



World Asia Lunch with the AFR

# This \$480m fundie's cracked sustainable investing in Asia at 32

*Just four years after founding her fund, Rashmi Kwatra has \$US350 million under management, thanks to a knack for spotting winners in some of the world's fastest-growing economies.*

**Emma Connors** South-east Asia correspondent

Nov 12, 2021 - 11.20am



**R**ashmi Kwatra arrives at exactly 12.30pm at our table at Fire restaurant, 55 floors up and with a fine view of [Singapore](#), looking cool and relaxed.

I beat her, but only just, and am sweaty and flustered after making the mistake of walking outside in the tropical heat. As we take our seats, Kwatra thanks me for the lunch invitation and remarks that she allowed extra time to navigate the labyrinthine, but airconditioned, connections that run under Orchard Road.



There's a long streak of entrepreneurship in Rashmi Kwatra's family. **Joe Nair**

Of course she did. As our lunch progresses, it becomes clear Kwatra has long had her eye on the prize. When she was 14, she organised a weekend shop rental to offload sample furniture profitably from her father's Bangkok showroom.

Seven years later, she convinced a Wall Street hedge fund to take her on, fresh out of university. Now she owns an investment fund renowned for spotting winners in some of the world's fastest-growing economies in south and south-east Asia.

For those interested in backing companies today with a long runway, she says these are the countries where the surest bets are. "When I think about where I want to invest my own capital, the answer is always this part of the world. This is where the strongest tailwinds are."



Kwatra describes her approach to investing as “super sustainable”. **Joe Nair**

In Singapore investment circles, Kwatra is famous for buying into SEA Group, an e-commerce and gaming giant, at \$US13. Three years later, the shares are trading around \$US357. It was an early endorsement of her decision to launch her own investment firm, Sixteenth Street Capital, in 2017, when she was 28. It now has \$US350 million (\$480 million) under management.

“If we continue to compound at north of 20 per cent per annum, we’ll be a billion-dollar fund in no more than five years, even if we don’t raise another dollar,” she notes matter-of-factly.

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Kwatra’s a Thai national, a Singapore permanent resident and of south Asian descent. Asked about her family, she starts with her great-grandfather’s brother and his journey from India to Thailand, around World War I.

Looking for better options, he set out from the Punjab region and traversed modern-day Myanmar to get to Siam, today’s Thailand. He caught a few boats but, according to family legend, walked most of the way. Seeing the prospects for commerce in Thailand, he had to fetch his brother.



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“So he walked back!” Kwatra exclaims. His brother, her great-grandfather, apparently had more cash, so when they criss-crossed Myanmar, “they caught a few more boats”.

As she laughs, which she does frequently, her earrings flash – there one moment, gone the next – from behind her dark hair. Later, when I admire them, she laughs again, delighted to tell me they cost 20 baht – less than \$1 – from a Thai market.

The brothers sold rags door to door in Bangkok until they had enough to open a store and import fabric scraps from Japan. They prospered and each generation has since spawned a new venture. Like her grandmother, Kwatra’s father was sent to India as a young child to be educated.



“We were the first generation in our family to study in Thai,” says Kwatra, who speaks Hindi and Punjabi as well as Thai and English. **Joe Nair**

As we ruminate on what boarding school would have been like as a five-year-old, menus arrive. Happily, we favour quick decisions and don't get past the lunch choices on the first page.

We agree on the burratina and jamon salad to start, and diverge on the main (sustainable sea bass for Kwatra, steak for me) and dessert (Kwatra chooses the panna cotta and I favour the mousse). We agree the restaurant is too lovely to not order a glass of wine.

When their eldest child, Sunaina, was to start school in the early 1980s, Kwatra's parents wouldn't send her away. Western companies had expanded an international school that began on the grounds of the US embassy in Bangkok. The International School Bangkok (ISB) had a top-notch reputation, and teachers from all over, but enrolment was not open to local families. So Kwatra's parents had her grandfather, who held Indian citizenship, adopt Sunaina.

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By the time Kwatra and her twin sister, Rashima, started school, they didn't have to be adopted out. "We were the first generation in our family to study in Thailand," says Kwatra, who speaks Hindi and Punjabi as well as Thai and English.

Her parents prized education in and of itself and as a means to an end. Although Kwatra's mother would have been actively discouraged from pursuing a career, she fully supported her three daughters becoming financially independent, Kwatra says.



"I thought then, that is very sustainable; the capital was working for itself, he didn't have to keep raising capital or earning," says Kwatra of watching her father investing. **Joe Nair**

"Sometimes in Asia, these shifts came a generation after they did in the West," Kwatra remarks. After graduating valedictorian at ISB, Kwatra took up an offer from the Wharton School at the University of Pennsylvania. Among the top-ranking business schools globally, Wharton is where her father had wanted to go but was persuaded otherwise by his family.

By this time, her father had closed his furniture business and was investing full time in Thai equities. "He knew he had saved enough to send us to university. So he was investing in companies that had strong cash flow and paid high dividends, which he used to pay our family's expenses. I thought then, that is very sustainable; the capital was working for itself, he didn't have to keep raising capital or earning." This notion of sustainability would become a recurrent theme in her career.

From the time she was a young teenager, Kwatra had been interested in how her father ran his business and where he chose to put his money.



“Were you more interested than your sisters?,” I ask. “By a long mile,” she laughs.

Our entrees arrive. The creamy richness of the cheese is perfectly cut by the cured ham. We hoe in as Kwatra’s story shifts to the United States.

At Wharton, she was selected as a Benjamin Franklin scholar, then as a Joseph Wharton scholar. This gave her access to MBA units, and she crammed a lot into her four-year undergrad degree. The summer before her final year proved pivotal.

Deutsche Bank gave her a paid internship, then a job offer. It was a dream start to a Wall Street career, but Kwatra was looking elsewhere.

We scrape the last of the burrata from our plates and our mains quickly follow. My rump steak is the most tender piece of meat I’ve eaten in years. I forget to ask Kwatra about her fish.

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At Deutsche, she came across Prince Street Capital, a firm making hedged and non-hedged investments in emerging and frontier market equities. With the bank’s offer burning a hole in her pocket, she cold-called the Prince Street partner she’d met, Roman Fuzaylov. He said to let him know the next time she was in New York.



"I kept coming back to the realisation that if it wasn't sustainable, five years later I would have to do it on my own anyway," Kwatra says. **Joe Nair**

The usual track to a firm like Prince Street is a couple of years at an investment bank, back to school for a masters and then progress to the buy side. Kwatra figured, why wait?

The following week she jumped on the bus and gave Fuzaylov a call. They met, he asked her to send founder David Halpert something to look at. She made an investment case for a Thai development company that bridged the gap between mortgages and rent, expanding the market for new housing. Prince Street made her an offer the day she had to give Deutsche an answer.

Four years later, at 25, Kwatra became the firm's youngest partner. A few years after that, she made it to the *Hedge Fund Journal's* 50 Leading Women in Hedge Funds. Then she left.

Early on at Prince Street, Kwatra moved to Singapore, where Halpert is based. As the investment analyst focused on south and south-east Asia, she was doing what she wanted. But there was another itch to scratch.

She describes her approach to investing as "super sustainable"; do the hard work upfront when evaluating a company, make the investment, then let the manager work for you.

Others might focus on trading positions in companies and arbitrage opportunities. "That makes money but, to me, it's not sustainable. It isn't a case of right or wrong, it's just not what I understand.

"I was in charge of the investments in the south and south-east Asia portion of the book, but it wasn't carved out or a separate fund. So 70 per cent of the fund was run a different way."

Also, she wanted to invest her money in the portfolio she was building, and she couldn't.

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Initially, the plan was for Kwatra to run a new fund at Prince Street, but she saw roadblocks emerging. “I kept coming back to the realisation that if it wasn’t sustainable, five years later I would have to do it on my own anyway.”

In July 2017, both sides agreed she’d leave that September. “My portfolio was up 50 per cent that year, so I left them with that.”



“Our fund will grow because the question of where to put capital in these markets has become much easier to solve,” Kwatra says. **Joe Nair**

Some of her former partners invested in her fund that launched on January 1, 2018, shortly before her 29th birthday. She remains the sole owner.

Besides Sea Group, the \$US350 million is invested in 20 companies, including Info Edge, an Indian internet pure play, and Wilcon Depot, a

Philippine home improvement and construction material retailer.

The investment case is familiar: these economies are growing fast – pre-pandemic GDP expansion of up to 8 per cent – and expanding middle classes fuel consumption. A more recent phenomenon, Kwatra says, is a wealth of entrepreneurial talent.

“Our fund will grow because the question of where to put capital in these markets has become much easier to solve. There are many more entrepreneurs doing the right thing, thinking long term in the right industries. I’ve hired analysts fast and I’m going to hire more because we need to be covering so many more companies.”

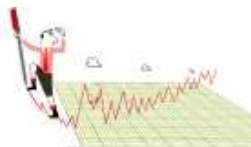
Kwatra is familiar with how people work in these countries. “When somebody talks about cash management for small businesses, I know exactly what that means. I grew up near the market in Thailand, where shopkeepers would never leave. Because if they did, who would manage the systems? So when someone talks about automating that system, I can visualise it from day one.”

She named her firm after Soi 16, the Bangkok street she still thinks of as home and is clear about priorities. Balance is important: she tries not to work on weekends. There’s her new passion for tennis to indulge in. And other priorities.

“My sisters and I are all successful, independent women, but family comes first. It’s not just what we do for each other but what we do for our dad and mom.”

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She’s happily partnered and is thinking about having children. The timing was part of her calculation when launching Sixteenth Street.



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“I thought I should get this going before I started a family.”

Job done. And so is lunch. We hurry through our inventive desserts – turns out olive oil works well in chocolate mousse – as Kwatra has a meeting. Polite to the end, she thanks me again and departs, her orange dress a flash of quickly moving colour as she heads towards the lift.

## The bill

**Fire, 2 Orchard Turn, ION Orchard, #55-01, Singapore 238 801**

Three-course lunch, \$S58 a person

Burratina

Sustainable sea bass

US rump steak (additional \$S15 charge)

Dulce de leche panna cotta

Chocolate and olive oil mousse

Two glasses of Cesari Pinot Grigio delle Venezie, \$S22 each


**Total: \$S175 (\$177)**

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