



MANIVEST 宏傑

The Wealth management Industry and Today's Wealth-Owning Families: Perspectives and Outlook.

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McKinsey & Company –
The Asset Management Industry in 2010
Published 2006

ABOUT THE INDUSTRY:

...the good news is that the asset management industry today (i.e. in 2006) is remarkably healthy, with ample capacity to tackle many of the challenges that lie ahead. “



McKinsey & Company –

The Asset Management Industry in 2010

Published 2006

ABOUT WHAT LIES AHEAD:

...the asset management industry will be crowded, with investment banks and insurers playing a much more visible role;..



The new wealthy families in Asia.

Boston Consulting Group

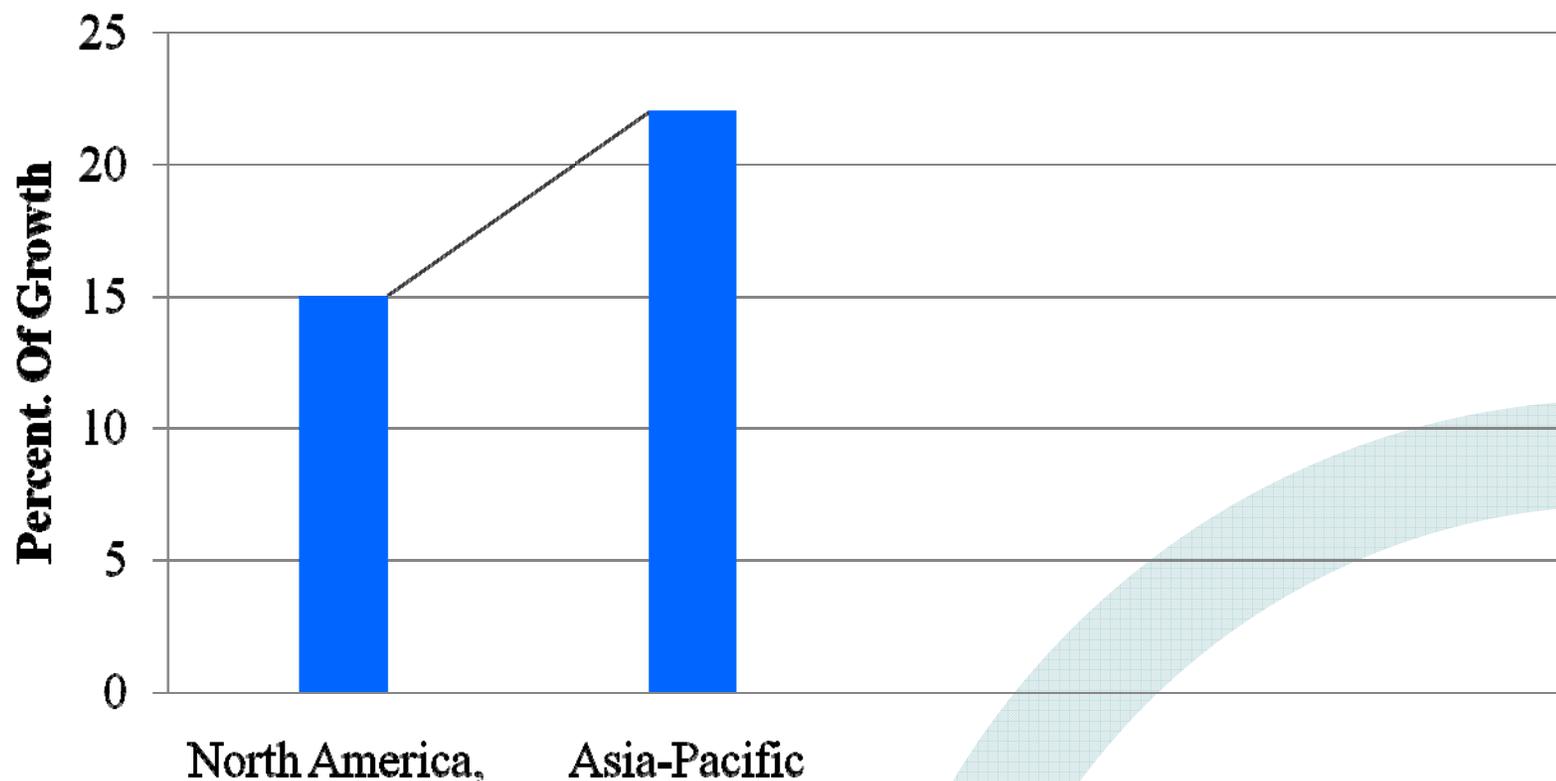
Regaining Lost Ground – Resurgent markets and New Opportunities”,

Published June 2010

- A survey about the global wealth in 2010
- Clearly states that after the financial meltdown in 2007-2008, there is a clear signal of “coming back”,
- The bulk of the wealth has shifted to Asia.



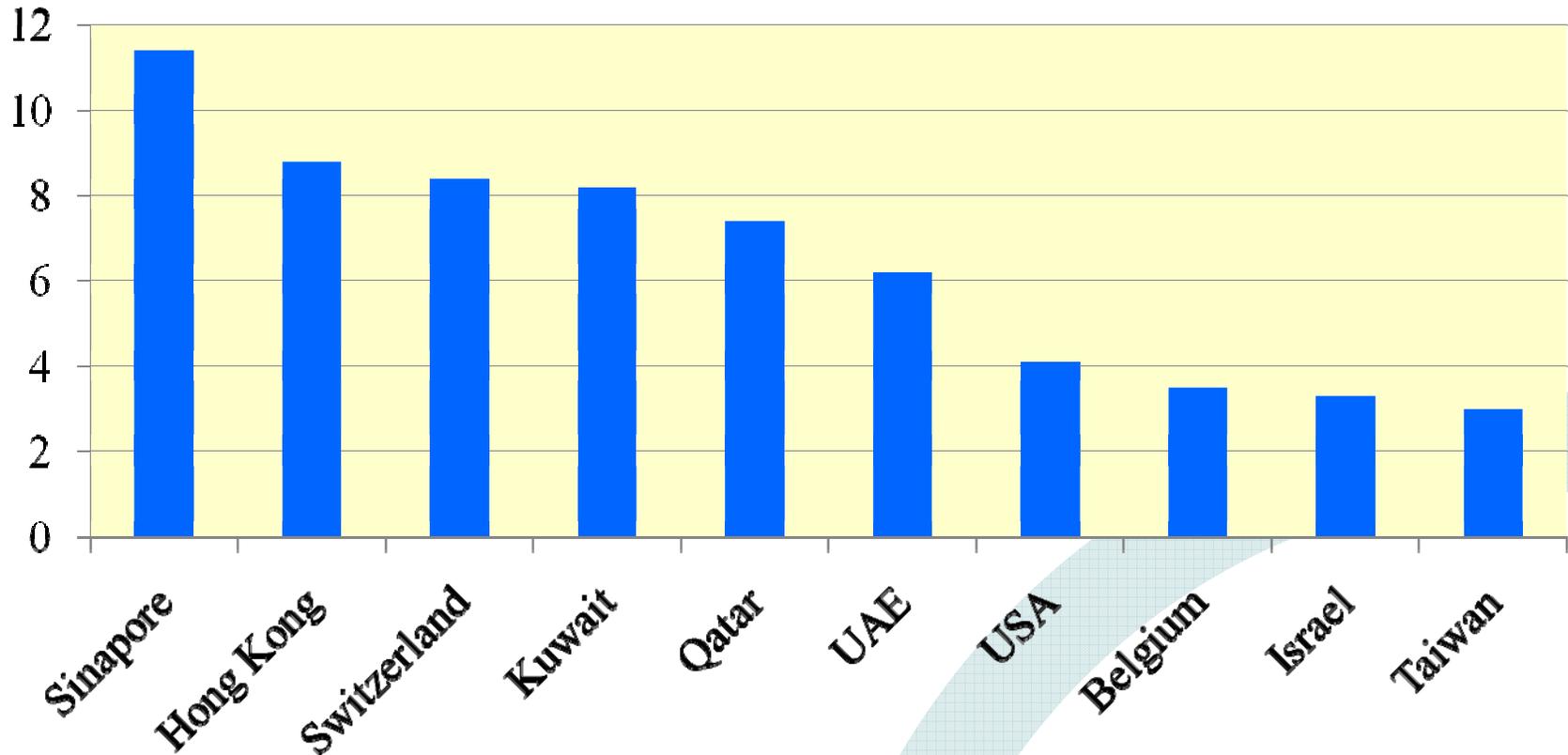
Gain in net wealth of households with assets under management





Richest Cities In The World

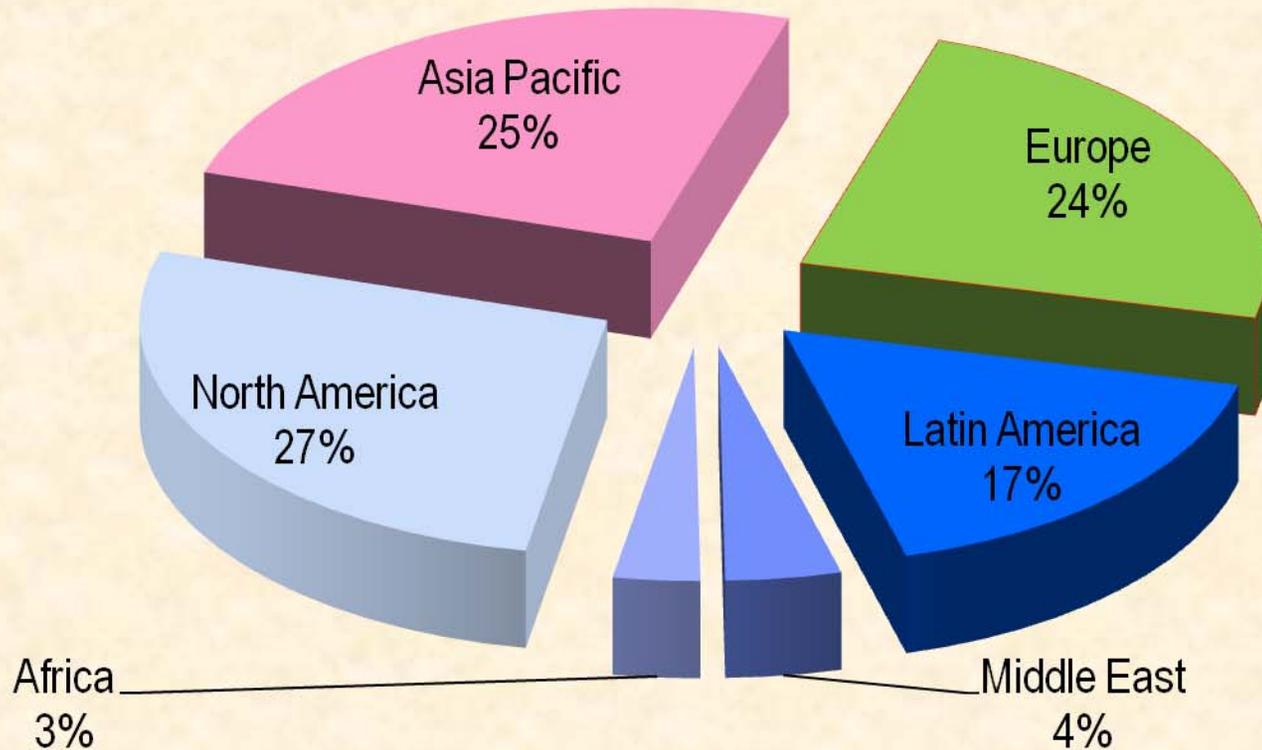
Percent of households being millionaires





Merrill Lynch Wealth Management / Capgemini Report (June 2010)

World's wealth owned by





Family : Culture, language and wealth

- A clear distinction between personal wealth and company (business) wealth does not exist
- Cultural difference – don't apply the same “European” strategies to Asia



Assertions:

1. The concept of “family” of the Asian, especially the Chinese, have **family value** difference from Europeans.
2. They say that there are **sexual discrimination** and the preference of male descendents over female.



The Concept of a Chinese Family

- the concept of a Chinese family is
 - Not a nuclear family
 - But an extended family
 - extended to
 - a clan,
 - a village
 - a town.
 - The inheritance law of Taiwan



- the basic social unit of Chinese culture is
 - a family,
 - not an individual.
- The head of family usually considers that he / she is managing the wealth as a trustee only.



Implications

- Marketing trust products –
 - who wants a third party instead of a relative to look after the family's wealth?
 - if the family is large enough, there must be a family member who knows how to look after the wealth efficiently, if not professionally.



Implications

- Setting decision rules for the family –
 - the family has a head, or de facto head. Although there are family meetings, it will be too “un-family” if the rules are written down as laws.
 - the words of the family head have to be respected.



Implications

- Succession problem.
 - Most of the family wealth passed unnoticed and smoothly.
 - most of the second / third generation members
 - received good education
 - occupying different management positions in the family business, and
 - have accumulated their own wealth or
 - already got a part of the family wealth before the heads of the family pass away.



New riches in China

- Concerns for the riches in **HK, Singapore and Taiwan** : the riches are the first / second generation. The wealth accumulation process has been completed and the concerns of the riches are **inheritance and maintenance**.
- For the new riches in the **Mainland China**, they are young and are the first generation. Their concerns are **accumulation and protection**.



Male dominance

- **Positions in the generation** are more important than male dominance.
- the family heads had no hesitation to pass their wealth to the **son-in laws**, which are considered as “half-sons”.
- The **changing role of female** : female descendants are receiving better education and they too occupy management positions in the family business after graduation



The internationalization of RMB the wealth management industry

- RMB becoming an international exchangeable currency and will appreciate creates a dilemma.
 1. RMB is not a freely convertible currency, the Chinese new riches would like to keep their wealth in a freely convertible currency, but
 2. anticipating the appreciation of RMB, they may want to keep their assets in RMB.



The internationalization of RMB the wealth management industry

- Hong Kong has provided very good opportunities for wealth management
- Hong Kong has been appointed as **the offshore centre of RMB**.
- RMB products are available and are easily assessable in Hong Kong.
- Looking into the next 3-5 years, products offered to the Mainland Chinese should be a balanced portfolio with **RMB investment products**, or at least hedged / linked with RMB.



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Since 1987

Thank You

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