

THE BUSINESS TIMES

# ULTRA Wealth

APRIL 2016



SPOTLIGHT

## QUEK CHIN YEOW

Building Sotheby's  
Asian market



### ROUNDTABLE

Investment strategies  
to tame volatility

### FORCED HEIRSHIP RULES

Cross border issues  
in estate planning

### REAL ESTATE

What US\$1 million can buy



ILLUSTRATION: ISTOCK

## Editor's note

**I**N the context of investments, collectibles such as art and jewellery sit firmly in the alternative assets basket. The wealthy, particularly those in the ultra high net worth segment, buy collectibles for the love of the items, and not necessarily for their price appreciation potential.

Yet, prices of collectibles can and do appreciate substantially, thanks to their rarity and beauty, particularly if an art piece is an Old Master, for instance, or a pure 10.10 carat vivid blue diamond – dubbed the “De Beers Millennium Jewel 4”. The latter will go under Sotheby's hammer in Hong Kong on April 5 as part of the auction house's Hong Kong Spring Sale Series 2016. The jewel is expected to fetch between US\$30 million and US\$35 million.

Interest in art and jewellery among the ultra wealthy in Asia is said to be on the increase. Based on the *2014 World Wealth Report*, jewellery, gems and watches, in particular, took top spot among the Asia-Pacific ex Japan wealthy's investments of passion. It accounted for the largest share of more than 32.5 per cent of passion investments compared to the global average of 29 per cent. The allocation of Singapore's wealthy into this segment was 30 per cent.

While slowing global growth has dampened art auction sales, there are segments that continue to be robust. According to *The Art Market Report 2015* published by Artprice and Art Market Monitor of Artron (AMMA), net art auction sales fell by about 10 per cent in 2015 to US\$16.095 billion. Chinese buyers who were in pole position fell to second place, and US buyers sprang to first place.

Within the various art categories, Modern Art

(artists born between 1860 and 1920) generated a record auction total of US\$5.2 billion, said the report. Turnover of Old Masters has shrunk over the past 10 years, mainly due to the scarcity of high-quality works in circulation.

In this edition, we cast the spotlight on Quek Chin Yeow, Sotheby's deputy chairman and chairman of international jewellery, Asia. Mr Quek loved art from a young age but trod the conventional path in school, obtaining a degree in economics and master's degree in marketing.

When he returned to Singapore in 1984, the auction scene was almost non-existent, but some landmark transactions, such as the sale of a painting by Xu Beihong at a record price to a Singapore collector in 1993, raised Singapore's profile. As principal auctioneer in Hong Kong, Mr Quek makes it a point to be knowledgeable about the art and jewellery pieces that go under his hammer. With his extensive connections among ultra high net worth individuals, he is familiar with potential bidders and also works to generate interest in key art and jewellery pieces.

As always, this edition of *Wealth* offers investment insights which we hope will help you navigate the markets' heightened volatility. Expert panellists in our Roundtable believe that “beta” strategies that merely offer a broad market exposure will no longer drive outperformance. Instead, as Norman Villamin of Union Bancaire Privée says, “alpha” strategies and manager selection will become more important in what is at best a moderate return environment.

Alexis Calla of Standard Chartered Bank says US investment-grade corporate bonds are in a sweet spot. They perform well in a recessionary environment, and today's attractive valuations

also offer the possibility of a gain in a “risk-on” backdrop. On Asian equities, Reginald Tan of Amundi Asset Management proffers investment ideas underpinned by a sound structural outlook and supportive policy framework. These include Chinese e-commerce and regional healthcare plays. For those on the lookout for yield, Andy Wong of OCBC Investment Research gives us his take on the headwinds facing Singapore Reits. His preference is for defensive themes and retail Reits.

On real estate, Knight Frank's Nicholas Holt writes that a survey of bankers and advisers finds that ultra high net worth clients intend to invest in a residential property in 2016. He presents a snapshot of price performance of luxury residential markets in 100 locations, and raises an interesting question – how far can US\$1 million stretch in each prime residential market?

Elsewhere, cross border issues in estate planning, in particular the implications of countries with “forced heirship” rules, require careful planning, write Withers KhattarWong's Chua Yee Hoong and Gopalan Raman, and Paul Robin of Withers.

On a lighter yet meaningful note, our Philanthropy profile is on Asia Philanthropy Circle co-founded by Lawrence Lien. The Circle, now a year old, seeks to harness the synergy that arises when philanthropists collaborate on projects.

And, in our Ultra Wealth column, Tara Loader Wilkinson profiles the Whole Water World foundation, which aims to bring clean, safe water to the world's one billion people who lack it.

We hope you find this edition a meaningful and rewarding read.

By *Genevieve Cua*



Spotlight  
**Quek Chin Yeow**

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THE BUSINESS TIMES

A publication of **sp**