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PASSING THE BATON: THE FUTURE OF SINGLE FAMILY OFFICES IN ASIA

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Passing the Baton: The Future of Single Family Offices in Asia

At any asset management firm, a shift in leadership may signal an overall shift in investment strategy. Yet for a single family office, a changing of the guard means much more. New steering at the helm at a single family office means a new interpretation of a family legacy. Demographic trends might make these new interpretations into a different investment language.

Global markets are facing the largest generational wealth transfer in history. According to [Wealth X](#), a research institute dedicated to private wealth, by 2030 across Asia some US\$2.5 trillion is set to pass on from a generation of many founders and entrepreneurs to their children; part of the global US\$18.3 trillion estimated expected to trickle down to younger generations over the same period. An estimated 47% of the Asia-Pacific region's richest families are expected to be part of this shift, according to a [2023 study from wealth advisory Campden Wealth](#) and the Raffles Family Office in Singapore. As younger family members take on wealth management responsibilities, they are finding that they can be supported by service providers who offer solutions that fit their values, priorities and risk profiles.

Single Family Offices: Personalisation for the Ages

By definition, a single-family office only has one main stakeholder to whom to answer: the family. Unlike for example, a pension fund, where different constituent occupations might have competing priorities, or a

university endowment where different departments want to speak their say, the lone mandate of single family offices means faster allocation shifts and the ability to explore new strategies. This nimbleness gives way to customisation so service providers can tailor products to suit families' individual needs.

Historically, ultra-high-net worth individuals and single family offices have managed their investment portfolios in one of two ways: through private banking relationships or through trust companies. As single family offices grow, they often begin to behave similarly to a fund manager. With this change; the fund vehicle becomes more attractive.

When it comes to single family offices, keeping tabs on the performance of the funds is not only a benchmark for investment performance. As part of their service offerings, the family members charged with overseeing wealth management functions want regular reporting that provides insight into what is happening within their portfolio: positions, valuations, performance and risk. Moreover, as wealth moves down from the original matriarch or patriarch to multiple family members—

and as the investment strategies become more sophisticated—governance requirements are evolving to the point where independent records and reporting are more and more important.

What Family Offices Need: A Case Study in Modernised Operations

The nature of single family offices means that each has its own unique features and needs. The right service provider will provide their private wealth clients with bespoke tools driven and suited to the needs of the individual client and according to tax requirements. Often those needs evolve. Over the past decade, many single family offices have discovered that they can operate at lower costs with increased governance, flexibility and optionality by considering fund structures.

Fund structures provide the single family office with an institutionalised approach to managing and structuring its assets and an optimal means for increasing diversification and control. In addition, fund structures can improve transparency with respect to assets and valuations, further enhancing independence and discretion. Governance also becomes more central to ensuring that the investment structure provides independent oversight on asset ownership and valuation. The legal framework of a fund structure provides all parties with clarity on their rights and obligations and provides peace of mind for all family members.

Another solution that is gaining popularity among single family offices are [separately managed accounts](#) (“SMAs”). This vehicle offers a straightforward path to portfolio transparency, easy way to take advantage of market trends without using other investors’ redemptions and often streamlined fee terms and communication with the fund manager. A fund administrator experienced in working with SMAs does not only add value to the fund ecosystem. Some prime brokers, used by single family offices, require the use of a fund administrator to handle accounting and [anti-money laundering](#) measures.

In the case of one longtime Maples Group client, the single family office was doing its books in-house, on Excel. The family needed an independent party that knew how to maintain books and records and could provide detailed portfolio analytics for the investment team and family members. After a proof-of-concept, the Maples Group was engaged for the mandate. Over time, the family’s asset diversification grew more sophisticated. The number of family members also grew. The time had come to develop a new structure. The Maples Group was then engaged to provide legal services and advise on a more appropriate solution for the client. From there, the Maples Group in its role as the fund administrator assessed what that new structure meant in terms of operational requirements, reporting and regulatory compliance and was able to provide end-to-end support. This modernised approach to operations was only possible by outsourcing various functions to a third-party service provider.

The Next Generation of Single Family Offices in Asia

Much of the wealth being inherited by young people in Asia was created through heavy industry and manufacturing. Today’s family offices draw from a collaborative, white-collar approach to decision making along the lines of what is common in the boardrooms of corporations, agnostic of sector. This desire for consensus transfers over how to provide the best structure for which to preserve the family’s legacy. One trait that has passed down is a voiced need for reliable recordkeeping, which is part and parcel of what a fund administrator can provide.

While fund administrators provide an indispensable service to family offices, in the Hong Kong and Singapore markets, making the connection often comes by way of introduction, either based on referral or by way of overall reputation. Once a single family office has spoken to a fund administrator about the guidance they can provide across fund structures, accounting services and compliance, portfolio management and governance can become that much

simpler for the inheriting generation.

The Maples Group Solution

Given the breadth of the Maples Group offering, we have the ability to offer [support for family office clients](#) in various capacities. The Maples Group provides an array of solutions for single family offices – funds run for the management of one family’s wealth – and multi-family offices, where several families avail of a fund management team’s acumen. In addition to specialist advice provided by the [Maples Group’s law firm](#), these services include:

- Entity structuring;
- Reconciliation and accounting;
- Expense and investor payment processing;
- Data integration and management; and
- Custom portfolio analytics.

Leading-edge technology platforms help to streamline operations. These systems can be built to meet the

specifications of each family office, allowing for customisation of portfolio metrics—and ways in which information access can feel more intuitive for each user. Family offices can then leverage this data to pinpoint portfolio moves to sustain wealth creation and preservation.

The lion’s share of family office activity is centred in our Cayman, Hong Kong and Singapore offices. This includes legal expertise, specialist trust and fiduciary services, and award-winning investment operations and portfolio analytics and reporting in all major markets and time zones. Utilising proprietary technology, we offer a modern, comprehensive yet highly personalised suite of trust and accounting services, regardless of the complexity of the arrangements or the diversity of the asset base. Our seamless offering allows us to work closely with family offices to ensure that each of their clients’ investment arrangements are optimally structured and have customised and independent operations.¹

About the Authors

Eastern Fong

Eastern has an overall responsibility for the operations of the Maples Group's fund services business in Asia. He has more than 20 years of professional accounting experience, including direct experience providing fund administration services to a wide array of investment fund types including, but not limited to, single manager hedge funds, fund of hedge funds, private equity funds and publicly offered Japanese retail funds. Eastern is conversant with establishing funds in unit trust, corporate funds, umbrella funds, segregated portfolio company and limited partnership structures.

He also has deep experience working with family offices. Eastern is a recognised industry thought

leader in Asia and regularly speaks at events on topics related to the fund administration landscape and the growth of this industry in the local market. Eastern holds a bachelor of commerce from the University of New South Wales and a master’s of business administration from Deakin University, both in Australia. He speaks English, Cantonese and Mandarin.

Ivy Bao

Ivy, based in the Hong Kong office, has considerable experience in the financial services industry, including with private equity funds, hedge funds and funds of funds. She also has experience working with investors,

¹ For legal and regulatory disclosures, please visit www.maples.com/legal-notices.

particularly with major family offices. Before relocating to Hong Kong, she spent five years at the Maples Group's Montreal office. Ivy holds a bachelor of commerce from the John Molson School of Business at Concordia University in Montreal and speaks English, French, Cantonese and Mandarin.

Alvin Tay

Alvin, based in the Singapore office, is responsible for developing Maples Fund Services in Asia. He started his career as a fund accountant, covering various fund types and structures, then moving into a client-facing role before embarking on his business development career, for which he has worked for other fund administration service providers. Alvin holds a bachelor of arts from the National University of Singapore and speaks Cantonese, English and Mandarin.