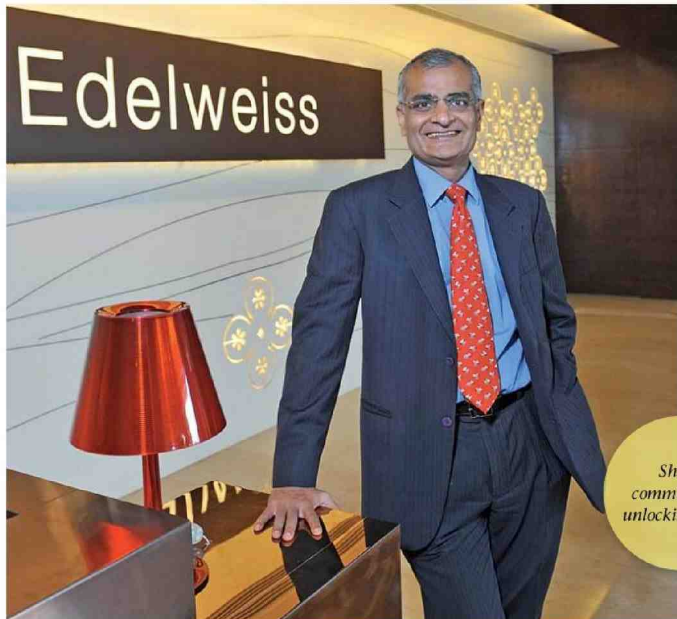


Creating more wealth

One of the largest Asia-focused investment groups, PAG and Ontario Teachers', join hands with Edelweiss group



SANYA BHARDE

Shah:
committed to
unlocking value

Last fortnight, PAG, which is one of the world's largest Asia-focused investment groups, and Edelweiss group, a diversified financial services conglomerate, signed a \$300 million (₹2,200 crore) deal. PAG will buy a 51 per cent stake in Edelweiss Wealth Management (EWM), a non-banking wealth management business in India. This partnership will result in unlocking value for shareholders and accelerating business growth, powered by PAG's capital, business expertise and global experience.

"We strongly believe in the long-term growth of the Indian economy. The investment in Edelweiss Wealth marks a milestone in PAG's investments in the India market," says Weijian Shan, chairman and CEO, PAG. Shan is keen on the Indian market, where he expects to invest \$1 billion in the next two to three years.

PAG will become a majority owner of the EWM platform of Edelweiss Global Investment Advisors (which also houses Edelweiss Asset Management, India's largest alternatives and asset reconstruction platform, which is not part of the investment). The wealth management business, including capital markets, provides wealth management services to over 2,400 of India's wealthiest families as well as 6.10 lakh high net-worth individuals and other affluent clients.

Outpacing the market

Since its inception, the EWM has grown its customer assets under advice with a 44 per cent cumulative annualised growth rate (CAGR) from ₹185 billion in fiscal year 2015 to ₹1.27 trillion in the first quarter of fiscal year 2021, consistently outpacing the market and making rapid strides

in industry rankings.

Meanwhile, the ₹300 trillion Indian wealth management industry has been expanding rapidly at a five-year CAGR of 11.3 per cent. "With a strong growth trajectory of 12.5 per cent per year, it is expected to reach ₹540 trillion in the next five years, presenting a significantly large opportunity for EWM. In PAG, we have found a great partner with global experience and strong capabilities. This investment endorses our core strategy of incubating businesses, building value and growing them into market leaders as they gradually move from interdependence to independence. We remain committed to unlocking value for businesses and shareholders alike and remain future-ready to ride the economic trajectory post Covid," adds Shah.

Adds Nikhil Srivastava, MD and head of India Private Equity, PAG: "We are excited to partner with EWM as we are impressed with the company's depth of knowledge and experience, and strong management team. We are eager to leverage PAG's global experience in investing and working alongside financial services companies to support Edelweiss Wealth achieve the next level of client-centric growth."

"Building strong capabilities and scale has enabled us to enjoy market dominance in our wealth franchise. The big transformation for EWM is going to be the use of assistive technology that will help serve our clients reliably, responsibly and cost-effectively. With a significant growth runway visible I look forward to PAG helping us in this exciting journey," says Nitin Jain, CEO, EWM Business.

PAG's investment in EWM is part of Edelweiss Group's stated strategy to build independently capitalised and self-sufficient businesses. Staying true to its 'do what is best for the business' principle, the group has onboarded global partners and domain expertise that are strategically best suited to take each of the identified businesses to the next trajectory of growth and scale. "This has been demonstrated in the partnerships the group has forged over the years in the credit, life insurance, asset reconstruction and alternative



Shan: marking a milestone



Jain: enjoying market dominance



Srivastava: we are excited

asset businesses, among others. The group has been consistently attracting investments from some of the largest global institutional investors and each has brought their expertise, interest and commitment to grow in the Indian market," discloses Venkat Ramaswamy, EVC, Edelweiss group.

High quality investment

On the second deal, Ontario Teachers' Pension Plan Board, Canada's largest single-profession pension plan, and Edelweiss group have signed an agreement for an investment of \$350 million (₹2,600 crore) with Edelweiss Alternate Asset Advisors' (EAAA), the private debt manager in India with assets under management (AUM) of approximately \$3 billion (₹23,400 crore). The agreement represents a long-term partnership between Ontario Teachers' and Edelweiss group that will focus on performing and distressed private credit investment opportunities in the Indian market.

EAAA is a part of the decade old Edelweiss Asset Management business which manages customer assets aggregating approximately ₹1,00,000 crore across alternatives, mutual funds and distressed assets. EAAA focuses on providing high quality investment opportunities in alternatives in India, catering to international and domestic investors. Since inception, it has been attracting investments from some of

the largest global insurance companies and pension funds.

The Ontario Teachers' Pension Plan Board is the administrator of Canada's largest single-profession pension plan, with \$204.7 billion in net assets (June 2020). It holds a diverse global portfolio of assets, approximately 80 per cent of which are managed in-house, and has earned an annual total-fund net return of 9.5 per cent since the plan's founding in 1990. Ontario Teachers' is an independent organisation headquartered in Toronto. Its Asia-Pacific region office is located in Hong Kong and its Europe, Middle East & Africa region office is in London. The defined-benefit plan, which is fully funded as of January 2020, invests and administers the pensions of the province of Ontario's 329,000 active and retired teachers.

"Despite the global economic uncertainty amidst the current pandemic, this commitment from Ontario Teachers' is a strong endorsement of the Indian alternative asset management space as well as the robust and unique private debt platform built by EAAA. This partnership comes at a time when there is a thrust towards empowering and enabling India to become a global manufacturing hub as vocalised by the Government's 'Atmanirbhar – self-reliance' vision. The need for long term patient capital in India presents a huge opportunity for private debt

managers," explains Shah.

"We are pleased to enter into a long-term partnership with Edelweiss group, which has a proven track record and demonstrated ability to originate, underwrite, structure and realise on private credit investments in India. This partnership will further expand our presence in, and provide additional insights on, the important Indian market," says Gillian Brown, senior MD, Capital Markets at Ontario Teachers', confirming the partnership.

"We are excited to invest with Edelweiss to bolster our exposure to the Indian credit market. This is an important milestone in our ambition to build multi-asset class exposure to India's long-term growth story. As a global investor, Ontario Teachers' hopes to leverage our select list of partners including Edelweiss, for local insights and acumen as we navigate to grow profitably in this important market," observes Ben Chan, regional MD, Asia Pacific at Ontario Teachers'.

"We believe the opportunity for alternative investment funds in India is large, given the need for credit, and we are confident that this partnership will enable Ontario Teachers' to capitalise on the best of private debt opportunities available in India," sums up Ramaswamy. ♦