Citi's Sameer Deshpande on Building the Retail Client Investment Proposition and Delivery in Asia

Sameer Deshpande is Managing Director at Citi Global Wealth, focusing on investment solutions for retail customers in Asia. His mandate includes managed investments, fixed income, structured products and equities. Sameer offered some valuable pointers as to where retail clients can invest and useful advice on how portfolios can be adjusted in the face of global uncertainties.

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Sameer opens the conversation by focusing on areas where the bank continues to make improvements. He points to enhancing the capabilities of RMs and investment specialists and their dealings with clients. He refers to boosting the bank's online and digital engagement channels and the drive to make the client engagement and operational processing more straight-through and efficient.

As to advice, he says that all these three elements need to be in place and functioning seamlessly in order for RMs and counsellors to then successfully relay and communicate the ideas and advice from the bank.

Diversification, long views, and short-term tactics

"And that advice in the short-term is more immediately markets dependent, of course," he reports, "but the big shifts are unstoppable. While diversification in investment portfolios remains a key foundation for success, inclusion of longer term unstoppable trends that play out over the longer-term helps to look beyond short term market gyrations. On top of the positioning on those core basics, we can then advise on shorter-term tactical adjustments, again this is more markets and events-dependent. These are combined to shape the model portfolio, which is the core approach."

Income, he observes, continues to be a high priority for the client base he and colleagues focus on, which is the affluent to lower high net worth segments. "What is changing is the mix of asset classes to achieve that income," he reports.

Agility for a changing world

"The pandemic dislocated the global economy. People's consumption patterns changed completely with people buying more goods than services and as a result creating supply-demand imbalances. Led by technology we lived through and overcame one of the worst medical and humanitarian crises in recent history. As economic activity and growth rebounded from lockdowns, equities worldwide climbed higher. But now after a strong performance in the last 3 years, Equities, we believe, will revert to more normalised types of returns this year. As a result, investors need to be highly selective and focus on value, quality and reliability."

In this scenario, he observes that dividends have become even more important because markets are not going to re-rate to produce the strong gains investors have enjoyed for the past three years. Hence, they need to hold more companies that are growing dividends consistently, and that have a robust track record of having done so. "And as rates rise, as we think they will, more fixed income opportunities will arise," Deshpande comments.

Additionally, he reports that investors need to consider opportunities across public and private markets to ensure that the right levels of income are aligned to volatility that is more manageable. Multi-asset funds are also a good way of diversifying, he says.

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Private allocations also balance the books

Sameer also observes that alternative investments are no longer so alternative, as more and more people in the wealth community advise allocations to private markets, especially for wealthier investors who have longer holding power.

The key with private market assets is to understand that due to the medium-to longer-term lock up, private market offerings are not for everyone, and certainly not for the average retail investor just yet, he cautions.

"Some of the clients in our purview meet those sorts of criteria and have the long-term hold capability and can take on the additional illiquidity risk, but we do not necessarily steer the majority of our clients to those assets," he reports.

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Inflation – into the great unknown

Sameer also points to the value of real estate and other real assets in portfolios in order to protect investors against the threat of inflation, which is rearing its head and baring its fangs after many, many years in abeyance.

"Again, these ideas are more for the accredited type of investor and professional investors and may not be applicable to a majority of retail investors," he explains. "That is because of the minimum commitment required to buy into the right opportunities." Nevertheless, a retail or mass affluent portfolio holder needs to keep a close eye on inflation and its impact on their investments.

He also points to commodities. "Given the inflation and the rates outlooks, and other factors in play, we do think commodities and the natural resource-related exposures will also become very relevant for the rest of the year," he reports.

Turning towards ESG

The pandemic has placed ESG and sustainability at the forefront of investor's minds. Sameer says, investors are seeking to mitigate risks associated with environmental, social and governance (ESG) issues, allocate capital to sustainably operated companies, and gain investment exposure to innovations driving environmental and social progress around the world.

"We have seen tremendous growth in client interest and inquiries," he explains. "The need for solutions that will enable progress for people and planet are generating investable

Getting Personal with Sameer Deshpande

Sameer originally comes from Mumbai, India, and was educated there, obtaining his degree in Commerce, Economics & Accounting and then his MBA from the Indian Institute of Management in Bangalore.

He highlights three key phases of his career. He spent some time in Australia, in a technology business, which was owned by Citi at the time.

"What I realised from that experience is the value of the brand and the value of one's own effort, and by that, I mean the Citi name used to open many doors, but when I was representing a company nobody had really heard of, it was a different story. That was the period from 2000 to 2004, and it was challenging, but I learned a lot that would help me later on. Another major learning phase came during the global financial crisis, when I learned the importance of resilience, of evolving and learning all the time."

More recently, he says he has also learned the importance of having hobbies and keen interests that keep him going and energised. "In my case, I joined the Singapore Armed Forces Volunteer Corps. It is probably among the rare few armed forces units that allow non-citizens to contribute to national defence. It has energised me exponentially."

Sameer is married with one son aged 14, who was born in Singapore. "My wife and I believe that one child is enough in this expensive, pressured world," he laughs. "He has done well so far, and he has enjoyed being raised in Singapore, which is very much our adopted home now."

His spare time is largely spent volunteering with the armed forces, which he says is partly about giving back to their Singapore home nation. "I wanted to set an example for my son, who would do his national service later on. It is very important on so many levels."

Before the pandemic, he used to participate in Spartan Races, and still keeps fit to this day. "The rest of the time is with the family, out and about whenever possible, although that has been harder for the past couple of years," he says.

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Accordingly, he says that education is vital. "Different sustainable investments offer various financial outcomes depending on their investment objectives," he says. "Sustainable investment strategies also incorporate various approaches – namely, negative screens, ESG integration, thematic and impact investing." Establishing financial and sustainability objectives at the outset is a key component of a long-term investment plan and it helps investors overcome the challenges of navigating the investment options.

Sameer closes the discussion by focusing back on his earlier comments that in a rapidly changing and increasingly uncertain world, diversification is vital and a long-term view is essential. ■