Business Standard

Lump sum vs staggered approach: How to invest in the current markets?

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Anuj Kapoor, MD & CEO, Private Wealth and Alternatives at JM Financial Services

Devanshu Singla | New Delhi

With the next generation's increasing involvement in wealth management, **ANUJ KAPOOR**, managing director and chief executive officer for Private Wealth and Alternatives at JM Financial Services, tells Devanshu Singla in an email interview that there is a significant rise in interest in direct opportunities across listed and unlisted equities and in the private debt space. Edited excerpts:

Given the volatility and geopolitical uncertainty witnessed in the past few months, is there a shift in asset allocation behaviour of your HNI/UHNI clients?

While investors believe in India's long-term growth story and resilience amid global uncertainty, they see near-term risks around the direction of a global trade war. Hence, we can see optimism with a hint of caution amongst investors. There has been no major shift in allocation patterns, but instead of betting entirely on growth and lump sum deployment, investors now prefer a staggered approach along with margin of safety. Commodities as an asset class, particularly gold and silver, and offshore investments for forex diversification have also emerged as strong themes recently.

What is your assessment of India Inc.'s March 2025 quarter (Q4-FY25) performance so far?

It is too early to comment on the Q4 performance and the revisions it may lead to in the FY26 earnings. Currently, major sector trends so far seem to be mixed. In banks, there were concerns around margin compression amid rate cuts but that hasn't been the case thanks to the RBI liquidity push. Furthermore, the respite in unsecured lending segments is not visible yet. Earnings of information technology (IT) companies have missed estimates, though deal wins have remained encouraging giving some visibility in an otherwise uncertain environment.

Have you observed any notable shifts in risk appetite among affluent investors?

With the next generation's increasing involvement in wealth management, there is a significant rise in interest in direct opportunities across listed and unlisted equities and in the private debt space. In the current scenario, high yield fixed income products including structured instruments and private debt are gaining traction. Convertible instruments are finding a lot of interest with primary market timelines getting pushed. While the preference for boutique managers in listed equity is increasing, many clients prefer AIFs over PMS as a structure due to reporting and compliance efficiencies.

What are the key risks that can impact market sentiment in the next 12 months?

We are neutral on equities with earnings growth expected to be better this year than in FY25. With expensive valuations, our preference is towards large-caps over mid-and small-caps. We expect volatility to remain high, therefore focus remains on risk management and asset allocation. In fixed income, we prefer accrual strategies over duration, with due consideration for reinvestment risks. We prefer high yield over quality, for income-generation portfolios.

Key risks for FY26 include outcome of Trump tariffs and global trade war along with US inflation trajectory and Fed actions. In addition, further geopolitical tensions, especially those impact energy supplies, and corporate earnings trajectory after a modest FY25 will be the key factors to watch.

Which are the key asset classes and sectors that investors should be looking at in FY26?

While we have liked financials for the last one year, after outperformance the valuations are not as attractive as they were a year ago. However, it still remains reasonably positioned in terms of valuations. We like structured credit for investors with requisite appetite. With declining and low interest rates, REITs/ InvIts look interesting from an income generation and capital appreciation perspective.

Are you seeing growing demand for ESG-aligned or impact investments from your HNI/UHNI investors?

ESG is predominantly the essential filtering criteria in the evaluation framework of our clients. Investors use these filters to evaluate opportunities along with other usual factors. Barring a few cases, we do not see ESG or impact being a starting point to evaluate an investment opportunity. While this situation may evolve in the coming years, currently, investors are not ready to compromise likely gains just for the sake of ESG.