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Summary

Wealth in Asia – opportunities and challenges

The 9th annual Hubbis Asian Wealth Management Forum took place on May 10th 2018 in Singapore. The event enjoyed an excellent turnout from more than 350 CEOs and other senior representatives from the key areas of Asia’s wealth management industry.

The Forum’s panel discussions, presentations and workshops produced a remarkable diversity of strategic wealth management ideas and concepts, as well as providing the audience with a broad insight into the state of the global financial markets that will help them manage their high new worth (HNW) clients as a new era of increased volatility and higher debt costs emerge.

The Forum followed the new 2018 Hubbis event programme, including presentations and workshops from wealth sector experts, as well as six panel discussions featuring a broad array of leading executives from local and international private banks, retail banks, independent financial advisers (IFAs), insurance companies, single and multi-family offices, and other wealth advisory and technology solutions businesses.

The event began with a group of top level private bank and associated wealth professionals who outlined their views on the key challenges facing private banks and other wealth firms in Asia as they strive to achieve their WM 2.0 business models. Regulatory tightening, technology and AI, evolving client demands, compensation, competition from Fintech and Big Tech, the rise of family offices and ongoing professional learning. These are just some of the challenges for private banks and other wealth firms to overcome as they forge their new business models to suit the demands of the clients, and the marketplace of the future. Those who ignore the need for continual evolution and adaptation do so at their peril.

In the second panel discussion, experts agreed that the rising share of global GDP from the Asia Pacific region is virtually assured, but they conceded that somewhat less certain is the balance between onshore and offshore wealth management. Technology is an enabler for all businesses globally, but it can also potentially an impediment to progress for those wealth management businesses that fail to plan for it imaginatively and in great detail.

Digital platforms are gaining in popularity as they become more sophisticated, and indeed their flexibility is now essential to stay ahead. Fintech can facilitate collaboration and client benefits, with ‘plug-and-play’ solutions seen as increasingly viable options. A group of experts gathered to discuss the impact of digital platforms upon wealth management in the third panel of the May 10th event.

In the largest panel of this Forum, a group of seven experts deliberated on the key trends that are affecting and that will likely influence the wealth management industry. The focus of course was on Asia, but the touchstone was the global wealth market.

The discussion was designed to cover vital topics such as evolutionary trends in global wealth solutions, simplification of structures, the role of international financial centres (IFCs), offshore versus onshore and mid-shore, family succession planning, the development of relationship manager (RM) skills, diversification of investment portfolios as the end-of-cycle scenario looms, and how wealth managers can penetrate the Chinese market.
The penultimate panel of the day brought together a set of leading wealth management industry gatekeepers to opine on a wide variety of ideas and theories about the different approaches to wealth management and portfolio positioning as the industry faces some existential challenges and as the financial markets transition to a more volatile end-of-cycle phase.

The consensus was that equity market volatility will drive different passive and active approaches to portfolio positioning, while the increased cost of borrowing, especially at the short end, will hamper the leveraged carry trades that for nearly a decade have become so simple.

Yet, mainstream financial market valuations are not dramatically exaggerated, one way or another and the ‘new normal’ of interest rates could already be near, as one- to two-year horizon predictions for 10-year US Treasuries are not much higher than the roughly 3% current yield.

The closing panel discussion highlighted some noteworthy product and investment ideas for the current, somewhat uncertain period for the global financial markets. The ideas ranged from emerging markets high yield debt, to Indian debt and equity to China and to physical gold. All ideas, the experts maintained, could boost the performance of Asia’s HNW portfolios.

In the presentations and workshops during the day, the audience were treated to a wide variety of insights and advice. One wealth management services expert highlighted the boom in Asia for alternative assets such as art, fine wines, cars, yachts or other collectibles and luxury goods. And she noted that all these assets need to be carefully administered, providing great opportunity for wealth advisers and associated legal and other experts.

Another wealth professional shared some of her deep insights into wealth management trends in Asia, as the market faces the challenges of tightening tax regulations and intensifying global and local oversight.

A regional specialist from a residence and citizenship advisory firm highlighted the need for any HNW individual and their family considering alternative residence or citizenship to seek out the best professional advice for what can be a drawn-out and complex process. She noted that in an ever-volatile world secondary residence or citizenship is a compelling story for wealthy business people and families from the Asia region.

Managed accounts are growing in stature in Asia’s wealth management industry. Owned by individuals, managed by a professional entity, they are now worth $5 trillion in the US alone. A workshop demystified this product and highlighted its appeal for wealth advisers and their clients.

Structured products can help HNW investors protect capital and participate in the upside potential of assets or markets. Attendees at the May 10 learned more about the value of structured products (SPs) to sophisticated investors who want to tailor solutions to suit their market outlooks, as well as hearing more about their structuring and valuation.

Gez Owen, Managing Director & General Counsel at Hubbis, had more than 22 of experience as a lawyer in the UK dealing with white collar crime. In his workshop, he expounded on his concerns that the wealth industry in Asia needs to upgrade its understanding of new global regulation and compliance demands.

In his closing remarks, Malik Sarwar, CEO of wealth management advisory firm, K2 Leaders Inc., highlighted some key takeaways he noted during the day. First was the increasing emphasis on intensive client focus.

Another highlight of the day that he noted was the concern amongst private banks and other wealth providers about the potential rise of new competitors, for example Big Tech global and...
even Chinese names. If they enter the wealth market and are as successful as they are in their core businesses, then the ranks of wealth firms in Asia will need to be fleet of foot to react. The millennials will drive new demand and changing demand, as will the rise of Asia’s HNW women. Family succession planning is central to all this, as the creators of wealth pass on more and more wealth to the younger generations.

Sarwar also found the offshore and onshore debate fascinating, noting that Singapore and Hong Kong have major roles to play, but that Shanghai might later eclipse Hong Kong, especially as onshore investment options in China broaden and if Chinese authorities focus on building Shanghai as a wealth and investment centre. Malaysia’s role as the region’s Islamic financial centre means Kuala Lumpur will also play a major role in Asia’s future.

Finally, selecting and incorporating the best digital and other technological solutions are vital to any wealth firm, whether a local or global player and whatever its scale.
## Attendee Profile

### Type of firm

<table>
<thead>
<tr>
<th>Type of Firm</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Bank</td>
<td>44%</td>
</tr>
<tr>
<td>Retail Bank</td>
<td>19%</td>
</tr>
<tr>
<td>EAM / IFA</td>
<td>11%</td>
</tr>
<tr>
<td>Asset Management</td>
<td>9%</td>
</tr>
<tr>
<td>Insurance</td>
<td>7%</td>
</tr>
<tr>
<td>Technology</td>
<td>6%</td>
</tr>
<tr>
<td>Consultants</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Job role

- **25%** Relationship Manager
- **44%** Business Head
- **20%** C-Level
- **5%** Consultant
- **4%** Asset Manager
- **2%** Others
- **4%** Others

![pie chart showing job roles](image-url)
Attendees from these firms

138 Ventures
360F
AAM Advisory
Abacare
Achilles Capital
Aegis Capital
Affin Hwang Asset Management
AIA
Allfunds Bank
Ascend Wealth
Avalis Investments
AXA
Axial Partners
AZ Investment Management
Bain & Company
Bank Mandiri
Bank of China
Bank of Singapore
Blue Stream Consultancy
BMO Private Banking
BNP Paribas Wealth Management
BondIT
Bordier & Cie
Capital City Training
Capital Global Investment
Centenal
Charles River Development
Chartwell Associates
China Access Wealth Management
CIMB Bank
CIMB Private Banking
Commerzbank
Cornerstone Asset Management
Covenant Capital

Credit Suisse Asset Management
Credit Suisse Private Banking
Crossinvest
CSOP Asset Management
CTBC Bank
Daiwa Capital Markets
DBS Bank
DBS Private Banking
Deutsche Bank
Deutsche Bank Wealth Management
EFG Bank
EG Capital Advisors
EightStone
Emirates NBD
Fedesa Asia
Financial Alliance
Finantix
Finaport
First Names Group
Fleur Capital
Forever Capital
FTI Consulting
Generali
Global Precious Metals
Golden Equator Capital
Great Eastern Assurance
GYC Financial Advisory
Hawksford
Helvetic Investments
Henley & Partners
Hong Leong Bank
Howden
HP Wealth Management
HSBC Private Bank

ICBC Standard Bank
IMTF
Indosuez Wealth Management
Ingenia Consultants
International Planning Group
IPF Financial Advisers
IZCAP
J O Hambro Capital Management
Jersey Finance
JPMorgan
JRT Partners
K2 Leaders, USA
Leonteq Securities
LGT Bank
Lioncrest Global
Lombard International
Lombard Odier
Marc Faber Group
Marcuard Heritage
Marcuard Trust
Maybank
Maybank Private Wealth
Mercer
Mindful Wealth
MitonOptimal
MSCI
MW Capital Management
Nomura
Nomura Trust
Nordea Private Banking
OCBC Securities
Orbium
Paladigm Capital
Paragon Capital Management
Pershing
PhillipCapital
Pictet
Prime Asia Asset Management
PromiseLand Independent
Quantifeed
Raffles Asset Management
Raffles Health Insurance
Rapier Investments
RBC Wealth Management
Reyl & Cie
RHB Bank
River Valley Asset Management
Rockall Tech
Rosemont

Schroders Wealth Management
SDI Consulting
SingAlliance
Singapore Management University
SMBC
St. James’s Place Wealth Management
Standard Chartered Bank
Standard Chartered Private Bank
Sun Life Financial
Swan Capital
Swiss-Asia Financial Services
Synpulse
Takayu
Taurus Wealth Advisors

Thirdrock Capital
Tockington
TriLake Partners
UBP
UCAP Asset Management
UOB Bank
UOB Private Bank
UTI International
VinaCapital
VP Bank
Wealth Management Alliance
Westpac Private Bank
WinTrust
ZACD Group
Key voting poll results

The Hubbis Asian Wealth Management Forum 2018 event in Singapore held on 10th May 2018 provided fascinating and thought-provoking discussions and talks for the assembled delegates. As usual we also polled the attendees and mined out the following nuggets.

- Has anything REALLY changed in the private banking industry in the last ten years? 76% answered NO.
- Should private banks develop an offering specifically for women? 68% answered YES.
- Do you think Singapore is a much better international financial centre than Hong Kong? 80% of the Singapore audience answered YES.
- Which country represents the best NEW wealth opportunity? 67% said it was China.
- Do you think you will be replaced by a machine in the next ten years? Only 28% thought they would get replaced.
- Do you feel comfortable talking to clients about their family problems? A resounding 89% said YES.
- Do you think clients are too highly leveraged today? 56% thought clients were too highly leveraged.
- Over the next year, will you increase your weighting towards China equity? 70% said they would increase the weighting.
- Will you be increasing your weighting to physical gold this year? Only 31% said they would be increasing weighting to physical gold.
Asian Wealth Management Forum 2019

Thursday 23rd May