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Wealth

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STEPHEN DIGGLE

Focus on cash flow returns



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Managing editor **Alvin Tay**
Editor **Genevieve Cua**
Creative editor **Yvonne Poh**
Copy editor **Adeline Woon**
Art director **Jennifer Chua**
Designer **Elenita Sarah Loyola**

WRITERS

Bernard Aw
Genevieve Cua
Mark Haynes Daniell
Leonardo Drago
Rahita Elias
Colin Graham
Nicholas Holt
Clive McDonnell
Jason Tannen
Tara Loader Wilkinson
Henry Wong



Cover artwork: JENNIFER CHUA
Photo: ARTHUR LEE
Spotlight: STEPHEN DIGGLE

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Editor's note

IT is almost a truism that great wealth can be a blessing or a curse. Yet the challenge of how to ensure that wealth is a blessing – not just for the current generation but also for the future – remains a knotty one.

Stephen Diggle, veteran fund manager, woke up to great wealth in 2008/2009, when canny investments buoyed the value of his hedge funds to almost US\$5 billion at a time when most other financial assets had plunged.

Mr Diggle, who has since closed his hedge funds, has set up a family office. He also runs Vulpes Investment Management, which invests family money and some third-party assets.

“What do you want out of wealth?” he muses. “Is it a legacy, a business legacy or philanthropic? A dynasty? Given that you will die one day, what is going to happen to all the money? These are interesting questions, and there is no right answer.

“Do you have a responsibility to redistribute it? Some will say yes, I can see the point in that. We have a significant philanthropic arm. But if you're going to hand it to your kids, what do you want them to do with it? I've met many second, third or fourth-generation people who felt really trapped by the family legacy.”

In this edition of *Wealth*, we cast the Spotlight, so to speak, on Mr Diggle who recounts his great success at his former investment firm Artradis, which was co-founded with Richard Magides. He also shares insights on his investments at Vulpes which include real estate, public equities in emerging markets, and private equity.

But equally interesting, or even more so for wealthy families, are his thoughts on family offices where, as he says, “very hard financial stuff meets very fuzzy and very personal stuff”. For families with assets large enough to do multi-generational planning, it's never too late to start thinking about the issues that matter.

This latest edition is chock full of information that we hope you will find useful and rewarding. Clive McDonnell of Standard Chartered Bank, for instance, looks into Chinese equities where valuations have soared. While he cautions against chasing stocks, he cites three key consumption themes that are likely to have legs in the mid to long term.

Jason Tannen and Colin Graham of BNB Paribas Investment Partners say that European equities still hold potential even as they have delivered relatively strong returns in recent months. Profit growth, they say, is likely to surprise on the upside which should help to unlock value.

Those hungry for dividends, and there are many out there, may benefit from our



Roundtable where we round up the experts to share their best picks for income or dividends. Janice Chua, executive director and head of research of DBS Group Research, says that investors should look for companies with a high dividend payout ratio of more than 50 per cent and a sustainable dividend policy, among other qualities. Her picks include China Merchant Holdings (Pacific) and Mapletree Greater China Commercial Trust.

Carmen Lee of OCBC Investment Research likes companies with strong earnings flow, an established dividend policy or track record, and a strong balance sheet and management team. Her picks include SPH, SingPost and ST Engineering.

Quite apart from financial issues, we also profile philanthropist James Chen, who heads his family foundation, the Hong Kong-based Chen Yet-Sen Family Foundation. What makes Mr Chen interesting is his pursuit of a venture capital mindset and approach towards grant making. The foundation has made a name for itself in the area of early education in China. Specifically, its expertise is in libraries and the promotion of a reading culture.

But more than that, he has also invested over the years in self-adjustable spectacles under a commercial venture called Adlens. A version of the spectacles is distributed in Rwanda under a philanthropic programme, Vision for a Nation.

Meanwhile, on a lighter note, dive into “glamping”, a vacation indulgence that is a blend of glamour and camping. It is fast gaining fans in Asia, and that is not surprising given the intriguing mix of adventure and luxury, with awareness of the environmental footprint to boot.

And, in the Ultra Wealth column, Tara Loader Wilkinson looks into the fun and novel ways in which young art collectors in China are finding to share their love for art. We hope you enjoy this issue as much as we have enjoyed putting it together.

By **Genevieve Cua**