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Taurus Wealth's CIO on Objectivity, Alignment with Clients, Conservatism and Risk-Adjusted Returns

Singaporean Haren Shah is Head of Investments at Taurus Wealth Advisors, and also CIO for Taurus Group. Based in his home city-state, he leads the firm's team of investment counsellors, providing wealth management, investment and portfolio formation advice to mainly HNW and UHNW private clients. He is responsible for developing and guiding their global markets and asset allocation strategies and reports that he always aims for total objectivity, product agnosticism, alignment with the clients, and stresses the importance of risk-adjusted returns, especially in a world of elevated uncertainty. Hubbis had the opportunity to meet with him recently via video call, during which we learned more of an increasingly global Taurus, of his thoughts on global allocation for Asia's private clients, and heard how he consistently seems to lose to his wife at golf, the couple's favourite pastime during the travel restrictions imposed due to the pandemic.

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View Haren Shah's LinkedIn Profile

Find out more about Taurus Wealth

Taurus Wealth Advisors is a Singapore based independent wealth management firm that first opened its doors in April 2008. Taurus provides wealth management services and investment advisory to HNWIs in relation to their investments held in custody with various private banks.

The firm today is part of the Taurus Wealth group that additionally operates multi-family offices in Dubai and Zurich with a team of 60+ professionals and advising on around USD3 billion in assets. Typical clients have little time to devote to managing their own investment portfolios, and Taurus has built its business on a determined positioning of avoiding conflicts of interest, charging fixed fees to advise clients.

Fee-based alignment

At Taurus, Shah reports, the firm's revenues are primarily reliant on charging fees to clients, and by extension, the firm is very transparently on those clients' payrolls, rather than being reliant on commissions from other financial institution or product providers via any form of trailer or retrocession fees. In addition to investment advice, Taurus provides transaction support and facilitation in insurance, real estate, wealth structuring and holding optimisation, private direct investments and other family office services.

Adhering strictly to its fee-based model, Taurus therefore prides itself on its observance of the values of independence and objectivity. Those principles were put to stern test in 2020, when Shah reports that the firm's approach to investments and portfolios shone through for clients. It helped to also be working in close coordination with the other Taurus Wealth offices, with a fertile cross-pollination of best of breed ideas and processes between the practises.

Key priorities

Shah draws the discussion towards a close by reporting that mission number one is to enhance processes and operations to reflect a more multi-jurisdiction organisation, as Taurus has become today. "We also want to expand the range of our asset universe, to ensure we deliver the traditional products optimally, but also opportunities for example in the pre-IPO space, or other alternative spaces where our clients might not be so exposed as yet, in some areas of the real estate market, for instance. This is all part and parcel of fine-tuning our process and ability to manoeuvre through whatever kind of markets arrive in the future."

This, he elucidates, means an even more systematic approach to making decisions, constantly monitoring and reviewing clients' portfolios and assessing where Taurus is delivering on its mandates.

"We won awards last year for our discretionary management and advisory offerings," he reports, "and it is so often in more difficult times that the clients truly appreciate our skills," he concludes. "Putting this simply, we want to build on that, and make sure we are even better prepared to help our valued clients navigate the future ebbs and flows and disruptions that are surely out there."

Public markets first, but alternatives gain sway

As a fee-based multi-family office, advising clients on their public market securities which are custodised with the private banks is a key focus area for Taurus; the assets span equities, fixed income, currencies, and so forth. "We also cover the spheres of real estate, private equity and a growing list of other non-public opportunities," he reports.

When Hubbis 'met' with the firm's CEO, Mandeep Nalwa, last year, he had explained how there is still too much product selling in the wealth industry in Asia, but that the firm's fee-based model ensures that they adopt and promote open architecture, client centricity and they deliver best-of-breed solutions. Nalwa told us at the time that around 87% of the firm's fees now come directly from clients, with the balance deriving from asset management and other assorted fees.

"Moreover," Shah reports, "the firm stresses the need for articulating to their clients the concept of risk-adjusted return, noting for example, that when clients make

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Taurus Wealth Advisors

robust returns on highly leveraged portfolios, they might think they have done rather well, but actually on a risk-adjusted basis they may not have done particularly well."

Additionally, not only does the firm advise clients to keep leverage low, but it does not charge fees on the leveraged portion of the portfolios in order to avoid the inevitable conflicts of interest from deriving larger AUM from larger risk exposures amongst its clients. All in all, Nalwa reported when we last 'met', the firm's model of charging fees of up to 1% continues to work well for both the firm and the clients.

Increasingly international in reach and outlook

Today, Shah reports, Taurus continues to become more of a global organisation, with more strategic partners who have come on board. In the past, he reports the firm was a Singapore-centric organisation with a small office in Dubai, but today, there are fully-fledged operations in Singapore, in Dubai, and a Zurich office that is evolving fast, with plans for a London office in the pipeline.

Getting Personal with Haren Shah

Shah has plenty of experience for the crucial CIO role he performs for Taurus. Prior to joining the firm, Haren spent 15 years with Citibank in various capacities. He was Head of Investment Advisory, South East Asia for Citi Private Bank for four years, before which he was a Senior Strategist for the Private and Consumer bank, where he and his team drove communications within Citi to guide markets strategy, portfolio constructs and asset allocations. Prior to that, Haren had worked in a similar role as Head of Investment Advisory (SEA) at Chase Manhattan Private Bank. He also worked for 10 years at the Dutch merchant bank Mees Pierson. Overall, he has over 30 years' experience in various investment markets and assets classes.

A born and bred Singaporean, Haren completed his schooling in Singapore, Haren holds a Degree in Finance and an MBA in Finance and Marketing, both from the University of Indiana, back in the 1980s when the university was ranked in the top ten in the US.

He reports that he has enjoyed every stage of his career, during which he has both suffered and prevailed during times of great turmoil, including the 1987 crash, the 1997 Asian financial crisis, then the 2008 global financial crisis, and of late, the pandemic-induced turmoil. "In the world of finance throughout all those years, it has been a great place to make money for oneself and to really participate at source in what has been an amazing ride. The world has changed, so it is not the same nowadays working in the banks, from many aspects. To some extent, those were golden years in the 1980s through to around the time of the GFC, since when regulation has tightened hugely, and the environment in the banks is markedly different."

Haren is set to enjoy his 25th wedding anniversary next year, and the couple has been spending more of their leisure time than usual on the golf courses of Singapore, especially their favourites of Sentosa and Tanah Merah.

"My wife is the real golfer of the two of us, while I try as hard as I can to shoot in the low 90s on a good day," he quips. "But no matter how I end up playing, it is a pleasure to be out there with my wife and friends, always hoping for the rare great shot that makes you feel on top of the world. And then afterwards in the clubhouse, we enjoy spending time with our friends, bonding and chatting."

His final comment is that anyone coming into the wealth management industry today should position themselves for the future. "Anybody who's got coding capabilities or thinking of FinTech, or thinking of how to digitise this industry, they will have great opportunities," he reports. "But the days for the RMs and traders will be tougher. It was much simpler honestly in the earlier years of my career."

Today, Shah is still focusing on his core role as head of investments for Singapore but has the added responsibility as group CIO to set the tone for investments for the rest of the organisation.

Current environment – recovery with caveats

Shah observes that the world continues to grapple with the recovery mode. "Whilst the markets, especially in developed markets like the US and Europe, continue to move higher, there remain fears we are ahead of ourselves, especially as we watch what is happening in India, Brazil and other places as the virus ravages the population and economies, and as fears over Europe's next wave increase."

Accordingly, he is cautious in approach. "The markets appear to be discounting a lot of good news at current prices and valuations," he comments. "There is plenty of good news right now, but there will be setbacks, so I think it's going to be rather a bumpy ride, and we need more affirmation on the recovery of the real economy. The central banks are extremely accommodating, and the packages of stimulus are indeed vast, thereby providing support for risk assets, but there are many unknowns, especially around the pandemic and the vaccines, and the markets might not take well to bad news ahead."

Rotation and agility

At the same time, he observes that some sectors are showing signs of fatigue, meaning rotation is needed. In late February onwards, for example, there was a rotation out of growth into reflationary stocks, and year to date for 2021 that has resulted in a great run in financials, industrials, energy, and materials, whilst technology has been less robust a performer.

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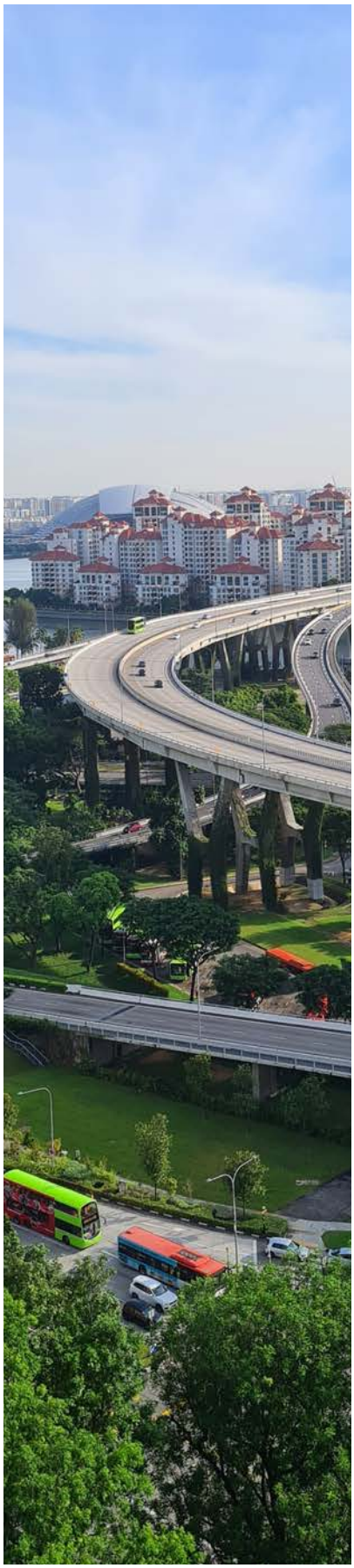
"We must also be watchful of specific markets," he adds, "so for example, we saw China run up sharply early in 2021 and then after Chinese New Year give most of that back, partly as a result of the authorities turning somewhat on Big Tech and monopoly concerns there, at the same time as the government began normalising both their fiscal and monetary policy. In short, we need to be cautious that we are well positioned and agile."

Today's allocations

Shah's 'big picture' advice currently is to ensure clients are holding



balanced portfolios. "We are underweight both the equity and the fixed income markets at the moment, with overexposure to areas like alternatives and cash, the latter because he expects opportunities to take advantage of the inevitable volatility."

He explains that alternatives express an aversion to direct exposure to the equity markets, but maybe not from a directional perspective.

"We have been looking for good long-short managers, and that has produced great results for us since last year, so these managers are taking advantage of market pullbacks to the benefit of our clients," he reports. "And in fixed income, this also makes sense; we have seen how the yield curve has moved in the last few weeks, we are seeing a lot of expansion of spreads after tremendous compression over the last few years."

He explains the focus is, therefore, on high yield paper in emerging markets and on instruments such as CoCos [contingent convertible bonds], where there's still sufficient spread in case US Treasuries continue to rise.

And in equities, even though Taurus remain underweight, he is focused on maintaining some exposure to markets which are in a reflationary phase, some sectors in the US and, of course, to Japan, where there are significant benefits likely to be derived from reflation. "And right now," he adds, "we are back to neutral on China simply because I think the markets need to adjust to the new paradigm of slightly tighter monetary policy."

ESG and thematic plays

Additionally, Shah reports that Taurus is focusing more on thematic funds as well, but they tend to form a small part of the overall portfolio because while everyone is chasing themes such as electric vehicles and clean energy, Taurus' CIO team don't want to rush in, preferring to observe and identify the managers that can truly and consistently outperform.

"We therefore take a slower approach, more about education and keeping a close watch on returns. We are careful to really analyse who is truly achieving their stated goals. There are clear merits in ESG; indeed, it is becoming more mainstream as part of the selection process, but let's really understand more before we leap in."

"We must be selective, not jump in too quickly," he explains. "In the important field of medical technology, for example, there are some great companies out there, but unless you choose the right one, you tend not to get the uplift or participate properly. Our approach is to find the right themes, the right areas, and then either find an ETF or an active fund manager that's capable of doing it better than we could. The returns might not be quite as good as picking the right individual stocks, but the risks are lower."

As to ESG, Shah warns that there is much talk but less education and understanding. "Our clients and ourselves need to truly understand what ESG actually means and how to evaluate it," he reports. In reality, ESG means different things to different people, and there are no universal standards to confirm, and there is a lot of greenwashing taking place as companies and advisors seek to race onto the bandwagon. "We therefore take a slower approach, more about education and keeping a close watch on returns. We are careful to really analyse who is truly achieving their stated goals. There are clear merits in ESG; indeed, it is becoming more mainstream as part of the selection process, but let's really understand more before we leap in." In keeping with this need for a focussed approach, Taurus has tied up with external Sustainability and Impact specialists to launch niche Fund strategies that have the potential to be meaningful inclusions in client portfolios.

Building the proposition

Not content with resting on their laurels, Taurus is launching a model portfolio populated with real-life products. "We have proven this internally to provide the kind of returns that we are looking for, so the next step is to offer that to clients, who can then decide if they prefer this model, or prefer cherry-picking individual products. Clients might decide they like this approach, that it achieves the returns they seek with lower risks and less emotion involved. It also gets them involved in the thought processes, so we are tidily aligned with them. We are looking at a similar approach to fixed income, with a narrower universe of paper."

The Taurus USP: 'What we say is what we do'

Shah believes the firm's clients come to them and stick with them because of the alignment and the ability to be close to the decision-making process, which is perhaps more transparent than amongst some of the private banks and other competitors. "Our value proposition is really our objectivity and our agnostic perspective on their portfolios. We do not have anything to sell other than our expertise, our skill at curating returns aligned with the right degree of risk. Returns are there to be had, but we are centred on being carefully positioned to mitigate the potential risks out there as well. Taking a medium to longer-term view is also vital, and so too is not over-promising. We tell clients what we can realistically achieve for them, then go out and do that. What we say is what we do." ■