

Indian Alternative Assets set to grow 5x to USD 2 trillion by 2034: Avendus Capital

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Avendus Capital, India's largest investment banking franchise, unveiled its latest study, India Goes Alternatives, which underscores the significant growth potential of alternative assets in India, as the country's burgeoning high-net-worth individuals (HNIs) continue to pivot towards alternative assets. According to the report, the alternative assets market in India, currently estimated to be at USD 400 billion AUM, is projected to grow 5x to USD 2 trillion by 2034. This surge will be driven by increasing investor sophistication, the need for portfolio diversification, and supportive regulatory developments.

The study highlights that alternative investments in India are outperforming traditional investment options, offering higher alpha, thus attracting increased interest from the country's HNI and UHNI segments. This trend aligns with global patterns, where alternatives have seen their share double from 10% to 20% of total global AUM between 2005 and 2020.

On launching the report, **Anshul Agarwal, Managing Director and Co-head, Consumer, FIG & Business Services Investment Banking, Avendus Capital** said, "The emergence of alternative investments in India marks a fundamental shift in our investment landscape. With the domestic alternatives market forecasted to surge 5x from around USD 400 billion today to USD 2 trillion by 2034, we're seeing a fundamental restructuring in how capital is deployed. Driving this shift is the synergy between regulatory enhancements, technological advancements and a growing base of sophisticated investors. As the market evolves, we observe a convergence of global trends and local market dynamics. This uniquely positions India not only for significant expansion in the alternatives market but also as a potential leader in innovation among emerging economies. The rapid growth we're witnessing could reshape India's financial landscape, offering sophisticated investment options that were previously limited to more developed markets."

Snigdha Khemka, Director, Consumer, FIG & Business Services Investment Banking, Avendus Capital said, "Alternative Investments represent the next phase in the Indian investing journey. They are poised to serve as a key catalyst on India's path to a USD 10 trillion GDP. We're seeing multiple alternative investment firms intensifying their focus on India gearing up for the next wave of growth, where diversification will be critical. This may lead to consolidation and listing in the near future. Globally, alternative asset managers command a significant valuation premium compared to traditional asset managers. Indian markets could see listings of various Alternative funds which would be at premium valuations due to their superior alpha generating potential."

Over the years, returns from active asset management in India have stabilized. This shift has led to growing demand from HNIs for more complex and differentiated investment options, such as alternative assets, which have the potential to deliver higher long-term alpha. Currently, HNIs allocate an estimated 7-8% of their total

AUM to alternatives, indicating significant under-penetration in this segment. This under-penetration presents a major growth opportunity for the Indian alternatives market.

The projected doubling of total HNI and UHNI wealth in India to USD 2,000 billion by 2027 is expected to drive demand for Alternative Investment Funds (AIFs), supported by continuous regulatory reforms from SEBI since 2012 aimed at improving transparency and investor protection.

This growth signals a broader evolution in India's alternatives industry, which has transitioned from a traditional savings-focused model to a more sophisticated and diverse market. India's share of Asia-Pacific private equity and venture capital (PE-VC) investments rose to nearly 20% in 2023, up from 15% in 2018, underscoring the country's growing influence in the region.

| About Avendus

Avendus Group is a leading financial services firm with a presence in the areas of Investment Banking, Institutional Equities, Wealth Management, Credit Solutions and Asset Management. Established in 1999 in Mumbai, India, Avendus is today present in 10 cities across India, US and Singapore. Avendus partners with the Indian entrepreneur ecosystem to provide differentiated solutions that enable clients to meet their strategic aspirations.

Avendus Capital, the investment banking arm, is consistently ranked among the top investment banks in the country on the back of its in-depth domain understanding and a best in the class track record of domestic and cross-border transactions. Avendus' wide range of clients is testimony to its ability to serve its corporates throughout their life cycle – from growth stage funding to large-sized transactions, M&A advisory and access to public markets.

Avendus Capital Inc., New York and **Avendus Pte Ltd.**, Singapore are both Avendus Group entities offering services to clients in the US and Southeast Asia respectively.

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