

BY DANIEL JUDGE

With some 40 advisers on its books in Hong Kong and Singapore, the Henley Group believes it is among the largest IPA groups in Asia specialising in catering for expats and "internationally minded" investors.

Founded in 1990, the firm, which this year celebrates its 20th anniversary, has been owned by current chairman Antony Michell since 2002. He joined some decades earlier as a consultant advising on tax-efficient investments.

A chartered accountant, Michell began his career in London with Arthur Anderson in the late '80s. He joined the Henley Group in 1992, shortly after moving to Hong Kong to seek a new challenge in the Far East. The firm was then in its infancy and his focus initially was on advising senior executives on their own and their companies' financial affairs.

After two years with Henley, Michell was made a senior consultant and, he says, within eight years of that promotion, found himself in the "fortunate position" of being able to acquire the business.

Organic approach

Since then he has set about training his accountant's eye for procedure and detail onto the firm. The results of this process, he explains, has included instilling a focus on strong compliance and systems and controls, as well as overseeing an "organic" growth strategy that resulted in the opening of a Singapore office in 2006. It is also likely to lead to further outposts serving expats across Asia.

Being a privately owned



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A reputation for quality

company, Michell will not reveal Henley's level of turnover or profit but says its focus on high net worth individuals (HNWI) and the aspiring wealthy has put the company in a strong position. Nor is there a shortage of new prospective clients.

He has observed ever-growing numbers of people moving from Europe and the Middle East to Asia, a trend that the credit crunch and rise of emerging economies seems certain to accelerate. But Michell notes this influx will also bring new challenges for established businesses such as Henley, as competitors flock to the market.

"As perhaps some of the more developed markets offer little opportunity for growth, we can expect to see an increase in competition in the markets that

we operate in as some of the more established financial institutions around the world turn their eyes towards Asia," he notes.

But Michell takes a pragmatic, even enlightened, view of this potential development, predicting it may in fact bring benefits to the wider industry.

"While it would be tempting to see this as a significant threat, it may actually create additional opportunities as the investing public become better informed and these markets become more sophisticated," he says.

Shifting demands

On the subject of sophistication, Michell says investors have come a long way in the past decade, placing an onus on advisory businesses to keep pace with client demand

by investing in staff training and in areas such as investment research.

He argues one of Henley's strengths has been its recognition of these changes and its willingness and ability to take action to stay ahead of the curve. In doing so, Michell believes Henley has shrugged off its roots as a traditional IFA and evolved into a viable alternative for clients who would typically opt for a private bank.

Michell says: "There is no doubt the investing public has become far more aware of their financial needs, as well as the products and services available to satisfy those needs."

"This increase in awareness is partly down to the free-market world but also down to the efforts of industry groups such as the Institute of Financial Planners in Hong Kong

in excellence" initiative, "identifying and working with high-quality business partners on joint marketing initiatives and cross branding opportunities".

Regulation tightens

As an advisory firm doing business in Hong Kong and Singapore, the Henley Group is directly affected by a raft of new regulations that have come in or are due for implementation in both jurisdictions concerning adviser remuneration, sales procedures and commission disclosure.

The detail are numerous and complex but the regulations essentially place far greater responsibility on distributors of financial products to ensure what they are selling is appropriate for the client and that they are not influenced by tertiary factors, such as their own remuneration.

The tightening regulation follows what has become known as the Lehman mini-bond mis-selling scandal, in which retail investors were sold unsuitable structured products – primarily by high street banks, although also by IFAs – that subsequently became worthless when Lehman Brothers collapsed in September 2008.

"We have found ourselves competing with the private banks for HNWI clients as well as the retail banks for the aspiring high net worth clients. This has forced us to focus on showing our clients and prospective clients how we can add value, and how we can maintain a much higher level of service than our competitors."

FACT FILE

Established: In Hong Kong in January 1990. Privately owned

Licensed by: Hong Kong Securities and Futures Commission

Member of: Hong Kong Confederation of Insurance Brokers

Licensed by: Monetary Authority of Singapore

Member of: Association of Financial Advisors in Singapore

Offices: Hong Kong and Singapore, with advisers also operating in the Middle East

Clients: In excess of 5,000

Advisers: 40 plus 25 support staff

Revenue structure: Advisers remunerated on mix of initial and ongoing commissions

IA SERVICES

Advisory services include:

- Investment and portfolio advice
- Pensions and retirement planning
- School fees planning
- Protection
- Property and mortgage services
- Tax planning
- Inheritance tax mitigation and trusts

To Michell's mind, such regulations cannot come soon enough.

"We are delighted at the significant regulatory changes that have already been introduced and the further enhancements expected in coming years," he says. "These changes will help to enhance the quality of advisory services and the degree of professionalism in the region."

"Our own sales process has for many years encompassed many of the changes that are now being proposed in both Hong Kong and Singapore. That said, we continue to review all of our processes, both up to the point an individual becomes a client and the service they receive thereafter. We anticipate continuing to introduce more enhancements in the future."

As well as increasing

industry standards, Michell says tighter regulation plays into Henley's hands in other respects.

Quality advice is key

He explains that its focus on giving quality advice, rather than pushing products, its stringent compliance procedures, as well as factors such as having an in-house investment research capability, mean the firm is in a better position to cope with growing regulatory demands.

He says: "The increase in regulatory requirements, and an increase in competition, client awareness and sophistication will require a new breed of very established, professional, knowledgeable advisers. This is one reason why we have established a specialist recruitment team and invested significantly in our own training programme."

"With markets becoming far more volatile, clients are looking to us for specific guidance, supported by detailed market research and analysis. This is only possible with a dedicated research and investment team – a resource that few of the smaller practices can afford to provide."

As for the future, expansion into new Asian markets is very much on Michell's agenda, but this "organic" growth should never be at the expense of the reputation for quality Henley has established, Michell stresses.

"We see the next 20 years as providing a tremendous opportunity to continue our objective of building a robust, sustainable, quality wealth management business with operations throughout Asia." IA



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Antony Michell, chairman, the Henley Group

IA PROFILE

Antony Michell's financial industry experience includes five years in London with Arthur Anderson where he qualified as a chartered accountant working in their financial consulting services division, and over 15 years' experience with the Henley Group.

He joined Henley as a financial consultant in 1994, quickly becoming one of the top sales consultants. In 1999, he was asked to share his sales skills and techniques in regular workshops with the rest of the sales team. From 2001, he became actively involved in the development of the group's training course and continues to be the primary instructor for all new consultants.

In 2002, he acquired Henley from the previous owner. In early 2006, he completed the group's application for a financial advisers licence in Singapore and established The Henley Group Private Limited.