introduce offerings from other boutiques."

the table at Principal Global Investors (PGI) before seeing where the opportunities lay for growth going forward.

This has been essential, given that he no longer has the kind of vast on-the-

For Singh, head of fund distribution for the firm in Asia, the subordinated debt fund that Spectrum Asset Management has had decades of experience in managing, has been a good choice to offer fund selectors at private banks.



SURESH SINGH
Principal Global Investors

"As many [distributors] haven't heard of [PGI], we decided to focus on a flagship product to build traction and then

to introduce offerings from other boutiques," he explains.

With the value of this approach now proven – with Spectrum's fund now on a number of platforms, he believes the firm has far more credibility as it looks to more actively market some of the other dozen boutiques that make up the PGI family.

PLAYING ON YIELD

The subordinated debt fund has gained what Singh describes as very good traction with private banks and insti-

had a taste of the Principal's capability, bringing them more products designed along similar lines.

"High quality income products are selling well," he explains. "There has been some movement towards European equities and other more thematic products like technology and healthcare, but fixed income is still the bread-and-butter business for many private banks." PGI is also focused on ensuring quality, rather than offering something different just for the sake of it, as a way to attract clients.

"High quality income products are selling well. There has been some movement towards European equities and other more thematic products like technology and healthcare, but fixed income is still the bread-and-butter business for many private banks."

tutional investors alike over the past few months. "This is a high-quality product, 80% investment grade with an attractive yield," says Singh. "In the investment space, it's all about relative value now, because if you look at any asset class, it's looking rich."

One of the factors supporting its popularity has been the ongoing interest in high quality income products from private banks, even as the pendulum has shifted towards equities as markets continue to do well globally. Singh is now preparing to pitch for a broader engagement with the clients which have

REAL ESTATE ROLL-OUT

His success riding on the twin pillars of quality and income in subordinated debt has given Singh the optimism to showcase PGI's real estate solutions next – including real assets as well as listed property securities and CMBS.

Broadly, the offering in this area is bundled into four quadrants managed by its boutique, Principal Real Estate Investors: private equity; public equity; private debt; and public debt. Singh says PGI is also happy to work with its clients to tailor an investment strategy that best fits their risk/return and liquidity

requirements. As is the case with most of the products from the various boutiques, the real estate package plays on income too.

Although clients in Asia like to have their investment in liquid assets, Singh is eager to pitch these less liquid options to clients. "There has not been huge demand so far, but some of the private banks are showing interest in less liquid assets."

A COLLABORATIVE APPROACH

An example of how PGI is positioning such a strategy is its partnership in Singapore with one of Principal's joint venture partners – China Construction Bank (CCB). In April 2017, PGI signed a MOU with CCBI Singapore to help design a real estate solution for its clients that balances liquidity with yield, within a portfolio comprising listed and direct real estate investments.

Looking ahead, Singh will continue to focus on private banks and independents ahead of other distribution channels. He believes that with limited resources, this focus provides him the best opportunity to further grow the business in Asia.

GROWTH WITH CAUTION

Even as PGI builds momentum with the private banks in the region, Singh still recognises the importance of not spreading himself and the firm's Asian business too thin at this stage. "All of our 13 boutique managers are excited to come to Asia, but there are only a few sub-sets that clients want to see [at any one time], so this immediately narrows down our focus," he explains.

At the same time, he is continuing to focus on brand building as a priority for PGI going forward, given the reality of how important brand is in Asia. ■