Multi-Act Founder & Chairman Prashant Trivedi on Delivering Optimised Investment Advice to India's Wealthy Families

Prashant Trivedi is the Founder & Chairman of the Board of Multi-Act Trade & Investments, an India-headquartered investment advisory and portfolio management service provider for Family Offices, UHNWIs, HNWIs, Investment Managers, Wealth Managers and Brokers that was created in 1997. Hubbis met with him recently to learn more of the firm and its offering, and to hear why he fears central banks, government and other authorities are potentially seriously jeopardising economies and individual financial well-being, and as a result, why he says investors need to be immensely selective about their sources of information, insights and advice.

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PRASHANT TRIVEDI
Multi-Act

Multi-Act Trade & Investments (Multi-Act) was built from the ground up by Prashant. He explains that it was a natural evolution to leverage his studies in economics & finance at the Wharton School and subsequent experience at SG Warburg in London, Tokyo and Singapore, into his own mission first to manage his own family wealth.

And he reports that some years later, it was then a logical step to create Multi-Act as a specialised asset management and advisory vehicle to help wealthy Indian clients and families handle their own money, working from a long-term perspective based on a sound understanding of the ebbs and flows of global markets and the challenges around policy decisions.

Multi-Act's missions

He explains that their business has two legs – the investment advisory and consultancy, helping investors such as family offices curate and articulate their portfolios based on smart strategic asset allocation, and agile tactical asset allocation.

"We saw that family offices here too often do not focus enough attention on optimal portfolio construction and often hire a variety of investment managers, only to then end up with what is an expensively assembled index portfolio. We offer better advice and solutions at lower cost and higher overall returns."

Aligned to the clients

He explains that Multi-Act advises on a fixed fee basis and does not take trading commissions or hidden fees. "We are conflict-free in approach, we offer truly independent advice, and we advise on the big picture portfolio construction and all the way down to single exposures, all with the client's long-term goals and risk parameters as the coordinates to plot the right direction," he reports.

The firm's other leg is investment management, wherein they manage segregated portfolios in India, for HNWIs and other clients. On the global side, they have an entity in Mauritius, regulated by the FSC, and they have three global Cayman funds for professional investors.

Bad policy decisions for too many years

He says all these closely reflect his own macro views and his vision, which boil down to his premise that since the global financial crisis, there have had many years of very poor choices by central bankers.

"I could track back a lot further than the GFC actually, but focusing on 2009 and since, instead of letting the financial markets clear themselves as forest fires normally do, the central banks chose to kick the can down the road because it was expedient to do so," he states.

The result was turbocharged, policy-underwritten returns that since early 2022 have all turned into what he argues will be a decade of very poor returns ahead. "Very simply, in the face of this, we say if you construct global portfolios of high-quality businesses, on average, you tend to have value," he states. "And on average, if you tend to have momentum, you should actually do better than market indices over a long period of time."

Designed for wealthy investors and family offices

Accordingly, on the global side, Multi-Act has one fund that invests in what they think are truly global high-quality businesses, and another that shuns the 60-40 portfolio approach in favour of 25% allocated to deep value equities, a quarter to fixed income and proxies such as infrastructure (e.g. toll roads), 25% in gold and mining, and another quarter in commodities and commodity producers, including commodities that he believes will

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have a tailwind in their use over the next decade. A third Caymans fund invests in private credit.

"All these strategies are designed with the family office investor in mind," he explains. "With overvalued equity markets and overvalued fixed income markets for so many years, family offices have to be incredibly careful where they invest today."

Taking the global approach to quality

Prashant explains that their focus is on global portfolios or the global portion of Indian client portfolios, and including Indian stocks, but not centred on India first. "The typical client might be a local family office that has a deep and broad investment capability or a family that does not have that capability or investing passion," he reports. "In both cases, we are partnering with them to elevate their portfolios and curate optimal allocations for the world we see ahead."

Elevating the game

He adds that these family offices are not always highly defined structures and might sometimes be a fairly rudimentary organisation applying some structure to family wealth management. He says they also have UHNW clients who have no family office structure around them but who want to up their investment game.

And he reports that all too often in his view, the family office founders rely too much on the teams they assemble to help them, but those teams are too seldom genuine investment specialists.

Better by design

"I would argue that by not choosing someone like us, they do not

Getting Personal of Prashant Trivedi

Prashant is of Indian blood and born in East Africa in Mombasa, Kenya. He was educated until the age of nine in Kenya and then went to boarding school in India in a place called Ajmer, Mayo College Ajmer. The school is known as the "Eton of the East", he reports, first established for Rajasthan and Rajput princes and later becoming a fully-fledged private school. He also did two years of schooling in Hong Kong when his family moved there from Kenya, before he then finished his formative years at boarding school in the UK. "Sevenoaks is rather like the family boarding school, as 10 Trivedis have schooled there", he reports.

He then studied a BSc (Econ) at Wharton in the US and worked for SG Warburg for the most part of years from 1983 to 1991. "After Wharton, I ended up focusing on what is known as the Austrian School of Economics," he explains. "Some of the leading lights of that Austrian 'school' are people like Ludwig von Mises, Hayek, Bohm-Bawerk, Carl Menger, and represent a very different strain of thought from the kind of economics that is generally popular or taught in Universities today."

Prashant and his wife have two children now in the 30s, a daughter who is a Doctor in Emergency Medicine in Sydney, Australia and a son who lives in India.

Strangely for an Indian, he is not greatly interested in cricket, but instead professes a love for rugby union since his school days, supporting the Springboks at the national level. He also loves Indian classical music, and jazz.

"My biggest passion outside of work is conservation, especially that of big cats and other predators, anywhere in the world but especially in Africa, which was my first home," he reports. "I also have several business interests as a minority partner in lodges in Kenya and Zimbabwe, along with the senior partner, Great Plains Conservation. The lodges allow people to experience exposure to wildlife with the hope of turning all our guests into ardent supporters of conservation that we hope will reverse dwindling populations of the Big Cats. I love being involved with people and organisations who are making a real difference and putting money behind this very important conservation effort. Being so closely involved, I have a deeper understanding of all the issues and challenges of Conservation from many different perspectives including human-animal conflict and wildlife community relations."

He closes the conversation by remarking that he has been lucky to have had so much exposure to so many different countries and cultures. "It has been a fascinating ride so far," he states.

follow a sufficiently rigorous process and vision, and they are too often following behavioural biases, and also possibly acting on advise conflicted by product and commissions and so forth," Prashant states. "In short, they're not assembling sufficiently robust and risk-mitigated portfolios."

He also reports that by following this professional, advisory approach, Multi-Act endeavours for clients to cut their portfolio costs anywhere from 50 basis points to 150 basis points. on a portfolio. "Actually, we think that over a full cycle, we can help them enhance returns maybe between 150 basis points to 250 basis points on their portfolios," he claims, "with both elements we are aiming to lift their annual returns from 250 to 400 basis points."

Research-led expertise

As to the Indian investment market itself, Prashant explains that they view India as part of the global allocation, and they filter the opportunities down to stocks or securities that fit their overall vision. For example, their research team created a Nifty Plus Portfolio, comprising 30 high-quality stocks selected out as a subset of the Nifty, and that he says has been outperforming the Nifty since 2006.

"We have had a major research function since 1998, conducting deep financial analysis on not just Indian companies but also global companies, as a result of which we've now developed specific sector templates that allow us to assess very detailed financial statement analysis on about 7000 companies globally."

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Prashant explains that the firm today has a team of around 25 investment professionals and covering four key areas - fundamental analysis, behavioural analysis, technical analysis and the quantitative approach. And the firm then has investment professional on the advisory and asset management sides, as well as a small marketing operation, and the usual administrative functions.

Challenges to overcome

Looking in greater depth at the current and anticipated trends, Prashant observes that a major challenge for the investment management industry is the ongoing fee compression. "That major trend that we see in the West is gradually coming into India as well, as the benchmarks have so often tended to beat most active managers," he reports.

Secondly, he says that in India there might be some 4500 listed companies, but only about 200 are traded regularly and genuinely investible. Which means those viable stocks are chased and often highly valued or overvalued, especially when enthusiasm runs hot, as he says many are right now.

Additionally, the Indian government is actually increasing taxes in some shape or form on financial assets. Capital gains have come in on equities, and fixed income investments that used to be tax sheltered via funds with fixed income holdings over three years now in the tax net as well.

In summary, the big three themes are: the rise of passive, fee compression and the dearth of good domestic investment opportunities, leading to great demand for global diversification, as much out of absolute need as preference.

The early days of a new reality

He rounds off the conversation by remarking that he has now spent the best part of four decades in the global financial markets and reminds us that what goes around comes around. He says investors have long faced ups and downs, but that the best of them position themselves to the realities ahead and allied to a historical perspective. "We are all now facing a whole different set of financial, political, geopolitical, demographic and other realities, and the most astute clients will adopt a much more rigorous approach to allocation and risk management," he reports. ■