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## 'Go for diversified equity schemes'

Sundeep Sikka, chairman of the Association of Mutual Funds in India and president and CEO of Reliance Capital Asset Management Ltd, spoke about the industry, its growth in one year of Narendra Modi government, as well as his company's focus on retail, in an interview with Amol Paranjpe of Zee Media.

**How is mutual fund industry as a whole doing? Where do you see it in coming years?**

In terms of participation in mutual funds, it is yet to take off. If you compare its growth to India's population, we have 97 crore telecom subscribers and 21 crore bank accounts, but only 4 crore MF folios. Only 20% of the investors are in mutual funds. I see this as an opportunity for growth. I believe the industry would touch Rs 20 lakh crore by 2018.

**The industry is under-penetrated in the retail market. What are you doing to improve the share?**

We at Reliance Mutual Fund are strongly focusing on investor education. We conduct a lot of training programmes for investors. We go to company offices. We also feel that technology will play a big role, and so will the media. We believe a lot of investors who are investing in bank deposits will realise that banks are only to take care of your savings and investments have to be done in capital markets, through mutual funds.

**What is your advice to retail investors?**

My strong advice to the investors is that the entry into the capital market should be only through mutual funds. And nobody should try to invest for short term. Wealth can be created in mutual funds or in capital market only by investing for long term. Also, there is no perfect time to start investing. Start investing today. And start investing systematically and for long term.

**But common man wants instant returns...**

Yes. That is exactly the point I am making. It cannot happen. The power of compounding should be used. For example, say in pharma sector, which is considered as a conservative sector, Rs 12 lakh invested for 10 years became Rs 32

lakh. What is important is that people are slowly realising it. We need to make them more aware and educated about this.

**Which are the hot sectors that you would suggest to investors for investing?**

I recommend investors to go for diversified equity schemes rather than sectoral schemes, and also the schemes that have a long-term track record. Many a time, investors get carried away by seeing one-year returns. It is important for the investor to look at fund managers who have a track record of 10 or 20 years, who have demonstrated that in different market cycles that they can perform.

**What is the USP of your company?**

Reliance MF and Reliance Capital Asset Management Limited stand for wealth creation. We have demonstrated for 20 years how we can create wealth for small investors across the country. Another USP is that we have customer service experience and risk management that we offer exclusively. So for the investor, it is both wealth creation and also the comfort that his money is in safe hands.

**How do you judge the performance of Modi government in past year and what are the expectations from it in coming years?**

I think the Modi government did an outstanding job in one year by creating a foundation for next few years. The government realises that for long-term capital formation the asset management companies will play an important role and we are very confident that together with the support and guidance of the finance ministry and the stock market regulator Sebi, we will see an excellent growth for the industry. Subsidy savings will give the government financial muscle to spend on the economy.



Sundeep Sikka, Chairman of the Association of Mutual Funds in India and President and CEO of Reliance Capital Asset Management Ltd.