

THE BUSINESS TIMES

ULTRA Wealth

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SPOTLIGHT

DR MICHAEL LIM

On medicine and hard work

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ROUNDTABLE

Getting the best quality yield

REAL ESTATE

Time to re-look at high-end property

PHILANTHROPY

Rockefeller's legacy in Asia



Editor's note

FOR many wealthy families, the idea of setting up a family office may seem an attractive, even logical, step.

This is so if the family wealth is large enough to warrant a dedicated investment manager, for instance; a consolidated view of all holdings, onshore and offshore; and a professional or family adviser who acts as gatekeeper to screen service providers such as banks.

The big question is – how much in assets justifies a single family office? Some experts say at least US\$150 million, but experts contacted by *Wealth* in our feature in this edition believe that assets between US\$300-500 million would make a family office more sustainable. A 2014 study by UBS and Campden Research indicates that the average annual cost of a single family office is about 86 basis points, with the median cost at 80 basis points.

Bear in mind, too, that a family office handles not just the financial, administrative and tax aspects of wealth, but also the softer – and arguably equally or more important – issues of family governance, legacy and succession planning.

Families whose assets may not sustain a single family office may opt for a multi-family office service provider. Over the last few years, a number of such providers have established themselves in Singapore.

This brings us to our Spotlight in this issue. Michael Lim, cardiologist and former Member of Parliament, is dedicated to his medical practice. He has made a name for himself for his extensive experience in computerised tomography (CT) imaging of the heart, among others. He shares perspectives on the holistic practice of medicine, on the dramatic ways in which medicine has evolved in terms of its approach to disease diagnosis and management.

His stance towards wealth is markedly

conservative, which is likely to mirror that of many ultra high-net-worth individuals who keep a substantial share of assets in cash. But more than that, he is grounded in the conviction that hard work is the key to success, an ethos which he traces to his upbringing. His parents, who were professionals, in fact chose to forego any inheritance.

While he has declined to specify his net worth, he says he is mulling a family office. His objective is to eventually generate an income stream from assets that will be sufficient in the event that he and his wife cease to work.

As always, this edition offers investment insights. BNP Paribas Investment Partners' Arthur Kwong says 2015 may well be the year that Asian equities outperform. Valuations, he says, are attractive relative to global equities, and Asia is likely to benefit from the liquidity that is unleashed by an accommodative European Central Bank.

On the perennial search for yield, Bank of Singapore senior investment strategist Jasslyn Yeo cautions that there are growing risks of asset bubbles as low interest rates and excess liquidity distort asset prices. On a three to six-month view, she has an overweight call on US high yield which she says offers the most attractive risk reward among the asset classes.

In our investment Roundtable, panellists believe deflation is not a concern, and neither is inflation. In this context equities are the preferred asset class. Marie Owens Thomsen of Credit Agricole believes there may still be value in bonds thanks to the hunger for yield. She is particularly optimistic about Chinese bonds although there is a risk of a reversal of capital flows when the Federal Reserve begins to tighten its policy.

As for real estate, Alice Tan of Knight Frank



PHOTO: ISTOCK

writes that now could be an opportune time for ultra high-net-worth individuals to re-look at Singapore high-end residential property where prices are at significantly lower levels than two years ago. The firm has fielded enquiries from the region, reflecting interest in landed and non-landed properties in Singapore.

Meanwhile, this edition also highlights opportunities in philanthropy. Wealthy individuals who would like to give systematically may benefit from a discussion with the Community Foundation of Singapore (CFS). The Foundation seeks to bridge the gap between philanthropists and community needs. A discussion with CFS experts will touch on clients' philanthropic goals and the causes that they seek to support. Setting up a fund under CFS will also confer tax benefits.

And, in the Ultra Wealth column, Wealth-X editor-in-chief Tara Loader Wilkinson speaks to Wendy O'Neill, fifth-generation Rockefeller, and discovers the storied family's long support for artists in Asia. The Asian Cultural Council is a charity originally set up by her grandfather John D Rockefeller III. Interestingly, her great great grandfather, John D Rockefeller Sr, made his first donation to China at the age of 24 – a gift of US\$10 to a Chinese mission through his church.

We hope you find this edition a thought-provoking read.

By Genevieve Cua



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