

INDIA | 06 JUN, 2024

PAG-backed Nuvama Private eyes SG, Dubai as NRIs seek India experts

The Indian wealth manager is also seeing an uptick in interest in Reits and InvITs, as well as gold among its high and ultra-high-net-worth clients amid a frothy equities market.

BY PRIYANKA BOGHANI



PAG-backed Nuvama Private expects to receive its wealth management licence in both Dubai and Singapore any time, joining a growing line of Indian wealth managers expanding internationally.

The wealth manager, which has around \$20bn in client assets in its ultra-high-net-worth business and \$7bn to \$8bn in the high-net-worth business, will look to build a team of up to four bankers in Dubai and in Singapore by the end of the year as it assesses the market.

The strategy will focus on servicing increasingly global Indian families that are looking at offshore centres, such as Dubai and Singapore, to set up family offices.

‘For our existing clients it’s a good diversification,’ Alok Saigal (pictured), Nuvama’s president and head told Citywire Asia in an interview. ‘We want to first capture the flow of our existing clients for their offshore money – that’s our captive pool which gives us a good entry point into that market.’

For the non-resident Indian (NRI) clients who admittedly have more choice with almost every Asia private bank targeting the client segment for years, the Indian wealth manager will aim to differentiate itself by providing exclusive access to India, Saigal said.

‘Because of our size in India, we see many product manufacturers that are willing to work with us for our offshore clients. We can give NRI clients exclusive access to certain funds, for example,’ he said.

The firm’s fund management arm, Nuvama Asset Management, has already started working on offshore products, Saigal added. Though he notes that the wealth manager is largely product agnostic when it comes to serving its local clients. Nuvama products are on its platform but account for less than 5% of what was sold last year, he said.

Nuvama Asset Management, helmed by Anshu Kapoor, launched its latest Nuvama Crossover IV fund, with the expectation of raising \$479m from family offices and high-net-worth individuals in the Middle East. Its new public equities long-short product is looking to raise another \$100m, according to an April Bloomberg report. Both funds have been registered in India’s financial hub of Gujarat International Finance Tec-City (GIFT City).

Saigal believes GIFT City will play an important role in its expansion plans in Dubai and Singapore as the financial hub will enable it to integrate Indian and global investments for NRI clients and well as Indian residents.

Growing the business

The wealth management president said the focus until now has been its domestic business, which has grown at a fast clip, as India’s stock exchange continues its eight-year bull run.

Nuvama Private’s client assets have been growing at steady pace of 20-30% per year, as well as its revenue, Saigal added. It also recently pulled in net new money of around \$1.2bn, which includes held away assets, he added.

The firm also grew its relationship manager headcount to 115 from 100 a year ago, amid fierce competition in the industry and a notoriously shallow talent pool.

Saigal said he is particular about not just hiring talent but ensuring they are productive, which includes monitoring certain key performance indicators (KPIs). 'Bankers typically need to have around 25 actively managed clients and another 25 that are being prospected,' he said.

The firm also keeps detailed scorecards that have KPIs, including revenue, assets under management (AUM), clients, as well as learning and development targets, which are used to keep track of bankers' performance.

The alts attraction

Following the changes to regulation in the mutual funds industry last year, money has started to move into alternative investment funds (AIFs) and Nuvama Private is seeing this too in its client portfolios.

Within the alternatives bucket, Saigal noted that real estate investment funds (Reits) and infrastructure investment (InvIT) funds are two asset classes that are seeing a lot of flows and can be seen as a 'nuanced call'.

'Reits are aggregating assets and freeing up capital while raising public capital for growth and so the sector is giving clients a liquid fixed income asset with defined returns,' he said, adding that the uptick in interest is a sign of maturity among investors.

Post-tax, both Reits and InvITs can deliver 6-7% in returns while giving clients a liquidity exit option because of the element of capital that comes in and is tradeable on the exchange.

Within private credit, the firm is seeing high flows into credit funds that are giving 14-16% in returns because they have a mix of double A-rated and lower rated debt. He noted that double-As are giving as much as 14-16% in the medium risk category, while in the high risk category, private credit funds are giving as much as 18-20%.

Gold spot

Gold has been an interesting play, Saigal noted, given the rally it has seen in the last six months. Gold prices have nearly tripled over the past nine years. On 5 June, the price of 1kg of the yellow metal stood at 72,446 rupees, from 24,931 rupees in 2015.

The best way to play gold is through sovereign gold bonds or exchange-traded funds (ETFs), he believes.

Nuvama Private also launched a structured product to play gold's upside recently. It is looking to give 20-30% on it depending on the price of gold.

Nuvama Wealth Management made its stock market debut in September, listing at 2,699 rupees per share on the BSE.

'On listing – both for the client and other stakeholders, there is more transparency that comes into the domain. It reinforces the quality of our business in the public domain,' Saigal said.

Related News

[What's selling on India's private banking shelves?](#)

[India's Nuvama Wealth Management shares down 5% on debut](#)

[India's wealth managers lag foreign rivals on tech adoption](#)

Latest News



FUND LAUNCH | 11 JUN, 2024 | STORY BY CHERYL HENG