

HP Wealth Management: Consistency and Reliability as Cornerstones of Client Centricity

HP Wealth Management is one of the pioneering independent asset management firms in the Asia region, have set out in Singapore in the aftermath of the global financial crisis. The firm today has a well-deserved reputation as one of the market leaders in a segment that has been collectively garnering more and more HNW and UHNW clients from private banking circles, and continuously enhancing the range of product and services, as well as the talent on hand. Hubbis met with Founder and Managing Partner, Urs Brutsch, recently via video call to his Singapore home to find out how he and his colleagues are managing the business through lockdown, in order to maintain the momentum they have built up in the past roughly 11 years since inception in 2009. His fellow leaders at HPWM also joined the discussion in the form of Michael Foo, CIO and Partner, and Stephane Schmid, Partner. Together, they elaborated their vision of conservative wealth management designed firstly for wealth preservation and longevity and explained how they have adapted to life under lockdown whilst also eagerly awaiting the return of more normalised conditions in which they and their team of RMs can continue their personalised and consistent approach to their valued clients.

Brutsch set out on his adventure with HP Wealth Management (HPWM) after more than two decades of experience in wealth management, all based in Singapore. Since its first day, HPWM has been offering discretionary and advisory portfolio management to Asia's HNWI's. And back in 2012, in what now can be seen as a highly prescient move, HPWM launched its family office operations business, which now enjoys a portfolio of family offices as clients, for whom the firm provides bespoke services and advice.

HPWM is therefore well-balanced and set for the future, Brutsch believes. He and his two senior partners, alongside the team of 20 over colleagues today therefore have two clearly differentiated but closely connected legs to the business. There is the HNWI private client IAM business, with a broad array of clients, and the ultra-HNWI family office business, with several Family Office type of clients, with a wider scope of services provided such as structuring, consolidation of total net wealth, and private equity, to mention a few.

Independence sways

The firm remains entirely independent today, which clients value increasingly, as the private banks have become perhaps less client centric and more focused on their returns. The three partners, in fact, bought out a minority shareholder three years ago, leaving HPWM itself totally in control of its destiny. Today, they own 73% of HPWM, but hold 95% of the voting rights, with 5% among staff.

"We are proud of our leadership at HPWM," says Brutsch, "especially

HP Wealth Management's Key Priorities

The first objective is to complete the implementation of the firm's in-house digitalisation project. "We are switching to the WIZE solution from FinTech TeamWork," Brutsch reports. This is a significant change after 10 years. The rationale is that WIZE interfaces much more easily and at a much more affordable price with the custodian banks, so we get the data more quickly to our system, and it is integrated with very good CRM. It provides an e-banking capability and even an app in the not-so-distant future, including AML, so it is an integrated system that hopefully makes us more efficient, more productive and even more systematic. We believe it will be a major advance for us, as well as for our clients."

A second priority is to bring in three senior bankers. "We are in advanced discussions in this regard," Schmid reports. "And the third priority, and also the most important priority, is to keep clients as satisfied as possible with the firm's advice and strategy, and as closely engaged with us as possible.

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Brutsch offers some further insights into the firm's style and its clientele, noting that HPWM tends to attract the types of clients that resemble its own DNA, which is fairly conservative. "We have also steered well clear of non-transparent dealings such as retrocessions, which can poison the mind of advisors, whereas we want to maintain our complete

Staying true to the identity

The firm has also held onto the original concept of not trying to separate the client from their custodian banks. The team explains that the concept throughout has been to keep the client assets with those banks – where most clients felt comfortable – but for HPWM appointed to manage, or advise on,



STEPHANE SCHMID
HP Wealth Management

the client portfolios. With a limited power of attorney, the firm can interact with the banks on behalf of the clients and transact as either they decide, on a discretionary basis, or as agreed with the clients on an advisory basis.

“The model of clients holding assets with the banks but working with HPWM on the formulation and management of strategic asset allocations has stood the firm in good stead for many years, and still today,” Foo observes.

Careful management

In terms of managing the clients’ investments on a day to day basis, even during lockdown the firm’s investment committee, chaired by Foo as CIO, ‘meets’ regularly to determine this strategic and tactical asset allocation. To ensure the right risk controls, the firm also involves two independent people, with compliance and risk management checking on the execution of the mandates within the risk profiles, they report.

Schmid remarks that they also have lively debates on some of the key issues, and that the ability to challenge each other’s

Getting Personal with Stephane Schmid

Stephane Schmid says that he comes “from a little part of paradise here on earth” named Crans-Montana, a wonderful Swiss alpine ski, golf and leisure resort. “He later studied in finance at the University of Lausanne, and embarked on his finance career with UBS, starting in Geneva, before moving to New York, also with UBS.

His next move was to Singapore with Swiss boutique private Bank Pictet & Cie, where he spent almost 15 years before joining HPWM in 2012.

Married to a Singapore national, the couple has four children aged between ten and two years old. “I was actually a late starter, marrying at 40 years old,” he reports, “but my wife and I were blessed with such a large family! My wife definitely plays a key role, accentuated during this challenging School-From-Home pandemic time!”

Like so many of his Swiss countrymen, Schmid enjoys sports, especially nowadays golf, tennis, and some running and biking. Life at home is lively, understandably, but in more normalised times, they love to entertain friends at home. “In the lockdown after all kids are in bed,” he says, “it is a nice glass of wine, perhaps an Australian Chardonnay or New Zealand pinot noir, followed by the essential Netflix!”

viewpoints on the business, on markets, on strategies and other matters is fundamental to the success of the business.

“We do not suddenly change direction,” he says. “We remain true to our values, and only embark on new directions if that fits our long-term plans. This reinforces the trust of our clients, which of course is so critical to our success.”

Methodical and deliberate

Foo concurs, adding that a deliberately methodical approach to organic growth from the outset extends today to its approach to hiring new talent, as any new arrivals must fit HPWM’s DNA and its vision of the client and of the

future. “The firm’s culture is central to our being,” he explains. “Cautious growth has helped us maintain our principles and culture throughout.”

The family office operation has also helped HPWM build multi-generational relationships with its clients. Brutsch reports that their sweet spot is the UHNW client with between USD100 million and up to USD1 billion in assets, which can, by working through HPWM’s family office operation, achieve, he says, similar or better outcomes at lower costs than going it alone, as well as realising significantly reduced ongoing administrative or other complications.

Another growth area for HPWM is the private markets practice, which

Getting Personal with Michael Foo

Foo is a proud Singaporean, schooled locally before attending university in Canada to study business administration. On his return home, he worked in financial news for the Singapore Broadcasting Corporation, which later became Channel News Asia.

"The financial markets reporting led him to want to expand his horizons, so he then attended the London Business School for his Master's programme. On his second return home, in 1995, he went into asset management, enjoying a successful career as a portfolio manager and then agreed to join Brutsch in setting up HPWM in 2009.

A major hobby is his hi-fi equipment and music. "I am really into vinyl, I am somewhat of a purist in that sense," he explains. "Jazz and classical are my two main genres. However, rather oddly, while I have been working from home, I am more into streaming movies and series, spending a lot more time on Netflix and other sources, and less with the music on."

Married, and with a 19-year old son who has just gone into national service in Singapore, Foo spends some of his spare time exercising, and admits to a recent addiction to running and high-intensity training.



MICHAEL FOO

HP Wealth Management

Schmid adds that the firm's dedication to strategic asset allocation means that RMs do not have target return expectations on their backs. "We do not need to sell, we need to service the clients in an optimal manner and avoid pushing products," he explains. "That, for example, is why we have stayed clear of selling life insurance, to avoid the temptations of indirect revenues from the insurers. We can however advise on such products, if the clients want us to, but it will be from a totally objective perspective."

Avoiding emotion

Foo explains that this element of caution has been prevalent throughout the pandemic in HPWM's dealings with clients and on behalf of discretionary clients. "We have of course seen opportunities during the last few months," he comments, "but we remain strategic, not tactical. Does that mean we miss out on some opportunities? Yes, sometimes. Does it mean we are always right? No, we do not have perfect foresight. But what it does mean is we remain disciplined, and we stick to an institutional-style approach throughout, even in times of crisis."

includes private equity, private debt, and private real estate. This has proven to be an excellent adjunct to the firm's traditional IAM activities and particularly the family office business, taking HPWM into markets that significantly expand its range of offerings.

Strategic and process-oriented

The team focus next on how HPWM has been helping clients navigate the pandemic in terms of the discretionary portfolios, and how that ties in with the firm's philosophy of managing wealth.

"We are very process-oriented," reports Foo, "and as I have mentioned, we are more focused on strategic rather than tactical, setting us apart from competitors

who remain more transaction-oriented. We also espouse a more institutional approach to portfolios, helping clients mitigate the emotional aspects of their investments. We aim to be disciplined, avoiding excesses during times of fear or greed, and remaining therefore strategic in our outlook and disciplined in our behaviour at all times." For the more tactical client, Schmid adds that "we offer advisory services where the client can also express his own ideas and makes a final decision helped by our unbiased, educated advice. Discretionary and advisory do not exclude, but often complement each other – and a typical client would have both – discretionary for discipline and advisory for tactical and trading."



URS BRUTSCH
HP Wealth Management

Schmid adds that HPWM does not take a dogmatic approach, either. “We are always open to product or thematic ideas,” he says, “but the key is we are determinedly focused on the client, sticking intently to our goal of being or remaining their trusted advisor. We manage the various pieces that together make up the wealth management infrastructure of our clients, meaning that we retain more of a big picture perspective.”

Valuing the values

Brutsch comments on the current crisis, noting that in each and every market downturn, the clients often have a tendency to return to previous excesses, or indiscipline. “However,” he comments, “we have seen over the years that Asian clients have become more sophisticated, they see more value than ever before in what firms like HPWM offer. This crisis is therefore, in some ways, helping more people see the value of our approach and what we believe in.”

HPWM has been fortuitous in its choice of location in Singapore, the team agrees. “Not only does Singapore have a remarkable array

Getting Personal with Urs Brutsch

Urs Brutsch, founder and managing partner of HP Wealth Management, has an interesting history in the wealth management industry. After a number of assignments in various departments of Credit Suisse in Schaffhausen and Geneva, graduated with a federal diploma in banking studies in 1986. In December 1986 he moved to Singapore and held various positions in Credit Suisse Private Banking, including Branch Manager and Head of South East Asia. From 1999 to 2004 he headed the Private Banking activities of ABN AMRO in Asia and the Middle East, including a global responsibility for clients from 2003 onwards.

In 2004 he joined Clariden Bank, a subsidiary of Credit Suisse to set up a booking centre in Singapore and to expand the business across Asia. His last position was Head of Asia Pacific and Branch Manager for Clariden Leu Singapore.

In June 2009, he founded Hoffmann & Partners Wealth Management Singapore Pte Ltd, which subsequently changed its name to HP Wealth Management.

Urs is a founding member of the Association of Independent Asset Managers (AIAM) and has served on the committee.

Brutsch likes sports in general, but is most passionate about football. He plays, coaches and referees, which make for busy weekends. He is married with two children: a 21-year old daughter, who has just finished her Bachelor’s degree, and a 19-year old son, who is equally crazy about football and going into national service in Singapore.

of top quality infrastructure, a deep financial markets and advisory ecosystem and the support of a prescient regulatory regime,” says Brutsch, “but it has benefitted from being in a sea of rapidly rising wealth in the past several decades. Singapore is, without any doubt, the best place for what we are doing.”

Singapore – position A

Schmid adds that Singapore also remains a resolute and forward-thinking offshore centre in which clients all-over the world have increasing trust. “The government and the regulatory framework

inspire confidence, offering a multitude of attractive schemes for large families willing to adhere to the law,” he observes, “and the financial sector is strong, while the range of participants in the industry continues to expand. The clients see this.”

Foo adds that the Singapore authorities, like HPWM to some extent, take a strategic not tactical view. “They have been consistent in wanting to make wealth management, fund management, and asset management a critical component in the financial services

universe here, taking a very disciplined and strategic approach," he says. "And they are succeeding in that mission, putting Singapore at the top of the market in terms of reputation and excellence."

Hoping and waiting

Schmid comments that while the pandemic has forced a new norm on everyone for the time being, HPWM is eagerly looking forward to a resumption of the traditional approach to clients, engaging them regularly in person whenever feasible. "We are a people business, and we want to remain so," he reports. "Of course, we have adjusted with agility to today's environment, and we have managed to maintain considerable momentum with the clients, but we still hope to soon be able to work as we have done in the past, albeit with an even greater embrace of digital."

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Brutsch concedes that winning and converting new clients remotely is very problematic. "We do need the personal connection," he says, "we need clients to know who we are, we need to understand them and their goals and their families, and achieving this remotely with new or potential clients is not easy at all."

Foo remarks that the progress towards digitalisation has allowed the world to continue to function as best as possible amidst the pandemic. "Had this happened 10

or 20 years ago," this crisis would have been far worse," he says. "The trends towards digital and technology will continue apace, we will continue to adapt and be flexible, but of course, we also look forward to the time ahead when we can resume normal behaviour socially and in our business."

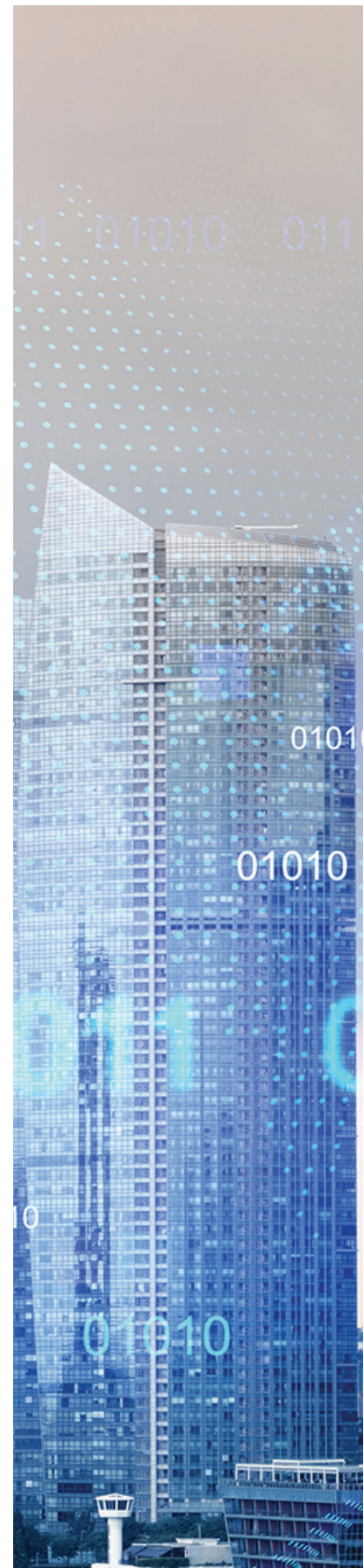
Brutsch agrees, noting that companies will have greater need of a CDO – Chief Digital Officer – in the future. "We can see that businesses will be more digital," he comments, "even though we will want to remain true to our DNA. We enjoy meeting our clients; it is truly part of who we are and how we do things. So, we remain hopeful."

As to the future, they explain that the firm continues to push ahead with its own digitalisation project, and also with hiring new client-facing

talent. "We have our philosophy of how things should be done, and we stick rigorously to that," says Foo. "It is essential that anyone coming in values that approach and fully understands what it means for them. We have a genuine passion for this business and a vision of the future, and anyone who joins us will demonstrate similar motivations."

Talent – proceed with caution

In past interviews, Brutsch has defined some key characteristics



of new hires. Does the RM have relationships which are truly his or hers? Are they comfortable to discuss the financial markets with the client, and not need to rely on product specialists? Is their vision aligned very closely with that of HPWM? What are their five- and ten-year objectives? How do they see the wealth industry evolving? On what measures do they expect to be evaluated and compensated?

“These,” says Brutsch, “are all vital elements we look for and discuss in depth before making our decisions. This must be as perfect a match as possible, so that we can present a unified face to our clients. The result is we have been able to build the depth

of skills and experience that gives the firm true sustainability. In fact, we would comfortably survive key members leaving, whereas five or six years ago that would not have been the case.”

Sustaining the model

They explain that this type of sustained, stable quality is an important element of the psychology of clients in relation to how they should be selecting the firms and the individuals within those firms to work with.

“Discerning clients for smaller to medium sized firms need to also know that they have the depth and a vision of the future,” Brutsch comments. “The clients and the

advisors should be deeply invested in these wealth management relationships, so this type of longevity and reassurance on the future is important.”

Preserve first, then grow

Brutsch reiterates this perspective, adding that the relationships the firm enjoys with its clients are to some extent being reinforced through this crisis. “We want to sleep well at night, and we want our clients to sleep well,” he says. “We are conservative by nature, we believe in wealth preservation first and foremost, and this traditional approach rings bells with more clients during times of global stresses and strains.” ■

