

All set to leverage a robust India story

Amit Shah of IIFL Investment Managers explains how the firm is striving to deliver much more sophisticated and tailored advice – given the increasing flows of funds into India, yet a shallow talent pool to service the growth in wealth.

With India's Bharatiya Janata Party-led Union government expected to continue in power for another term, coupled with a stable currency, India remains one of the best investment destinations.

The country has begun to attract serious capital again from wealthy non-resident Indians (NRIs) and foreign institutional investors (FIIs) on its own merit – regardless of the appeal or otherwise of being part of a set of developing countries.

"This is a big positive for us and India as a country," says Amit Shah, co-founder and executive director at IIFL Investment Managers (previously IIFL Wealth & Asset Management).

"We now won't be dependent on an emerging market manager's call; if an investor is bullish, we will see money flowing straight into India," he explains. "We are in the business of understanding businesses and are aware of the intricacies of India much better than most of our peers. This will



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He predicts that India will see a consistent USD20 billion-plus inflow of funds over the next three to five years.

This is on the back of recent positive trends. India's daily economic media outlets reported total inflows of the equivalent of USD55 billion in the first 10 months of the current fiscal, 2016-17. Total AUM of all the

at least USD100 million worth of hard real estate residing in India and they don't know what to do with it."

Since the next generation is unlikely to return to India, there is a growing need for proper tax planning, to help these clients exit their transactions, especially given that they can-

Within this space, he believes IIFL Asset Management is one of the largest players across asset classes, whether real estate, fixed income or equities.

"Under AIFs, we have launched various equity strategies as well as real estate and fixed income strategies, which have all been doing reasonably well," he adds. "They are in the top quartile from a performance perspective with respect to the peer group."

"The main challenge I see from an Indian-market perspective is talent. The way the industry is growing, we are not seeing a commensurate rise in the quality of talent in the mid and higher management [levels]."

43 active fund houses soared to a record USD260 billion at the end of January 2017, up from USD246 billion at December-end 2016.

SATISFYING DEMAND

With the growth in funds in India comes an expectation, however, that wealth managers in the country are in a position to offer investors, especially NRIs who hold real estate in India, with the complex solutions they need.

This is an influential customer segment, given that NRIs at the HNW level control between 70% and 80% of total NRI wealth. They tend to reside in the US and Europe – predominantly in the UK. While a small number are second-generation tech entrepreneurs, most are professionals such as doctors who left India in the 1970s.

Shah says IIFL Asset Management is looking to serve this demographic. "In the US, our top 10 customers have

not repatriate that money fully due to regulations.

"We try and help them manage that money onshore and take care of their taxation and tax filings in the US," explains Shah. "This is a very complex undertaking."

IIFL Asset Management is also focusing on the pre-IPO market that the regulator has opened up.

The firm's Special Opportunities Fund has raised close to USD200 million equivalent as an alternative investment fund (AIF) – the relatively new format for investing for larger, sophisticated investors.

"This was the first introduction in India of a hedge fund-equivalent offering that exists in the international market," says Shah, "where certain strategies can be specifically designed for sophisticated investors."

FINDING TALENT

What makes this more of a challenge is the limited number of experienced wealth and asset managers in India.

"For the kind of DNA we are looking for, we find it challenging to get people in quantum," adds Shah.

For him to increase his sales team on the asset management side of the business, from 200 to 400 in 12 months' time, for instance, he doesn't quite know where this will come from.

Although entry-level asset managers exist within the funds space, for example, the country seems to fall short in terms of senior staff.

"The main challenge I see from an Indian-market perspective is talent," explains Shah. "The way the industry is growing, we are not seeing a commensurate rise in the quality of talent in the mid and higher management [levels]."

Although this presented less of a problem at the earlier stages of the market's growth, as firms expand to try to keep up with the opportunities, the need for team leaders and greater experience gets more pressing. ■