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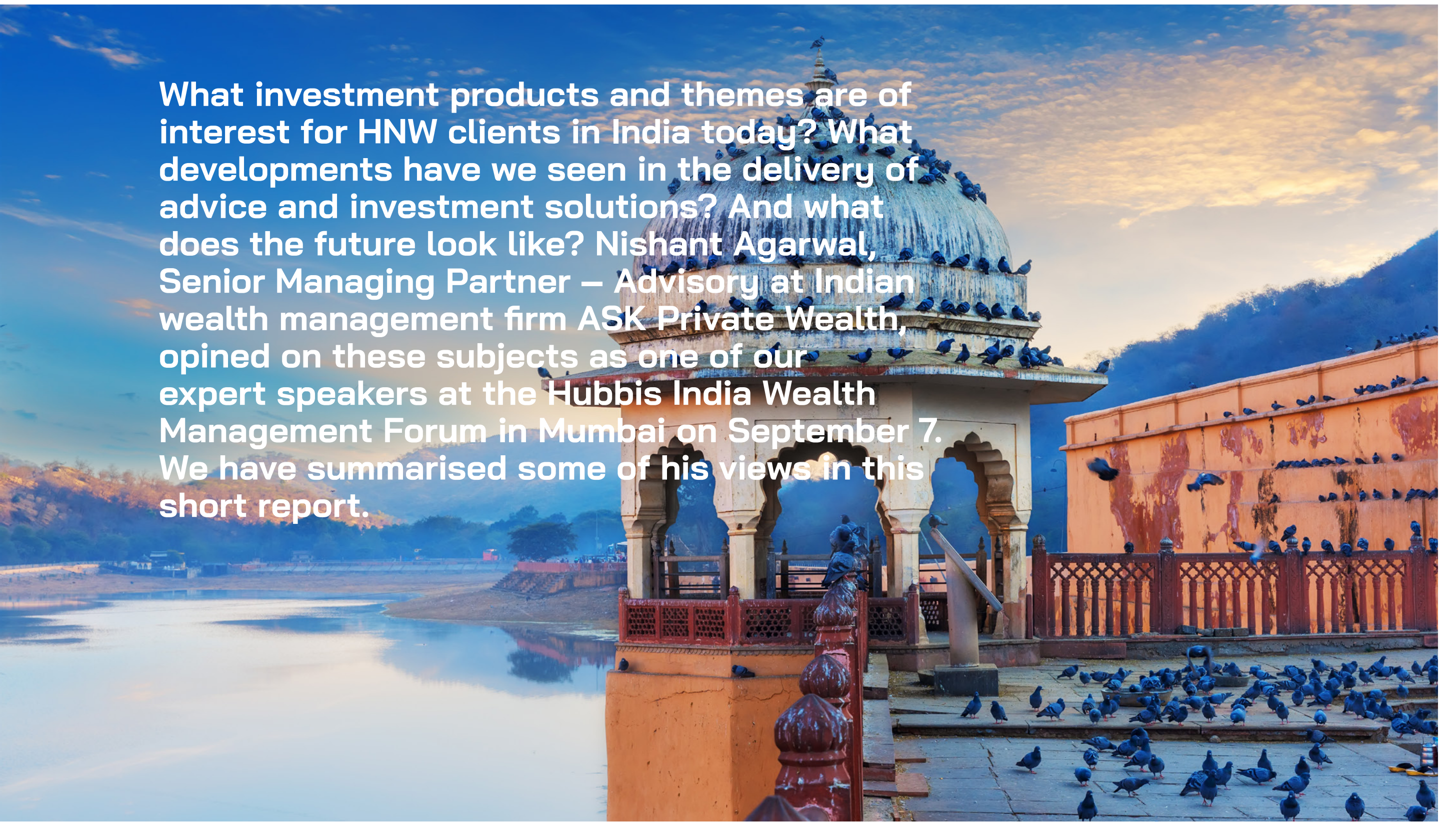
ASK Private Wealth Senior Managing Partner shares views on the Evolving Investment Solutions and Advisory Needs in India



What investment products and themes are of interest for HNW clients in India today? What developments have we seen in the delivery of advice and investment solutions? And what does the future look like? Nishant Agarwal, Senior Managing Partner – Advisory at Indian wealth management firm ASK Private Wealth, opined on these subjects as one of our expert speakers at the Hubbis India Wealth Management Forum in Mumbai on September 7. We have summarised some of his views in this short report.

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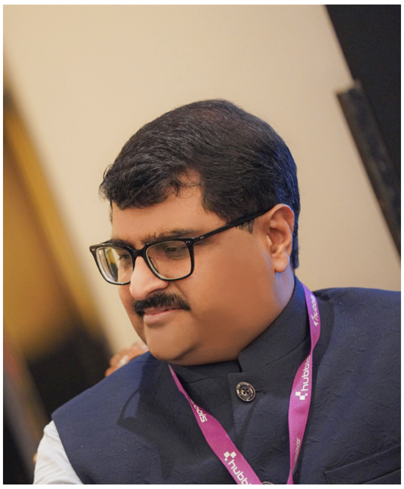

Nishant Agarwal
ASK Private Wealth

Nishant opened his commentary by focusing on the evolving trends amongst the wealthy and wealthiest Indian private clients. He pointed to the pandemic as a catalyst both for global diversification in portfolio allocations and also in drawing both clients and their advisors at ASK closer than ever before, despite the lack of face-to-face connectivity at that time. "This black swan event created a flurry of frantic calls, and actually led to us getting even closer to clients and their families," he explained. "While these calls were not for panic redemptions but open discussions which soon led to them asking how they can diversify their portfolios and navigate the crisis. This was very different and mature conversations when compared to behaviour during Global Financial Crisis."

Secondly, he told delegates how the mass affluent segment in India, which is of course vast and growing apace, had been shifting more spare cash to investments rather than deposits. "The financialisation of savings and the formalisation of their investments has also been a visible trend," he said. "Ten or twenty years ago, everyone went into real estate, or perhaps gold or fixed deposits, but that has changed. The equity culture is far more prevalent, and there is more formalisation in the way these individuals and families approach their finances."

He expanded on the rise of global allocations within portfolios, noting that investors need to follow India's regulations on limits for remitting funds overseas and then choose their modes of investing carefully. "Clients are investing in ideas and opportunities they cannot access

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Real estate might, for example be replaced or supplemented by REITs as another means of participating, he added. "I am not saying real estate is out, but the means of participation has evolved from direct to indirect in some cases," he elucidated. "Direct is a problematic way of holding property, realistically, and property requires a lot of managing, which is cumbersome. REITs can provide an excellent medium for investment with simplicity and liquidity, much like buying professionally managed mutual funds rather than directly picking stocks. Real estate as a sector continues to be exciting and will grow in line with economy. Only the format and the medium to invest is changing to financial products linked to Real Estate vs directly owning Real Estate."

And he explained that for the wealthier investors, there is a greater interest today in alternates, including private equity, venture capital, start-ups, technology plays and distressed assets. "In all these areas, we have seen a lot more interest and a lot more specialist managers coming up."

in India, for example exposure to certain sectors, countries or themes. There is even interest to remit money abroad for purchasing real estate, say in London or in Dubai, for self-use, or for family member's overseas education. Some might want to get involved in overseas residency schemes. So, we are seeing more offshore financial investments, more overseas real estate, and more activity in terms of migration linked investments."

As for domestic investments, Nishant closed his observations by reporting that he favours listed equities, even though short term can be marred with higher volatility. "The reason for that bullish view stems from the fact that many structural reforms undertaken over last five seven years aided by geopolitical situations are favourably coming together to propel India to faster growth trajectory. So mainstream listed companies will benefit tremendously from the same. Hence equity as an asset class expected to do very well in the foreseeable future." ■