

# MOVING WITH THE NEEDS OF ASIAN FAMILIES

IN JUST FOUR YEARS, JASON LAI HAS BUILT THIRDROCK FROM A MULTI-FAMILY OFFICE FOCUSING MAINLY ON INVESTMENTS, INTO A MULTI-DIMENSIONAL INVESTMENT ADVISORY, CORPORATE FINANCE AND ASSET MANAGEMENT FIRM. AS GROUP MANAGING PARTNER AND CHIEF EXECUTIVE OFFICER, HE TALKS ABOUT THE DRIVERS AND BENEFITS OF THIS EVOLUTION, YET THE NEED TO MANAGE AND BALANCE BETWEEN SCALE AND AGILITY.

Being seeded by two billionaire families, and having US\$500 million in assets to manage from day one, was as encouraging a start as Jason Lai could have imagined for Thirdrock.

And in the four years since its launch in 2010 in Singapore, the financial group has developed steadily but consistently in line with client demand for independent advice. It also currently supervises more than US\$1 billion in assets.

While originally a multi-family office (MFO) serving a handful of Asian billionaires, the firm now provides accredited and corporate clients globally with a combination of investment advice and wealth management, corporate finance advisory and asset management services. This mix is proving to be more and more relevant – and lucrative – as the needs of clients change, too.

“Our open service and product architecture caters to clients’ diverse financial needs, while giving them access to a broad range of exclusive investment opportunities,” says Lai, group managing partner and chief executive officer of Thirdrock.

One of the most recent examples of the firm’s evolution came in early

2014, when Thirdrock formed a strategic partnership with ISSEA Advisory to extend its suite of financial services to include corporate finance, mergers & acquisitions, and private deals origination and investments. “This acquisition was all part of the steady growth plan we have followed from the outset,” explains Lai, “alongside a desire to create an genuinely client-orientated independent advisory model.”

Thirdrock has also been embarking on an asset / fund management build-out. It recently hired two macro strategy managers and one Asian-focused equity long/short strategy manager, with a couple of strategies in the pipeline for 2014.

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## MOVING WITH THE TIMES

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Like other senior wealth management professionals in Asia in recent years, Lai realised that ultra high net worth clients were feeling ever-more disenfranchised with the traditional wealth management model. This has led them to question the extent to which it was serving them correctly.

“An increasing number of clients are feeling, to varying degrees, that a traditional asset management model



Jason Lai

Thirdrock

doesn’t meet their needs,” says Lai. “They look to an independent set-up to achieve their objectives.”

Working as a banker servicing the needs of wealthy families for much of his career was the best learning path for his new venture. His objective with Thirdrock, he explains, was to create a business model that promotes trans-

## FIRM PROFILE

### *Thirdrock's timeline*

- 2010 - Thirdrock Capital PL begins operations in Singapore
- 2011 - Thirdrock Capital granted Exempt Fund Manager (EFM) status with MAS
- 2012 - Thirdrock Capital (HK) Ltd registered in preparation for potential HK Licensing
- 2013 - Thirdrock Capital granted CMS License by MAS
- 2014 - Thirdrock forms strategic partnership with ISSEA Advisory
- 2014 - Thirdrock invests into Headland Strategic, a Hong Kong-based hedge fund seeding and incubator platform

parency and an uncomplicated approach to wealth management, while simultaneously providing the required checks-and-balances, and efficiency,

yet without compromising confidentiality, when managing their wealth.

This is achieved via the firm's independent asset management (IAM) platform of its wealth management arm. It creates a more obvious segregation for clients between themselves, the bank and Thirdrock as their adviser.

The IAM model allows clients to enjoy advice by Thirdrock's in-house specialists, explains Lai, co-strategising and co-customising their investments strategies. "At the same time, clients have peace of mind that they retain control over their investments held in banks of their choice, enjoying the global network, infrastructure, systems and services that such banks might offer."

### BALANCING GROWTH AND PERCEPTION

In an age of increasing regulation and a greater burden of administrative tasks for many relationship managers within banks, it is a realistic expectation that an increasing number of prac-

tioners will look to make a move into an independent advisory model.

However, Lai says he sees a certain level of skepticism around the growth of MFOs, due to the fact that many Asian clients have misconceived that they would need to pay more fees to engage independent financial services, when in reality "the investment and performance cost savings and benefits far outweigh the deemed costs of such engagement".

If an explosion of growth in MFOs takes place, as predicted, in the next five years, Lai fears this might also dilute the quality of the services available, and that smaller firms might lack the resources to properly manage business risks and regulatory compliance. In turn, that could create a misunderstanding around what firms like Thirdrock are trying to achieve for their clients.

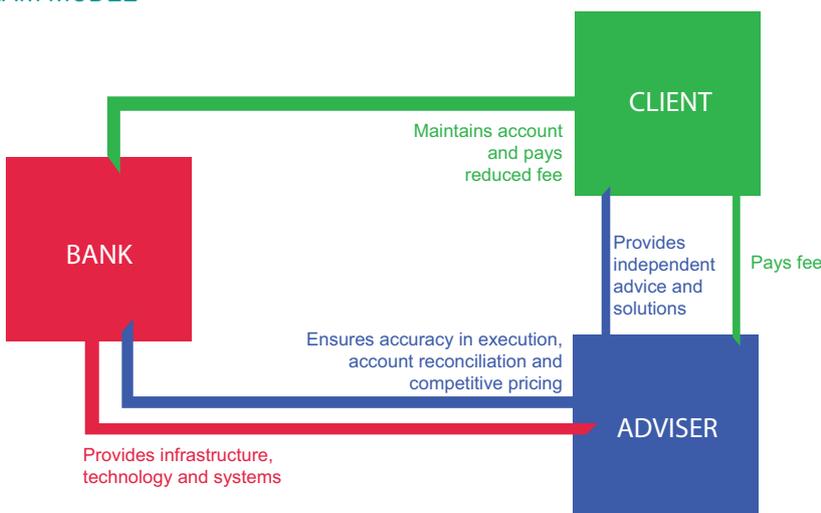
To differentiate his firm, therefore, it is all about finding the right balance between growth and flexibility. Lai promotes the concept of "structured growth"; he says he has little desire at this stage to grow the firm's middle and back-office operations unnecessarily, lest it faces similar cost-income pressures that banks constantly need to deal with.

On the other hand, there is no desire to limit front-office expansion as a form of lateral growth.

One of the things in his favour, says Lai, is the fact that Thirdrock has arrived relatively early to the independent space in Asia.

"We have also focused on steady growth and a gentle strengthening of services through our acquisitions or partnerships within the last three years, strengthening the brand each time," he adds. ■

### IAM MODEL



Source: Thirdrock