

SENSEX	-352.67	Market	Kotak Mahindra Bank	-18.1	ONGC	-2.3	Axis Bank
72,790.13	-0.48%	Closed					

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Indian asset management industry is passing through an inflection point, voices Amitabh Mohanty, MD and CEO of JM Financial Asset Management Ltd

Vardan Pandhare / 26-Feb, 2024 / Categories: Trending, Interviews



The Indian financial markets are on the anvil of a multi-decadal growth of phenomenal proportions. It will expand on various parameters, broadening and deepening investors across asset classes, says Amitabh Mohanty, MD and CEO of JM Financial Asset Management Ltd.

What is the core investment philosophy you employ at JM Financial Asset Management? How does it differentiate you from other asset management companies?

Our core investment philosophy at JM Financial Asset Management is very simple. All our efforts are to achieve superior risk-adjusted returns. So, one should therefore note that risk management is a very vital part of our process, as much as or even more than returns. Further consistently achieving reasonable performance is an important focus area. We aim to build an extremely competent investment team, backed by very robust investment processes, risk management systems and sound consistent philosophies. A very key belief that our investment philosophies are based on, is active fund management to deliver risk-adjusted alphas.

The differentiation that we seek to achieve is through our stringent processes and a competent investment team is a higher degree of consistency and protecting the downside risk in our portfolios during drawdowns in the market. That we believe will differentiate us over market cycles.

What trends do you see shaping the asset management industry in the near future? How is your company preparing to adapt to these changes?

The Indian asset management industry is moving into a very exciting phase and passing through an inflection point. The participation of retail investors is both, broadening and deepening. Increasing participation of retail investors from smaller towns and cities is both, exciting as well as challenging. Increased awareness about equity as a viable asset class throws up a lot of opportunities, while the increasing number of new entrants into the Mutual Fund Distribution business is a welcome trend.

We at JM Financial Asset Management Limited are putting in several initiatives, both, through the online and offline mode, to engage, activate and expand our distribution reach across the country. Technology is a great force multiplier as well as a leveler today and we intend to use it for our maximum benefit. We are also working with our partners from the distribution fraternity to identify pain points, and other requirements, including knowledge sharing. We are working on several platforms to address, the gaps, thus identified.

What are the biggest challenges facing the asset management industry today, and what strategies do you believe are essential for addressing them?

The biggest challenge for the asset management industry is a very positive one, which is how to harness the growth potential that is clearly visible in the country and do it in the right way, keeping the investor's risk profile and interests in mind. As the industry grows larger and more retail investors come into the fold, the industries' responsibility and accountability increases and it is extremely incumbent on all of us to grow responsibly.

A lot of work needs to be done to increase the right kind of investor awareness. AMCs and Distributors are doing brilliant work in this regard. The Industry continues to work together with our friends and partners in the distribution fraternity, to constantly upskill, reskill and expand the knowledge base wherever required. This is an essential aspect of responsible growth.

Technology is transforming the mutual fund industry. In this regard, how do you utilise artificial intelligence (AI) in your organisation to enhance the investment processes and customer experience?

Technology, as has been mentioned before is a force multiplier and a great leveler. We at JM Financial Mutual Fund are already using different aspects of technology and will continue to seek ways and means to increase the use of technology in all aspects of Asset Management.

AI is just one part of technology, there are other aspects as well including extensive usage of data sciences and analysis. We believe technology will play a very big part in giving our clients, both, investors and distribution partners a curated and bespoke experience and we are working on this. We also believe technology through the use of quantitative and qualitative tools will be increasingly used in investments, risk management and sales. We are also building a workforce which is functionally oriented and does not distinguish, between online and offline channels. It is our conviction that the lines will increasingly get blurred between the two channels and therefore having a multi-skilled workforce will be the need going forward.

How do you see the Indian financial market evolving in the next few years? What are the key opportunities and challenges you anticipate?

The Indian financial markets are on the anvil of a multi-decadal growth of phenomenal proportions. It will expand on various parameters, broadening and deepening investors across asset classes, the maturing of the retail investor and increased participation across asset classes, especially a move towards equity as awareness about the asset class, and understanding of one's own risk profile, and investment horizon, increases. We may also see the growth of more complex products like AIFs, PMSes, etc. The opportunity to harness this multi-faceted growth will be humongous.

The key challenge will be to grow in an orderly manner while ensuring that the retail investor is made aware of not only the upside but also the risks and pitfalls of different investment strategies. Cyber security will be a key area of concern and we have to really ensure that the instances of cyber fraud, fly-by-night influencers and other such financial crimes have to be kept to a minimum, to ensure that the trust and credibility of the Indian Financial markets is at the highest level.

While the different regulators are doing a yeoman job in this regard, it is also the responsibility of all participants of this industry to set the highest fiduciary, compliance and regulatory standards in their field of operations.

If a new investor wants to invest Rs 1 lakh in mutual funds today, what would be your advice for them?

It is not a question of Rs 1 Lakh. That may be a huge number for some investors and a meaningless one for others. The most important thing for any investor is to assess his/her risk profile, appetite for volatility and the time horizon for investment. The investor, if well informed can do it on their own or take professional help and advice regarding the same. Based on the above and individual cashflow requirements, they can then plan out an appropriate asset allocation strategy and schedule, with exposure to the different risk assets commensurate with his/her profile.

Appropriate exposure to equity through the right vehicles for a reasonably long time horizon may allow them to benefit from the inherent growth of the Indian economy.