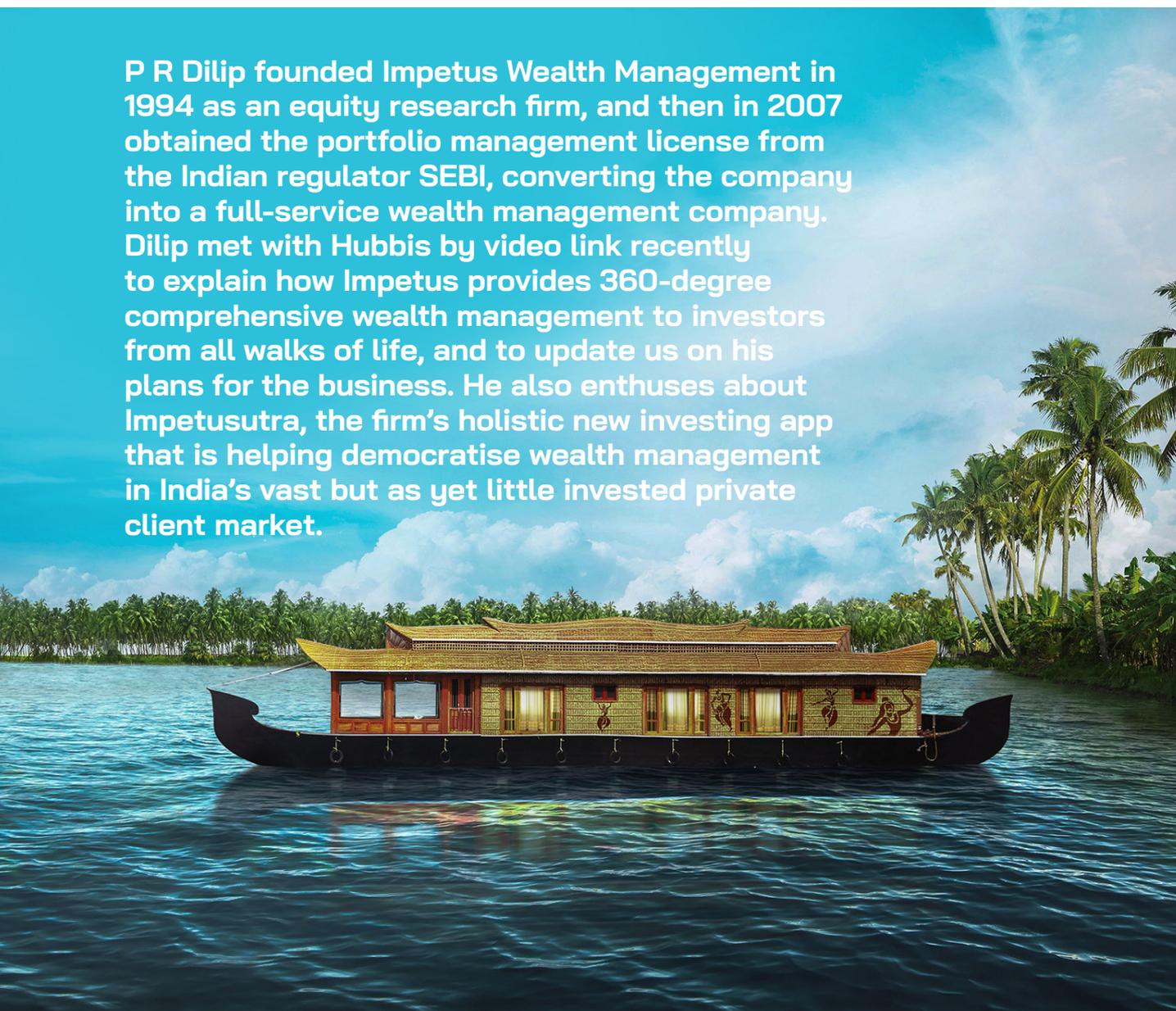


# Impetus Wealth Management's Founder on a Vision of Democratising Wealth Management in India

P R Dilip founded Impetus Wealth Management in 1994 as an equity research firm, and then in 2007 obtained the portfolio management license from the Indian regulator SEBI, converting the company into a full-service wealth management company. Dilip met with Hubbis by video link recently to explain how Impetus provides 360-degree comprehensive wealth management to investors from all walks of life, and to update us on his plans for the business. He also enthuses about Impetusutra, the firm's holistic new investing app that is helping democratise wealth management in India's vast but as yet little invested private client market.



## Impetus Wealth Management

Management was established in 1994 with an objective of providing research-based investment advisory services for institutional and individual investors. Over the past 26 years, it has evolved into a full-fledged wealth management company of 20 people providing comprehensive investment solutions to a very large number of high-net worth clients across the globe.

“At Impetus,” says P R Dilip, “we make a distinction as we correctly understand the connections between the financial and emotional well-being of every individual. We also recognise the fact that, as the financial goals of each individual are different from another, the financial planning for each individual also got to be different and personalised. Investors would be ill-served if our focus is on individual investments rather than their life goals. Moreover, general assumptions and decisions taken with peripheral evaluation about any investment product or asset class is equivalent to gambling. The merits and demerits of each investment product/asset class need to be evaluated only after arriving at a conclusion about what is suitable for an individual.”

## Holistic approach

P R Dilip believes that this holistic approach must be adopted in planning the investments for each client. “Educating the investor about the needs-based financial planning rather than trends-based investments is most essential,” he reports. “That is because what is in trend today may not help an investor to achieve his/her financial or life goals

going forward. Accordingly, the precise actual needs or financial goals of the investor need to be ascertained as the first step. Then, meticulous evaluation of the resources, aspirations and risk appetite of the individual should be made before making any major investment decisions.”

He adds that one has to remember that emotional, personal and spiritual factors also need to be taken into consideration along with financial resources while making financial planning for any individual.

**“We avoid the sales culture in our organisation, as we are aiming always to take un-biased investment decisions on behalf of the investor, always keeping their financial goals in mind. While our investors are fully occupied in their respective core professions, Impetus takes utmost care in managing their portfolios with the highest levels of transparency, efficiency and accountability. And based on our pretty exhaustive client-profiling process, we suggest suitable portfolios of assets to the respective investor keeping the key aspects in mind, such as capital preservation and attainable growth. Once the investor understands and accepts our investment philosophy and process, we welcome them to the Impetus family and the journey with us.”**

## Balance is essential

“Financial well-being alone cannot make an individual happy unless it is matching and coinciding with other aspirations of that individual,” he states. “Investors so often demand performance benchmark related to their investments, but very few demand or even look at the performance benchmark related to the successful achievement of

their overall planning objectives. An investor with proper financial planning would hardly be worried about the volatilities of the markets as the well-thought-out strategies would enable a smooth sailing in troubled waters.”

Dilip observes that the process of discovering the suitability of investment products/asset classes for an individual is nothing but asset allocation based on detailed client profiling. “It is an extensive process which enables both the investor and the wealth manager to understand the financial

gerontology of that investor,” he says. “And we need to bear in mind that wealth management is an ongoing process until the investor achieves his/her financial goals. It requires periodical review of the portfolio of investments and fine-tuning of asset allocation based on the changes in the investor’s profile or overall environment in the world of investments.”



**P R DILIP**

Impetus Wealth Management

### Unbiased advice

He believes that getting access to different financial products or execution of the trade are no more the big challenges of today for any investor. “However,” he says, what is crucial is getting an unbiased financial road map drawn up based on individual’s aspirations. Accordingly, at Impetus, we encourage investors to develop good investing habits which in turn help them to overcome two major hurdles in any investment decisions, namely greed and fear.”

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### Getting Personal with P R Dilip

He was born in Kerala, in the southern part of India, and educated in Chennai, graduating first in mathematics, then completing a course in finance management and also in software and systems.

His early career was as a software consultant for Bombay Stockbrokers, but he soon saw the way to founding Impetus. “I understood that investments and stock picking requires a lot of logic, which is essential for a software developer in understanding any domain, so there was in some ways a natural link. I saw that stock picking or finding new investment concepts was more dynamic and more challenging, which I like, so it was a natural step and fulfilled market needs at that time.”

Married with two grown up children, his daughter is a lawyer in the Bombay High Court, and his son is a software engineer running his own business.

Spare time is often spent watching movies, taking long drives, or reading. “I also like spirituality, meditation, yoga,” he reports, “The Indian way of living is something I’m passionate about. Contemplation leads to answers for many questions, but I am talking here about concepts, not about any religion.”

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### Experience and insights

Dilip reports that Impetus has tremendous insights into what investors want actually, and how we should actually incorporate their personal beliefs and life philosophy while deploying their resources.

“These deep insights we have obtained over a period of time and while making asset allocation and selection of securities, we keep these aspects in mind and we try to make sure that the clients are able to achieve their financial goals. Our entire focus

is on enabling them to achieve their financial goals. We don’t actually try to retain assets under management, because even investors have achieved that financial goal and then we actually encourage them to actually liquidate the financial assets and acquire the asset or the goal what he actually had in mind. It’s an ongoing process, where we make the investor smile as and when they achieve their financial goals and life goals.”

### Breadth of offering

The firm offers a state-of-the-art equity desk, which is well-manned and well-equipped for investors to transact on all listed shares on Indian Stock Exchanges. Impetus offers its portfolio management

service, following a value investing process for the fund management. "This investment philosophy has been influenced from the teachings of Benjamin Graham, Philip Fisher, Warren Buffett, Charles Munger, Joel Greenblatt, David Dreman and others," Dilip explains. "It is not a mechanical tool for identifying bargains, it is actually a comprehensive investment philosophy that emphasises the need to perform in-depth fundamental analysis, pursue long term investment results, limit risk and resist crowd psychology."

"We are not economists and hence are not top-down investors," he adds. "We are not technicians and hence won't attempt market timing. We simply try to pick good cheap businesses one at a time on a bottom-up basis. The goal is to buy quality businesses at cheap prices and ensure that the portfolio is maintained in such 'quality-value' quadrant."

The firm offers other products and services, ranging from pure transaction/execution for clients, to life insurance, health insurance, estate planning, as well as specialisation in areas such as portfolio management based on both Shariah Law and also Jainism. "On these latter points," he says, "we are sensitive to the sentiments of our investors who practice faith-based and socially responsible investing."

### Adapting and expanding

Impetus has been forged on long experience and also shaped to fit regulations in India, which changed significantly back in 2013 when new stringent regulations were imposed by the Securities and Exchange Board of India (SEBI) outlining the role and capacity of investment

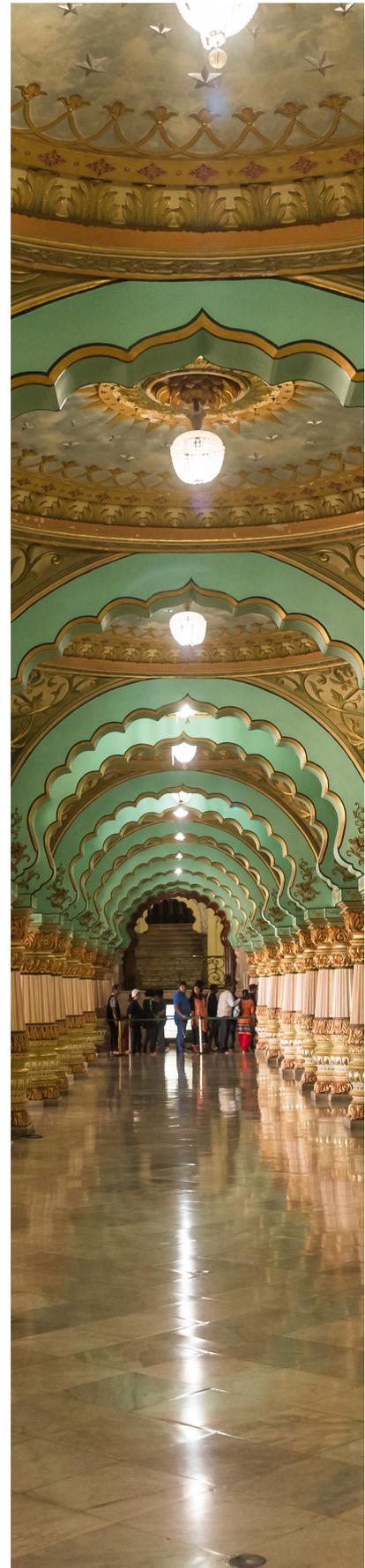
advisers. "We have been entirely compliant since then," Dilip reports, "and this fits very neatly with who we are and the values we want to represent, as practitioners who offer a truly comprehensive approach to advising their clients."

Dilip also offers some insights into the market itself, noting that Indian investors are amongst the highest savers in the world as far as the household savings are concerned, but only a very small fragment of the population, perhaps 3% or less, are actually investing in financial products other than bank deposits or similar.

### Growth ahead, once Covid-19 reined in

"India is indeed a young country in terms of demographics, so it is very important to protect those younger generations and help them build for the future," he comments. "There is so little channelised into financial investments, basically because of lack of awareness and investors across the country are not able to actually have access to quality advice. I think the financial intermediaries should be actually focusing on asset allocation and security selection based on the investor's requirement and helping educate them, rather than selling a product. They need to gently and positively convince these investors about what is good for him or her is the most important aspect. You have to make an investor buy what is good for him rather than sell something to him that seems good for you."

"There is exponential opportunity for growth of wealth in India which presents a very lucrative opportunity for firms like ours," he says. "The government, the financial institutions and firms



should strive to generate more qualified and registered financial advisers to capture the growing wealth industry in the country. Serious thinking needs go into attracting fresh talent into this industry, which can provide a sustainable employment opportunity for millions. An environment needs to be created in such a way that it should be made less capital intensive and more skill intensive. We believe the younger generation should be taught the workings of the wealth management industry. To create a sustainable and systemic change in the approach of investment advisers, educating the upcoming generation in wealth management is the key."

### Converting the clientele

A key challenge remaining today for Impetus and other WM businesses is that Indian clients still shy away from paying fees purely for procuring advice. They are more likely to pay commission-based fees as opposed to adhering to an annual fees structure. "This is precisely why we have two operational models: advisory and distribution. The advisory model charges an annual fee to the client for discretionary advice; the distribution model is based on commission. According to regulations, an adviser cannot claim fees under both the models."

### Impetusutra arrives

P R Dilip then offers his views on the new platform the firm now offers, named Impetusutra. "We had developed an exhaustive investor profiling system and in order to complete that, in order to capture the data and have an interaction with the client, it was required for the investor to be present and that physical proximity was required," he

explains. "We wanted to make it more scalable and more reachable to investors from across the world who requires this. We have employed technology to make it scalable and reachable."

A 'Sutra', Dilip explains, is collection of aphorisms relating to some aspect of the conduct of life according to the ancient Indian language Sanskrit. "Our persistent and ongoing pursuit of refining

"Impetusutra," Dilip elucidates, "enables the user to define his personal priorities in life with crystal clear clarity, it helps the user to think in an organised manner about the available resources at present and implied resources which would get accumulated in the future. It prompts the user to plug the leakages of resources effectively. It educates the user what is good for him and what should be avoided."

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our own processes in finding appropriate financial road map for different individuals, keeping their aspirations, beliefs, concerns, abilities and the dynamics of various investment options has resulted in our tech-offering 'Impetusutra,'" he reports.

Impetusutra is not just smart tech-platform, but a synergy of experienced investment professionals backed by robust technology. It is based not on artificial intelligence and machine learning but real intelligence and human learning.

He elaborates further, explaining that besides being an enabler for the user, it enables the Impetus team to understand the client holistically. "Equipped with the thorough and deep understanding about the client, team Impetus gets on to the job of suitable asset allocation and asset selection thereafter," he says.

He says the platform addresses key concerns, including worries about how people can garner enough resources to meet all their life goals, worries about the unexpected contingencies in life, concerns about the diminishing

returns from the traditional investment options, worries about the liquidity of their current assets, concerns about the risk-reward scenarios of growth assets.

### Relevant to the world of today

“We apply our long experience in the field of wealth management, which has taught us that the success of a wealth manager is not measured by being a relative outperformer or not, but by the ability to enable clients to achieve their financial and life goals without compromising on any of their beliefs or safety aspects,” he reports, “and I must say it is especially applicable and relevant to this terrible pandemic the world faces.”

He adds that the Impetusutra app can be downloaded by any investor from anywhere. “It is very interactive,” he reports, “the investors can actually provide all the information at their convenience, and entirely remotely. The investor has all the freedom of time of filling up this entire data because it’s very exhaustive.”

Dilip remarks that technology platforms, artificial intelligence,

robo-advisory and so forth are increasingly popular in India, especially amongst the younger generations. “Technology has made wealth management more accessible for the clients and more scalable for the providers,” he reports.

### Key Priorities

Dilip says his first mission is to make Impetusutra synonymous with investments in India, becoming an essential financial tool for every investor. “That’s my first priority,” he reports, “so we need to create that visibility, build that awareness among investors and communicate our vision of real, prudent financial planning.”

He also plans to expand the client base. “You have a huge NRI diaspora in different parts of the world who are looking at new opportunities in India,” he says. “We want to facilitate more services and investments for these non-resident Indians for their financial investments and wealth planning.”

### Overcoming anxieties, seeing the big picture

Dilip draws the discussion towards a close by remarking that the current

environment of uncertainty with the economy rather in a standstill mode, private clients are tentative.

“Markets tend to discount future events, so the money flowing into equities, largely from overseas, reflects the hopes of future recovery,” he says. “However, realistically, there is a mismatch between the actual economic activities and the equity market, so either the economy must catch up, or the market corrects. When one or the other will happen, we have no idea. In this situation, we suggest our investors have reasonable exposure into equity, but don’t go overweight, and balance their exposures with debt, commodities and gold. A mixed basket is our big picture view.”

Dilip is philosophical by inclination. He has also been in this business long enough to take the wide-angle view. “We are in a time in our history when we must adapt to this pandemic and work out ways and means of keeping moving forward. It will not be easy, but we believe that growth and optimism will return. And in the meantime, we will continue to work with our valued clients to help them build financial stability for the future.” ■

