

PRIVATE WEALTH MANAGEMENT

Moneybags' Money-keepers

The billionaire swell in India Inc. is making a private wealth manager's job an attractive career option for finance professionals. KUSHAN MITRA

HOW ABOUT BEING UP CLOSE AND PERSONAL WITH some of the richest in the land? How close, did you say? Well, there is a possibility that you may be asked to play the matchmaker for your client's children! Or chalk down the holiday itinerary right down to the drink on the menu. Well, before you surmise it's a religious guru's or a psycho-mate's job, here's the catch: as a hardcore finance professional with experience in portfolio management, India Inc.'s super-rich and hugely famous are looking at you to man their private purses, become their private wealth managers (PWMs) of sorts.

Recently, the richest man in the country, Azim Premji, Chairman of Wipro, handed over the management of part of his personal wealth (the portfolio size is an estimated Rs 1,000-1,500 crore) into the hands of a team of PWMs at DSP Merrill Lynch. "Earlier, the business was conducted on a more informal basis," says Anand Khatau, Financial Advisor, DSP Merrill Lynch, an investment bank that also manages the portfolio of some other super-rich in India. "As advisors to the client's

company, they would ask us (for tips) on how to manage their personal wealth. But now things have become institutionalised."

A surging stock market (the Bombay Stock Exchange's benchmark index, Sensex, is well over 8,500 points) has boosted the value of promoter holdings immensely over the past one year, and that coupled with a mindset change is making PWMs hot property. "Indian business families have realised that corporate wealth and personal wealth are two separate things," says Vrinda Mahadevia, Senior Financial Advisor, DSP Merrill Lynch. With greater emphasis on corporate governance, promoters are increasingly looking at an arms-length distance between management of their personal wealth and the company's, and hence the scramble for PWMs. And everyone, from Infosys' Nandan Nilekani and S.D. Shibulal to the Singhs of Ranbaxy, the Burmans of Dabur and the Murjals of the Hero Group, has one given that several promoters are part of large families—the entire family wealth is handled by a PWM).

PHOTOGRAPHS BY SOUMIK KAY

Hot property: Anand Khatau, Financial Advisor, and Vrinda Mahadevia, Senior Financial Advisor, DSP Merrill Lynch



Private wealth managers have to produce investment

Not Just Any Portfolio Job

But isn't PWM akin to portfolio management services (PMS) that banks offer to their high net-worth clients? Well yes, in a way, but then a PWM comes in only for the ultra-rich—anyone with potential to put Rs 5 crore under management (having a net worth at least 10 times that). "We offer holistic wealth management services that are completely customised to the risk profile and investment horizon of our clients," says Sutapa Banerjee, Sr VP & Head (Private Banking), ABN AMRO Bank, India. So, whilst any bank's PMS deals with typically 250-odd clients, the personal wealth division rarely exceeds 30-40 clients per bank.

A PWM career is as much about finance as relationship and service. "It is not about being just a great salesperson or a financial advisor. Being a PWM is all about faith and trust," says Rohit Sarin of Client Associates, a Delhi-based investment firm, which services some of North India's prominent business families. A different kettle of fish from perhaps most other finance jobs, a PWM has to not only produce investment results for clients, but dovetail it closely with their interests, needs and the peculiarity of the industries they come from.

What It Takes (And Gives)

With clients almost paranoid about secrecy, you can forget about being a PWM if instant fame is what you're looking for. But if you're one of those who don't mind being a well-fed back-room boy, the opportunities in a PWM career can be immense. There are several new players such as Citigroup, ICICI Bank and HSBC (the

latter two are about to tee off their Indian PWM operations) who have entered the field, but there is a very limited pool of experienced people, simply because the industry itself is barely three years old. "This is a long-term game; you have to spend three-four-five years before you gain the confidence of a client," says Sarin. There are no magic recipes to becoming a good PWM, but it helps if you're a good banker as well as a good people person. A grounding in finance, like what Sarin (Grindlays MF), Khatau (CA with Ernst & Young) and Mahadevia (almost 10 years with Merrill Lynch) have, is necessary, but not sufficient to become a PWM.

You have to know not just a client's risk appetite, but his or her investment psyche as well. Why, even their family's history too, for sometimes it determines how they will invest. "It is not easy to advise a family to invest in equities if it has had bad experiences in the past," says Mahadevia. And it is important to know what drives a PWM client—not so much the opportunity to make a fast buck in a buoyant market (though no one minds that too), but capital preservation and growth.

With PWM fees varying from 0.3 per cent to as high as 1 per cent of the total assets under management, the lucre here is as good as it gets in the world of high finance. And, of course, once a relationship is built, more money (to manage) and personal intimacy is just part of the job. "So every time the Sensex or the NASDAQ crashes (Indians can now invest up to \$25,000 or Rs 11 lakh in foreign equities), expect a call from your 'friendly' client," says Khatau. There is no escaping random client calls. For, this is a 24x7 job.

In demand: Rohit Sarin, Partner, Client Associates; and Sutapa Banerjee, Head of Private Banking, ABN AMRO Bank



results for clients and manage relationships as well