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# 'Investors will get back to MFs'

**Redemption last year was on account of market rally**

**Suresh Parthasarathy**

*BL Research Bureau*

Mr Sandeep Sikka, CEO, Reliance Mutual Fund, is hopeful that inflows into MF industry will be back and feels that investors who have booked profit and are sitting on cash would seek to redeploy them. Besides, he is bullish on the gold saving schemes and believes that in the next 4-5 years the AUM of such schemes will catch up with that of equity schemes.

Excerpts from the interview.

**Over the past five years mid cap funds are not delivering risk-adjusted returns and are trailing their large cap counterparts. What strategy should investors adopt while investing in mid cap funds?**

It is difficult to say what is right. Different market condition will suit different types of investment styles. All large caps were once the mid caps! My view is that it is not mid or large cap but ultimately the underlying story which has to be good along with your belief in a company. Even in mid cap funds, we have some large cap allocation. My view is that investors should have a balanced portfolio. From the



*It is a good sign and healthy for the market that the investors booked profit and went away with the profit. — Mr Sandeep Sikka, CEO, Reliance Mutual Fund*

fund manager's point of view what is important is the growth story, company and the management. If you look at five-year period, the mid caps could have underperformed but if you look at 10 and 15 year timeframe, mid cap funds could have performed well.

**We have seen unprecedented withdrawal last year by retail investors when the market was actually rising. What is your take?**

Let us understand one thing: the market went up from 8,000 to 20,000. Investors have seen two different markets back to back. One was the huge fall and again market rose to 20,000. So, it is natural for investors to book profits. It is a good sign and healthy for the market that

the investors booked profit and went away with the profit. Now they will become the brand ambassadors for the industry. Once they have gone out with profits, what will happen is that, ultimately, they will return.

**Ever since the entry load was abolished, the inflows into MFs has not been encouraging. How long will it take to stabilise?**

Whenever changes happen, it will take time to reconcile. We have seen redemption last year mainly on account of the market rally. However, we are seeing positive inflows in the last few months. My sense is that inflows will come.

Look at systematic investment plans! The feeling across the industry is good, even in our case SIPs are

three times bigger than what it was two years back.

**Few years back you have launched SIP Insure and then several of your schemes offered insurance as add-on. How many investors have been covered, and what is the total sum insured?**

In our case, the entire insurance premium was taken care of by the AMC directly. Currently, 2.5 lakh of our investors have taken insurance with us and the total sum assured under SIP schemes is Rs 10,000 crore.

**What is unique about your new product — Reliance Gold Saving Fund?**

This product is going to be a game changer in the industry. Currently the industry is offering only debt and equity. Our road shows tell us that this product will change the way Indians invest and will expand the MF industry.

It may have taken equity AUM 15 years to reach Rs 1.5 lakh crore, but (paper) gold, sold in such a simple form will achieve that feat in 4-5 years because this product does not require any explanation.

We have rarely seen people selling gold because it's rallied just like equity.

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