INVESTMENT ADVICE

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January 2015


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FOREWORD

Greater regulatory scrutiny combined with changes in client behaviour in relation to investment decision-making are forcing banks to rethink how they provide and execute investment advice.

The need to make assets stickier and encourage clients to take a longer term approach to their portfolios further compounds the challenges that the industry is facing.

In response, it has become a priority to provide the right advisory tools along with the investment strategies and portfolio solutions to better equip relationship managers (RMs) and other advisers to have more relevant and appropriate conversations with clients. They need to find the right mix of assets and risk for them, in turn enabling wealth managers to better monetise their relationships.

The use of technology and digital solutions to ensure efficient execution and usability of information is a key part of achieving this.

Redefining the value proposition is, therefore, essential. And it is already leading to a greater role for managed solutions and discretionary portfolio management specifically – albeit still relatively limited for the time being.

The goal is to provide world-class investment advice as part of a more rounded and sustainable advisory capability.

The content in this publication reflects these issues, opportunities and challenges, along with other market trends which will impact the look and feel of the industry going forward.

I hope you enjoy reading these insights and derive value from them.

Andrew Crooke
Editor
Hubbis

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40% to 50%

"Around 40% to 50% of the managed investments business [at Citi Private Bank] is invested in mutual funds and separately managed accounts (SMAs)."

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800%

"Use of hedge funds increased by 800% from September 2012 to September 2014."

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"We started with roughly 500 funds. Now, we offer 300. Of that, we closely monitor approximately 80, which include a list of 15 that are typically in focus."

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US$2 bn

"As a bank responsible for managing over US$2 billion worth of discretionary assets in Asia, LGT sees a promising future for DPM in the region."

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US$2,500

"When GDP crosses US$2,500 per capita, that's when consumption really takes off"

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30%

"In 2006, private investors accounted for only 3% of the commercial real estate market; by early 2014, this number had increased to 30%"

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FEATURE ARTICLE

ADVISORY MODELS & PLATFORMS: DO THEY NEED TO BE REBUILT?

THE ADVISORY MODEL OF THE FUTURE WILL RETAIN HUMAN INTERACTION WHERE GUIDANCE AND EXPERTISE IS NEEDED, BUT WILL BE SUPPORTED MORE SIGNIFICANTLY BY THE USE OF TECHNOLOGY AND DIGITAL SOLUTIONS TO ENSURE EFFICIENT EXECUTION AND RELEVANCE OF INFORMATION.

Successful advisory models and platforms are evolving in line with the changing needs and increasing desire of clients towards a faster, more efficient, more consistent and more customised offering.

As this happens, technology is expected to play a more prominent role – although the extent will depend on the customer segment, product type and individual preferences in relation to the delivery channels.

Bryan Henning

Barclays

"It is also important to be there for the client when things go wrong, especially given that it isn't possible to always get an investment call right"

"When it comes to advisory models, it is all about client engagement, including timely updates with market information, and a mix between tactical trading ideas balanced against holistic advice. It is about bringing quality product ideas to clients"

DIFFERENTIATED ADVICE

According to Bryan Henning, head of global research & investments for Barclays in Asia, there are two key differentiators that set advisory processes and platforms apart: service and advice.

When it comes to advisory models, he says it is all about client engagement, including timely updates with market information, and a mix between tactical trading ideas balanced against holistic advice. In short, it is about bringing quality product ideas to clients.

Once the advice is given, added Henning, it is about standing behind that advice and being transparent about performance as well as, to some degree, fees.

"It is also important to be there for the client when things go wrong, especially given that it isn't possible to always get an investment call right," he says.

For Marc Van de Walle, global head of products at Bank of Singapore, the

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ability to give good advice in private banking is all about understanding the client. But, he adds, this is something which relationship managers (RMs) don't generally do enough of.

Further, good advice focuses more on risk than return.

"This is the element that is more possible to control," says Van de Walle.

Adding local colour to make the offering Asia-specific is another component of a successful advisory process, explains Angel Wu, regional head products & solutions for ABN AMRO Private Banking in Asia. As is after-sales service, which has to be ongoing.

A strong value proposition also involves demonstrating relevance to investors.

From a product provider's perspective, that has meant creating more dedicated currency classes, and being able to explain how a particular currency can help add value to portfolios, says Gopi Mirchandani, senior vice president, business development, at Fullerton Fund Management.

Being known for a specific expertise will lead to the opportunity to customise solutions going forward, she added.

Ultimately, it comes down to overcoming the trust issue, which, says Seamus Donoghue, chief executive officer of Allocated Bullion Solutions, depends on an ability to align interests.

"Transparency plays a big part in this, and technology can facilitate the transparency around transactions and fees."

FINDING A ROLE FOR TECHNOLOGY

In certain ways, industry practitioners are, however, divided over the extent of the potential for technology to be incorporated within the advisory process. For example, says Van de Walle, while a lot of banks are trying to automate the advisory process to enhance efficiencies, it needs to be made relevant to every client.

Michael Coglin, Singapore-based head of investments at CTCB Private Bank, agrees that providing good advice in private banking is not formulaic, so building in flexibility is essential to what advisers do.

Marc Van de Walle

Bank of Singapore

"Good advice focuses more on risk than return. This is the element that is more possible to control"

"The ability to give good advice in private banking is all about understanding the client. But he added, this is something which RMs don't generally do enough of"

Angel Wu

ABN AMRO Private Banking

"We cannot ignore [the technology preferences of the next generation] and need to evolve the advisory process accordingly"

Gopi Mirchandani

Fullerton Fund Management

"Being known for a specific expertise will lead to the opportunity to customise solutions going forward"

"There is a need to use technology solutions to send very specific investment ideas to individual clients based on their profile and objectives, and through multiple delivery channels. While technology will never replace the RM, it already does much more than many people use it for. It can also help break down the layers between ideas, information and the end-client"

From another perspective, since one of the most important things in the advisory process is being able to get ideas across to clients, creating smart delivery channels using digital solutions is an essential aspect of the process.

Harmen Overdijk, managing partner of CAIDAO Wealth, says that there is a need to use technology solutions.

He sees their value in, for example, sending very specific investment ideas to individual clients based on their profile and objectives, and through multiple delivery channels.

While technology will never replace the RM, he adds, he says that it already does much more than many people use it for. It can also help to break down the layers between ideas, information and the end-client.

There is a danger, too, of under-estimating just how tech-savvy today's clients are, he adds.

PLOTTING AN AUTOMATION PATH

The key question that practitioners continue to debate in relation to the applicability of technology is: should the advisory process of the future be automated?

In Henning's view, automation and technology is most likely to have an impact in facilitating the delivery of flow product, such as FX and certain types of structured products.

Plus, add others, technology is important to deal with compliance requirements from the regulators in various markets.

This is, for example, in relation to monitoring concentration risks, and to ease the administrative burden on RMs in relation to client onboarding and suitability checks.

In line with the drive towards greater efficiency for the front-line, finding a

Harmen Overdijk

CAIDAO Wealth

"There is a need to use technology solutions to send very specific investment ideas to individual clients based on their profile and objectives"

solution to get the right information to the right RM – to help them give the right advice to the end-client should be another key goal, says Van de Walle.

Gopi also agrees that there is increasing pressure to deliver data more quickly and "on the go".

Perhaps another role for technology is in helping private banks to segment their customer base in a more granular way, and one which also makes the offering economical for a certain group of customers.

With IT budgets constrained, however, having the right business case and being specific about what to automate is essential.

The need to embrace new technology and delivery channels to disseminate the right information is also important to servicing the next generation.

"We cannot ignore this and need to evolve the advisory process accordingly," says Wu.

Yet she is another advocate of the personal touch, rather than relying on technology to do anything more than enhancing the relationship.

FEE CONSIDERATIONS

Shrinking margins are another driver or consideration in relation to boosting spend on technology.

According to Donoghue, transaction-based firms will face increased pressure on their business model, so will need to invest heavily in technology to free up expensive resources to understand clients and be able to charge for the value-added services they provide. "We don't have difficulty securing fees for clients who believe in our service," adds Coglin.

Seamus Donoghue

Allocated Bullion Solutions

"Technology can facilitate the transparency around transactions and fees"

"The cycle of communication and looking after client assets is key to helping them understand the state of the markets and the impact on portfolios – which is based on advice from their bankers. Private banking shouldn't under-sell itself"

The cycle of communication with clients and looking after their assets is key to helping them understand the state of the markets and the impact on their portfolios, he explained – which is based on advice from their bankers. Private banking shouldn't under-sell itself, says Coglin. ■

Michael Coglin

CTCB Private Bank

"We don't have difficulty securing fees for clients who believe in our service"

CITI'S CONVICTION FOR MORE ASIAN DISCRETIONARY MANDATES

WEALTHY ASIANS ARE GRADUALLY GETTING MORE COMFORTABLE WITH DISCRETIONARY PORTFOLIO MANAGEMENT, SAYS ROGER BACON, HEAD OF MANAGED INVESTMENTS AND ADVISORY FOR CITI PRIVATE BANK IN ASIA PACIFIC EX-JAPAN. THIS IS LED BY A GREATER FOCUS BY INVESTORS ON RISK MANAGEMENT, A GROWING ROLE FOR PLATFORMS AND TECHNOLOGY, AND PRESSURE FROM THE REGULATORY ENVIRONMENT FOR MORE TRANSPARENCY.

There is little doubt that the changing investment and regulatory landscape in Asia is paving the way for a more structured advisory engagement between bankers and their clients.

This is also coming as Asia's wealthy catch up with their counterparts in other parts of the world in terms of how they view their portfolios and what they want to see in terms of stability of returns.

With risk management and asset allocation as the new starting points of a conversation about investments – rather than simply implementation like in the pre-2008 era – the new mentality is leading to greater scope for discretionary offerings.

What this means in practice, says Roger Bacon, head of managed investments and advisory for Citi Private Bank in Asia Pacific ex-Japan, is clients at the upper end of the wealth scale are much more actively utilising mutual funds than they have done so in the past.

Instead of being perceived as retail-only type vehicles, there is a broader acceptance among private clients that mutual funds are an efficient way to deploy money rapidly into all manner of riskier assets.

Indeed, the conviction about the potential for discretionary portfolio management (DPM) is strong within Citi, says Bacon. "We would not have made an investment in bringing in expensive portfolio managers unless we saw that the clients had a great appetite to increase their allocations to discretionary."

PUSH AND PULL DRIVERS

According to Bacon, DPM for private banking clients should be the norm.

Yet this has been a slow road for institutions in Asia. When he joined Citi Private Bank in 2010, for example, the discretionary business represented about 5% of the assets within the managed investments segment.

Now, it is nearer 15%, he says, with managed investments accounting for roughly 40% of the private bank's P&L.

Putting this in further context, around 40% to 50% of the managed investments business is invested in mutual funds and separately managed accounts (SMAs), run by external fund managers. Then there is around 10% to 15% in hedge funds, 10% in private equity, and possibly 10% in real estate.

Discretionary mandates then account for the remaining 15% or so.

Roger Bacon
Citi Private Bank

Bacon sees two elements to the DPM story in Asia: clients and product.

In relation to clients, there is no doubt that their levels of trust in the industry generally have increased in the last year or two. "It has taken them some time to get past 2008," says Bacon. "But now, we have seen clients have greater propensity to increase allocation to discretionary mandates."

From the product perspective, it is a function of adding a specific Asian-focused range of solutions to the existing global product proposition.

"In addition to core global equities and core global fixed income discretionary mandates, plus global fund of funds capabilities, we have now supplemented that with Asian versions of our fund of funds offering, as well as Asian equities and Asian fixed income capabilities with mandates where clients directly give us discretion and are buying single securities," explains Bacon.

Over the long term, he predicts that discretionary mandates will account for more than 30% of the bank's managed investments business.

He is realistic though, as for Citi, the trading and capital markets part of the business is still a significant driver.

THE RIGHT PLATFORM

Demand for discretionary offerings, however, won't be sustainable without being supported and facilitated by sophisticated risk management, technology and other infrastructure.

There are various ways that banks can approach this. But from Bacon's viewpoint, while everyone talks about open architecture, only a few managers and distributors are really able to fully deliver on that.

"The reason for that is simple," he explains. "Some of them don't have an in-house asset management business. And for many of the larger providers, there is still a perception from some clients that the relationship managers might be steering assets to the in-house business."

Bacon doesn't have to worry about the conflict issue. "Because we don't have the asset management business, the vast majority of what we deliver to our clients is external managers."

To make that side of the offering slicker and more sophisticated, to enhance the overall value proposition, Asia is also seeing a number of providers enter the SMA / DPM space. They are looking to improve what Bacon calls the "plumbing" of these types of solutions.

Yet the challenge for many providers comes down to availability of quality product. "Product providers don't want to be on [the platform] until the distributors sign up, and the distributors don't want to sign up until the products are there," he explains.

Further, he adds, the providers and distributors need to be able to offer the solutions on a multi-currency basis to meet the needs of Asian investors.

"Some clients aren't happy accessing managers in US dollars," says Bacon. "If you are utilising a US dollar platform in the US for external managers, this might not meet the needs of Asian clients for multi-currency solutions."

Other considerations to get a discretionary model right in Asia include catering to the preferences of most clients for multiple custodians, to spread their counterparty risk.

As a result, a crucial aspect that aggregators need to consider, according to Bacon, is reporting. "There is no point in going to an aggregator if you cannot have properly aggregated, consolidated and cohesive reporting across multiple product providers." ■

THE FUTURE OF INVESTMENT ADVICE

CHANGING CLIENT BEHAVIOUR AND TIGHTER REGULATORY RULES ARE FORCING BANKS TO RADICALLY RETHINK HOW THEY APPROACH INVESTMENT ADVICE. THEY NEED TO REDEFINE THE VALUE PROPOSITION AND DELIVER A NEW SET OF CLIENT PROMISES WITH THE HELP OF INNOVATIVE TECHNOLOGY. BY BRUNO PATUSI, PARTNER AND WEALTH & ASSET MANAGEMENT LEADER AT EY FINANCIAL SERVICES SWITZERLAND

Investment advice, the bedrock of many private banks, has become more challenging. The level of uncertainty has increased.

The markets are more volatile, interest rates at a record low and geopolitical tensions on the rise. With memories of the last financial crisis still fresh in investors' minds, banks need to come up with new ideas to regain clients' trust. Investment advice is no exception.

NEW REALITY IN INVESTMENT ADVICE

Understanding the new reality is all about understanding clients. Investor uncertainty remains palpable with many preferring to hold cash in bank accounts rather than investing in securities.

Since the financial crisis, an average of 20% to 25% of assets have been held in liquid assets – up threefold on the pre-crisis level.

Bruno Patusi
Ernst & Young

"Banks need to come up with new ideas to regain clients trust. Investment advice is no exception."

But gradual changes are not the answer – the sector is facing a real paradigm shift.

Banks need to accept that the environment in which they operate is changing more quickly and more radically than ever before.

Those that manage to adjust will benefit from a unique opportunity to take investment advice to a whole new level.

The situation is further compounded by the sharp drop in transaction volumes for shares, structured products and alternative investments, coupled with a surge in demand for ETF products.

Investors are turning to low-cost, liquid and passively-managed products as if they had lost confidence in banks' ability to outperform the markets. Technology and digitalisation are also accelerating change.

Clients now expect a completely different advisory experience, irrespective of the channel used. And that does not just mean the younger generation

– tablets and smartphones are in widespread use among all age groups.

The stricter legal and regulatory framework is also a key factor shaping the new reality.

The wave of regulations triggered by the financial crisis is continuing unabated and flooding the business with complex issues to be addressed at pace.

Particularly relevant from an investment advice perspective are regulations designed to strengthen investor protection and improve transparency. Topics such as conflicts of interest and investment suitability are taking centre stage. Many of the current regulatory debates revolve around the topic of retrocessions.

Regardless of their outcome, the market is on the move.

Many providers claim that their discretionary mandates are already retrocession-free, and it seem to be that it is only a question of time before retrocessions may disappear from investment advice, too.

Increased tax transparency is also affecting the industry.

Tax-compliant clients expect more from the quality of advice with performance after tax becoming the new benchmark.

> "Clients now expect a completely different advisory experience, irrespective of the channel used. And that does not just mean the younger generation."

All of the changes outlined have a direct impact on banks' income.

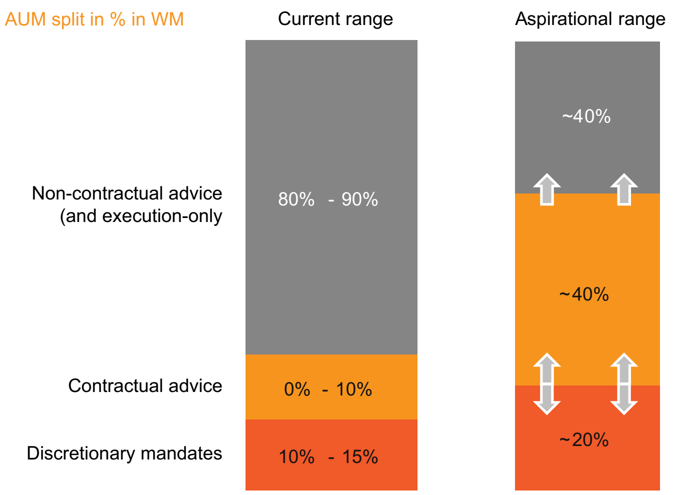
Brokerage and fee incomes are down; transactional revenue alone has plummeted by 20% to 30% since the financial crisis. With retrocessions set to become a thing of the past, banks face a serious challenge.

WANTED: RECURRING INCOME

From a bank perspective, the solution is clear: the downward spiral of falling income and margins must be stopped. Sounds simple, but in reality it's highly complex. Of all assets currently under management, only a small portion is held in discretionary or investment advisory mandates.

The overwhelming majority (some 80%) is managed without a contractual basis.

INVESTMENT ADVICE



Source: Ernst & Young

Credit Suisse Invest – investment advice redefined

From 1 April 2015, Credit Suisse is introducing a new advisory model in Switzerland and selected markets called “Credit Suisse Invest”. This new model gives clients control over the scope of advice, portfolio monitoring, reporting and research as well as investment proposals, according to their individual needs, expertise and interests.

The focus of Credit Suisse Invest is on transparency; clients receive a clearly-defined service offering comprising four different investment solutions. These services range from an annual strategic consultation with a client adviser to an actively managed and constantly monitored mandate.

Credit Suisse Invest also offers clients a new pricing structure that is considerably more attractive. Custody and transaction fees have been significantly lowered, and an advisory fee has been introduced based on the selected investment solution and the related services. In the area of investment funds, the new solutions will also be free of any retrocessions from 2016 onwards.

With Credit Suisse Invest the individual customer needs will be addressed more effectively. The new solution offers innovative features, such as portfolio notifications by text messages or email, and high transparency with respect to the contractually agreed service promise.

These clients still have access to advice, but do not pay for it directly. This has to change.

If banks want to halt – and ideally reverse – the negative trend, they must significantly increase fee-based mandates.

The long-term goal should be 60% – an ambitious target.

Banks will only be able to do this by adjusting the value proposition and focusing their key processes on the investment value chain and the advisory process.

TECHNOLOGY PUT TO THE TEST

In the current period of transformation, technology is the decisive factor when it comes to competition. Banks must be in a position to present concrete investment recommendations in a simple and transparent manner.

Automation and digitalisation are also creating new demands.

Used properly, innovative technology will help banks involve clients more actively in the investment process.

> “From a bank perspective, the solution is clear: the downward spiral of falling income and margins must be stopped.”

Tailored investment recommendations will continue to be the backbone of investment advice going forward.

However, it’s no longer enough for clients to receive the best product at the point of sale. Instead, they expect their banks to deliver best advice on an ongoing basis – at product and portfolio level.

After-sales services are thus becoming part of investment advice where clients pick and choose according to their preferences.

They define how much interaction they would welcome and select their preferred mode of contact – direct or digital.

Various service packages can also help accommodate clients’ differing needs: a conservative buy-and-hold client will require different services than, say, a more trading-oriented client.

One example would be giving them access to helpful instruments, such as simulation tools, that were previously only used internally.

Clients can run through the impact of individual investment recommendations on the risk/return profile of their own portfolio in real-time.

Banks need to rethink the way they interact with clients in general.

Clients should have access to the same information as client advisers as much as possible, so that discussions are held on an equal footing.

If banks want to make that connection to the digital world, this is the only way. Otherwise, they risk losing clients to new competitors.

Providers from outside the industry are already courting wealthy clients with innovative solutions. Leaders of today will find it increasingly difficult to stay ahead as competition increases and the need for continuous investments to maintain leadership position accelerates.

Banks need to implement a range of measures to ensure they can actually follow through with the new value proposition.

The investment value chain and advisory process must be reconfigured and digitised, IT systems adapted and client advisers trained.

Leading companies have already launched innovative advisory models or are in the process of doing so (see boxes on Credit Suisse and UBS).

Pressure within the industry is increasing.

Implementation requires considerable investment, which large companies in particular are making on their own.

But smaller and medium-sized banks can also take this route – through partnerships or by implementing external solutions and tools.

A NEW ROLE FOR CLIENT ADVISERS

The new focus in investment advice will mean fundamental changes for client advisers.

Tailored advice based on the experience and intuition of senior private bankers will become less important and, in turn, so will the ability to personally influence investment decisions.

Rather than seeking out exciting market topics or opportunities to elicit above-average investment performance, the adviser of tomorrow will rely on the support of specialists, who themselves will use innovative IT solutions to transform knowledge into tailored investment proposals for clients at the touch of a screen.

The adviser will benefit from comprehensive technical support, including systems to screen recommendations for cross-border compliance and suitability rules.

A NEW LANDSCAPE

Banks have no other choice than creating and delivering an enhanced customer experience.

The majority of clients want high-quality investment advice and are willing to pay for it.

Not only will this help banks maintain their revenue base, it will also benefit clients by providing them with a more comprehensive offering, increased transparency and tailored solutions. And, ultimately, clients should also benefit from better performance.

All of these are key factors that will help banks to win back the trust they lost during the financial crisis. ■

> "The adviser of tomorrow will rely on the support of specialists, who themselves will use innovative IT solutions to transform knowledge into tailored investment proposals at the touch of a screen."

Innovative advisory model: UBS Advice

UBS links investment advice with systematic portfolio monitoring. An agreement explicitly governs the extent to and frequency at which a portfolio is checked. The agreement also covers a transparent pricing model built on fixed prices or a low flat fee, coupled with a transaction-based component, depending on a client's requirements. The advisory offering will be free of retros as of 2016.

UBS Advice rests on the bank's desire to systematically and swiftly integrate its expertise and the impartial "House View" of the Chief Investment Office into the portfolios of advisory clients. In today's constantly changing market environment, this is an important endeavour.

At the centre of the offering stands a high-performance diagnostic tool that enables continuous portfolio monitoring. Software fed with UBS Wealth Management research data checks all the UBS Advice client positions every night for a range of risk criteria. If product or portfolio risks are detected, the client adviser contacts the client within no more than a week offering a selection of suitable solutions and providing other investment opportunities that heave been identified on the basis of thousands of simulations.

The client promise is based on a realistic assessment and annual review of the investment objectives and risk profile of each client. UBS Advice has been available for two years; an online version will go live in early 2015.

DRIVING AN INDEPENDENT ADVISORY MIND-SET

HARMEN OVERDIJK AND LODEWIJK LAMAISON ARE DETERMINED TO USE CAIDAO WEALTH AS THE PLATFORM TO PROVIDE THE TYPE OF INDEPENDENT ADVICE THEY BELIEVE CLIENTS NEED, AND ALSO WHICH THESE EX-PRIVATE BANKERS SEE AS ESSENTIAL IN HELPING ASIA GAIN GREATER TRACTION IN THE PORTFOLIOS OF EUROPEAN INVESTORS, AND VICE VERSA.

When Harmen Overdijk and Lodewijk Lamaison first discussed the idea of striking out on their own, they knew exactly what they wanted to achieve.

After working together for 14 years, most recently at EFG Bank and before that at Fortis Bank, the two were aligned in their desire to service clients in a new and different way: as independent asset managers.

"We wanted to set up our own shop six years ago," say Overdijk and Lamaison.

"We joined EFG because it was an entrepreneurial platform. We wanted to be independent in the long term because so many things are going to change in the financial industry," claim the duo.

Part of their vision at their new firm, CAIDAO WEALTH, is to be able to drive the Europe-Asia connectivity by giving clients from each region better information, investment ideas and, ultimately, access to opportunities on the other side of the world.

This is key, since many European family offices don't know what advice to trust and which investments to make – and even if they do decide to invest in Asia, their options tend to be limited and the costs are higher than they should be.

STEPPING STONES

Launched in September 2014, CAIDAO WEALTH is aligned with Chinese private equity investor Caidao Capital.

That fits neatly into the objectives of Overdijk and Lamaison – to build their asset book by continuing to bring in clients to service their portfolio management or private equity needs.

More specifically, by working closely with CAIDAO CAPITAL's managing partner, Ming Lee, the plan is to combine the networks on the ground in Europe to forge a greater link with Asia.

"We have known Ming for quite some time and have complementary skills and networks, and by teaming up we can deliver better solutions for our mutual clients," says Lamaison.

At the same time, the pair realise the need to focus clients' attention more on Asia, and especially China. "A lot is going to happen in the Chinese finance industry in the next couple of years, especially with the Shanghai-Hong Kong Stock Connect," says Overdijk. "So we will be looking at the opportunities there – whether these relate to funds or working with local asset management houses in China."

Allying with local asset management houses in Taiwan is also on the cards.

Harmen Overdijk
CAIDAO WEALTH

Going forward, they say they will be open to considering co-investment opportunities and club deals for their clients. But these are not priorities at the moment, they add.

"Most of our clients, for the bulk of their assets, still need traditional asset management," claims Overdijk.

CHANGE DRIVERS

In addition to their personal ambitions, the changing regulations across the region seem to have been an important motivator for the CAIDAO WEALTH duo to become independent.

"While some banks try to have an entrepreneurial model, it often gets curtailed by local regulations," says Overdijk.

The banks' reaction to tougher rules has been to ensure their products fit into what he calls a "box".

Yet having too many boxes is impractical, he explains, in turn forcing the banks to shrink their product range to such an extent that clients then find it restrictive.

So, for example, a client who likes Japanese REITs is prevented from buying the product if their bank doesn't participate in that space.

Such dynamics present a growing opportunity for CAIDAO WEALTH. "We can work with other parties," says Overdijk. "For example, we can offer our own investment portfolio management, but we can also work with some providers where other portfolio managers, through technology, can deliver portfolio management for our clients."

AN INNOVATIVE MIND-SET

Overdijk and Lamaison represent what the independent community needs more of in Asia: bankers with the client base, experience, confidence and – perhaps most importantly – entrepreneurial spirit to leave the comfort of a large institution to do things their way.

"The plan is to be more technologically-driven and use a stronger research-based approach than most of our competitors," explains Overdijk. "The idea itself is not rocket science, but we think we can offer our clients more choice," he says.

For example, Overdijk and Lamaison are already working towards creating an iPad app (in conjunction with Dragon Wealth) to deliver user-friendly online portfolio statements and asset allocation overviews.

LEADING BY EXAMPLE

At the same time, it is notable that one of the biggest hurdles for independent asset managers to date in Asia is attracting enough senior bankers to give these firms the fire-power required to develop more traction.

Lodewijk Lamaison
CAIDAO WEALTH

> "We are only going to do business with clients we like or have a chemistry with. And we are only going to hire people we have good chemistry with."

While a lot of RMs might not be entirely happy at their current banks, they are often also too comfortable to leave.

This is a very important element to both Overdijk and Lamaison.

"We want to be open for business to other senior RMs to join our firm," they claim. "We will build a platform that will entice RMs to consider joining us.

For Overdijk, the proposition is straightforward – for clients and potential new staff alike.

And it reflects his rationale for being his own boss.

"We are only going to do business with clients we like or have a chemistry with," he says.

"And we are only going to hire people we have good chemistry with," explains Overdijk. ■

A MORE RATIONAL, MANAGED APPROACH TO PORTFOLIOS

CHANGES IN PRODUCT APPETITE, THE EVOLUTION OF THE ADVISORY MODEL IN ASIA, AND GRADUAL GROWTH IN DEMAND FOR DISCRETIONARY PORTFOLIO MANAGEMENT ARE THREE OF THE KEY DRIVERS TOWARDS MORE MANAGED PORTFOLIOS FOR PRIVATE CLIENTS.

Managed solutions look set to play a more prominent role for Asian private clients going forward.

As a growing number of high net worth (HNW) and ultra high net worth (UHNW) clients become more sophisticated and knowledgeable from an investment and product perspective, the focus is moving towards a longer-term, more rational and sustainable approach to their portfolios.

This is according to three prominent product gatekeepers, speaking as part of a panel discussion hosted in Hong Kong by BNY Mellon Managed Investments Asia Pacific.

AN EVOLVING ADVISORY MODEL

With this shift in mind-set among clients, banks should more explicitly offer an advisory fee-based model, said Edouard Hoepffner, head of new product and client solutions for Coutts in Asia – instead of sticking to a predominantly transactional model.

At Citi Private Bank, Roger Bacon, head of managed investments & advisory in Asia Pacific ex-Japan, said there is already some demand for single and multi-asset class products on a wrap-fee basis.

However, he added, he is still waiting to see more inflows in this area.

An important catalyst is regulatory change. This is because the cost of doing transactional business has significantly risen in the last couple of years at the same time as transparency has risen, said speakers.

Another potential driver, meanwhile, is the concept of "valuable" advice.

As advisers move up the wealth chain, Kathryn Dioth, a chief investment officer from a family office, said that asset allocation is vital for HNW clients – which itself, she explained, is value-added advice.

If advisers can let clients know where the sweet spots are in the market, then there is more chance that they will embrace the concept of the advisory model, said Dioth.

Further, added speakers, is the importance of striking a balance between a lower fee structure for clients and a

Roger Bacon
Citi Private Bank

"I want providers to pick the top handful of world-class capabilities and be able to explain the value proposition as to why I should put them on my platform"

Edouard Hoepffner

Coutts

"Banks should more explicitly offer an advisory fee-based model, instead of sticking to a predominantly transactional model"

reasonable remuneration package for wealth managers.

For instance, selling mutual funds via a wrapped fee advisory mandate is gaining popularity both among clients and also advisers.

With clients not sticking to any one option, and instead buying the cheapest available, Bacon said this means that if they buy a fund using a retail share class, then any applicable retrocession which would originally go to distributors now goes directly back to the clients' account in this type of mandate – meeting both advisers and clients' interests at the same time.

MEETING EXPECTATIONS

When it comes to the meeting of expectations between distributors and product manufacturers, the gatekeepers on the panel said they are on the look-out for products that are more aligned with their objectives and the goals of their clients.

A typical conversation that Dioth said she has with product manufacturers, for example, would involve them pitching a discretionary portfolio using mutual funds. Yet what she really wants, she explained, is discretionary portfolio management (DPM) in direct securities, bonds and equities, which is managed on an ongoing basis by skilled teams of portfolio managers and securities analysts.

By operating on BNY Mellon's Spectrum platform, bankers can offer DPM portfolios that are in fact continuously managed by multiple managers around the globe who are experts in different themes and strategies.

For Bacon, he said he wants fund salespeople to know their product better. For example, he said he doesn't want to be offered 40 different funds from any one particular house.

This shows a lack of understanding in some cases as to the broad service and offering that the banks look to provide to their clients, added Hoepffner.

Instead, Bacon said he wants providers to pick the top handful of world-class capabilities and be able to explain the value proposition as to why he should put them on his platform.

This leads to more focus and less time wasted, he explained.

"Selling mutual funds via a wrapped fee advisory mandate is gaining popularity both among clients and also advisers."

Kathryn Dioth

Family Office

"If advisers can let clients know where the sweet spots are in the market, then there is more chance that they will embrace the concept of the advisory model"

DISCRETIONARY MANDATES ON THE RISE

A common theme among Asian private clients is the challenge they face in knowing which products and investments to choose from to meet their needs and goals.

As a result, Bacon, Hoepffner and Dioth all said they welcome the concept and growth in acceptance of DPM in Asia. However, they added words of caution as to the fact that banks – and individual bankers – must first earn clients' trust before being able to justify a shift into more discretionary mandates.

But a mentality of risk management and asset allocation as the new starting points of a conversation about investments is leading to greater scope for discretionary offerings.

The slow road has seen discretionary business at Citi Private Bank, for instance, rise from around 3% of the assets within the managed investments segment in 2010, to nearer 10% today, said Bacon, with managed investments accounting for roughly 40% of the private bank's investment business P&L.

For Citi, the specialised nature of the Separately Managed Account business in Asia means it is operated out of the US platform, which, said Bacon, is much less efficient for Asian equity managers to manage segregated accounts.

Plus, as the current infrastructure uses US dollars for certain products, it is less flexible for a typical client who doesn't use US dollars on a daily basis. "For broader discretionary mandates, we leverage our EMEA platform as well," explained Bacon.

And even once an Asian-centric platform is in place, Bacon added that clients will likely want to see the track record first before fully entrusting banks with their money.

At the same time, he explained, the spotlight on performance and the ability to make quick decisions means clients need a good platform to provide them with easy-to-understand and consolidated reporting.

> "A mentality of risk management and asset allocation as the new starting points of a conversation about investments is leading to greater scope for discretionary offerings."

And although the growth in this segment is promising, that number is still low compared with Europe and the US.

This, said speakers, is partly because of the relatively limited use of platforms in Asia, and partly because the lack of a track record.

ROLE OF TECHNOLOGY

Providing that type of service is where technology could be an enabler.

A typical client in Asia, for example, will tend to have four to five private banking accounts – and across these is likely to have dozens of investments and asset classes.

As a result, the reporting that clients get from each bank will likely look more like a thick book full of jargon which is hard to understand and follow.

A platform which can consolidate all portfolios and positions, therefore, and generate a report in an easy-to-follow format, will help both the advisers and clients to make better investment decisions together.

If that can be achieved, then it will fuel a faster take-off for DPM in Asia, said the speakers. ■

Emerging investor appetite in Asia

Investors in Asia are increasingly looking at the equity markets again, six years after the financial crisis, according to Roger Bacon at Citi Private Bank. He said he expected this to continue to be a theme for 2015, as more money vies for access to markets like China.

Yet lingering bad memories of the financial crisis are leading investors to look at equity opportunities in a more defensive way, added Bacon. Use of hedge funds, for example, increased by 800% from September 2012 to September 2014, he said.

Edouard Hoepffner of Coutts agreed with Bacon, seeing his clients put more emphasis on protection when talking about investment.

Within the fund space, meanwhile, Kathryn Dioth said that she expects to see more specialised funds in the market – such as those related to Chinese e-commerce and the healthcare sector.

GROWING THE FUNDS PLATFORM AT DBS PRIVATE BANK

SINCE THE ARRIVAL OF KELVIN TAN AS HEAD OF INVESTMENT FUNDS AT DBS PRIVATE BANK IN EARLY 2013, THE FOCUS HAS BEEN ON BUILDING OUT THE PLATFORM AND MAKING FUNDS A MUCH BIGGER FOCUS WITHIN CLIENT PORTFOLIOS.

Since joining DBS Private Bank in April 2013 as its new head of investment funds, Kelvin Tan has doubled the size of his funds team.

Two of the team members are focused on fund selection, which, he explains, is not due diligence, but instead trying to match the best offering in each sleeve relative to the overweight and underweight convictions of the chief investment officer.

This growth in the bank's presence in the funds space created much more awareness about the role of funds in portfolios. In turn, that created more confidence among clients, helped at the time by the performance of the broader markets.

NEW SOLUTIONS

According to Tan, building out the funds platform came about as a result of DBS Private Bank wanting to offer a solution in what was becoming an increasing volatile marketplace. "Many of our clients had already earned their money in their own businesses and were looking to invest over more of a medium and long-term basis."

By leveraging off the initial growth in 2013, the size of his business has continued to grow significantly in 2014, says Tan.

It has also resulted in him streamlining the offering. "We started with roughly 500 funds. Now, we offer 300, covering all asset classes, geographies, regions and even thematic offerings," he explains. "Of that, we closely monitor approximately 80 funds, which include a list of 15 that are typically in focus."

AN ADVISORY APPROACH

For the funds side of the DBS Private Bank offering, it is still an advisory approach, explains Tan.

The process starts with the chief investment officer coming up with a suggested asset allocation model for the different risk profiles. This outlines a suggested allocation for each asset class, making it is possible to then identify whether a position is either overweight or underweight.

The bank's relationship managers and investment consultants will then look at the portfolio of an individual client to be able to identify if there is any need for rebalancing.

Kelvin Tan
DBS Private Bank

And if the client agrees, Tan says the focus will be on trying to find the right instrument – whether this is a bond, an equity or a fund, for example – to add to the portfolio. ■

BACKING MORE DISCRETIONARY ADVICE IN ASIA

SIMON GROSE-HODGE, HEAD OF INVESTMENT ADVISORY AT LGT BANK IN SINGAPORE, SAYS IT MAKES INCREASING SENSE FOR ASIAN CLIENTS TO OUTSOURCE MORE OF THEIR INVESTMENT DECISION-MAKING TO DISCRETIONARY AND SPECIALIST FUND MANAGERS.

As a bank responsible for managing over US$2 billion worth of discretionary assets in Asia, LGT sees a promising future for discretionary portfolio management (DPM) in the region.

"We have always believed in the discretionary aspect of portfolio management in private banking, and the demand has definitely grown in the last few years," says Simon Grose-Hodge, the bank's head of investment strategy in Singapore.

There are a couple of specific reasons for his optimism.

Secondly, he adds, equity valuations are starting to get on more of an even keel again post-2008. Plus, portfolio performance is becoming more and more dependent on a specialist doing constant research and then being able to make selections based on a bottom-up approach.

The required level of sophistication is beyond the average investor, says Grose-Hodge.

"For these two main factors, a discretionary approach to portfolio management makes sense," he explains.

Simon Grose-Hodge
LGT Bank

"We have always believed in the discretionary aspect of portfolio management in private banking, and the demand has definitely grown in the last few years."

First, he explains, it stems from the nature of the investor base in Asia. Being so closely involved in the day-to-day operations of their businesses, they lack the time to manage their portfolios as attentively as they need to.

DRIVING VALUE

As a group, LGT Bank is heavily involved in the funds space, and fundamentally believes that the cost of outsourcing the investment decision-making to a manager is justified when looking at performance overall.

"Clients are interested in absolute returns," explains Grose-Hodge. "As a group, we are heavily involved in funds, and we have research which shows alpha can be generated by having more of an active management."

While ETFs offer certain advantages, including lower management fees, the potential for tracking error combined with the restrictions on the ability to be tactical and to discriminate count against them in Grose-Hodge's view. "What people might give up through buying an ETF just to avoid fees is too much," he explains.

The single biggest advantage of a fund over stocks, he explains, is diversity. Plus, there is an expectation that relying on the expertise of a specialist will inevitably pay off.

This is where taking a discretionary approach adds value, he says. Based on an individual's investment aims and defined risk profile, the fund manager will adapt the asset allocation and level of diversification in the portfolio at the outset – and then rebalance along the way as required.

"The fund manager decides what percentage of capital goes into each individual fund invested in, as they look to outperform the benchmark," explains Grose-Hodge.

A discretionary approach also enables the manager to move swiftly to react to market changes and take advantage of opportunities, for example by moving client money into an equivalent fund when necessary.

The benefits become even clearer the more technical the investment gets. "With a high yield bond or access to Chinese equities, for example, investors may choose to go with a specialist, who should be able to outperform," says Grose-Hodge.

THE RIGHT PRODUCT PARTNERS

Beyond its own organisation, via LGT's private bank, the firm only partners with those structured products desks at product manufacturers which are rated A or higher. "Even though other firms might be able to beat this group on pricing, we stick with those firms on our list," says Grose-Hodge.

Without an internal product team, he explains that the approach is to outsource to product manufacturers.

"But we tend to be bespoke about what we want," he explains.

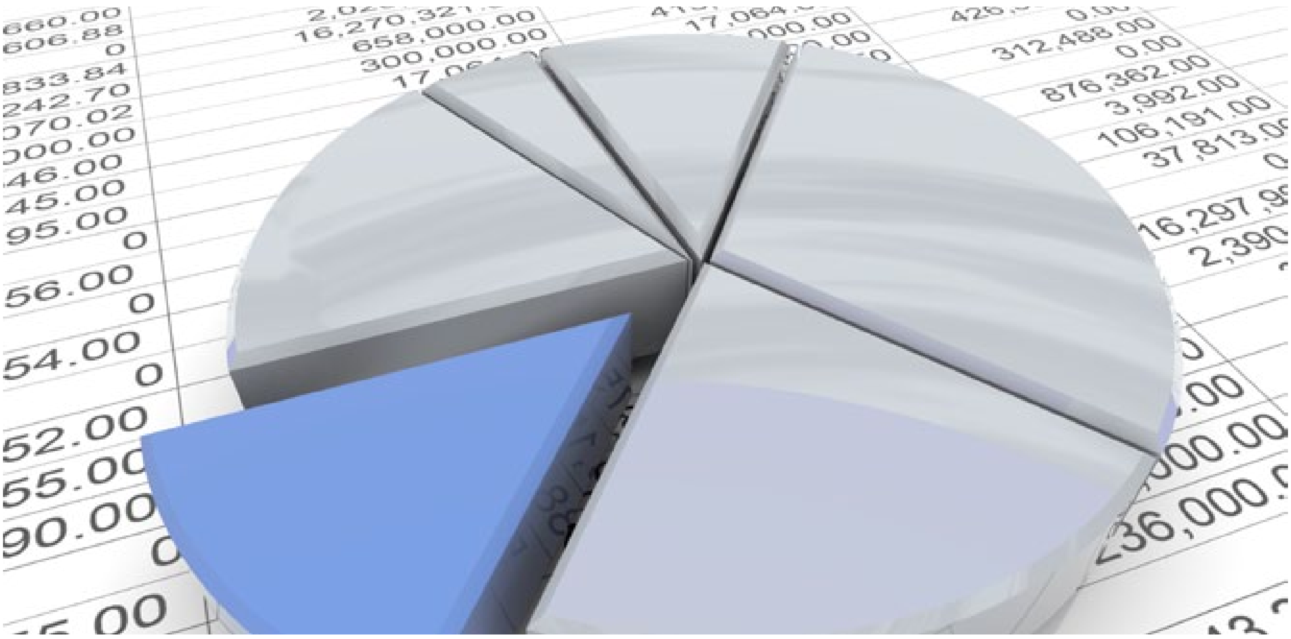
At the same time, many providers are reducing their product range – a development that Grose-Hodge welcomes as being rational in today's environment.

"It make sense to cut down on the number of funds they are offering. The compliance hurdles are higher, so to keep a recommended list of 200 funds, for example, is increasingly difficult."

For LGT, using its fund-of-funds approach, it has already got access to various funds which it runs.

Then within Asia, it has a relatively short recommended list for those markets which are otherwise not covered.

"The majority of our due diligence is done in our headquarters in Europe," he says, "as these are funds in which LGT is invested." ■



SHAPING A NEW INVESTMENT PERSPECTIVE

MOVING ASIAN INVESTMENT MENTALITY FROM SHORT-TERM TO LONG-TERM, INVOLVING MULTI-ASSET CLASS AND OUTCOME-ORIENTED STRATEGIES, IS CORE TO WHAT ANDREW ECONOMOS WANTS TO ACHIEVE FOR CAPITAL GROUP – NAMELY, BEING A GENUINE STRATEGIC PARTNER TO DISTRIBUTORS IN ASIA.

After dozens of interviews in a 12-month period, Andrew Economos had no doubt he was making the right decision in joining Capital Group in May 2014.

Part of the attraction was being part of an organisation with a genuine long-term perspective and commitment, both to its business strategy as well as its investment strategy.

And he hopes to continue to drive and reinforce this philosophy through his responsibility for the firm's institutional, private wealth and retail distribution businesses in Asia.

In a move he hopes will be his last for his professional career, his focus is to develop strategic solutions for clients, manage the distribution team, and cultivate relationships with institutions.

Being a good strategic partner to clients is only possible by building trust – and that can only be done over time, explains Economos.

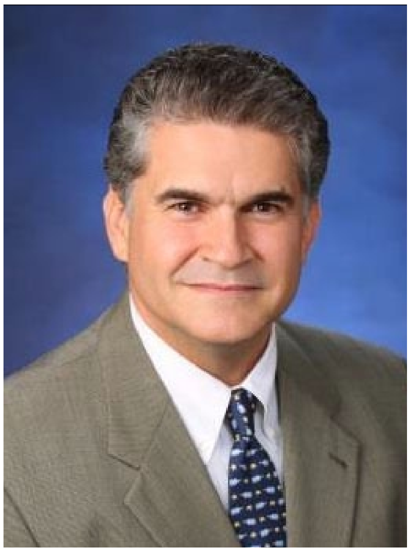
"We want to spend a lot of time with clients on education and training, to deliver some of these fundamental messages to help change the business in the way it looks at investing," he says.

HELPING THE INDUSTRY HELP ITSELF

Achieving the key objective of building a sustainable business for Capital Group in Asia over the longer term requires Economos to be able to encourage Asian investors to think long term. And to do that, he must practise what he preaches.

"The industry talks a good long-term game in relation to five- and 10-year money, but very few asset owners and asset managers have a five-year horizon," he says.

He points to what he sees as two great ironies of fund management. The first, he explains, is that the client furthest away from the capital markets is in charge of asset allocation – despite



Andrew Economos
Capital Group

> "The industry talks a good long-term game in relation to five- and 10-year money, but very few asset owners and asset managers have a five-year horizon."

this being equivalent to 90% of the risk, and potentially all the return.

The second irony, he says, is that while the client has undergone exhaustive due diligence in selecting the fund managers, they often tend to either ignore them or view them as consensus.

"Multi-asset class solutions are the future," predicts Economos.

In his view, the idea of being completely agnostic to sector, industry, asset class, region and country is the right way to manage money. "To impose discipline and micro-segmentation on portfolio managers who have 25-plus years of experience are artificial constructs forced onto the industry by the US pension fund model, and then propagated by consultants."

Outcome-oriented investing is also a key component of longer-term thinking.

"This lets us get away from the tyranny of the benchmark and the calendar year, to better meet requirements for private wealth in terms of retirement and other objectives," says Economos.

Asset allocation should be driven from the bottom up, spearheaded by research and security selection, he adds.

This involves picking the best managers for them to sort through the available investments and opportunity set, regardless of categorisations and segmentations in the financial markets. The managers can then pick the best securities in to the broad categories of stocks, bonds and cash.

With Capital Group being a privately-held firm, Economos says this attribute makes it more realistic to think longer term – which he says isn't really achievable if there is pressure coming from shareholders.

For example, for more than 50 years, it has combined concentration and diversification in a single portfolio.

"To impose discipline and micro-segmentation on portfolio managers who have 25-plus years of experience are artificial constructs forced onto the industry by the US pension fund model and propagated by consultants."

MAKING THE SHIFT AWAY FROM SHORT-TERM THINKING

According to Economos, the fund management industry ultimately does a disservice to the client by focusing on the short-term, including leading to what is more-often-than-not sub-standard product – as well as, inevitably, higher fees.

Not only does AUM remain relatively flat, in turn hurting the providers of retail and private wealth.

But institutions are caught up in a merry-go-round of managers who cannot be satisfactorily compared based on results over one or two years.

There is not enough encouragement given to clients to take a more disciplined and longer term approach to their strategies and investments.

"While this creates a trade-off in terms of alpha in the short term, it then allows the miracle of compounding within the portfolio over the longer term," says Economos.

With longer-term investing, therefore, a portfolio manager can look across the full business to ensure cost efficiency, explains Economos.

"Short-termism and micro-segmentation has meant the industry in many cases has lost sight of what it is really about," he adds.

"Even when looking at the most sophisticated institutions, they divide themselves by asset class-buckets. And private banks and retail platforms also do a similar thing. So what they need help with, is how to put it all together, as well as how to purchase the individual components," he says.

ASIA'S ALLURE

Given the global nature of Capital Group's investments, the business realised it must catch up, in terms of its focus on Asia.

The firm's first foray into the region was in 1982 with the opening of its Tokyo office.

Today, Capital Group employs more than 240 associates, 11 portfolio managers, 36 analysts, six economists, nine traders and six macroeconomists in Asia.

And it manages about US$17 billion for clients and investors across the region from its six offices.

These are in Tokyo, Hong Kong, Singapore, Mumbai, Beijing and Sydney.

Now the time has come to start talking more to Asian clients themselves, to encourage them to start thinking longer term.

"We are looking at Asia now because of the demographics, in terms of people getting older and wealthier," says Economos. This can be met by a multi-asset approach and outcome-oriented investment strategy to meet retirement needs, he explains.

into the mix. "The gatekeepers in private wealth are much more thoughtful, so we need people who are capable of representing the firm and pitching what we are offering," he says.

Instead of simply rolling out its entire fund range, it is prioritising the product-set that it is bringing to the Asian market, limiting it to those which add

"We are looking at Asia now because of the demographics, in terms of people getting older and wealthier."

Yet the firm doesn't have a rose-tinted view of Asia. "We realise the streets aren't paved with gold," says Economos. "But if we come up with product which meets the needs of clients over the longer term, then we will meet the needs of investors."

The short-term plan, over the next 18 to 24 months, is to add some institutional-quality relationship managers

value. That means some of the most successful US funds, he adds.

A more meaningful strategic relationship with a private bank means being "in deep" with the client in terms of decision-making. "We have the ability to help clients with strategic and tactical asset allocation needs, as well as product, whether this is co-branded or white-labelled," says Economos. ■

From rigs to riches

Born in Chicago to Greek immigrant parents, Andrew Economos was the first generation of his family to go to college. This gave him an appreciation of the value of education.

His focus on mining and exploration resulted in him getting a scholarship to a college in New Mexico to become a petroleum engineer. This also meant, every summer, spending time drilling for oil in the Gulf of Mexico.

Apart from the life experience he gained working on oil rigs, he also learned the true time-value of money during this time. "When a wrench goes down a 4,000-foot hole and stops a rig which costs US$100,000 per minute to run, you begin to understand the significance of this."

It wasn't too long before he traded the heady heights of working at the tallest point of an oil rig for the skyscrapers of Hong Kong, Tokyo and New York.

Economos' Asian exposure started 27 years ago, when he arrived in Hong Kong in 1987 as an analyst for Scudder, Stevens and Clark. He then became the portfolio manager for the firm's new Asia fund. Over the coming years, to 1994, he took charge of the firm's emerging markets business. After then working on his own hedge fund for several years, he was lured by JPMorgan to run a new set of consolidated trading desks for the bank. At JPMorgan, he also worked for the asset management and private banking businesses from 2007. From 2010, he had an institutional focus as head of sovereign and institutional strategy for Asia.

FINDING THE MOST VALUE IN ASIA TODAY

ASIA CONTINUES TO BE AN ATTRACTIVE DESTINATION WHICH LURES INVESTORS TRYING TO ACCESS ITS GROWTH STORY, SAID PANELLISTS AT HUBBIS' SWISS-ASIA WEALTH EXCHANGE 2014 IN ZURICH. THE CHALLENGING PART IS TO BE ABLE TO CHOOSE THE RIGHT INVESTMENT VEHICLE AND ASSET CLASS TO ENTER THE MARKET.

Norman Villamin
Coutts

"The landscape is much broader than it used to be in terms of how we can participate and how we can benefit from the growth dynamics of the region"

In years gone by, investors sought to access Asia directly. They bought Chinese property bonds and stakes in Asian telecom companies, for example, but ignored the need to appraise the share of the pie that these investments represented as part of the overall growth of the region.

"I think the landscape is much broader than it used to be in terms of how we can participate and how we can benefit from the growth dynamics of the region," says Norman Villamin, chief investment officer for Coutts in Europe.

But those investors which made mistakes from rushing into the market seem to have learned from them, adds Vikas Gattani, founder and chief executive officer of Progress Capital.

"They should have been looking at things like liquidity and volatility. An important factor now relates to the fact that Asian currencies can be very volatile, which is something investors have started to pay heed to."

"An important factor now relates to the fact that Asian currencies can be very volatile, which is something investors have started to pay heed to."

CONSUMPTION-LED GROWTH

While Asia has been a high-growth region for the past few years, a structural transition has taken place. "Previously, growth was driven outwards by exports," says Seamus Donoghue, chief executive officer of Allocated Bullion Solutions. "Now we are seeing it transition into consumption-led growth."

With such a change has come new opportunities to access the upside.

That being said, the various countries across Asia move at different speeds. Some of them, like China, have already

Vikas Gattani

Progress Capital

"Those investors which made mistakes from rushing into the market seem to have learned from them"

"Previously, growth [in Asia] was driven outwards by exports. Now we are seeing it transition into consumption-led growth."

moved into a phase where growth is driven by consumption while others, like India and the Philippines, are still struggling to transition and continue to depend on exporting services for growth. "When GDP crosses US$2,500 per capita, that's when consumption really takes off," says Gattani, quoting an IMF study.

It is soaring in China, for instance, where GDP is double that level, and consumption has taken off visibly in countries like Thailand and Indonesia, where the GDP is slightly greater than the quoted benchmark.

India, on the other hand, is only projected to cross the "consumption growth" threshold in 2017.

EVALUATING CHINA AND INDIA

While China and India are often seen as competitors, with China leading overall given its super-sized economy, panellists pointed to India as an investment destination which hasn't disappointed in terms of investment returns. "Investing in Chinese equities has not made money over a long period of time, whereas investing in Indian equities has made investors a lot of money," says Villamin.

He adds that he thinks it is important dig deeper into the two countries to find growth opportunities.

In reality, the differences between India and China are stark. In the former, the private sector is hindered by governmental roadblocks yet still leads growth and development; the latter is propelled by public sector enterprises spearheaded by government policies.

And according to Gattani, the election of the new Indian prime minister provides a stronger tailwind for business.

OPPORTUNITIES IN NEW MARKETS

With Asia's markets at different stages of development, new markets like Indonesia look promising.

In particular, Gattani expects consumption to take off in this market with the new government in place and seemingly augmenting the prospects of the country.

Countries like Burma and Vietnam, for example, are at early stages of opening up their economies to foreign investments, and the expectation is that at

Seamus Donoghue

Allocated Bullion Solutions

"Previously, growth was driven outwards by exports. Now we are seeing it transition into consumption-led growth"

Xavier Burkhardt

EuroFin Asia Group

"Globally one of the risks is the exposure to the slowdown of Chinese growth for some countries like Malaysia, Indonesia and Australia"

some point in the future they will put in place a regime that is pro-business.

To give it some context, Villamin says these two markets are probably at the stage where Thailand and Indonesia were in the 1980s.

"If you look back at those markets, you would want to be invested in the provision of electricity, telecoms, water and infrastructure," he says.

A RISKY ASIA OF TOMORROW

At the same time as getting excited about Asia's growth potential, investors must also beware the pitfalls.

In line with this, an early assessment of risks is important to be able to safeguard the portfolio from avoidable losses, said speakers. Key risk factors include geo-political issues and country risk, but many more are hidden beneath the surface.

"Globally one of the risks is the exposure to the slowdown of Chinese growth for some countries like Malaysia, Indonesia and Australia," says Singapore-based Xavier Burkhardt, investor relations manager for EuroFin Asia Group.

He also emphasises the difficulty in understanding all aspects of the venture when financing SME/SMI companies.

Therefore, he adds, transparency and corporate governance might be a source of risk, too.

This all highlights the importance of working with local partners which have a greater understanding of the domestic market, to assess such risks.

Villamin points to another important risk when he warns against underestimating the governments.

He calls it "long cycle reform", with it being hard to predict what each regime will do. ■

DRIVING A NEW FUND DISTRIBUTION MIND-SET

BRUNO LEE, REGIONAL HEAD OF RETAIL FOR FIDELITY INTERNATIONAL IN ASIA EX-JAPAN, HAS BEEN PIONEERING HIS OWN VERSION OF DISRUPTIVE DISTRIBUTION – WITH A PLATFORM WHICH OFFERS BOTH HIS OWN AS WELL AS THIRD-PARTY FUNDS TO RETAIL INVESTORS.

Staying relevant to retail investors today means offering them more choice, product diversification and ease of access – all in a user-friendly way.

For Bruno Lee, regional head of retail at Fidelity in Asia ex-Japan, this is exactly what he is delivering, as part of his contribution to the distribution revolution taking place in Asian asset management.

The expectation is that Fidelity's new platform will ultimately drive a new mind-set among investors as well as enhance the broader advisory process.

"There hasn't yet been a big push across Asia towards digital channels to offer products to customers," says Lee.

MORE CONNECTIVITY AND CHOICE

By creating a more connected and stronger customer engagement, advisers can be more prepared and effective in client interactions, explains Lee.

And by including access to third-party products, it is a genuine move towards the provision of more holistic advice.

Bruno Lee
Fidelity Worldwide Investment

> "The expectation is that Fidelity's new platform will drive a new mind-set among investors as well as enhance the broader advisory process."

In short, he has spearheaded a digitally-based funds platform offering Fidelity products alongside third-party funds from other global asset managers, to recreate the experience of a typical advisory offering an investor would get when interacting with a bank or insurance company.

"We have a very open-minded approach when dealing with other fund providers," says Lee. "Plus they need to assess whether the Fidelity platform will be a win-win for them, too."

Providing an unbiased product range as well as a greater choice will also boost customer trust towards Fidelity, he explains.

More specifically, the platform offers customers over 200 funds from 10 renowned asset management firms, explains Lee. These already include the likes of PIMCO, Schroders, Franklin Templeton and others. And he is speaking with more third-party providers to further bolster the platform.

The aim, he explains, is to give investors regional, broad-based funds which they can use as part of a longer-term portfolio-building process.

While 200 seems a vast choice, especially at a time when many distributors are streamlining the number of funds they make available at any one time to investors, Lee believes that having such variety at the outset is important. For example, he explains, it is both expensive and time-consuming in Asia to roll out a new fund, given regulatory requirements in terms of fulfilling due diligence obligations, as well as transaction costs.

Further, for those customers who want more of a solutions-based approach, there is a recommended list of 30 specialised or niche funds, across the 10 or so specific asset-class categories on the platform.

STRIVING FOR GREATER AWARENESS

Key to the vision behind the platform overall, is the fact that it changes the distribution model in the region from one which is a purely sales-driven effort towards something which positions the offering as providing more guidance and advice.

Further, adds Lee, Fidelity Solutions, which is a multi-asset and multi-management team based in London, screens the universe of Hong Kong-authorised funds. "They do quantitative and qualitative research to look at the consistency of the performance."

One of the biggest challenges to the platform's success, however, is making customers aware of this new distribution channel as an alternative option to their current choices.

Most investors are accustomed to buying investment products from banks and insurance companies. "This is a new concept to them," says Lee. "A fund house like ours can enable them to access multiple providers through a single platform." ■

> "One of the biggest challenges to the platform's success is making customers aware of this new distribution channel as an alternative option."

INNOVATION AND PARTNERSHIPS FOR A NEW ADVISORY LANDSCAPE

INTERNATIONAL FINANCIAL SERVICES (iFS) IS RESPONDING TO THE NEW REGULATORY-LED ADVISORY LANDSCAPE IN SINGAPORE BY BEING MORE STRATEGIC ABOUT ITS PRODUCT OFFERING, AND USING DIGITAL CHANNELS TO ENGAGE CUSTOMERS AND MAKE STAFF MORE PRODUCTIVE, SAYS EXECUTIVE DIRECTOR CHRIS IVINSON.

International Financial Services (iFS) has had a busy 12 months. In preparing for the new obligations on the firm and its advisers under new regulations in Singapore, it has signed a one-of-a-kind partnership with Jupiter Asset Management to ensure its clients have access to a core portfolio. Plus, it has made several key steps to enhancing its digital proposition for both customers and advisers alike.

For Chris Ivinson, executive director of iFS, dealing with the reality of today's more heavily-regulated environment is about keeping it simple.

For example, while many financial advisory firms are looking at increasing their engagement with the client by broadening the scope of services they offer, iFS sticks to its core capabilities.

This means avoiding giving specialist advice on matters such as a client's taxation requirements.

Instead, the firm helps its clients by introducing them to third-party organisations which are qualified to provide specialist advice in a competent manner.

Taking a more straightforward approach also explains why Ivinson likes the fact that the firm avoids funds which pay soft commissions.

In fact, it was one of the attractions of joining the firm in the first place.

He says he believes these types of funds tend to lack a sound investment strategy, which explains why they pay such high commissions.

But they're detrimental to the consumer at the end of the day, he adds.

PRODUCT PARTNERSHIP

One of the initiatives Ivinson has overseen in recent months is the creation of a partnership with Jupiter Asset Management in Singapore, to get access to one of the firm's mandates to serve as the core portfolio for iFS clients.

iFS' previous offering, he explains, allowed investors with the same risk appetite to have different portfolios, based on selection decisions made by individual advisers, albeit based on centralised risk profiling.

Today, the arrangement with Jupiter also gives iFS access to research which helps them customise portfolios for clients which have different risk appetites. This will finally help the firm provide uniform portfolios to clients which are better researched and less volatile, explains Ivinson.

Chris Ivinson
International Financial Services

Ultimately, he says that 85% of his customers are largely focused on avoiding losses, keeping ahead of inflation and getting a better return than they would by leaving their cash in the bank.

At the core, he expects to be able to deliver between a 6% and 8% return per annum, with a little more by using satellite portfolios for investors with a higher risk appetite.

A GREATER DIGITAL ENGAGEMENT

Another important evolution in the way iFS is looking to engage clients and its own advisers, is being able to make greater use of digital channels to become more productive.

Ivinson refers to an existing solution as a good example of that. "We have a system that provides valuations for customers and aggregates information from different insurance companies."

"We have a system that provides valuations for customers and aggregates information from different insurance companies."

So, for example, he explains that if a client holds some funds with Skandia and some with Zurich, the iFS system can fetch data from both insurance providers to give the client a consolidated report which is detailed and complete.

"This basically gives them a one-stop portal to go and look at the wealth that they hold with iFS," says Ivinson.

The way forward is all about combining the digital and personal touch.

Ivinson doesn't believe most clients are prepared to make important investment-related decisions based on advice received via the internet.

The potential for sweeping digital disruption the financial advisory space isn't something which therefore keeps him awake at night. "You can't say it's never going to happen, but I don't see it at this moment in time," he says. "This is something that has been tried historically but never successful because when it comes to big decisions people have to make, they aren't quite ready to trust them to an app or a website," adds Ivinson.

READY FOR THE NEXT 24 MONTHS

Finding ways to be more efficient and client-focused is essential for financial advisory firms in Singapore in the wake of the turbulence in regulations over the past six to 12 months.

And despite consultation papers issued by the Monetary Authority of Singapore (MAS), not everyone is clear about what the new landscape will be like.

From Ivinson's perspective, the MAS has taken a sensible approach. It looks at other regulations in other countries to see what works, and then melds the best practices together, he says.

For iFS, the implications of the Financial Advisory Industry Review (FAIR) won't represent as big a challenge as they will for some of the other advisory firms in the industry.

He says the firm already has much of the capabilities built in and up-and-running – for example, a separate compliance function and an internal sales audit team.

However, not every aspect of the new environment will be so smooth, explains Ivinson. For instance, he foresees a few challenges in relation to the balanced scorecard approach which MAS is introducing.

"If you look at the latest draft of consultation papers, the balanced scorecard has something like 18 pages attributable to it, so it isn't going to be that simplistic," he says. ■

HOW TO DELIVER INVESTMENT PERFORMANCE

TODAY'S INVESTMENT CLIMATE IS CHARACTERISED BY SIMPLER PRODUCT, NEW WAYS TO VIEW AND PRICE RISK, AND A NEED TO DIFFERENTIATE BY SERVICE.

There seem to be three core investment themes which are shaping the current investment landscape: a mispricing of risk; a search for yield; and policy divergence.

At the same time, the role of central banks has grown significantly, to the point where almost every asset class is now influenced by central bank policies, with asset price inflation despite the lack of price signals.

As a result, many of the traditional methods of looking at fundamentals and technicals have been made no longer relevant. This is compounded by the existence of more "black swan" events than ever before.

"At the liquid end of the fixed income market, for the first time ever in 2013, yield for high-yield deals were 6%; and in 2014 they have fallen below 5%," says Michael Levin, head of asset management product and head of alternative investments, private banking, at Credit Suisse in non-Japan Asia and Australia.

What is clear, he adds, is that investors are giving up a lot in terms of credit risk for the incremental yield.

Michael Levin

Credit Suisse

"Investors are giving up a lot in terms of credit risk for the incremental yield"

STRIVING FOR DIFFERENTIATION

In terms of investment appetite, simplicity and ease of transactions have become common factors in the market today, agreed speakers.

According to Bernard Wai, managing director and head of private client solutions, Asia Pacific, at Citi Markets, this is especially the case in relation to structured products, triggered by regulatory reforms. Post-2008, he explains, the industry has moved towards providing more commoditised products. At the same time, an increasing number of Asian clients are focusing on products outside of the region, especially in the US.

Yet without the scope to be overly innovative in relation to individual product, differentiation is more feasible through the service offering. Kylie Chan, head of sales for Old Mutual Global Investors in Asia, reiterates that

Hans Goetti

Banque Internationale A Luxembourg

"The role of central banks has grown significantly, to the point where every asset class is now influenced by central bank policies"

it is increasingly difficult to differentiate from an asset manager's perspective, given the shrinking gap between asset classes.

As a result, coming up with new products really means developing new product features.

Going through specialist managers has been one way to ensure differentiation, adds Geoffroy Ganshof, head of wealth management at EuroFin Asia Group.

FINDING YIELD

There are some avenues for investors to pursue in terms of yield.

Private lending offers attractive yields, for example in trade finance, says Ganshof. International investors are also underweight emerging markets despite the fact that these markets represent 57% of global GDP, explains Simon Hopkins, chief executive officer of Milltrust International.

"I would expect over the next decade to see a shift in focus by private wealth managers into these markets," he says.

Among the challenges to this, however, is the fact that those banks which represent the largest amount of distribution are focused on the fixed income space, for example via structured notes and bond funds, given their need to extend their balance sheets.

That limits the amount of scope for sales into equity mutual funds, says Hopkins, adding that while fixed income appears to be safe, this is far from true in practice.

Yet with exponential increases in regulation, the smaller firms get hit the hardest, explains Hans Goetti, head of investment for Banque Internationale a Luxembourg in Asia. "The question is whether the smaller firms have enough stamina to survive."

CHANGING PRIORITIES

While discussions between wealth mangers and clients pre-crisis tended to be about returns, with fairly indiscriminate allocations, clients are now much more conscious of risk.

They are also more receptive to new asset cases and strategies which can help them diversify. But at the same time, they are more realistic in terms of what they expect in relation to risk and returns.

"We lead with a discussion about risk," says Levin, "so investors shouldn't view allocations to investments like hedge funds as a leap of faith." The goal is to find what he calls "durable" investors and investment strategies. "The more conscious clients are aware of risk, the more they can capitalise on the opportunities of alternatives."

Bernard Wai

Citi Markets

"Simplicity and ease of transaction have become common factors in the market today, especially in relation to structured products, triggered by regulatory reforms"

When it comes to emerging markets, investors tend to invest on a global emerging markets basis, addz Hopkins. “The way to approach emerging markets is to deliver the component parts of an emerging markets strategy.”

EVOLVING PRODUCT OFFERINGS

According to Hopkins, there is the potential for a backlash against the largest players in the industry – once investors realise they have under-performed for many years, he explains. At the same time, there will be a move away from the short-term fad for ETFs and back towards active management.

Ganshof emphasises that investment strategies are more important than the individual product.

Adds Goetti: “It is our job to identify the investment themes and then discuss these with clients in order to manage their expectations, and then find the right managers to deliver investment performance.”

Levin says he is focused on the concept of “thinking differently”, with opportunities to be driven by regulatory changes and the obsession with liquidity. He says investors shouldn’t outsource due diligence, nor be obsessed with structures. By contrast, less liquid strategies are attractive, leading to a blending across structures and liquidity profiles to enhance diversification. And once the need is identified, Wai says it is then possible to innovate based on the actual requirements of the clients. Adds Chan: “We need to be more open-minded when advising clients on their investments.”. ■

Kylie Chan
Old Mutual Global Investors

“A key focus is to build the wealth of clients, which is based on determining the investment themes that we think will perform going forward”

Geoffroy Ganshof
EuroFin Asia Group

“Investors are paying a high price for liquidity in the bond market, whereas in private lending, with less liquid product, yield is more attractive”

Simon Hopkins
Milltrust International

“International investors are underweight emerging markets despite the fact that these markets represent 57% of global GDP”

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BUILDING HIGH-PERFORMANCE PORTFOLIOS

AS HEAD OF EQUITIES WITHIN UBS WEALTH MANAGEMENT'S INVESTMENT PRODUCTS AND SERVICES TEAM IN ASIA PACIFIC, ANDREW WILLIAMSON IS WELL-PLACED TO DETERMINE HOW CLIENTS CAN BUILD A HIGH-PERFORMANCE PORTFOLIO AMID TODAY'S CHALLENGING ENVIRONMENT.

Although transactional business still accounts for a large chunk of the revenue for private banks in Asia, clients are increasingly starting to move towards a longer-term investment approach.

At the same time, a healthier outlook for equity markets is stimulating interest for an increase in flow business, says Andrew Williamson, head of equities for UBS Wealth Management in Asia Pacific.

yield in the current period of low rates and low returns.

"Hong Kong and Singapore were short tenure markets, but clients are now willing to look at multi-year products," says Williamson.

More specifically, traditional equity linked notes and reverse convertibles have been two of the more common flow products within the structured products space. However, explains Williamson, clients should be aware of the risks when chasing yield, given the challenge in finding assets which are low risk but high returns.

"Hong Kong and Singapore were short tenure markets, but clients are now willing to look at multi-year products."

Andrew Williamson

UBS Wealth Management

ROLE OF STRUCTURED PRODUCTS

Among trends in investor appetite which Williamson highlights, structured products are regaining popularity in the region.

This is partly because clients are more willing to look at them again, as more time passes since the 2008 crisis. Plus, it is because investors are seeking

GROWING APPETITE FOR FUNDS

Besides structured products, Williamson says funds have recently been gaining traction among Asian investors, as they become more aware of the benefits of diversification and market access available via such vehicles.

In line with this, he says the aim at UBS is to optimise the number of funds it has on its open architecture platform.

The objective is to ensure a sufficient number of funds are available to enable clients to achieve both a diversification of managers and also the right underlying exposures through the products they have.

To achieve this goal, Williamson and his team are in close communication with product manufacturers, he explains, to come up with tailored funds which reflect the needs and desires of end clients.

"There is a greater understanding required by investment banks to know the needs of private banking clients," he says. "Products are designed to meet demands and needs rather than the other way around."

MORE OF A FOCUS ON ASSET ALLOCATION

Whether structured products, funds, or any other product, Williamson argues that investing can only be effective if asset allocation is correct within an individual client's portfolio.

"It's about getting asset allocation right, which means we work with clients to understand what they want to achieve," he says.

As part of this, some products may play a core role, while others may be side-lined, he explains. "It is all about what drives investment returns."

ROLE OF TECHNOLOGY

As part of the portfolio review which the bank has with its clients, Williamson says it is notable that technology is now playing a bigger role in the process.

While the relationship within a private banking context is always important, especially in a changing regulatory environment, technology, if used properly, can automate some of the processes and conversations with clients.

As a result, it improves the efficiency in relation to the interactions between RMs and their clients. "We have an obligation to service clients in the best way that we can," explains Williamson.

"So the use technology to be able to do that becomes more efficient," he adds.

"There is a greater understanding required by investment banks to know the needs of private banking clients. Products are designed to meet demands and needs rather than the other way around."

The bandwidth of relationship managers (RMs) is limited, he states.

And to a certain point, it becomes impossible for them to serve everyone equally, he adds.

At the same time, explains Williamson, this is no substitute for competency, so there is a continuous need for RMs to make sure they are aware of their clients' needs, and know how best to service them. ■

STRIVING FOR GREATER PRODUCT AUTOMATION

AKSHAY PRASAD, HEAD OF STRUCTURED PRODUCTS AT DEUTSCHE ASSET & WEALTH MANAGEMENT IN ASIA, SAYS MORE COLLABORATION WITH PRODUCT MANUFACTURERS IN TERMS OF THE INVESTMENT SELECTION AND POST-SALES PROCESSES, ALONG WITH MORE AUTOMATION, IS NECESSARY TO ENABLE BANKS TO DELIVER MORE RELEVANT ADVICE TO CLIENTS.

More can and should be done to automate and streamline the process of creating and selecting structured products if banks want to be able to give clients more advice as part of the selling process.

At the moment, too much time is spent by both the buy-side and sell-side manually executing transactions.

"There is a belief by many people that clients just want execution, but many of them come to their banks for advice," says Akshay Prasad, head of structured products at Deutsche Asset & Wealth Management in Asia.

Prasad, is the greater focus by investors on those products which they can better understand.

At the same time, the maturity and complexity profiles have changed.

Further, while there is still a lot of volume in vanilla equity-linked notes, accumulators and decumulators, there has also been a desire by some banks to find innovative ways to tap the market. An example of this came in the immediate wake of the financial crisis in line with the need to reduce balance sheets, enabling some good credit products to be structured.

Akshay Prasad
Deutsche Asset & Wealth Management

> "There is a belief by many people that clients just want execution, but many of them come to their banks for advice"

ENHANCING AUTOMATION

Before 2008, structured products had carved out a very strong footprint in the capital markets space in Asia. Today, the main difference, observes

One of the clearest and most significant trends still ongoing, however, has come in terms of transparency. "There is a strong regulatory push to ensure the timely reporting of transactions," says Prasad. "This is starting with vanilla products."

In turn, that has made the desire to be able to create more automated solutions ever-greater.

The benefit, he adds, is that a lot more time can be spent on providing advice and follow up with clients. And with this comes a better client experience.

For example, from a manufacturer's perspective, automation ensures faster, more accurate investment design and execution; from a distributor's standpoint, it facilitates faster product set-up and trade matching within the investor's portfolio.

For Deutsche, specifically, it has aligned with software solutions provider FinIQ to further automate the process.

Rather than maintaining the highly-manual process, the aim is to put more online to remove bottle-necks of communication and therefore enable more advice to be delivered, explains Prasad.

MORE TARGETED FOLLOW UP

In addition to the need for the structured products space in Asia to evolve in terms of pricing and execution, it is increasingly important to be able to provide more extensive after-sales service to clients, adds Prasad. "If everybody focuses on advice and conversations across the market, then there is a huge benefit for clients."

"It's not just about quick pricing, which is just one aspect of the whole service."

This is important, he adds, because more end-clients are looking for centralised and bespoke solutions, which go beyond one type of product or asset class.

It is therefore essential to be more relevant to them and to constantly ask for feedback in order to improve product performance and also, more importantly, suitability.

> "Rather than maintaining the highly-manual process, the aim is to put more online to remove bottle-necks of communication and therefore enable more advice to be delivered."

As a result, Prasad believes that a proper follow-up process could be a huge differentiator for manufacturers.

CHALLENGES

As promising as automated platforms and more client service sound, a big hurdle for product manufacturers to thrive in Asia, says Prasad, is making enough margin.

Regardless of the size of some of the traditionally-strong players in this space on the investment banking side, for instance, transaction volume is not sufficient enough for most banks to create a sustainable business. Some firms have already had to exit the market given the tight spreads and margins.

Being innovative, or a new entrant, therefore, might mean the potential to drive change.

Another challenge, adds Prasad, is ensuring that any platform which is built can deliver clear benefits – either in terms of price reduction or generating more businesses – in order to gain traction in Asia. ■

WHY COMMERCIAL REAL ESTATE IS NEXT FOR UHNWs

DAVID GREEN-MORGAN OF JLL EXPLAINS WHAT COMMERCIAL REAL ESTATE CAN OFFER UHNW INVESTORS, THE KEY MARKETS THEY SHOULD LOOK AT, AND WHAT ADVISERS MUST CONSIDER WITH THIS ASSET CLASS.

The commercial real estate market has shown strong fundamentals over the past 12 to 18 months. Demand has been strong, especially among ultra high net worth (UHNW) individuals, and buyers are competitive, says David Green-Morgan.

Particularly in Asia, appetite is not only fuelled by low interest rates, but also by the positive growth in the region's economy, he explains. Further, commercial real estate includes more than just office space – retail space, warehouses and hotels are all different types of properties which are of interest to investors.

> "Over the last 10 years, we have seen an explosion in private investors looking at commercial real estate for investment opportunities"

MORE BUYING POWER

The interest among UHNW individuals in commercial real estate has steadily increased over the past few years. In 2006, private investors accounted for only 3% of the commercial real estate market; by early 2014, this number had increased to 30%.

At the same time, deal sizes have increased significantly, too.

Singapore's Orchard Road and New York's Fifth Avenue, for example, have been part of billion-dollar transactions by either UHNW investors or a consortium of these types of clients. For properties in prime locations and mmaculate condition, the price gets driven up manifold, he adds.

Interestingly, says Green-Morgan, UHNW individuals, in the face of intense competition from some of the biggest institutions in the world, have outbid these organisations.

David Green-Morgan
JLL

The commercial real estate market is currently valued at US$700 billion globally, says Green-Morgan. Supply is facilitated through the availability of cheap finance and, even though prime space is scarce, redevelopments are on the rise.

The end-users, who often lease these commercial properties, are also seeking more space because of the expansion in the market, particularly in Asia. Investor confidence, it seems, is well-founded, he adds.

LEANING TOWARDS COMPLETE CONTROL

According to Green-Morgan, several investment vehicles allow UHNW investors a means to participate in the commercial real estate space.

"There is no doubt that real estate, and direct real estate, in particular, is benefiting from the low interest rate environment around the world"

Real estate investment trusts (REITs), ETFs, and equity in commercial property development firms are among the most liquid investments possible to provide adequate exposure to the target market.

However, Green-Morgan observes that in recent years, in a post-financial crisis world, investors increasingly seek complete control over the physical assets. This trend is pronounced in the Asian markets where wealth is growing, but is also sufficiently supported in the US, Latin American and European markets.

Investors might be spending the same amount of money, but they're looking at a different type of exposure in the same asset class, he adds. In cases of big ticket investments, UHNW individuals are coming together in groups to form special purpose vehicles (SPVs) which allow them to invest their wealth and give them equitable control over the asset.

Green-Morgan believes that private banking and wealth management firms are already entering into conversations regarding investing in commercial real estate with their clients.

Yet he cautions service providers that if their clients aren't coming to them with such queries, they might have enlisted the help of other firms.
Returns in real estate

Green-Morgan believes that although the current low interest rates seem to be driving the growth and demand in the commercial real estate market, it won't be much of a hurdle to maintain the interest in the market should rates be raised.

He suggests investor behaviour has changed over the last decade and real estate will continue to be a favoured investment around the globe, even when interest rates do start to increase. ■

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JANUARY

Forum
Compliance in Asian Wealth Management Forum
Thursday 22nd January, Pan Pacific, Singapore

High-Impact Briefing
Alternative investments
Tuesday 27th January, Hong Kong

Publication
Asset Management Yearbook

FEBRUARY

Forum
Asian Wealth Management Forum
Thursday 12th February, Conrad, Hong Kong

MARCH

Forum
Independent Wealth Management Forum
Thursday 12th March, Pan Pacific, Singapore

High-Impact Briefing
Commodities
Tuesday 17th March, Hong Kong

Forum
Taiwan Wealth Management Forum
Thursday 26th March, Le Meridien, Taipei

Publication
Independent Wealth Management in Asia

APRIL

Forum
Indian Family Wealth Forum
Tuesday 7th April, Mumbai

High-Impact Briefing
Income strategies
Thursday 9th April, Singapore

High-Impact Briefing
Real assets
Tuesday 28th April, Hong Kong

Publication
Family Wealth in Asia

Publication
Redefining the Digital Evolution in Wealth Management

MAY

Forum
Asian Wealth Management Forum
Thursday 7th May, Pan Pacific, Singapore

High-Impact Briefing
Commodities
Thursday 14th May, Singapore

Forum
Thailand Wealth Management Forum
Thursday 21st May, Four Seasons Hotel, Bangkok

Forum
Philippines Wealth Management Forum
Thursday 28th May, Shangri-La Hotel, Manila

Publication
Indian Family Wealth

JUNE

High-Impact Briefing
DPM
Tuesday 16th June, Singapore

Forum
Structured Products Forum
Thursday 4th June, Pan Pacific, Singapore

Forum
Redefining the Digital Evolution in Wealth Management
Thursday 18th June, Pan Pacific, Singapore

Forum
Malaysian Wealth Management Forum
Thursday 25th June, Le Meridien, Kuala Lumpur

Publication
Swiss Private Banking & Wealth Management

JULY

Publication
Wealth Management in Asia

Publication
Wealth Management in Malaysia

AUGUST

Forum
Indian Private Banking Forum
Thursday 27th August, Mumbai

Publication
Special Report on Equities

SEPTEMBER

High-Impact Briefing
Income strategies
Tuesday 1st September, Hong Kong

Forum
Structured Products Forum
Thursday 3rd September, Pan Pacific, Singapore

Forum
Vietnam Wealth Management Forum
Thursday 10th September, Melia Hotel, Hanoi

Publication
Special Report on Investment Advice

Publication
Special Report on Income

OCTOBER

High-Impact Briefing
DPM
Wednesday 7th October, Hong Kong

High-Impact Briefing
Alternative investments
Thursday 15th October, Singapore

Forum
Indonesian Wealth Management Forum
Thursday 22nd October, Shangri-La Hotel Jakarta

Forum
SWISS-ASIA Wealth Exchange
Tuesday 27th October, ConventionPoint, Zurich

Publication
Special Report on Insurance in Asia

Publication
Wealth Management in India

NOVEMBER

Forum
Asian Family Wealth Forum
Thursday 5th November, Pan Pacific, Singapore

Forum
Redefining the Digital Evolution in Wealth Management
Thursday 12th November, Four Seasons Hotel, Hong Kong

Forum
China Wealth Management Forum
Thursday 26th November, Grand Hyatt, Shanghai

Publication
SWISS-ASIA Wealth Exchange

Publication
Special Report on Emerging Markets

Publication
Wealth Planning

DECEMBER

High-Impact Briefing
Accessing China’s growing wealth
Tuesday 1st December, Hong Kong

High-Impact Briefing
Real assets
Thursday 3rd December, Singapore

High-Impact Briefing
Taking the IAM industry to the next level
Tuesday 8th December, Hong Kong

High-Impact Briefing
Taking the IAM industry to the next level
Thursday 10th December, Singapore

Publication
Adviser Technology in Asian Wealth Management

Publication
Special Report on Alternative Investments

Publication
Special Report on Commodities

Publication
Wealth Management in China