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Asia's Wealth Management Industry and the Quest to Drive Discretionary Portfolio Management

There is no doubt that one of the key missions for the private banks and independent wealth managers plying their trade in Asia has in recent years been to boost their predictable and recurring revenues, gradually shifting their models from the historical norm of a more transactional driven approach in the region. The panel of wealth management experts we assembled for our October 13 Digital Dialogue painted delegates a picture of the rationale and objectives around enhancing the DPM offerings and advised them on some of the lessons they have learned from their efforts to drive their DPM proposition forward. They looked at the offering from the client's perspective and paint a picture of why a more professionalised approach to portfolio management and asset allocation is especially advisable at this time and to mitigate the potential uncertainties ahead. They explained how DPM should be marketed and how it is not as completely hands-off as many of the more reluctant clients might have assumed. They sought to define the key processes and approaches that should be adopted for the best DPM offering and protocol to be achieved, both for the industry and the clients. And they debagted how the remuneration and management models must adapt to an environment in which the RMs are helping drive DPM adoption, rather than the historical 'product-pushing' and 'fees-for-transactions' models. They also set this evolution against the growing investor appetite for a core/satellite portfolio approach incorporating thematics and also different asset classes, including private (non-public) assets. And they looked at how the DPM model can accommodate or event front-line the trend towards ESG-driven investing.

SPEAKERS

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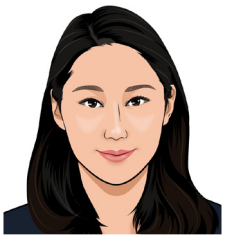

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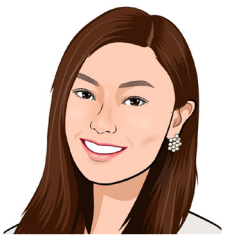

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An expert who had been working diligently for the past five-plus years to devise and communicate an optimised DPM plus advisory proposition explained that they had forged both into a holistic portfolio approach, centred on strategic thinking around a total portfolio strategy, aiming to combine the best of the institutional-type, systematic investment processes, aligned with more judgmental, emotionally driven market direction, thereby bringing the best of both worlds together for clients.

"We have been evolving the DPM offering constantly," he told delegates. "We take a highly systematic, very agnostic, and very quantitative process, and this approach has been successful in differentiating ourselves and attracting clients who have been looking for something that was not available so readily in the market."

Striving towards greater peace of mind

Another expert said their HNW and UHNW clients are interested in discretionary portfolio management as they increasingly see the value of diversification. "Over the 18 months in particular, we have seen somewhat of a paradigm shift, with a lot of sector rotations required to achieve decent returns in different asset classes," he explained. "Diversification has become the most important concern amongst our clients, and although we have clients that are actively trading their own accounts, they are now increasingly interested in what DPM can bring to them."

He explained that one advantage is clearly the peace of mind that DPM offers. "Most of our clients are very busy entrepreneurs or own or operate large businesses, and DPM not only gives them a very good risk adjusted return and robust risk management, but it also allows them to monitor their portfolios, and see how things are developing," he told delegates. "We conduct regular portfolio reviews with our clients to monitor how they perform in terms of asset classes, thereby engaging with the clients and the result is we have been seeing increasing demand for DPM amongst our family office and other clients."

Expert Opinion

JEAN-LOUIS NAKAMURA, Chief Investment Officer, Asia Pacific - Chief Executive Officer, Hong Kong, Lombard Odier

"The main value of DPM lies in offering clients a way to manage portfolios they won't follow or apply themselves, either because the DPM process relies on sophisticated methodology/tools, or more fundamentally, because it requires a non-emotional discipline most individuals would hardly be able to stick to when they manage their own money".

ISAAC POOLE, Global Chief Investment Officer Portfolio Manager, Oreana Financial Services

"Helping investors understand our processes, our beliefs and philosophy and the investments that go into our portfolio that drive our performance, has been critical in increasing the uptake of DPM."

Growth aplenty in Asia

A guest told delegates how in Singapore, their firm has actually increased AUM in DPM by up to USD1.7 billion, driven significantly by Chinese clients managing their wealth out of Singapore and also through Hong Kong.

"We are not able to share specific numbers but we are increasing the penetration rate for our DPM across all our clients, and we are already seeing a very good double-digit growth vis-à-vis on a year-to-year basis," he reported. "As more clients come on board with us, the first thing is that we will engage a lot with our strategic partner, a Swiss private bank, to handhold them, communicate with them and also show the benefits of discretionary portfolio management for these clients."

Hoping for European style DPM adoption

A panel member explained that the DPM model had grown so well in places such as Switzerland because the money is 'older' and education levels are more advanced amongst the holders of such wealth. He explained that the mission for the wealth industry in this region is to encourage more Asian investors towards DPM and learn from the lessons of that achievements in Switzerland and in Europe.

"Asian investors tend to have a lot of biases and emotional attachments to certain assets or sectors, but it is very important for us to provide them with new ideas and information, which might indeed contradict their own opinions," an expert observed. "By doing so, we'll be able to perhaps adjust their thinking and be able to provide more independent judgement for them within the DPM proposition."

Combining high discipline and a more judgemental approach

He explained that having successfully grown the DPM client base and AUM, his institution then realised they needed to help more clients make that major leap from highly emotional individual managed portfolios to completely agnostic and systematic portfolios by "nudging" the DPM offering towards what he calls a second layer.

"This is much more judgemental, more forward looking," he explained. "Accordingly, we now have two layers, one completely non-emotional, very systematic and agnostic and then the more judgmental approach as the second layer. We believe in a way that we can try to manage the two paths that we believe are very important when you wish to be exposed over the longer term to the financial markets. That approach has really been one of the biggest innovations at the bank, but we have further innovation to come, such as net zero mandate compliant with our own methodology in terms of net zero emissions, and sustainability."

Catering to the biases

He added that for this more judgemental element, they

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WHAT SPECIFIC EFFORTS ARE YOUR BANK OR FIRM MAKING TO CONVERT MORE HNW AND UHNW CLIENTS IN ASIA TO DPM AND ADVISORY, AND WHY?

- Continued education on benefits of DPM strategies.
- Reaching out to explain the pros and the limited cons of DPM.
- Constant updating on our DPM programmes and developments.
- Our asset management group which is managing the DPM service is actively engaging the advisors and the clients on our DPM offerings in Asia, conducting DPM sessions, sharing success stories, case studies and providing monthly DPM performance updates.
- Regular dialogue and updates on past behaviour of portfolio, with emphasis on communicating that we focus on rigorous and balanced asset allocation, which usually accounts for some 70% of performance.
- KPIs/incentives for frontline staff.
- Communication of more interesting and thematic mandates under DPM.
- Actually, 100% of our clients are DPM unless they are not holding stocks or bonds.
- Specific efforts include internal training and education, and the launching of sales campaign.
- For all that the private banking industry has to offer - whether access to exclusive deals, state-of-the-art product innovation, or cutting-edge capabilities to engineer bespoke solutions, investors' willingness to embrace DPM is the best evidence that a wealth manager has earned the trust of its clients. This is especially true in Asia, where self-made high net worth individuals traditionally exercise a high level of control over their own investment decisions.
- More education and pitches to existing clients. DPM offers a more balanced way to approach investing for clients who want to gain exposure through diversification in asset classes. DPM mandates also offer clients access to institutional share classes of funds within the portfolio.

are more granular in terms of geographic style, more thematic and more inclined to biases than in the more systematic and diversified part of the portfolio. "And for the core element of the DPM portfolio, we make sure we are multi-asset, diversified, liquid and manage risk exposures carefully," he explained. "We anticipate global growth maturing, in other words slowing, with policy support normalising, we see some tightening in rates, and this all means a tricky period to absorb for financial markets. And that is precisely the kind of period during which a solid and robust portfolio construction should make a significant difference, which should in turn boost DPM."

Expert Opinion

ISAAC POOLE, Global Chief Investment Officer Portfolio Manager, Oreana Financial Services

"We found that investors who were using our DPM capabilities felt less anxiety through the worst of the pandemic. They knew their investments were being managed efficiently using a clear process with a philosophy that aligned to their own."

JEAN-LOUIS NAKAMURA, Chief Investment Officer, Asia Pacific - Chief Executive Officer, Hong Kong, Lombard Odier

"With a DPM offering authentically different, you need to be ready to face, under a given environment, different results – sometimes better, sometimes worse – than more traditional offerings. This requires a strong level of conviction, not only within a DPM investment team, but also among relationship managers."

1+1=3: DPM & Advisory

But to roll out more DPM, this will not happen overnight, and the Asian private client also likes his or her self-directed investing. "The ideal structure of a portfolio for clients should include some DPM and some advisory," a guest remarked. "DPM allows clients to have a portfolio managed without emotions involved through an external team with focus and expertise, while the advisory will be more the result of a dialogue between the investment advisor and the client taking into account, of course, all the preferences and some of the emotional facets of the client. We believe it is very important for us not to try to oppose those two dimensions, but to integrate them together."

The softly softly approach

He explained that it is a typical avenue to encourage clients to test out DPM with modest allocations first, alongside advisory, and then analyse the performance and the differences in approach, so the client becomes more confident in the different approaches and either increase the size of the DPM allocation, or perhaps conclude that maybe this is not for them, and they prefer more of the advisory protocol.

Another panellist said that his firm also recognises the need to accommodate the clients' more emotional biases within their DPM offering, so they keep the door open to clients selecting their exposures for up to 20% of allocations within the discretionary portfolios. "We call this the dynamic portion of the DPM allocation," he explained. "It allows them to actually still engage to their own investment decisions but limited to 15% to 20% of the total asset allocation."

Winning confidence, step by step

A guest agreed that the more emotional, hands-on type inclination of many clients in Asia means they as provider of these services aim to satisfy that through its advisory proposition. "Remember, DPM is extremely systematic and agnostic and very quantitative, and non-emotional," he said. "But we aim to incorporate a second leg into the approach, which is more judgemental, taking into account the more 'emotional' characteristics of the client, and incorporating their biases, perhaps in terms of business sectors or countries they know best and so forth. Over time, they can see quite clearly the relative value of the full cycle DPM approach compared with advisory and adjust their allocations accordingly. It is sort of like the 'best of both worlds' approach. With DPM and advisory working for them at the same time, they have a better guide to their preferences as we progress with them."

Coexistence with other strategies

Adding her insights to what was already a dynamic discussion, another expert told delegates that DPM does not have to be an either/or proposition. "DPM can actually easily coexist with the client's regular activities, transactional or not, and eventually potentially act as a benchmark for the overall portfolio," she said. "And we have to see DPM as one of the value-added elements of the bank, very much akin to lending facilities and its capabilities on that front, wealth planning, and insurance. So, we what we're trying to achieve, what we're trying to provide the client is really an overall one-stop coverage, and DPM is one of those services."

DPM – a service not a product

A fellow panellist agreed. "It therefore requires great attention to communication, to making sure the clients are fully aware of the behaviour of the portfolio, that they have access to the portfolio management team, something that the digital platforms really cannot afford to do, by definition," he commented. "This is certainly still a value-added service provided on a more personal level by private bankers or independent asset manager."

He concurred that when firms are selling DPM, they are selling that service through a process, promoting a certain vision of how to approach financial markets and taking a long-term perspective of the various economic and financial cycles.

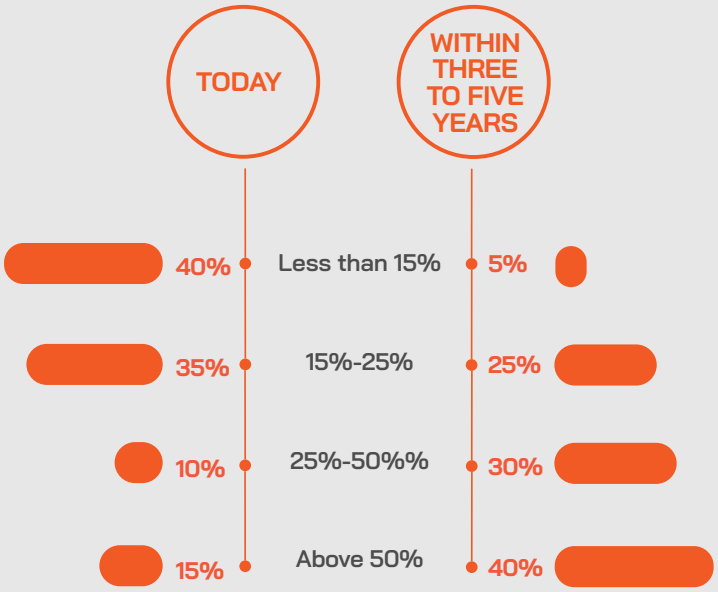
"When you convince your client to share this vision with you, the

Expert Opinion

JEAN-LOUIS NAKAMURA, Chief Investment Officer, Asia Pacific - Chief Executive Officer, Hong Kong, Lombard Odier

"DPM requires persistent explanation and communication. The most important element is to highlight the continuous consistency of the portfolio's behaviour with what had been initially explained and pitched, in good or bad times."

WHAT PERCENTAGE OF THEIR TOTAL REVENUES ARE OR SHOULD PRIVATE BANKS OR IAMS BE ACHIEVING FROM DPM AND ADVISORY?



Expert Opinion

JEAN-LOUIS NAKAMURA, Chief Investment Officer, Asia Pacific - Chief Executive Officer, Hong Kong, Lombard Odier

"We see Asia's HNWIs increasing following the way sophisticated institutional investors in the region have been building their own portfolios: favouring sound processes over nice stories and discipline over noise. There is no real alternative: facing low-cost trading or products online platforms, private banks will not survive if they restrict their role as a simple 'gatekeeper' for external funds. They need to rely on a team of solid investment professionals and robust internally managed processes".

great positive is that client normally should stick with you, as long as you communicate consistently over full cycle," he said. "The outcome for the bank or wealth firm is recurring revenues, and for the client consistency and the avoidance of the trading mentality."

Creating the portfolios within the clients' risk parameters

As to the process of devising the approach to each discretionary portfolio, a banker explained that the first step is an open conversation with the clients in order to define what the bank calls a risk budget, which is the maximum loss they are ready to suffer.

"We spend quite a lot of time to calculate with them their true level of discomfort, which is sometimes a bit not completely obvious to define, but it is an important step," a guest explained. "Then we can layer in innovations we have introduced in the last two years such as goal-based investments, which aims to determine cashflows to match upcoming liabilities and commitments of the clients in the coming months and years. And then we can target the surpluses we want to achieve beyond those thresholds and consider this also a buffer for difficult personal or financial times ahead. Armed with all that, we can then set about building the right portfolio that will maximise the probability to achieve his or her goals."

Risk appetite in DPM can match the clients' expectations

An expert explained that the bank encourages the clients to reach their own decisions, so perhaps they might say they hope for a certain annual return in mind, and then the DPM team can formulate the right type of portfolio and discuss with the clients how much volatility they can accept. "We might formulate an approach between a balanced portfolio and more of a growth portfolio, based on long term historical performances because these are usually quite illustrative of the volatility and also the risk profile of the client and the risk returns expectations that they have in mind," she explained.

Another guest agreed that the combination of DPM plus advisory had helped both expand at their firm. "The ability to have a core DPM portfolio that offers good returns, that allows them to get comfortable with the investment process and the investment framework and being able to demonstrate the value proposition is ideal if aligned to the advisory offerings," he reported. "We have found that clients who start out with a modest DPM allocation gain confidence and gravitate towards

Expert Opinion

JEAN-LOUIS NAKAMURA, Chief Investment Officer, Asia Pacific - Chief Executive Officer, Hong Kong, Lombard Odier

"Value-added from DPM for both clients and providers will increasingly result from the capacity of the latter to offer customised solutions, in terms of risk/returns specifications but also preferences (such as for example ability to provide Net-zero portfolios) managed under a scalable and industrialised process".

IS THERE SUFFICIENT EVIDENCE THAT DPM OUTPERFORMS AND THEREFORE OFFERS PRIVATE CLIENTS THE RIGHT PROPOSITION?

discretionary because it's efficient, they don't have to spend the time worrying about it on one hand, and also when they see relative performance in bad conditions and the ability to adjust rapidly, it helps boost the DPM proposition and relationship."

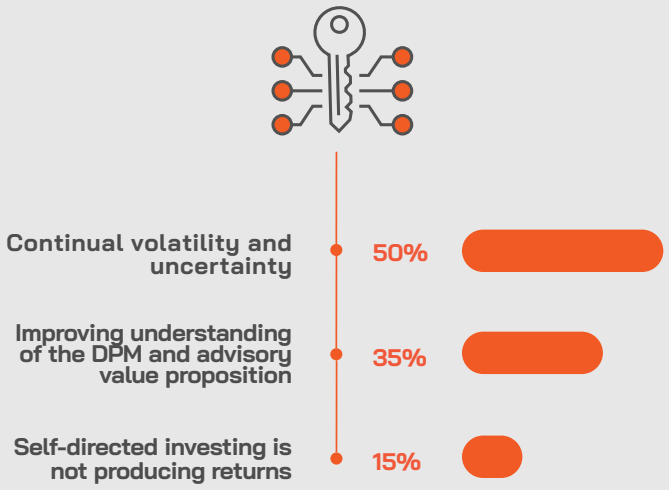
He added that simulations and modelling are also very important. "In recent years, we have had the opportunity to show genuine evidence that the portfolio withstands difficulties better due to the robust framework, dynamic asset allocation, good research, and strong governance," he explained. "Showing backdated stress tests or scenario tests is a great way to start these conversations."

Encouraging client involvement

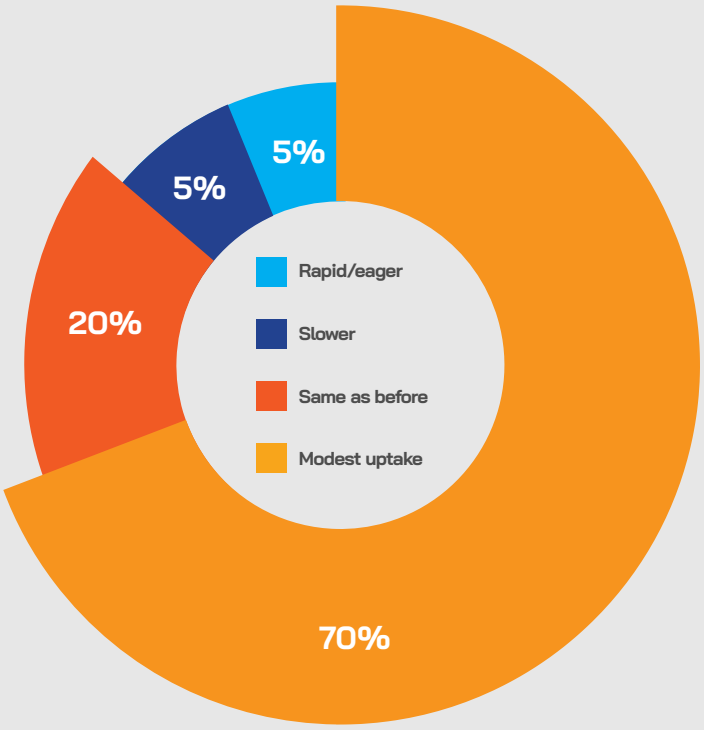
A guest observed that it is also vital to get close to the clients and properly understand their situations and objectives. "When we talk about investment objectives, we're not just talking about a return target or a benchmark, although that's obviously part of it," he explained. "Most of our clients come to us looking for CPI plus or cash plus, but when you start talking to them in detail, you usually realise they have other objectives. It might be risk mitigation. It might be they want to minimise drawdowns, or they want to minimise volatility, or they have a target date in mind where they need to have a set value for a personal or business mission. We find these discussions really critical."

Additionally, he observed that total transparency is essential, explaining to clients the approach, communicating regularly with

WHAT ARE THE KEY DRIVERS AMONGST ASIA'S PRIVATE CLIENTS THAT WILL ENCOURAGE THEM TO SHIFT MORE OF THEIR ASSETS TOWARDS DPM AND ADVISORY?



WHAT IS THE CURRENT ADOPTION OF DPM AND ADVISORY AMONGST YOUR CLIENTS COMPARED WITH BEFORE THE PANDEMIC HIT?



updates, and generally ensuring the clients are completely up to date and well-informed, and that they completely understand the process and are clear that they are fulfilling on their objectives. "If you achieve these goals, and performance, then you deepen the relationships and often win a larger share of wallet allocated towards DPM," he said.

Tailored DPM solutions to match clients' needs

A fellow panellist picked up on these comments, noting that it is vital for clients to understand what the investment framework is and even within the investment framework, what kind of time horizons the investment ideas and strategies are based on throughout the whole process. "I also agree with the comment about the risk management methodologies by showing clients how the model portfolio would react in a historical risk event; this will really help the clients to understand what kind of risk the portfolio has exposure to at this moment.

The same expert commented on the efficiency of using ETFs as a cost efficient and nimble way for portfolio implementation. "But when we look at allocating to ETFs within DPM, cost is only a part of the story, we need to think about what index we should choose in order to really express our view towards certain markets, and different market indices have different underlying compositions, which will result in different investment outcomes. We also need to take other factors such as the tracking error of the ETF and whether it is a physical or synthetic ETF, as well as size and liquidity mind in order to filter out the most suitable ETF for implementation."

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WHAT ARE THE KEY IMPEDIMENTS FOR GREATER UPTAKE OF DPM AND ADVISORY AMONGST HNW AND UHNW CLIENTS IN ASIA, AND WHY?

- Clients have poor experiences in the past.
- Advisory clients like the feeling of being 'in control'.
- I think the clients still prefer a certain level of control in the handling of their investment portfolio.
- Moving away from traditional asset class allocation on advisory can be emotional for clients.
- The wealth industry needs to provide more definitive and consistent performance track records and also clear evidence of outperformance vs other peers or alternative strategies.
- Long term audited proof of trailing performance is key.
- High management fees are a hindrance and the need to convert clients to the belief of the DPM asset allocation approach.
- Clients like control!
- Service quality and communication.
- Asian clients still have their trading mindset and a generally unwillingness to pay fee.
- The mentality amongst very successful Asians is they are very reluctant to give up the control of their assets.
- The wealth market here is still heavily populated by first generation wealth that is accustomed to hands-on, self-directed investing.
- Hard to win the hearts of the die-hard advisory pundits!
- Markets have been so good that it has been so easy to make money. We will see more DPM adoption when the markets are more difficult and more volatile and when rates rise, and governments and central banks turn the cash faucets off.
- DPM will rise in prominence when the markets crash as that is when our strategy will show its true benefits.
- We need clients to really analyse whether they make long-term gains through transactional trading and whether those portfolios can produce stable returns in the long run.

Building through active funds and supported by passive strategies

When it comes to active funds, this expert opined, there are many options. "We have a standalone team, the multi-manager strategies team that conducts manager selection based on five factors – the philosophy, i.e., what a fund is seeking to achieve, the fund's investment process is, the management team, the fund performance and lastly, the price. "By truly these elements and properly understanding each fund's style, we could actually blend the selected managers together. Technically we don't always select the best performing manager, we also consider whether they have value tilts, growth tilts, quality tilts. And in practice we can blend with ETFs as well."

They elaborated on this, remarking that this means they adopt the blended approach, with active funds as core holdings, including some very niche strategies that even tap into holistic alternatives, providing opportunities that have more attractive return potential compared to traditional assets with idiosyncratic price drivers. And on the side, they use ETFs as flexible vehicles to express tactical or thematic views. "At the end of the day, it really depends on the client preferences," they remarked.

Catering to newer trends such as ESG

An expert explained that his firm has been working closely building model portfolios with strategic partner, a boutique European private bank. "Within their model portfolios, of course, it will also comprise of cash equivalents, bonds, equities, alternative asset classes, and now we're seeing a lot more emphasis on the ESG space," he reported. "Within the ESG portfolio, which invests in many themes, there is exposure to areas such as green buildings, education, alternative energy, sustainable finance, and other key areas. All these are important ingredients as part of their asset allocation including in bonds. On the equity side, we're also seeing a lot of changes in the free cash flow of equity which impacts the valuation of different companies, and their ESG metrics clearly affect asset allocation space within the DPM portfolio."

- Not that many clients prefer to delegate the investment of the portfolio to professionals, even those busy managing their businesses.
- We need more clients seeing more benefits from DPM and it is best to start with diversification towards DPM as a portion of clients' overall AUM.
- The fee structures need to be more convincingly communicated.
- Asian clients tend to prefer the advisory model where commissions are only charged per trade.

No wealth management discussion can take place nowadays without mentioning ESG, often at considerable length, and indeed a guest picked up on these comments relating to ESG to tell delegates how this same emphasis and commitment pervades their DPM mandates.

"We are definitely a lot more active in this space these days," she reported. "With regard to our DPM mandates, we have two types, one of which tends towards more ESG-centric, and the other one of which is more focused on innovation and disruption. So, on top of our global approach to allocation, and also our Asian allocation into standard mandates, we also have thematic opportunities there for clients, who we see as increasingly interested in the whole world of ESG and increasingly notice the strong performance."

They explained that they emphasis all three elements of E, S and G. "Through our mandates, you should be looking at something which is more holistic in nature, looking at different angles, so whether you are looking at water management, at income inequality, social issues, gender inequalities, water management, carbon emissions, we want in our mandates to address and cover all the key aspects of the E and S and the G."

A global perspective and back-testing the models

Another expert observed that the DPM offering also provides a more global perspective and allocation for clients, who in their self-directed trading tend to be much less diversified and much more focused on the Asia region. "Having this global mindset, we can deliver our top-down CIO view, with our investment committee determining regional exposures around the world based on their

GDP forecasts," he explained. "Then we make sure geographical exposures match to the growth potential or lack of growth in different regions. We can then run simulations and back-testing to come up with the right risk adjusted returns for the portfolio."

He noted that that their team shows all these scenarios to their clients, who in easily digestible form can fairly rapidly see the benefits of having a well-diversified DPM.

Taking a genuinely long-term view

"I really believe this is a good way to mitigate the behavioural bias, and thereby to also reduce emotional biases and avoid mistakes coming potentially through overconfidence," he said. "We are striking a very balanced approach and through our DPM mandates clients are investing in the longer-term perspective."

A fellow panellist agreed, observing that their DPM offering benefits from the strong platform they offer. "We have a strong platform to generate the right service for clients," she explained. "This is ideal for back testing portfolios, for conducting scenario-based risk tests, and then with these in hand, you can show the client the portfolio and explain how that portfolio might have reacted under past situations and past stress tests and discuss with them how they would tolerate such performance themselves," she elucidated. "And very often, these are real numbers, or rather, they quantify the amount of risk, and help the clients understand the levels of risk they are able to stomach."

Adopting the institutional approach

Accordingly, she explained that their team aims to assure the clients that their approach to portfolio composition is institutional class. "With the market being so competitive these days," she said, "margin compression is a real thing. And pricing is competitive. So, portfolio management fees do not need to be exorbitant, because with market forces there is fee alignment. Actually, many banks would like to be offering these types of services, as part of a more holistic approach to wealth management, alongside lending, insurance, real estate, wealth planning, with all these elements coming together, and with DPM one important facet of the holistic range of services and approach. For Asian clients, they are increasingly recognising the value of this type of approach."

DPM as a service

A guest elaborated on this, remarking that DPM is a service and not really a product. "A product is very much static in nature, it is dictated, for example, by a contract at the point of entry whereas DPM is continually evolving," she explained. "We communicate that this offers an edge for the client, and that they should think of it as and our service as being in partnership with the client. DPM

The Hubbis Post-Event Survey

IS DPM AND ADVISORY WINNING MORE TRACTION IN THE MASS AFFLUENT CLIENT MARKET IN ASIA, AND WHY OR WHY NOT?

- No. The ease of investing access and availability of information these days makes it much easier to rely on oneself rather than relying on banks or financial firms. Digital platform and online access make it too easy.
- Mass affluent clients do not generally have sufficient AUM to make DPM worthwhile.
- DPM is not winning more traction in the mass affluent client market in Asia yet as you need to have a certain DPM AUM size, let's say at least USD1 million to kickstart the DPM portfolio.
- Yes, as the new generation seems to be more receptive to the concept of modern portfolio management, but no perhaps because this segment does not have enough to invest to make it worthwhile for them or the banks.
- Yes, clients like the core and tactical approach to investing their portfolios, but they need enough money to make it worthwhile to go into DPM.
- DPM and advisory are gaining more traction in the mass affluent client market in Asia now, as clients are looking to spend more time on other matters, while leaving investment to the experts through DPM or advisory desks.

can be flexible and react or adjust to the client's financial situation and also market conditions. And importantly, DPM can coexist alongside other investment approaches that clients like."

For the RMs, it is important to get them supporting DPM fully by reminding them of the value they create for all parties including themselves through DPM, rather than continually being exposed to volatility and reacting all the time with trading activity."

Helping the RMs help the DPM rollout

A panel member then tackled what their firm has been doing to encourage the relationship managers to help promote DPM. "What we are trying to do is far past education at this point," she reported. "The RMs know exactly what DPM is, they understand what it provides, they know it is really more of a culture, it is really more of a deep-set culture that typically starts from the top," she said. "So, usually what has to change or what has to make a shift in the mindset will be from the top."

She said the proponents of DPM definitely need a lot more management support, and that there is no doubt you will usually witness a shift towards DPM if there is more management support, even more so that potentially adding more targets in this area. "In short," she said, "I think in general RMs do really understand the benefits of DPM and why they should encourage clients to go into it for both themselves and for clients. However, there could be some cultural resistance on this front, so the driver must come from the top management of the banks."

Pay and play – getting the clients to see the value-added

A guest commented on the potential difficulty of getting Asian clients to accept the need to pay for DPM mandates. "I can reference this with regard to the difference between the more mature European clients, and the Asian clients, who are less comfortable with the concept of paying for investment advice, paying for portfolio management fees," she explained. "The Asian clients are traditionally more transaction centric; they will potentially find transaction fees a little bit synonymous to paying for advisory fees, or even a management fee, leading them to feeling that potentially they may be double paying."

Keeping it all super transparent

A final observation came from an expert who added that transparency is an incredibly important factor that goes a long way in terms of building and maintaining the client relationship. "With a commitment to real transparency," they explained, "the client could have confidence in how their DPM is positioned right now and is central to a really successful relationship between clients and the provider." ■