Global economic slowdown may not significantly impact India, says Amitabh Mohanty of JM Financial Mutual Fund

6 min read • 21 Sep 2023, 10:18 AM IST

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Amitabh Mohanty, CEO of JM Financial Mutual Fund, believes India's growth will not be much affected by the global slowdown.

Amitabh Mohanty, MD and CEO of JM Financial Mutual Fund (**JM Financial Mutual Fund**)

***Amitabh Mohanty**, MD and CEO of **JM Financial** Mutual Fund believes India is on a multi-decade growth path and the impact of global economic slowdown could be limited on the country. In an interview with Mint, Mohanty shared his views on markets, the economy and the sectors he finds promising.*

Edited excerpts:

How should one invest in this market? Most positives, such as economic growth, corporate earnings and the end of interest rate hikes appear discounted already while negatives seem to have refused to fade away.

The process of investment remains the same for most investors. Disciplined asset allocation after proper analysis of risk appetite and time horizon of investment, could deliver results.

India remains stock pickers' delight. The sound analysis will always throw up good stock ideas, irrespective of the global or domestic macro.

There may be some hiccups in the interim, but the India story, as it pans out over the next two to three decades, might surprise everyone positively.

However, investors have to factor in uncertainty and volatility in the markets and should be prepared to hold positions across tough market periods, through appropriate sizing and exposure.

What is your view on the current market cycle? Is it near its end? Do you see the possibility of a bear phase in the market anytime soon?

We believe it is always difficult to call the beginning or end of market cycles. We look at outcomes from a probabilistic perspective.

Today we are in a very unique situation, because the domestic macros look quite promising, but there are headwinds from global macros.

We are extremely cognizant of the macro risks developing globally because of various factors and preparing our portfolios for that.

We do not specifically call the markets a bull or bear to orient our portfolios.

As a process, we continuously evaluate our portfolios and subject our exposures to the value and margin of safety tests.

Our endeavour is to try and discover pockets of value based on our models and orient our portfolios accordingly.

Can rising crude oil prices and a poor monsoon derail Indian economic growth? How could these factors impact the domestic market?

Poor monsoons and rising crude prices, definitely create headwinds for our markets, but I think our buffer food stocks and proactive supply-side management will mitigate the impact.

Also, better irrigation infrastructure in our grain baskets has also reduced the impact of monsoons.

However poor monsoons can impact rural consumption and hence overall demand and growth.

Crude prices are a definite worry, both, from the inflation and the currency perspective and hence is something that needs a close watch.

This, however, will lead to a higher adoption of EVs (electric vehicles) in the country.

From a longer-term perspective, better road infrastructure, intra and intercity, a buildup of mass transit systems in an increasing number of cities, dedicated freight corridors, and ethanol blending will reduce dependency on fossil fuels going forward, which will be a huge blessing for the country.

Are you worried about the impact of the global economic slowdown on India?

Not too much.

There can in all probability be a short-term blip, but the domestic macros are shaping up very well on several fronts and with increasing geopolitical uncertainty globally, India seems to be positioned increasingly as an oasis of calm and growth.

So, India could continue to get an increasing allocation of global capital which will drive multi-decadal growth here.

With the increasing popularity of digital platforms, how has technology impacted the distribution and accessibility of mutual funds in India?

Digital platforms have been a blessing for the distribution/investor fraternity and for the AMCs. The benefit of these platforms and the fact that they are universally accessible, has meant that the smallest distributor and investor can now access these tools from the remotest part of the country.

This has resulted in a huge democratisation of mutual funds and the growth in AUMs (assets under management) and folios of the industry is a happy outcome of the same. This really paves the way for an increased financialization of household savings going forward and bodes well for the Indian economy.

In fact, at a very granular level, every mobile phone, laptop and tablet, functions as a branch of the **mutual fund industry**. This is a trend that will gather pace going forward and will ensure more distributors and investors become part of this journey.

What are the main factors driving the growth of the mutual fund industry in India, and how do you see these factors evolving in the near future?

The main factors driving the growth of the mutual fund industry in India are several.

The increased awareness of equity as an asset class, increasing financialisation of household savings and steady move away, albeit slowly from traditional asset classes like **real estate**, ease of transaction through technology and digital ecosystems, the brilliant role played by our mutual fund distributors in last mile hand holding of retail investors, and last but not least the stellar role played by our regulator, SEBI, in increasing transparency, level of disclosures and through the right regulations, reducing the probability of accidents, both, intentional and unintentional.

What has also helped is the maturing of the industry and more strategies and options, from the very simple to the somewhat complex, are being offered to the investors and they have a lot of choices available based on their risk profile and target asset allocation.

As India matures as an economy, these trends will continue to deepen and broaden in the future, short-term blips notwithstanding.

It is for us as Industry players to show our responsibility and commitment, to drive these trends.

The Chinese economy is in the news for all the wrong reasons. Can China's weakness mean more FPI inflow to the Indian market?

China has its own cycles and deals with them in its own way, sometimes more successfully than others.

While India, has and continues to benefit from the China plus one situation, our belief is that India will be an attractive destination not only from a relative sense but from an absolute sense as well.

India is taking a lot of transformational steps which will ensure that we attract global capital in our own right and not because of the fortunes of another economy.

What could be an ideal portfolio for a two-to-three-year time horizon? Should we trim exposure to equities?

There is no right or wrong answer to this. Ideal portfolio is a concept unique to each and every individual investor, based on her risk appetite, life cycle stage, investible surpluses, etc.

The ideal portfolio is actually one which allows you to sleep well at night across market cycles. We can only advise that proper asset allocation, allowing for drawdowns and volatility and appropriate investment horizons, will hold most investors in good stead.

What sectors are you positive about for the next two to three years?

We are dynamic and data-driven in our sector selection. We prefer to follow earnings growth and cash flows while allocating money among sectors and stocks. As things stand, financials, autos, capital goods and export-oriented manufacturing businesses appear promising over the medium term.

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