SingAlliance Eyes Growth and Partnerships across the Increasingly Robust GCC Wealth Markets

Nikolaos Koutsoukos, Chief Executive Officer of the DIFC Representative Office of SingAlliance, met recently with Hubbis recently to elaborate his views on the evolution of wealth management in the UAE and more broadly in the Middle East. He explained that the independent Singapore-headquartered asset management group has only opened a representative office but has plenty to offer clients who come from or are present in the region through the firm's Singapore, Hong Kong and Geneva offices. He reported that his mission is to aim for organic expansion and working directly with clients, and also to target partnerships across the region, especially with local asset managers that only have local expertise and who need access to global solutions for their clients.

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SingAlliance is a independent asset management firm servicing HNW & UHNW families from four international offices. The firm opened its door in Dubai in April last year, with a view to expanding the connectivity between Asia, and especially Singapore, and the Middle East.

"The mission here is opening up access to what is a major region with rising economic power and rapidly expanding private wealth," Nikolaos explains. "Foreign investors are increasingly comfortable investing in the region, as more and more structures and better regulation come in alongside an expansion of the financial and advisory community. And there are numerous local clients that have global assets, international structures, or perhaps aspirations."

Diversification and collaboration

And this all opens up more potential for diversification and collaboration, for example a very wealthy family might base their family office in the UAE, and then use Singapore to access the broadest array of financial services. They might then choose one or the other for residency. "In such ways, they are increasingly diversified and gain the best access to the financial and advisory services they require," he adds.

Experience and vision

Nikolaos himself was somewhat of a natural for the role he took on in early 2022. He had gained significant experience in the banking and wealth management sectors before joining SingAlliance, having worked at some of the leading financial institutions in London, Singapore and the Middle East.

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Previous appointments within wealth management include as Managing Director at EFG International in Dubai with overall business development responsibilities across the Middle East region, as well as desk head at Bank of Singapore in Singapore, leading the MENA and South Europe client coverage activities at the launch of the international market practice in 2010.

Furthermore, Nikolaos served as Director at Barclays Wealth & Investment Management Dubai and Mirabaud Dubai covering UHNWI clients from GCC markets. And between 2005 and 2009, he worked for the Dubai government's direct investment arm within the CEO office on strategy, funding and relationship management.

The UAE's star is rising

He reports that Singapore and Hong Kong remain the more established as wealth management centres, but that Dubai is in a robust evolutionary phase. "For access to markets, and access to financial services, Singapore is still ahead of the game," he says. "But there are more and more reasons why we can see this region as complementary to what we do in Asia. Hence, we have established a representative office here"

Nikolaos explains that for the time being, SingAlliance provides their formal advice and service from Singapore, but they may later decide to upgrade their license to offer advice and services from the UAE in due time, he reports.

Mining nuggets in the Middle East

For the time being, they will therefore represent the Singapore headquarter where they are fully licensed and use Dubai as a representative office to engage in the region and create a presence in a whole new market for us.

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Nikolaos explains that the SingAlliance client base is largely

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HNW and UHNW individuals and families, including family offices. "We provide traditional portfolio management for these clients, and we also organise auxiliary services such as custody for financial and nonfinancial assets and assist them with any of their wealth and wealth planning needs, globally," he reports. "With our range of offices, we can offer global and local solutions."

SingAlliance's expanding presence

He notes that the firm was created in 2011 and is now roughly 30 strong across its four offices. And he notes they work with 15 banks and investment/custody platform across their four markets, offering clients both choice and guidance as to what would suit them best, and opening the door to custody of all types of public and private assets, including digital assets and collectibles.

Building connections across the GCC

As part of the strategy, Nikolaos is interested in building out relationships and developing synergies with, for example, like-minded local asset management companies.

"There are many in the region who focus only on local equities and fixed income, but that might welcome partnerships to open up offshore assets and specific solutions for their clients," he explains, "and there could be an interesting two-way flow. By entering these types of relationships, we will be able to build expertise in the local GCC markets, get access to research and generally build out our capabilities."

The rise of the EAM in the GCC

He steps back to comment on the development of the EAM model in the UAE, noting that there is immense opportunity in the Middle East.

He explains that when he moved first to Singapore in 2010, the independent wealth community was still only fledgling. Things have progressed rapidly there, but in reality, he notes that the more mature markets of Europe take the EAM model and discretionary better than in Asia, where the inclination is still to have direct control over the investments.

The tide flows in the right direction

"In Europe," he says, "families have built their wealth over generations and are now more inclined to preserve rather than handle their investments themselves. I get the feeling that the Middle East clients might often be rather more like in Europe, preferring advisory and often discretionary, and more easily buying into the value provided by professional portfolio management. Right now, the traditional private banks are ahead, but there is immense opportunity for the EAM business. You will see more independents setting up here, as we have, and more bankers willing to move to those models."

He adds that it will likely take the DIFC some ten to twenty years to fully develop into a global wealth management centre replete with a diverse range of high-quality EAMs and the associated ecosystems.

"Progress has been rapid and impressive, but it is not an overnight phenomenon, as the major private banks are deeply embedded," he reports. "It is really tough even for a mid-sized private bank to come and compete here, hence it will take time. But we firmly believe the evolution will come about."

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Wind in the EAM sails

He explains that the DIFC and other markets in the region are indeed targeting the EAM industry.

"For the DIFC, this is clearly a high priority," he says. "We are especially well positioned to benefit, as we are strong in Asia and have the Swiss operation. Generally, this GCC region is weaker in terms of its connectivity with Asian professional firms and institutions, and there is consequently a stronger demand for an interest in partnerships and relationships with specialists such as SingAlliance."

Building blocks needed

Nikolaos also notes that there will in the future be more local custody in the Middle East, but that this is very much a work in progress from a regulatory perspective, from the limited competitive ecosystem viewpoint, and also from a reputational point of view.

"We need more relevant and applicable laws to help promote local custody in the future," he reports. "We have seen new structures for local and international clients, and there are more ways, and more jurisdictions open for local asset structuring."

Key priorities

The first mission is to build out the name recognition, and regional coverage, at the same time as following through on the second key objective of creating the types of partnerships with local asset management firms such as he had outlined earlier.

Nikolaos closes the conversation by reporting that progress thus far has been encouraging. "We are confident in our strategy, and confident we can build organically and through partnerships in this region," he says. "There is a dynamic and energy here that reminds me of Singapore, and we are highly optimistic that all the current and future initiatives will combine to thrust the UAE and the GCC further into the limelight."

Custody will follow, he adds, but says it will take time as it requires more commitment from the local banks, which still dominate the landscape, and more international banks, many of which actually exited the UAE 10 to 15 years ago. "But now we see more international banks coming back to invest in the UAE, and developing not only retail and corporate banking, but also wealth management and private banking," Nikolaos observes.

This he surmises, could later reverse the current status quo of international assets being sent for custody offshore. "But it will take a concerted effort, and it will take time," he says. ■