

POINT OF VIEW

Season's Greetings



Dear business partners,

The year 2014 has come and gone in what looks like record speed! We are fast approaching the holiday season and we would like to update you on what is going on at HP Wealth Management with this second edition of The Insider.

In this issue, you will get to know our partner Stephane Schmid better. He shares with us why he believes in our business model and what attracted him to become an independent advisor. Together, we will share our views on the much-debated issue of whether clients should pay for advice.

Similar to previous years, we have decided not to send out physical greeting cards. In lieu, we will again support a charitable cause. This year, we have chosen to support a charity in Bali (www.muntigunung.com).

My colleagues at HP Wealth Management join me in wishing you and your families all the very best for the festive season and a cracking start to 2015.

Urs Brutsch
Managing Partner and Founder
HP Wealth Management (S) Pte Ltd.

Portfolio Analyst



After interning at HP Wealth Management last year, I am blessed to be offered a position after the internship. In June 2014, I returned to HPWM and embarked on my first job as a Portfolio Analyst in the Portfolio Management team.

First jobs are customarily daunting and appalling but this was not the case for me. I felt great to be

back to the close-knit family of HPWM. What I really like about the company is the relatively small and flat hierarchical structure which allows ideas and communications to flow more freely. I am a strong believer of the transparent business model HPWM is built on, and providing independent advice was definitely another reason that propelled me to return.

Being in the job for six months, I feel that working in the discretionary portfolio management team is an intellectually challenging and exciting job. Challenging, as there is an unspoken requirement to always keep abreast with news from the financial markets to be able to advise and hold up conversations with clients and colleagues. Exciting, because no two days are the same in an ever-changing global financial market, and we have to continuously anticipate and react quickly to take advantage of market opportunities.

Looking back, half a year has passed in a blink of an eye. As I complete this short write up for the newsletter, I am thankful for the opportunity given to me by HPWM to continue my learning here. I look forward to serving and dedicating my time to build more portfolios for our clients.

Chui Shao Rou

To fee, or not to fee ?



William Shakespeare would probably not approve of us using one of his famous lines from Hamlet. His original quote was about life or death, and it would be pretentious to say that one of the hottest topics in the wealth management industry is of equal importance. The hottest question surrounding wealth management industry is simply if wealth managers should charge a fee for their advice.

At HP Wealth Management, we have a very clear view on this subject. We firmly believe that the most honest way of advising a client is when the wealth manager has no vested interest recommending a trade or certain products. We believe that a pricing model where the wealth manager benefits from additional, and quite possibly unnecessary, trades or the selection of specific products (e.g. funds or structured products) will poison the investment process and bias the recommendations.

Clients are willing to pay a fee for legal advice, for medical advice, and for accounting services. So why not pay for financial advice too? The talk in the industry for a number of years has been on the proposed shift from transaction or product-led business models to a fee-based approach. To this day, this has remained lip service.

As a result, the interest of the client is not in perfect alignment with the interest of the wealth manager. An additional challenge is the fact that most relationship managers are, to a large extent, measured by the amount of revenue they can generate from their clients. There is clearly an incentive to direct the client to higher margin products – not necessarily in line with the client's investment profile or quite simply, not in the client's best interest.

We firmly believe that our approach to charge a fee is transparent and fair; fully aligned with the client's interest. Clients will have to accept that free advice is not necessarily the best form of advice. Only when all temptations to recommend trades or products are eliminated, can we talk about unbiased advice and perfect alignment of interest.

Wealth managers operating on a fee-based approach have furthermore every interest to lower the transaction costs for the client (i.e. get the best deal for the client), so that the advisory fee is offset with lower transaction costs. Ultimately, the client has to understand that just like every other manager, the fee-based manager has to also pay his bills at the end of the month. Depending on the size of the portfolio and the risk profile an advisory fee should be in the range of between 0.4% and 1.25%.

At HP Wealth Management, we believe that our pricing model is what is best for our clients. We hope to demonstrate to our clients that our fee is fully justified and that they get value for their money. We also believe that the entire industry will have to head in this direction.

For industry players who refuse to align their interest with the interest of their clients, the question may in the end indeed become "to be, or not to be," i.e. it may simply become the only acceptable way of dealing with high-net worth individuals. HP Wealth Management has deliberately chosen the fee-based approach and we believe our clients have increasingly seen the value in our proposition.

IN CONVERSATION - Stephane Schmid



A question Stephane is often asked is if he feels more Singaporean than Swiss. In his usual candour, he answers that, "I am very likely more Singaporean, seeing how I consume more chili and durian than the majority of Singaporeans."

He has gone through the ups and downs of Asia since moving here in 1996 for what was an "open working contract." He regards Singapore as having played an important part in his life, both professionally and privately. "The on-going effervescence of Singapore has certainly played an important role in my desire and decision to be more entrepreneurial."

A firm believer in a business model where there are no conflicts of interests, he foresees that there will be an increase in wealthy people who seeks transparency and a clear understanding of what they are paying – "We, as a company, work in the best interest of our clients."

When it comes to his professional activity, Stephane believes building trust between the client and himself is the most important thing. He believes that while skill and expertise can always be enhanced, trust is not a competence you can improve, but one you must earn.

During his private time, Stephane enjoys being with his family. He is married to a Singaporean with two children. "The most difficult day in the office are the weekends," he likes to joke. He believes in a good balance between work, family and friends. Looking at the sparkle in his eyes, it is easy to understand that he takes his responsibility as a father very seriously. "I will only play a round of golf when my daughter permits."

With a strong background in the Swiss Banking industry and Swiss culture, Stephane is what one would best describe as a "Swiss-gaporean" after spending 18 years of his life in our garden city.

The on-going effervescence of Singapore has certainly played an important role in my desire and decision to be more entrepreneurial.



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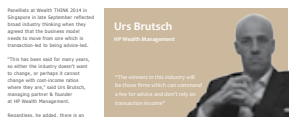


HPWM IN THE NEWS

PANEL FEATURE

THE CHANGING WORLD OF WEALTH MANAGEMENT

The future of the Asian wealth management industry depends on a sustainable model where clients pay for advice that is delivered by competent professionals, and panellists at Wealth THINK 2014 in Singapore in late September.



As a panellist at Wealth THINK 2014 in Singapore, Urs Brutsch shared his views on the future of the Asian wealth management industry. He emphasized the need for a sustainable model where clients pay for advice that is delivered by competent professionals. He also discussed the importance of transparency and trust in the industry.

HP Wealth Managing Partner, Urs Brutsch was one of the panellists featured at the Hubbis Wealth Think 2014. He shared his views on the need to move from a transaction-led business model to one that is being advice-led.

FAMILY OFFICES

Family values

Asia's wealthy want their assets to work hard for them. This means that they are looking for solutions that can help them manage their wealth effectively. They are also looking for solutions that can help them protect their wealth and ensure that it is passed on to their children.

Urs Brutsch, HP Wealth Management, discussed the importance of family values in wealth management. He emphasized the need for transparency and trust between family members and their advisors.

HP Wealth Managing Partner, Stephane Schmid was featured in Asia Asset Management. He provided insights on how ultra-high net worth individuals manage their wealth and how setting up of family offices is gaining traction in Asia.

LEADER AWARDS FOR EXCELLENCE IN ASIAN PRIVATE BANKING

URS BRUTSCH: A TRAILBLAZER WITHIN ASIA

A RECOGNITION WINNER OF THE HUBBIS AWARDS FOR EXCELLENCE IN ASIAN PRIVATE BANKING, URS BRUTSCH OF HP WEALTH MANAGEMENT CREATES A BOLD PART OF HIS NEAR THREE DECADES OF CAREER SUCCESS BY HIS PERSONAL DRIVE AND HANDS-ON SUPPORTIVE MANAGEMENT STYLE AND, OF COURSE, THE USE OF FOOTBALL. HE ALSO RECOGNIZES THE SUPPORTIVE ROLE OF PEOPLE IN HIS WORKING WITHIN AND THE WAY.



Urs Brutsch is a trailblazer within Asia, recognized for his excellence in Asian private banking. He has led HP Wealth Management to success through his personal drive and hands-on management style. He also recognizes the supportive role of people in his working within and the way.

Urs won the Hubbis "Award For Excellence in Asian Private Banking," an award given to persons who are defining examples of excellence in Asia.

About HP Wealth Management

HP Wealth Management (S) Pte Ltd ("HPWM") is an independent wealth management firm founded in 2009 by Urs Brutsch to provide independent and professional investment advice, and tailor-made investment management services to high net worth individuals and families.

At HPWM, our focus is on managing investments, either on a discretionary or advisory basis. We also work with experts in the fields of trust structures, insurance etc. in order to ensure that our clients or business partners get the best in class.

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