

Q&A SINGAPORE WITH CROSSINVEST



CROSSINVEST
Wealth Management since 1985

ROHIT BHUTA
CEO
CROSSINVEST
(ASIA)

What roles have you held prior to your current firm?

I have had over 26 years of experience in the private banking, wealth management and asset management space. My previous roles include: senior adviser - Macquarie Bank Limited (Asia); CEO, Religare Macquarie Private Wealth, India; and managing director – Macquarie Group (various).

When was your company founded?

2005.

What's the split between advisory and discretionary assets?

Advisory 10%, discretionary 90%.

What services does your firm provide?

We are an independent private wealth management company offering exclusive

discretionary management, financial advisory and family office services and solutions. Our business proposition is predicated on providing independent, fee-based investment portfolio and advisory solutions for our clients.

Owing to the long-term nature of our client relationships, our value add extends to other services that we help facilitate through selected third parties. These vary but broadly cover legal, tax, estates, insurance, other advisory services such as art and collectibles, corporate finance, real estate, and concierge.

How big is your investment team and how are roles divided?

Our investment committee comprises eight members including the CEO and the CIO.

How can IAMs strike a balance between •••



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offering in-house strategies and providing independent advice?

Having in-house strategies does not preclude an IAM from providing independent advice. The perceived independence, or the independence itself, is compromised the moment multiple layers of fees are introduced and/or there is a relative lack of transparency with respect to the fees being charged.

Most IAMs charge fees at the portfolio level and not at an internal fund or investment strategy level. If there were a fee at these levels for whatever reason, they would be disclosed. So in a sense, the balance between offering in-house strategies and providing independent advice becomes academic so long as there is complete transparency.

There are a number of IAMs, like Crossinvest, that have made a strategic decision to not have any in-house products. For us, remaining independent in the truest sense of the word is one of our critical success factors.

In which areas have custodian banks met your expectations? What can they do to help your business moving forward?

IAMs are now considered a premium alternative to the larger private wealth firms. As a result, we have seen an increased focus from custody banks with many large banks establishing, or in the process of establishing, IAM desks to service the industry. This has made it easier for IAMs to quickly establish business relationships with their choice of custodian bank.

The overall support, service and solutions •••



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offered by the custodian banks could be further enhanced through the custodian banks forming a better understanding of the fundamental dynamics of the IAM business proposition.

Of the three main challenges faced by IAMs – recruiting RMs, educating Asian clients and keeping up with regulatory changes – which do you think is the toughest and how do you plan to overcome this?

All three present challenges at multiple levels. However, it is important to note that these are challenges not only faced by the IAMs, but the entire industry. While these challenges are real, they have served as the catalyst for the success of the IAM industry.

With respect to each of the challenges:

- The regulatory environment is a reality and

a necessity in my view as we enter a more digitised world.

- Clients have evolved over the years and are a lot more educated than we give them credit for. The industry, however, has not been able to match this enhanced client education with that of the RM's dealing with them.
- Recruiting an adviser with the right talent and skills remains the key challenge. The change in the way investors invest has meant that there is now a need for more advisers, and less sales-oriented RMs.

These advisers are few and far between, but they exist. The challenge arises as a result of the fact that this adviser pool is small and demand is high. The only way to overcome this challenge is to recruit only when there is a •••



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clear strategic and cultural match between what we believe in and that of the person we hire.

Do you expect to outsource more functions as your organisation grows? What are these functions and why?

Over the past 10 years we have developed our own in-house systems, infrastructure and processes. We have control over all the critical functions within the business. We have, however, outsourced certain non-critical support functions. At this stage, we are more likely to build and enhance our existing functions than to look at outsourcing.

What advice would you offer an individual who is keen to set up as an IAM?

Unless you have the right mix of capital for increased investment as well as regulatory

capital for balance sheet strength, patience, high perseverance, strong business acumen and clients who are willing to wait and provide leeway until the business has established the critical functions, my advice would be not to set up as an IAM.

My advice would be to rather join an existing IAM that has its own tried and tested infrastructure, that has a strong foundation and pedigree, and which provides you the platform to do what you do best. Most importantly, find one whose strategy and business culture resembles your own. •

