

# Asian boom in family offices to manage wealth

## More people considering ways to pass on wealth to the next generations

■ BY ROBIN CHAN

THE number of special entities set up to manage family wealth has rocketed across Asia in recent years as banks focus on meeting the needs of well-off investors.

There are about 150 to 200 such operations – known as family offices – with around half in Australia and Japan.

It is a small number compared with the more than 2,500 family offices globally, but it is growing as wealthy families in Asia start to consider ways to pass on their riches to the next generations.

There are about “a couple dozen” fami-

ly offices in Singapore, said Mr Dominic Samuelson, managing director of Campden Wealth, a research provider for family offices, which conducted the survey with Swiss private bank UBS.

And this number is expected to grow across South-east Asia, China and India as well, where new wealth is booming.

Associate Professor Annie Koh, dean of the Office of Executive and Professional Education at the Singapore Management University Financial Training Institute, said: “We are in a stage of transition. So many of our Asian families have not consciously prepared for succession, whether in the context of their business or the context of wealth transfer.”

Prof Koh was a panellist at a forum at the UBS Business University Asia campus, where the survey results were shared yesterday.

The growth in Asia of family offices is also being driven by tougher regulation in

Europe and the United States and economic growth in Asia.

As a result, more European and American family offices are setting up in Asia, particularly Singapore.

Another panellist, Mr Munish Dhall, executive director and head of ultra-high net worth offering and client development at UBS, said: “The reason is the explosion of wealth in Asia. The families want to be where the action is, they want a piece of the economic pie.”

To support this growing sector, the global family office division at UBS aims to begin serving 25 clients in Asia this year, with assets of at least US\$200 million (\$250 million) each, said Ms Amy Lo, the bank’s managing director and head of ultra-high net worth in Asia-Pacific.

It has a team of 10 professionals to cater solely to advising the most sophisticated family offices by linking them with all parts of the bank.

Ms Lo said: “We have an investment team, investment bank professionals, fixed-income specialists, calling on them to give them information. They want quality, timely advice, and they want execution (of deals).”

The survey, conducted from June to October last year, is the first time Campden and UBS have studied the family office segment in Asia. Campden has done four such reports in Europe and two in the US.

The survey found that family offices in Asia ranged in size from as few as one or two people to as many as 200 in one case. The level of wealth managed ranged from US\$50 million to more than US\$1 billion.

The family offices surveyed were also on average able to achieve 9.1 per cent returns on their investments over the 12 months to October last year.

Ms Roxanne Davies, managing director of Parly Singapore, a family services provider, said family offices have tended to be more cautious in the uncertain economic climate, keeping their money in cash or gold.

Mr Samuelson said maintaining returns amid market volatility and getting the right staff are some of the challenges facing family offices over the next year.

Another challenge was not only in getting Asian families to understand the benefits that a family office can bring, but also to recognise when such an entity is not appropriate to their needs, he said.

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## Numbers and percentages

■ More than 150 family offices in Asia

■ 85 per cent said they are engaged in some philanthropic activity

■ 73 per cent said they preferred a balanced approach to investing as opposed to aggressive growth or preserving wealth very conservatively

■ Average cost of running a family office is 65 basis points of assets under management compared with 62 basis points in Europe

■ 43 per cent said they have a five-year investment horizon

■ 43 per cent said their family office had been founded after 2000

■ 40 per cent preferred to put their investments in cash, equities and bonds