

Family Offices in Singapore

Family Office Industry Growth in Singapore and Southeast Asia



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Family Offices Group

The #1 Family Office Website and Industry Association (25,000+ Members)

Background on Singapore

A brief introduction to Singapore: international trade has helped jettison Singapore above leading Western countries in terms of GDP per capita (the IMF and World Bank both place Singapore in a range of three to five in the rankings and consistently ranked above the United States, Switzerland and other wealthy, developed countries). Singapore has a healthy, free-market-based economy that has excelled in recent years.

Singapore's economy has grown significantly in the last decade (as evidenced by Figure 1) with financial services playing a vital role in that growth. However, like other international business and financial-focused economies, Singapore's economy was hurt by the global financial meltdown, but it has managed to rebound impressively by earning more than 14% GDP in 2010.

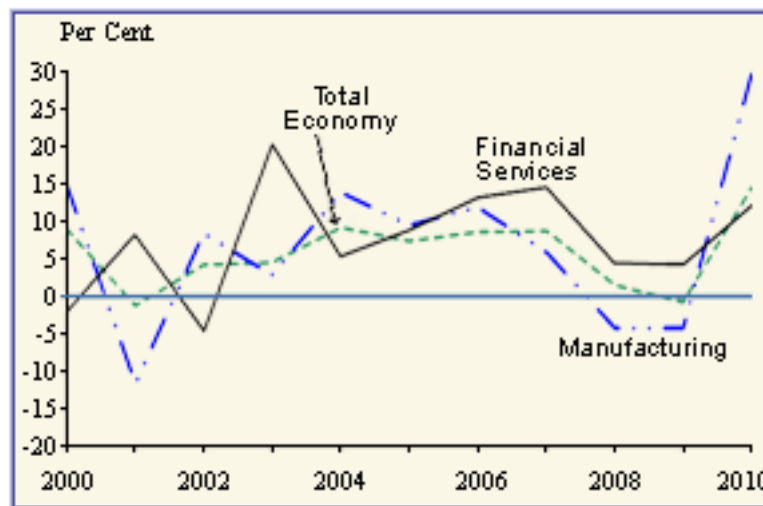


Figure 1; Source: Singapore Dept. of Statistics

The Singapore city-state is a popular financial destination due to its business- and wealth-friendly tax environment. It is also an island nation that draws a lot of tourists and vacationers as well as wealthy individuals looking for an international hub that is both attractive and enjoyable from which they can conduct their business. As one fund of funds manager put it, "Singapore has turned out to be a great destination for wealthy individuals to relocate to because of Singapore's smart government, conducive tax and regulatory environment and because it's a great place to live."

In fact, Singapore has the highest concentration of millionaire households, with 15.5% of all households having at least \$1 million in AUM; Singapore has the ninth highest concentration of ultra-high-net-worth households that have over \$100 million in AUM, according to the Boston Consulting Group. As you can see in Figure 2, Singapore is perhaps the most vital access point to high net worth families due to

its high proportion of wealthy households and its proximity to other key locations like Hong Kong, Tokyo and Taiwan.

Pockets of wealth			
	MILLIONAIRE* HOUSEHOLDS (% OF TOTAL HOUSEHOLDS)	SHARE OF WEALTH HELD BY MILLIONAIRE* HOUSEHOLDS (%)	
1	Singapore	11.4	52
2	Hong Kong	8.8	74
3	Switzerland	8.4	44
4	Kuwait	8.2	67
5	Qatar	7.4	63
6	UAE	6.2	63
7	United States	4.1	55
8	Belgium	3.5	36
9	Israel	3.3	36
10	Taiwan	3.0	38
	Global average	0.8	38

* Millionaire households are those with more than US\$1m in assets under management
Source: BCG Wealth Market Sizing Database, 2009

Figure 2; Source: BCG

Singapore is also an attractive location for firms and investment funds looking to establish an Asian hub for their business as it is a brief flight to Tokyo, Shanghai or Mumbai. This access to emerging markets has led to a growth in foreign investment and made Singapore a highly attractive place to live and do business. Singapore's status as Southeast Asia's financial and high-tech center has drawn a great deal of wealth and investment to the country and this has, in turn, led to a wealth management solution: family offices.

Family Offices in Singapore

The family office concept, once almost exclusively available to the wealthy families in Europe and the United States, is quickly migrating to new pockets of wealth in places like Brazil, Australia and Singapore. Only a few years ago, a wealthy family or ultra-high-net worth individual would be hard pressed to find a customized family office wealth management solution; now, there are dozens of family offices operating in Singapore and the number of single and multi-family offices is only expected to increase in the coming years.

As the amount of wealth in Singapore has steadily grown, so too has the need for family offices. Asia is, of course, a region of great wealth and Singapore is one of the wealth capitals for the region. It is estimated that there are 17,500 ultra-high net worth individuals in Asia and the region accounts for 18.5% of ultra-high net worth individuals in the world. In Asia, Singapore serves as one of two primary hubs for Asian family offices—the other being Hong Kong. Singapore has developed a reputation among the high-net-worth community as a financial capital and a

popular destination for wealthy families, so many family offices have established offices in the country to service local families and individuals.

Singapore has been attracting a great number of these ultra-high net worth individuals and more and more are moving from mainland China to reside in Singapore. Accordingly, the number of family offices in Singapore is growing; however, many high-net-worth individuals and wealthy families have relied less on typical single family offices in favor of a different model. One study by VP Bank found that wealthy Asian families turn to “a plurality of players that are independently (e.g. global banks) or collaboratively (e.g. asset managers, lawyers and independent advisors) providing family office services for wealthy Asian clients ... these structures work as a dynamic network of different players’ discussed as a ‘Hybrid network Family Office Model.’” Yet, as single and multi-family offices gains traction among the Asian investment community, we expect Singapore to fully embrace the more traditional family office model.

We asked one fund of funds manager based in Singapore to list some of the advantages to managing and investing wealth in Singapore, he listed a number of advantages, “the tax and regulatory regime is favorable, it’s an excellent location in Asia in terms of proximity to other countries, infrastructure, and ancillary services to investment firms also have offices in Singapore.” This reflects a growing consensus among fund managers and alternative investors that Singapore is a great location for investing and wealth management and the opportunities here are only growing.

Why Are We Focused on Singapore?

Wealth accumulation has steadily increased in Singapore from a low point in 2001, along with the number of family offices. The country has a high concentration of billionaires compared to other Asian countries, making it a very attractive destination for family offices. The number of high-net-worth individuals in the country is estimated to be 60,000 although that number has likely grown since.

Despite the huge number of high-net-worth individuals and billionaires currently residing in the country, there are relatively few family offices, but that is expected to change in the coming years. As one report on Singapore family offices concluded: “Even if only a few family offices are identifiable in Singapore today, the market will clearly play an important role in the family office business for Asian clients in the future.” It is clear that Singapore will continue to play a big part in the future growth of the family office industry. According to Singapore-based hedge fund manager Anson Zeall Partner at Stoxster Capital LLP there is a continuous rise in money flowing into the area, which is fueling demand for family offices.

Anecdotally, when I attended past conferences in Asia, I was always surprised by the relative lack of family offices compared to other ultra-high-net worth hotbeds around the world. However, in my most recent trip to Singapore, I saw mounting evidence that Singapore is on the cusp of a surge in the local family office industry. For one, there are already dozens of family offices working in Singapore and has made the concept more familiar to Singapore and Southeast Asia's wealthy, laying the groundwork for future family office growth. Furthermore, I met with several family offices considering or actively establishing an office in Singapore because they, too, see the huge growth potential in the region.

You can see other signs of this coming boom by the number of family office and wealth management conferences in Southeast Asia and Singapore and the number of hedge funds and private equity firms setting up new offices to service clients in the region. I am constantly talking to hedge fund and private equity marketers who are eager to find new investors for their funds and yet few have a clear strategy for targeting family offices and even fewer have a specific plan for raising capital from Singapore investors. The fact that investment funds are undervaluing Singapore is not atypical; for years, investors in Singapore and, more generally, Asia, have been underserved and overlooked in favor of investors more local to American and European funds. However, this trend is reversing as forward-thinking hedge funds and private equity firms realize the potential in Singapore and Southeast Asia.

At the Family Offices Group association, and at my capital raising firm, Richard Wilson Capital Partners we are looking to Singapore as one of the top emerging hot beds for family office activity. For those looking for a foothold in Asia and an access point to underserved wealthy investors, you need look no further than Singapore. If you would like to discuss the Singapore family office marketplace or learn more about the Family Offices Group please email me at Richard@RichardWilsonCapital.com or visit <http://FamilyOfficesGroup.com>.

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