HP Wealth Management Founder Urs Brutsch on Rigorous Discipline and the Art of Wealth Preservation

The Hubbis Independent Wealth Management event of May 11 in Singapore featured a panel discussion on the evolution of the digital platform, focusing on improving execution, reporting, custody, and processes. Urs Brutsch, Managing Partner & Founder of HP Wealth Management, sat as one of the expert panellists, offering his insights, some of which we have summarised in this short report. His key message was that as an independent asset manager, his firm stays true to its principles of portfolio diversification and an emphasis on quality as the firm strives to achieve the big picture goal of client wealth preservation.

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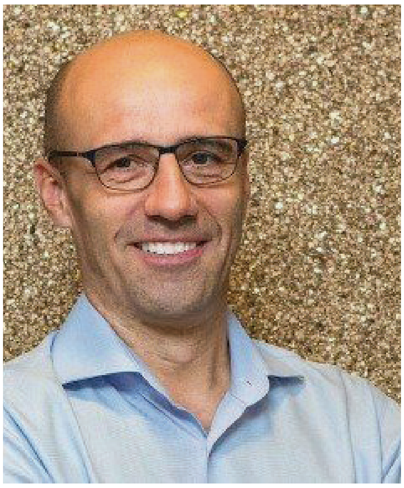

Urs Brutsch
HP Wealth Management

Urs has been in the private banking industry for more than three decades and has been in Asia since 1986. After helping expand the private banking businesses of Credit Suisse, ABN AMRO and Clariden/Clariden Leu in Singapore and throughout Asia, he decided to go independent. In 2009, Urs founded HP Wealth Management Singapore Pte Ltd, with Michael Foo, the former Head of Clariden Leu's Portfolio Management unit, as the Chief Investment Officer.

The company's focus is exclusively on looking after private clients, acting as an Independent Asset Manager. Over the years, the firm has added a well-recognised Family Office capability, which includes expertise in private markets. Urs believes that an IAM can offer a client the best of both worlds: a custodian of choice coupled with truly independent investment advice. He is also a founding member of the Association of Independent Wealth Managers (Singapore).

Taking some bold steps

He told delegates how the firm had moved to a new platform around 18 months ago, which he said was a very good decision. "It has combined portfolio management tool, a reporting engine for consolidation of assets, and also handles KYC and AML and provides CRM," he explained. "There are two key dimensions to this, one between the firm and the client, the other between ourselves and the banks. The clients talk to us and through us, and they do not have the trouble of having to handle the banks. The key challenge was to find the right partner to make it all as painless as possible."

He explained that as to the business model they adopt and the approach they adhere to, transparency and quality of service remain of paramount importance.

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Aligning objectives

"We never give clients any advice that we do not believe in or that would not be good for us as well," he said. "Honesty and transparency translate to the ticket to this particular dance."

Growth is essential, he reported, but not growth at any price. "The biggest challenge to scale up is really our business model," he explained. "We work with so many different banks, and to execute our strategies through different banks is becoming increasingly difficult, as more and more banks put up the gates again in terms of structured products. We run two strategies through Actively Managed Certificates, and some banks flatly refuse to let the clients invest in those AMCs or ask for ludicrous fees to facilitate that. Not all funds are on all the platforms of the private banks. And we always like to access the institutional share class of a fund for the clients."

KYC and AML are still core hurdles

He told delegates that another core hurdle to overcome was the onboarding of clients at the private banks. "I'm a big fan of this MyInfo in Singapore and wonder why this has not been beefed up to really also include the private banks, as it should be technologically possible if the regulators direct that way," he observed. "It would make life a lot easier if we had something like this. And if on the blockchain, we could have something like a portable KYC."

He also noted that the firm does not expect too much from custodians. "We aim to have a smooth onboarding of clients, and then flawless execution of trades, and good quality data feed into our system," he reported, "but we don't really rely on them for investment ideas or product ideas. We have low expectations, but frankly, sometimes even those hopes are not met."

No promises you cannot keep

In regards to investment performance, Urs explained that they never promise clients outperformance, as in reality nobody can assure clients of that.

"However, we adopt an extremely disciplined approach with an investment committee that meets regularly, that reviews all the factors that drive change of asset allocation, and we honestly never put instruments or products in the portfolios that we don't fully understand," he explained. "We also avoid leverage; we are well diversified, and we like to focus on quality. You can navigate the markets with these tenets; there is no great rocket science really, in my opinion."

Preservation and the avoidance of unnecessary risk

He added that this far, he and colleagues shun digital assets such as cryptocurrencies. "There is this fear of missing out," he commented, "but I see no clear logic for Bitcoin, Ethereum or others to be in a properly constructed client portfolio. Anecdotally, my biggest client once told me, 'Urs, you mention Bitcoin and I will close the account', so thankfully we have never spoken about that."

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He went further, stating that the firm is in the business of wealth preservation as an IAM, and cryptocurrency investing could be more like wealth destruction over time. "Who knows?" he pondered, "but we stick to our principles of allocation to assets we trust and fully understand, we stick to wealth preservation."

Keeping up the momentum

Talent is an impediment for the wealth industry, he conceded, but his final comment was that since early 2020, HP Wealth Management had managed to expand its headcount by around 40%. "Actually, we find that it is still not that difficult to get employment passes in Singapore, and we have had two applications approved very rapidly. In short, we can find people, and we have been hiring." ■