

Dear business partners,

Another year is soon coming to an end, and just like the previous year, this one was rather remarkable. Who would have thought that the COVID19 situation drags on for so long? But there is a silver lining on the horizon. Travel has started to resume, although it's still relatively cumbersome to keep abreast of the ever-changing requirements in each country, to make sure the COVID certificates are valid in the country one travels to etc. But at least for many countries we now no longer need to serve a Stay Home Notice (which of course was never served at home, unless you call a hotel allocated to you randomly your home). So on the pandemic front I think it is now quite safe to say that the next year should be better.

The financial markets have taken the various setbacks around COVID in their stride. They have also largely ignored the inability of the two political parties to achieve almost anything and the resultant paralysis of the US congress. Equity markets powered higher, whereas the fixed income markets had a rather difficult year, with the US10 year treasury rising from below 1% to around 1.5% now. The China story got seriously derailed by the government's heavy-handed interference in many sectors, such as education, technology and real estate. Investors are trying to assess whether China remains "investable". We firmly believe that you can't ignore the second largest economy in the world in your asset allocation.

At HP Wealth Management we continued our organic growth path. As we write this, our staff count has grown to 29. We have added a couple of Relationship Managers this year, but have also strengthened our support functions. After our major investment into a new technology platform (Wize) at the end of last year, we have now embarked on two new initiatives, which we believe will help us to cement our position in the top segment of independent asset managers/multi-family offices in Singapore. We want to put HP Wealth Management firmly onto a path where we can contribute to the "net carbon neutral". This will happen at two levels: how we include ESG ratings into our investment process, and a thorough review of what we can improve on (reduce plastics, reduce electricity, switch to a provider of electricity coming from renewable sources etc). We want to find out how we can make our firm "net carbon neutral". Please see more on how we navigate this in our discretionary portfolios in Michael's write-up.

The second key initiative which we will roll out in 2022 is a substantially improved offering in the area of Private Markets. Stephane shares some of the plans in this issue of The Insider.

I wish you and your family all the very best for the festive season, and if you do get to travel, I wish you safe travel and a great start into a largely pandemic-free 2022.

Urs Brutsch
Founder & Managing Partner

Environmental Risk Management

The most important takeaway from the latest Intergovernmental Panel on Climate Change report can be summarised as follows: Global warming is happening and happening fast; it is caused by human greenhouse gas emissions (GHG); the impact will range from bad to catastrophic; and reducing GHG emissions can substantially reduce the damage.

It is clear that environment risk will and can have a significant impact on companies, businesses and therefore security prices, asset and portfolio valuations. In response to this growing risk, the MAS has issued its Guidelines on Environmental Risk Management for asset managers with the aim to enhance the resilience of discretionary funds and mandates managed by asset managers. To that end, HPWM has integrated environment risk factors into its investment process.

In order to manage any risk, it is imperative to be able to measure it. This is needed both on a security level as well as on a strategy or portfolio level. The due diligence on security selection will now include environmental risk factors using proxies such as carbon emissions, intensity etc. On the portfolio level, the portfolio managers will assess the strategies' environment scores relative to global benchmarks as well as relative to its historical trends. To help us make these assessments, we will be using tools available through our subscriptions to services such as the Bloomberg as well as the Morningstar Direct. These are the first steps in our journey to manage environmental risks in our portfolios and in doing so we also hope to contribute to the global decarbonisation effort.

Michael Foo, CIO & Partner

It is Private Equity Time!

The UBS Family Office 2021 report shows a clear trend: in the course of the next five years, investors will dedicate more assets towards Private Markets. For close to five years, HP Wealth Management has developed for two families a full Private Market capability with an experienced team, actively investing in a range of direct investments and diversified funds. The partners are excited to extend this offering to our clients and decided in November 2021 to hire an additional resource as a full member of the Private Equity team, dedicated to our private clients. Rationale: Investors increasingly seek direct investments but do not have the on-ground resources and expertise needed for origination, due diligence, execution, post investment management. The current interest rate environment, overall public market valuations, unprecedented “Covid induced” changes such as in technology and data revolution require a rethink of traditional investment in public markets.

- Why HPWM for PE: We have an institutional infrastructure with dedicated and specialized capabilities in private markets. We already work with highly sophisticated families active in the space. With our offering, clients benefit from substantial economies of scale; yet they retain greater decision-making control, strategic alignment, and transparency.
- Our team: Experienced team with institutional capability in public and private markets.
- Our strengths:
 - Proven origination capability through an extensive institutional and family office network, combined with a structured institutional investment process.
 - Independence in mind, full alignment of interests. Stay tuned as during Q1 2022, we will be sharing more on our new venture.

Stephane Schmid, Partner



Introducing Yen Zhao Yi, Senior Investment Manager

Zhao, tell us what you have done in your professional career so far:

I started my career as an investment banker with J.P. Morgan in London before moving to the buy-side (also in London) at an investment holding company focusing on technology, industrials and natural resources. I then returned to Singapore in 2014 to join Temasek Holdings, where I participated in the review and due diligence of investment opportunities across both private and public markets. I then decided to make a switch into start-ups and running my own consulting business, covering areas such as fund raising, corporate development and investor relations before joining HPWM in November 21.

What is so exciting about the Private Equity space? What makes Private Equity exciting is that it is a relatively inefficient market – if one looks hard enough, there are always numerous interesting and profitable opportunities.

Why did you end up with a small firm like HPWM? Friendly, family-like environment, where you feel that you can really make a difference. In larger organisations, it is easy to lose sight of the bigger picture at times.

Was the onboarding impacted by the WFH rules? Definitely – it was surreal, having to do onboarding in a nearly empty office! I am looking forward to meeting all my colleagues and doing more face-to-face meetings in 2022.

Last, but not least, tell us something surprising about you: I have a slightly deformed left ear from a martial arts injury.

We welcome the following colleagues to HP Wealth Management:

Sandy Tan, Assistant Relationship Manager

Clement Tan, Compliance-cum-Operations Officer

Yen Zhao Yi, Senior Investment Manager Private Markets

Talant Begaliev, Senior Relationship Manager

HP Wealth Management (S) Pte Ltd (“HPWM”) is an independent wealth management firm founded in 2009 to provide independent and professional investment advice, tailor-made investment managements well as family office services to high net worth individuals and families. At HPWM, our focus is on managing client’s assets, bankable and non-bankable. We work with experts in the field of finance such as banks and specialised fund managers. We work with a large network in the field of trust, insurance, corporate providers, lawyers in order to ensure that our clients get the best in class.

PUBLISHER
HP WEALTH MANAGEMENT (S) PTE LTD
137 Telok Ayer Street #08-05, Singapore 068602
T: +65 6603 9790 F: +65 66039791
www.hpwm.sg