



‘SHORT-TERM CHALLENGES PERSIST, BUT LONG-TERM OPPORTUNITIES REMAIN STRONG’

WEALTH-WISE

Clockwise from top left — **Alok Saigal** (president & head, Nuvama Private);

Manoj Shenoy (co-founder & CEO, BugleRock Capital);

Rajesh Saluja (CEO & MD, ASK Wealth Advisors);

Yatin Shah (co-founder & CEO, 360 One Wealth),

and **Umang Papneja** (CEO, Julius Baer India).





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Leading wealth managers are upbeat about the India Story, albeit with some hiccups. The need of the hour, for investors: Disciplined asset allocation.

PHOTOGRAPH BY PADMINI B (ALOK SAIGAL)

IN A VOLATILE MARKET environment where outflows by foreign institutional investors (FIIs) have crossed ₹1 lakh crore—surpassing the 2008 crisis levels—investors face a challenging yet opportunity-laden landscape. Amid geopolitical risks, liquidity concerns, and fluctuating sentiment, India's long-term growth story remains

intact. However, short-term corrections and stretched valuations in certain sectors necessitate a strategic approach to investing. Against such a backdrop, over a virtual round-table, moderated by V. Keshavdev, executive editor, *Fortune India*, the country's prominent wealth managers—Alok Saigal (Nuvama Private), Manoj Shenoy (BugleRock Capital), Rajesh Saluja (ASK Wealth Advi-

sors), Umang Papneja (Julius Baer India), and Yatin Shah (360 One)—shared their perspectives on market dynamics, asset class performance, and the evolving investment ecosystem. Edited excerpts.

We're in a volatile market environment, with FII outflows crossing ₹1 lakh crore, surpassing 2008 crisis levels. How do we see the market unfolding and the associated risks?

Rajesh Saluja, CEO & MD, ASK Private Wealth: Last year, all asset classes performed exceptionally well—equities delivered 25-35%, fixed income 9-10%, gold 30%, and REITs 25-30%. Medium- to long-term prospects for India are strong, driven by leadership, political stability, infrastructure, and digitisation. However, the short term appears turbulent due to sentiment, liquidity, and geopolitical risks. While fundamentals remain solid, corrections in overvalued sectors are healthy and create opportunities in quality businesses. A further 3-5% correction could offer a buying opportunity.

Manoj Shenoy, co-founder & CEO, BugleRock Capital: Markets are shaped by earnings, liquidity, and valuations. While India's long-term outlook is intact, earnings growth has slowed due to factors such as delayed government spending, monsoon, and global challenges. Auto sales and discounts suggest softening demand. FII outflows are offset by domestic inflows, but large initial public offerings (IPOs) could strain liquidity. Mid- and small-cap valuations remain stretched. We anticipate a 7-10% correction, but not a crash like 2008 or 2020. We're cautious on equities, bullish on fixed income, and positive on precious metals amid geopolitical and rate uncertainties.

Umang Papneja, CEO, Julius Baer India: Headline indices are down

360 ONE

ASSETS UNDER ADVICE, MANAGEMENT AND DISTRIBUTION

₹5,69,000
Crore

Client Portfolio Mix for 2025*

	Debt *	Domestic equity **	Foreign equities	Real estate ***	Liquid	Alternatives *
Aggressive	15%	65%	10%	10%	0%	0%
Balanced	30%	48%	7%	10%	0%	5%
Conservative	55%	25%	5%	5%	0%	10%

* DEBT INCLUDES CORE (SAFETY POT) AND ALTERNATE (PERFORMING CREDIT) FIXED INCOME.

** DOMESTIC EQUITY INCLUDES CORE (LISTED) AND ALTERNATE (UNLISTED) EQUITY.

*** REAL ESTATE INCLUDES CORE (LISTED) AND ALTERNATE (UNLISTED) REAL ASSETS.

* ALTERNATIVES CORRESPONDS TO 'CURRENCY & COMMODITY' ASSET CLASS WITH CURRENT ALLOCATION TO GOLD

Outlook 2025

Favoured sectors	Tech & Digital 2.0, Manufacturing, Real Estate & Allied Sectors, Green ecosystem, Banks & Financial Services**, Late Recovery Themes**
Avoid sectors*	Oil & Gas, Auto

* THESE ARE LONG-TERM THEMES BUT MAY REMAIN MORE VOLATILE AS THE UNCERTAINTY LINGERS ON PRIVATE CAPEX REVIVAL AND OMICRON-TYPE RESTRICTIONS.

** THERE IS NOT MUCH UPSIDE OR ROOM FOR GROWTH IN THESE SECTORS.

Expected Return

Indian equity	Indian debt	Foreign equities	Alternatives	Gold
12-14% (listed equity)	7-8% (safety pot)	10-12% *	16-20% (unlisted equity), 12-14% (performing credit), 14-16% (unlisted real assets)	NA**

* INCLUDING EXPECTED CURRENCY EFFECT FOR INR INVESTORS

** GOLD IS POSITIONED AS A PURE-PLAY ALTERNATIVE FOR PORTFOLIO RISK DIVERSIFICATION AND INFLATION HEDGING RATHER THAN RETURN ENHANCEMENT.

THE EXPECTED RETURNS MENTIONED ARE ONLY INDICATIVE RANGES FOR THE RESPECTIVE BROADER ASSET CLASSES. THESE ARE NOT GUARANTEED ASSURANCES FOR ANY PARTICULAR PRODUCT OR INDEX AND THEREFORE SHOULD NOT BE CONSIDERED AS RESEARCH VIEW OR ADVICE FOR MAKING ANY INVESTMENT DECISIONS. INVESTMENT RETURNS CAN FALL SIGNIFICANTLY, INCLUDING LOSS OF CAPITAL.

6-7%, but mid- and small-caps have seen sharper corrections of 30-40%, partly due to changes in margin trading regulations. Despite FII outflows, domestic liquidity underscores market resilience. There's value in beaten-down mid- and small-cap stocks, making this a good time for selective stock-picking. Technically, the Nifty's 200-day moving average near 23,500 may offer support. Short-term challenges persist, but long-term opportunities remain strong.

Alok Saigal, president & head, Nuvama Private: The rise in U.S. Treasury yields signals a structural shift, with fiscal pressures leading to higher long-term rates that could affect emerging markets. Domestically, mid- and small-cap corrections open value opportunities, but sentiment is cautious due to high valuations and global uncertainty. We're neutral on equities, positive on fixed income, and continue to favour gold for stability during volatility.

Yatin Shah, co-founder & CEO, 360 One Wealth: The market is undergoing a time correction. While earnings growth has slowed, macros remain strong. Mid- and small-cap valuations are stretched, with some sectors seeing disproportionate gains due to low free float. Investors are exploring REITs, structured credit, and pre-IPO opportunities. Fixed income and passive investments are also gaining traction. Despite near-term caution, long-term investment activity is robust.

India's robust growth story contrasts with rising personal balance sheet leverage. Does this pose risks?

Papneja: It's not accurate to say household balance sheets are broadly worsening, though specific segments, like microfinance institutions (MFIs), are under stress. Rural borrowers are struggling, and this could trickle

JULIUS BAER INDIA

ASSETS UNDER ADVICE, MANAGEMENT AND DISTRIBUTION

₹2,30,000
Crore

Client Portfolio Mix for 2025*

	Fixed Income	Domestic equity	Foreign equities	Alternatives	Real estate	Gold
Aggressive	5%	65%	5%	15%	5%	5%
Balanced	40%	40%	5%	10%	0%	5%
Conservative	75%	15%	0%	5%	0%	5%

Outlook 2025

Favoured sectors	Prefer large-caps over mid/small caps; BFSI (large private banks, insurance), Consumer Discretionary, Rural plays, Autos, selectively IT, Healthcare and Industrials
Avoid sectors*	Energy, Commodities

* GROWTH BEING A CHALLENGE

Expected Return

Indian equity	Indian debt	Foreign equities**	Alternatives	Gold
12-14%	7-9%	8-10%	12-16%	8-10%

** FOREIGN EQUITIES EXPECTED RETURNS INCLUDE EXPECTED CURRENCY IMPACT FOR INR INVESTORS.

*** ALTERNATIVES RANGE FROM PRIVATE DEBT TO PRIVATE EQUITY AND HENCE THE RANGE OF RETURNS CAN BE WIDER.

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down to salaried individuals and lower-end consumption. At the same time, there's a clear trend of premiumisation, with wealthier segments driving demand. Nestlé, for instance, has reported declining demand for staples, reflecting a shrinking middle class and a growing affluent population. India's financial savings pool is about \$5 trillion, expected to double to \$10 trillion by 2030-31, though wealth is highly concentrated, with 40% held by the top 1%.

Saluja: India's household debt-to-GDP ratio is just 15-16%, far lower than the U.S.' 124%, showing finan-

cial resilience. The younger generation's inclination to spend more than they earn signals the beginning of a long-term consumption trend. As incomes rise across sectors, discretionary spending will increase. India has reached a per capita income of \$2,500, a critical threshold where spending on non-essentials accelerates. This trend is expected to sustain for the next two decades, and minor short-term slowdowns in consumption should not be a cause for concern.

Shah: India's consumption is evolving in layers. India One, representing 30

crore people, has a per capita income of about \$11,000, comparable to the U.S. in 1986. This segment, characterised by significant banking access and mutual fund participation, represents immense growth potential. However, the lower-income segments, India Two and Three, show slower growth, with disparities impacting consumption patterns. While there's optimism about long-term growth, these disparities cannot be ignored.

Shenoy: Personal borrowing is a concern when loans are directed toward speculative activities like equity trading. Over the past three years, rising markets have prevented significant losses for retail investors. However, if a market correction occurs, heavily leveraged individuals may struggle to repay debts. Although precise data on leveraged investments is unavailable, significant exposure could pose systemic risks.

Saigal: India is far from scenarios such as China's real estate collapse. While some signs of consumption stress exist, the overall growth trajectory remains steady at 5-7%. However, income inequality has widened. Luxury car sales, like Mercedes' record numbers in India, highlight the growing affluent population, while two-wheeler sales decline. Unlike economies that transitioned from agrarian to manufacturing to services, India skipped manufacturing, leaving much of its workforce in agriculture or informal jobs. As India transitions from a \$3 trillion to \$10-trillion economy, inequality will deepen. Welfare policies such as free education and healthcare will be crucial to addressing this imbalance.

Are we heading towards a reality where markets reflect prosperity for one segment, while lower-income groups rely on government welfare?

Saigal: Yes, this divide is already vis-

NUVAMA PRIVATE

CLIENT ASSETS AS OF Q2 FY25

₹2,05,764
Crore

Client Portfolio Mix for 2025*

	Fixed income	Domestic equity	Foreign equities	Alternatives	Real estate	Gold
Aggressive	10%	55%	5%	20%	5%	5%
Balanced	30%	40%	5%	15%	5%	5%
Conservative	60%	20%	5%	10%	0%	5%

Outlook 2025

Favoured sectors	IT, Power, Autos
Avoid sectors*	Metals

*GROWTH BEING A CHALLENGE

Expected Return

Indian equity	Indian debt	Foreign equities**	Alternatives***	Gold
12-14%	8-9%	9-10%	15-20%	8-10%

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ible. Election campaigns increasingly focus on welfare programmes such as free education, pensions, and healthcare, as these resonate with voters struggling to meet basic needs. For many earning ₹30,000 per month, such schemes matter more than GDP growth or infrastructure improvements. India balances industrial growth with welfare, but its mixed economy ensures that social welfare remains critical. Expecting a \$10-trillion economy to make everyone prosperous is unrealistic.

Looks like this divide will be the Achilles's heel of India's growth story?

Saluja: Yes, inequality is inherent in emerging markets and will persist. Social welfare programmes are essential to ensure economic growth benefits lower-income groups. Over the last decade, India has made significant progress—banking access now covers 94% of the population, electricity and rural road connectivity have improved, and these developments indirectly uplift the poor.

Even in a communist nation such as China, inequality grew, prompting government intervention. India, with its democratic and mixed economy, will need to carefully balance growth with redistribution to avoid instabil-

ASK WEALTH ADVISORS

ASSETS UNDER ADVICE, MANAGEMENT
AND DISTRIBUTION

₹90,000
Crore

Client Portfolio Mix for 2025*

	Fixed income	Domestic equity	Foreign equities	Alternatives	Real estate	Gold
Aggressive	4%	62%	11%	15%	4%	4%
Balanced	35%	33%	6%	5%	7%	14%
Conservative	73%	4%	1%	0%	7%	15%

Outlook 2025

Favoured sectors	Banking & Financials, IT, Pharma, Largecap
Avoid sectors*	Firms where valuation-earnings combination is unfavourable

* GROWTH BEING A CHALLENGE

Expected Return

Indian equity	Indian debt	Foreign equities**	Alternatives***	Gold
12-15%	6-8%	10-12%	14-16%	8-10%

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ity. Crony capitalism will persist to some extent, as it does globally, but India is also seeing new avenues of wealth creation. Startups, ESOPs, and entrepreneurial ventures are enabling upward mobility for professionals, entrepreneurs, and the middle class.

Can India sustain this model given fiscal challenges in states such as Maharashtra whose Ladki Bahin Yojana has been hugely popular?

Saluja: States such as Maharashtra, despite fiscal strain, continue to maintain robust tax collections and revenue streams. Subsidies are

not unique to India; even developed economies like the U.S. use them. The key is to balance redistribution with long-term development. India's trajectory remains steady, and the focus on welfare will not derail growth. The challenge lies in ensuring that welfare programmes address immediate needs without undermining opportunities for entrepreneurs and businesses, which are vital for sustainable development and upward mobility.

Nestlé and other fast-moving consumer goods (FMCG) companies with high valuations are facing challenges. Is this a reflection of broader issues

in the FMCG sector, and where do you see value today?

Papneja: FMCG stocks like Nestlé, trading at high P/E multiples, are under scrutiny because growth hasn't kept pace with expectations. Investors are questioning whether double-digit growth justifies valuations of 60-70 times earnings. Historically, high-quality businesses often experience time corrections—prolonged periods without returns—rather than sharp price drops. In today's market, overvalued stocks may underperform compared to sectors with higher growth potential.

Currently, banking and financial services stand out. These sectors are trading below their three-year average multiples. While there are challenges within some large banks, these appear temporary. As banking balance sheets typically grow in line with GDP, India's trajectory toward a \$7-10 trillion economy makes this sector structurally compelling. We also see value in pharma and tech, offering a combination of growth and valuation comfort.

Shenoy: High valuations in FMCG stocks reflect sector cycles. For example, Hindustan Unilever stagnated for nearly eight years before rallying. While stocks such as Asian Paints, with strong moats, may not collapse, they could face prolonged stagnation or moderate corrections. Sector rotations are inevitable; the dominance of IT pre-2008 shifted to infrastructure, then FMCG. A similar cycle might play out now.

With the rise of private investments, where does that leave traditionally overvalued FMCG stocks?

Shah: Consumption-driven companies are facing price and valuation corrections, and investors are increasingly diversifying into private investments. Despite recent changes

INDIA'S FINANCIAL SAVINGS POOL IS ABOUT \$5 TRILLION, EXPECTED TO DOUBLE TO \$10 TRILLION BY 2030-31.

in taxation, clients are drawn to unlisted companies, particularly those with IPO visibility of one to five years. These opportunities align with their objectives of liquidity, returns, and risk diversification. Alongside equities, we see interest in private credit, real estate investment trusts (REITs), and infrastructure investment trusts (INVITs), offering stable income and growth potential.

Saluja: India's growth story continues to attract investments. For listed equities, financials, specialty chemicals, and pharma offer value. On the private side, energy and infrastructure are gaining traction. While corrections may create better pricing opportunities, staying invested during market volatility is key. Momentum has been driving returns, but managing client expectations is critical as past returns of 30-50% are unsustainable.

Are REITs and INVITs alternatives to traditional real estate investments?

Saluja: Yes, REITs and INVITs offer better liquidity, risk management, and yields compared to physical real estate. They're increasingly recognised as alternatives, especially with the monetisation of assets such as roads and power. With economic growth, commercial REITs remain strong, benefiting from demand-supply mismatches in key markets.

Even in corrections, these assets are well-positioned to thrive, directly tied to economic growth.

Shenoy: REITs and INVITs align with structural trends in real estate. They enable investors to participate in economic growth while avoiding risks associated with direct property ownership. Regulatory improvements and market corrections are driving focus on sustainable, long-term investments.

Saigal: As public equities overheat, private markets offer attractive opportunities. Post-2021, private markets experienced corrections but are now recovering. Companies preparing for IPOs within two to four years present strong value, providing a bridge between traditional equities and alternative assets.

Is the pain in private portfolios driving the rush to public markets, and are funds offloading holdings into public markets?

Saigal: Private equity investors are facing increased pressure to focus on profitability and financial metrics, including EBITDA and PAT, which were often overlooked in past funding cycles. This has made it challenging for some companies to justify their valuations. Public markets offer liquidity, better governance, and access to capital, as seen with compa-

nies such as Zomato. While private markets previously attracted inflows at inflated valuations, that bubble has burst, leading to the current rush toward public listings.

At the same time, constructing diversified portfolios with assets such as pre-REITs, INVITs, or private credit can deliver similar returns to equities with lower volatility, aligning well with risk management strategies.

Papneja: Alternatives, especially pre-REITs and pre-INVITs, remain attractive as they provide higher yields during the development phase. Post-listing, these assets shift to lower-yield fixed-income instruments. Credit investments appeal more to corporates or entities in lower tax brackets, as post-tax returns for individuals in higher brackets may not justify the risk.

Shenoy: The Reserve Bank of India (RBI's) restrictions on banks engaging indirectly in non-bankable activities have opened new opportunities in private credit. Many projects in this space are short-term and high-yield, backed by strong collateral. While risks exist, high-quality managers with robust track records mitigate them. Private credit is poised for significant expansion over the next decade, driven by lower fixed-income returns and a growing appetite for alternative investments.

With gold delivering a 30% return this year, how are allocations evolving?

Shah: Gold has performed exceptionally well and remains relevant for portfolios, especially in light of global economic uncertainty. While some cooling off may occur, the yellow metal continues to be a reliable hedge against inflation and volatility. Indian investors typically balance their equity allocations with gold, but fixed-income investors might have benefited from greater exposure to gold in hindsight.

BUGLEROCK CAPITAL

ASSETS UNDER ADVICE, MANAGEMENT
AND DISTRIBUTION

₹20,300
Crore

Client Portfolio Mix for 2025*

	Fixed income	Domestic equity	Foreign equities	Alternatives	Real estate	Gold
Aggressive	10%	65%	10%	10%	0%	5%
Balanced	50%	30%	10%	5%	0%	5%
Conservative	70%	25%	0%	0%	0%	5%

Outlook 2025

Favoured sectors	IT, Pharma, Private Banks
Avoid sectors*	NBFCs, Cosnumner Durables and OMCs

*GROWTH BEING A CHALLENGE

Expected Return

Indian equity	Indian debt	Foreign equities**	Alternatives***	Gold
8-10%	7%	8-10%	12-15%	8-9%

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Papneja: Gold's performance is tied to spiralling fiscal deficits and the need for a store of value as global debt reaches \$100 trillion. While silver also benefits from its industrial applications, gold remains the primary choice for preserving purchasing power. Future returns may not match this year's 30%, but gold will remain a vital asset class.

Shenoy: We maintain a 10% allocation to gold, using a mix of funds, ETFs, and fund-of-funds that include silver. Gold's importance has grown as countries diversify reserves away from the U.S. dollar. While it may not always outperform, gold is an essen-

tial tactical allocation during periods of global uncertainty.

Saigal: Over the last three months, we've increased gold allocations from 5% to 10%. It's a hedge against global risks and underperforming asset classes. However, this is a short-term strategy; as markets stabilise, we'll likely reduce our allocation to the yellow metal and shift funds into equities and alternatives.

What are the upside and downside risks for the coming year?

Saluja: All asset classes—equities, fixed income, gold, and alternatives—should perform well, though equity

returns will moderate compared to last year. I expect mid-teen to high-teen returns, provided geopolitical risks don't escalate dramatically. Corrections of 5–6% in equities are healthy and could offer better entry points.

Shah: The focus this year will be on emerging markets, including India, which are likely to attract increased flows. Private credit and alternatives present strong opportunities, especially for investors willing to accept temporary illiquidity. Listed equities will face headwinds, particularly in small- and mid-caps, but large caps remain stable.

Papneja: This is a year for consolidation. While equities and gold delivered stellar returns last year, we expect high single-digit to low double-digit returns across asset classes. Fixed-income rate cuts may already be priced in, so active management is crucial. India's growth trajectory must remain measured to avoid pitfalls seen in over-heated economies such as Japan and China.

Saigal: Investors will prioritise quality and thoughtful diversification as the days of easy gains in equities fade. Geopolitical uncertainty, including U.S.-China relations and global conflicts, will drive volatility. However, this also creates opportunities for well-constructed portfolios that balance equities, alternatives, REITs, INVITs, private credit, and precious metals.

Shenoy: Volatility will define this year. Disciplined asset allocation and rebalancing are essential as equities moderate and alternative investments, including private credit, gain prominence. Over the next decade, private markets will play a larger role in diversified portfolios, presenting significant opportunities for long-term investors. ■