

‘Right time to rethink wealth creation, preservation, transfer’



The contours of Indian households are changing rapidly, especially when you look at it through the lens of ‘wealth’. As per a report published by the World Economic Forum, by 2030, it is expected that about 2.9 crore Indians will be in the High Income bracket (with an annual income of > \$40,000 / around Rs 32 lakh), that’s almost 7% of the total households, indicating India’s strong potential in both creating and preserving wealth. The consistent rise in household income, between 2005 and 2030, has morphed the shape of income distribution in India from an Eiffel tower-like structure in 2005 to a diamond in 2030, thanks to the addition of a prosperous middle.

A variety of factors are supporting the growth in individual wealth – 108 unicorns, lucrative careers, new generation of entrepreneurs, generous employee stock options, inheritances, stake sales and more. Not to forget that retirees or those nearing retirement have amassed significant wealth, in part due to a frugal lifestyle and a high savings rate.

With new households entering the high and ultra-high net-worth categories, it is important that they be well equipped in dealing with being wealthier than ever before. Improving one’s knowledge on the investments landscape and seeking professional guidance for managing wealth must surely be a top priority for all.

With various reports pointing to the prospect of the coming decade belonging to India, this is also the right time for us all to explore ways to rethink wealth creation, wealth preservation & wealth transfer.

While the traditionally popular investment avenues of fixed deposits, mutual funds and stocks remain as relevant as before, there are many more investment opportunities across the risk spectrum available in India now that are worth evaluating.

Few questions high-net-worth investors may want to ask themselves:

- Am I looking beyond traditional mutual funds of top branded AMCs to other actively managed mutual funds, PMSs and AIFs with specific differentiators like themes or emerging opportunities etc.?
- Am I actively evaluating whether mutual funds or direct equities are better suited for my needs?
- Am I accessing the right Research Reports on companies e.g., chemical companies, EV companies etc., directly before deciding to invest in them?
- Have I evaluated whether a conventional mutual fund is better or is ETFs a preferred way of investing?
- Have I explored Fixed Income avenues beyond traditional Fixed Deposits such as secondary debt or new age fintech debt in the search for enhanced yield on debt?
- Can Debt ETFs, target maturity funds replace Fixed Deposits in my portfolio?
- Should I own businesses for Equity exposure, through venture funds or direct venture ideas, or Debt exposure through products like Credit Opportunities funds to enhance yield.
- Have I explored the value of LRS investing through products like global bonds funds, global indices or global equity funds?
- How can I grow my money like business-owners and industrialists through ESOP exposure or through business ownership in small caps/ midcaps or early stage companies/funds?
- Can I allocate a portion of my portfolio to risk-based investing over conventional traditional investing styles?
- Are savings accounts good for parking liquid money or whether one should explore arbitrage funds, short term funds or even absolute return funds?
- Are there methods for enhancing returns with limited risk by using long-short strategies on equities through using derivatives on stock markets?
- Should I explore Real Estate Investment Trusts (REITs) instead of investing directly in real estate?
- Am I being presented with the right ideas, at the right time?

Depending on one’s risk profile and investing style, I am sure there will be some of the statements above that will resonate and encourage portfolio evaluation. That said, handling wealth in an optimal manner is both a science and an art, and, to do it seamlessly, one needs a structured approach and guidance from someone who understands your needs correctly.

Finally, India’s wealthy need to recognise that they stand at the cusp of an important period in India’s investing evolution which could redefine the investing styles and wealth creation techniques here.

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