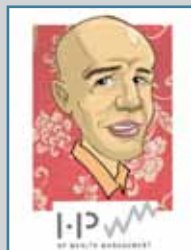


POINT OF VIEW

Welcome to the Insider



You are reading the very first edition of the Insider. HP Wealth Management was established in June 2009 with the aim to make a difference in the crowded Wealth Management space. We combine the expertise of

the firm's partners and all our colleagues and work for our clients.

We value transparency in all interactions with our business partners, which is perhaps best expressed in our business model: we work for the client and get paid by the client. No hidden fees, no incentive to trade or recommend a particular product. Our interest is perfectly aligned with that of our clients.

We recently celebrated our 5th anniversary and believe that the success has validated our business model. Independent advice is more valuable than ever in an increasingly complicated financial world.

We plan to inform our valued business partners via the Insider three to four times per year. I hope that you will enjoy reading the Insider and please do let us have your feedback!

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

Beyond managing money

A real life case of our service capabilities



One of our long-standing clients wanted to sell her family business. After more than 40 years in the business, the owner felt that it was time to step down. The owner entrusted us to search for potential advisors to evaluate the business and to source for potential buyers.

In the first round the offers were not satisfactory and hence the owner decided to regroup and wait for a better moment. The business continued to flourish and about 18 months later the owner was comfortable to get a better price. The advisor invited again interested parties to make an offer and after many rounds of discussions, due diligence and negotiations an offer which the owner felt comfortable with was on the table.

Not only was the price right, the potential buyer was also felt to continue to run the business along the lines of the current owner. Long-drawn contract negotiations with lawyers from both sides followed and the owner more than once felt like pulling out. But after exactly three years the deal was signed and the business sold.

HP Wealth Management is not a corporate advisor, hence we roped in the experts to run the project. Our task was to support the owner in the process, to give our unbiased views, to challenge some of the findings and in general to try to smoothen the journey. To sell a family business after more than 40 years is not an easy decision, but once the contract was signed and the champagne flowed, the owner felt relieved and was looking forward to a less stressful life away from the hectic schedule in the office.

“ We extend our service offering to bring our clients in contact with the best possible third parties to work on various projects , such as selling a business. We work for our clients and have only the client’s interest in mind. ”

IN THE NEWS

HPWM celebrates



How time flies! In June the entire staff of HP Wealth Management celebrated the 5th anniversary with a dinner at the China Club. “In a start-up environment, where 90% of businesses fail before their fifth year, this is a message that we are here to stay.

This is due to the hard work and dedication of all our colleagues and the tremendous support we have from our clients” said Urs Brutsch.

Stephane Schmid, Partner at HP Wealth Management added: “Building a business with a business model not well known in Asia provides a host of surprises and challenges.

However, we are confident that we can continue to build on our success thanks to our core values: working for the client and providing independent advice without conflict of interest”.

Intern’s Experience



Interning at HP Wealth Management is a great opportunity to discover many different investment services.

Through investment meetings, and helping out in the daily financial write up, I get an overview of the different financial markets and the way they work. Moreover, working with talented and experienced people gives me more insight on taking strategic positions and building efficient portfolios. I believe this experience is a great start for my first steps into the financial industry.

Urs Brutsch added “We see it as part of our responsibility to contribute to the growth of talent in the industry. It also allows us to spot talent and in fact, one of our former interns has joined us permanently.”

IN CONVERSATION - Michael Foo



Michael Foo
Chief Investment Officer
and Partner

The only Singaporean amongst the three local partners, Michael Foo was roped in by Urs Brutsch to help set up HP Wealth

Management in 2009. The duo had worked together before in Swiss private bank Clariden Leu where Michael was the head of portfolio management responsible for driving the Asian investment strategy and Asian equity research.

Michael has worked in the investment management industry for almost twenty years since finishing a Master degree from the London Business School in the mid-1990s. His experience and skill as a money manager was honed in various segments ranging from managing proprietary trading funds to mutual funds and to customised mandates for private clients.

While the common thread that runs across all these segments is money management, he finds managing private wealth the most challenging but also the most rewarding. Challenging because clients' requirements, circumstances and expectations are ever-changing; and rewarding because the continuous interaction with clients gives him a better insight into finding the right solutions for their portfolios.

For Michael, the overriding philosophy in managing private wealth is to find the right strategic asset allocation that would best achieve a given set of return objectives and investment horizon.

Getting that right is the most critical driver of long term returns whereas tactical adjustments in allocations and finding the appropriate building blocks (i.e. securities) are critical for short term "alpha" or excess returns generation.

“ When it comes to stock selection, Michael is a firm believer in quality investing with a long term focus almost with a stubborn bent. ”

When it comes to stock selection, Michael is a firm believer in quality investing with a long term focus almost with a stubborn bent.

He believes the focus on quality is a necessary strategy to avoid selling out winners early. And when married with valuation and the patience to wait for the "right pitch", it would be a consistent way to add value over time and also to ride the winners. In this respect, he is greatly influenced by investing gurus like Peter Lynch, Warren Buffet and Benjamin Graham.



This framework underpins the firm's stock selection process in the two flagship equity strategies of the Global Champions and the Asian Equity fund.

Michael previously worked in broadcast journalism and news reporting where he learned how to be investigative, inquisitive and to "dig for the truth"



as elusive as it may be. But a stint in financial news got him hooked on the markets and he went back to business school to retool himself for a career in fund management.

Michael is an avid runner, reader and a music lover. Winding down in the weekends starts with a Saturday morning 10-20 km run at the East Coast Park and then followed by lots of reading while enjoying his classical and jazz vinyl record collection which runs into the thousands. This routine however is normally punctuated with a fair bit of family moments with his wife Amy and his 13-year-old son Gabriel who wants to be an Olympic swimmer. Michael has no plans to retire anytime soon but he jokes that he just might if Gabriel makes it to the 2020 Tokyo Olympics.

HPWM IN THE NEWS

Key is to adopt advisory fee-based business model

FROM PAGE 17
is factored in. "We're not a stand-alone private bank; we're very much embedded in the [asset] bank," says Tan. "When [our bankers] go to see a client, they understand the business, they understand the wealth management and their needs, and the solutions they come up with are so much more relevant."

Paying for advice
Size isn't everything, though. Officials at large as well as small private banks say the key to sustainable profitability is to adopt an advisory fee-based business model. Among the big believers in this is Urs Brutsch. In 2009, he left the relative comfort of a senior position at the Asia-Pacific head of Swiss firm Clariden Leu to start his own wealth management business called HP Wealth Management.

"At that time, I was 43 -- young enough to start something but old enough to have learnt a lot from the banking industry," he says. The Edge Singapore. He also figured Asia's private banking clients were ready for the new business model he had in mind. "We work for the client. [One of my partners] coined the phrase that we used to work for banks with clients, but now, we are working for clients with the banks." Instead of charging clients a fee or commission each time a product is bought or sold, HP Wealth Management was one of the early movers of a transparent pricing model that levies an annual fee as a percentage of assets under advice. "We have never worked with retrocessions [from product providers]," says Brutsch, of the splitting of fees between parties to a transaction. "From day one, we worked without retrocessions, and it was a very conscious decision, as we felt that at some point, retrocessions would disappear. In the UK, for example, there was a revision and you can no longer take retrocessions. And, in Switzerland, a bank cannot levy the retrocessions for discretionary portfolios."

With these clear trends in other major financial centres, Brutsch believes it is a matter of time before Singapore follows suit. "We want to be aligned with the client completely, and we cannot do that if we take payments left, right and centre from the product providers and distributors." HP Wealth Management has less than US\$1 billion of assets under advice, but it isn't the only player in the field experimenting with an advisory fee-based model.

UBS, among the largest players in the region, launched a service to Asian clients this March known as UBS Advice, with a simple percentage fee that wraps research, portfolio monitoring and commission-free trade executions into one seamless system. First offered to European clients last year, UBS Advice aims to replicate institutional-like benefits and features for individual clients.

As at June, the UBS Advice platform had garnered close to US\$500 million, a tiny sliver of its total Asian AUM of US\$230 billion. Kiy of UBS attributes the slow movement of assets into the advice-based mandate platform partly to clients being leery of the markets, owing to geopolitical concerns about the Middle East and Eastern Europe, as well as other risks closer to home. It is also a little too early to judge the success of the new platform, after just three months, as it will take time to change clients' mindsets.

Whatever the case, it seems clear that Singapore's ambition to become the Switzerland of Asia is very much alive. And, despite the challenges that have emerged, the bet on wealth management is still paying off.

HP Wealth was covered in the Edge Singapore. Urs Brutsch, Managing Partner and Co-Founder of HP Wealth was featured in the article "Becoming The Switzerland of Asia" where he shared his views on an advisory fee based business model.

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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