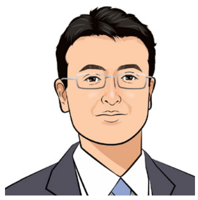
Independent Wealth Management in Asia - Growing the Business in 2021 and Beyond

On March 4, Hubbis hosted a panel of experts for a discussion on the future of the independent wealth management sector in Asia. The independent sector in the region remains considerably less well-established than, for example, in Europe or the US, with an estimated 30% of assets managed by boutique firms in Switzerland against estimates of well less than 10% in Asia, and probably nearer 5%. But that represents a great opportunity, and Asia is certainly working hard to catch up with Europe. There is growing diversity in the market, more top-flight bankers have been leaving the relative security of the brand-name private banks to venture out on their own or to join established independents, lured by the prospect of greater personal working freedom, a greater ability to manage their clients' assets in a totally objective manner with open architecture, and unencumbered by expectations or pressures of the banks. Some 10 to 15 years ago, when the creation of many of the earlier independent firms took place in Asia, there was only scant understanding of the proposition they represented, and considerable resistance from the main protagonists in the industry, while the clients were less local/Asian and more international, whether those were based in Asia or perhaps in Europe. Fast forward to today, and the EAMs/IAMs have been able to build and retain true relationships amongst Asian clients and have won an ever-larger share of the client wallet. And in recent times, many such operators have termed themselves Multi-family Offices (MFOs), sometimes to underscore their origins as managing the investment assets of several families who essentially became the core supporters of the new venture. Moreover, digitisation is helping the independents build scale, reduce costs, improve the client offering and reach out to the next generations, while the industry is better organised and more skilful at communication their added value.

MARK NELLIGAN
Pershing, a BNY Mellon company



HRISHIKESH UNNI
Taurus Wealth Advisors

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The Capital Company

The March 4 discussion saw six experts gather to look closely at where the independents are focusing their efforts in 2021 and beyond in order to again start building their businesses, after many months of not being able to get out and about to meet potential new clients. Every firm is in the same position, as this is a people business and building the trust to shift assets from private banks to these boutique-type firms does require a leap of faith.

How then will they build new clients? How can they convert more of their existing clients to high added-value discretionary and advisory revenues and thereby enhance revenue predictability? How will they make their operations more efficient, for example, through further digital adoption, through greater use of outsourced digital execution and custody platforms, and by boosting the productivity of their RMs and the quality of their talent pools? The panel looked at multi-generational engagement, including reaching out across family members from the core clients in order to build greater depth, especially as the younger generations are either inheriting vast wealth or building their own.

Asia follows Europe

A guest opened the discussion by observing that there is increasing alignment between the typical Swiss models of independent wealth management (IWM) and the Asian model.

"And the business has grown, the competition has increased, and the quality of the offering has improved," he observed. "Talent has also improved, and the talent pool is younger, and they demand more digital tools to better serve their clients. It remains a very exciting space despite all the challenges, despite the regulatory tsunami of the past decade. And we are more client-centric and produce better ideas and better advice, I believe."

Expert Opinion

MARK NELLIGAN, CEO, Pershing Securities Singapore, a BNY Mellon company

"The Independent/External Asset Manager model is now firmly established as an alternative to private banks with the industry talking growth instead of the viability of the model per se. There are more service providers in the space, which is good for the growth of the industry as a whole. BNY Mellon's Pershing differentiates itself as an independent and unconflicted platform provider to EAMs, backed by the resilience and strength of a GSIFI parent."

VANESSA GIBSON, Founder, illio

"We're here to help investment advisors, wealth management firms, and family offices say goodbye to fragmented tools. What used to be daunting legacy processes, multiple portal logins and complex reporting can now be fully automated with illio."

URS BRUTSCH, Managing Partner & Founder, HP Wealth Management

"Our USP has not changed over the last few years. Our business model remains client-centric and not product-led. The pandemic has forced us to move from face-to-face meetings to zoom/Webex and so forth, but this can and will not replace human interaction. You can't build a lasting relationship via Zoom."

HRISHIKESH UNNI, Managing Director, Client Investments Head of Best Practices Program, Taurus Wealth Advisors

"Our business is counter-cyclical with the markets to some extent- when there is a collapse in the markets, that is when generally clients need that second opinion or seek advice. This often leads to more clients engaging independent wealth managers during these periods of stress in the markets."

AIAM tracks the market's evolution

Another view came from an expert based in Singapore who reported that over the past decade or so since the Association of Independent Asset Managers was created, the membership had shifted significantly from all members at that time having a Swiss angle of some description – with Swiss CEOs or perhaps being subsidiaries of Swiss IAMs – to a much more diverse model, with many locally or Asian owned IAMs and staffing and talent broadly spread amongst mostly local or Asian RMs.

Moreover, the clientele has become predominantly Asian, whereas in the early years ,many clients were from Europe, either seeking to have assets managed in the region, or living as wealthy expats and entrepreneurs in Asia. "The reputation of this region has risen, and Singapore is a well-recognised and accepted booking centre for Asian or other clients," he reported.

A rising tide

An expert based in Hong Kong agreed, adding that they had certainly seen a rise in talent coming from the banks, and a greater willingness amongst those RMs to go the independent model route. "We think you will see more talent coming out of banks and financial institutions, setting up their own firms, joining existing firms, and we will see more firms merging as part of the overall growth story," they reported.

A guest highlighted how the industry has managed to improve the communication of its model and the marketing of the concepts of value-added it offers clients. "When I joined this firm about eight years ago, we had to go and knock on doors at the banks to say, can you onboard this type of client and so on and so forth, whereas now many banks have a dedicated EAM desk, with more and more banks coming and knocking on our doors, telling us how they are here to support us."

The Hubbis Survey

IN BROAD TERMS, HOW DO YOU THINK THE INDEPENDENT WEALTH SECTOR WILL PERFORM IN THE COMING FEW YEARS?

Will dramatically outperform the private banks — 26%

Will continue to gradually eat into the private bank models — 50%

Competitive environment will stay roughly as it is — 15%

Private banks are fighting back well — 4%

Private banks will be dramatically more competitive — 5%

Building from the core

He remarked how firms are doing deals with new partners and expanding their reach into different markets. "We entered a relationship with a very like-minded Swiss firm last year," he explained. "We had a presence in Singapore in Dubai but now we've got a Zurich office as well, all rebranded under our name. We see great opportunities form Europe with clients over there keen to capitalise on investment opportunities in Asia., and of course, vice versa, so the alignment of like-minded businesses and owners allows us to better capitalise on the opportunity."

Another perspective came from an expert who explained that a decade ago his company was the only independent custodian servicing the EAM market and that did not attempt to compete for the end clients in any form. "But now there are a number of platforms out there, which is good for the industry, good for the clients, really providing the independent wealth community with choice, both in terms of the model and the names they work with. That can only be good for the industry."

Driving digital transformation

He commented that automation and digitalisation had increased dramatically, all the way form digital onboarding to the use of mobile technology for transacting on the move and offering a whole new level of advisor and client experience.

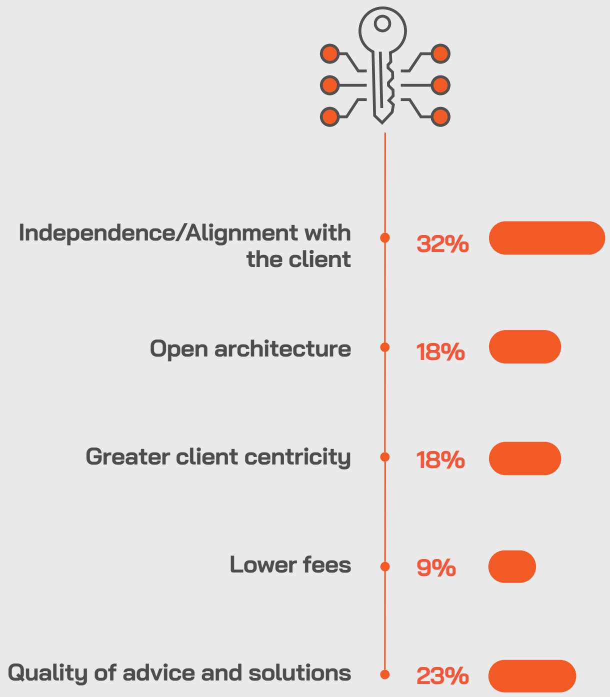
A guest reported how the need for portfolio allocation and information tools had risen along with the growth of the IWM sector. "We offer a portfolio management and analytical tool, and we provide digitisation, with rising interest in the independent wealth segment," she reported. "Based on many years amongst myself and the founders in the world of investments, we have driven the creation of a platform that helps the independent wealth industry and hedge funds to analyse portfolios, returns, risks, sensitivities, but all in one place. In this way, they can be highly proactive in informing their end clients, or in reacting to the many questions on the portfolios those clients might ask."

She remarked that some 25 years ago many talented people left the world of banking and investment banking to start or move to hedge funds, and that today the IWM industry was seeing some of the same sort of talent shift into the wealth management industry.

Simplicity rules

"What we have done is simplify the whole portfolio aggregation and analytics process for those wealth managers and RMs so that they can actually put all of their client information in one place, they can analyse it, they can create model portfolios, they can run sensitivities, and all at the click of a button," she reported. "And it is offered in a really user-friendly manner much more like an app, because all of us, in this day and age, want to have and use technology that is so simple for us to handle, even though it's very complex behind the scenes."

RANK THE KEY ATTRIBUTES THAT MAKE THE IAM SO VALUABLE FOR HNW AND UHNW PRIVATE CLIENTS.



She explained that the firm had opened in 2019 and had now launched its platform and was now trialling with clients, all of whom have been feeding back information to them to help them refine the platform along the way.

The discussion shifted back to the model, with a guest reporting that fees paid by clients had remained relatively stable whereas fees paid to custodians and service providers had fallen. "We can report that fees have come down due to the use of the platforms that we work with today, so the custodians, the third-party providers," he reported.

Strangely, he reported that in Switzerland it is the opposite, but said that in Asia the firm works now with almost 60 custodians, and the fees paid to them are an integral part of the model, with some savings passed back to the clients, helping provide those HNWIs with cost-effective fees for their services, whether asset management, fiduciary or other advisory.

Digital priorities

Another guest reported that an ongoing priority for this firm was further digitisation of processes and client interface. "In 2020," he explained, "we moved everything on to a new platform comprising a portfolio management tool, a reporting tool, KYC, AML CRM, and also an e-banking type of remote viewing access for end clients," he said.

"This year," he continued, "we want to make sure we use all the capabilities, all the functionalities of that system for the benefit of our clients, but of course, also for our benefit in terms of efficiency. So far, we are three months in, and it is going really well. We aim to have our end clients sign up to view their portfolios with us, as this is an interesting tool for them to always be on top of where they stand in terms of their portfolio, their performance, and so forth."

He said that like every other firm, he is also hunting for the right talent, but that in Singapore it was tough to find the right people with the right clients and the right attitude.

Custodial sentences

He added that while it might appear counter-intuitive, some of the leading banks in Switzerland had even doubled their fees charged to the independents, perhaps, he said, because they want to reclaim the end clients from those IAMs as their other businesses struggle.

"Working with the roughly 60 custodians, we have a flat fee agreement that in most cases is very low for custody and for general services, administration, and so forth, so we have actually been picking up some larger clients who said they would rather onboard with us than work directly with the bank, because the fees are just getting a little too much."

Shifting to the platforms

A Hong Kong based expert reported that they typically work with the leading brokerage platforms such as Interactive Brokers, Fidelity in the US, Saxo, and Charles Schwab. "A decade ago," they said, "we had to explain to people why they were in fact much better off with a brokerage platform solution than a traditional private bank, but today we have far fewer of those conversations. And I can say that generally fees have gone down and service levels have gone up."

She reported that one of the biggest shifts in Asia has been the greater ability to interface digitally with those platforms, whereas that

RANK THE KEY PITFALLS FOR IAMS TO AVOID WHEN BUILDING THEIR BUSINESSES.

Expert Opinion

URS BRUTSCH, Managing Partner & Founder, HP Wealth Management

"We used the last 10 months to consolidate our Portfolio Management System, reporting tool, KYC, AML and remote access for end clients onto a new platform. This was a massive project for us, but I am confident that this has further strengthened our offering and will put us in good stead for future growth. In 2021 we will focus on harnessing all the functionalities of this new system."

happened considerably earlier in the US and Europe.

Connectivity

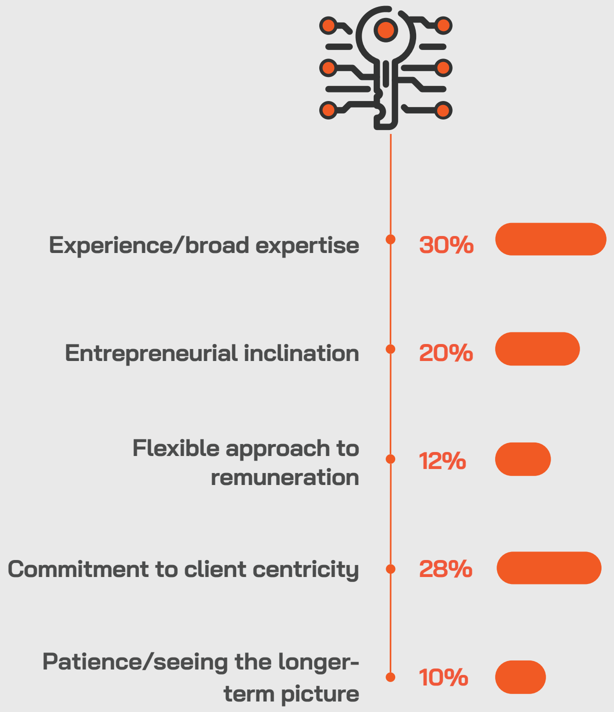
"In the past year, we've been able to implement digital CRM portfolio management and reporting software, and certainly looking ahead we continue to look for ways to use technology to scale the business, and even to help growth. At the same time, we've eliminated almost all of our private bank relationships, even for large clients; it really doesn't make sense for us and it doesn't make sense to the client."

Balanced views

A more nuanced view was expressed by another guest who said that still today many clients prefer to work with the private banks for execution and custody, for the feeling of security in preference to the lowest possible fees. "Many are ok with paying that premium so they can sleep easier at night," he observed. "Yes, some clients are moving to the platforms, but others are fine with the comfort of working with the big brand banks."

An expert agreed, noting that some of the shifts to platforms have been driven by the younger generations taking more control of family wealth and being more fee conscious and flexible than the founder or older generations in Asia. "Moreover," they observed, "these younger decision makers are more technology driven and the platforms usually offer better digital solutions and a better user interface. For some clients, it really isn't even about the cost, it's about the fact that they can have API connectivity, they can see their brokerage accounts across all sorts of systems, and very quickly

RANK THE KEY ATTRIBUTES THAT MAKE A RELATIONSHIP MANAGER SUCCESSFUL AT AN IAM FOR HNW AND UHNW PRIVATE CLIENTS.



Expert Opinion

MARK NELLIGAN, CEO, Pershing Securities Singapore, a BNY Mellon company

"Our wealth manager clients are increasingly asking for tools to allow them more time to focus on clients and reduce their administrative tasks. We are seeing increased adoption of e-signatures, e-delivery of statements, automation of the account opening process, and increased adoption of advisor and end-client access via mobile devices."

receive or produce reports and analysis and risk management that the banks cannot so easily offer."

Talent – rare and not a commodity

"The biggest challenge still today," said a guest, "remains to convince senior bankers of the advantages of being independent, to convince them that with us they can offer their clients a lot more. Many do not see the advantage of our concept, or the independent model. Additionally, many RMs are not entrepreneurial, they prefer safety over risk. They think they have job security in the banksd, whereas I think we know that is no longer true, actually there's no such thing as job security in a bank. And, of course, the banks still pay well."

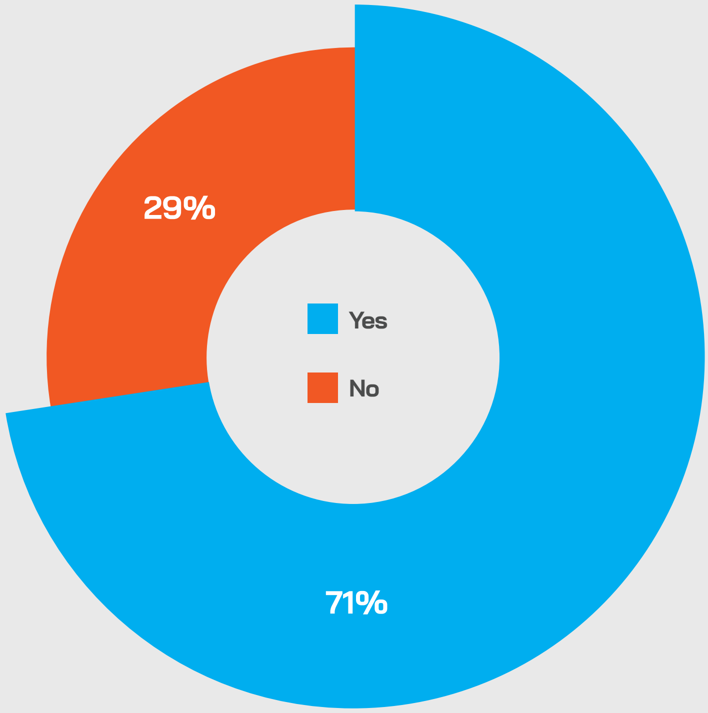
However, he maintained that the value proposition of independent asset managers has never been better than it is today. "The RMs in the independent sector have evolved and are more professional, they are better equipped to handle even complex families and situations," he reported, "and that is partly why we're growing as a sector of the industry. But if an RM moves out of a bank and continues to behave as if he was still in the bank, he or she will likely not be a great success. There must be a change of mindset, they must understand they no longer work for the bank, they work for the clients."

Entente cordiale

A guest highlighted how the IWM industry must work hand in hand with the private banks, even though the banks are both competitors and service providers. "I see the banks as competitors for clients, mostly, but they are also very good providers of certain services that we don't want to invest in, such as custodianship, payment agents, consolidation, settlements, all of that, and that some of our clients do not want to go to external platforms for, preferring the perceived safety of the banks."

As to competitive advantages, a guest reported how some clients had turned to his firm during the pandemic out of a preference for obtaining a more bespoke and tailored view of the wealth management offering and portfolio management and asset allocation. Another guest explained that it was vital to identify, express and to communicate the competitive

IN YOUR VIEW, SHOULD THE IAMS OUTSOURCE EXECUTION TO THE DIGITAL PLATFORM COMPETITORS RATHER THAN THE PRIVATE BANKS?



Expert Opinion

JESSICA CUTRERA, Partner, The Capital Company

"Overall Covid has been very positive for our business. Challenging environments are an opportunity to engage with clients on a wide variety of life issues where we as a multifamily office can add value, and an opportunity to show the value of a thoughtful, disciplined investment approach."

HRISHIKESH UNNI, Managing Director, Client Investments Head of Best Practices Program, Taurus Wealth Advisors

"Digital Assets Funds are very diverse and can offer all sorts of strategies from listed Long only Trusts, fundamental trading, arbitrage, market making or volatility arbitrage. There are not many funds, but there is choice of risk allocation."

advantage your firm offers, as that is the key to driving new business, new clients, and new relationships.

Centred on the USP

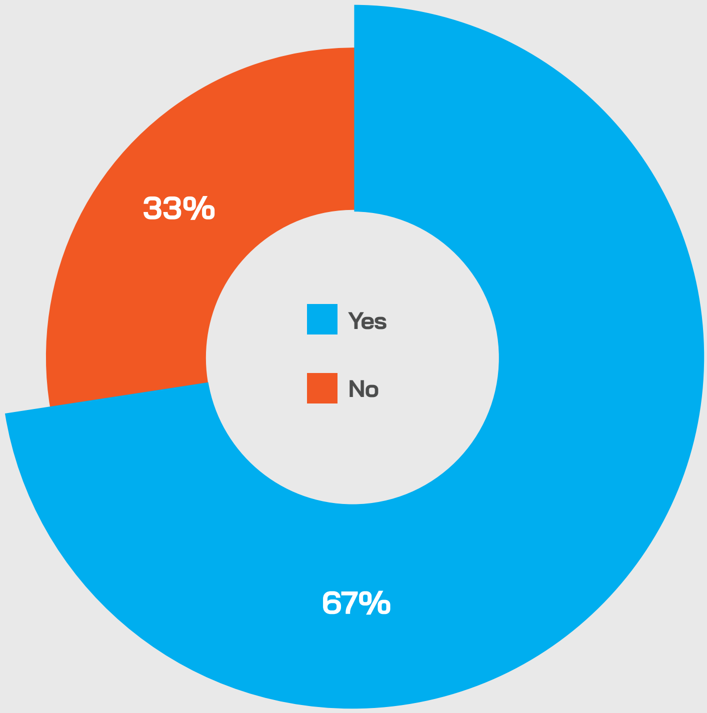
"For us," they reported, "where we've had the most growth and the most success really scaling our business is working with families with cross-border needs, especially in relation to the US cross-border. So, for us, it's been really identifying that specific niche in the market, and that also includes many Asian families with more and more cross-border family ties to the US. We have focused on that niche and building the technical specialty to advise in that niche; it has really helped us scale our business, and riving our AUM growth."

She added that the firm had also taken a hard look at the business, eliminating certain business lines or custodians or products that perhaps weren't a good fit, where they could not compete effectively, or which didn't integrate well with the rest of the business, or couldn't be scaled via technology. "I think part of being successful beyond identifying your competitive advantage is also being a little bit ruthless about what you shouldn't do and what you should or should not outsource," she stated.

Virtual assets also need custody

Expanding on this point, an expert reported that from the perspective of being the world's largest custodian the firm had seen a significant rise in requests to provide custody of digital assets, those requests coming from institutional clients, sovereign funds, central banks and major pension funds. "The tokenisation of private assets, the ability to participate in big infrastructure projects via securitised tokens, that is really driving the demand," he explained. "We are not there yet, but we have made a

IN YOUR VIEW, SHOULD THE IAMS OUTSOURCE CUSTODY TO THE DIGITAL PLATFORM COMPETITORS RATHER THAN THE PRIVATE BANKS?



Expert Opinion

VANESSA GIBSON, Founder, illio

"For many wealth managers and advisors, buying multiple (and expensive) technology tools to digitalise isn't a viable solution. At illio, we are one of few start-ups that have created a total workflow solution – portfolio aggregation, portfolio analytics, and white-label reporting stitched together as one holistic system."

JESSICA CUTRERA, Partner, The Capital Company

"We've fully digitalised our onboarding process and implemented a new system to digitally deliver client reports and portfolio information. We've had a great response to these changes from clients and prospects and anticipate implementing further technology to enhance clients' experience."

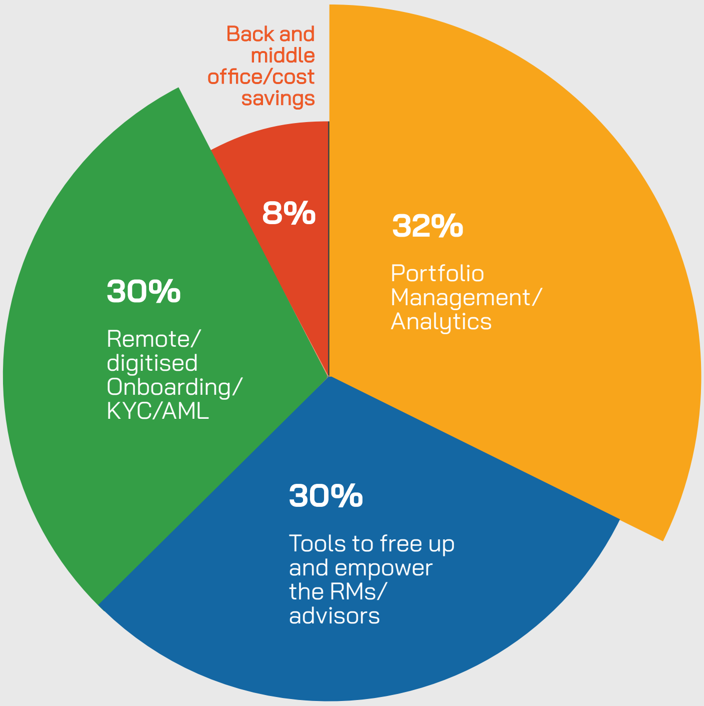
statement of intent to be the leading custodian for digital assets, and towards the end of this year, we will have that capability."

He explained that a hurdle remains the regulatory environment, as many jurisdictions have different approaches to digital assets, but that his firm of course operates under the regulatory environment of its operational bases. "The biggest issue around that is AML, which is kind of counterintuitive," he said, "because with digital assets, you can have the ability to look right through to the first transaction. So, we've been working with the regulators to educate them and try to work towards a solution that will help the industry as a whole and we believe we're getting there."

A guest who concurred with the perspective that many of the younger generations of Asia's wealthy will lean more towards new assets, disruptive providers, and away from the 'stuffy' private banks. They explained that such clients often tend to like working with the newer asset managers, and to have a far more digital interface and a much more responsive and rapid visualisation of the assets in which they invest.

Even those who are not wealthy, they commented, are often seeking the same tools and the same levels of sophistication that actually historically would be reserved more for professional investors. They added that they have digital assets in their platform, for example, and expect more private clients to want to manage and see those assets as part of their overall portfolios, perhaps less so than the older generations who were more in real estate, for example.

THE DIGITISATION OF WEALTH MANAGEMENT CONTINUES APACE. WHAT ARE THE KEY AREAS THAT THE IAMS NEED TO INVEST IN AND IMPROVE UPON?



Expert Opinion

HRISHIKESH UNNI, Managing Director, Client Investments Head of Best Practices Program, Taurus Wealth Advisors

"Covid reinforced that while personal interaction/ meetings are important in our business, once you establish trust, then clients know you are doing the right thing for them.....thus the need to meet in person is less of an issue particularly when it is due to circumstances beyond your control."

Connecting to the nextgens

A fellow panellist agreed, noting that as the clients in Asia on average get younger year by year, they have particular requirements for digitalisation and access to information. "Accordingly, we are looking to create a seamless access to their portfolios, to their ability to influence the process, maybe not the asset management part so much, because they still come to us for primarily asset management purposes, but to participate digitally in what is taking place. We are seeking to enhance our digital platform for existing clients, for UHNWIs and HNWIs and provide a constant re-evaluation and analytics portfolios and investments. We are also figuring out how to acquire clients away from just the hiring of talent, but also through social media and the internet. We are looking at this very actively."

Another guest reported that only in the past year, his firm had entered a new relationship with a client born in the 1920s. "This is really how old he is," he reported, "but we are of course building the relationship with the generations of the family, and this is key to the future for us. You cannot always retain the client if the older generation passes away. But you can try to engage with those younger generations and provide your firm with a better chance. We stick to our core of managing money and wealth preservation, but we are always looking at ways to win new clients, through our efforts at reaching out across generations, through referrals, though also offering new areas for example the 13X, or tax exemption scheme applications in Singapore, where there is such strong support from the government."

Riding the wave

The final word went to a guest who reiterated that the end investors in Asia are ever more familiar with the independent model, and as a consequence more comfortable with the model that eve before. "The recognition of the differences between a brokerage platform, a bank, and custodian, all of that now is beginning to get more familiar with the investors, they better understand who can offer what and what the propositions are, all of which is helping the market grow. As a major provider of services to the wealth management market, we are seeing strong growth taking place in Singapore, Hong Kong and the region as a whole." ■

The Hubbis Post-event Survey

We asked delegates for their views on the evolution of the independent wealth sector in Asia and have summarised their many views below. The overall picture is one of great positivity, as well as a pragmatic appreciation of the challenges ahead.

IN YOUR VIEW, WILL THE INDEPENDENT WEALTH SECTOR THRIVE IN THE DECADE AHEAD IN SINGAPORE AND HONG KONG?

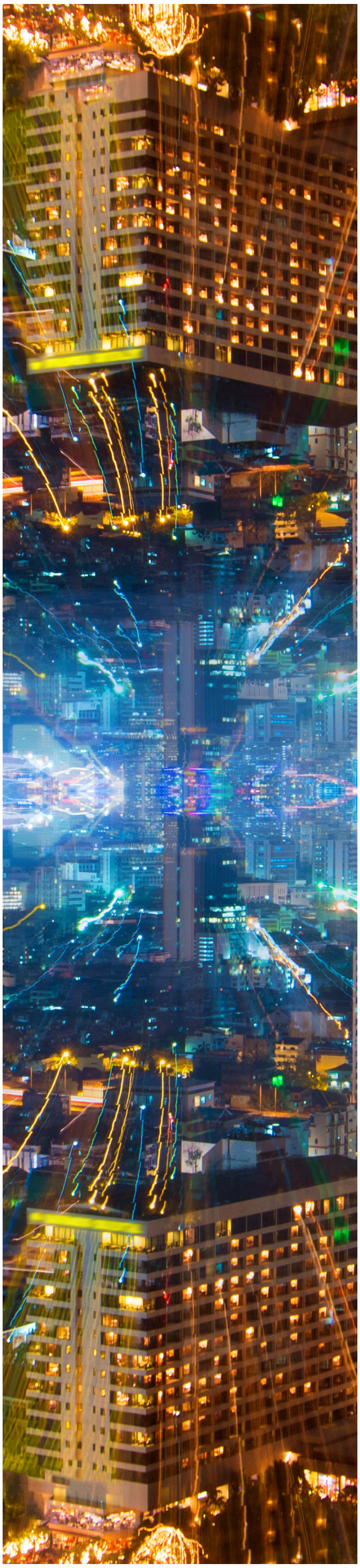
- No, they struggle to attract the best talent form the private.
- Yes, there is growing wealth and awareness. I think the independent sector should increase market share as clients become more educated on the merits of having an independent advisor instead of a private banker.
- Yes. Clients are looking for a value for money and optimal advice.
- Yes, as more and more UHNW and HNW clients look for IAM/EAM firms to help them manage their wealth, there is an upward trend in the segment in both countries.
- Yes, especially for the next generations who are growing or inheriting huge wealth and who will be drawn to those platforms that offer a great digital experience as well as investment expertise.
- Yes, we feel the younger generations will be more open to the independent solution to managing wealth than the founder or older generations, actually.
- Yes, we think clients are more conscious of the value added from the independent wealth sector than form a somewhat opaque private bank sector.
- Yes, and Hong Kong will be primarily benefitting from the growing greater China market, while Singapore will be driven by ASEAN and the South Asian economies, and the Middle East.
- Absolutely, both centres are well positioned to further grow and attract the wealth of the Asian region. However, both should keep a watchful eye on Shanghai.
- Yes, and in both Hong Kong and Singapore the growing num-

ber of family offices are core supporters for the independent wealth sector.

- Yes, IWMs have gained more and more recognition these few years, and there are more and more EAMs being set up, and with the rising numbers of HNW and UHNW in this region, they are natural clients.
- Yes, the RMs will be increasingly incentivised to differentiate themselves by providing their clients with a more dynamic approach to wealth management.
- Singapore will thrive more than Hong Kong because for a jurisdiction to thrive as a hub for wealth management, it needs to be politically stable, politically non-aligned, economically healthy with a thriving regulatory environment for business and financial services.
- Yes, and Singapore will really benefit as it has aggressively pursued digital transformation.
- Yes, the IWM sector will thrive as more people focus on the optimal investment approaches and seek to optimise portfolio construction.
- Yes, Asia will follow the industry trend that is clear in the US, Europe and Australia.
- Yes it will definitely thrive as the banking industry goes into a sunset mode.
- Yes, but they need to truly differentiate themselves in independence and expertise in particular sectors.
- Yes, we think most Asian private bankers are groomed to sell products that make sense for the seller and sometimes less so for the client. Independent Wealth managers do not have sale targets, they focus much more on looking after their clients' interest and retaining those HNWIs as clients of the firm for the long-term.

WHAT KEY TRENDS HAVE YOU SEEN IN THE EVOLUTION OF THE CLIENT BASE FOR THE IAMS IN RECENT YEARS – MORE ASIAN OR MORE EUROPEAN, OR MORE MIDDLE EAST, OR MORE GLOBAL?

- The replies here were definitive – almost every respondent highlighted the growth of the Asian clientele in recent years, whereas some 10 to 15 years ago when the IWM sector opened in Asia there were many European clients and wealthy expats drawn to the sector. The replies also highlighted the

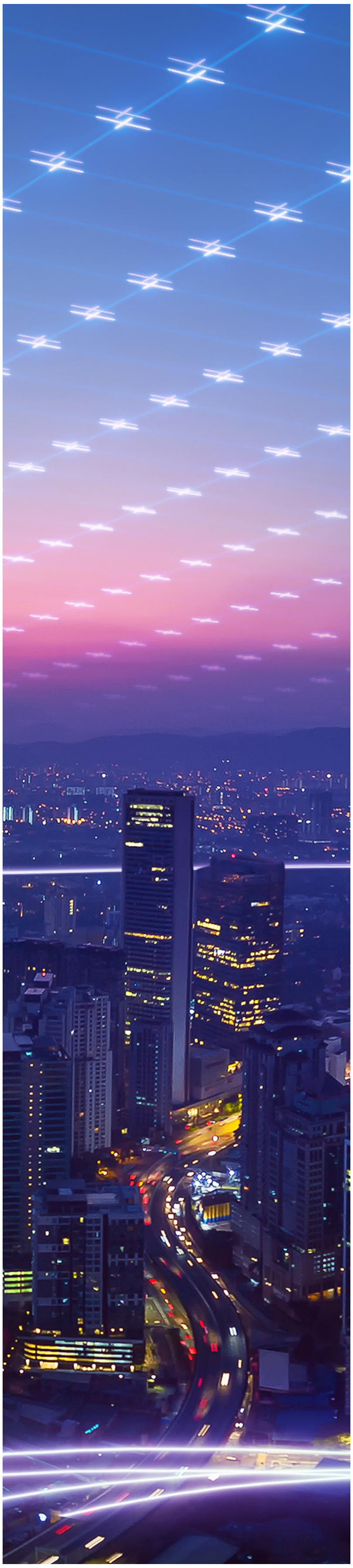


rapid expansion of private wealth in China and the rise of such Mainland China clients in both Hong Kong and Singapore. Some mentioned how Singapore has been a major draw for Middle East clients, with some moving their families to Singapore to take advantage of many government incentives and a welcoming culture towards Islam, given Singapore's significant Muslim community and proximity to Malaysia and Indonesia. Some replies also highlighted the importance of the younger generations to the IWM sector, especially for those that are well advanced on their digitisation journeys.

WHAT ARE THE KEY ATTRIBUTES THAT MAKE AN IAM SUCCESSFUL AND WHAT ARE THE KEY AREAS THAT NEED TO IMPROVE?

We have summarised the Key factors respondents pointed to that would help the IWM sector achieve greater success in the year ahead, and beyond. They include:

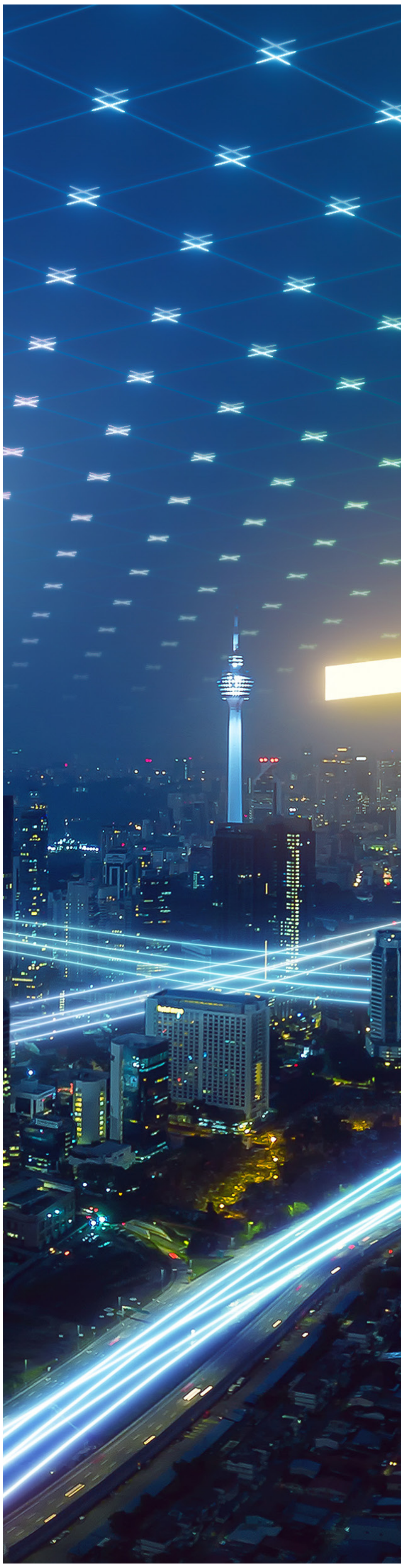
- Greater professionalism and consistency.
- Dedication to the needs of clients' families.
- Better talent and talent retention.
- True independence and transparency
- Top-flight digital interface and solutions.
- Total trust and a robust corporate culture.
- A platform that draws clients to consolidate their total assets.
- Greater flexibility and agility.
- Greater expertise in regulatory matters.
- Top quality investment knowledge with innovative approach.
- Complete understanding of client situations and needs.
- Client centricity to shine in comparison to the private banks, which tend to be revenue-driven.
- Control operating costs, increase technology for efficiencies.
- A wider range of expertise.
- Absolute alignment to the client.
- The best possible portfolio construction and implementation capabilities.



- IAMs need scale to deliver a full range of services, they must deliver on the quality of advice and an enhanced digital experience.
- Specialist knowledge of multiple assets classes.
- A clear added-value to distinguish themselves from the banks.
- Ability to distinguish and communicate the value proposition of different booking centres across different countries.
- Partnerships with custodians that are willing to be flexible to expand business in alternative asset classes such as digital assets, which I believe will be a major trend in the next decade.
- Rapid decision making, low bureaucracy, strong client focus.

ARE THE IAM CLIENTS RECEPTIVE TO MORE OUTSOURCING OF BROKERAGE AND CUSTODY AWAY FROM THE PRIVATE BANKS AND WHY, OR WHY NOT?

- Yes, if costs are lower.
- Not really - some of the HNW clients still prefer these services provided by private banks.
- Not as yet. Even IAMs prefer a single platform solution and they are willing to have multiple banking relationships for clients to achieve varied ideas and cost efficiencies.
- Yes, I believe so - the direct link to the private banks is broken.
- No, they prefer custody with the private banks
- Yes, clients are more comfortable with a transparent brokerage model.
- Yes, as they have lower costs and they have the same target with clients, which is portfolio growth.
- Not necessarily their total wealth. Diversification of asset managers will always happen as clients' wealth grows.
- Yes, and this is driven by fees and wider choice of products/investments.
- No. They still prefer the stability and the branding of the private banks which are highly regulated.
- It depends. In the world of wealth management, it is very much a relationship business, and clients will follow the RM rather than choosing the bank.



- Not much, they still believe in private banks more than the IAMs.
- Yes, I believe clients are more cost conscious and are willing to move as long as they are convinced that the assets are secure.
- It depends on the client's profile. Those who love the use of leverage would prefer to stay in the PBs for the leverage facility that tends to be cheaper and more flexible. There are also those that are concerned with status amongst their peers, hence they may prefer custody of assets with the banks. Whereas the younger, digital native generations are more receptive to new platforms and arrangements, especially if the fees and costs are lower.
- My answer is yes and no, as there are reasons to move, but the private banks still tend to be able to offer a larger suite of products.
- Yes, as clients are increasingly more focused on portfolio construction and less fixated with big bank brands.
- Yes, absolutely. The banks are inefficient and expensive as brokerage platforms while the notion that banks are safer than brokers is a falsehood. Charles Schwab is several times the size of UBS, for example.
- Yes, outsourcing brings the clients more flexibility.
- Clients are cost conservative these days and as long as brokerage houses are well recognised and would be able to provide the same level of products and services as private banks do, I strongly believe clients are willing take their execution and also custody away from the brand name banks.
- No. Private banks still have an advantage in terms of internal control/AML and so forth, and strong reputations.
- Yes, clients are receptive to more outsourcing through the IAM, as long as they can provide a comprehensive investment approach including the delivery of research, which helps the customers make their decisions in investments.
- Not really. I think clients remain reluctant to moving away from private banks, largely because of security, safety and privacy.