

# Edelweiss' Anshu Kapoor on the Drive to Diversify and Upgrade India's Asset Management Proposition

We last met with Anshu Kapoor when he was Head of Private Wealth Management at Mumbai-based Edelweiss Global Wealth Management about one year ago, not long after the markets had begun to stage what has since proven a miraculous recovery from the nadir of the Covid-19 shock. He explained then that his continuing mission since the firm was founded in 2010 had been to fast-forward Edelweiss to a world where wealth management is delivered almost like a subscription service, with clients able to easily enter and exit at will and with minimal documentary and fee impediments. And those efforts have really borne fruit, with firm-wide AUM surging about 25% since then to USD20 billion and with a new investment of USD325 million in Edelweiss from a leading private equity group, which sees the opportunity in the firm's major wealth business, the leading institutional equity broking platform and its pre-eminent investment banking operation. But having achieved so much over the 10 years in his previous role, Kapoor has since January taken up a new role as Head of Edelweiss Investment Management, with a stated mission to create India's largest and most respected alternatives investment management platform, delivering world-class solutions across hedge funds, private equity and structured solutions. His 'big picture' goals are to solve investor key headwinds such as diminishing returns on fixed income and extreme capital market volatility and at the same time achieve asset class, geographical and also currency diversification, and to boost access to more global and more sophisticated products.

#### GET IN TOUCH

[View Anshu Kapoor's LinkedIn Profile](#)

[Find out more about Edelweiss](#)



**ANSHU KAPOOR**  
Edelweiss

**Kapoor is relishing** the new challenge he faces, having had such success in his previous role. He reports that across the three verticals of private equity, and the hedge fund and structured products platforms, they already currently have around USD1 billion in assets under advice (AUA).

### **A market with vast potential**

He offers a bird's eye perspective on India's asset management industry, observing that total financial assets are approaching USD4 trillion equivalent, with half of that at least in bank deposits, so it is very clear that there is immense potential in the expansion of the asset management business here in India."

As to drivers for growth, he observes that the regulator has been encouraging in the past 10 to 15 years, boosting investor protection which in turn boosts confidence and activity. "We have seen positive advances in terms of broad investor protection, product pricing transparency, product classification, fund management, fund manager roles and responsibilities, and

with efficient stock markets and settlement procedures, we are well-positioned," he reports.

### **Wealth creation accelerates**

Secondly, India today has around 140 billionaires, whereas 15 or so years ago, the number was just five. "Wealth creation has been staggering," he comments, "but still today, some 1% of the population holds about 80% of the invested wealth, so the challenge for the industry is to come up with products and solutions that work in the long run, be able to convince

**"Investing here in Indian Rupees means complete country and currency risk as well as the risks of the local markets and local asset classes. India is somewhat less than 2% of world GDP, and the market valuation here is about 2.5% of world market capitalisation, so we need to offer clients access to the remaining 97% to 98% of the global GDP or market cap, and to encourage them to diversify with confidence."**

all customers to move some assets away from those banking deposits into more interesting and productive investment products."

Other drivers for growth include very low interest rates today compared with historical levels, and there is increasing diversity in the corporate scene, with a huge wave of new companies starting up and listing, leading to a huge expansion of the stock market and diversification.

### **Digitisation and the financialisation of savings**

"And of course, we have digitisation, which has offered customers

mobile access to investments like never before," he explains. "Meanwhile, further impetus has been added of course by the stock market's stellar performance in the past year and the relatively weak performance of real estate and gold. In short, the financialisation of savings in the country is a huge trend underway, and that will only likely accelerate in the years ahead."

### **Addressing the issues**

He addresses some of the missions he hopes to achieve for customers in his new role.

"The yield on pretty much everything fixed income is fairly low, and maybe in most cases lower than the rate of inflation," he reports. "Secondly, volatility can corrode client returns, for example with five years of compounding obliterated in a few months if markets turn sharply downwards, and we have seen at least three instances in the last five years where markets have corrected over 15% to 20%, and perhaps individual stocks have corrected more than 50%. And that, of course, can be a major deterrent to investors to stay in the markets in the longer term."



### Embarking on the global investment highway

Another issue to address is the need for diversification. “Investing here in Indian Rupees means complete country and currency risk as well as the risks of the local markets and local asset classes,” he reports. “India is somewhat less than 2% of world GDP, and the market valuation here is about 2.5% of world market

capitalisation, so we need to offer clients access to the remaining 97% to 98% of the global GDP or market cap, and to encourage them to diversify with confidence.”

### Products and access

To do so, the mission is not only to boost products and access, as so many of the high-quality and differentiated products are not available beyond a tiny portion of the private investor community locally.

### Key priorities

Anshu explains that he and his team have prioritised two key challenges to solve, namely access and volatility.

To explain his mission further, he points to the composition of the listed equity markets in the US really changed dramatically from about 2000 and in China from roughly 2014, when Alibaba listed, which was a watershed event there.

“And in India,” he reports, “things are now moving in the same direction, and the pace of change is accelerating. We saw India attract about USD62 billion of private equity in 2020 and about USD48 billion in 2019, and it is pretty much all foreign money, so a key objective is to give Indian investors access to some of our best new-age companies by boosting the onshore private equity market. Accordingly, we already run a late-stage private equity strategy that raised some USD300 million from over 1500 investors in 2021 surged to about half a billion dollars. In total, as I mentioned, we now have AUA of around USD1 billion.”

And then, there is also his stated priority of addressing volatility. “As most Indian investors are in mutual funds and are long-only, they carry the entire market risk, even though they might be diversified across sectors and companies through those funds,” he says.

And he notes that while some 95% of trading on the domestic markets are today in derivatives, almost none of their customers can or do participate in that. “So, our priority is also to create products or solutions that deliver across market cycles, with maybe half or a third of the volatility of the Indian markets,” he reports. “In short, access and volatility, these are our two priority challenges for the next 12 to 18 months.”

“In short, we need to offer access to more interesting products to more people in India; that is a key part of our challenge,” he explains. “And these are major but surmountable challenges, with billions of dollars of potential to flow through with the right products, approach and access. Even a 1% swing to diversified asset classes and global exposures will result in vast amounts of new AUM.”

### Relevance and diversification

Anshu closes the conversation by reiterating the need to offer the clients relevance and diversified products that are transparent and effective.

“Millions of new investors are entering India’s capital markets, and that’s a big opportunity for the asset management industry, as so many of those investors are

not with the traditional wealth managers. In fact, we can see that from the number of brokerage accounts opened at five times the levels of asset management and

**“Millions of new investors are entering India’s capital markets, and that’s a big opportunity for the asset management industry, as so many of those investors are not with the traditional wealth managers. In fact, we can see that from the number of brokerage accounts opened at five times the levels of asset management and mutual fund accounts opened. So, we are in the business of creating platforms, products and access to attract more of those customers.”**

mutual fund accounts opened. So, we are in the business of creating platforms, products and access to attract more of those customers.”

He concludes that the large wealth managers across the country have to get their act together if they are to win these new customers over. “We can do that,

and we will,” he states. “Indeed, we are already on the right path to achieving that. There is truly huge potential ahead.” ■

## Getting Personal with Anshu Kapoor

Born in the biggest state in India, Uttar Pradesh, he attended university in Delhi and then completed his CFA studies, also in Delhi. He joined ICICI Bank, when it was one of the earliest private sector banks in the country, before moving to HSBC, working initially on internet trading, a new innovation to India at that time.

“I then moved to the HSBC Private Bank in Dubai for two years, a great experience, before returning to India to join Merrill Lynch, and then actually back to HSBC here,” he reports. “I love the world of wealth management; it is in my bones.”

Kapoor is married with three children, a son aged 19, a daughter of nearly 18 and the youngest, a son, who is now five and a half.

“Our eldest is now studying engineering in Canada, while with our youngest, our daughter is nearly 18, and we are doing it all over again with the youngest one,” he quips. “Lockdowns have been great for me to spend so much time at home with him at home, and it has actually made me realise how much I missed in his first four years, when life and business travel and everything else in our lives were so hectic.”

He has also found more time without all the business and other travel for another favourite pastime of reading, of late getting into some fascinating science fiction, including a book called ‘Children of Time’, about other forms of intelligence developing and becoming smarter than humans.

“I have also been able to focus more on fitness, so for example I just came back from a trip to the hills, I have done a lot of trekking in the jungles, and a lot of mountain biking, as well as cycling and training at home.”

Kapoor and family love travel, at least when lockdowns do not prevail, and they hope to soon return to some favourite places, such as Phuket and Scotland, where he has enjoyed the air, scenery as well as some fine single malt whiskies in the past.