

# Swiss-Asia's Singapore Leader on Riding the Wave of Private Wealth Expansion in Asia

Steve Knabl is COO & Managing Partner of Swiss-Asia Financial Services in Singapore. A Swiss national, Steve joined Swiss-Asia in January of 2008 as COO and Managing Partner, bringing with him over 20 years of experience working in the Trading, Wealth Management and Alternative Funds space in both Singapore and Hong Kong. Swiss-Asia's journey had actually begun four years earlier when Olivier Mivelaz left his position as a Managing Director at BVC, Banque Cantonale Vaudoise in Singapore, where he had worked with them since 1994, to establish Swiss-Asia in 2004. Hubbis met with Steve recently by video call to learn of the firm's recent progress since the pandemic struck. We found someone who remains exceptionally passionate about the company and teams, and deeply committed to the world of independent wealth management and hedge funds. Aside from his role with the firm, he is also registered as a Professional Director with the Cayman Islands Monetary Authority and sits on the board of Directors of a large panel of Cayman and SG-VCC Hedge Funds. On the personal front, Steve not only lives and does business in Asia, but he also bridges Europe and the Middle East as well, as his father comes from Austria and his mother is of mixed Egyptian and Lebanese blood; he was born in Beirut, educated in Cyprus and in Switzerland and is married to his Swiss-French wife and together they have two rather young children of 11 and nine. His worldliness and multi-cultural empathies have clearly helped him build out of the entrepreneurial melting pot that is Singapore today, and he continues to be energised by the opportunities ahead.

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## In Brief

Swiss-Asia was one of the earliest independent wealth businesses to set up in Asia and offer a Swiss-type EAM model, founded in Singapore by Olivier Mivelaz and then opening in Hong Kong in 2010. Steve joined Olivier in 2008 as COO and Managing Partner of the business in 2008 to help build out the business.

Swiss-Asia today offers in-sourced and outsourced platform solutions for both the independent or smaller private funds and hedge funds and an outsourced infrastructure covering all aspects of the wealth management spectrum for independent wealth managers.

Outsourcing or insourcing non-investment functions to Swiss-Asia as an extension of their staff allows the clients of all types to focus on their core investment business while keeping overheads low, and at the same time allowing them to offer a more comprehensive and professional service to their own clients, and all within the framework of regulatory compliance.

In the EAM segment, Swiss-Asia's Managers are able to bring their own private clients within the umbrella of the firm and benefit from the comprehensive infrastructure, the open architecture and Swiss-Asia's negotiating power with its worldwide set of private banks with which it sources products, research, execution and custody, as well as other skills and capabilities.

The Swiss-Asia Fund Management Platform offers fund managers wishing to set up a new fund structure to establish a highly cost-effective fund solution, with seamless access to the proven back and middle-office operations, including office space, compliance, IT, and corporate governance, and more besides. The portfolio manager clients become employees of Swiss-Asia, so it is like having multiple CIOs under the corporate umbrella, all managing their own funds. Outsourcing in these days of rising costs and regulatory burdens, governance and complex digitalisation is ever more compelling.

The Singapore Variable Capital Company (VCC), which Steve describes as Singapore's equivalent of the Luxembourg SICAV, has gained increasing interest since its arrival in January 2020. Swiss-Asia is deeply involved with this development, as it offers clients an ideal route for establishing funds in Singapore in a cost-effective and tax-efficient way.

Swiss-Asia aims to remain at the forefront of its markets, just as its history demonstrated when it became one of the very early entrants to the then-nascent world of independent wealth management and advisory some 17 years ago. To achieve that goal of staying ahead of the pack, Swiss-Asia is building greater expertise and capability in digital assets, building its team – the firm already has 76 staff in Singapore – and building its capabilities and digital solutions. With the prospect of great growth ahead, Steve is energised by the challenges and opportunities on the next leg of the firm's journey.



**With some 14** plus years of experience to date in Hong Kong and Singapore, and as a former President of the Association of Independent Wealth Managers in Singapore, Steve has a very wide-angle view of the industry, its challenges and its potential. Indeed, Swiss-Asia was one of the very first EAMs in Singapore when his colleague and Swiss-Asia founder Olivier Mivelaz first introduced the Swiss EAM model to Asia in 2004.

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“For those not so acquainted with Swiss-Asia, very simply, we offer in-sourced and outsourced platform solutions, providing high-touch, tailored hosting services to Private Funds, Hedge Funds, and Wealth Managers,” Steve reports, opening the conversation. He adds that in terms of structure, Swiss-Asia Holding Pte Ltd is the Singapore-registered financial holding company with two main subsidiaries - Swiss-Asia Financial Services Pte Ltd and Swiss-Asia Asset Management (HK) Ltd.

Swiss-Asia Financial Services Pte Ltd holds a Capital Markets Services (CMS) License under the Singapore Securities and Futures Act (SFA) to conduct regulated activities in Fund Management and Advisory for accredited investors. Swiss-Asia Asset Management (HK) Ltd holds a License under the

Securities and Futures Ordinance from the Securities and Futures Commission in Hong Kong to carry out regulated activities in Fund Management (Type 9) and Advisory (Type 4) for professional investors.

### Two core businesses

Steve explains that Swiss-Asia has two core businesses, providing outsourced and insourced solutions to the fund management and wealth management sectors.

“We offer high-touch, tailored hosting services to private funds and hedge funds and to independent investment advisors/wealth managers,” he reports. “Essentially, we like our clients to think of us as an extension of their staff. Outsourcing or insourcing non-investment functions to Swiss-Asia as an extension of their staff allows our clients to focus on their core business while keeping overheads low. This concept is becoming especially important in the world we are living in today, and we see great potential ahead.”

### The External Wealth Management platform

In the wealth management segment, Swiss-Asia provides an external wealth management platform for private wealth firms and advisors/bankers in Singapore and Hong Kong.

This helps seasoned RMs and bankers with extensive client bases to become EAMs/IAMs more easily and rapidly, allowing them to work more efficiently and focus their time and energy on their client relationships, whilst leveraging off Swiss-Asia’s outsourced infrastructure and expertise, and also enabling them to benefit from preferential terms that Swiss-Asia can achieve with its panel of over 15 private banks globally.

### Freeing up the smaller EAMs

“With the support of the Swiss-Asia platform,” Steve reports, “these specialists can therefore focus on building and maintaining client relationships, whilst optimising portfolio management and performance, and at the same time minimise administrative tasks. These EAMs therefore truly have the client now as their centre of focus and interest.”

Moreover, he adds that the firm is entirely independent as to its sourcing of products, with the Swiss-Asia Investment Advisory desk obtaining products and ideas from over 30 banks and brokers and also offering the latest market news highlights and active buy and sell recommendations across all the major asset classes and across most of the alternatives.

### Horses for courses

Steve also explains that while the Hong Kong office is currently more focused on the fund management side of the business, Singapore has an approximate 50/50 share between the wealth and Fund platforms .

“Both offices cover both business segments”, he reports, “but here in Singapore, we have done

**STEVE KNABL**

Swiss-Asia

especially well with established EAM bankers switching to us to get broader access to more banks, different products, and greater flexibility in terms of how they want to operate, because we offer not only the outsourced infrastructure from front to back but also, we adhere to our belief in open architecture.”

He explains that they like the fact that the firm does not have a centralised investment desk and that the investment piece is therefore generated directly by the managers. He explains that some of the managers who come over to the firm are individuals who like to work individually, and some are teams who start their independence journey with Swiss-Asia and have plans to then move on by obtaining their own licenses after having learnt the trade over a few years. Most though stay on with the firm on a long-term basis for the credibility of an established brand, scale and quality of the offerings and service.

### **Selling scale and service**

Steve explains that the firm does not compete for the attention

### **Getting Personal with Steve Knabl**

Steve comes from a colourful background. His mother is half Lebanese and half Egyptian and his father is Austrian. Steve was born in Beirut, Lebanon, and then educated through high school between an English-curriculum international school in Cyprus and a French-speaking school in Switzerland. He then attended the University of Neuchatel – Switzerland, in the ‘Faculte des Sciences Economiques’, and later continued his studies with a Bachelor of Sciences Degree (BSc) in International Hospitality Management at the Ecole Hôtelière de Lausanne – Haute Ecole Spécialisée (HES).

He thoroughly enjoyed his four years at hotel management school in Lausanne, learning a lot about the industry, but most importantly about working with and managing people. However, he soon felt a draw to the world of finance, then pursuing a career with Swissquote Bank that saw him rise to Head of Trading and Treasury before moving to Singapore in January 2008 to join Olivier Mivelaz at Swiss-Asia. “It was a great move,” he reports, “and we have since then had a great adventure and very considerable success.”

Married to his Swiss-French wife, the couple have two children aged 10 and nine. Spare time might see Steve out on the road cycling, or when possible, mountain biking.

“We used to travel everywhere,” he says, “for example mountain biking in places such as Australia, or South Africa, but of course lately it has been impossible. However, Singapore offers surprisingly good tracks, and we still head out every Saturday morning for about five or six hours. We do end up going around a bit in circles, and do the same thing every weekend practically, but we still really enjoy it.”

He also loves skiing, and his favourite resort in Asia is Hakuba in Japan, while in Europe it is Saas Fee in the Swiss Alps and La Grave in the French Alps. “We all really miss those proper getaway holidays,” he says, “because although we all make do with what is available around us, we all of us need to really get away properly, to escape the normal pressures and daily routines. I just hope the world can get some normality again before long.”

of EAM-type clients on price, but that is the credibility, scale and breadth of the platform that really counts, working as the firm does with so many banks

worldwide. Additionally, as Swiss-Asia is now operating at a considerable scale, its negotiating power with the banks is elevated in terms of getting from those



banks what can offer genuine added-value to the firm's clients, much of which of course is based around revenue generation.

## The Fund Management platform

The other key element of the firm's business is the Swiss-Asia Fund platform, which allows fund managers wishing to set up a new fund structure to establish a cost-effective fund solution. Swiss-Asia is able to provide the back and middle office operations, including office space, compliance, IT and corporate governance, for any new fund managers.

"Fund managers who are looking to set up in Singapore or Hong Kong are able to leverage of Swiss-Asia's expertise in setting up their fund management business," Steve explains. "Partnering with Swiss-Asia will allow access to the world markets and a diverse range of asset classes. And fund managers are able to choose their preferred counterparties for trading, custodian service, audit and fund administration."

In a paper he wrote fairly recently and posted online, Steve runs through the key services the firm offers to the hedge fund sector, for example, including outsourcing, compliance, operations and corporate governance.

He explains that the firm offers sophisticated middle- and back-office support for these fund managers, including leading portfolio management systems, execution management solutions and other software, for example to provide a full audit trail throughout, as a cost-effective alternative to building out proprietary internal systems and teams.

## Key priorities

Steve reports that the Singapore office is currently 76-strong and the firm is adding new team members to cope with growing demand for its fund and EAM offerings. He says the Singapore operation has been rather successfully growing its AUM, which in early May stood at around SGD3.5 billion, up nearly 30% from the end of 2020.

"Our first mission is therefore to solidify the team around the products the firm offers, especially the fund platform where complexity continues to increase," he reports. "As we grow, there are more and more people to oversee, and we need all the right checks and balances and experts in place. Compliance is part of all this and therefore our key priority."

The other priority is to keep investing in new technology to enhance those already in place. "The mission is now more driven towards internal changes in terms of making our framework more robust and also making remote work practices simpler," he explains. "Right now, some of those WFH practices remain slightly 'clunky' but we will streamline this to make it as seamless as possible, and that naturally means further investment in technology and software, of course."

"Quite simply, we put in place the entire ecosystem around the funds, the administration, the custodians, brokers, prime brokers, the post-trade checks and balances, verifying the NAVs, AML, KYC and so forth," he reports. "The portfolio manager will just trade, and then we take care of everything else. I should add that these portfolio managers are also employees of Swiss-Asia, so it is like having multiple CIOs, all managing their own funds."

## Outsourcing – a rising wave built on necessity

Regarding outsourcing, he explains that asset managers need to focus on their core strengths of generating returns for their investors, and that so complex is the whole regulatory environment,

and so costly the whole operational side that outsourcing is in ever-increasing demand for critical business functions as a cost-effective alternative to building out expensive specialised internal teams and infrastructure.

"Traditionally, hedge fund managers have always engaged third party administrators, prime brokers and custodians to maintain official books and records of their funds," he elucidates. "However, these service providers can only go so far in achieving the desired results of running an asset management firm. We all know only too well that the daily functions of trading, trade settlement, portfolio and corporate accounting, IT and compliance are so demanding that

platforms such as we offer can truly enhance their operations and improve their business models.”

### **Regulatory and compliance – from burden to benefit**

Regulatory and Compliance support is so important these days that it is now a central pillar of any financial organisation. “Do asset managers hire their own teams, with all the challenges involved, or do they engage a high-quality external expert to manage this more effectively and more cost-effectively?” he ponders rhetorically. “Well, we of course

those directors can focus on governance and at the same time keep a lid on costs.”

### **Singapore’s VCC – shining bright for the fund industry**

Steve reports that a core element of the mission for the funds business is therefore helping portfolio managers establish, for example, commingled investment vehicles, such as a Cayman fund or the Singapore Variable Capital Company (VCC), which he describes as Singapore’s equivalent of the Luxembourg SICAV.

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believe in the outsourcing and have the track record and expertise to deliver on our promises to our clients and remain wholly responsible for our services.”

### **Governance - central to the future thesis**

We all know how governance has become a watchword for the regulators and the financial service providers these days, and Swiss-Asia leverages this reality in its offering. “All major financial jurisdictions are increasing their demands on fund directors to exercise responsibility, care, skill and diligence in the performance of their duties,” Steve observes, “but this can be tough to monitor and achieve in the complex world of investment management. The more links within the chain of their business they can outsource with confidence, the more time

“The VCC has been winning more and more share of the market since its arrival in early 2020,” he explains, “and is a great additional vehicle for the fund industry here and indeed worldwide.” The VCC is an onshore vehicle operating under a Singapore regulated financial institution and with a Singapore-licensed investment management company at the helm, which then confers considerable tax efficiency on the vehicle.

“The beauty of the VCC is that it’s extremely flexible, very easy to set up, and no more expensive than setting up a Cayman fund,” Steve elucidates. “The result is a huge uptick in demand for Singapore funds nowadays. Moreover, the VCC caters to the liquid strategies as well as to the closed-end funds. All in all, we see this as perfect



for the big asset management firms wanting to distribute their funds in Asia, rather than using a Luxembourg SICAV or UCITs, or for smaller funds. The VCC is a game changer really."

### A long history and broad expertise

Taking a step back from the detail, Steve explains that the Swiss-Asia teams in Singapore and Hong Kong have great experience operating the critical non-investment functions across the mainstream and alternative fund space, with broad-based experience across legal, compliance, operations and corporate governance for all types of strategies ranging from non-conventional asset classes such as cryptos and VC to more standard equity, derivatives, private equity and other solutions for wealth management teams and family offices.

"In the face of an ever-changing modern global business environment," he explains, "we take an open architecture approach to building a tailored ecosystem for each client. We analyse the market for every fund launch and propose the most appropriate tailored solution available, whilst keeping cost and quality considerations at the centre of discussions. We aim to embrace creativity and adopt the latest technologies, striving to deliver simpler, faster and smarter

ways to help those we work with reach their full potential."

### Ahead of its time

Steve says that the Swiss-Asia model remains ahead of its time. "Investor perception has changed over the last ten years and the platform model has become not only a long-term viable option but an important one for all managers," he reports. "We have positioned ourselves precisely for this vision of the current situation and of the future. And the solutions we offer are not only for those setting out – as AUM significantly increases over time and fund managers move upstream with their investor profile, then we believe platform solutions will remain just as valid, as the complexities of the fund business only tend to increase as they grow."

### Digital assets – the new wave

He adds that as the firm has been at the cutting edge of the independent wealth management market in Asia, Swiss-Asia works hard to stay ahead of the game, for example carefully building its expertise in the rapidly expanding universe of digital assets.

He says that such is the demand for digital assets and in the future other manifestations of digital assets, for example tokenisation representing all sorts of underlying assets, that

the firm is engaging with this new asset class with both zeal and professionalism.

"There is not a single day that goes by without enquiries into these new asset classes and solutions," he reports. "The demand combined with the investment opportunities now available around this digital asset class mean that clients need solutions; there are many issues to clarify, the first and most complex being regulatory followed by execution, settlement, custody, taxation, and so forth."

### Riding Asia's wave of private wealth and investment

Steve closes the discussion by remarking that there are some positive winds behind the wealth industry in Asia, and that the major global banks appear to be gearing up increasingly to cater to the private wealth segment across the region.

"The growth is very clearly there in the future," he says, "and for the EAMs in the market and those planning to enter the market, there is great opportunity, especially perhaps for clients with a few million to invest who do not quite fit into the prevailing private banking models. I think the EAM space will have great potential there as well as in the higher wealth categories. And that, we believe, augurs really well for our business." ■

