

the Insider

HP WEALTH MANAGEMENT NEWSLETTER

HP WEALTH MANAGEMENT

Issue 3 – December 2015

Year-end Greetings...



The year 2015 will likely be remembered for the crash in Chinese equity markets and the never-ending saga whether the Fed will lift rates or not. That led to frequent and sudden switches from “risk on” to “risk off” and back. Volatility was quite high at times, but in general the equity markets have brushed aside most of the concerns and may finish the year about flat. In the fixed income space the hardest hit segment was the Emerging Market Debt and even more so debt in local currency. We would expect a similar picture in 2016, although we should get clarity on the Fed’s stance very soon. But even if the Fed raises rates, we don’t think that this will be a repeat of 1994, but rather a (very) gradual process of normalizing rates.

2015 was an exciting year for HP Wealth Management. We strengthened our team with two senior bankers: Akiko Tosaka joined us from Bank of Singapore, and Thomas Koechli from UBS. Our staff strength has grown to 14 and we hope to add a couple more next year. However, we have made a very conscious decision that we want to remain nimble and not grow at any price. We want to make sure that we keep the “boutique” approach to wealth management and family office services. That is in our opinion the best way to serve our clients.

We take this opportunity to thank all our clients and business partners for their support.

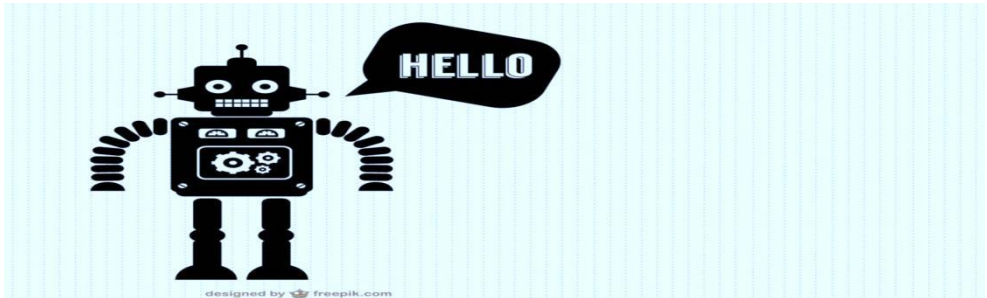
On behalf of all my colleagues at HP Wealth Management I would like to wish you and your family all the very best for the festive season and a great start into 2016.



Similar to previous years, we will again not send out any physical greeting cards this year. In lieu we will, instead, support a charitable cause.

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

Robo advisors and wealth management.....



According to a report by the reputable UK firm Scorpio Partnership, the wealth management landscape will undergo massive changes.

Data from the Capgemini RBC Wealth Management 2014 Asia-Pacific Wealth Report reveal that when asked to roll the clock forward five years and imagine their wealth relationships, Asian investors (APAC excl. Japan) don’t simply envisage more digital, the vast majority (82.3%) expect their wealth management affairs ‘to be conducted entirely or mostly through digital channels’. That’s compared to only 61.1% of HNWI in the rest of the world who share their expectations.

In Asia-Pacific, investors consistently place more importance on digital interaction than they do on having direct contact with their wealth manager. According to the 2014 Asia-Pacific Wealth Report, 37.8% of Asia-Pacific (excl. Japan) HNWIs placed great importance on digital over direct, well above the 25.7% in the rest of the world.”

Among the key discussions in the wealth management industry at the moment is no doubt the disruption that the industry will suffer due to “Fintech”. You can’t attend a conference or seminar without being confronted with the topic of “Fintech” or “Robo Advisors”. You google Fintech and you get more than a million results.

No doubt, the digitalization will continue at a brisk pace in many aspects of our daily life. Wealth management will not be shielded from this trend. However, at HP Wealth Management (HPWM) we firmly believe that the personal interaction will remain important.

We can’t imagine that many of our clients would prefer to deal with a Robo Advisor or an Avatar. A robo approach can make sense in a retail environment, where banks are faced with increasing compliance requirements such as risk profiling and client suitability. However, we believe that has a certain inherent danger as it may allow the operator of the robo advisor to push products automatically to the client based on the behavioural patterns of either the individual client or the client base in general. Big brother is watching you – and tries to sell to you....

Where we see potential in our business is providing the access to information. We believe that information will increasingly be made available to clients in digital format, be that research or account specific information. With this trend in mind, we are investing quite substantially so that we may be able to provide our clients with access to their portfolio(s) managed by HPWM.

We would even argue that the human touch, i.e. the personal interaction between client and advisor will become more important. After all, the business of wealth management will always remain a people’s business, built on trust. The winners will be those firms who can efficiently combine a digital offering with a personal interaction.



Introducing Thomas Koechli...



We are very pleased to inform you that Thomas Koechli has joined HP Wealth Management on 1 November 2015. He comes with the impressive credentials of a 32 year career at the world's largest wealth

manager, UBS. The question begs why a UBS veteran would join a boutique wealth manager.

What made you leave UBS after 32 years?

I spent incredibly interesting and fulfilling years with UBS for which I am very grateful. For the first part of my career I was in Global Trade Finance in Zurich and Hong Kong before I joined Wealth Management in Asia in the year 2000. At that time Asia was recovering from the Financial Crisis and Wealth Management in the region was still an insignificant part of UBS' business..

After having worked with clients from the Philippines for more than 10 years, I started covering Ultra High Net Worth (UHNW) clients from Indonesia and South East Asia in 2011. So while 32 years with a single institution sounds like an awfully long time, it didn't feel that way. I was fortunate to gain exposure to various businesses and markets and met many interesting and inspiring people along the way. As such, the decision to part ways with my friends and colleagues at UBS was a difficult one. However, over the years it became increasingly clear to me that I wanted to be on the same side of the table as the client in order to be able to provide independent and unbiased advice. When I was offered to work closely with a family here in Singapore and become part of HPWM, I knew that this was the opportunity I had been looking for.

Don't you think that a small firm like HPWM is at a huge disadvantage to service your clients compared to UBS

Not at all. As a relationship manager in bank, it is difficult to perform a role as a pure independent advisor to the family within the bank, as one might be conflicted. At HPWM we work closely with a panel of banks and other providers of professional services, which I view as partners when it comes to servicing my principal and his family.

What were your first impressions when you joined HPWM?

I have been impressed by the professionalism and "can-do" attitude of the team, as well as the infrastructure and offering of the firm. People are cheerful and smile a lot, which is wonderful. I really feel everyone is focussed and committed on providing a great client experience. I immediately felt at home.

Please tell us a bit about yourself.

I am married with two wonderful children, one son aged 13 and one daughter aged 11. My free time revolves around family, friends, sports and music. I particularly enjoy playing soccer, a passion which is shared by the rest of my family. Even my wife sometimes plays with us. Over the past months I have also been studying for a Master Degree in Wealth Management. If all goes well, I will graduate in 2016.

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Legal:

The road to transparency

In September 2015, the OECD issued a comprehensive report on the upcoming "Common Reporting Standard" or "CRS" ([PDF Doc](#)).



We have just finished to familiarise ourselves with FATCA and now "AEOI" or Automatic Exchange of Information is coming into full force.

Even though the practicality of these new measures has yet to be defined entirely, the direction to global transparency is well-paved.

Should one be concerned about the future of Banking? Experts believe Singapore can continue to be an attractive centre thanks to its strong legal system, security and a deep talent pool for wealth services.

At HPWM, we certainly agree that our industry is facing a tsunami of changes and challenges. There has never been a more appropriate and critical moment to seek independent advice and we believe firms like ours are very well-positioned to provide unbiased counselling yet respecting privacy and confidentiality.



Team building at LostSG

The staff of HP Wealth Management spent a fun evening at LostSG, working in teams to decipher clues to escape from the locked up room. The "intellectual" part of the evening was complemented with a nice dinner where we also officially welcomed Thomas Koechli and Kai Sen to the HPWM team.



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.

Publisher:
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