THE BUSINESS TIMES

Wealth

FEBRUARY 2015

SPOTLIGHT

KISHIN R K

Gunning for the big time

ROUNDTABLE
Where to invest in 2015

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Silver lining for residential property in 2015

PHILANTHROPY
Battling children's cancer

Wealth

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Editor's note

SUCCESSION planning among wealthy families can be a lengthy and difficult exercise. But for the father and son behind the real estate groups RB Capital and Royal Holdings, forward thinking is laying the groundwork for an expansion well beyond the groups' combined asset base.

Our cover spotlight this month is on Kishin R K, 31, son of billionaire Raj Kumar, 60. Mr Kishin runs RB Capital with more than S$2 billion in real estate assets in the hospitality, retail and office sectors. Mr Kumar owns Royal Holdings, which also invests in real estate.

Over the next one and a half years the two companies will be merged, creating a group with an asset size of roughly S$4.5 billion. This is expected to grow to S$10 billion by 2020. When completed, Mr Kishin is expected to helm the merged entity. In this spotlight he shares a key to the group's longevity – a risk averse profile that seeks to keep leverage low. This, he says, may cause him to miss some opportunities. Yet it also ensures that the group is able to weather market cycles which can be severe.

Yet another strength is a canny eye for opportunities in terms of maximising the use of a property and its yield. For now, even with the anti-speculation measures in place, RB Capital's exposures to the hospitality, office and retail sectors are healthy. There are some caveats, however, such as the prospect of higher interest rates in the near future.

Meanwhile, investment markets continue to pose challenges as always. Oil looks set to stay low for longer. While that is expected to benefit oil importing countries, it may also exacerbate disinflationary or deflationary trends. The consensus view among strategists remains to overweight developed markets, in particular the US where the S&P 500 has been on a tear with six consecutive years of positive returns. As at end-2014, the S&P 500 has delivered annualised returns of 15.5 per cent over the past five years, compared to minus 0.7 per cent for emerging markets.

To be sure, the US economic engine is expected to lead global growth this year. In a column in this edition, Credit Suisse Private Banking chief investment officer Fan Cheuk Wan sees opportunities in US large caps, beneficiaries of mergers and acquisitions and European value stocks.

In our Roundtable, DBS Wealth Management and Private Banking chief investment officer Lim Say Boon expects the world's central banks to keep money cheap. Rates may come down in countries such as Australia and China. As for the Federal Reserve, any rate rise is likely to be "modest". All this suggests a positive stance towards equities, including the US. "There is nothing irrational... about continuing to buy US equities, even at these heightened valuations, when dividend yield of around 2 per cent compares against the cash rate of not much above zero," he says.

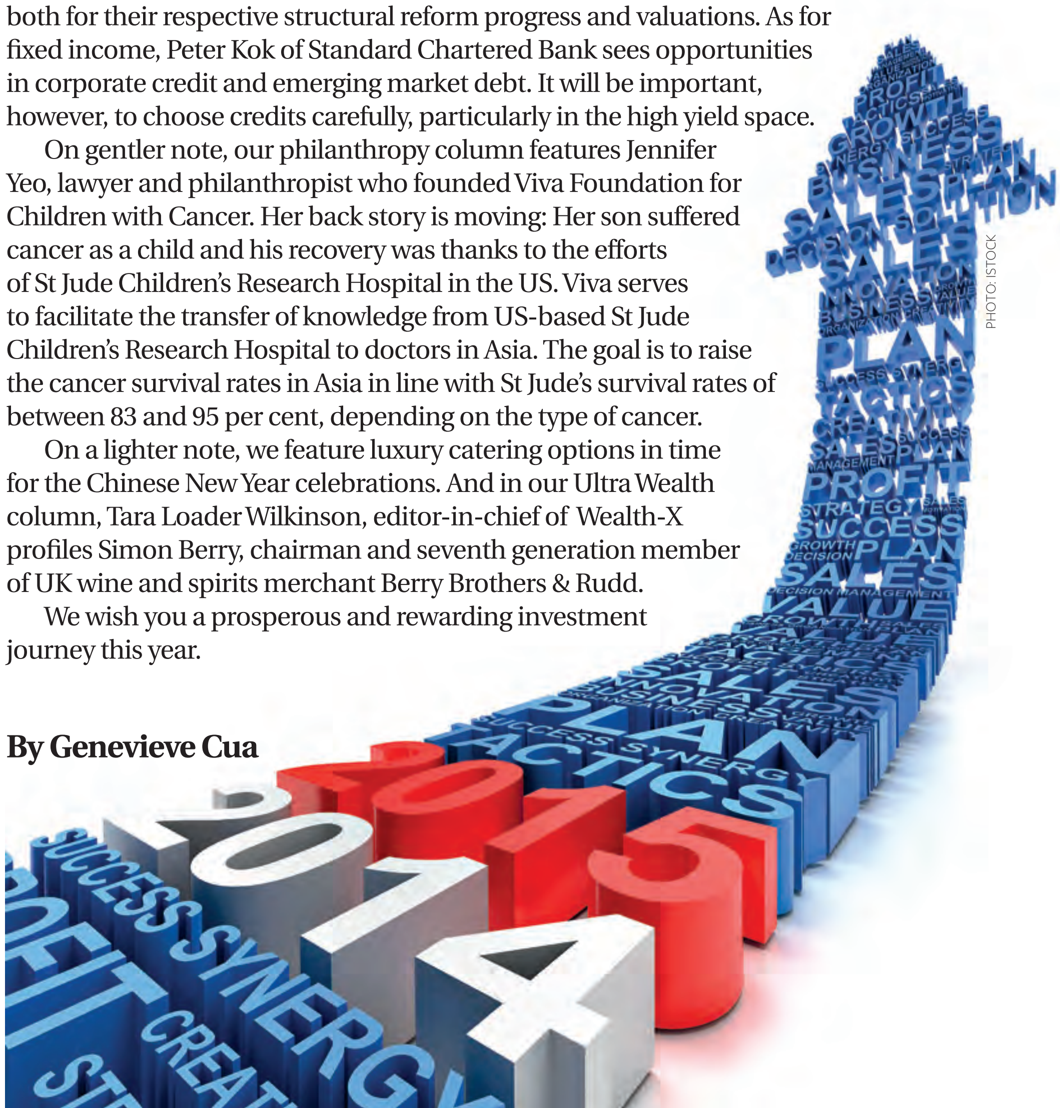
In the emerging markets, Marie Owens Thomsen, chief economist of Credit Agricole Private Banking, says in our Roundtable that she favours the "champions of structural reform" such as India and Indonesia. Mark Matthews, Julius Baer head of research (Asia), likes China and Indonesia both for their respective structural reform progress and valuations. As for fixed income, Peter Kok of Standard Chartered Bank sees opportunities in corporate credit and emerging market debt. It will be important, however, to choose credits carefully, particularly in the high yield space.

On gentler note, our philanthropy column features Jennifer Yeo, lawyer and philanthropist who founded Viva Foundation for Children with Cancer. Her back story is moving: Her son suffered cancer as a child and his recovery was thanks to the efforts of St Jude Children's Research Hospital in the US. Viva serves to facilitate the transfer of knowledge from US-based St Jude Children's Research Hospital to doctors in Asia. The goal is to raise the cancer survival rates in Asia in line with St Jude's survival rates of between 83 and 95 per cent, depending on the type of cancer.

On a lighter note, we feature luxury catering options in time for the Chinese New Year celebrations. And in our Ultra Wealth column, Tara Loader Wilkinson, editor-in-chief of Wealth-X profiles Simon Berry, chairman and seventh generation member of UK wine and spirits merchant Berry Brothers & Rudd.

We wish you a prosperous and rewarding investment journey this year.

By Genevieve Cua



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