

Developing India's advisory proposition

Wealth managers and advisers need better understanding of their clients' goals, access to their total portfolio and more data on investment products, if the industry is to become more professional and transparent, and deliver a relevant, advisory-led, outcome-based approach for investors.

Delivering a relevant, advisory-led, outcome-based approach for wealthy clients in India is relatively simple; firms and advisers should stick to the basics.

This is only possible, however, if they understand their clients well. And this is based on having the right knowledge and skill-set in the first place, supported by the relevant platform to offer the right investment products to clients.

From this should come outcomes that will be realistic to deliver and also measurable.

More relevant and targeted product and investment offerings also become possible when advisers have exposure to the complete portfolio of the client. Technology can help be an important differentiator here.

These were some of the views of speakers at the 7th annual Hubbis Indian Wealth Management Forum 2017 in Mumbai.

A HELPING HAND FROM SEBI

An important influence on the market has been SEBI's investment adviser regulations.

Yet in relation to the HNI segment, speakers say that the regulator has to realise that both investors as well as wealth managers or advisers are far more experienced in investing generally.

Further, business models in India today are more focused on how they segregate advisory and distribution businesses, and also align fee models, than they are on investing in long-term innovation like digital expertise.

Panel speakers

- **Sirshendu Basu**, Head - Managed Investments and Product Management, Standard Chartered Bank
- **Gaurav Arora**, Chief Investment Officer, ASK Wealth Advisors
- **Nipun Mehta**, Founder and Chief Executive Officer, BlueOcean Capital Advisors
- **Ashish Shanker**, Head - Private Wealth Investment Advisory, Motilal Oswal Wealth Management
- **Guneet Singh**, Senior Director & Head of Sales - Private Banking and Wealth Management, IDFC Bank
- **Tushar Pradhan**, Chief Investment Officer, India, HSBC Global Asset Management
- **Pranab Unyal**, Head of Products and Advisory Desk, Ambit Private Wealth



Sirshendu Basu
Standard Chartered Bank

Without worrying too much about semantics, some speakers believe the regulators should focus on an enabling environment for multiple client engagement formats – which anyway is a reality.

ENHANCING THE INDUSTRY

A further big challenge, which also extends to how product manufacturers and fund selectors look to partner with each other, is the lack of data availability for all non-mutual fund investment products.

Usually, say speakers, such data is available only to distributors working with those managers, or doing due-diligence for potential engagement.

If all this data were to be available more freely, practitioners say the relationships will become more professional and transparent – for the ultimate benefit of investors.

In turn, this would lead to the expansion of the asset management business, according to speakers.

83%

Respondents who believe that the implications of banks not lending as much as they did – and interest rates falling – include increasing diversification and investment in funds

This has already started to happen. And as the alternative investment funds (AIF) platform evolves, this will only grow further.

KEEPING ASSET ALLOCATION IN MIND

A key aspect of the market evolving further in India is asset allocation. This requires advisers to play an important role in terms of staying focused on managing client expectations.

This is part of also being more solution-oriented, especially during bull markets.



Gaurav Arora
ASK Wealth Advisors



Nipun Mehta
BlueOcean Capital Advisors



Ashish Shanker
Motilal Oswal Wealth Management

Through taking a goals-based investing approach, advisers can help link a client's investments to their key medium- to long-term goals – such as legacy, retirement, charity, and children's education and marriage.

This enables clients to stay invested for longer periods without getting influenced by short-term swings in the markets.

Advisers can also help clients to better understand their portfolios and expected outcomes by providing an 'underlying exposure report'.

For example, while presenting the portfolio breakdown across asset classes, it is pertinent to show the underlying holdings in terms of sectoral- and stock-level splits for the equity portfolio, and moderate duration and paper-quality split for the debt portfolio.

PORTFOLIO PERFORMANCE

When it comes generating performance in the coming months, some speakers suggest a gradual continuation of strategic, long-term equity investing.

This should be supplemented by highly-tactical fixed income/long-short/special situations investing.

Investors should, however, be aware of several risks: a delay in the recovery of earnings growth; real estate prices continuing to struggle with a lack of transactions; surprises in non-performing assets.

More broadly, rather than looking at what has happened in the financial markets in the short term, it is the long-term conversations and construction of portfolios using asset allocation methodology which contributes the most to delivering consistent outperformance for clients.

A lot of attention among Indian investors and advisers, however, continues to be focused on the high activity on the stock exchange and the vibrancy of the derivatives market. This skews media attention towards trying to satisfy a retail audience, which is trading stocks on a day-to-day basis.

As a result, speakers say there needs to be a more marked shift by more investors towards longer-term thinking. ■



Guneet Singh
IDFC Bank



Tushar Pradhan
HSBC Global Asset Management



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