

Raffles Family Office: Thriving and Expanding Rapidly in Asia and Beyond

Multi-family EAM, Raffles Family Office, is less than five years old but has been making waves from its Hong Kong base, and since late 2018 from its new Singapore operation. Hubbis recently met up with Jaydee Lin, joint Managing Partner of the Singapore office, by video call to learn more about how RFO in Singapore has been building its team and helping the wider group, headquartered in Hong Kong and also spanning Taipei, as well as broadening its suite of services and offerings to cater for more and more individuals and families in the region and far further afield. Lin explained how RFO has adopted the Singapore Variable Capital Company as a central proposition to appeal to funds around the world seeking to base themselves in Singapore, and how they have been working directly with HNW and UHNW clients, as well as through partners locally and worldwide to boost their relationships and therefore their business.



Raffles Family Office (RFO) is a Multi-Family Office headquartered in Hong Kong, and with bases now in Singapore, Taipei, and Zurich. When we first met up with Singaporean Lin in early 2018, he was Head of the RFO corporate development effort and then based in Hong Kong. He then moved to Singapore to open the office there in October 2018, since when they have opened their own office, expanded the team rapidly to 22 and have their sights set on growing to 100-strong within the next couple of years.

A key component of the Singapore office's rapid growth and success to date has been promoting the Singapore VCC, a new type of corporate entity incorporated under the VCC Act instead of the Companies Act.

RFO established its Singapore office in October 2018 for diversification and also as a hub for SE Asia, while Hong Kong remains largely Greater China and Mainland China-centric. "And of course, we had seen the flow of government inducements for single-family offices – the 13X and 13R incentives – and the overall rising tide of interest in UHNW families either migrating to Singapore or moving jurisdiction for family offices, or both," he reports. "Singapore introduced the new VCC framework on the 15th of January 2020. From our perspective, the VCC has been a great source of growth and potential, as we can bring in funds and all types of assets as sub-funds within our own RFO VCC, or help those clients set up their own VCC, for which we then act as fund managers."

Jaydee Lin's key priorities

Lin reports that his key priorities include hiring and building up more sub-funds under the RFO VCC.

Regarding talent acquisition and the expansion of the office, he reports that the firm currently has 22 people in Singapore, and RFO is looking to increase its office space to cater to up to 50 staff in the nearer term, and then to 100 people in the foreseeable future, meaning a roughly tripling of its office space to some 10,000 square feet.

Building more sub-funds in the RFO VCC is all about achieving economies of scale and removing the unnecessary administrative layers which equal to savings in costs. Proudly Singaporean, he has been promoting the benefits of the VCC and Singapore as a fund management domiciliation centre overseas. "We are in a very good position right now," he states, "reaching out to fund managers in Europe and even the US, planting our flags everywhere, so whenever they think of the VCC, they think of Raffles Family Office."

And his third and equal priority is to further improve satisfaction levels amongst existing clients.

The VCC's flexibility

Lin describes the VCC as a neutral vehicle tailor-made for investment funds. It can be used for both open-ended and close-ended funds and is suitable for a wide range of investment strategies, including alternatives, traditional, private equity, real estate and so forth. A VCC is a single legal entity that offers an additional layer of privacy, and any liability of a sub-fund can only be set off by the assets of the same sub-fund.

The VCC, he explains, can freely redeem shares and pay dividends out of its capital, provided that shares are issued and redeemed at their Net Asset Value (NAV). The share capital of a VCC will always be equal to its NAV; there will be flexibility for the VCC to adjust its share price by taking into account the management fees and charges.

Many attractions

A VCC can also issue different classes of shares with different rights and dividend payment policies, provided that the rights attaching to each share is clearly stated in the VCC constitution, and there is no need to appoint an external party to measure the fair value. And the VCC is able to issue and redeem shares without having to get shareholder approval. The register of members, constitution and financial statements of a VCC are all private.

"The VCC is really one of our hot topics," Lin reports. "Indeed, only yesterday, we conducted our first webinar on the topic, with around 200 people attending from different locations, and resulting then in a lot of follow up from the participants."



JAYDEE LIN
Raffles Family Office

Open the umbrella

The VCC itself is not available for a single-family office in Singapore, but it does offer a wealthy family a structure through which it can consolidate different assets under one big umbrella structure.

“For example,” Lin explains, “if you own real estate assets, or private equity investments, or any types of assets, in different jurisdictions you can consolidate those under one VCC umbrella, below which you can hold different subtypes of asset classes, but all through one overarching structure. Moreover, the VCC is not regulated under the Singapore Companies Law, it has its own act of law, and this allows the VCC several features not available to companies.”

The key features, he reiterates, include segregation of assets and liabilities, no need to conduct a solvency test to make redemptions, and privacy of the shareholder list away from public scrutiny. Additionally, the tax incentives are applied via the VCC for all asset classes and sub-funds, meaning major economies of scale and simplicity

for the wealthy family owners of those assets. Moreover, the VCC can issue different share classes with different rights and dividend payment policies.

“And from our perspective,” he adds, “we can then provide the asset management for all these types of assets on a cost-efficient basis and with enhanced centralisation, making it all remarkably efficient for these families.”

VCC’s central role for RFO

The VCC, he explains, is therefore extremely important for RFO, as it opens a new avenue of business as a vital additional tool for UHNW families, and for institutional asset managers.

“Let us say there is a Cayman, Mauritius, Luxembourg or Ireland based fund, they can re-domicile that to Singapore via the VCC structure, so we establish the VCC here for them, so we can be the fund manager, and thereby increasing AUM.”

“Our aim as an external asset management company is to grow the AUM, and we seek clients both directly and through partnerships with lawyers, trustees, tax advisors, investment migration experts, accountants, consultants, and others where there is no perceived conflict of interest, where we can work harmoniously. These are the types of what we call the B2B2C channels that we developed successfully in Hong Kong first and are now promoting in Singapore.”

But Lin says they did not stop there. “We have also opened up other avenues,” he reports, “such as our strategic partnership with iFast from China, which is listed in Singapore and has an onshore fund

management licence in China and a great retail network there, as well as excellent connections to HNWI and UHNW clients but no platform to serve those clients offshore.”

And RFO is also busy working through an in-house recruitment head to recruit private bankers interested in moving to an MFO space. The VCC helps in this regard, he explains, as it enables a more appealing and rapid re-domiciliation of offshore funds into Singapore, and therefore offers RFO additional appeals to help bring in new talent.

“Let us say there is a Cayman, Mauritius, Luxembourg or Ireland based fund, they can re-domicile that to Singapore via the VCC

structure, so we establish the VCC here for them, so we can be the fund manager, and thereby increasing AUM.”

Working through lockdown

Lin explains that during the lockdown, there has been a steady rise in enquiries from wealthy families and fund managers the world over who are interested in the new VCC structure, particularly of late from Mauritius, because funds registered there are being included in the FATF’s grey list. Webinars have become a norm these days, and we are looking to conduct more webinars in the future to reach out to audiences far away from the comfort of our home.

Singapore's enhanced appeals

Lin runs through the obvious appeals of Singapore, which are not only well known but also improving all the time due to the ongoing efforts of the government and the regulators.

"Singapore," he says, "has numerous advantages today, but the whole of Southeast Asia does not equal China, and Hong Kong remains the key gateway to Mainland China, and also has the offshore open-ended fund scheme, a competitor effectively to the VCC, that was launched in 2018. Nevertheless, while the OFC has solid appeals, it has not been well marketed to date."

The lockdown has not been entirely negative for RFO. "We have been hiring, we conducted webinars to

regarding talent."

Moreover, he adds that RFO has the flexibility to hire outside the markets in which they operate, allowing new bankers to join the firm even if still based elsewhere, for example in Vancouver, where a banker joining RFO might have their client base, or from other locations.

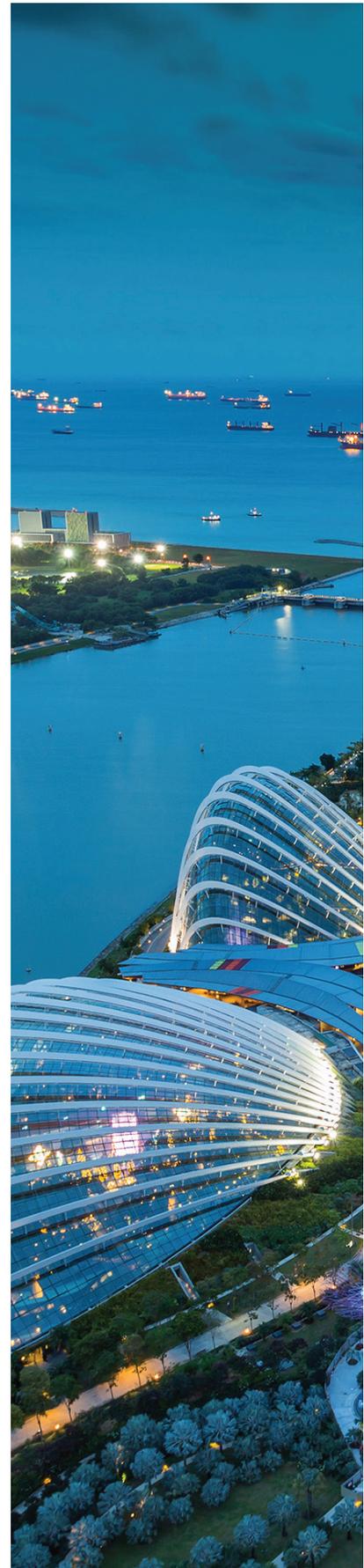
"This ability to work digitally and flexibly is certainly of greater value and importance since the pandemic hit," he reports, "and offers us additional appeals for experienced bankers. Flexibility, and independence and the ability to work outside the norms the banks offer are great attractions, we believe."

Lin is looking forward to the gradual easing of lockdown restrictions but anticipates that he, and colleagues, might continue

"We operate with an independence of thought and action, with a clear focus on sourcing the most suitable products on the market for our clients. As we are not tied or obligated to any single institution or partner, we are independent and can be entirely objective in our approach."

expand our reach, we opened a new revenue pillars in terms of the VCC and as we are smaller and agile as a firm, we can make decisions and strategic moves with speed, and instead of slowing our response times, we have been going at full throttle. The Covid-19 has upended our daily lives and it's about the survival of the most agile now. In short, I think when the crisis ends, we will emerge even stronger in terms of reputation, and our presence in the market

to work some days of each week outside the office. "Nothing can beat the face to face interaction with clients, colleagues, regulators and so forth," he says, "but digital and remote can achieve some of the earlier steps, including onboarding, account opening and so forth, and then face to face can be focused on the "last-mile fulfilment" such as real relationship building and expediting the mandates the clients want to work on with us."



Core values

Lin closes the discussion by stepping back to focus on some of the core values and its core expertise. Structurally, RFO is the holding company for a variety of companies that provide a range of services to different constituents, the most significant of which are capital markets, insurance brokerage and corporate services.

“The cornerstone of our principles is to treat UHNW client wealth as if our own,” Lin reports. “Our group mission is to provide bespoke tailor-made asset management services and legacy planning to individuals and families across generations. We operate with an independence of thought

and action, with a clear focus on sourcing the most suitable products on the market for our clients. As we are not tied or obligated to any single institution or partner, we are independent and can be entirely objective in our approach.”

He explains that while the firm now offers a range of services, the core of its operations is still providing asset management and wealth management solutions. “All other services, for example, insurance products, have come about because of the demand from our clients, so we prefer to offer those products or services rather than outsourcing. However, there are certain other services, such as family trusts, residency

planning, overseas education, high-end medical, technology, legal advisory and other areas that we do not have in-house and for which we continue to work with partner firms.”

Lin’s final words are to emphasise what he sees as the unique characteristics that encourage clients to work with Raffles rather than the private banks, for example. “We are independent, objective, client-centric, and we offer realistic pricing and value, we are digitised, flexible, and transparent. And finally, we are agile, have the drive and energy to achieve the optimal outcomes for our clients, no matter what the environment and the challenges they and we face.” ■



Getting Personal with Jaydee Lin

Jaydee Lin is the Managing Partner of Raffles Family Office in Singapore. He is responsible for the day-to-day operations of all departments and the overseas expansion of RFO. His specialities include business development, corporate branding, client engagement, digital marketing, corporate communications, and media relations.

He holds a Bachelor of Science Degree in Business Administration from the Heinrich-Heine University in Dusseldorf, Germany. He's also fluent in English, German, and Mandarin, as well as Cantonese. Prior to joining RFO, he was a Sales Manager at Rakuten Asia.

He is Singaporean by birth, even though he attended university in Germany. "I was raised to be independent of thought and action," he explains, "and I always have an interest in exploring new things and other cultures; hence, I chose the unconventional route of studying in Germany. One of the added benefits is education is free there."

He says Germany was a great adventure in his life and a huge influence on him. "I support everything German," he says with a grin, "so as you might imagine, the country is something of a passion of mine. It was a huge challenge for me to even contemplate going there; I had to learn a new language to live and study there, but it was well worth it.

On his return home to Singapore after a period of time in the management consulting job, Lin re-joined the Singaporean firm which he had worked for prior to leaving for Germany. "My boss there has been rather like a personal mentor to me and has been another major influence on my development," he notes. "After that, to further build my career path, I joined the Japanese e-Commerce platform Rakuten, but they later exited Singapore."

Lin then took the opportunity to join Raffles in Hong Kong some four years ago, and enjoyed a blossoming of his career with the firm, he got married and then welcomed the arrival of a new baby boy in 2018. He moved back to his home country of Singapore to open the office there in October 2018, and the family recently welcomed a second child, who is now six months old.

Outside work and family life, he is a keen runner and has competed in several marathons. He is also passionate about trail walking, which involves a 100-kilometre walk in 36 hours in New Zealand with his colleagues at Raffles Family Office, and is now training for a full Ironman event, which is still slated for August, although it is unlikely to actually take place. He remarks that he likes to be involved in events that have charitable missions as well.

He and his wife are enjoying their work and family lives back in Singapore. "We are in the right place at the right time, we really enjoyed Hong Kong, coming back means we got to jump onto the Singapore VCC bandwagon and all the other opportunities that come along. We are delighted with the speed at which Singapore office has grown for us; not too long ago, we actually began working out of cafes, and now we are 22 strong, and growing rapidly. The private wealth space here has been a boon to us, and we anticipate growth ahead."