

# NUVAMA

## Strategic Overview

January 2023

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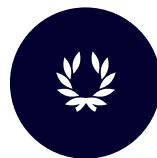
**WHO WE  
ARE**

2



**INDIA WEALTH  
OPPORTUNITY**

3



**OUR  
BUSINESSES**

4



**OVERALL  
PERFORMANCE**

5



**WAY  
FORWARD**

## 1. WHO WE ARE

- Integrated wealth management platform

## 2. INDIA WEALTH OPPORTUNITY

- Built on strong foundation of Client-first

## 3. OUR SEGMENTS

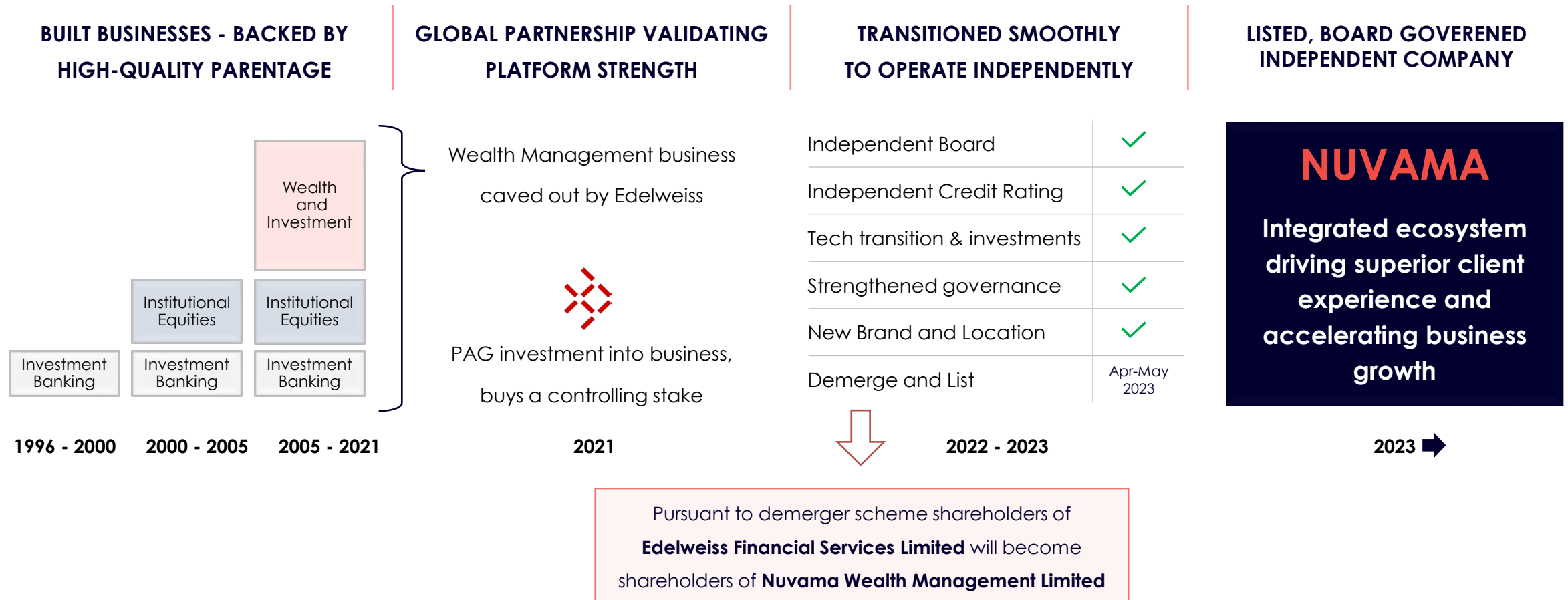
- Only established player straddling across Affluent to UHNI client segments

## 4. OVERALL PERFORMANCE

- Solution oriented approach with the exhaustive suite of offerings

## 5. WAY FORWARD

# Our Evolution: Individual businesses to a **publicly listed, independently governed company**



# Client-first foundation

**Our vision is to provide our clients with comprehensive and tailored wealth management solutions and advice**

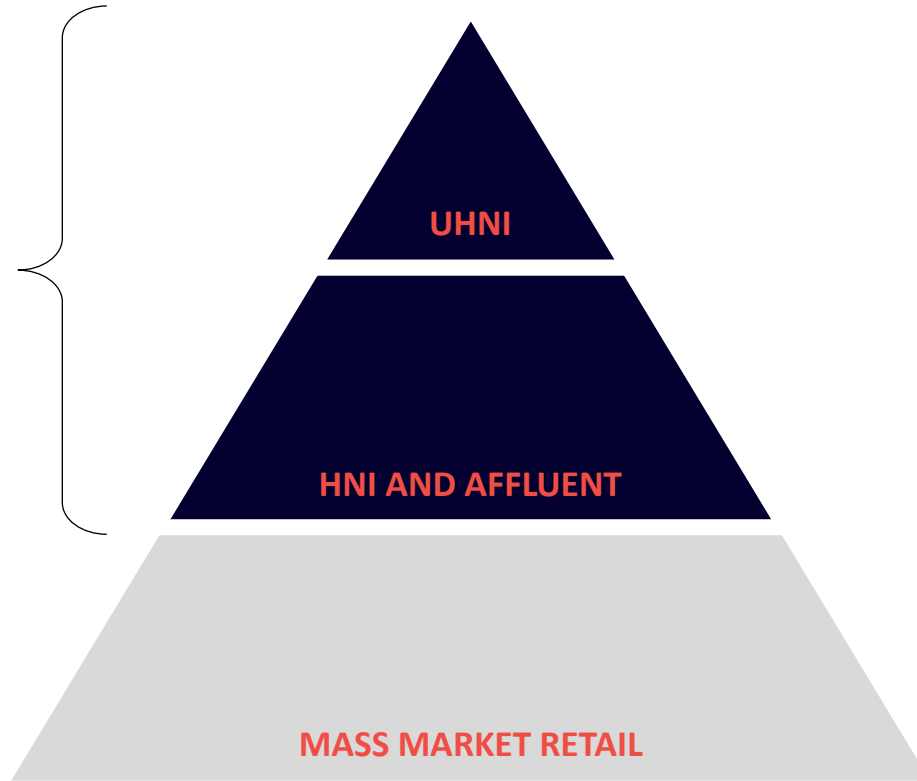
## WE SERVE

ULTRA HIGH NETWORTH
AFFLUENT AND HNI
CORPORATES AND INSTITUTIONS

## WE PROVIDE ACCESS TO

1. PRODUCTS	2. ADVISORY	3. CAPITAL MARKETS
3 <sup>rd</sup> Party Product Distribution	Proprietary (In-house manufactured products)	Wealth Advisory
		Institutional Investor Access
		Broking
		Investment Banking
4. CAPITAL	5. INTEGRATED TECHNOLOGY PLATFORM	
Lending against Securities	Digital Onboarding	Transactions and Reporting

# Amongst **established wealth managers** covering client segments constituting ~80% of wealth



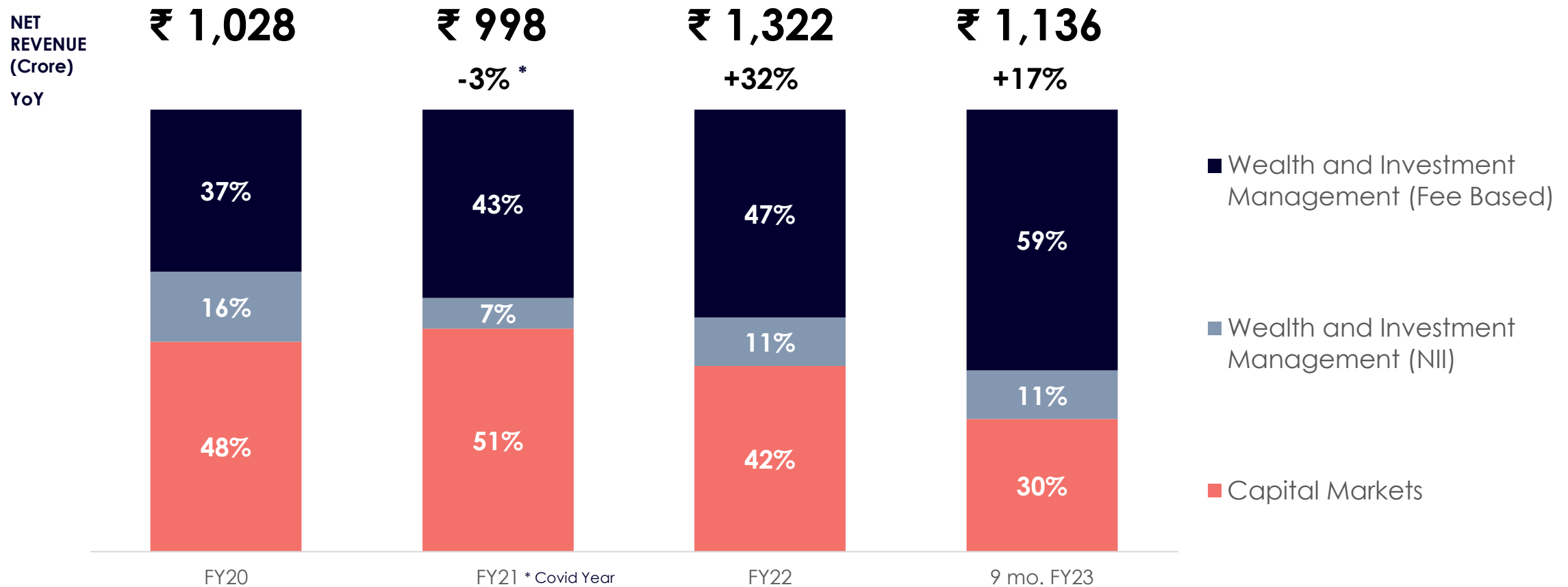
Total

INDIA WEALTH LANDSCAPE

# HOUSEHOLDS (~ In lakhs)	FINANCIAL WEALTH FY20 (~ ₹ tn)
0.2	143
23.3	62
3,330	57
<b>3,350</b>	<b>262</b>



# A high growth company with diversified and superior quality of earnings



## 1. WHO WE ARE

## 2. INDIA WEALTH OPPORTUNITY

## 3. OUR SEGMENTS

## 4. OVERALL PERFORMANCE

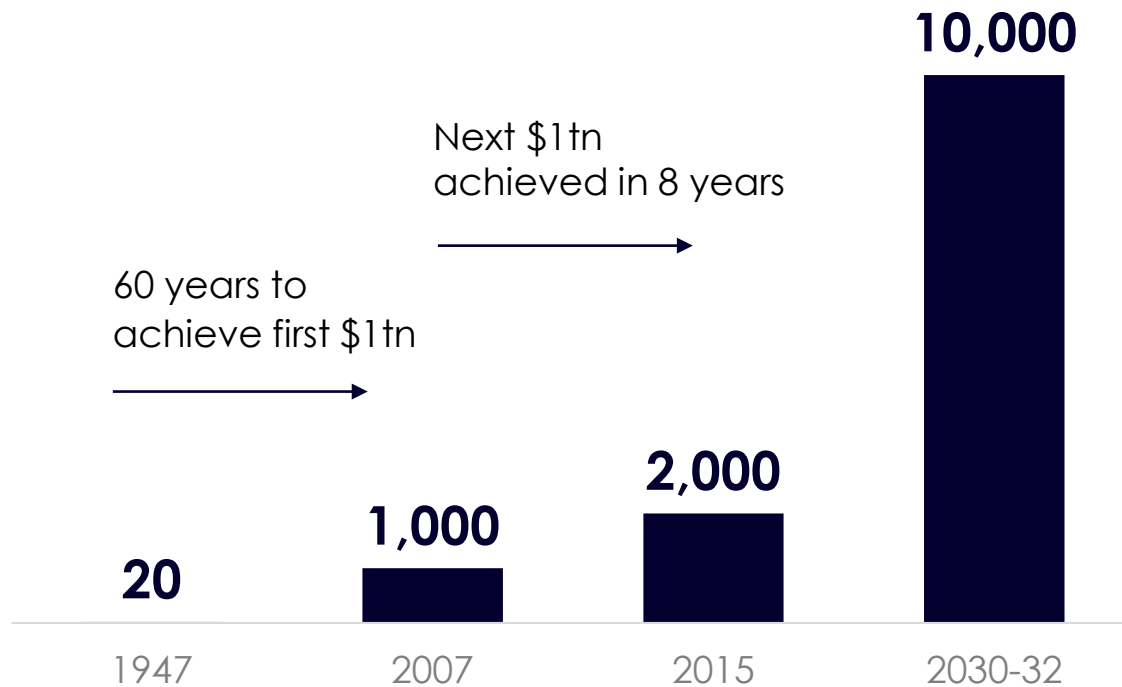
## 5. WAY FORWARD

- India's financial services sector is poised to transform
  - Financial wealth would continue to grow rapidly
  - Investment asset class will grow even faster
  - Rising formal penetration will multiply the opportunity
- Making India's wealth industry a structural and scalable opportunity



# India's economic growth is at an inflection point

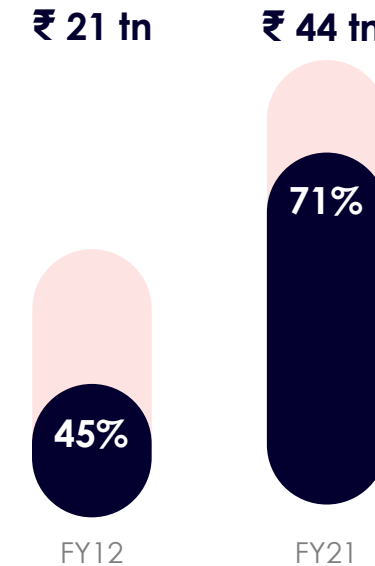
Poised to grow to US\$ 10 tn by end of decade



India GDP - US\$ billion

“Financialization” a key drive to propel this growth

Gross Household Financial Savings Ratio



Total savings doubled in 9 years;  
financial savings grew from 45% to 71%

# India's financial services sector is poised to transform

Continued momentum across segments, a catalyst to growing wealth

## WEALTH MANAGEMENT

- Wealth will grow to reach **₹ 800+ tn** by 2025 (11% CAGR - 10 years)
- # HNIs/UHNI estimated to grow 1.7x in 5 years (2020-25)
- India to be the **4<sup>th</sup> largest** private wealth market globally by 2028

## ASSET MANAGEMENT

- AUM will grow to reach **₹ 90+ tn** by FY26 (18% CAGR - 11 years)
- Alternatives are now mainstream, will reach **₹ 11+ tn** by FY26 (CAGR 32% - 11 years)

## CAPITAL MARKETS

- Multiple reforms developing deeper and robust capital markets
- India to be the **5<sup>th</sup> largest** stock market globally by 2024

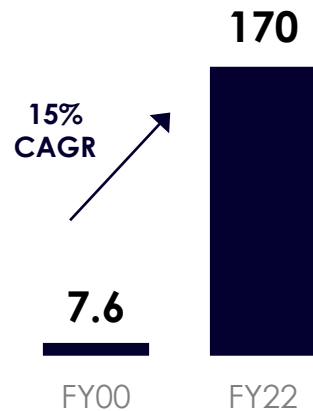
**Making “Wealth Management” a key beneficiary given its proximity to client relationships**

# Financial wealth would continue to grow rapidly

Financial assets would reach ₹ 500+ tn by FY25

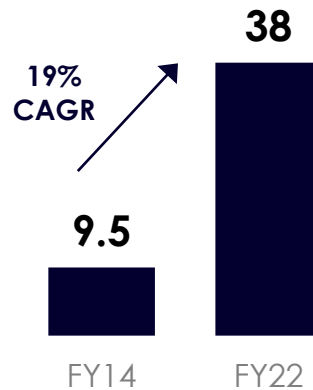
Figures are in ₹ tn

## BANK DEPOSITS



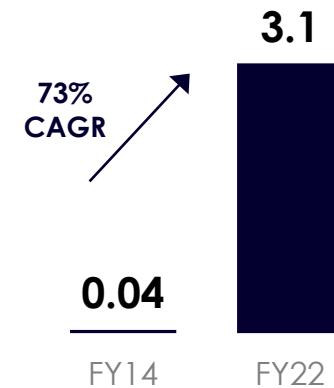
Bank deposits have doubled every  
~4.5 years over last 2 decades

## MUTUAL FUNDS



MF present size equivalent to 1/5th of ₹ 200 tn,  
the estimated growth in financial assets by 2025

## AIF



AIF present size equivalent to 1% of ₹ 300 tn,  
the present size of total financial assets

**Investment asset class will grow even faster driven by  
“value-migration” and has a “long-runway”**

# Making India's wealth industry a structural and scalable opportunity



## Consolidation

- Enhanced regulatory focus
- Technology disruptions
- Increasing product complexity

**Rising India formal wealth penetration (Present: India-14%, US-75%)**



## Greater Growth

- Demographics and rising affluence
- Critical to client

**AUM of Top 3 players as % of GDP: USA-40% vs India-5%**



## Attractive Economics

- Low capital requirements - High RoE
- Concentration of wealth - High operating leverage

**80% of the financial wealth in hands of 0.7% of households**

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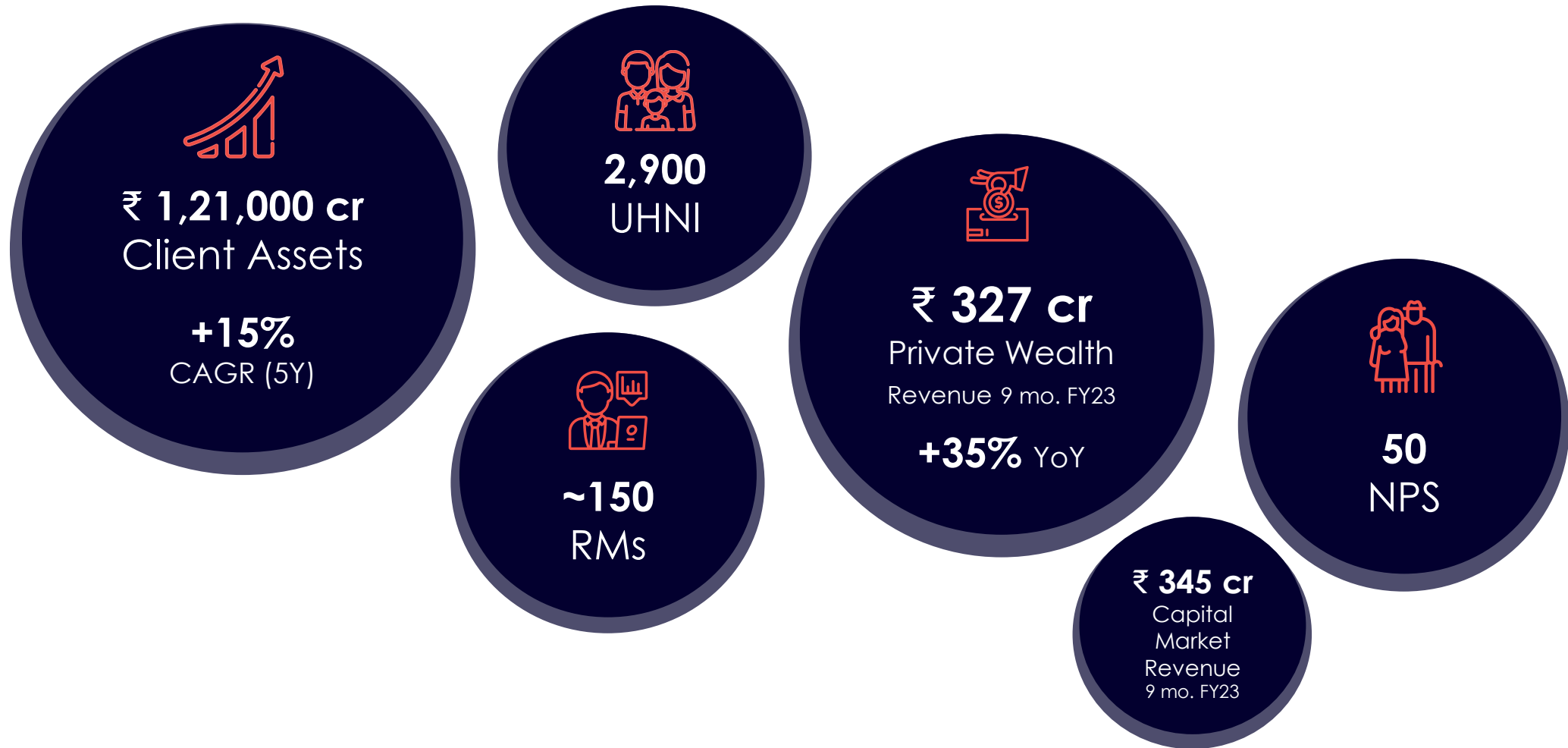
## 4. OVERALL PERFORMANCE

## 5. WAY FORWARD

- Ultra High Networth and Family Offices
- High Networth and Affluent
- Investment Management

# Ultra High Networth and Family Offices

# Amongst top 2 private wealth players in the country



# Our Strategic Advantage

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**1. Differentiated Platform to gain clients mind share**

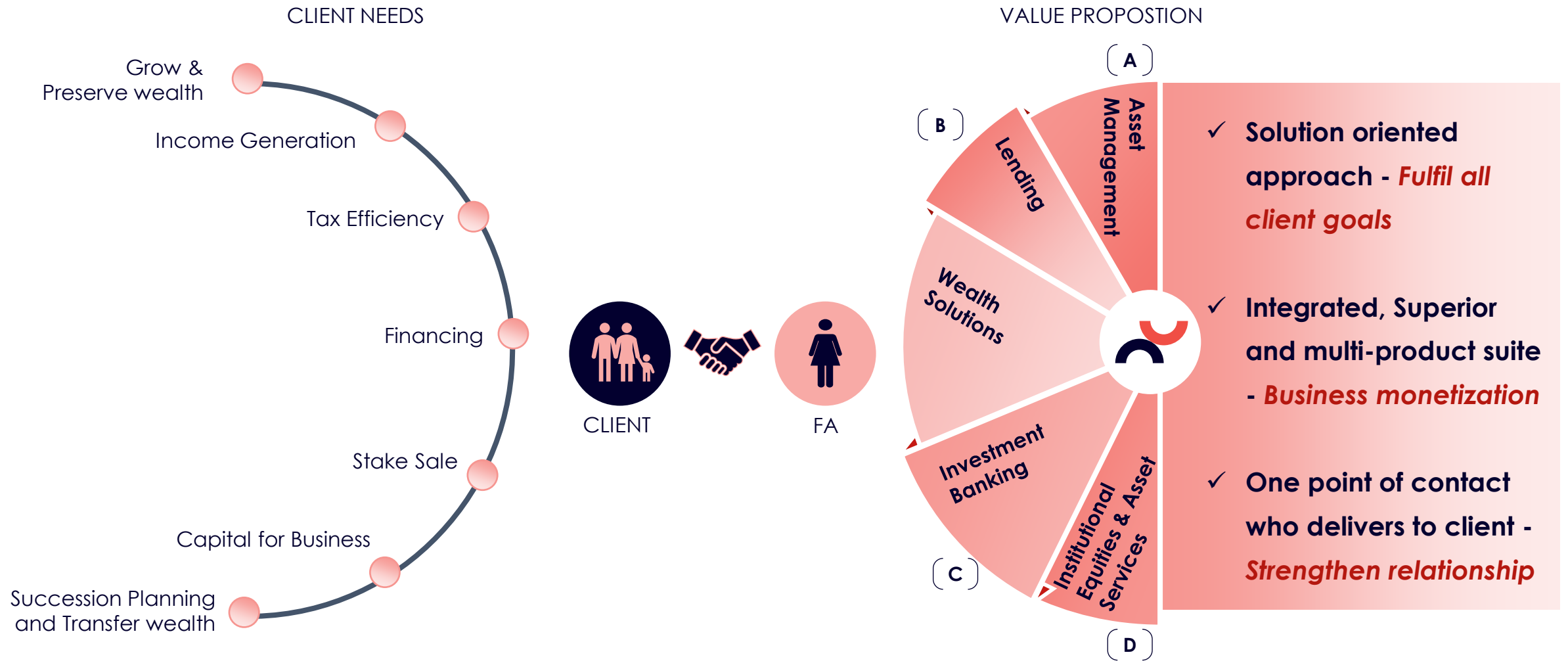


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**2. Well scaled and high-quality team**



# Value creation through enabling ecosystem



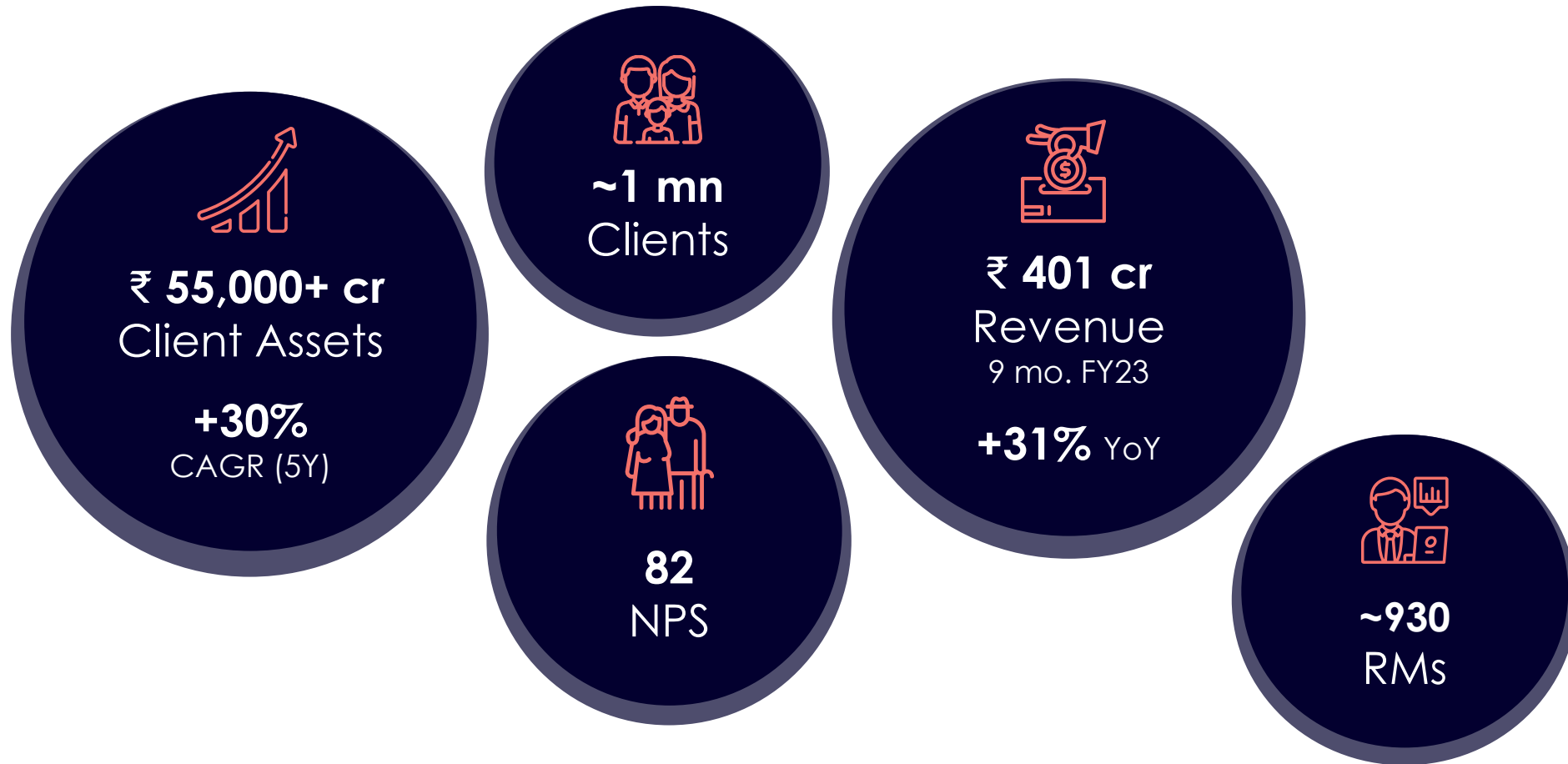
# Market dominating capital market franchise

<b>700+</b>	<b>280+</b>	<b>450+</b>	<b>~ ₹ 44,000</b>	<b>450+</b>
Institutional clients (Public-side)	Companies under Research Coverage	Custody Clients	AUC and CUC in cr	Investment Banking Deal Closures

- Leading institutional equity platform, strong distribution capability, reach across NA, EU, ME, SEA & India
- World class custody and clearing services with fast growing market share
- Full-service advisory capability, across equity and debt solutions, serving through-out business life cycle

# High Networth and Affluent

# Leading pure wealth management player in HNI and Affluent client segment



# Our Strategic Advantage

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**1. Large and under serviced client segment**

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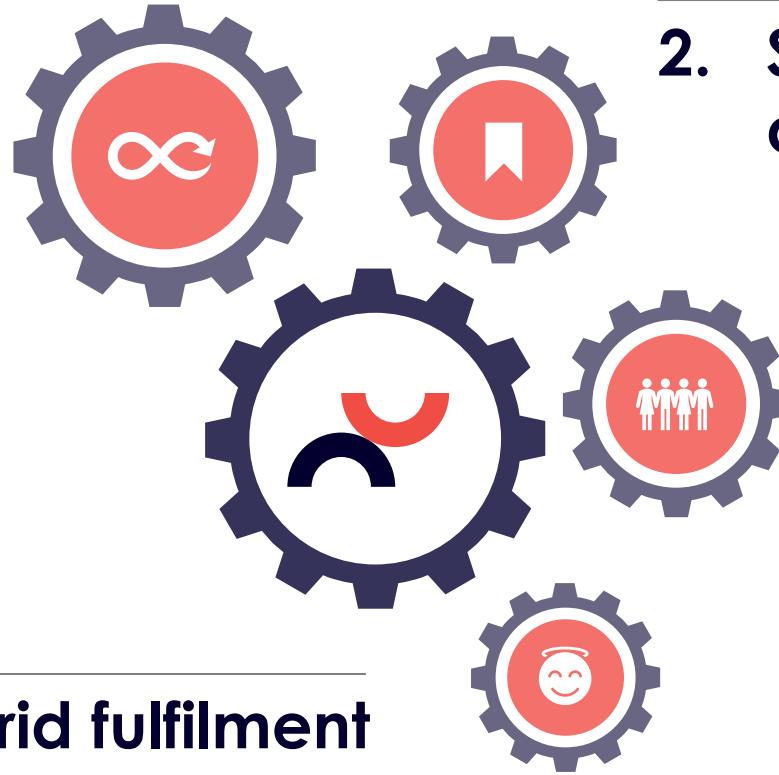
**2. Scaled and differentiated platform**

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**3. Proven engine for RM acquisition and growth**

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**4. Unique hybrid fulfilment model of technology + RMs**



# Scaled and differentiated platform

While numerous players are now competing for this segment, *a category with high barriers to scale and succeed*, we are one of the leading pure wealth managers catering to these clients

## Well Scaled

~1 mn  
Customers

14%  
CAGR (5Y)

₹ 55,000+  
Client Assets in  
cr

30%  
CAGR (5Y)

## Multi Product Suite


Breadth  
of  
offerings

40+ products across  
asset classes  
(14 in FY17)

Access to  
seasoned  
products

Combination of third-  
party products + inhouse  
manufactured products

## Hybrid Delivery Channel

"Human based" 

A hybrid advisory and  
servicing channel  
combining best elements  
of technology and  
human based advice



"Technology based"

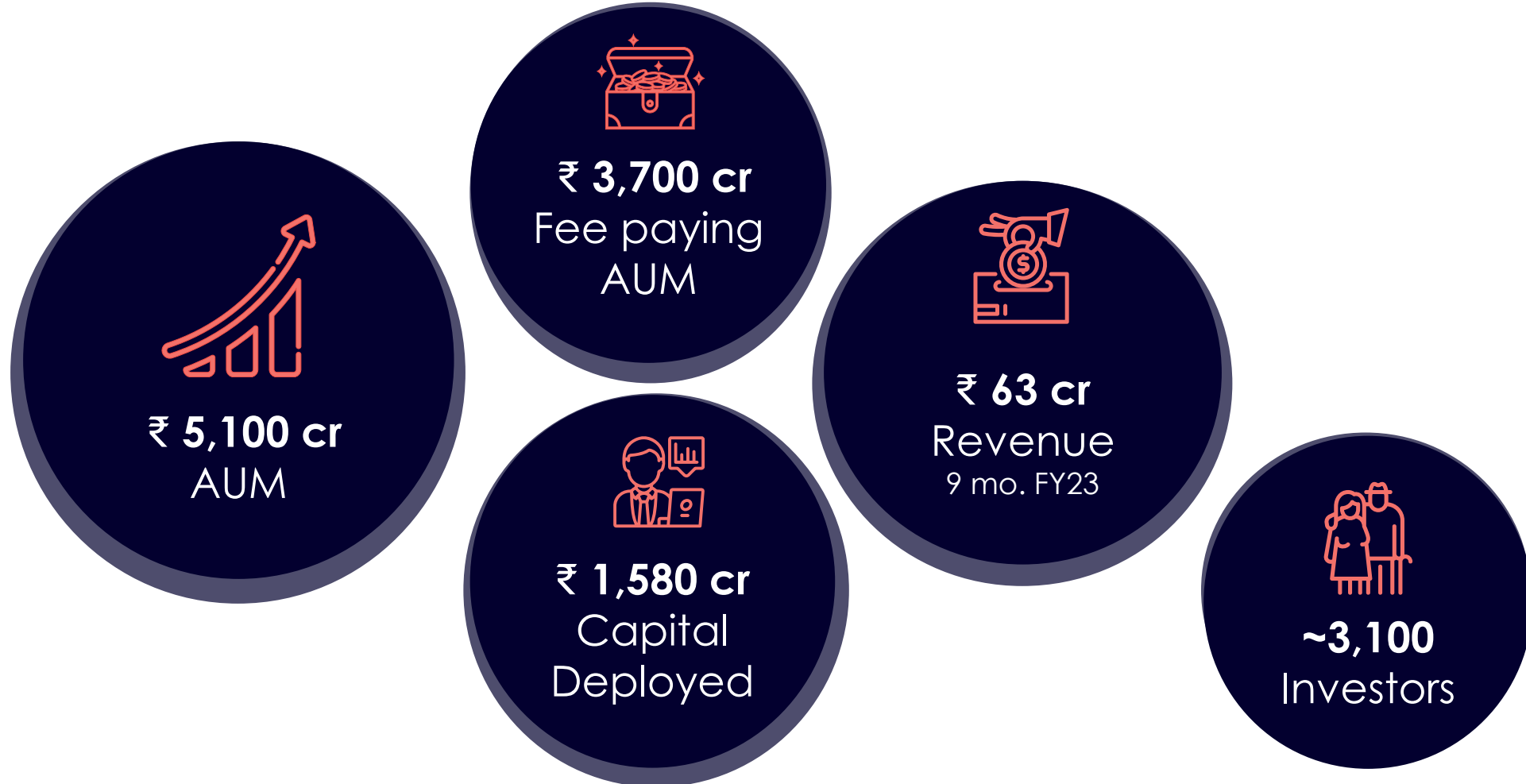
## Access Across Wide Geography

450+  
Locations

23,000  
Partner  
Network

# Investment Management

# Focused and high-performing alternatives investment management business





# Our Strategic Advantage

01 Customer Insights	02 Ability to Scale with Speed	03 Proven Execution Capabilities	04 Digital Platform
<ul style="list-style-type: none"><li>▪ Differentiated products powered by deep insights from wealth management, e.g. <b>Crossover, EDGE, VDF</b></li><li>▪ Bespoke solutions through in-house and experienced <b>structured product</b> team</li></ul>	<ul style="list-style-type: none"><li>▪ Wealth management led rapid scale-up of asset management practice, <b>raised ₹ ~4k cr in 12 months</b></li><li>▪ <b>Scale begets scale</b>, in-turn increases 3<sup>rd</sup> party distribution</li></ul>	<ul style="list-style-type: none"><li>▪ <b>Best-in-Class</b> performance<ul style="list-style-type: none"><li>○ #1 performance amongst major indices for Cross over and Edge fund</li><li>○ Market leaders in structured products</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ Infinity platform: Bespoke and end to end solution</li><li>▪ Significant <b>operating leverage</b>: Complete digital platform for onboarding and servicing - Industry first</li></ul>

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## 5. WAY FORWARD

- Delivered strong performance over years
- Diversified and resilient revenue streams
  - Wealth and Investment Management today constitutes ~70% of earnings
  - Distribution product income accounts for majority of wealth management earnings

# Delivered strong performance over years

Stable growth and on track to deliver PAT growth of ~20%+ YoY

NET REVENUE (₹ cr)



OPERATING PAT (₹ cr)



CLIENT ASSETS (₹ cr)

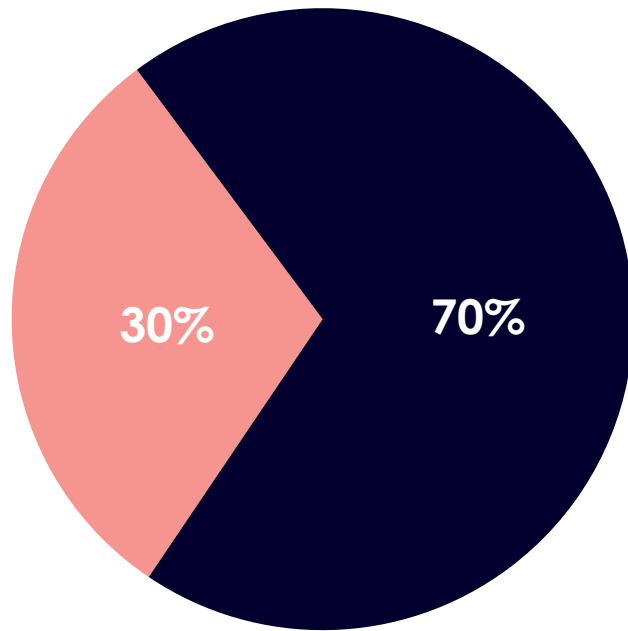


CLIENTS (Count)



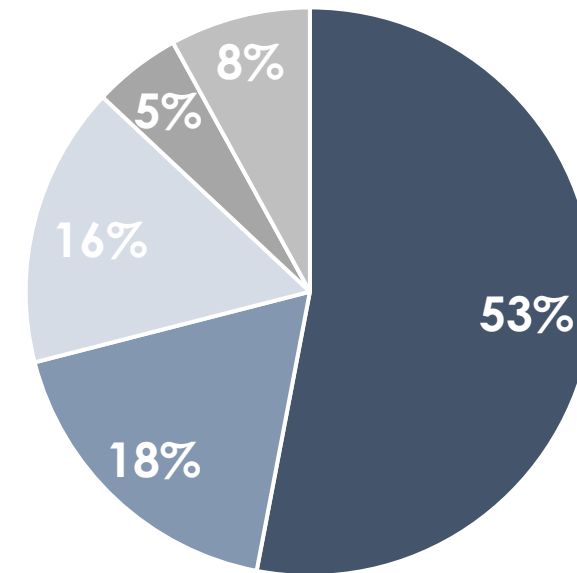
# Diversified and resilient revenue streams

**WEALTH AND INVESTMENT MANAGEMENT EARNINGS  
TODAY (9 mo. FY23) CONSTITUTES ~70% OF TOTAL**



■ Capital Markets ■ Wealth and Investment Management

**DISTRIBUTION ACCOUNTS FOR MAJORITY  
OF WEALTH AND INVESTMENT MANAGEMENT EARNINGS**



■ Distribution ■ Wealth Broking  
■ NII ■ Wealth Float  
■ Investment Management

# Strong client addition and enhanced engagement

AFFLUENT AND HNIs		UHN AND FAMILY OFFICE		CORPORATE AND INSTITUTIONS	
9 mo. FY23	CAGR SINCE FY17	9 mo. FY23	CAGR SINCE FY17	9 mo. FY23	CAGR SINCE FY17
Client Assets in cr		Client Assets in cr		AUC and CUC in cr	
₹ 55,000	27 %	₹ 1,21,000	15%	₹ 44,000	46 %
Number of Clients		Number of Clients		Institutional Equity Market Share	
1035 K	16 %	2,900	41 %	~5 %	-
Net Promoter Score		Net Promoter Score		Advisory Deal Closures	
82	42 %	50	28 %	60	30 %

# Delivering best-in-class outcomes

HIGHER PRODUCTIVITY (Wealth Management)		LEADING RETURNS	LEADING RESEARCH
AFFLUENT AND HNIs	UHNI AND FAMILY OFFICE	Investment Management	
₹ ~60 cr Client Assets per RM	₹ ~4,000 cr Client Assets per team leader	Amongst top quartile  Fund Returns  Crossover I – IRR 20.1%  Crossover II – IRR 30.9%  Edge – CAGR 17.3%	280+  Companies under coverage
~250 Active clients per RM	~100 Families per team leader		Top 3 ranks  in 19 out of 29 Categories

# Won accolades across credible platforms

Select Awards and Recognitions

## Best Private Bank - India

Global Private Banking Innovation Awards – 2022

## Best Broker - India

FinanceAsia Country Awards – 2016, 2017, 2018, 2020, 2021, 2022

## Best Private Bank for Family Offices, India

Asiamoney Asia Private Banking Awards – 2020, 2021, 2022

## Best Wealth Manager, India

The Asset Triple A Private Capital Awards 2021

## Best Broker - India

FinanceAsia Country Awards – 2016, 2017, 2018, 2020, 2021

## Top Rankings in Asia Money Brokers Poll 2021

Rated #1 in 6 categories, Rated #1 for ESG three years running, Rated top 3 in 19 categories

## Leading India Custodian

Global Custodian ABEM Survey – 2017, 2018, 2019, 2020, 2021

## Outstanding Wealth Management Offerings for High-Net-Worth clients

Global Private Banking Innovation Awards – 2021 by Global Private Banker & The Digital Banker

## Best Private Bank

Global Finance Magazine – 2018, 2019, 2020, 2021

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## 5. WAY FORWARD

- Necessary fundamentals in place
- Adequately capitalized to achieve future goals
- Well defined trajectory for each segment



# Long-term objectives



Wealth and Investment Management to be key drivers and would constitute 80-90% of earnings

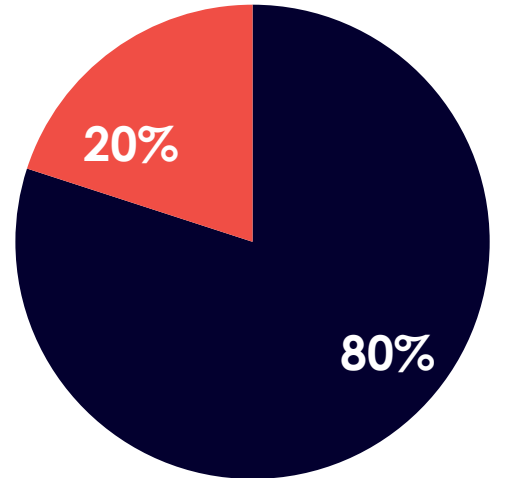


Operating leverage to deliver significant improvement in cost to income ratio



Be client-first in everything we do

# Well defined trajectory for each segment

LONG TERM STRATEGY	FOCUS AREAS	EXECUTION MARKERS	OUTCOME				
1. Grow Wealth Management	<table><tr><td>Scale Efficiently</td><td>Add New Target Segments</td></tr><tr><td>Yield Improvement</td><td>Cross-Sell</td></tr></table>	Scale Efficiently	Add New Target Segments	Yield Improvement	Cross-Sell	In 3 years grow clients and client assets to 1.7 - 2 x	 <p>■ Wealth and Investment Management</p> <p>■ Capital Markets</p>
Scale Efficiently	Add New Target Segments						
Yield Improvement	Cross-Sell						
2. Significantly Scale Investment Management	<table><tr><td>Product Pipeline</td><td>Distribution Capabilities</td></tr><tr><td>Barbell type product basket</td><td>Leverage Ecosystem</td></tr></table>	Product Pipeline	Distribution Capabilities	Barbell type product basket	Leverage Ecosystem	In 3 years grow assets to 5 x	
Product Pipeline	Distribution Capabilities						
Barbell type product basket	Leverage Ecosystem						

# Safe harbour

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## NOTES:

- Slide 1: Nuvama formerly know as Edelweiss Wealth Management
- Slide 6: Kotak Wealth Report, Karvy Wealth Report, Mckinsey Wealth Reports | 2017-2019 and company estimates
- Slide 9: Source for data points are CMIE and World Bank and estimated number is basis predictions by various economic bodies
- Slide 10: Source: Karvy Wealth Reports, Knight Frank Wealth Report 2021, India Brand Equity Foundation September 2021
- Slide 11: Source: RBI and SEBI and Karvy Wealth Reports, Investment assets includes Insurance, Direct Equity, Mutual Fund, Unlisted Equity, Alternative Investments and International Assets
- Slide 12: Source: World bank, Asian Private banker, Kotak Wealth Report, Karvy Wealth Report, McKinsey Wealth Reports, Investor Presentation of WM players and Internal estimates
- Slide 27: Net revenue and Operating PAT incorporates impact of phase 3 demerger to include merchant banking and advisory services businesses. Net Revenue is calculated by reducing finance cost and variable business expenses from gross revenue. Operating PAT excludes one time non operating expenses.
- Slide 1 to 34: Nuvama data and metrics presented are as on end of or for period 9 months ending Dec'22 or as specified and may have been rounded off for presentation purposes