

# To Your Own Self be True – **Anthonia Hui** on the Virtues & Values of Independent Wealth Management

Anthonia Hui is one of Singapore's better-known personalities in the world of HNW and UHNW wealth management. She is co-founder and CEO of independent Singapore wealth manager AL Wealth Partners and has over the years forged a well-deserved reputation as trusted advisor to many such private clients, and prides herself on offering objective, relevant, conservative and compliant advice. Hubbis 'met' with her by Zoom from her home in early January to hear how she, her firm and her valued clients have been coping with life during the pandemic. It has certainly not been easy, she explained, and it is often difficult to exude her usual enthusiasm, but as 2021 dawns, she is optimistic that the year will bring some better news all round. Hui has coped with some of the rigors of lockdown by drawing on her relatively humble beginnings and by retaining the patience and forbearance she believes vital to weather the storms around the world. She has focused on maintaining her philosophy of business and guiding her clients accordingly. As to the outlook for the independent wealth sector in Singapore, she believes this is in a good place, but that the current global economic dislocation is providing a good opportunity for reflection and will potentially lead to more consolidation ahead.

Hui has plenty of experience of financial market and economic ups and downs, having run her firm for over a decade and with more than two decades of private banking experience to her name before taking the leap of founding her own company. Hui has also been a leading supporter of the sector, as founder also in 2011 of the Singapore Association of Independent Asset Managers (AIAM), and has a deep knowledge of the challenges faced by independent wealth advisory firms and their clients.

### Fulfilling obligations

She founded her firm originally on the premise that an independent wealth manager must go the extra mile to fulfil an obligation as a trusted advisor to their clients, which are generally working with these IAMs and EAMs having left the relative 'safety' of the private banks. As part of this commitment, Hui is a powerful advocate of transparency in all matters, including fee structures. "Without these values in place," she says, "the deep relationship based on impartiality and genuinely good advice cannot be built."

### Reinforcing values

The pandemic has put these ideals and relationships through a true test. "The speed of the crisis and the reality that all one's planning can be challenged so suddenly has in some ways reinforced our relationships, as we have been there helping the client to put things in place no matter how difficult the conditions."

One key issue that she reports affected many such clients is that their businesses, flourishing for so many years and with great prospects ahead, were suddenly

faced with a sharp downturn during lockdown and cash flow issues, followed by pressure from the banks if they had loans outstanding.

### Cash flows in the limelight

"That was perhaps when they needed sound advice," she explains. "Should they liquidate or pare back investment portfolios to raise cash, for example? Could they liquidate property rapidly in this market? Well, we immediately laid out some plans for them and helped them to feel less hopeless, to assist them to negotiate terms perhaps also liaise with their banks, even to raise new funding during the worst of the financial downturn to help their businesses survive. Looking back, we are quite comforted to know that we have been able to deliver what we want to set out to achieve for these clients."

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Hui have seen and heard that saw many investors lost money because they either leverage at the peak of the market in January 2020 and subject to call margin and or panic selling at the sudden turn of the market in late March/ April 2020. However, "In 4Q 2020, there was a lot of talk out how great their portfolios performance was with great recovery, especially

in the Tech 'growth' sector," says Hui. "Many times investors will tune out losses and look at individual holdings, like their best performers, rather than looking at the whole portfolio holistically over time across the year, as unless a portfolio was almost fully in tech (itself not a recommended allocation for most clients), by the end of the year almost half of all stocks were still -20% or worse from the beginning of the year."

### Sticking to your principles and philosophy

Hui explains that AL Wealth does not encourage or help its clients to adopt a trading mentality. "In the years of investing, those who are prepared to understand importance of allocation of wealth amongst liquid and illiquid assets, have a commitment to a long-term

plan knowing the importance of managing cashflow segregating business assets from personal wealth, have sufficient liquid assets to take advantage of bad market to buy up distressed but good business or assets are the true way to create real wealth. We do not suddenly advise clients to jump on certain bandwagons that might be fashionable, for example,



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### Singapore's robust wealth platform

Hui is confident in the direction of Singapore itself as a wealth management centre, which she says gives her, her team and client the comfort of reliability and safety. "Singapore set out to provide a culture of stability and privacy that is totally in line with wealth protection," she says. "The environment is entirely right for firms like ours to use our own skillsets and knowledge to complement Singapore's drive to lead in wealth management and we are proud of our contribution to the ecosystem here."

Hui observes that wealthy clients tend to find the right environment and the right firms with which to work. "The wealth management

industry comprises a vast and diverse group of clients," she observes, "not just differentiated by age, but also dictated by their knowledge and experience, for example, if they have suffered market collapses before or if they are highly confident in making their own investment decisions."

The mission for an independent firm these days, Hui explains, is therefore not simply to create a business that produces revenues and profits but to fashion a sustainable business that is viable financially and utterly compliant. Accordingly, she believes it is vital to work with the type of clientele suitable for the firm and also for the providers' core competencies and value systems. "I believe it is vital to work with the right type of client, someone compatible with your value system and that you are able to work with easily. And we must avoid any types of clients who might push us to act in a way which compromise your own philosophy and integrity."

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### Horses for courses

She explains that these factors, and many others, determine what

kind of providers and what types of investment platform they want to use. Some might simply want to work through the digital platforms out there; others might feel they want an external, professional advisor and investment manager, perhaps not because they are not confident in their assessment of the opportunity, but because they tend to be over-emotional in managing their own investments.

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### On the right path

She draws the discussion towards a close by looking at the



development of the independent wealth management sector in Singapore. "We are not aiming to replace the private banks, and we are not competing with the digital platforms or other brokers. We first set up AIAM in 2011, because we felt that it was important to gather and communicate the like-mindedness of the practitioners in order to uphold a certain credibility and standards, as well as to communicate more cohesively with the regulator and our clientele. We have achieved many of these goals over the following years."

Hui also expects growth to resume once the pandemic is, hopefully, under greater control. "We see new SFOs and MFOs coming up, but also some consolidation ahead," she reports. "There will also be firms that disappear, unable to find the right formula to compete effectively, as costs are quite high. The important reality from my perspective is that those firms that do not have a business model that allow them to charge a management fee and unable to carve out a niche and purpose will find it increasingly difficult to survive and thrive."

### Consolidation ahead

She observes that many independent practitioners in the industry are still asset gatherers, hiring RMs to accumulate more AUM, without necessarily having a clear focus in terms of where they want to be, their uniqueness or their true added-value. "From an industry segment perspective, the independent sector is thriving here in Singapore, and I think it is a natural phenomenon that after years of robust growth there might be somewhat of a breather while people take stock of the current situation, and that will in my view lead to more consolidation."

The overall path and trajectory for Singapore will remain positive, she comments, as the government and regulator nurture the industry and add new opportunities such as the Variable Capital Company that arrived in January 2019, and the broader Global Investor Programme inviting family offices to be set up in Singapore. "But many of those setting up will not be what I would think of as real IAMs, or EAMs, they are more like a family office, managing their own money and with the family being major employee and employer, perhaps not even employing other people from outside to do this for them, and in any case it is often

difficult for experience professionals to work solely for a single family, especially if the younger generations of that family are more in control. It is what I consider the core IAM and EAM segment that will see the consolidation ahead."

She adds that a bona fide family office today needs a minimum AUM of at least USD250 million in order to be able to cost-effectively hire a professional CEO or CIO and a small administrative staff, we're talking about usually coming up to USD1.5 to USD2 million running costs. "That is why we are seeing more MFOs arrive," she explains, "as size is important if these family offices want to hire and keep an external professional team."

### Maintaining standards

Hui ends the discussion by reiterating how much she cares about the independent wealth industry to which she has devoted her entire working life. "We have a collective responsibility to set standards and to help guide our clients towards a cautious, careful approach to investments, transparency and compliance," she says. "Integrity and credibility are essential elements in the value-added we offer." ■

