

Alpha Chasers Go the Extra Mile to Tap Indian HNIs

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As the traditional market gets increasingly regimented amid stiff regulations, alternative asset classes are picking up fast, both in terms of asset under management and wealth creation.

For the wealthy investors today, if you are not growing at a compounded 20-30% annually, it is not considered good, says Jaideep Hansraj, CEO for Wealth Management and Priority Banking, Kotak Mahindra Bank. He was speaking at a panel discussion at the ETMarkets Global Summit 2018.

Hansraj, who said his company has experimented a lot with wealth management products over the past 3-4 years, has seen considerable growth in this segment.

"Clients largely like to keep things simple with large portion of portfolio in equity and debt, but they also like to keep play capital with which they experiment to take riskier bets. Over the last few years, there has been a huge influx of alternatives," he said.

Andrew Holland, CEO of Avendus Capital and the man who runs India's largest hedge fund, said it used to be either debt or equity fund earlier, but things have changed. "It is getting difficult for mutual funds to outperform each other. And investors are looking for long-term investment opportunity."

Holland says he has a rather traditional approach to asset selection and staying ethical is as important a theme for him as are sustainability and good governance.

Shahzad Madon, head of PMS and AIF at Reliance AMC, said the search for alpha is driving people towards PMS, which is already grow-

ing mainstream. "Our sense is that while the mutual fund industry would grow, the PMS space will grow too."

However, he insisted that the alternative investment space does not have to become bigger than the MF space. "The focus should be on alpha generation, not on beating anyone else," he said.

Asked specifically if the alpha creation opportunity in the Indian market has shifted to the pre-listing space, Karan Bhagat, founder, IIFL Investment Managers, begged to differ. "The prelisting stage doesn't mean a company is low in valuation. Investors seek high returns because liquidity is higher at the prelisting stage," he said.

Nikhil Vora, founder of Sixth Sense Ventures, said the only way to make money is to invest in the India of tomorrow. He said Indian investors lose money largely because they hold capital. "If you don't get your breadth of investment right, then you need to worry," he said.

Vora whose venture capital fund invests primarily in the consumer oriented startups, firmly believes the leaders of today will not necessarily be the leaders of tomorrow. As many as 95% leaders of today will die in a decade."

India is the most underpenetrated brand market where brand loyalty is falling and awareness is rising. Risk to experiment is much lower than before, he said. "You have a plank on innovation or disruption. Not sure India is for innovation," Vora observed.

Kunal Upadhyay, managing partner, Bharat Innovation Fund, said early stage investment is tough as a lot of innovation and disruptions happen there constantly.