

By **TEE LIN SAY**  
linsay@thestar.com.my

ARECA Capital Sdn Bhd founder and CEO Danny Wong Tuck Meng is looking to transform Areca to become the go-to private wealth management company in Malaysia.

Areca wants to be the pioneer in this gauzy world of the rich – not just to mechanically invest money for the affluent, but to manage and protect that wealth as a whole for generations to come.

Private wealth may conjure up images of extremely wealthy people who travel by jets and holiday in palm fringed seafronting homes. The fees that go with managing money for the rich must be exorbitant too.

Not true, says Wong. Wealth management can even be done by those with a net wealth of RM500,000 and the fees are extremely affordable.

“Private wealth management is more holistic – it incorporates financial planning, portfolio management, estate planning and other aspects such as setting up family offices or trust funds. There’s also the tax planning and wealth preservation aspect. We basically take care of all the nitty gritty wealth issues,” says Wong.

While there are bank backed private wealth divisions in Malaysia, most are small and have not gained traction or awareness in Malaysia.

“If you notice, not many Malaysian firms offer this service. Even for the banks, most of them offer the services in Singapore. In Malaysia, it is simply the place to get clients for the Singaporean or overseas market,” says Wong.

While Wong started Areca 11 years ago, he has had clients who

# Areca ventures into private wealth management

Starting small, private wealth firm eyes RM5bil fund size in five years



**Right time:** Wong feels that the time is right to venture into private wealth management.

have been following him and his team for more than 20 years. He feels that the demand for private wealth is growing as the Malaysian market matures.

Wong started Areca in 2007, and a year later was joined by other founding partner Edward Toh.

There are in total some 50 team members in Areca today.

While Wong predominantly looks after the equity portion of the business, Toh manages the fixed income portfolio. Areca now holds 40% of its assets in equities and 60% in bonds.



**Joining Areca:** Lim Is said to have built up strong relationships with many high net-worth individuals.

Wong also feels that the time is right to venture into private wealth, considering Areca’s fund size of circa RM1.2bil – a far cry from the RM50mil it started off with.

Track record wise, Areca’s funds have shown a consistent track

record, with the funds delivering an average compounded return of some 13% per annum over the last 11 years.

Its maiden fund, Areca equityTRUST Fund has won the best performing fund under the Edge Thomson Reuters Lipper Fund Awards for 2016 and 2017 under the Equity Malaysia 3 years and 5 years category. The fund also won the 10 years category for the year 2017.

For its assets under management as a whole, Areca is looking to double its fund size over the next 12-24 months, and grow it to RM5bil over three to five years.

For the record, all the RM1.2bil it currently has, are private money – Areca hasn’t been funded by any institutional money yet.

“I think our value proposition for our clients is that we are independent and we are very investor driven. We are not driven to make money by fees. We want to give value, and hence our upfront fees is very reasonable. We are also not compelled to push any products and we can move very fast. We don’t even assign targets for our sales people.

As we are nimble and fast, we can launch a fund in a matter of

weeks. I think speed is very crucial in our business especially when timing is everything in the market," says Wong.

#### Growing private wealth

Areca Capital is a fund management company licensed by the Securities Commission (SC) to manage and distribute private mandates, unit trust funds and regulated activity of financial planning. Its clients range from individuals to corporates, family and private trusts and foundations.

Areca presently has a staff strength of 53, half which are made up of sales staff and licensed financial planners.

It has four fund managers currently, but Wong is looking to double this in the near future.

Its captive market is mainly the mass affluent and the high net-worth individuals.

For its unit trust portion, Areca is managing 12 unit trust funds with a current total value of nearly RM600mil.

Areca is registered with the Federation of Investment Managers Malaysia (FIMM) as one of the institutional unit trust advisors to distribute and market unit trust funds of other fund houses.

"We've gotten the necessary licences over the years. We aren't just fund managers. We also act as Unit trust managers, we have the financial planning licences and we are also present in Labuan to handle offshore money," explains Wong.

With the licences and infrastructure in place, it is time to go after the private wealth pie.

To show its seriousness in this expansion plan, Areca appointed

Datuk Lim Hong Tat, the former group CEO of community financial services at Malayan Banking Bhd as its senior advisor in November.

Lim is an illustrious banker with 37 years of experience in the consumer banking industry. He is known to have built up strong relationships with many high net worth individuals over the years – exactly what Areca needs.

Wong says the first phase of Areca's growth was mainly to build up its fund size and deliver performance.

The second phase was to garner the necessary licences and build an integrated infrastructure.

#### Expanding

Presently Areca has five licences, a fund management office in Labuan to service non-ringgit money and is in the midst of expanding into Sabah and Sarawak.

On Nov 30, Areca set up shop in Sarawak with the opening of its Kuching branch.

Wong is looking to raise between RM100mil and RM200mil over the next 24 months from East Malaysia.

Concurrently, Areca's next stop is Johor, Kota Kinabalu and Miri over the next 12 months.

As for Labuan, Areca Capital International Ltd was incorporated in Labuan on Aug 6, 2015 as a fund management company, also licensed by the SC. It operates and abides by the Labuan Financial Services and Securities Act 2010.

Wong says that Areca is in the tail-end of its second phase of growth.

The third phase is the private wealth market and to go beyond Malaysia to the regional market.

"Private wealth is personalised and the range of services are wide. We have tied up with the relevant parties such as trustees, lawyers and accountants for this purpose.

"We want to resolve all the private wealth issues such as portfolio management, estate planning, mortgage planning, asset protection and tax management, among others.

Areca has also tied up with RHB Trustees for its private wealth purpose and will look for more partners such as Maybank Trustees.

Areca will be launching its online investing platform for investors next year.

"We are targeting the technocrats and the younger generation. This is where investors can sign up with us online. No documentation is required. For each person who signs up with us, we will provide them with an advisor as we don't believe in going totally robo-advice," he says.

Meanwhile, Areca has a training arm via Financial TalentHouse, which is a comprehensive financial planning education programme and recognised for the Certified Financial Planner or CFP certification.

Financial TalentHouse serves as a gateway towards obtaining a CFP certification with the Financial Planning Association of Malaysia, and functions as a fast-track towards obtaining a Capital Markets Services Representative's with the SC.

Participants will also be registered as unit trust consultants with FIMM.