

‘Shrinking product margins is a reality that all growing AMCs face today’

Reducing the expense ratio

We believe that for AMCs, it is now more a matter of ‘cost optimisation’ than ‘cost reduction’. There are levers available with AMCs, which if handled carefully can help you manage your P&L better. Building a competitive digital ecosystem that endeavours to provide a seamless investing experience for clients and distributors is one such example. This can help increase reach through a combination of a click-n-mortar model rather than the usage of only the traditional models of distribution. Shrinking product margins is a reality that all growing AMCs face today and this definitely gets further squeezed in market-linked and open-end products like mutual funds, which in spite of being tax-efficient and having delivered steady long-term returns are yet at a relatively much-lower penetration level vis-a-vis banking and insurance-segment products.

Challenges to industry growth

I think this behaviour of direct equity investing by retail investors is good and will only have a positive stabilising impact for the markets, which have hitherto been overly dominated by institutional investors. Building on the mega trend of financialisation of savings in India, fintech companies are in a way helping to add newer

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RAJNISH NARULA, CEO



expansion happens, all participants tend to benefit. Same is likely to be true for mutual funds as well. As more and more investors invest in equities and bonds, over a period of time, they would start allocating a good share of their investments in mutual fund schemes as well. Technology-led innovations in the area of retail financial products by distributors, intermediaries and manufacturers is likely to bring in an abundant set of financial-planning solutions for investors across various income levels. All these requirements will need to be backed by underlying quality portfolios, an area where the mutual fund industry with its high transparency levels, tax-efficient product construct and a proven track record will definitely stand out as a product of choice.

Rapid-fire questions

- **INVESTMENT GURU/MANAGER YOU ADMIRE THE MOST:** Warren Buffett
- **BUSINESS LEADER YOU'D LIKE TO EMULATE:** Uday Kotak
- **THE MOST REWARDING FINANCIAL INVESTMENT YOU'VE EVER MADE:** Invest in yourself
- **MONEY MANTRA YOU SWEAR BY:** Never chase money
- **IF NOT A MONEY MANAGER, YOU'D BE:** A sportsperson