

# Staying committed to focused outcomes for investors

*Aashish Somaiyaa, Chief Executive Officer at Motilal Oswal Asset Management, tells us why he is happy that 2018 has begun with some semblance of correction and rationality in Indian markets.*



AASHISH SOMAIYAA  
Motilal Oswal Asset Management

**T**HE YEAR 2017, A BIG ONE FOR EQUITIES from the Indian market's perspective, was still a bit of a challenging year for firms like Motilal Oswal, according to Somaiyaa.

"I say challenging because as a house, we are stock-pickers, and for stock-pickers, I think 2017 was difficult," he says. "The Nifty 50 was up approximately 28%, the Midcap 100 was up by nearly 40%, and the Smallcap was up by over 50%."

And in a market like that, the job is difficult from a stock picking perspective, emphasises Somaiyaa. "It is challenging to beat the markets when everything is running up and away."

But with the way Indian markets have performed in 2017, and the years before, is there a thought that almost any firm could have delivered returns for investors?

Somaiyaa does not disagree in principle and says that Motilal Oswal does better in markets that are slightly more challenging and range bound and a bit more discerning about the quality of earnings and the quality of growth.

"Where we can show the outcomes or show value addition in terms of what we bring to the table," he says. "But if it's just about throwing darts and the whole index is up by 40%, then there's not much we can show by way of value addition."

Somaiyaa is, therefore, slightly happier with 2018 and how it has begun for the Indian capital markets.

"I am pretty happy that 2018 has begun with some



semblance of correction and rationality in the markets,” he says. “That gives us an opportunity to demonstrate our skills.”

Could the Indian regulator, who is forcing mutual funds to simplify and possibly combine a lot of their products, dampen the industry’s growth going forward?

For Motilal Oswal, this has not had an impact. “Our funds on a broad basis were already aligned with whatever the regulatory perspective on the schemes is,” he says. “In fact in a couple of places what has turned out to be a tightening for the rest of the industry has turned out to be relaxation for us.”

For example, he says, the firm’s mid-cap fund had this

**I AM PRETTY HAPPY THAT 2018 HAS BEGUN WITH SOME SEMBLANCE OF CORRECTION AND RATIONALITY IN THE MARKETS. THAT GIVES US AN OPPORTUNITY TO DEMONSTRATE OUR SKILLS.**

constraint that it needed to be in stock number 101 to 200 by market capitalisation.

“That was 75% of our portfolio, which constrained

our delivery,” he says. “With this new regulations we’ll now be stock number 101 to 250, and that too only 65%.”

According to Somaiyaa, priorities for 2018 at Motilal Oswal will be led by client communication.

“I believe in the last two, three years, whether the business side of things or the investment management side of things, we have consistently strengthened,” he says, adding that strengthening the team further, and going big on digital would also be a key priority.

The firm will also be interested in offshore going forward, says Somaiyaa.

“I find that the Indian market is appreciative only of outcomes, by which I mean chasing performance,” he says. “In our understanding, performance is an outcome of processes and the philosophy.”

Somaiyaa says that when he meets institutional investors, family offices, and private bankers outside the country, he finds them to be a bit more appreciative of the Motilal Oswal’s understanding of performance.

“I do find the international audience a bit more appreciative of what we do,” he says. “So that’s a strategic priority, to widen the sources of inflows for us.”

“If you’re outside the country and investing into India, someone like us who’s a bottom-up, select sector kind of stock picker, maybe we can add a lot as far as the country’s domestic growth is concerned,” he states. ■