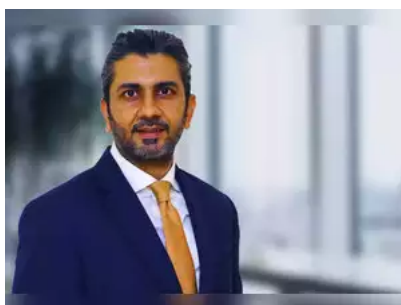


HNI's should look at gold as an investment option: Anuj Kapoor, JM Financial

By Sutanuka Ghosal, ET Bureau • Last Updated: Nov 08, 2023, 06:32 PM IST

Synopsis

The MD & CEO of JM Financial explains why HNIs should look at gold as an investment option and how the diversified alternatives and private market investment are becoming popular among HNIs and UHNIs.



Anuj Kapoor

Mr. [Anuj Kapoor](#), who is currently serving as the Managing Director and Chief Executive Officer (MD & CEO) of Private Wealth and Alternatives Asset Management at [JM Financial](#) talks to ET about why HNIs should look at gold as an investment option and how the diversified alternatives and private market investment are becoming

popular among HNIs and UHNIs. Excerpts of the interview:

With the geopolitical tension rising [gold prices](#) are also moving northwards. What portion of the [HNI](#) investor portfolio should be allocated to gold?

Gold price has recently been on the rise due to rising geopolitical tensions. We expect gold to continue to perform well in the medium to long term on the back of the expectation of softness in yields and normalisation of the dollar index. To achieve a certain level of returns from a portfolio, one can add gold to it to reduce the risk or volatility. We suggest clients have a 5-10% allocation to gold in the portfolio depending on their individual risk profile.

How is technology and digital transformation playing an important role in the wealth management industry?

Well, digital transformation along with new-age technology deployment has empowered both client advisory and operations sides of the wealth management business. As clients now want real-time information while managing wealth, a robust digital framework plays an enabling role in automating repetitive functions and boosts the efficiency of wealth managers by freeing up their functional bandwidth so that they can engage more meaningfully with clients. Cutting-edge tech-led service delivery leads to personalised experience which is evolving as a key differentiator. New-age technology deployment will define two important factors in the wealth management industry - the quality of client reporting and the availability of actionable insights. Artificial intelligence (AI) and machine learning (ML) will be increasingly integrated into wealth management to automate processes, analyze investment data, and plan future courses for portfolio management.

As the Indian economy continues to grow, talent is a crucial asset for firms in order to achieve their targets. Have you observed any talent gaps in recent times? Do you have a strategy in place to nurture your existing talent and attract new talent within the industry?

We are witnessing a significant talent crunch in our industry. High demand for wealth management professionals automatically translates into a higher cost of acquiring quality human resources. Because of the talent crunch, the overall quality of portfolio discussions in the industry has been affected. In addition, human resources are groomed to push a few products for short-term gains often undermining the merit of a holistic asset allocation approach or the significance of assessing the risk appetite of the investors, resulting in a bad experience for clients.

At JM Financial, we have dedicated HR policies aimed at developing a well-planned merit-based career runway, building a sense of ownership through an entrepreneurial setup, encouraging learning and development for upskilling as well as social initiatives for holistic growth blended with a strong organisational ethos. These are some of the strategies we are focussing on to attract and nurture talents. In fact, we have launched a programme to hire fresh talents from management institution campuses, with a training and development plan to groom them and offer them a long and fulfilling career within JM Financial group.

There is growing interest among HNIs and UHNIs for diversified alternatives and private market investment. How are you aligning your wealth management solutions to cater to the needs?

The Indian alternative investment market is poised for unprecedented growth in the coming years. Given the integrated nature of our business at JM Financial, we are uniquely positioned to provide best-in-class solutions in alternatives to our clients. Our strong investment banking franchise is acting as a natural feeder for proprietary products like pre-IPO and IPO investments. Co-investment ideas alongside our private equity fund, structured lending and real estate NBFCs, ARC, and performing credit fund are increasingly being appreciated by our clients for their uniqueness, well-structured solutions and the right risk vs reward balance. Simultaneously, we are building our alternative platform across credit and equities while playing to our strengths, to allow clients to invest with JM Financial in areas where we have built our competencies over decades.

How are you planning to ramp up your wealth management and alternative investment businesses?

Our continued focus will be on Platform, People, and Technology while growing our private wealth business as we deliver value-driven solutions to our clients. Our strong emphasis will be on enhancing our products platform to innovate bespoke solutions for our clients in India as well as offering clients with suitable global investment opportunities and helping them navigate the multi-jurisdiction regulatory framework. In addition, we are also focusing on deeper coverage across the regions and also building our team strength by hiring quality talents.

We continue to be selective about the construct of our product offerings and the timing of the launch of those products. In the AIF space, we marked the

first close of our Performing Credit fund in June at Rs. 600 crore including co-investments. The fund is partially invested and is performing well like our other funds such as Distressed Assets fund and Private Equity funds. We believe there are a lot of attractive opportunities in Alternatives across credit and equities and we will continue to invest in them. We are working on various strategies such as special situations debt, pre-IPO, etc. based on strict criteria. We boast of a proven and in-depth expertise in these products and solutions and our clients stand to benefit from our strengths in these areas.

What's your outlook towards offering innovative bespoke solutions for our clients in India?

In wealth management, one can classify the customers into three broad buckets: retail, affluent, HNI and Ultra HNI. For each of these segments, our value proposition is extremely sharp. We provide bespoke solutions through an institutionalised coverage model to the upper-end of customers which include large families and clients. JM Financial's comprehensive platform addresses all financial needs of its clients by providing a portfolio-based service structured on solutions rather than a product-based relationship.

The wealth management industry is at an inflection point. Market dynamics are being shaped by multiple forces in addition to macroeconomic conditions. Other trends such as the democratisation of advice and demographic shifts including generational wealth transfer are also upending established business models and existing ways of serving customers. Customers are increasingly expecting holistic advice, prompting a shift from a product-focused approach to client-centricity. They are demanding bespoke digital, data-rich solutions and tailored advice. These trends make it mandatory for financial institutions to excel at a new client service model with a focus on customisation.

How keen are the HNIs and UHNIs in India in tapping global investment opportunities? What's your outlook on that?

With liberalised FEMA regulations, Indian HNI and UHNIs are keen to access international opportunities beyond the hitherto traditional and limited LRS route. We also firmly believe in the adage - not to put all eggs in one basket and through our experienced and well-positioned global teams located in Singapore and UAE, we are able to assist our clients in accessing suitable global diversification. The trend on offshore investments is gaining momentum and we have built a strong knowledge base in assisting our clients navigate through various investment structures. We feel that this could be one of the many distinguished solutions that we bring to the table for our clients.