

# Driving innovation in equity strategies

*Edelweiss Asset Management Limited is banking on a slew of innovative products for international investors in its pursuit to become one of India's top three global asset management firms, explains Vikaas M Sachdeva.*

The mission of Edelweiss' asset management business is to provide equity solutions for all market cycles and for all categories of investors.

According to chief executive officer Vikaas M Sachdeva, this can come via offshore as well as onshore products, all structured to offer low volatility, low risk, and tax-efficient returns.

The firm also claims to be among the first to tie up with MSCI in India to launch ETFs. "This should excite international investors to look at us as far as getting India exposure through MSCI indices," adds Sachdeva.

Edelweiss MF has recently re-engineered an existing scheme and rechristened it as Equity Savings Advan-



**VIKAAS M SACHDEVA**

Edelweiss Asset Management Limited

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“We already have international investors in our offshore credit fund business as well as in the alternate investments business,” he explains.

tage (ESA), targeting both institutional as well as retail investors. This is an equity fund that will also offer a low volatility investment. One of the re-

deeming features of this type of fund is the fact that when the firm did its simulated back-testing, it found that

at any given point in time, irrespective of market cycles, the scheme would have delivered steady and consistent returns. “So as a retail investor, if I am looking at more tax-efficient investment options, this is probably a product that [can offer] very low risk and a chance to earn good returns,” he adds.

Since corporate investors also typically shun risks, the fund’s appeal could be far and wide.

### A STEADY JOURNEY

Although Edelweiss Asset Management is among the fastest-growing firm of its type in India, rising through the ranks doesn’t happen overnight.

Looking at AUM, for example, its USD300 million equivalent pegs the firm somewhere around the mid-30s out of the 43 asset management companies in the market.

Still, says Sachdeva, Edelweiss stands out in the crowd for offering what he describes as differentiated products. “At an asset management level, we believe that we are the Apple of the Indian mutual fund industry,” he says.

For instance, he explains, the Indian investor community is still digesting the low volatility fund but without understanding the benefits of it.

“[But] we have been the forerunners in terms of talking about this concept.”

Given Edelweiss’ core competency in managing equities, its expertise in investing in low volatility equity ensures it can deliver consistent, long-term, low-risk returns for this asset class.

The low volatility segment has also emerged as the fastest-growing one

within the equity asset management space in the country today, adds Sachdeva, with over USD7.5 billion equivalent in AUM.

### STRIVING FOR INNOVATION

Expanding the Edelweiss ‘specialised’ investing methodology in terms of low volatility funds, Sachdeva says this objective can be achieved through a trio of strategies.

The first is managing equities on a quant basis, or investing in quality

That’s because disinvestments of holdings in state-owned companies have now become a priority of the Indian government – and since ETFs are typically largely driven by state-level compulsions, such a disinvestment programme should give such funds a fillip, he adds.

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stocks at a reasonable price. The other part is hedging, in which Sachdeva claims Edelweiss is “the country’s best”. And finally, it invests a chunk of a fund in arbitrage opportunities and fixed income interest-bearing instruments.

All our equity funds endeavour to maintain a minimum 65% of assets in equities, with the remaining 35% split into special situations, arbitrage and some money parked in bank fixed deposits – the latter used to hedge the equity portion, he explains. “So, effectively what we are doing is controlling the downside,” he says.

To boost its offering and market position, building an ETF business is the other strategic focus. “We believe ETFs represent a story whose time has come.”

Edelweiss’ ambitions in India also include grabbing a much larger share of the local market through efforts such as promoting financial literacy as well as digitisation.

In its effort to contribute to the advancement of the leadership talent, Edelweiss group has also floated a specialist training centre that nurtures and trains wealth managers for the further growth and development of the local industry.

According to Sachdeva, given the seemingly non-existent focus on competency assessment and professional development, the centre aims to churn out leaders who could fill the gaps in talent that most industry leaders say hold them back. ■