

THE INVESTMENT SELECTION PROCESS

According to *Global Wealth 2015: Winning the Growth Game*, Asia Pacific (ex Japan) will control more than one-third of the world's private financial wealth by 2019, representing \$75.1 trillion, a CAGR of 9.7 percent based on the \$47.3 trillion currently held. Despite the relatively low penetration of private banks into the private asset holdings of the Asian wealthy, the wealth management industry in Asia Pacific has also grown. Asian AUM held by private banks from 2013 to 2014 increased from 1.4 trillion to 1.556 trillion according to Asian Private Banker and there was a corresponding growth in relationship managers to 5,449 at a rate of 7.2 percent. Independent Wealth Managers are estimated by AT Kearney to hold about 5 percent of Asian AUM, which is also growing.

At the end of 2014, there were more than 2500 investment funds registered in Hong Kong according to the SFC and more than 7,900 available globally (ICI Factbook 2015), while new funds are launched regularly. The plethora of funds, as well as special sector and alternatives investments, requires an investment advisor to use a rigorous selection process to determine which are most appropriate for the specific client. A comprehensive evaluation of funds for a client may require various tools to analyze, screen and chart quantitative information such as Mercer's MAP which also assists with qualitative screening. Mercer offers analysis and ratings for private equity and hedge funds in addition to mutual funds.

In our second Conversation in our series, Coutts Executive Director Aman Dhingra, based in Singapore, talks to us about the fund selection process the private bank uses for clients. It begins with a client discussion: an analysis of their goals, investment horizons, risk appetite, as well their knowledge and experience. This systematic and methodical approach serves as a guide in advising and reviewing investment decisions for the client.

Aman details the funds selection process used by Coutts professionals in helping to put their clients in appropriate vehicles. This includes regulatory, performance and risk reviews.

Coutts also helps its clients invest in sector and thematic funds if they wish to express a narrower view within the market, but only when the client understands the related risks in these investments. With regard to alternative investments, Aman notes a rising popularity for fund managers to offer UCITS registered hedge fund strategies which can provide investor protections not available through direct investments. He describes a growing trend of Asian UHNW clients preferring co-investment deals where they can be directly involved in the underlying investment, particularly with regard to private equity and real estate.

Aman Dhingra
Executive Director, Coutts
Head of Funds Solutions, Asia

Based in Singapore, Aman heads the Funds team at Coutts in Asia and is responsible for end-to-end management of the region's third party funds platform to deliver investment solutions for clients.

Aman and his team are in charge of the selection, on-boarding, monitoring and distribution of platform products, which span long only funds, UCITS alternatives, offshore hedge funds, exchange traded funds (ETFs), private equity and real estate offerings.

He has close to 15 years of experience in Asian markets leading innovation and new product development, crafting and operating product platforms and implementing advisory frameworks across several jurisdictions including Asia, the Middle East and UK. Prior to joining Coutts, Aman worked with Citibank across South East Asia and India in multiple roles spanning wealth management, consumer banking, credit cards and treasury services.

About Coutts

Coutts is a private bank and a wealth manager with three centuries of experience, providing investment services and customised solutions for its clients. Headquartered in London, Coutts is part of the Commercial & Private Banking Division of the Royal Bank of Scotland. For further information please visit coutts.com.

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ABOUT THE MERCER CONVERSATION SERIES

At Mercer, we believe that keeping abreast of the latest market trends and industry issues is vital to our success. In the Conversation series, Mercer Wealth Management invites leading practitioners in Asia wealth management to share their insights on subjects and trends that are important to the industry.

With shared knowledge, Mercer joins hands with our clients to offer insights for success.

CONTACT

Steven Seow
steven.seow@mercer.com