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Pictet Wealth Management's Alex Ng: "I love a challenge, I love to build"



Text size 

Alex Ng's reputation as a China private banker and business builder par excellence precedes him. So when Pictet brought Ng into its tight-knit fold in Asia in 2019, the wealth manager sent an unequivocal message to the industry that it would compete for market share in Greater China and the wider region on the front foot. Asian Private Banker sat down with Ng to discuss his high-profile shift to the Swiss wealth manager, his immediate priorities for the North Asia unit, and the state of business during COVID-19.

Alex, congratulations on your appointment as North Asia and Hong Kong branch CEO for Pictet Wealth Management. After more than 30 years working for large, listed banks, why Pictet and why now?

When a bank with the stature and heritage of Pictet came calling, I thought it was a great opportunity to experience a non-listed private partnership. More so, for the past 15 years, I have been managing a single market [China]. So the chance to be part of Pictet and to manage the entire North Asia region was something that excited me greatly — and continues to excite me.

Pictet is, of course, highly reputable in the private banking industry, especially in Switzerland and Europe, but it remains relatively under the radar in Asia. That spells opportunity. And collectively with Fong Seng [Tee, CEO, Pictet Wealth Management Asia], I believe we can continue to grow this brand in this part of the world, and I want to be part of Pictet Wealth Management's growth story here in Asia.

How is it working alongside Fong Seng once again?

To be able to work alongside one of the veterans of the industry and someone who shares the same values and vision is very important to me. Over the next three-to-five years, we will work together to make Pictet Wealth Management's franchise in Asia a household name.

And, you know, I'm the type of person who loves a challenge. I love to build. For example, I started my career as an RM covering the Thailand market. That was in 1995. Can you imagine it? At that time, hardly anyone was covering the Thai market. Then, 15 years ago, I made the choice to focus on China. Once again, at that time, hardly anyone covered China. But now the China market is a growth driver for most banks in this region. So, in joining Pictet — a brand that has significant scope to thrive in Asia — I am staying true to myself in terms of seeking out an opportunity with development potential. The upside potential excites me.

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Does Pictet Wealth Management Asia have the foundation in place to achieve your vision for the business in Greater China?

For the past 15 years, I've been in management. I've found that there are three key elements to a successful growth strategy. I call them the three 'Ps'. The first is 'people' — the talent. This is the most important part. If you bring in the right people, if you have the right individuals in the team, 50% of the job is done. And as you know, in this business, we rely on the people to connect the dots and establish the relationships to bring the business in.

The second 'P' is platform, and the third is, of course, 'product'. When it comes to Pictet and its platform, I was surprised. I had initially thought that I would need to build it up further once I was on board, but in reality, Pictet's platform is very comprehensive. What is needed is a little refinement. We are doing very well in discretionary portfolio management and the multi-asset business. Our advisory trading platform probably requires, as I say, a little more refinement.

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What do you mean by refinement?

Make no mistake, we already have all the pieces in the place. So an example of how we will further refine our advisory offering is by translating our product flashes into Chinese to cater to our Chinese-speaking clients in North Asia.

You said that Pictet Wealth Management is "under the radar" here in Asia, certainly relative to Europe. How will you change this?

We must build brand awareness. In this part of the world, branding is extremely important, especially for a market like China where wealth management in the way that we understand it remains a relatively new concept. So we need to invest in our brand over the next few years and do so in a consistent manner to capture market share.

There are multiple ways to do this. However, mass-marketing is probably not one of them. For Pictet, word-of-mouth is important. Our clients are our biggest promoters, so we aim to build the brand through exemplary service, strong investment recommendation performance, our ability to meet individual clients' needs, and select events. At the end of the day, these are the things that bring in the business and create sticky relationships.

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Do you think corporate sponsorship is a worthwhile investment in branding here in Asia for a bank like Pictet or are there smarter ways to amplify the brand and justify ROI?

You've got to be smart. But it's not simply about whether we can quantify a return. What is crucial is our consistency in messaging, which means demonstrating to our clients that we are committed to them, the market, and the region.

The COVID-19 pandemic presents wealth managers with a real opportunity to demonstrate their all-weather commitment to clients. How has Pictet Wealth Management used this crisis to reinforce and deepen client relationships?

Private banking is a people business and staying connected and close to the client, no matter what, is a fundamental tenet. Since March, Pictet has remained engaged with clients and client prospects via virtual sessions and webinars, both in English and Mandarin, covering markets and investment ideas. These virtual sessions have been extremely successful in terms of attendance and the level of interaction, especially earlier on this year when COVID's disruption was at its peak and the market was in turmoil.

Alex, you know better than anyone just how competitive the Hong Kong domestic and China international markets are. Clients here are entrepreneurial and their needs often extend beyond pure private wealth management. As a pure wealth manager, how can Pictet compete with integrated private banks that can leverage off their internal IB and corporate banking partners to maintain a steady pipeline of business?

Over the last 30 years, I've seen ups and downs in this industry, the good and the bad, but one thing that has never changed is the fact that we here at Pictet target private entrepreneurial individuals with money to invest — not state-owned enterprises or listed companies.

Yes, we are by some measures underrepresented in the China market. It is a market where we want to intensify our focus. It's not the only market of importance, but because of the close proximity between Hong Kong and mainland China, we see a huge opportunity to further grow our business here. US-China tensions are bringing a lot of listed companies to Hong Kong and the financial connectivity between Hong Kong and China is getting stronger. Add to this the new listing reforms of 2018, which had a positive impact on the biotech space, and the advantages enjoyed by Hong Kong translate into further opportunities for private banks to capture those private companies and individuals who have the wealth.

Now, if I were to compare mainland China with Taiwan and Hong Kong, major shareholders of companies in the latter two markets typically own around 20-30%. In China, however, a large number of private individuals own upwards of 50%, 60%, even 70%. Over time, these individuals will monetise and bring down their ownership to levels more in line with mature markets. That monetisation of assets presents a huge opportunity for a pure wealth manager like Pictet.

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How can you ensure that Pictet is a frontrunner when it comes to capturing a sizable share of this money as it becomes available?

It's not just about the brand, it's about the quality of our relationship managers. With the right relationship managers who have the right connections, and combined with the Pictet name and its strong and stable balance sheet, we are ideally placed as a safe haven for assets to provide clients with peace of mind.

Do you plan to increase headcount and, if so, for which functions?

Our aim is to double the size of our asset base [in Greater China] over the next few years, which means I need people across the front, middle, and back offices. Apart from the team that came across with me, we have continued to hire over the past few months, including new RMs and investment specialists, and will continue to bring in new talent on an opportunistic basis.

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The Greater China client segment that you are targeting is balance-sheet intensive. Does Pictet Wealth Management need to liberalise its credit policy in the region?

There is a myth in the market that Pictet doesn't do credit. We do, it's just that we aren't as aggressive as others. You've heard the term 'Pictet Fortress'. This is one of the seven 2025 visions of Pictet. Specifically, it is about maintaining top-notch credit ratings and a prudent approach to balance sheet management to ensure financial stability. And that stability was recently reaffirmed by Moody's, which confirmed our ratings at Aa2, and Fitch, at AA-. This recognised stability is crucial for Pictet because it resonates with clients who are looking for a safe haven.

Agility and turnaround speed are also critical to winning business here. Are you sufficiently empowered at the regional level to achieve your objectives?

Pictet is a relatively compact and flat organisation. In the short time that I've been here, I have spoken with the Managing Partners multiple times. By comparison, I rarely had the opportunity to speak with the CEO at my previous organisations. As you can imagine, sometimes we need a sign-off from HQ, but because we are a lean organisation, the dialogue with Switzerland is much easier and faster than what I have experienced elsewhere. I can reach out to the Partners anytime and that level of access speeds up the whole process.

You've worked at publicly-listed banks where the business is partially beholden to shareholder expectations and quarterly performance targets. How does working for an unlisted bank change the way you approach your role as a banker and manager?

Let me share a recent personal experience with you. I was in Geneva in February for one of our biannual management trips. During a meeting with the Partners, Renaud [de Planta, Senior Partner] presented Pictet's five-year 2025 'vision'. Never in my time have I seen something like this. It was refreshing because most large and listed companies focus on short-term, quarterly results in order to meet shareholder and analyst expectations.

But because of Pictet's partnership structure, we are different from our competitors. Over the past 215 years of Pictet's history, we have had only 43 Managing Partners. That means that on average, each stays for around 22 years. That level of management commitment and continuity enables us to think and plan independently and for the long term. We have the luxury of taking a long-term view when building client relationships and investment portfolios.

In practice, how has this structural 'long-termism' benefited Pictet's clients during these challenging times, especially around March and April?

No one likes to see the value of their portfolio decline by 10% or 20%. But if I look across our clients here in Asia, and because a high percentage of our clients have mandated us to manage their portfolios on a discretionary basis and have invested in thematic funds through Pictet Asset Management, the impact in terms of the volatility was a lot less compared to what others experienced.

I'm not saying all portfolios were in positive territory in March and April, but they've come back up. What I am saying is that our portfolio recommendations have performed very well on a relative basis and clients have seen the benefits of our long-term discretionary offering. We have not seen many exits from mandates and funds and, in fact, we have seen positive net inflows into both. And because our credit policy is a little more conservative than others, the hit on leveraged portfolios was far less relative to the industry. So clients, in choosing to delegate management responsibilities to Pictet, have benefited from our prudence and long-term perspective.

[T]his has been one of the best quarters in Pictet history in terms of [Greater China] NNM.

Alex, it's difficult to speak about the next six months to a year with much certainty. But what can we expect to see from Pictet Wealth Management in Asia, and particularly from a Greater China perspective in terms of milestones to hit?

The disruption caused by COVID-19 and travel bans which are preventing clients from coming into Hong Kong mean we are seeing less client traffic. Despite this, Pictet has been doing very well.

We've seen a very strong net new money inflow in Hong Kong. In fact, this has been one of the best quarters in Pictet history in terms of [Greater China] NNM. That money has come from existing and new clients, so it's a healthy mix. What this demonstrates is that we are moving in the right direction, which means our agenda to grow the business by demonstrating to investors our stability, investment capabilities and performance, and relevance remains unchanged.

