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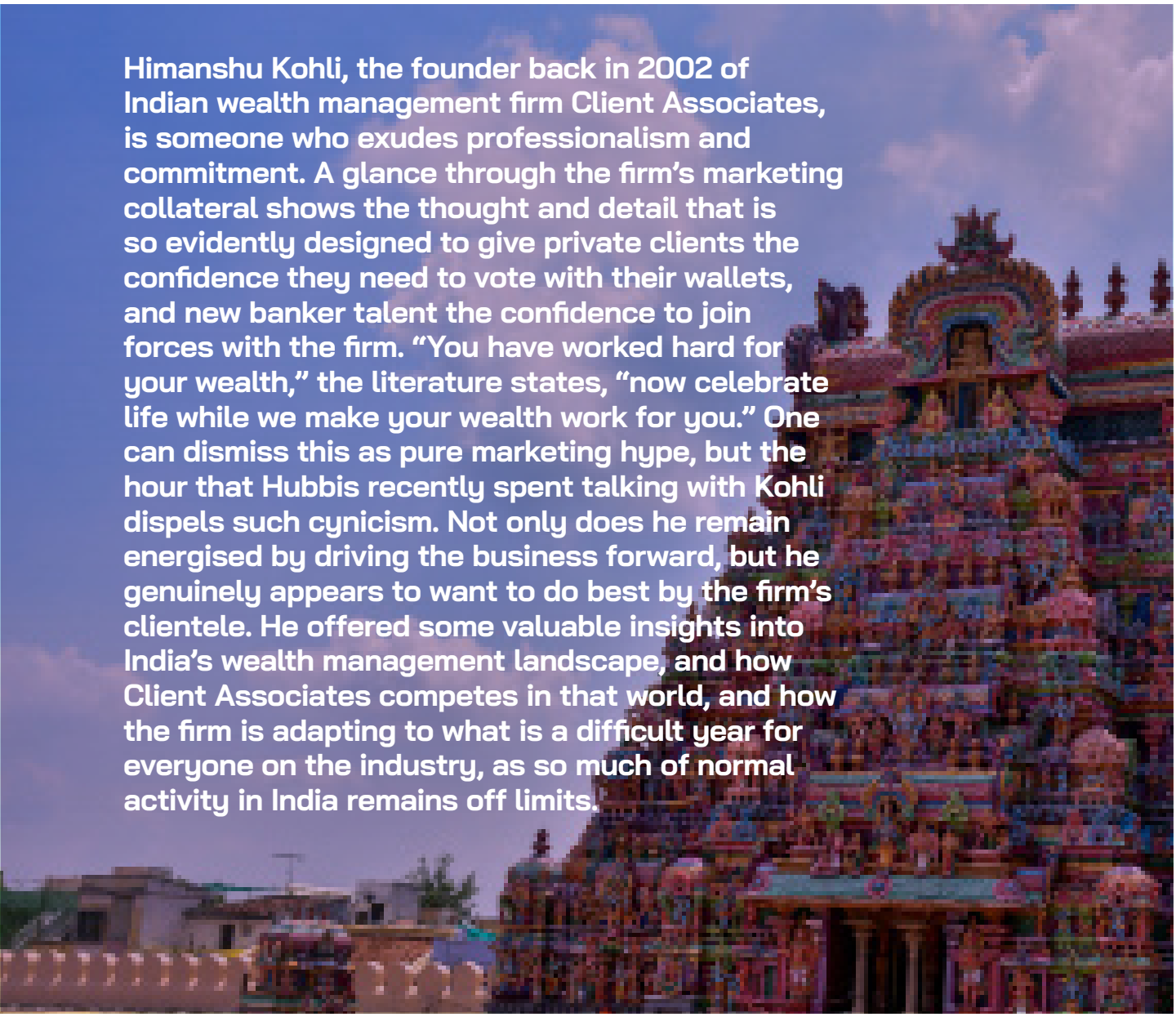
Client Associates' Founder Himanshu Kohli on Embracing Reality and Building for the Future



Himanshu Kohli, the founder back in 2002 of Indian wealth management firm Client Associates, is someone who exudes professionalism and commitment. A glance through the firm's marketing collateral shows the thought and detail that is so evidently designed to give private clients the confidence they need to vote with their wallets, and new banker talent the confidence to join forces with the firm. "You have worked hard for your wealth," the literature states, "now celebrate life while we make your wealth work for you." One can dismiss this as pure marketing hype, but the hour that Hubbis recently spent talking with Kohli dispels such cynicism. Not only does he remain energised by driving the business forward, but he genuinely appears to want to do best by the firm's clientele. He offered some valuable insights into India's wealth management landscape, and how Client Associates competes in that world, and how the firm is adapting to what is a difficult year for everyone on the industry, as so much of normal activity in India remains off limits.

HIMANSHU KOHLI
Client Associates

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What is your vision for Client Associates?

Very simply, we say we strive to be the most admired wealth management platform in India. endeavours to. We want to meet the holistic financial needs of a client and inspire a level of trust similar to that offered by a friend, like a philosopher or a guide who understands and takes care of key elements of their life needs.

We have a team of more than 120 people across six cities and some 15 years of experience in this firm, and our people have many decades of experience in the local and global financial markets. With more than 750 client relationships amongst HNW and UHNW clients, we have USD3.2 billion equivalent assets under management.

The average wealth of our clients per family is about USD5 million; and here I mean pure investible wealth. If you include their businesses, if you include their property portfolios, then the numbers are far larger, because 13 of our clients happens to be amongst the Fortune 100 families, with their total family wealth in some cases over USD1 billion.

We offer five key services – the multi-family office, private wealth management, investment banking, estate and legacy planning and real estate advisory. As such, we can manage the entire HNW and UHNW family balance sheet and activities, from their businesses to their investments and through to their legacy and succession planning."

What are the positives that you have managed to achieve despite the pandemic and lockdowns thus far?

"Our business has been impacted both positively and not so positively also. Some of the things which have worked in our favour, so for example, markets have been extremely volatile for last six to seven months and then the need for an advisor goes up, especially with our rigorous asset allocation skills and vision to see and understand the cycles of the markets.

Additionally, our embrace of technology has given us an advantage for three areas. They are client reporting, generating internal information to understand the business and client transactions online and remotely. As of March 31, only 36% of our clients were using technology and today it is closer to 95%. This is definitely helping the productivity of the service manager or relationship manager, and therefore a great positive."

What are the negatives in this environment?

"Our business growth, meanwhile, is dependent on three factors. AUM dipped earlier this year, as March was really volatile, and will struggle to recover, as further recovery is needed, and fresh inflows are slower because clients' own businesses are struggling. Moreover, some of them are drawing on their investments and saving to plug gaps from their businesses. Finally, new client acquisition is patchy and difficult because of the inability to meet clients and also troubles in the economy at large. Additionally, expense ratios continue to challenge firms such as ours, largely driven by regulatory demands."

What key 'big picture' trends do you observe amongst the clients?

"The 'financialisation' of savings is a theme of the last five years at least, with fresh savings moving increasingly into financial assets, with a significant portion of that getting into equity markets, where the allocation per Indian citizen is still very, very low compared to the world average. That is continuing and I think that will continue all the more because clients they just don't want to get more into physical assets like property or maybe to some extent, gold, physical gold, they don't want to invest too much over there.

The other trend which we are seeing is clients want to get into new-age businesses, more technology, e-commerce related businesses, which are very few businesses in the listed space. So, they are investing into the unlisted space, either directly or going through venture capital, public or private equity fund route, so that is where a significant amount of wealth, especially UHNW or family office money, is moving.

A lot of business owners who are running the traditional businesses are also thinking about diversifying beyond the traditional business, so they and we are seeing if we can unlock some value in the traditional business and diversify portfolios into the public markets, into fixed income, and perhaps also into new-age businesses.

The other key trend is globalisation of assets, which has been building in the past five years or more."

The whole idea was, we felt, that wealth was set to grow substantially in India. The concept was to create a model which is absolutely client-centric and conflict-free at a time when such ideas of client-centricity were almost unheard of. We did not have capital behind us; we simply had the intellectual capital, the passion and the vision. Eighteen years later, it has been a wonderful journey, and we have built a great team, a cosmopolitan team and very local as well as international set of skills and culture. All of us believe in client centricity and we want to do things which are right for clients.

What key trends do you see amongst the WM providers themselves?

"One of the main trends in our industry is for a lot more push on advisory side, so we can say there are tailwinds on the advisory and there are headwinds on the distribution model. Entities which are more distribution-led face bigger challenges today, while those that are more advisory-led we consider to be in a more advantageous position.

Another key challenge centres on expense ratios, as the top line has been affected while costs are not coming down concomitantly.

In general, I would say this year is fairly tough for everyone, even for us, where our model as I explained has 95% trail, very different from the average in this industry, 95% our model has trail earnings. And actually, this is the first year in our history where we'll see a dip in our top line. But I'm sure there will be some players who will come out stronger from here and if your base is advisory, I think you will get the natural advantage of the tailwinds which we are seeing in the society here today."

How would you characterise the culture and personality of your firm?

"It was back in 2002 that I decided to quit my job and start Client Associates along with Rohit Sarin, as co-founders. The whole idea was, we felt, that wealth was set to grow substantially in India. The concept was to create a model which is absolutely client-centric and conflict-free at a time when such ideas of client-centricity were almost unheard of. We did not have capital behind us; we simply had the intellectual capital, the passion and the vision. Eighteen years later, it has been a wonderful journey, and we have built a great team, a cosmopolitan team and very local as well as international set of skills and culture. All of us believe in client centricity and we want to do things which are right for clients.

Additionally, we are collegiate in that we work closely together and learn a lot from each other. We have a highly entrepreneurial mindset, we like working to build this firm. And we have longevity –

more than three quarter of people who came to us 15 years ago are still with us today. We would argue we have the best team in private banking in country today.

We strive to observe the three Ts – Trust, Talent and Transparency. We believe our profession is of trust, high-end families who need serious advisors, who need the best of talent. Trust also means transparency, and best practices. These are the pillars of our culture and our business."

What key priorities do you have for the year ahead?

"One major priority for us is improving the productivity of our team. How do we ensure that each and every staff member is far more productive? Technology is going to play a very significant role there. Today, if our 700 major relationships are being managed with 40 bankers, that is roughly 17 to 18 relationships per banker. Can we look at enhancing this to about 30 relationships per banker, 35 relationships per banker? Technology will permit this, if it is possible.

The second big mission for us is to further build expertise on the international markets. We cover most elements of the needs of our clients, but this is where we could boost our proposition, as we strive towards a 100% mindshare. Just to give an example, in early-stage investments, maybe clients are investing 5% of their capital in the unlisted space, but they would like to invest more, maybe up to 25%. Similarly, if clients are investing 5% of their wealth outside India, their mindshare is three to four times that. So, that's the second piece which basically means upgrading of our asset allocation team strategies.

And the third priority is to build in certain areas, for example boosting our succession planning expertise through insurance solutions, enhancing risk coverage via life insurance. So we are focusing on expanding the product and service baskets to win a higher mindshare and hopefully a much better wallet share from our clients.

Finally, we are of course seeking additional talent in this environment as stronger firms fare better. We hope we can to some extent leverage the volatility and churn in the industry as an opportunity to hire the right talent on the right deals, thereby bringing in people who might not be happy where they are and thereby bolstering our teams here."

Getting personal, can you give us a few insights into your background and style?

"I was born and brought up in New Delhi, schooled in Bal Bharati Public School and I then attended the Shri Ram College of Commerce, SRCC, which is one of the more prestigious institutions. I did Master's in Finance at Delhi University, completing that in 1995 and working then in Mumbai with London Forfaiting Group, which was more into corporate finance and investment banking in India, spending three years there. After that I moved to DSP Merrill Lynch, which is where I learned about private banking, still in Mumbai, before they asked me to move to Delhi in 2000 to set up the private clients' group there. I then moved to Deutsche in 2001, again in the private banking division but then based out of Gurugram, working as a relationship manager over there.

I am married and have two children, aged 18 and 16. My wife teaches underprivileged children and has done so for the last 14 years; it is somewhat of a calling for her.

In my spare time, my first love is sport. In fact, if I had had the opportunity, I would have become a sports person, but I didn't have that opportunity when I was growing up. I play some sport or another five to six times a week. My favourite passion used to be cricket, and I played for school and university but these days I play more football, and any racquet games whether table tennis, squash, tennis, and even racquetball. And of course, golf.

Someone was asking me with this lockdown, what are you missing the most? Is it meeting clients? Is it going to work? Is it meeting your colleagues? I said, yes, I am missing all those, but mostly I miss the team sports, because for several months, I couldn't play any game other than table tennis at home." ■