JULY
2024

ARIAN PERSPECTIVE

Monthly Newsletter by

ARIA
Association of Registered Investment Advisers

#ARIATRULYCARES

BECOME A MEMBER

CONTACT US

www.aria.org.in

CHAIRMAN'S NOTE

LOVAII NAVLAKHI

Dear Members:

The latest consultation paper that eases business operations for RIA's is one more reason to laud the efforts of the Advocacy team – let's make sure we make our voice heard in sharing our individual views on the paper. We look forward to the march to adding at least a few more zero's to the under 1,000 RIAs that exist at present.

We are also pleased to welcome new partners to ARIA – UTI, Kotak and Franklin Templeton – have recently onboarded. The members of the partners' engagement sub-committee also took time to meet some of the existing partners in person and look forward to their continued support in our new growth journey.

Your Board also met in person in the last week of July in Mumbai and deliberated on some of the long term (till the Board's tenure in end 2026) and shorter term goals – it was a productive day of brainstorming and we shall be sharing these plans with you once they are finalized.

It is good to see increasing member interest in applying for the one Board position that is open for election next month – we continue to need volunteers to ramp up ARIA's activities.

There is much to look forward to and miles to go before we sleep.

Warm regards,
Lovaii

IDEA BOX

JAY THACKER

Principal Adviser - Wealth Nation

Union Budget 2024: Impact on the Real Estate as an Asset Class – Things to consider by RIAs

Finance Minister in her Full Union Budget in July 2024 brought about impactful changes affecting various Asset classes. We look at how Real Estate is impacted.

As Investment Advisers (RIAs), we might need to rework financial planning for the clients, where Real Estate as an asset is under consideration, both for Physical as well as Securitized Assets.

The broad categories of changes we can segregate are 1) Changes to the holding period for Long-Term Capital Gains (LTCG) and Short-Term Capital Gains (STCG) considerations 2) Change in the tax rates for STCG & LTCG 3) Removal of indexation benefit for LTCG calculations.

1) Changes in the holding period for Capital gains considerations

For Securitised real estate in the Business Trusts (ReITs & InvITs), LTCG holdings period has been reduced to 12 months, bringing it at par with the listed Equities market.

For Physical real estate, LTCG calculations, holding period remains 24 months.

2) Change in the tax rates for STCG & LTCG

For listed trusts, ReITs and InvITs, STCG tax rate has been increased from 15% to 20%.

For Physical Assets, STCG tax rate remains the same as earlier.

For Physical as well as Securitized Real estate, LTCG tax rate of 20% is now 12.5% (without indexation!)

(contd.)

IDEA BOX

JAY THACKER

Principal Adviser of Wealth Nation

3) Removal of Indexation benefit for LTCG calculations

For calculating Long-Term Capital Gains, it is proposed to remove the indexation available under the second proviso to section 48. However, for properties bought before April 2001, the indexation benefit will be available up to FY 2001.

The impact of inflation on the returns generated from real estate investments has been removed which has retrospective effects for the property holders. At the same time, LTCG tax rates have been reduced significantly.

Is this boon or a bane? Well, it depends on a few factors; including but not limited to the date of the property purchase, Growth rate (CAGR) over the years, growth prospects and holding period before liquidation, etc.

Changes reasoned by Mr Ajay Sheth, Secretary, Department of Economic Affairs (DEA), Finance Ministry

Mr Ajay Sheth, in a Media interaction, justified these updates with the reasoning summarised below.

Historically, tax policies steered investments towards specific assets with incentives for small savings schemes and listed securities. However, the Direct Tax Code now aims for an equitable system treating all asset classes and investors equally, differentiating only between short- and long-term investments. Preferential tax treatment for debt instruments is eliminated, letting investors decide based on risk-return preferences. Indexation reflects inflation's impact on returns, with investors best assessing their risk and potential returns.'

(contd.)

IDEA BOX

JAY THACKER

Principal Adviser of Wealth Nation

Some perspectives for Investment Advisers (RIAs) w.r.t. Real estate component of Financial Planning

What Changes -

-Due to the change in LTCG tax treatment, various scenarios and projections of the planning will need an update to reflect the new reality. Suitable adjustments to Asset allocation might be necessary.

-Securitized assets of ReITs and InvITs are now treated at par with listed Equity instruments from taxation perspective.

If the investment in property has appreciated significantly in the long term (>15-20 years), the new tax regime with lower rates will generate higher returns net of tax. If the property returns have been modest and holding period is not that long, definitely old tax regime would have been beneficial.

What does not –

-Decision on Fresh Exposure or existing investments in the Real estate component of a Portfolio should still be based on the Client suitability parameters like Liquidity, Risk profile, Life Goals achievement, Retirement planning, Transition & Estate planning, etc.

-Inheritance of a property will have no direct impact, as there is no change.

-Selection of ReITs & InvITs, should largely be dominated by factors internal to the Asset class like Its underlying portfolio, Diversification of assets, Yield /Dividend returns, Promoters & Management team, etc. Change in taxation shouldn’t be a top factor in decision making.

These are the few points related to the aforementioned topic.
What are your views? Do Share!

IDEA BOX

JAY THACKER

Principal Adviser of Wealth Nation

Update – After the IDEA article was originally published, there has been an update by the Finance Ministry. The Government has decided to offer taxpayers a choice to pay 20 per cent LTCG tax with indexation benefit on sale of property acquired before July 23, 2024.

Accordingly, the Investment Advisers & Financial Planners will need to re-frame their advices. Though it is definitely a welcome move, which in effect nullifies any retrospective effect of this tax change.

NOTE FROM ADVOCACY COMMITTEE

1. SEBI and BASL were invited to a webinar hosted by NISM on the new half-yearly format where 200+ questions were raised on behalf of IAs and answered through clarifications. NISM has indicated that they will work on a FAQ based on this and share it with IAs.

2. As a part of the ease of doing business initiatives suggested by ARIA, E certificates will be issued going forward to simplify logistics around items like address change going forward.

3. ARIA gave its inputs on the annual audit format to BASL and SEBI on the basis of which BASL has issued a meeting format.

4. An updated study on orders passed against IAs as well as complaints against IAs, along with a a detailed recommendation on the findings, have been commissioned by ARIA, through Sanjay Kadel and Associates, and excellent insights from Vivek Pai. These findings are expected to be shared soon with the regulator and ARIA members.

NOTE FROM MEMBERS AND PARTNERS ENGAGEMENT

Special Panel Discussion: "Commodities in Investment Portfolio - A Grain of Crude Spice or an Energetic Futures Glitter" This month, we hosted a special panel discussion titled "Commodities in Investment Portfolio - A Grain of Crude Spice or an Energetic Futures Glitter." This insightful session provided valuable perspectives on analyzing market dynamics, exploring different types of commodities, and understanding their roles in investment portfolios.

The panel featured distinguished speakers:

Brian Luke - Fixed Income & Commodities Head, S&P Dow Jones Indices, Siddharth Srivastava - Head ETF Products, Mirae Asset Mutual Fund, Tapan Patel - Fund Manager - Commodities, Tata Asset Management. The discussion was moderated by Ravi Saraogi, Co-founder of Samasthiti Advisors.

Our panel of experts delved into the importance of commodities in investment portfolios, highlighting the benefits of diversification and growth. They also discussed the evolution of ETFs and current trends in the commodity market. The session concluded with an engaging Q&A segment, offering practical insights for our members.

Interaction with Regulator on Half-Yearly Periodic Reporting Format
Additionally, we hosted an interactive session with the regulator on the half-yearly periodic reporting format, conducted on the NISM platform. This session addressed and resolved several members' queries regarding the reporting requirements. The discussion was moderated by ARIA board members Renu Maheshwari and Vivek Rege.

These sessions have provided our members with valuable knowledge and clarity on crucial topics, reinforcing ARIA's commitment to supporting and educating its members.

Thank you to all who participated and contributed to the success of these events.

SESSION CONDUCTED IN THE MONTH OF JULY 2024

Link to view the video
https://shorturl.at/ieJqU

NEW MEMBERS: JULY 2024

INDIVIDUAL - ANNUAL MEMBERSHIP

ANKUR KAPUR

PRASOON KUMAR

MADHUR GUNDECHA

ATUL BHIDE

ASSOCIATE - ANNUAL MEMBERSHIP

NITEE BAANDAL
FEE ONLY INVESTMENT ADVISERS LLP

ARIA MEMBERSHIP DETAILS

MEMBERS AS OF 31ST JULY 2024

	Membership Category	Members as on June 30, 2024	Members as on July 31, 2024
1.	INDIVIDUAL - ANNUAL MEMBERS	138	138
2.	INDIVIDUAL - LIFE MEMBERS	22	21
	Total Individual	**160**	**159**
3.	NON- INDIVIDUAL - ANNUAL MEMBERS	98	96
4.	NON- INDIVIDUAL - LIFE MEMBERS	27	28
	Total Non-Individual	**123**	**124**
5.	ASSOCIATE - ANNUAL	23	23
6.	TOTAL MEMBERSHIP - ANNUAL	257	257
7.	TOTAL MEMBERSHIP - LIFE	49	49
	GRAND TOTAL	**306**	**306**

One member upgraded to Corporate Life

ARIA IN MEDIA: JUNE 2024

Quoted in Business Standard
Harsh Roongta

Business Standard

Perils of keeping surplus money in bank accounts.

Read more...

Quoted in Storyboard 18
Kavitha Menon

STORYBOARD 18

SEBI cracks down on unregistered finfluencers, but loopholes remain.

Read more...

KNOW YOUR BOARD MEMBERS

LOVAII NAVLAKHI

Chairperson

RENU MAHESHWARI

Vice Chairperson

AMIT KUKREJA

Treasurer

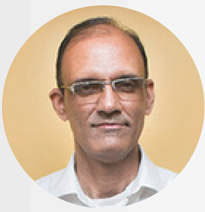
KAVITHA MENON

Treasurer

DILSHAD BILLIMORIA

HARSH ROONGTA

SHAILENDRA KUMAR



SURESH SADAGOPAN

TARUN BIRANI

VIVEK REGE

KNOW YOUR VOLUNTEERS

ABHIJIT TALUKDAR

ABHISHEK MITTAL

ABUBAKR SIDDIQUE A G

BIHARILAL DEORA

JAY THACKER

JIGAR PATEL

KANIKA SHAH

MONICA MALKANI

NITIN SAWANT

RATNASRI KARRA

RAVI NATARAJAN

ROHIT SHAH

KNOW YOUR VOLUNTEERS

S R SRINIVASAN

SRIDEVI GANESH

THEJUS PALATHINGAL

TRUPTI MURALIDHAR

VINIT IYER

VIPIN KHANDELWAL

VIRAJ PADHYE

VISHAL DHAWAN

UDAY DHOOT

UPASANA MONDAL

KNOW YOUR COMMITTEES

MEMBER ENGAGEMENT COMMITTEE

BOARD MEMBERS

Kavitha Menon
Renu Maheshwari
Suresh Sadagopan

VOLUNTEERS

Abhishek Mittal
Jay Thacker
Jigar Patel
Monica Malkani
Nitin Sawant
Ravi Natarajan
Sridevi Ganesh
Trupti Muralidhar
Upasana Mondal
Vinit Iyer

NEW MEMBERSHIP COMMITTEE

BOARD MEMBERS

Harsh Roongta
Lovaii Navlakhi
Tarun Birani
Abubakr Siddique A G

VOLUNTEERS

Kanika Shah
Rohit Shah
Thejus Palathingal

PARTNER ENGAGEMENT COMMITTEE

BOARD MEMBERS

Amit Kukreja
Lovaii Navlakhi
Vivek Rege

VOLUNTEERS

Jay Thacker
Trupti Muralidhar
Ravi Natarajan

ADVOCACY COMMITTEE

BOARD MEMBERS

Dilshad Billimoria
Harsh Roongta
Kavitha Menon
Renu Maheshwari
Shailendra Kumar

VOLUNTEERS

Biharilal Deora
Uday Dhoot
Viraj Padhye
Vishal Dhawan

WARIA

BOARD MEMBERS

Dilshad Billimoria
Renu Maheshwari

VOLUNTEERS

Ratnasri Karra

KNOW YOUR COMMITTEES

MEDIA COMMITTEE

BOARD MEMBERS

Dilshad Billimoria
Lovaii Navlakhi
Tarun Birani

TECHNOLOGY/ WEBSITE COMMITTEE

BOARD MEMBERS

Amit Kukreja
Shailendra Kumar

VOLUNTEERS

Abhijit Talukdar
Vinit Iyer
Vipin Khandelwal

ACCOUNTING AND FINANCE

BOARD MEMBERS

Amit Kukreja
Harsh Roongta
Kavitha Menon
Vivek Rege

SENIOR EXECUTIVE ASSISTANT

Collyn Mascarenhas

PROJECT COORDINATOR

Shraddha Mhamunkar

THANK YOU

Call Us
+91 89767 68683/ 89767 68684

Website
www.aria.org.in