Why Radhika Gupta lets her portfolio run on autopilot

Edelweiss MF CEO reviews her portfolio every quarter but avoids reacting to market noise

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Radhika Gupta calculates her investment returns only once a year, and not because she's indifferent. She runs one of India's largest asset management firms, tracks markets for a living, and manages crores of rupees on behalf of investors every single day.

"I look at my own portfolio only once a quarter, and calculate returns on my portfolio once at the end of the financial year," said the CEO of Edelweiss Mutual Fund.

For Gupta, this discipline is deliberate. Her portfolio runs largely on autopilot, anchored by SIPs across 8-10 mutual funds. It also includes a cash buffer, a handful of startup bets and a global allocation she has been building since 2011. The guiding principle: the less she tinkers, the better her investments perform.

As part of *Mint's* annual Guru Portfolio series, Gupta discusses her portfolio structure, what a partial exit from a jewellery startup revealed about her approach to unlisted investments, why she has never bought a second home, and how an annual ritual with her husband has contributed more to her wealth than any market call.

The SIP engine

The backbone of her portfolio is a large and growing systematic investment plan (SIP) book spanning 8 to 10 funds across equity, hybrid, multi-asset, and a gold and silver fund of funds. She resets the SIP amounts every year. "The major value cost averaging comes from the large SIPs I do every month." Lump sum investments are occasional additions to this systematic strategy.

During the February correction, she deployed some cash parked in arbitrage funds to mid- and small-cap positions, much as she did after last year's polls-led market fall. "I keep 4-5% or 8% cash in the portfolio; whenever there is correction I do some lump sum investments. But honestly, they are a small part of the overall portfolio," she said.

Her effective equity exposure is about 67%, split between equity-oriented and hybrid funds. Large caps account for about 30%, with the rest in mid and small caps. "The large cap index today largely represents banking, IT and energy. The themes that are genuinely exciting over the next decade live in mid and small caps," she said.

She is also deliberate about not letting market volatility drive allocation decisions. "We live in extremely unpredictable times. If you're worried about interest rates today and crude tomorrow, and AI destroying everything, or whatever the news is every week, and try to make allocation decisions on that, it is very hard," she said. "So I consciously try to switch off the news."

The 12x startup investment

Outside mutual funds, Gupta allocates up to 15% of her portfolio to unlisted startups, mostly backed through Shark Tank India. She gives them at least four to five years. "We give normal equity funds five years, so you have to give these startups at least five years, too," she said. In one case, conviction led her to increase her stake after the initial investment.

This financial year, she part exited from Palmonas, a jewellery brand she had invested in at a roughly ₹120 crore valuation. The move came in at a valuation close to ₹1,500 crore. "It's only a partial exit because I'm super excited about the business," she said.

The 7-8% she keeps in arbitrage funds helps fund this strategy. "If I see an interesting startup, I always have this capital. I think it's useful, especially when you're investing in unlisted companies, to have some amount of capital on hand," she said.

Real estate and gold

Gupta owns a home and has no plans to buy another as an investment, preferring liquid assets over real estate. "Real estate in Mumbai is expensive and location-specific. I don't consider myself an expert in real estate, and I generally prefer investments that are liquid, except the small exposure to startups," she said. "Also, people often don't understand and calculate the transaction cost, post-tax returns, cost of maintenance, etc. I just prefer to do liquid investments and my multi-asset investments have exposure in real estate through Reits and Invits."

For debt exposure, she relies largely on balanced advantage and multi-asset funds, with the rest in arbitrage. "I have exposure to debt because it's an important risk control and diversifier. What's important for me is to take tax efficient exposure to debt."

> **Tracking spending, SIPs and goals through an annual financial review is the habit she credits most for wealth creation**

She also invests via SIPs in a gold and silver fund of funds and gains additional exposure via multi-asset funds. "I think people do a terrible job timing most things. When we launched our gold and silver fund four years ago, we struggled to collect ₹15 crore. Then in January this year, we got ₹500 crore in the same fund. Timing is very difficult with these things."

Year-end ritual

The habit Gupta credits most for improving her finances is not a market call or asset-allocation insight, but an annual personal finance review. Each year, she and her husband review spending, calculate their personal inflation rate, map investments against goals and reset SIP amounts. "We look at our increments and bonuses, and reset our investments and SIPs at the end of the year."

This discipline ensures that income growth goes into investments and isn't completely absorbed into household expenses. "Your income rises, you get appraisals and increments, but the amount you are saving doesn't actually rise unless you consciously make it rise," she said. "I have these targets that I want my SIP book to get to a certain size, and I look at that every year."

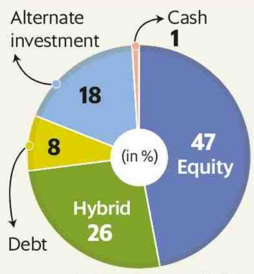
Asked whether this year's financial review caused her to change her son's global education corpus due to the rupee's sharp depreciation, Gupta said it is still pegged at ₹10 crore.

"I've considered 3-4% annual rupee depreciation in that calculation. Currency movement is uneven year to year. That ₹10 crore goal is still 15-16 years away," she said. Her son is only three years old, but she's already about 30% of the way there.

Gupta has a separate investment portfolio in her son's name and the foreign education goal is what shapes it, with close to 30% in international funds, almost entirely US-focused. This is separate from her own exposure to global equity, which is about 17% of her equity portfolio. "I would like to take my own global equity allocation to 20%, but Sebi's limits on international fund investments have made that difficult," she said.

Gupta has been investing globally since 2011, before international funds were even common in India. She has exposure to the US, Taiwan and Korea through an emerging market fund, and also to China.

ASSET ALLOCATION



Esops and primary house excluded

PORTFOLIO MIX

EQUITY STYLE

EQUITY CAP SPLIT

(in %)

Large cap	33
Mid cap	26
Small cap	41

EQUITY PORTFOLIO RETURN

(in %)

1-year	9
5-year	21.47

Radhika Gupta, MD and CEO, Edelweiss Asset Management

OVERALL PORTFOLIO RETURNS

(in %)

1-year	15.71
5-year	25.04

1-year: A couple of startups, gold, silver and global did the heavylifting

5-year: Mostly from equity MFs

DEBT ALLOCATION STRATEGY

▶ Through BAFs, MAFs. Also invest in arbitrage funds for tax efficiency.

ARE YOU FINANCIALLY INDEPENDENT?

▶ Yes. I reached my FIRE goal a year ago.

HOW MUCH EMERGENCY CORPUS DO YOU HAVE?

▶ A year worth of expenditure in an emergency corpus. My income is linked to the growth in capital markets and can be volatile, so I keep a larger emergency corpus than recommended

HOW MUCH LIFE AND HEALTH INSURANCE DO YOU HAVE?

▶ I have health insurance via my employer. But it is part of my financial plan for FY27 to get adequate life insurance, and health insurance with global critical care.

QUICK TAKES

- **If markets fall by 10%:** I'll do nothing, SIPs are doing the job
- **If markets fall by 20%:** Partly invest in small- and mid-caps from my cash
- **If markets rally sharply:** Stay put, as long as asset allocation isn't distorted
- **If oil spikes further:** do nothing
- **If interest rates rise:** I don't run a interest rates-sensitive portfolio

Q: ONE SIGNAL THAT WORRIES YOU TODAY?

Bond yields are high, we may be in a structurally lower return environment.

Q: ONE SIGNAL THAT GIVES YOU CONFIDENCE?

Earnings growth, particularly in the mid and small cap segment. And the maturity of our domestic retail investors.

Q: WHAT ARE YOU MOST BULLISH ON OVER THE NEXT 3–5 YEARS?

My own business and my ability to create value there. The value I create there will be much bigger than anything I've done in my portfolio.

BAF: Balance Advantage Fund; MAF: Multi-Asset Fund

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