

# Unigestion Asia promotes unique strategy for Asian wealth management clientele

**Nicholas Hulme, the Singapore based General Manager of Unigestion Asia and head of the firm's business development for Asia and the region, met with Hubbis to explain why Unigestion's strategy and its tailor-made offerings are winning over Asia's wealth management clients in increasing numbers.**



## Executive summary

Global asset management group Unigestion has been successfully expanding its range and number of investor clients by focusing intensely on wealth management relationships across the region, converting clients ranging from multi-family offices to pri-vate banks and the ultra-wealthy to its alternative risk premia strategy.

Nicholas Hulme, the Singapore based General Manager of Unigestion Asia and head of the firm's business development for Asia and the region, knows that he will need the same stamina he builds up during his triathlon training to propel the firm deeper into Asia's wealth management universe, especially as competition is ever more intense.

His key calling card is Unigestion's unique approach to its alternative risk premia strategy and its tailor-made offerings, both of which are now winning over Asia's wealth management clients in increasing numbers. Why? Because the wealth management clientele in the region are increasingly receptive to and understanding of the unique take on alternative risk premia, which involves the overlaying of dynamic portfolio adjustment based on macro factors, rather than simply adhering to the view that ARP strategies should be run on equal risk weightings.



**U**NIGESTION IS A GLOBAL asset management company with a 47-year history and with three offices in North America, one in the US, two in Canada, five offices in Europe and one in Singapore, where it has operated for the past decade. The firm is responsible for managing USD24.9 billion in client assets globally across four areas of expertise: equities, private equity, multi asset and alternatives.

found that here in Asia there is strong demand for cross-asset solutions, by which we mean being able to invest all the way across the spectrum of asset classes and in alternative risk premia. The latter, ARP, has been designed as a solution to replicate the types of returns that a client might have historically found from hedge funds but with daily liquidity, full transparency, at a lower cost.”

Hulme reports that the firm sees

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“We have a rich history in asset management,” Hulme explains, “predominately building tailor-made mandates for client-specific solutions designed to resolve issues within portfolios. We have

risk management as an enduring driver of long-term investment performance, and therefore Unigestion applies a sharp risk lens to all its strategies. “Investment decision-makers, including in the wealth management arena, are facing an increasing number of challenges. Traditional investment assumptions no longer hold so true, there is an avalanche of new regulatory requirements and there is a multitude of investment constraints as well as increasing governance pressure.”

The firm’s website explains that, core to the company’s approach, is the philosophy that outperformance comes from superior risk management. “In the long term,” Hulme elucidates, “we believe markets reward those investors who focus on managing and anticipating risk rather than merely chasing returns. Risk contributions have a greater impact on performance than asset

**Key Priorities**

Hulme explains that one key priority for the next three years is to build more relationships with all the single-family and multi-family offices, the independent managers and the wealth managers in general. Secondly, he would like to sign several distribution agreements with leading local or regional Asian private banks. And finally, he aims to build out the insurance sector with a focus on unit-linked businesses as well as expanding sovereign wealth fund relationships.

"It is no secret," he observes, "that the asset management industry is getting more and more challenging, in terms of competition and the way other people are managing money. There is margin compression across the board for everybody, people are disenchanted with the returns of hedge funds in comparison to their fees and the private banks in the region are under pressure. It is in this environment that we offer solutions that make sense for the clients rather than the other way around, so we are not trying to product push."

Hulme therefore believes the industry has to become far more client-centric, far more focused on what the clients need rather than what the providers think those clients need. "We keep our clients happy by tailoring our solutions to what they need," he concludes.



Nicholas Hulme  
UNIGESTION ASIA

weight, and long-term returns are best achieved through downside protection. We also focus on rigorous portfolio construction and apply stringent capacity and liquidity management across all our portfolios.”

Unigestion therefore believes in partnering with investors to address these challenges for the long term. “Our philosophy is to understand client investor objectives in depth so that, using our risk management-driven approach, we can deliver solutions tailored to their specific needs,” he reports.

Hulme explains that the alternative risk premia strategy is designed to provide diversified returns, uncorrelated to equity and fixed income. “ARP was developed as an addition to a multi-asset or a balanced portfolio to reduce volatility and increase returns over the longer-term. For an investor to build the underlying risk premia by themselves is very complex and requires specialty expertise for the portfolio creation, hence clients warm to our expertise and tailored solutions.”

Hulme says that the firm has a team of around 13 experts managing the strategy, Joan Lee, Senior Portfolio Manager, was named amongst the finalists at

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Investment Week’s Women in Investment Awards in the UK for the fund manager of the year award.

### Getting Personal

Nicholas Hulme hails from Springs in South Africa, although his parents are both British-born and emigrated to South Africa in the 1970s. His formative years were spent there until he was five years old, and then in Germany and Switzerland, where he attended international school and then the University of Manchester in the UK.

Having studied social geography, Hulme began his working life as a tax advisor and tax specialist in Geneva, before joining Citigroup where he was acting as a junior banker and then investment analyst, and later part of the investment councillor team for ultra HNWIs and Institutions.

His next stop was Unigestion in Geneva in 2007, where he became a fund manager running long-only fund-of-fund solutions. He then took over a Unigestion fixed income portfolio of around USD300 million in assets.

He moved to Singapore in 2010 and continued to run portfolios, later deciding that he would prefer to look after business development for the region, a role he still has today, along with his position as General Manager for the region.

Hulme used to play a lot of golf but has now switched to training for and competing in triathlons. He also has a passion for skiing and snowboarding although his life in Asia for the past seven years has not allowed him as much time to enjoy that particular extreme sport.

Jerome Teiletche Head of Cross assets solutions and Olivier Blin Head of Systematic strategies who have been with Unigestion for four years running this ARP strategy and who were fulfilling a similar role elsewhere for roughly another four years beforehand.

ARP aligned with a macro overview. While people will argue that risk premia are uncorrelated and therefore should be weighted equally, we maintain that some risk premia do not perform very well in specific environments, so being able to adjust the portfolio dynamically to manage the macro environment is, we believe, essential. Nobody else does it like us.”

In terms of returns, Hulme reports that the expectation is cash plus seven annually with a volatility of eight. “And it is daily liquid and 100% transparent,” he adds.

Unigestion has been in

“What is perhaps unique is that we do not run our ARP strategy on equal risk weightings,” he elucidates. “Instead, we manage the

Singapore for around 10 years and Hulme has been located there since 2010 and has seen staff rising to a 13-strong team today. Asia-based target clients include large institutions, sovereign wealth funds, insurance companies, as well as private banks, ultra high-net-worth individuals (ultra-HNWIs), and distribution platforms. “We are really actively building out our client base in the region,” Hulme reports, “including the wealth management sector, so multi-family offices and independent wealth managers are also in our focus.”

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“The wealth management sector is currently highly receptive to the types of strategies that we have to offer,” he reports. “The sort of absolute return, cash plus seven or cash plus 4% type strategies that we run with a volatility of 8% or 5% respectively have great resonance with family offices, so we are expanding robustly in that area.”

“Some competitors do provide risk parity solutions across assets, with similar target returns cash+4%,” he explains, “but we take that one step further by adding a macro overview. What

**The world of alternative risk premia – Unigestion’s unique take**

In a research document the firm has on its website, managers of Unigestion’s Alternative Risk Premia Strategy (Jerome Teiletche, Joan Lee and Olivier Blin) explain that ARP investing has grown rapidly in popularity in recent years. The paper explains that a risk premium is the identifiable, replicable and exploitable compensation for taking investment risk.

“Traditional risk premia such as equities or duration are well-known by investors” the authors write. (please reference the Author) “Academic research has shown that much of what was previously seen as alpha was simply exposure to other forms of (alternative) systematic return sources associated with other specific risks.”

They explain that alternative risk premia investing dates back over 20 years on equities, based on academic research by Fama-French-Carhart, which identified several factors. These include: size (the tendency for small caps to outperform the broader market); value (where value stocks outperform the market over the long term); and momentum (where past winners outperform the market over the long-term). Similar patterns, they report, have been observed across the main asset classes, paving the way for a broad range of alternative risk premia, which they (Unigestion) believe can improve risk-adjusted returns.

For Unigestion in Asia, Hulme as GM for the region maintains that the firm’s clients are increasingly receptive to an understanding of what he sees as Unigestion’s unique take on alternative risk premia. This involves the overlaying of dynamic portfolio adjustment based on macro factors, rather than simply sticking to the view that ARP strategies should be run on equal risk weightings.

this means is we look at the types of risks inherent in each asset class, we size their positions

portfolio. This particular strategy, our Navigator strategy is up 2.2% year-to-date in an environment

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accordingly but we also overlay this strategy with a dynamic portfolio and an opportunistic

where most assets have been negative, so it is well received. The strategy was up 10% last year.” ■