

It's all about trust

Apex Investment Services says there can be no long-term business without trust. As the saying goes: "Our reputation grows at the speed that a coconut tree grows. It is destroyed at the speed a coconut falls."



By Clement Chew

People were surprised when I moved from a position in a global bank to a local asset management company. To build a fund-management business after spending 19 years with J.P. Morgan was surely a challenging and risky venture?

Why did I do it?
There were three reasons. First, it was a long-time dream of mine to do something of my own. Second, there was a golden opportunity to work with people I knew and respected. Third, I had a chance to be involved in a business which I was passionate about. Such opportunities do not come often in life.

In December of 2014, a party of investors led by Med-Bumikar Mara Sdn Bhd (MBM) and myself acquired a 57% stake in Apex Investment Services Bhd (AISB). The purchase consideration was RM10.5mil. The remaining 43% equity remained with the founder, Apex Equity Holdings group.

MBM is a private company with over 40 years of operating history. The shareholders agreed that AISB should be independently and professionally managed. That was how I fitted in.

The venture reinforced the importance of preserving our bridges in life. I did not expect that my new business would have so many historical connections to my working career.

AISB was the old Jardine Fleming Apex Unit Trusts Berhad. The latter

was part of J.P. Morgan many years ago.

J.P. Morgan through its heritage firm Jardine Fleming, set-up Jardine Fleming Apex Unit Trust with the Apex group in 1997. During the Asian crisis in 1998, the stake was sold back to Apex. It was uncanny that the company we acquired was once part of the bank I worked for.

The second connection was that the Apex group was J.P. Morgan's joint-venture partner in Malaysia. The US bank divested its 30% stake to Apex when the former secured its foreign broking license in 2004. I had worked closely with Apex in the past.

The third link was the fact that I worked with several of our current shareholders during my first job at IGB Corporation. I consider myself lucky to be reunited with some great people.

The final connection was that my partner Seng Leong and I were former colleagues at J.P. Morgan. He was a former MD of J.P. Morgan Asset Management in Hong Kong. It made sense for us to do something together. In life, our best relationships are often our oldest.

In many ways, I have come full circle.

Many people say the fund management industry is saturated. I have a more sanguine view.

Firstly, our country has a huge pool of domestic assets. We have a large hinterland which financial centres like Singapore do not possess. At the end of 2014, our fund

management industry had assets under management of RM613bil (source: SC annual report 2014). This does not include the funds managed by GLC and other entities.

As a country, we can leverage on this to nurture more home-grown regional players.

Secondly, we need to transform our challenges into opportunities. Currently, the industry is dominated by a handful of bank-backed players. According to the SC's 2014 annual report, 62% of funds in the industry are managed by the Top 5 players. However, a vibrant market needs a variety of players.

Look at New York, London and Hong Kong. There are mutual funds, boutique funds, hedge funds, quant funds, etc. The market is big enough to accommodate more players. This is good for the industry.

Thirdly, different firms bring contrasting skill sets. Investors are better-off when there are choices. Over time, fund performance will become a more important differentiator. Right now, it's still heavily based on sales and marketing.

What is our management philosophy? We are an old company with a new focus. One of our key pillars is governance. We have eight unit trust funds and a few thousand investors. In tandem with our growth, we plan to keep up with the best practices in compliance and controls.

Also, we have revamped our investment process. Another development is Low Seow Che, a former

CIO of J.P. Morgan Asset Management in Singapore, has joined our Investment Committee. We welcome his breadth of experience. Finally, a fund manager with 20 years of regional markets experience is joining us.

On the company's values, the most important thing is trust. There can be no long-term business without it. As the saying goes: "Our reputation grows at the speed that a coconut tree grows. It is destroyed at the speed a coconut falls."

My journey so far has been challenging but satisfying. I have benefited from the perspectives of a CEO organisation called YPO (Young Presidents' Organisation). I have been a member since 2008.

At YPO, we exchange ideas with other CEOs once a month in a confidential setting. It has many unique educational and networking events which are designed to support the work, personal development and family life of a busy CEO. It has been an eye-opener.

And my vision for Apex Investment Services?

We hope to be a trusted investment partner, committed to excellence and sustainability in our performance.

Ultimately, I believe the business boils down to performance and preserving the trust of our investors.

Chew is the Chapter Chair 2014-15 for Young Presidents' Organisation Malaysia. To find out more about YPO, you can go to www.ypo.org.



Clement Chew became the CEO of Apex Investment Services Bhd, after spending 19 years with J.P. Morgan in New York and Kuala Lumpur.