

Reliance Nippon Life Asset Management builds on an impressive track record

How would you summarize the company's performance in terms of AUM (assets under management) growth over the past year?

Reliance Nippon Life Asset Management's (RNAM's) assets under management (AUM, excluding pension assets) stood at ₹ 2,360 bn as at the end of December 2018, making it one of the largest AMCs in India. Its equity assets saw an 8% year-on year (y-o-y) growth to ₹ 897.9 bn during same period.

In fact, by January 2019, RNAM garnered a monthly average AUM of ₹ 849.3 bn, consistently showcasing strong inflow growth in terms of retail investor assets. The company continues to focus on retail assets, as the segment will continue to drive growth. While we are present across big cities, flows have been witnessed from smaller locations due to increased branch presence.

RNAM is also one of the largest exchange traded fund (ETF) players, with around 17% market share (in terms of quarterly average AUM). Including ETFs. Equity assets stood at ₹ 1,027.3 bn as at December-end, reflecting a 12% y-o-y growth. Going forward, we see ourselves as a balanced fund house, whether across verticals, across asset class- equity & debt, or active & passive fund management.

Where does the Indian mutual fund industry stand today? What is your outlook for the near future?

Over the last few years, the Indian MF industry has been growing at a rate of more than 20%. Post demonetisation, we see increased retail flows from smaller cities and towns, which until now were coming only from big cities. Also, earlier majority of AUMs came in lump sum, but now we are seeing increasing flows via systemic investment plans (SIPs).

Nowadays, we see that investors don't panic during market volatility, unlike in the past, when the moment markets declined, investors redeemed investments. Since the majority of flows have started coming through SIPs, investors are having a better experience

and staying invested for a longer investment horizon. Clearly, this is a sign of increasing maturity of Indian investors.

However, over 95% of household savings in India still remain with bank deposits, and only 5% in other financial assets. Amidst so much untapped potential, there is tremendous opportunity for the Indian mutual fund industry to grow.

The BFSI sector has been at the forefront in terms of adopting technologies. How has RNAM leveraged technology to its advantage?

RNAM has been a pioneer in adopting emerging technologies. In fact, keeping in mind our retail spread, we curated technologies customized to the needs of our partners and investors. RNAM Digital introduced 'Service', 'Invest' and 'Redeem' features from a 2G-based phone, as well as 4G-based conversational experience for smartphone users.

All our digital technologies cater to the length and breadth of India for a Paperless – Hassle Free Experience. We are among the few to bring to India 'App in App' experiences, AI-led on the go recommendations, and plug-and-play API integrations for partner networks. Our customers and investors are now exposed to path-breaking UI UX digital experiential journeys along with voice-led transactions. In short, RNAM strives to remain a digital leader across industries.

What is your future organic and inorganic growth plan?

Organically, we continue to invest in the business and grow our presence pan-India through new branch offices and digital technologies to cater to new investors. The idea is to penetrate into smaller cities and towns through digital means, and to equip the hinterland with a preferred investment solution.

As for inorganic growth, currently, the industry is concentrated to such an extent that the top ten AMCs contribute to nearly 80% of the industry's assets.

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Mr. Sundeep Sikka,
Executive Director & CEO,
Reliance Nippon Life Asset
Management Limited

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Until now, the industry had been focusing more on the top line. Most mergers in the industry happened only to multiply AUMs, even if they were bleeding at the bottom line level. After our listing, the focus has shifted towards profitability. Going forward, there could be acceleration of consolidation, because the focus will now shift from top line to the bottom line.

We will be happy to look at opportunities to acquire AMCs, AIFs or other similar lines of businesses to add value to our business and in turn, our shareholders.