

Stonehage Fleming's Wainer backs holistic offering

By Luke Jeffs

Graham Wainer joined Stonehage Fleming from GAM two years ago to bolster further the family office's investment management arm which had earlier been strengthened by the 2015 combination of Stonehage and Fleming Family & Partners.

Wainer, the firm's partner, and London-based chief executive and head of investments at Stonehage Fleming Investment Management, said he joined the company partly because it is a fundamentally different proposition to the traditional pension fund-focused investment management he practised previously.

London-based Wainer said the challenges of delivering investment returns to relatively few very rich clients are not dissimilar to investing on behalf of pensions funds, such as "the continual investment in technology and offering the right product mix".

"Of course it is crucial that a family office manager gets the asset management part right but, at a family office manager, you have to get everything else right as well. Stonehage Fleming offers a more complete and comprehensive offering that is better suited to our large, international clients."

He continued: "We have in recent months launched some new funds and revitalised others. The product area needed to be beefed up so we have added resources in the private capital area for example, and we have added more discipline around the investment process. We have streamlined the investment process, become more market savvy and quicker to the draw on product launches."

Wainer said the main differences between Stonehage Fleming and the generic asset management firms are the breadth of its offering and "client



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engagement". "Our clients are much more closely integrated into the investment process," he said.

This is partly a technological challenge. "Our clients are far more demanding in terms of their ability to interrogate online the data that we provide to them. Technology is critical here - our clients, particularly the second and third generations, want more granular detail around our investment decisions."

Stonehage Fleming's next generation of clients also has different investment profiles to their parents.

Wainer said: "The younger generations have a different mind-set around investment. They are ambitious around investment returns but they are also interested in Environmental, Social

and Governance (ESG) issues."

He added: "The challenge for us is partly a screening issue. We have to understand our clients' investment appetite and find investment areas that meet their particular criteria. They also have to be good investments of course, we have to ensure performance does not suffer."

Looking ahead, Wainer said he sees the investment industry "coming out of a relatively docile period dominated by low interest rates and QE-driven markets".

He added: "In terms of investment strategy, there has obviously been in recent years a bigger appetite for passive investments and Exchange-Traded Funds, and we increased our allocation to passive to about 30-35% to achieve the optimal combination of passive and active.

"With the return of volatility, movement in interest rates and political uncertainty, I see a recovery in demand for active management and a reduction of our allocation to passive over time. We are talking to managers whose results are currently validating that trend."

Wainer said he also sees a more prominent role for alternatives after a period of relatively underperformance.

"We have a strong story around private equity - our private capital investments are returning 4-5% over the public market."

He concluded: "I do see an increasing aversion to going public in the first place. Arguably much of the value can be found in the pre-IPO period rather than after the company has floated. I think we will see more companies going from public back to private or simply not going public at all." ■