

Understanding the requirements of Asia's HNWIs and entrepreneurs

First Names Group is a leading independent provider of trust, fund, real estate and corporate services operating in 14 strategic locations worldwide. Stuart Dowding, Managing Director – Hong Kong, explained why ultra HNWIs and entrepreneurs have very similar wealth management requirements.

[Link to Article on website](#)
[Link to Event Homepage](#)
[Link to Content Summary page](#)
[Link to Photos](#)
[Link to Video Highlights](#)

A **S WEALTH IN ASIA TRANSITIONS** from the founder to the younger generations, more and more of those inheriting that wealth prefer to invest or to venture out on their own rather than remain involved in the family business. This has accelerated the demand for family offices, even though such offices are not a cure-all for the full range of issues confronting families, as Dowding explained to the audience at the Hubbis Independent Wealth Management Forum in Hong Kong on November 16, 2017.

“Family offices cannot, for example, cater for all asset classes,” Dowding explained. Dowding cited the example of a family office that



STUART DOWDING
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had recently asked his firm to assist them in dealing with art investments, an asset class in which First Names Group has considerable experience.

“Alternative assets are on the rise and we are very comfortable in this sphere,” Dowding reported. “It is a positive development that family offices are increasingly cognizant of the need for external help.”

Global outlook

While there are challenges around clients’ perception of appropriate fees for professional services, especially in Asia, Dowding reported that people are now much more willing to learn, more willing to take advice and are increasingly global in their outlook, with a keen interest in the UK and in London.

Trust your trustee?

An area that Dowding has been concentrating on since taking on the MD role in Hong Kong is bridging the gap between trustees and clients in Asia. “Trustees should be spending time with their clients, helping them to understand what

the relevant structure is doing, what the benefits are and indeed whether the structure is still viable and efficacious today.” Dowding explained that as Asian clients diversify their assets across different classes and geographical regions, it is essential that they seek tax and legal advice that is relevant and appropriate for individual jurisdictions. “For example, there are many people who have not fully grasped concepts such as the Annual Tax on Enveloped Dwellings (ATED) in the UK, which covers the ownership of residential property through a commercial vehicle, which I attribute to advisors not providing the necessary information.”

Becoming transparent

With the focus on increased regulation across the globe and the drive towards greater transparency, HNW individuals must pay even more attention to using well-run, reputable jurisdictions. Dowding noted, “it’s vital that we make sure clients understand what they are doing, for example with a trust, where they are hand-

ing their assets to the trustee and that the trustee is henceforth the controller of the assets.”

Dowding advised that if clients want an element of control a trust might not be the preferred vehicle; some for example opt for a foundation. “This is a really good alternative to a trust because it looks like and it functions a bit like a company,” he explained. “People need to ask questions, understand what structures they have currently and periodically review those structures with their service provider and advisors to ensure they not only work for their present needs but for that of future generations.”

Dowding’s message to the assembled audience concluded with his appeal to wealth managers to spend more time understanding their clients and their existing structures, as well as the future intentions and expectations of clients. According to Dowding, education, relevant advice and appropriate structuring are essential to the preservation and enhancement of wealth for Asia’s HNW market. ■

