



DESIGN THE UNDESIGNED

- Welcome Note
- Family Offices in India: Structural Shifts, Strategic Transformation, and the Road Ahead
- Not All Money Has the Same Job: Why One Portfolio Can't Serve Your Entire Life
- Designing Portfolios for Usability, Not Just Valuation

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WELCOME NOTE

CA Amit KC Jain - Founder & Managing Partner in

Why Indian Promoter Wealth Rarely Survives Three Generations

India has created a remarkable number of wealthy promoter families over the past few decades. Liberalization, access to capital, and entrepreneurial risk-taking have produced significant private wealth across manufacturing, real estate, infrastructure, pharmaceuticals, and services. Yet history suggests a sobering pattern: while businesses scale, family cohesion often does not. This is not a failure of capital markets or regulation. It is a failure of institutional design within families themselves.

Most Indian promoter families have invested deeply in professionalizing their businesses—boards, audits, governance codes and succession planning for management. Far fewer have applied the same rigor to governing the family that owns the business.

The result is a widening gap between financial sophistication and familial preparedness.

The Promoter's Blind Spot

The skills required to build wealth in India centralized control, speed of execution and personal risk-bearing are fundamentally different from those required to preserve it across generations. First-generation promoters operate through intuition and authority. The second generation inherits responsibility without having shaped the system. By the third generation, ownership often remains, but context does not. This is how wealth transitions from a source of stability to a source of tension. The widely cited “shirtsleeves to shirtsleeves” phenomenon is not a cultural myth. It is an institutional outcome.

Rethinking Wealth Beyond the Balance Sheet

Families that sustain wealth over long periods approach capital differently. They distinguish between three forms of capital and manage them deliberately.

- **Human capital:** the physical, emotional, and psychological well-being of family members is the primary asset. Financial security without personal agency often produces dependency rather than capability.
- **Intellectual capital:** judgment, decision-making ability, and contextual understanding determines whether families can navigate increasingly complex markets, regulations and governance environments.
- **Financial capital,** while essential, functions best as an enabler rather than an identity. When financial capital dominates the family's purpose, fragmentation typically follows.

Indian promoter families that endure over generations treat money as fuel, not as the destination.

Governance is behavioral, not just legal

In India, family governance is frequently reduced to legal documentation—wills, trusts and shareholding agreements. These instruments are necessary but insufficient. Governance failures in promoter families rarely originate from poor drafting. They arise from misaligned expectations, unclear authority, and the absence of shared purpose. Effective families operate as institutions, not households. They establish explicit norms around participation, accountability, and decision-making, often formalized through a family charter or mission statement that defines purpose beyond wealth accumulation. Without such alignment, even well-structured families gradually drift towards entitlement and internal conflict.

Systems That Support Continuity

Long-term continuity requires operating systems, not assumptions.

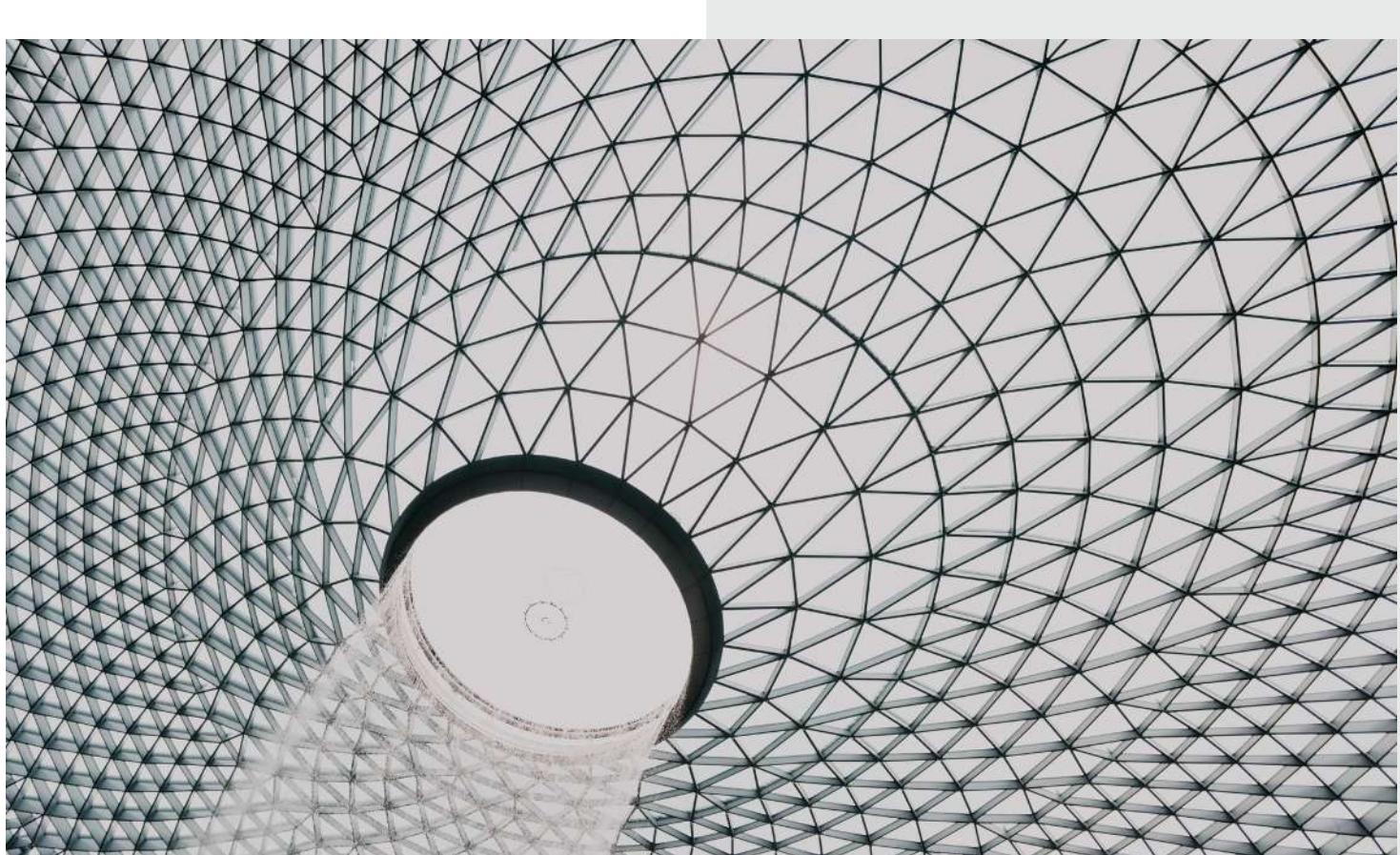
Some families now use qualitative assessments alongside financial reporting to evaluate engagement, preparedness, and generational readiness. Others have introduced internal “family banks” that deploy capital for education, entrepre-



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Family Offices in India: Structural Shifts, Strategic Transformation, and the Road Ahead

— By Anjeet Khandelwal – Founding Partner in



Family offices in India are undergoing one of the most significant transitions in their history. Once designed primarily as custodians of family wealth, they are now emerging as **institutional-grade platforms** that integrate governance, capital allocation, technology, and purpose. This evolution is closely linked to India's rapid wealth creation cycle and a landmark **intergenerational wealth transfer estimated at INR 108 lakh crore over the next decade**.

Scale and momentum of the ecosystem

This growth mirrors the rise of first-generation entrepreneurs, liquidity events from business exits and public markets, and the globalisation of Indian family wealth. Increasing asset complexity, cross-border exposure, and regulatory considerations have pushed families to move away from informal wealth management structures toward professionally governed family offices.

From investment vehicles to governance institutions

A defining shift is the move beyond pure investment management. Modern family offices in India are increasingly structured as strategic institutions that address long-term continuity rather than short-term returns. Their scope now typically includes:

- Family governance frameworks (family constitutions, voting mechanisms, dispute resolution)
- Succession and leadership planning, with a strong emphasis on preparing next-generation members
- Philanthropy and impact-led capital deployment
- Succession and leadership planning, with a strong emphasis on preparing next-generation members
- Philanthropy and impact-led capital deployment
- Risk, compliance, and estate planning

This shift reflects a deeper understanding that wealth preservation across generations depends as much on governance and values as on financial performance.

Capital allocation: embracing complexity and sophistication

While governance has taken centre stage, investment strategy has simultaneously become more sophisticated. Family offices are diversifying away from traditional asset classes toward **private equity, venture capital, hedge strategies, and structured products**, including long-short approaches. Many Indian family offices now allocate **10–20% or more of their portfolios to alternative strategies**, seeking asymmetric returns and exposure to innovation-driven sectors.

This evolution signals a move from passive wealth preservation to **active capital stewardship**, with families often taking a direct, thematic approach to investments aligned with long-term structural trends.

Digital transformation as a force multiplier

Technology is playing a catalytic role in reshaping how family offices operate. The adoption of **integrated digital platforms** has significantly improved portfolio visibility, consolidated reporting, and real-time risk oversight. Fintech solutions tailored to family offices now enable seamless coordination across accounting, compliance, legal, and investment functions.

This digital transformation has not only enhanced efficiency but has also strengthened transparency and decision-making—critical as families manage increasingly global and multi-asset portfolios.

Regulatory environment and institutional support

India's regulatory ecosystem has gradually become more conducive to family office structures. Financial hubs such as GIFT City are offering globally competitive frameworks for setting up family investment vehicles, combining tax efficiency with regulatory clarity. At the same time, regulators such as SEBI continue to allow flexibility by not imposing a dedicated regulatory regime for family offices,

enabling families to customise structures based on their specific needs.

This balance between oversight and flexibility is helping India align with global best practices while retaining local relevance.

Values, impact, and next-generation alignment

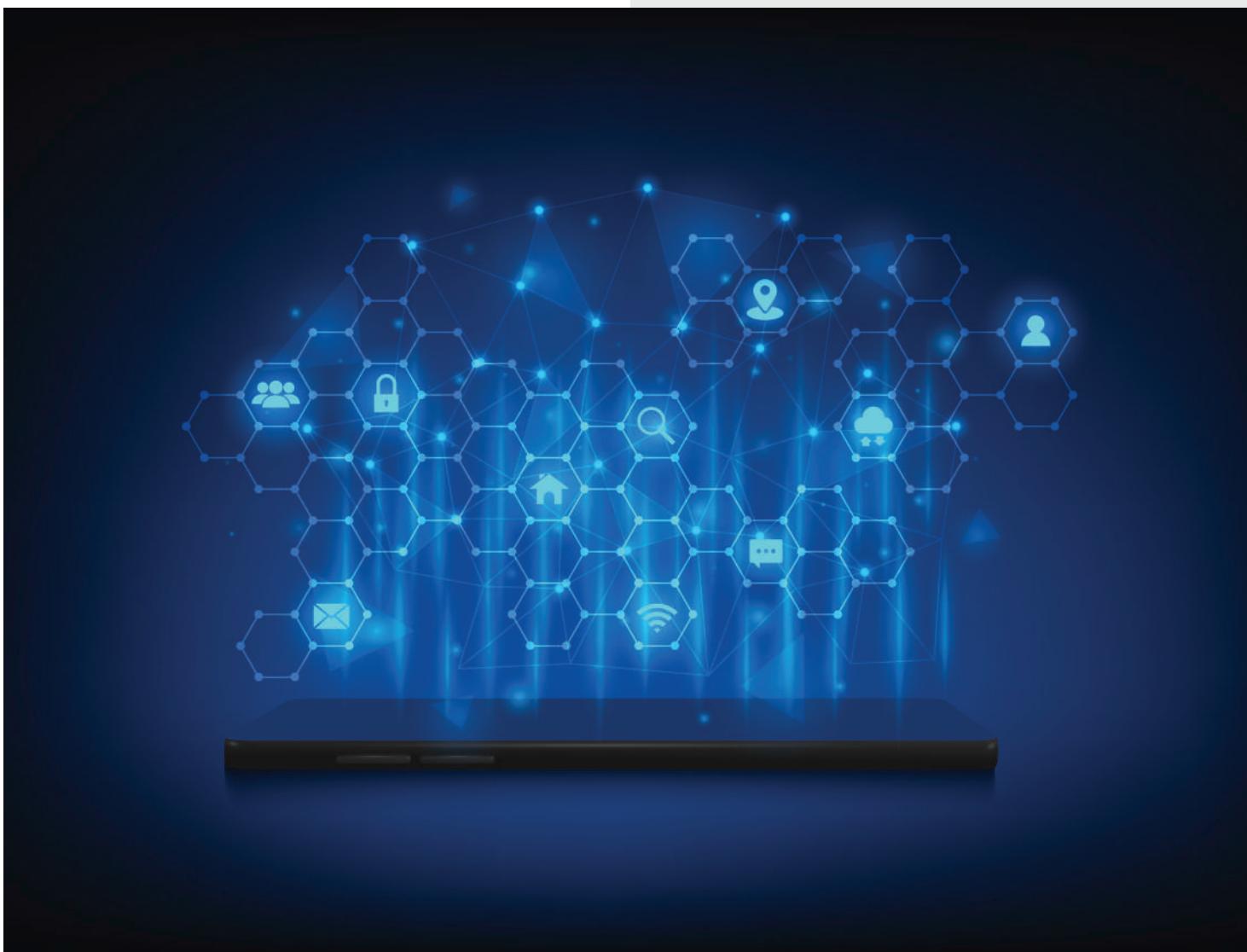
Perhaps the most profound transformation is cultural. Younger family members are increasingly influencing strategy, pushing family offices toward **ESG integration, sustainability, and impact investing**. Capital is being viewed not merely as a store of value, but as a tool for long-term societal contribution.

This alignment of wealth with purpose is reshaping investment mandates and philanthropic strategies, positioning Indian family offices as **agents of responsible capitalism** rather than passive allocators of capital.

Looking ahead: a long-term stewardship model

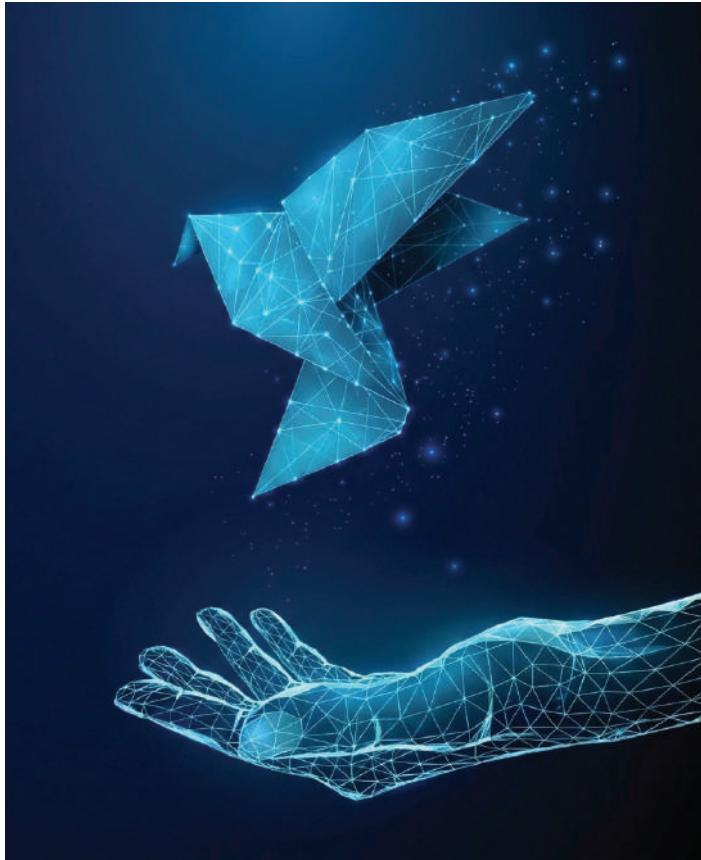
The future of family offices in India is anchored in **institutional maturity and long-term stewardship**. As the ecosystem evolves, family offices are expected to function more like private holding institutions—balancing financial

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Not All Money Has the Same Job: Why One Portfolio Can't Serve Your Entire Life

— By Paul Joseph – Wealth Manager in



Most investors are familiar with asset allocation – how much to invest in equity, debt, or cash. Yet, while learning and engaging with different perspectives on wealth management, one insight stands out clearly: **many investors feel uneasy about their finances not because returns are poor, but because different expectations are placed on the same pool of money.**

Traditional asset allocation answers a functional question:

“Where should I invest?”

Aspirational investors, however, often ask something deeper: **“What role should my money play in my life?”**

This edition introduces a simple **three-portfolio wealth allocation framework** that helps investors think in terms of purpose and behaviour, rather than market prediction.

Why One Portfolio Often Feels Insufficient

Many investors unknowingly expect a single portfolio to deliver all the following:

- Safety and stability
- Participation in market growth
- Life-changing upside

When all money is treated the same way, even a well-constructed portfolio can feel emotionally uncomfortable—especially during market volatility or major life transitions.

This is where a **wealth allocation mindset**, rather than only asset allocation, becomes useful.

The Aspirational Wealth Allocation Framework

The framework divides wealth into **three distinct portfolios**, each with a different role and expectation.

1. The Safety Portfolio – Protecting Stability

The Safety Portfolio exists to protect financial stability and confidence.

Its primary role is not to maximise returns, but to provide:

- Liquidity and access
- Short-term stability
- Peace of mind during uncertainty

This portfolio helps ensure that near-term needs or emergencies do not force long-term financial compromises.

2. The Market Portfolio – Participating in Growth

The Market Portfolio is designed to participate in long-term economic growth. Its role includes:

- Exposure to financial markets
- Long-term wealth participation
- Managing inflation over time

Volatility is expected here. The focus is not on avoiding fluctuations, but on **staying invested with discipline and realistic expectations**.

3. The Aspirational Portfolio – Enabling Upside

The **Aspirational Portfolio** represents capital allocated for future opportunities and higher uncertainty outcomes.

This portfolio is typically associated with:

- Long-term aspirations
- Optional or non-essential goals
- Acceptance of uncertainty and variability

Because this capital is not required for immediate financial security, it can tolerate higher risk—provided boundaries and discipline are maintained.

Why This Framework Can Be Helpful

Separating wealth into these three portfolios helps investors:

- Assign clear roles to different parts of their money
- Reduce emotionally driven decisions during market cycles
- Avoid using safety capital for long-term aspirations
- Set realistic expectations for each portfolio

Importantly, **not all money needs to behave the same way or be measured by the same outcome.**

Where Do Mutual Funds Fit In?

Mutual funds offer flexibility across different risk profiles and investment horizons. Within a structured framework,

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Designing Portfolios for Usability, Not Just Valuation

— By CA Harshul Chopra – Assistant Manager in

In wealth management, portfolios are often evaluated through returns, benchmarks, and asset allocation. While these metrics are essential, they address only one dimension of financial success. The more critical, yet frequently under-designed, dimension is liquidity and cash flow planning—the ability of a portfolio to reliably fund life expenses across market cycles without compromising long-term capital.

Liquidity planning is not a short-term tactical decision. It is a structural exercise that determines how well wealth translates into financial comfort, particularly during periods of market volatility, retirement, or unexpected life events.



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From Portfolio Value to Portfolio Usability

A portfolio can be technically well diversified and still fail its investor if it cannot deliver cash when required. Research by Vanguard and Morningstar has repeatedly highlighted that investors who are forced to sell growth assets during market drawdowns experience disproportionate long-term damage due to sequence-of-returns risk.

Liquidity planning shifts the focus from "How much is my portfolio worth?" to "How does my portfolio fund my spending needs?" This distinction becomes especially important once regular employment income reduces or stops.

Portfolio Income Generation: A Planned Approach

Effective cash flow planning begins with intentional **portfolio income generation**. Rather than relying on ad-hoc redemptions, portfolios should be structured to generate predictable income through a combination of:

- Interest income from fixed-income instruments
- Dividends from equity and hybrid strategies
- Rental or annuity-type income streams
- Systematic Withdrawal Plans (SWPs) aligned with tax efficiency

The objective is not to maximise yield, but to ensure that annual cash requirements are met without disturbing the portfolio's long-term growth engine. According to Morningstar's retirement income research, portfolios aligned to cash flow needs demonstrate better investor behaviour and lower panic-driven decision-making during volatile periods.

Spending in Retirement: The Core Risk Variable

While market risk is uncontrollable, spending behaviour is not. In retirement planning, spending discipline becomes the single most important determinant of portfolio sustainability.

A foundational step is the clear classification of expenses into:

- Non-discretionary expenses: housing costs, healthcare, insurance premiums, utilities, and basic living expenses.

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