

The 60-second rule to wooing a top product gatekeeper

Product manufacturers such as fund managers need to focus on creating simpler solutions and putting forward just one or two of their most relevant ideas if they expect to gain any traction with leading institutions like Citi Private Bank, advises Roger Bacon.

For product manufacturers trying to woo wealth managers which are focused on the pointier end of the wealth pyramid, the saying 'less is more' couldn't be more apt.

Creating highly-innovative products for the sake of it, or generating a certain deliverable which is new for the market, is way beyond what most fund gatekeepers at private banks are looking for.

"In my opinion, a large percentage of the new products which come to market are either over-complicated for the sake of it, or try to provide a solution to a problem nobody has," says Roger Bacon, head of managed investments and advisory for Citi Private Bank in Asia Pacific ex-Japan. "The industry can at times be its own worst enemy due to this type of complexity."

Going back to basics is the way forward, he says. This involves formulating a view of asset allocation and risk management

first, and then matching this with a small selection of relevant funds.

KEEPING IT SIMPLE

Yet product providers aren't exclusively to blame for over-complicating matters. Distributors, too, are responsible for enticing such behaviour. They essentially encourage manufacturers to go down a more complex product development path when they take on such funds and create sales campaigns around them, explains Bacon.

This is not his approach, however. "We don't want 500 funds to offer to our clients. We need funds which are best of breed; and that doesn't mean they need to be over-engineered."

Although Citi Private Bank has a clear, transparent, detailed process and due diligence framework to assess which funds to add to its platform, Bacon has a fairly simple yardstick to know if a product is suitable in the first place.



ROGER BACON
Citi Private Bank

"If I cannot explain the fund to our own private bankers or any of our clients in 60 seconds, then it is over-complicated," he explains. ■