

Wealth managers keep the faith, take position in large-cap stocks

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THE bloodbath in equity market has not deterred wealth managers from reposing their faith in equities albeit over a long-term time horizon. Wealth managers are now taking a call on large-cap, sector-specific companies as a safe bet amidst the turbulent market. Wealth managers are bullish on large-caps in sectors such as engineering, capital goods, construction and banking while there is an aversion to sectors like auto and telecom.

Wealth managers believe that the current meltdown has made large-caps across sectors attractive for investment from a long-term perspective. "Equity market story does not end here. It will again bounce back sooner or later. When the market gets back into recovery mode, it is large-cap stocks that will start propelling up first, ensuring decent returns," said **Maneesh Kumar**, head — wealth management solutions, ASK Wealth Advisors. In its last investment committee meeting, ASK Wealth has decided to increase its exposure in large-cap equities for all class of investors including conservative (from 10% to 12%), cautious (from 30% to 15%), balanced (from 30% to 37.5%), assertive (40%-55%), and aggressive (60% to 75%).

Similarly, the SMC Global has three categories of investors including low risk, moderate risk and high risk in their wealth management division. The broking firm is in the process of convincing investors in these three segments to take a greater exposure in large-cap stocks in equities. Said SS Bansal, head — wealth management, SMC Global, "We ask investors to look at a return expectation of 18-20% per annum on equities instead of drawing any rosy picture of 40% or above.



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This is possible mostly through large-cap stocks." Both ASK and SMC global, however, refused to divulge the sectoral picks they have made.

Even the wealth management services of Axis Bank is advising its investors either to make fresh investment with a time horizon of 5-7 years or remain invested in large-caps despite the market turmoil. "Unless one is not in the need of immediate money, investors should park money in these select blue chip stocks to get decent returns. However, we are recommending equity market exposure based on our clients' risk appetite although we believe in long-term wealth creation through equities," commented Sonu Bhasin, president — retail financing services, Axis bank, who also heads wealth management services.

While SMC Global is averse to investing in sectors where borrowings are more like aviation and realty, etc, ASK Wealth Advisors is avoiding sectors such as auto and telecom for now. According to wealth managers, sectors like aviation and realty have a high debt to equity ratio, making this sector unattractive. Even in telecom sector, managers say the balance sheets of telecom companies are over-leveraged. Even though the subscriber base is on the rise, margins are getting squeezed. However, wealth managers are bullish on engineering, capital goods, construction, banking, oil & gas, financial and healthcare sector. These sectors, according to them, hold promise, given that emphasis will be placed on developing infrastructure to push for higher GDP growth in the future. Further, Barrack Obama's assurance to provide affordable and accessible healthcare for all Americans will elucidate generic medications that will give fillip to the Indian healthcare sector, reasoned wealth managers.