

Product innovation in Indian private wealth management



“WE HAD THE FIRST REIT OFFERING FROM EMBASSY-BLACKSTONE, WHICH HAS BEEN EXTREMELY WELL-RECEIVED BY THE MARKET”

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What innovative products have we seen recently?

Recently, I would think the alternative space is really what is seeing new offerings. We had the first REIT offering from Embassy-Blackstone, which has been extremely well-received by the market. Over the last few months, since listing, it has been a great success. The other is the expansion of the whole alternative investment fund (AIF). Between the three categories of AIFs, you are now getting some very solid offerings. Whether it is the pure infrastructure yield place, where we've seen good high-yield instruments on the infrastructure side, or some very marquee private equity venture capital funds which have been offering some great opportunities to invest. The third space is the long-short space, which has grown significantly.

For people who've looked at absolute returns with very little volatility, the long-short universe actually offers a significant opportunity right now, with many more issuers in the market today.

Are there too many products and not enough solutions?

As we say, products is a route; it's a gateway to a client's investment objective. When you actually look at the objective of an investor, what the asset allocation should be, the products provide that level of gateway into a client's portfolio. I always think that it's not about selling products but it's actually solutionising for what is it that the client wants. Finally, it's four large objectives. What is the risk? What is the return objec-

tive? What is the time period? And finally what is the volatility the client is ready to take on the portfolio? Overall, between these four objectives, you could actually find the right products which fits the requirement.

Do your clients show more interest in complicated products?

It's not necessarily true for every client. Every client had different sets of objectives. There are clients who want to do gold-based financial planning, so they have certain objectives in mind. For them, it is the outcome which is the important thing. It is the outcome which is important, but how you construct that is a part of the discussion, but that's the route to the outcome. There are many more opportunistic clients who've had exposure, whether it's to trading strategies or alternatives. Whether they've made money on leveraged real estate transactions in the past and therefore have that level of risk appetite to look at more complexities in the products. I won't say that all clients are looking for complex products, there is a certain segment of clients who would look at these opportunistic ideas, while there are still a very large number of people who are looking at solutions which are more gold-driven.

How is your platform developing to meet client needs?

The way we position our platform is within the product side, you have four distinct areas. Investments is one part of it. We've seen a lot of interest in real

estate, and real estate more as a financial asset class now, where people are looking at IRRs and yields a lot more rather than saying "I've doubled my money in five years in real estate". They actually want to see what have they gained financially. We also see a lot of interest in the private investment space. Either it is clients of ours who are looking to raise capital or invest directly into unlisted opportunities, both domestically and internationally.

Finally, there is a lot of noise around wealth tax or other forms of taxes and people are looking at estate planning very closely. They are looking at how they have structured their investment holdings, in what form, and do they have the right set of nominations or wills in place, or succession vehicles in place. The whole platform now takes into account all these four areas. Technology is playing a big role in the platform. We're seeing the UI, UX, the interfaces becoming a lot more user-friendly. Earlier the perception was that most of the wealth management clients are only happy with the RM interface, but we see many of them are interested in DIY. They actually want to do transactions themselves. And for the next generation of clients, digital is something which appeals to them. We're seeing this great interface where companies like ours can actually work with innovators in the technology fintech space, and see how we can offer new solutions to our clients in the area of interfaces, analytics, and reporting. That's the way we're seeing the whole platform emerge right now.■

