

**64%** % of rated assets in top-rated (5- and 4-star) funds

**61%** % of AMC assets beating the benchmark over the past 3 years

**24,473**  
Total assets in ₹ crore as on Sep 30, 2016

**-32.62**  
AMC net profit in ₹ crore for FY15-16

## ‘RBI may cut rates by 75–100 bps’

**A**fter acquiring the AMC business of Deutsche Bank, we now have a suite of well-performing products and solutions managed by a very talented team. Focus on retail is an inherent part of our DNA as both the promoters (DHFL group and Prudential Financial of USA) have deep-rooted retail culture. A top-quality investment platform and strong commitment to the business are our key strengths. We believe we need to increase our connect with clients and distributors and expand our equity footprint.

### Challenges ahead

In the last few years, we have seen a welcome increase in investor appetite for equities, especially through the SIP route. I believe it is an excellent beginning and we need to build further on this. Also, it is important to ensure that one invests with realistic expectations and for the right time horizon. There is a need to simplify client on-boarding processes for the next leg of growth.

### Growth strategy

As we acquired significant scale the last year, we also invested heavily in our operations, IT, infrastructure and people to enhance our customer and distributor experience. Our online platforms for clients and distribution partners have been significantly enhanced, both for content as well as transaction capability.

### Fund costs

Indian mutual-fund costs are quite

comparable to the all-in costs in developed markets like the US, while the underlying asset class returns are substantially higher. In addition, actively managed Indian equity funds have outperformed the indices by a healthy margin after all costs. I don't think we need regulatory intervention to bring down costs of products. Competition does that on its own.

### Technological initiatives

We have started many initiatives to give an impetus to our online transaction channel, both in terms of making them simple to use and intuitive. We are using technology to deliver better content as well as transaction capabilities for our clients and distributors.

### Outlook for equity and debt

While equity valuations appear a tad expensive in pockets, the overall medium-term outlook remains strong.

On fixed income, we expect RBI to cut rates by 75-100 bps over next year. The RBI's stance of easing liquidity should augur well for bond markets. Investors will do well to consider accrual as well as short-medium-term funds. ■

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SURESH SONI

