

# Wealth Management Expert Aashish Somaiyaa on How from Small Acorns Mighty Oaks Can Grow

It is nearly a year since Aashish Somaiyaa joined White Oak Capital Management as Chief Executive Officer and an ideal time for Hubbis to catch up with him to learn more about the firm and his mission at the helm of what is already a sizeable operation covering onshore and offshore Indian private wealth. The boutique investment management began life as a new entrant in 2017, and today manages assets equivalent to USD5 billion in Indian equity for institutional and individual investors. Aashish was brought in to provide his 20 plus years of senior management experience in the asset management industry, most recently as the CEO and Managing Director of Motilal Oswal AMC since 2013. He has set about refining the business and scaling and boosting the proposition. Well-known asset manager Prashant Khemka founded the business after leaving prominent roles he had held for many years at Goldman Sachs Asset Management. And it was a good move - after roughly four years, White Oak has become a leading and established player in the dynamic and expansive Indian asset management market.

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## White Oak Capital Group

(White Oak) was founded in 2017 and is a boutique investment management firm managing assets of USD5 billion, in Indian equities and alternatives for institutional and individual investors. Of the total AUM, roughly 81% is managed for offshore clients, including global institutions targeting Indian listed equities, and some 19% for onshore investors wanting the firm's expertise to invest locally.

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## An increasingly international face

Besides segregated managed accounts for leading global institutions, White Oak offers investment services through a wide array of fund vehicles domiciled in India, Ireland, Mauritius and UK to individual and institutional investors in India and worldwide. The firm has investment research teams based in India and Singapore and additional sales and distribution offices in Switzerland and UK.

## The original idea...

White Oak was founded by Prashant Khemka, formerly CIO of Goldman Sachs Asset Management's India Equity and Global Emerging Markets Equity businesses, and with a career at GSAM that began in the US back in 2000. He had returned to Mumbai in 2006 to start GSAM's India business.

White Oak's performance-first investment culture is founded upon

the following four pillars: stock selection-based philosophy, high calibre research team, disciplined analytical process and balanced portfolio construction framework.

## A performance-first culture

“This research-led investment model is underpinned by a proprietary analytical model honed over two decades and replicable across markets and businesses,” Aashish reports. “The perfor-

mance-first culture is built upon a team of local experts with global experience, a bottom-up stock selection philosophy, disciplined fundamental research, and balanced portfolio construction.”

He adds that Prashant Khemka is AAA rated by Citywire based on the three-year risk-adjusted performance across all funds he managed as of June 30, 2021.

## The Singapore arm - expanding into the future

Aashish explains that the firm is also registered with the Monetary Authority of Singapore for investment management, from where they manage Irish-registered UCITS funds that are also invested into India. “The UCITs is very popular with single-family offices, multi-family offices, private banks, wealth managers, with many such buyers from the US, the UK, Switzerland, and some parts of the EU, and perhaps less so Asia,” Aashish reports.

The firm also manages a closed-ended investment company which is listed on the London Stock Exchange. And they also have a global fund investing into India, which is domiciled out of Mauritius.

The Singapore arm will continue to expand its business both locally and globally. The firm is in process of augmenting resources in Singapore across all functions – investment research, operations, sales, and compliance. It has recently received license from the MAS to distribute Funds to retail investors which is a big opportunity. This will enable White Oak to increase both product as well as distribution capabilities in Singapore and across the region.

## India - a world of opportunity

He explains that White Oak offers long-only exposures into listed Indian equity, with roughly half the portfolio Indian large capitalisation stocks and the other half mid-cap and small-cap holdings.

“India has performed incredibly well, more than doubling since the collapse of February and March last year,” he reports. “International investors tend to see India as part of the global emerging markets, or BRICS, or Asian equity or some such holistic basket, and given the size of the economy, given the size of the market cap – the seventh-largest globally, he reports – and based on the excellent performance of the stocks, India is clearly in the sights of more and more global money. Moreover, India is increasingly diversified as to the sectors of interest, and there is a strong forward thrust in the economy, despite the headwinds of the pandemic.”

He also observes that there has been considerable ongoing evolution of



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White Oak Capital Management

the capital markets in India, as well as investors diversification, with more and more younger investors entering the market from India's vast population.

**Equities are hugely popular**

"Rates are near historic low, real estate and alternatives like fixed income and gold haven't rewarded for many years, so equities are understandably in the sights," he reports. "For example, the largest broking company in India, namely Zerodha, a very well regarded FinTech enterprise, reported that the average age of all their broking clients is 30 or just below, and they have literally millions of active investors."

**A virtuous circle**

Aashish also reports that wealth and asset management have enjoyed rapid growth in the last five years and especially since the market collapse of early 2020. The market is expanding, and more and private companies are entering the listed market, resulting in more liquidity amongst the investors in those businesses, with this liquid private wealth then seeking portfolio investments for the future.

**Getting Personal with Aashish Somaiyaa**

The last time Hubbis wrote about Aashish's personal side in one of our feature articles when he was MD and CEO of Motilal Oswal, he had more time at home during quieter times. That was in mid-2019. But now, he spends more time at home but has less time for reading and other hobbies, as he and his wife now have a son of roughly two years old. "It has been a good time to be travelling less and to watch him arrive and grow from such a tiny person," he reports. "Fathers who are working hard do not usually get to spend all these days and hours at home, so that has been a blessing."

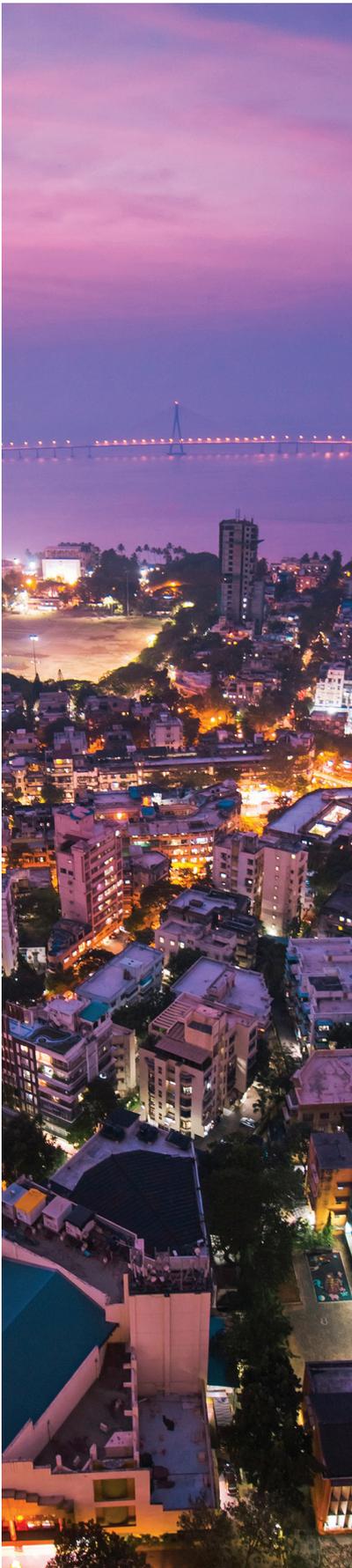
Although his family hails from the state of Gujarat, Aashish was born and raised in Mumbai, although he completed his undergraduate engineering studies in a nearby city named Pune.

"I returned here four years later and then completed my post-graduate in finance," he recalls. "My career was built more of opportunity than planning," he reports. "Many people look back and cast it all in a structured light, but very often careers develop in other ways. The standard script might have been that as an engineer and a Finance postgrad I become a consultant or investment banker, but I went into the sales of investment products, where competition was less as the industry was in its early stages."

But a stellar career in finance then evolved that now sees him holding the reins of White Oak and helping develop the quality, branding and scale of the business. "It is a great move to take on at this time especially as the markets here have been so dynamic. I can't wait to be able to travel and really engage with clients and partners directly again, here and overseas."

His preferred hobby at home was always reading at home, where he has assembled an extensive library. "Every time I go to a bookshop or every time that I pass through an airport, I always buy a few books, or I might peruse the Amazon site and buy there. I read avidly, but my buying means there are many books at home which I still have yet to get to. Perhaps I am even less likely to get round to them as my son grows up, but that will offer other interest and enjoyment, of course. So too with my love of movies, although we do still enjoy those while our son sleeps in the evenings. In particular, we have discovered and really enjoyed the House of Cards series and the huge range of Korean drama, which is excellent."

He looks forward to resuming travel in the future, with his top three destinations likely to be Dubai for business, the US to visit his sister, and for a real getaway it would be back to Switzerland, to his favourite Montreux, historically home to the world-famous jazz festival.



### Key priorities

Aashish explains that as slightly less than 20% of the firm's AUM is represented by local money, there is a core mission to build connectivity within India to expand the reach to domestic private bankers and wealth managers, and to build what he calls an enabling sales and service delivery-related team.

A second priority is centred on the HNW segment, with the aim to expand more into portfolio management services and alternative investment funds.

And thirdly, there is the thrust towards digitisation and innovation. "Within the bounds of regulation and compliance, we do have a vision of going 100% digital in terms of each and every process," he reports. "We have accelerated this drive since the pandemic hit, enhancing our reach as well as enabling the best of service and content delivery."

**"Thankfully, right from inception we have been at the cutting edge of our approach to investments and performance. But more than that, our ability to engage with clients and to communicate consistently and clearly are also of paramount importance, it is vital for the private bankers in particular who are outsourcing investments for their clients to us."**

But there are risks that need to be avoided. He points, for example, to the preference to keep investors away from exposures to certain businesses that are deeply connected with the macro-economic cycle or the global commodity cycle or those that are dependent on government reforms or the public sector enterprises or infrastructure.

### But not all boats rise on the tide

"Some of these deep cyclical have performed very, very badly," he warns. "Meanwhile, anything to do with financial services, capital

markets, banking, the chemicals, pharmaceuticals, IT, and IT services have done very, very well, and we see this as the first wave, with plenty of exciting potential to come. As the market continues to grow, the overall composition of market cap will start reflecting some of the new realities in terms of which businesses are doing well on the ground."

He also remarks that today, performance is effectively the 'table stake' to join and stay at the investment management game, so being competitive is an absolute given.

### The USP of quality and integrity

“Thankfully, right from inception we have been at the cutting edge of our approach to investments and performance,” he reports. “But more than that, our ability to engage with clients and to communicate consistently and clearly are also of paramount importance, it is vital for the private bankers in particular who are outsourcing investments for their clients to us.”

### Consolidation ahead...

He draws the discussion towards a close by noting that there is

consolidation taking place in the wealth industry in India, and the firm is already a beneficiary, having entered into an agreement to buy the asset management company of Yes Bank, and as a result is going through the regulatory process to commence a local mutual fund offering. “There is likely to be broader consolidation in this industry,” he observes, “and we have seen that trend starting fairly recently.”

### The final word – globalisation of the investment focus

Another factor is the gradual globalisation of the investment

market, albeit from a very low base. He estimated that total domestic equity mutual funds are worth about USD200 billion and discretionary portfolios and other funds another roughly USD50 billion. “But international or global funds are barely noticeable,” he reports, “meaning that there is a long way to go in terms of the potential growth of Indian investors investing in overseas assets. The potential is huge, and we will either build our own global asset management offering, or we will enter partnerships. Either way, there is a lot of growth potential and plenty of scope to innovate.” ■

