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HP Wealth Management - continuing to build on a solid foundation

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How does a 'real' Independent wealth manager act and behave?

I think people read different things into the term independent wealth manager. I think interchangeable it's being used with multi-family office, family office, but I think those are only labels. It really matters what you do for the client and there's no right or wrong. If you want to focus on being an independent asset manager or an external asset manager and you manage portfolios for individual clients or families, that's fine. That's a good business model.

If you want to venture into the family office space or multi-family office space, you have to offer a little bit more than that. I think you need to be able to offer consolidation of assets, bankable and non bankable, and they probably also need to be able to offer access to private market opportunities. I think that's probably where the differentiation comes ultimately.

To take you to the dance, whatever you call yourself, EAM, multi-family office, family office is integrity and honesty. I think clients will very quickly understand whether you work for them, really with them and have only their best interest in mind. And I think that also translates to how you charge a client, right? And in our case for example, we do not take retrocession from the banks and the fund managers, we only get paid by the client. And I think that is a very strong foundation for a good relationship. That the client really knows you're not coming to him to sell him a structure product.

But I'm not saying the model we run is the only one that can be successful, but I think we have to make sure that whatever we do with the client, we disclose it very clearly. That the client fully understands what he pays, who he pays, and how the wealth manager is compensated. I think that's very critical and again comes back to honesty and transparency.

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You founded the firm 14 years ago - What is the secret to your success?

If I look back the last 14 years, I think we have consistency. We have consistency in the people we have. We have very little turnover. Our management consisting of three partners has been together for 12 years now so it's a pretty long time. We've been consistent in the way we manage money. We believe in setting out the strategic asset allocation that is aligned with the risk profile of the client and then we pretty much stay the course.

We know we cannot time the market, we are not better than anybody else out there, so we try to have a solid strategic asset location. We make tactical adjustments of course along the way, but we're not making big bets and we're not trying to time the market. Then if you stick to that, to your model, you're disciplined in rebalancing, et cetera, you'll get the outcome that the client expects, and I think that makes for a happy relationship that you have with your client. I think that's consistency in the people we have, consistency in what we do.

We have always only focused on wealth management, so we've not ventured into any other activities. We focus on that. And again, consistency and discipline in your investment process. Again, I think why we are where we are is we decided early in the game, when we started we said, "We want to have a very solid foundation, a robust foundation." We did not build that to sell it quickly after five or six years. We reinvested a lot of money into systems, into people, into developing our platform.

I think we have good people. We have very little turnover in key positions. I think we have a very solid system. We have a solid management team in place for many, many years and I think that allows us to continue to scale up our business and grow further with our clients.

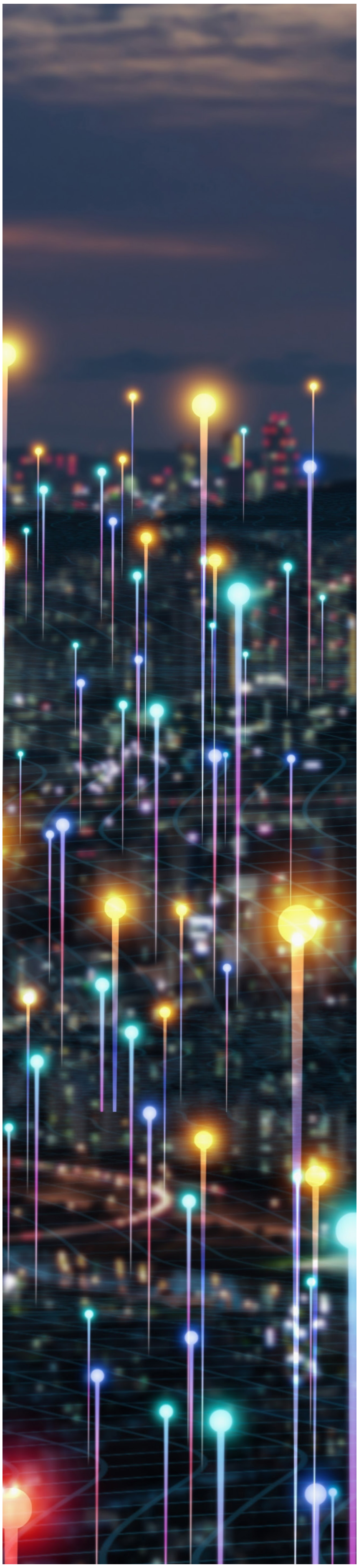
How did you decide your philosophy and process around investments is the right one?

Again, like in many, many things in life, there's no right or wrong per se, we just felt we are fairly conservative in our DNA personally, the way we think, we live and we invest. And usually you get the clients that you deserve that are similar in the thinking, and so we have relatively conservative clients across the board. We don't have leverage, for example, almost no leverage across the board from our clients.

Our clients are between conservative and balanced. If I look at the different risk profiles, we have very few clients who are active traders. Which is not really what we want to have anyway because we don't believe we can time the market and we can successfully beat an index on a sustainable basis, on the long-term basis. We keep it simple, we want to be well diversified for clients with quality investments and no leverage.

I think that allows you to go very well through downturns like the Covid situation in 2020 or the fourth quarter 2018, when markets fell off the cliff. I guess if you have a well diversified, quality portfolio without leverage, you will be getting out of this in good shape.

I mean, we have made a conscious decision to focus on wealth management and just sort of what goes with it, consolidation of assets, risk management or risk advisory for our clients across different custodian banks or different assets, and I think that pays off. I mean, if we need expertise in other fields, be that legal advice, tax advice, estate planning, trust, trusteeship, et cetera, we go to the best people or we think are the



best people in the market and work with them.

I don't think it pays for us to build up know how in all those fields because we will never be the best anyway. I think we should focus on what we think we know best and that is wealth management and work with experts in the fields of legal advice, tax advice, estate planning, et cetera. I think that's a much better, much stronger value proposition for the client than if you tried to be a jack of all trades.

Many firms like you have diversified by product and geography - while you have remained in Singapore and very focused - why is that?

When we started in 2009, we obviously started in Singapore. That's where home was for many years for all of us. And we had the temptation at some point to open in Hong Kong. We discussed Dubai potentially, but ultimately, we decided against it so far because we think it's easier to manage if it's in one location. I think it's still easier from Singapore to manage basically pretty much all Asian countries. We have also clients from Europe, from Dubai, et cetera, so there's no reason at this point in time for us to venture away from Singapore.

I think Singapore is probably the best jurisdiction at the moment to do wealth management from probably even better than Switzerland, so we see no reason. The market's big enough in Asia and Southeast Asia particularly so we're quite happy to be in Singapore where we are comfortable and have a great network of people to work with. The regulation is fine.

What are the priorities for the future?

If I fast forward five years down the road, obviously I would like to be substantially bigger than where we are today. And I think that can come from two areas. One is organic growth. We try to find qualified senior relationship manager with books that are interesting enough for us to bring them over and that they have the traction with the clients to bring those clients over. And the second one is obviously a potential M&A where we would be looking for smaller firms that maybe lack the scale or lack the succession plan or whatever, where we could combine and get to scale up like that.

I think we have been looking at that and we are open to that, but I think it's critical that the chemistry is right among all the parties involved. Because it wouldn't make sense if we merge with someone or buy someone that has very different view of what wealth management is meant to be. I think that this wouldn't go well. I think there has to be a good match of personality or characteristics, philosophy if you want even of the two firms for that to be successful. So we're quite mindful of that. ■