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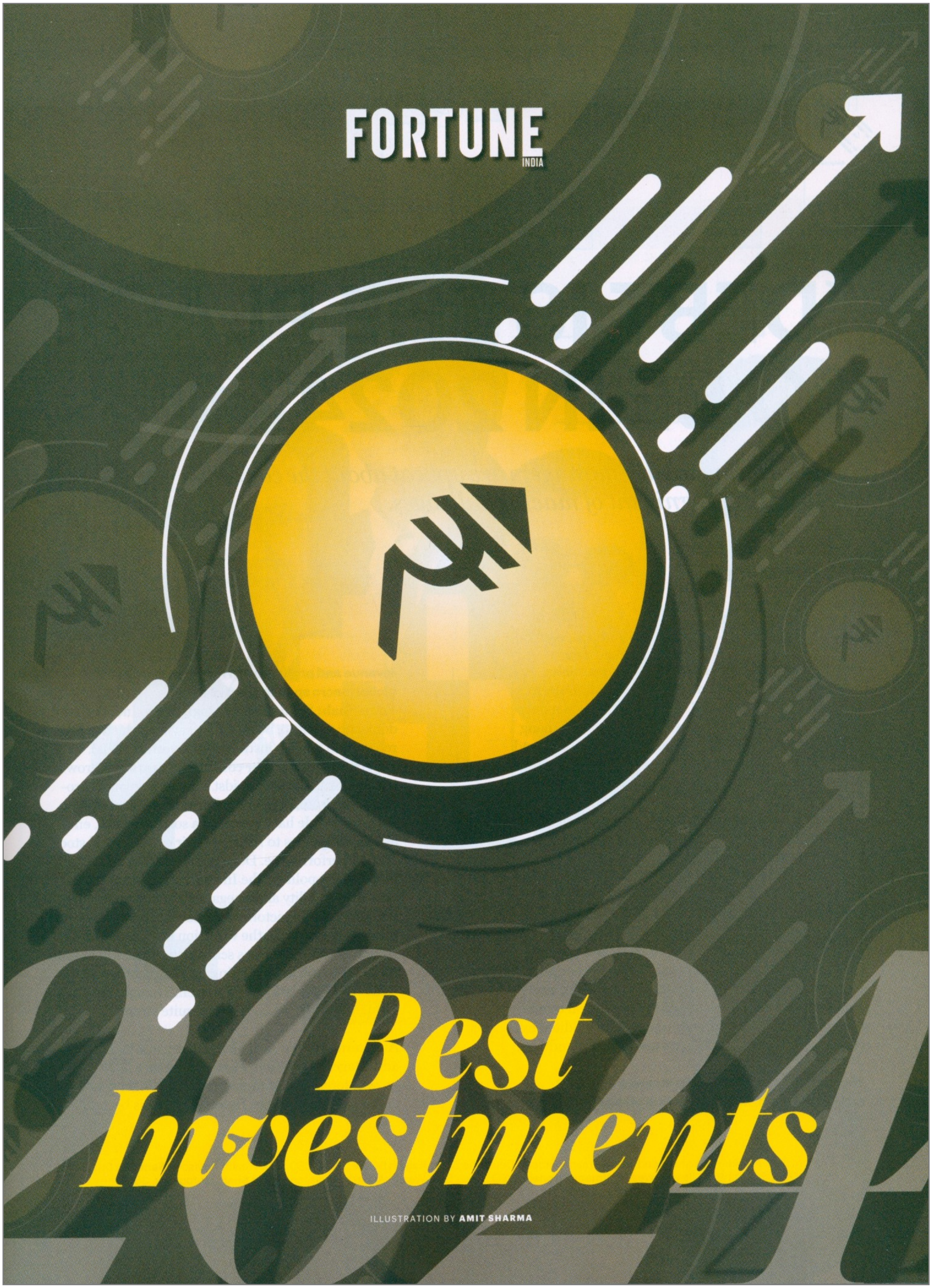
'Debt Is The Place To Be In 2024'

Leading wealth managers are upbeat about India's prospects but cognisant of macro challenges.

BY V. KESHAVDEV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"DEBT IS THE PLACE TO BE IN 2024"

India's leading wealth managers are upbeat about the country's prospects but cognisant of macro challenges.

BY V. KESHAVDEV

INDIA'S LEADING WEALTH MANAGERS Atinkumar Saha, head, wealth management, Deutsche Bank; Rajesh Saluja, MD and CEO, ASK Wealth Advisors; Sandeep Das, MD and CEO, Centrum Private Wealth; Umang Papneja, CEO, Julius Baer Wealth Advisors India, and Yatin Shah, co-founder, 360 One anticipate a dynamic investment landscape in the coming year, characterised by a shift towards equities, particularly in the U.S. The shift is motivated by the expectation of considerable earnings growth in the Indian market and the belief in continued innovation in the U.S. Despite overvaluation in certain sectors, the overall valuation landscape in India is slightly stretched but not overly concerning. Fixed income is viewed favourably, with an expectation of capital gains due to anticipated rate cuts starting in 2024 in both India and the U.S. Gold remains a neutral investment after recent price increases, while there is a significant interest in alternative investments, such as private credit, real estate funds, and early-stage private equity funds. Edited excerpts from *Fortune India*'s private wealth roundtable:

We seem to be in a Goldilocks moment with GDP growth on a high, inflation cooling off and India Inc.'s revenue and profit growth robust as ever. But can global macro spoil the party?

Yatin Shah: Sentiments are high due to India's robust domestic scenario, bolstered by savings which reduce reliance on foreign institutional investors (FIIs). Expectations are set for considerable earnings growth in the next few years, amidst a favourable macroeconomic environment. The reforms implemented over the past decade have prepared a solid platform, enabling companies to improve their earnings and stock market performance. Despite the ongoing volatility in global geopolitics, the Indian currency has maintained its stability amid negative FII flows in the last two years. Some sectors might seem overvalued in the markets, but overall, the valuation landscape is slightly stretched. With elections scheduled in 2024 in around 30 to 40 countries, including the U.S., India, and the U.K., market volatility is is a given. Though, the long-term outlook for India remains quite strong.

Atinkumar Saha: India is currently in a highly advantageous position. Firstly, it boasts a GDP growth forecast that ranks among the highest in Asia and emerging markets. Secondly, India is becoming

From Left: **Atinkumar Saha**, head, wealth management, Deutsche Bank; **Rajesh Saluja**, MD & CEO, ASK Wealth Advisors; **Sandeep Das**, MD & CEO, Centrum Private Wealth; **Umang Papneja**, CEO, Julius Baer Wealth Advisors India, and **Yatin Shah**, co-founder, 360 One

360 ONE

ASSETS UNDER ADVICE, MANAGEMENT AND DISTRIBUTION

₹4,13,000 Crore

Client Portfolio Mix For 2024

	Debt	Domestic Equity	Offshore Equities	Real estate	Alternatives
Aggressive	15%	55%	10%	5%	15%
Balanced	30%	48%	7%	5%	10%
Conservative	55%	35%	5%	0%	5%

Outlook 2024

Favoured sectors	Banking & financial services	Capital goods	Defence	EMS (Electronic manufacturing services)	Cement	Oil & gas
Avoid sectors*	Chemicals	Agri	Auto	QSR	Paints	FMCG

*WE DO NOT SEE MUCH UPSIDE OR ROOM FOR GROWTH IN THESE SECTORS, BUT WOULD REFRAIN FROM CLASSIFYING THESE SECTORS AS "AVOID"

Expected Return

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

** INCLUDING EXPECTED CURRENCY EFFECT FOR INR INVESTORS
*** GOLD IS POSITIONED AS A PURE PLAY ALTERNATIVE TO ACHIEVE PORTFOLIO RISK DIVERSIFICATION AND INFLATION HEDGING RATHER THAN RETURN ENHANCEMENT

increasingly pivotal in a rapidly polarising geopolitical landscape. This includes growing closer to key trade blocs and playing a significant role in the emerging global South Asian sphere, which extends to Africa and West Asia. As global supply chains realign over the next few years, India is poised to become a vital alternative in the 'China plus one' strategy. While global economies such as the U.S., Europe, and Japan are experiencing modest growth rates, India's growth is projected at around 6.5%, significantly higher than the global average of about 3%. This positions India as one of the fastest-growing economies worldwide, which is likely to reap the benefits of this growth. Despite the absence of a major global recession, a slight moderation in the global economy is expected.

"THERE IS A NOTABLE TREND OF INVESTING OUTSIDE INDIA, PARTICULARLY IN THE U.S."

Yatin Shah

India's strategic moves in renewable energy are also noteworthy. With increasing purchasing power among its populace, expected to grow at a 9% CAGR over the next five years, there will likely be significant growth in consumer spending in areas such as discretionary items, staples, energy, and materials. Additionally, there is the emergence of private capital expenditure 'greenshoots', complementing the increased infrastructure spending. The festive season and higher government expenditure are also expected to boost spending in rural areas. Overall, India's position is quite promising, both in terms of economic growth and strategic advancements.

Sandeep Das: Currently, India presents a largely positive economic picture with minimal negatives. However, in such an optimistic, 'blue-sky' scenario, it's prudent to remain vigilant for potential issues. Several indicators warrant attention. For example, the growth in unsecured loans is at a historic high, but the specifics of their end-use remain unclear. Additionally, the proportion of leveraged trading volumes to cash market transactions in India is among the world's highest, indicating a potentially risky financial behaviour. There's also speculation about a super El Niño event next year, which could significantly affect food prices and have broader economic implications. Despite these concerns, India stands out as a beacon of growth. The key to capitalising on this growth lies in being watchful and having a robust investment framework that spans asset classes.

Umang Papneja: In 2000, India's GDP was around $400 billion, and today we are on the cusp of reaching $4 trillion. This remarkable growth represents a tenfold increase in GDP. Currently, there's a discussion about whether India's GDP could escalate to $10 trillion, $15 trillion, or even $20 trillion, depending on the timeframe considered. This possibility indicates that we may be part of a fortunate generation, witnessing an economic rise from $400 billion to potentially over $20 trillion. Moreover, India's economic strength is underscored by its substantial forex reserves of over $600 billion and a literacy rate of 80%. These figures are testament to the nation's significant transformation over the years. The truth has been that, for the past 20 years, investing in India has always been a sound decision, and this trend is likely to continue.

Rajesh Saluja: I'm not going to delve into anything long-term. But the India story is looking very, very good, and this decade belongs to India. We've also gained because of what's happening in other economies, especially Europe and China. So, some allocation, be it FDI or FII, is here to stay. And once interest rates start trending downwards, you will see more money coming in this year. FII flows have already crossed $10 billion this year. On the FDI side, in the last 12 months, a lot of foreign CEOs have visited, and we've also met many of them. I've never seen sentiment so high on India. I think they were waiting to see what happens in the elections, and clearly, recent state election outcomes will probably give them more confidence that we will have a more stable government going forward, and that'll be a real positive.

Besides, PLI will augur well for India. Last year about the same time, the Nifty was at 18,145, and now it's at 20,600. We've seen a 14% YoY growth in equities since then. The 10-year G-Sec rate came down 13%, so fixed income also turned out to be very good. Gold went up from ₹50,000 to 52,665 per 10 grams. The U.S. 10-year yield went up, and U.S. bonds struggled a bit, but the U.S. market itself was up 18.5%. All asset classes did well. In the previous year's Wealth Roundtable, our view as a house was that 2023 will probably be the best year for all asset classes, and our view continues to be the same for 2024 as well.

Yatin, when do you anticipate private capital expenditure to kick in?

We're observing initial signs of growth. The goal of current policies is to boost manufacturing and reduce reliance on key imports such as electronic components, which reached nearly $8 billion this year. The government is actively encouraging private sector investment in every industry. So, it's likely just a matter of a few quarters before we see significant changes. FDI is already flowing into various sectors, including electronics, automobiles, chemicals, and pharmaceuticals. It's a broad-based trend. I wouldn't worry too much about this, as some indicators often lag before the actual figures are evident on the ground.

Sandeep, do you believe the PLI scheme is effective?

There are enough signs that private capital expenditure is increasing. Although consumer spending has been inconsistent, especially in rural areas, I expect it to improve. Urban areas are doing well, but with upcoming elections and an improving fiscal situation, consumer spending should increase overall.

Regarding consumption, RBI seems cautious about the growth shown by banks. What's your perspective?

Rajesh: As a former banker, I understand that external perceptions often see challenges. However, the current credit trend is largely influenced by demographics. People are increasingly seeking credit for consumption and travel, beyond their earnings. Credit

"CLIENTS ARE SEEKING INVESTMENT OPTIONS SUCH AS PRIVATE DEBT WHICH PROMISE HIGHER RETURNS."

Atinkumar Saha

DEUTSCHE BANK

ASSETS UNDER ADVICE, MANAGEMENT AND DISTRIBUTION

₹28,000 Crore

Client Portfolio Mix For 2024

	Debt	Domestic equity	Alternatives	Liquid	Gold
Aggressive	15%	60%	15%	5%	5%
Balanced	40%	40%	10%	5%	5%
Conservative	65%	20%	5%	5%	5%

Outlook 2024

Favoured sectors	Consumer staples	Financials	Industrials	Real estate
Avoid sectors*	Materials	Energy	Communication services	

* WE DO NOT SEE MUCH UPSIDE OR ROOM FOR GROWTH IN THESE SECTORS, BUT WOULD REFRAIN FROM CLASSIFYING THESE SECTORS AS "AVOID"

Expected Return

Indian equity	Indian debt	Alternatives**	Gold
12-14%	7-7.5%	10-18%	10-12%

** ALTERNATIVES RANGE FROM PRIVATE DEBT TO PRIVATE EQUITY; RANGE OF RETURNS CAN BE WIDER as a percentage of GDP still has room to grow, especially when compared to developed markets. This is a natural progression, and there aren't any early signs of trouble. The main challenge lies at the microfinance level, where politics sometimes plays a role. But from conversations with senior bankers, none believe the growth has been too aggressive or unsustainable in the coming years. With elections approaching, we'll likely see increased funds in the rural sector, boosting consumption. The forecasts from microfinance companies for the next two quarters are very positive.

However, there are some delinquencies in these portfolios, attributed to rural stress. This is precisely why interest rates in microfinance are higher, to account for a certain level of delinquency. But in terms of growth, there has been significant progress in the last two quarters, and this trend is expected to continue.

Yatin, are you bullish about investing in private markets as you had raised a fund to tap into that space?
The pre-listing market is currently more exciting than ever. A major shift has occurred due to the change in the liquidity scenario, particularly the tapering flow of capital from U.S. venture capital funds and growth capital into India's technology sector, encompassing late-stage and early stage start-ups. This shift is partly because these funds had previously over-allocated resources in this asset class. Presently, it's primarily domestic capital that's playing a significant role. Consequently, valuations have become extremely attractive. The dynamics of too much money chasing too few good assets has altered. Further, with fixed income now taxed at a marginal rate, clients are diversifying their portfolios beyond traditional equity investments. This shift includes an increased focus on alternative investment options, such as private equity. As a result, there's been a notable influx of domestic high-net-worth individual (HNI) capital into private equity funds, making this sector attractive for investment.

Atin, are your clients showing interest in the unlisted investment sector?
Our clients have become more cautious and exploratory in response to the recent changes in debt taxation norms. They are seeking alternative investment options, such as private debt, which promise higher returns. We have always emphasised the importance of maintaining a strategic asset allocation for long-term management. Our clients adhere to this approach, balancing new investment opportunities with a focus on long-term stability. Also, as against gilt funds and AAA rated papers, clients are willing to look at AA minus AA corporate bonds which give a higher yield.

CENTRUM PRIVATE WEALTH

ASSETS UNDER ADVICE, MANAGEMENT AND DISTRIBUTION

₹35,000 Crore

Client Portfolio Mix For 2024

	Debt	Domestic equity	Offshore equities	Real estate*	Alternatives	Gold
Aggressive	3%	70%	6%	8%	9%	4%
Balanced	31%	36%	5%	8%	16%	4%
Conservative	59%	13.5%	1.5%	8%	13%	5%

* EXPOSURE THROUGH REITs

Outlook 2024

Favoured sectors **	Banking	Auto	Cap goods & infra	Consumer discretionary	Real estate	Hospitals
Avoid sectors***	FMCG	IT				

** THESE ARE LONG-TERM THEMES BUT MAY REMAIN MORE VOLATILE AS UNCERTAINTY LINGERS ON PRIVATE CAPEX REVIVAL AND OMICRON-TYPE RESTRICTIONS
*** WE DO NOT SEE MUCH UPSIDE OR ROOM FOR GROWTH IN THESE SECTORS, BUT WOULD REFRAIN FROM CLASSIFYING THESE SECTORS AS "AVOID"

Expected Return

	Indian equity	Indian debt	Foreign equities	Alternatives^	Gold^^
Optimistic	13%	7-9%	8-10%	10-25%	7-8%
Base case	9-13%	9-11%	8-10%	10-25%	7-8%
Worst case	up to 9%	6-7%	8-10%	10-25%	7-8%

^ALTERNATIVES RANGE FROM PRIVATE DEBT TO PRIVATE EQUITY; RANGE OF RETURNS CAN BE WIDER
^^ WE DO NOT CONSIDER GOLD AS A SEPARATE ASSETS CLASS, BUT AS A HEDGE FOR FINANCIAL MARKET VOLATILITY

"REAL ESTATE WILL STAY BUOYANT IN 2024. THERE ARE OPPORUTNITIES IN RESIDENTIAL, COMMERCIAL AND WAREHOUSING."
Sandeep Das

Are you recommending equities or overseas investments to your clients?
Sandeep: Yes, I am advocating for these investments, especially considering the current trend of falling interest rates, particularly in the U.S. While India might experience this further down the line, it's important to recognise the significant impact this has on long equities. Long equity investments are largely focused on the

JULIUS BAER WEALTH ADVISORS INDIA

$21 Billion

ASSETS UNDER ADVICE, MANAGEMENT AND DISTRIBUTION

Client Portfolio Mix for 2024

	Debt	Domestic equity	Offshore equities	Real estate	Liquid	Alternatives
Aggressive	10%	55%	5%	10%	5%	15%
Balanced	25%	40%	5%	10%	10%	10%
Conservative	35%	30%	5%	10%	10%	10%

Outlook 2024

Favoured sectors	BFSI	Rural recovery plays— select staples and rural-focused NBFCs	Real estate & home improvement (including cement)	Manufacturing/ capex related*
Avoid sectors**	Oil & gas	Consumer staples	Midcap IT	

* STOCKS IN THE MANUFACTURING AND CAPITAL GOODS/INDUSTRIALS SECTORS HAVE RALLIED SIGNIFICANTLY OVER LAST TWO YEARS, HENCE WE WOULD WAIT FOR BETTER PRICES/CORRECTION TO BUY INTO THIS STOCKS
** WE DO NOT SEE MUCH UPSIDE OR ROOM FOR GROWTH IN THESE SECTORS, BUT WOULD REFRAIN FROM CLASSIFYING THESE SECTORS AS "AVOID"

Expected Return

Indian equity	Indian debt	Foreign equities***	Alternatives^	Gold
12-14%	7-8%	8-12%	10-18%	0-5%

*** FOREIGN EQUITIES EXPECTED RETURNS INCLUDE EXPECTED CURRENCY IMPACT FOR INR INVESTORS.
^ ALTERNATIVES RANGE FROM PRIVATE DEBT TO PRIVATE EQUITY; RANGE OF RETURNS CAN BE WIDER

"FOR THE PAST 20 YEARS, INVESTING IN INDIA HAS ALWAYS BEEN A SOUND DECISION. THE TREND IS LIKELY TO CONTINUE."

Umang Papneja

tech sector as given the dynamics of the Discounted Cash Flow (DCF) model, any reduction in interest rates can substantially increase the valuation of tech stocks. This is a crucial factor to consider when exploring global equities as an investment option.

Umang: Reflecting on the past 30 years, only two countries stand out in terms of investment returns with around 8-9% CAGR in dollar terms: The U.S. and India. While countries such as Sweden fall into a similar category of high returns, the U.S. and India are particularly notable for their ability to absorb significant investments. A key commonality between the two countries is the high return on assets (ROAs) of their businesses. Therefore, when advising or allocating overseas investments, it would be prudent to focus on countries like these that demonstrate robust financial performance and stability.

Rajesh: Approximately 5-7% of our clients' portfolios are allocated to global markets. While the performance of these investments was somewhat underwhelming until a couple of years ago, last year yielded fantastic results. We are confident that the U.S. will continue to be one of the most exciting markets, largely due to the ongoing innovation there. Investing in the U.S. market is a crucial opportunity that shouldn't be overlooked. However, due to the Liberalised Remittance Scheme (LRS) limits, the allocation to these markets is relatively lower. There's a significant shift occurring within the technology sector, with a growing focus on AI and deep tech. These opportunities are particularly appealing to investors who are willing to take on higher risk and have the patience for potentially longer wait times to see returns.

Since these investments are risky, how are you guiding your clients in this area?

Rajesh: Our approach is to invest through one or two high-quality fund managers who possess a background and expertise in this field. AI, while an exciting concept, is complex and not widely understood in terms of its future implications. This lack of clarity translates into a higher risk. Therefore, we are focusing on early stage and venture capital funds that are actively involved in this sector and are managed by teams with a better-than-average understanding of AI. These teams often have connections or partnerships in Silicon Valley, which provides them with access to innovative ideas and trends. We present these select investment opportunities to our clients, considering the specialised knowledge and strategic positioning of these funds.

What is your outlook on real estate as ASK has been quite active in the space through the funds route?

Rajesh: The mortgage-to-GDP ratio in India is just 11%, much lower than in more developed markets suc as the U.S. and U.K., where it's around 60-70%. This indicates significant growth potential in India's real estate sector. Additionally, affordability has improved. However, over the past three to four years, there's been limited capital available for small and medium developers, as banks have been cautious and some NBFCs have made overly aggressive investments. This has created a demand for last-mile construction funding. In the residential sector, properties priced below ₹2.5 crore are seeing high demand in the top five to six cities. Unsold inventory in the top seven cities has reduced by 45%, and there's been an absorption of 169 million square feet against a supply of 138 million square feet in the last year alone. Previously, there was a belief that real estate would follow an 'Uber model' where people preferred renting over buying. This trend is changing, not only in India but also globally, with many clients buying properties in Dubai and Singapore. We advise that instead of directly investing in real estate or buying apartments, clients should consider participating in this growth through well-managed funds, whether in residential, commercial, or REITs.

What kind of returns are generated by realty funds?

There are mainly two types: Equity-oriented funds and those that are more mezzanine or debt-focused. The early equity funds aimed for returns above 20% but ended up delivering around 10-11%. However, after a period of market clean-up, most funds have shifted their focus towards mezzanine-like structures. These are now achieving gross returns of around 18-19%, with regular quarterly payouts. Given the limited availability of capital, developers are willing to accept deals with an 18-19% return rate to kickstart their projects and make sales. This arrangement remains profitable for developers due to the property price appreciation over the past two to three years.

Yatin, are you recommending that clients invest through funds or directly?

There are three main investment strategies: (1) Listed developer stocks — investing in the stocks of listed real estate developers offers shareholders a portion of the profits from their projects. Buyers now prefer reputable, branded developers known for reliable project delivery. (2) Real Estate Funds (AIF-II) — This approach involves transforming a physical asset into a financial instrument, enabling broader participation and offering tax benefits. Developers provide access to their projects, and investors earn an internal rate of return (IRR) and potentially share in the profits of the development management company. (3) REITs and InVITs — for investors looking to avoid the volatility associated with equity investments, alternatives like Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InVITs) offer a blend of recurring income (through dividends and interest) and capital gains potential.

Umang: Let's start with commercial real estate. There are essentially two investment approaches. The first is to be a developer who constructs a commercial property from scratch and then leases it out. For such a developer, the IRR is around 15-16%. However, if they sell the developed property to a REIT, which typically trades at an 8% yield, they can make a substantial capital gain. This is because they're effectively selling

ASK WEALTH ADVISORS

ASSETS UNDER ADVICE, MANAGEMENT AND DISTRIBUTION

₹85,000 Crore

Client Portfolio Mix for 2024

	Fixed income	Domestic equity	Foreign equity	Alternatives
Aggressive	15%	70%	5%	10%
Balanced	45%	47%	3%	5%
Conservative	75%	25%	0%	0%

Outlook 2024

Favoured sectors	Financials	Real estate-related industries	Speciality chemicals	Industrials	Defence
Avoid sectors*	Oil & gas	Auto	FMCG		

* WE DO NOT SEE MUCH UPSIDE OR ROOM FOR GROWTH IN THESE SECTORS, BUT WOULD REFRAIN FROM CLASSIFYING THESE SECTORS AS "AVOID"

Expected Return

Indian equity	Indian debt	Foreign equities **	Alternatives ***	Gold
14-15%	8-9%	10-11%	10-18%	6-8%

** FOREIGN EQUITIES EXPECTED RETURNS INCLUDES EXPECTED CURRENCY IMPACT FOR INR INVESTORS.
*** ALTERNATIVES RANGE FROM PRIVATE DEBT TO PRIVATE EQUITY; RANGE OF RETURNS CAN BE WIDER
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.

"WE ARE OVERWEIGHT ON PRIVATE CREDIT, REAL ESTATE FUNDS AND EARLY STAGE PE FUNDS."

Rajesh Saluja

an asset yielding 15% at a price that reflects an 8% yield, leading to an increased IRR of over 20-25%. The second approach involves investing in REITs directly. These are ready assets offering around 8% yield, representing a stable income with no development risk. Your choice depends on your risk appetite. On the residential side, the IRR is higher if you invest early, but there's the risk of project completion delays. Some funds focus on redevelopment projects, which have shorter durations and higher IRRs. Buying a ready asset requires timing the market cycle correctly.

Sandeep: Real estate will stay buoyant in 2024. It encompasses not just residential and commercial sectors, but also warehousing. There are opportunities in all three areas. However, despite various investment options, clients are still mostly drawn to physical real estate. That is a consistent trend.

Atinkumar: We're bullish on real estate. For our clients, especially investors, we recommend REITs and InVITs. We've been guiding clients to partner with consulting firms to explore specific investment opportunities. Our strength lies in supporting our clients by financing this long term leased property' investments.

As we sit at the cusp of a new year, how are you positioning your client portfolios for the coming year?

Yatin: The trends observed in the behaviour of family offices and HNIs indicate a shift in investment strategies. Investors are allocating more to equities, with a growing interest in private equity and alternative investments. This shift is partly due to the challenge large-cap funds face in outperforming benchmarks, leading to a greater allocation of large-cap investments to passive ETFs. There is a notable trend of investing outside of India, particularly in the U.S., driven by the belief that innovation is likely to continue to emerge there first. The dominance of the seven major companies with the highest weightage on NASDAQ, especially with the advent of AI, seems formidable. This situation leads to the recommendation of maintaining U.S. equity exposure for investors. In the private market, the secondary market appears to be presenting significant opportunities. The current valuations in this sector are seen as offering the potential for high returns, possibly in the high twenties percentage-wise. Over the past decade, the average earnings growth was around 11-12%, but now, there's an expectation of a much higher rate, possibly 15-17%, over the next two to five years. Even though market valuations may remain slightly expensive, with PE ratios in the 19-20 range, the anticipation of higher earnings growth leads to an expectation of higher returns, potentially around 13-14% over the next 5 to 10 years on the index.

Rajesh: In the short term, we're adopting a neutral stance on equities due to factors like U.S. interest rate expectations, geopolitical risks, and potential surprises from China. However, we're bullish on equities for the medium to long term. We're planning to stagger new client investments over the next six months, anticipating market volatility for various reasons, which we see as opportunities to shift funds from fixed income to equity. Globally, our allocation remains neutral, especially in the U.S., given the S&P's dependence on a few large firms, indicating a lack of broad-based rally. Therefore, it's prudent to stay neutral in the short term. We're overweight on fixed income, anticipating capital gains as we expect rate cuts in both the U.S. and India starting 2024. After the rise in prices, we're neutral on gold but overweight on alternatives such as private credit, real estate funds, and early stage PE funds.

Umang: We have a positive outlook on equities, with a preference for large-caps due to their relative underperformance. When stability returns and new allocations begin in the New Year, it's wise to invest in large and mega caps. The tendency is to invest in assets that are well-valued and liquid.

Sandeep: Our position on equities is constructive yet neutral in the short term. We're overweight on fixed income and neutral on gold as ongoing central bank purchases have pushed gold prices higher. We're also overweight on alternatives.

Atinkumar: Given India's story and global growth moderation, we believe equities will perform well into 2024, expecting average growth of about 12-14%. Equities are likely to generate above-average returns, but we'll maintain discipline in our strategic asset allocation for clients, meaning no significant tactical shifts towards equities in the short term. Overall, we're very optimistic about equities in the near and long term. ■