

# THE HINDU Business Line

## 'Gradually, we're changing into a nation of investors'

Manisha Jha



Mr. Vikaas M. Sachdeva, CEO, Edelweiss Mutual Fund.

*Now people are asking questions and learning more about mutual funds as an investment option. — Mr Vikaas M. Sachdeva, CEO, Edelweiss Mutual Fund*

Excerpts from an interview given to *Business Line* by Mr Vikaas M. Sachdeva, CEO, Edelweiss Mutual Fund.

With the mutual fund industry, particularly equity schemes, struggling with falling AUMs and not enough retail participation coming in, do you foresee any improvement in the immediate term?

I don't want to say the worst is over. But instead, I will say that things will only get less worse in this financial year benchmarked against the last one. The reason for saying this is that over the last few years the distribution fraternity has evolved, the number of certified financial planners passing out has increased and there is a lot more information available on the mutual fund business increasing financial inclusion.

Moreover, some amount of focus on other assets of the asset management companies such as Portfolio Management Schemes and Alternative Investment Funds also augurs well for the industry.

You have enumerated the positives. But, what are the negative factors which pose a challenge to the industry?

I think one of the biggest challenge the industry faces is the negative margins of the distributors in mutual funds. That is the reason we lose out despite being an excellent entry-level product. Since we don't have the kind of spread like the insurance industry, we need to rely on distributors but their margins are not as high as we would like to be.

We have just stepped into the new FY12-13; what long-term trends do you see for the mutual fund industry?

In the last 15 years, a new generation of investors has come about who are technology savvy and informed. So, gradually we are changing into a nation of investors and financial inclusion is increasing.

For the mutual fund industry, things look better on account of this. Earlier people would not think beyond investing in bank deposits or gold, but now people are asking questions and learning more about mutual funds as an investment option.

Also with this, fund managers too are turning into financial planners for their clients and giving advise as it is no longer the plug-and-play model that works. The impact of this phenomenon can be seen in the growth of the financial planning and wealth management industry which is starting to accrue and spread.

Technology penetration, pick up in concept of financial planning, coupled with regulations such as KYC are making mutual funds investing progressively easier.

Another thing that has begun to happen is that there is a clear emphasis coming from the financial regulator to have specific products for specific lines of business. For example SEBI setting the minimum investment limit in case of PMS products to Rs 25 lakh and Rs 1 crore in case of Alternative Investment Funds.

With this focus on end-investor, products can be structured accordingly by the industry. A new range of products that are sharply focussed are only going to increase in the MF industry in the coming days.

So can we expect any new products from your fund house in the near future? What strategy would you be looking at to attract investor interest?

We at Edelweiss are at present working on five products in our PMS basket of which one should be launched in the next two to three weeks. The thinking behind these launches would be driven by our strategy of expanding the market using three-point filters: the new product should be aligned to our core business, relevant to the customer and differentiated from competition.

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