

# Reliance Mutual Fund aiming to expand via goal-oriented solutions

*After nearly 20 years building up a reputation through high-performing, actively managed funds, Reliance Capital Asset Management (RCAM) is now looking to expand in more specialist areas, says Himanshu Vyapak.*

The long only equity funds of Reliance Capital Asset Management (RCAM) have seen it become one of India's top fund firms.

The company now has AUM of US\$25 billion within its pure retail proposition and another US\$20 billion in discretionary portfolio management.

However, it is not able to rest on these laurels due to two major structural shifts in the market.

On the retail front, there is growing demand for specialist portfolios that include a wealth management objective, or what RCAM calls "goal-oriented funds". On the other hand, institutional investors are asking for access to equity markets that is simpler, and cheaper. RCAM is aiming to meet both these demands.

In the goal-oriented segment, it has already introduced the Reliance Retirement

Fund. This is an innovation for the Indian market, according to RCAM, as it is the first fund to offer equity-oriented solutions for retirement, and allowing switching between "wealth creation" through equities and income generation via fixed income. It gained fame when it became the first fund for 15 years to be recognised as a pensions product under India's Income Tax Act.

According to deputy CEO Himanshu Vyapak, RCAM will add child-focused funds allowing investors to "make financial plans for your kids as you do for retirement."

In ETFs, it already has six equity-linked products. Vyapak says it is adding ETFs linked to fixed income, including a long-term gilt fund.

He believes institutional investors will be most interested in these products, at least for now, as in retail active products are likely to keep outperforming.



**HIMANSHU VYAPAK**  
Reliance Capital Asset Management

As well as its focus on product, RCAM looks to lead from the front on platforms, both to present its value proposition and educate investors.

## INTEGRATED STRATEGY

Vyapak admits that at the moment digital penetration of the funds industry is quite low, but RCAM aims to change this through an integrated strategy utilising a mobile app, the company's website, and its call centre.

Its app for advisers, Reliance Business Easy, allows them to obtain all required information with just a few mouse clicks and then initiate a transaction.

"The convenience factor is important to advisers in terms of transaction and service," he explains.

"We are working on enabling our distributors to reach out to investors through innovative means such as 'business-to-consumer' and 'business-to-business-to-consumer strategies.'"

several hundred investors go through its various modules. "In the last year, we have reached out to about 100,000 investors through face-to-face awareness programmes, and also introduced campaigns on radio and digital advertising platforms," he adds.

"Our engagement is high across all channels, and we expect each of them to grow because of the sheer under-allocation to mutual funds and the scope to reach out to people.

"We will work with our distribution partners in the market to reach out to and increase awareness among as many investors as we can."

In tribute to its focus on education, RCAM was last year awarded the SKOCH Financial Inclusion & Deepen-

equities and fixed income, and a Monthly Income Plan (80:20). It is also planning to add a multi-asset allocation fund. This will allow investors to make fundamental asset allocation calls. The fund will also tactically vary the allocation depending on market conditions.

In equities, in addition to diversified funds, RCAM offers open-ended sector funds and closed-ended funds which are allowed to invest in options to create unique pay off structures.

Some of its funds have extremely long track records for the Indian market. Its Vision and Growth funds, for example, were both launched nearly 20 years ago. The latter has delivered a return multiple of 80x from inception to end-March 2015, according to MFI and Bloomberg figures.

In the fixed income space, its products range from liquid funds that invest solely in money-market instruments to those that target long-dated gilts and corporate bonds. In addition, RCAM offers fixed maturity plans, a range of closed-ended debt funds which hold securities around a specific tenor so investors can lock in prevailing yields, and will add constant-maturity gilt funds.

Compared with most fund managers, which sell mainly through banks, RCAM's distribution is dominated by IFAs, at about 40% of total business. Only 35% is distributed through banks and another 20% is sold through national distributors or securities firms.

The wide distribution of its customer base is testament to Reliance's investment reputation, as Vyapak says: "No single distributor is more than 3% of our total assets." ■

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The company already has 1 million followers on Facebook, Vyapak adds – a vast number for an asset management company – and eventually aims to introduce services such as video chat and internet on-boarding of investors.

For education, RCAM has created an online portal through which investors can gain access to explanations of mutual funds and concepts such as goal planning. According to Vyapak, this service was only launched a few months ago and has already seen

ing Award 2014. The award recognises Indian companies for their contribution to financial inclusion and business success.

## STRONG PERFORMANCE

None of this would be possible if it weren't for the wide range and strong performance of Reliance's funds.

It offers a range of products across fixed income, equity and gold, including portfolios such as its Balanced Fund, which is split 75:25 between