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The Evolution of Private Wealth Management in Asia – Views from EAM Leader Kenny Ho

What role does Hong Kong play today in the regional and global wealth management landscape? Has the Hong Kong proposition evolved as rapidly as that of Singapore? Is Hong Kong increasingly becoming largely a hub for Mainland and Greater China? Who are clients placing their trust in – the global banking brands, the local or regional banks, boutique international private banks, independent wealth firms, or digital advisory firms and platforms? Is the great opportunity ahead coming from the upper tiers of wealth, or in the retail and mass affluent markets? Kenny Ho, Managing Partner & Founder of Carret Private Capital in Hong Kong, and always a source of valuable observations, had his insights to offer on these and other key issues during a panel discussion at the Hubbis Investment Forum in Hong Kong on September 27.

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KENNY HO
Carret Private Capital

It is roughly a year since leading Asian digital wealth advisory platform Endowus announced the purchase of a majority stake in Hong Kong-based external asset manager (EAM) and multi-family office (MFO) Carret Private Investments Limited (Carret Private), which serves ultra-high-net-worth individuals, families, trusts and charitable organisations. The deal saw the enlarged group become one of the largest independent wealth managers in the region, with assets under management of over USD5 billion, and customers ranging from mass affluent investors to high-net-worth (HNW) and ultra-high-net-worth (UHNW) clients.

Spanning Hong Kong and Singapore

Interestingly, Carret Private also holds a minority stake in Singapore-based EAM Lumen Capital Investors, and the strategic partnership they entered back in 2019 is continuing under Endowus. The Endowus deal and the Lumen stake give Kenny even more credibility when it comes to opining on the state of Asia's wealth markets and the evolution of the independent wealth offering.

Kenny, who is also a Board Director of the Family Office Association of Hong Kong, opened his commentary by saying that with his close involvement and various hats in both the Hong Kong and Singapore wealth markets, he had somewhat of a front-row seat in how the Credit Suisse debacle had played out in the region.

Clouds over Switzerland?

"Initially, I had assumed the migration of clients would be to the boutique Swiss international private banks, but actually, a clear trend emerged for the AUM to the major Singapore and Hong Kong banking brands," he told guests. "That sends a signal both about the rising strength and presence of major local institutions in Asia, and also the corrosion of the Swiss aura of trust and resilience, it is somewhat of a loss of faith going on."

Another key trend he has noticed is that Asian clients are increasingly inclined to diversify

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For further reading on Carret and Kenny, we refer readers to this Hubbis article from late November last year - Carret Private Head Kenny Ho Eyes Synergies, Partnership and Scale as Endowus Takes a Majority Stake

their custody across both Asian and European institutions, with French banks the big winners in Europe, partly also since the CS collapse. "Interestingly," he reported, "it is not just the clients but also the banks who are mirroring these trends. As far as we are aware, not a single significant or very senior banker went from CS to the typical leading boutique international Swiss private banks."

Safety first

He said these trends were to some extent aligned with their core mission as wealth managers. "In the environment we have all seen in financial markets since late 2021, the first priority for all of us has been on conserving client wealth," he stated. "And that remains the situation today. Helping grow client wealth must always take second place to keeping it safe."

As to the evolution of independent wealth management in the region, Kenny said he felt as if Singapore was making more headway in recent years than Hong Kong, where clients tend to stick to the brand name banks, and where those banks are investing heavily in their expansion. He said these banks are generally keeping their bankers or attracting more as they are paying up amidst a general bullishness, especially on the growth of private wealth coming out of China.

At the same time, he indicated that there are also other bankers interested in changing course to the independent wealth sector and to the growing universe of family offices.

Horses for courses

Kenny later responded to a question on the Endowus deal and how that was playing out. "Endowus has done extremely well," he reported. "Almost from nowhere, they're now managing quite a few billions, mostly out of Southeast Asia. But they are different from us, as they focus largely on the mass affluent space, with clients up to perhaps USD2 million to invest, and that is indeed a key area that is and should be going more digital."

He said these mass affluent clients also need a lot of guidance, hence the appetite for model portfolio construction, so that carefully constructed portfolios can be devised and adjusted at low cost. "This is all about the democratisation of access to more sophisticated levels of wealth management," he explained.

White glove wealth management

He explained that Carret is more of a white glove operator, focusing on HNW and UHNW level clients that need a more sophisticated and all-encompassing offering, delivered with the support of digital solutions, but by individual RMs and advisors. He indicated that there are many dimensions to the value-added Carret offers, from consolidated reporting to bespoke administration and of course expert investment advisory delivered with personalisation by experienced bankers. ■