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INTERVIEW OF THE WEEK ▸ **Vikas Agnihothri,** CEO, Religare Macquarie Wealth Management

'Current outlook of investors is one of shyness and weariness'

Vikas Agnihothri, CEO, Religare Macquarie Wealth Management Ltd, spoke with ***Abhay Rao*** *of* The Financial Express *about wealth management in India, how he sees the road ahead and what is right and wrong in this fast-growing segment.*

How is wealth management currently faring in India? What do you feel about the industry?

The wealth management scenario in India presents a lot of opportunities and advantages, especially if entry is made at the right time. The Indian markets are full of opportunities. We are advisory focused and hope to change the way wealth management is often carried out in India. Before entering this space, we found that most wealth managers are more inclined towards product selling and pushing, rather than focusing on financial planning or advisory services.

When one looks at wealth management, there are many basic principles like considering the needs and goals of the client, understanding his/her risk appetite and trying to beat the client's return expectations if not match it.

These principles are severely lacking in the Indian wealth management space and we believe people are not doing the right thing. Another area where we saw people making grotesque mistakes were in the way they all jumped into the expansion bandwagon.

Most wealth managers who grew as this concept picked up, grew without any long-term plan in mind and ended up being very disproportionate as a firm.

This caused a lot of people to shut shop and wind up once things dried up and the downturn set in. We, on other hand, have a very strong outlook and growth plan, our strategy is better thought through and we are looking at the long-term view of things. We are currently operating as a low cost and high in content, service provider. We can be a one-stop shop for our customers. At Religare and its various branches, we have a range of offers like broking to an AMC to art funds and cinema funds. Also, our experts provide all help in the field. The wealth management industry in India has faced problems due to the mindset of people.

Most Indians who go in for such services will, for instance, have 3-4 people advising him on wealth planning, asset allocation, among others.

Knowing a person's complete portfolio and assets, then analysing and studying them carefully, can only lead to a wealth manager giving credible advice.

Only after this should one talk about things like products and herein lies a big mistake among wealth managers who try to jump the gun in India. We are hoping that our assets, like our thinking process, methodology and concepts, give us an advantage.

What is the current outlook of investors in India?

The current outlook of investors in India is one of shyness and weariness. Most customers are very skeptical about wealth generation via investments right now and many of them are only looking to safeguard their wealth and prevent wealth erosion. People are still talking about wanting to beat inflation instead of looking for investment opportunities. This is also because the market is very range-bound and choppy these days.

Currently, if investors want to go back to equity, they should look at large caps mainly as far as portfolio or wealth management is concerned. Also, diversification across various asset classes is something investors seem keen on now, with debt, alternative investments and emerging markets turning out to be viable investment options available to them.

Why is your view on alternative asset classes during a complete financial meltdown?

Say, if we are to look at the art market, which has admittedly slowed down over the last few months, it is not that there are no opportunities to invest. Qualitative analysis is important and this is a big deal in alternative asset classes. Say, in our art fund, we pick up artists who we strongly believe will be tomorrow's big winners and leaders in their field. Tapping this segment rather early increases the fund's chances of giving very good returns. Even cinema, for instance, can be a money spinner these days with so many rights to be sold. If the movie has done well, then the opportunity to make money is even higher.

What investment advice would you offer to those who want to take risks?

Under the current market conditions, we would advice the aggressive investor to split his portfolio into 40% equity, mainly in mutual funds which invest in large caps and diversified large caps, emerging markets 20%, 15% commodities and 20% in alternative assets.

Our understanding is simple and logical. We realise that there is a credit crunch currently in the market. Hence, banks who are weary of lending, are only providing funds to large firms and established large cap players.

As far as direct advice on equity is concerned, we usually refer our clients to the broking area. This way, we do have an extra group to fall back to in order to better equip our client's needs. We like to use all the areas of excellence we can while building a client's portfolio.

After a certain level, constant portfolio reviewing is important. The goals should be set and stayed true to. Usually, after one reaches a certain financial goal, reassessing portfolio and planning for the future is another smart idea.

Liquid, liquid plus, short-term debt and gold are all good options. Limited exposure to other investment options like private equity is a good idea too. The well-known large cap funds and even structured products are all looking lucrative this year.