

News monitored for: JM Financial

Indian economy continues to grow, invest through period of volatility: Satish Ramanathan

Chennai, Oct 27: forward?

The investors should continue investing through the period of volatility as we expect the Indian economy to continue to grow reasonable level, Satish Ramanathan of JM Financial Mutual Fund.

During his exclusive interview to Trinity Mirror, Equity CIO, Satish Ramanathan, JM Mutual Fund shared details on Equity markets, Fund performance and the industry Outlook.

Satish Ramanathan said, "There are signs that global economies are cooling off but this yet to translate into lower inflation. Lower inflation as also lower yields could lead to a revival in equity markets.

How has the equity segment at your fund house performed over the last 1 year, both in terms of overall AUM as well as performance of key funds compared to their respective categories/benchmarks? What are your views on this performance?

As of September 30th, 2023, all of our equity funds have performed reasonably well and have outperformed their bench marks.

What are your key focus areas to enhance returns and improve performance going

We have a multi stage investment process. First is idea on stocks which are filtered through our "FUNNEL". Next comes inclusion/deletion of investments from our portfolio. We then monitor the weight of allocation across sectors/stocks/segments in the market.

We also monitor our performance across time horizons and various parameters such as returns/volatility and out performance and underperformance. We identify detractors to the portfolio and follow up as to why stocks have contributed negatively (technical/fundamental). If there are any fundamental reasons for stocks to underperform, our research team reassesses its view and then we take a decision upon the addition and deletion.

Equity markets have seen increased volatility lately. How do you plan to navigate this volatility and manage risks for your equity funds and their investors? What changes, if any, have you made to the portfolio construction or management style?

Yes it is true volatility has increased due to several global issues. To navigate this volatility, we have



Satish Ramanathan

adopted a diversified portfolio across sectors and avoided extremely high weights in any single stock. Further, we are also monitoring expensive stocks, as to whether they can hold on to their valuations and reduce exposure to these, if earnings growth don't come through.

What sectors do you personally favor, and what factors contribute to your positive outlook on those sectors?

We believe that large cap category of stocks are attractively valued at this juncture. Financials/ Engineering/ Auto and health care are some of the segments that seem attractive from the medium term perspective.

What is your overall outlook and view on the Indian equity markets for the next 1-2 years? Your thoughts on any opportunities or risks

investors should be aware of.

The current volatility is primarily driven by global events which are beyond the control of the domestic investors. There may be macro economic shocks such as oil prices going up sharply and also sudden slowdown in the global economy. Indian economy remains resilient but may get impacted by global uncertainty and hence equity markets may become more volatile. Midcaps have moved up sharply and could be vulnerable on account of higher valuations relative to large caps. In general, large caps are trading at their median valuations.

Earning growth has been robust for the BSE500 index of 32% in Q1FY24, and is likely to remain good in the second quarter as well.