Investment Solutions Forum 2019 - Hong Kong Video Highlights

At the Hubbis Investment Solutions Forum 2019 in Hong Kong on September 19th, we asked leading industry experts - what are the opportunities and challenges for the year ahead?

Click here to view the video highlights.

We hope you enjoy this summary – it's packed with content from the forum. Click on the Speakers Name to view their BIO. You can also read the transcripts in this document - and click on Watch Video to view their exclusive interview.

Link to Content Summary page
Link to Photos
Link to Event Homepage

Who did we interview?

Donald Amstad
Chief Operating Officer
- APAC Distribution & Head of Investment Specialists
- Asia Pacific
Aberdeen Standard Investments
Watch Video

Stewart Aldcroft
Chairman
CitiTrust
Watch Video

Harold Kim
Founder and
Chief Executive Officer
Neo Risk Investment Advisors
Watch Video

Ryan Lemand
Senior Executive Officer, ADSI &
Global Head of Wealth and Asset Management, ADS Securities
ADS Investment Solutions
Watch Video

Entela Benz-Saliasi
Associate Professor,
Dept. of Finance
HKUST
Watch Video

Simon Godfrey
Senior Vice President,
Head of Products
EFG Bank
Watch Video

John Robson
Chief Commercial Officer
Quantifeed
Watch Video

David Lai
Partner & Co-Chief
Investment Officer
Premia Partners
Watch Video

Simon Ree
Founder
Options Club
Watch Video

Donald Amstad
Chief Operating Officer - APAC Distribution & Head of Investment Specialists - Asia Pacific
Aberdeen Standard Investments
Watch Video

The biggest challenge facing investors globally is uncertainty. And what is new about uncertainty is that it's not just financial and economic, it's now political. And frankly this political uncertainty is going to remain with us until we know the results of the US presidential election in November next year. So, in terms of what that means for CEOs of companies - they don't know where to invest and I, frankly, think that many CIOs of investment companies don't know where to invest. Equity prices are high and bond deals are low. So, the one way that we can overcome that uncertainty is to offer certainty, and investors can get that certainty by buying fixed maturity products. In Asia, many private banks are turning to these products because they offer their clients certainty in this age of uncertainty.

Stewart Aldcroft
Chairman
CitiTrust
Watch Video

Well, the biggest opportunity is to continue to serve the client better. The challenge is getting the clients to accept the business can deliver; half of this is about getting better returns, better investments. Some of it, from the provider perspective, will be to try and be more selective about the clients that they are dealing with. I think one of the things that has been a mistake perhaps by many of the banks is to try to take on too many clients, and then find that quite a large number of them are unprofitable. And so, this is where perhaps the bigger private banks, the bigger universal banks, are going to do quite well because they can be more selective about the type of clients they take on for the more specialist services. If you can get rid of the unprofitable part of the business, then you can make much more money; you can enable your relationship managers to be much more specialist, you can train them better and then they've got a better variety of product that they can deliver to their customer.

Harold Kim
Founder and Chief Executive Officer
Neo Risk Investment Advisors
Watch Video

First of all, I want to thank Michael and the team at Hubbis for their kind invitation to me to participate in today's conference. This morning, we talked about the challenges and opportunities that technology, both financial and computer, have presented to the wealth management industry. The broad takeaway is, as an investor, now, there are many more opportunities for an investor to express their investment view. Costs are going down, and access to products has grown exponentially. Trends like the rise of ETFs have allowed individual investors to essentially do their wealth management by themselves. On the other hand, advisory providers have been challenged. Costs of stock commissions have

gone down, and the difficulty in out-performing passive indexes or robo-advisors has led to a real challenging situation for advisory providers. If you are an active asset manager and you're not doing better than the relevant benchmark, you will lose assets. If you are a private bank that's not providing asset allocation advice that's better than a robo-advisor, you will lose assets to that technology. And so, we'll see how these challenges continue to evolve. Again, we believe that, on balance, the changes are very favorable for investors, but will be a challenge for private banks and active advisors.

Ryan Lemand
Senior Executive Officer, ADSI & Global Head of Wealth and Asset Management, ADS Securities
ADS Investment Solutions
Watch Video

The challenge is valuation, obviously. On the equities markets, valuations are very high. On the fixed income market, yields are very, very low, so opportunities are, to a certain extent, limited. We have to look at the short end. The second big challenge is politics, in general. So, this includes the trade war and the tensions in the Middle East.

Entela Benz-Saliasi
Associate Professor, Dept. of Finance
HKUST
Watch Video

So, if we talk about opportunity in ESG: it's a very big area. There is a lot of data, a lot of KPIs. However, if you really want to explore new territories, ESG should really be taking a much, much more precise direction towards climate change. So, talking about climate-related products, climate risk, and climate opportunities.

Simon Godfrey
Senior Vice President, Head of Products
EFG Bank
Watch Video

The opportunities for investors are really to stay invested in risk assets, as they have been since the beginning of this year. We do believe that the chances of a recession in the next 12 months are not high, and therefore investors should continue to enjoy good returns in risk assets and equity markets, in particular. However, at the same time, we must remember that we are in the mid to late cycle, and therefore we must also look for the risk of recession coming over the horizon at some point in time, or at least an end to the credit cycle. Therefore, I believe investors should be cautiously optimistic about conditions in financial markets.

John Robson
Chief Commercial Officer
Quantifeed
Watch Video

The challenges that the industry are facing at the moment relate to the fact that customers really are demanding more, and they're interested in having greater transparency. They recognise the trend towards passive instruments, they want lower fees and they expect their financial services provider to give them better engagement through digital technology. So, I think while that's a challenge, I think it's also an opportunity because there are great opportunities to now build model portfolios

using a combination of both active managers, where those active managers can add value, and lower cost ETF products, and to deliver those model portfolios through really engaging technology solutions that provide the customer with his wealth management, anytime anywhere, in a really effortless manner.

David Lai
Partner & Co-Chief Investment Officer
Premia Partners
Watch Video

Investors are facing a big challenge in the market, in the sense that, one thing is the recession fears in the market. Because the investor U-curve is indicating the US market, the economy, may be facing a very big challenge going forward. At the same time, the stock market has been quite stretched in terms of valuation. If they look at the risky side of assets, let's say the emerging market, they are also worrying about a trade war happening between the US and China. It seems to be a very lengthy issue, which cannot be fixed quickly at the moment. The third thing they are facing, the big challenge, is that negative-yielding debt is getting more and more. Right now, it accounts for around 30% of the total investment-grade fixed-income area. "What should the investor do in this market?" is a big question right now.

Simon Ree
Founder
Options Club
Watch Video

One of the big challenges facing the wealth management industry right now is that pretty much all our SIC classes look expensive. Bonds look expensive. There's been a lot talked about the huge amount of negative yield in debt. Equities looks expensive, certainly not cheap. Real estate in most parts of the world look expensive. And so if your investment strategy is pretty much reliant on asset prices going up, you could be in for a very few lean years. ■