

Pre-IPO is treated as a high-risk allocation, says JM Financial Services' Anuj Kapoor

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Akshata Gorde
Mumbai

While interest in pre-IPO investments remains, wealth managers say the market has turned more disciplined after uneven listing outcomes. "What we are seeing now is much more selective interest and a lot more focus on price," says Anuj Kapoor, Managing Director & CEO – Private Wealth, JM Financial Services Ltd. The firm, he said, is being "very vigilant with retail investors" as many do not fully understand the liquidity, pricing and timeline risks involved in pre-IPO investments.

Edited excerpts:

How are investors looking at the pre-IPO space now, especially after some recent IPO performances disappointed?

There is still interest in the pre-IPO space, largely because people remember the kind of gains that some earlier listings delivered. But after the recent IPO performances, the earlier frenzy



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MD& CEO – Private Wealth,
JM Financial Services Ltd

has come down. What we are seeing now is much more selective interest and more focus on price. We are being very vigilant with retail investors, as in many cases, they don't really understand the risks of liquidity, pricing and timelines in pre-IPO investments.

How do you approach pre-IPO investments in private-wealth portfolios?

In our wealth portfolios, pre-IPO is treated very clearly as a high-risk allocation. If a client has the risk appetite, we generally keep it to 5-7 per cent of the portfolio. It should not become a large part of the portfolio. This is not something you treat like listed equities, and that's



where people sometimes go wrong. For most investors, the right way is through a professionally managed pre-IPO fund rather than doing direct deals.

Apart from pre-IPO, what other products are you looking at in the private-wealth space?

We keep assessing and reassessing our model portfolios that we design for our clients based on their risk profile. We have five portfolios—super aggressive, medium aggressive to moderate, and so on and so forth.

We are evaluating opportunities in areas such as private credit and real-estate-linked strategies, though we remain cautious about timing and structure.

Gold and silver were the asset classes or allocations where our clients made more than or the best returns compared to any other asset class in the last 12-18 months.

Having said that, till about three months back, when the ETF prices had gone up significantly versus the actual metal prices, we recommended profit booking to our clients.

In the long run, there is still money to be made, but that should be done through SIPs in gold and silver. It's not a great time to enter in a big way. Potentially, there could be some correction as it's a volatile market.

How is the private-wealth business shaping up for you?

Wealth is a high-growth area for us. Over the last year, we've increased headcount by over 40 per cent. We're expanding through branches and franchise models, including in tier-2 and tier-3 cities. Hiring conditions are better than last year, and training is a big focus as we scale up.

Client trust is absolutely critical in our integrated model. Our proprietary products are only about 3 per cent of our wealth assets un-

der management. Over time, that number may go up a bit, but product neutrality and suitability remain central. Advice has to be driven by what is right for the client.

What's your current view on equities?

Equities are still attractive, but this is not a broad-based rally. It's a stock-specific market and investors have to be selective. We see opportunities in technology-led themes, including areas linked to AI, and in chemicals. In pharma, we are selective and allocations are relatively small.