Scars of past shape asset management of today for India

Speaking at Hubbis' Indian Wealth Management Forum 2017 in August – Radhika Gupta of Edelweiss Asset Management sees alternative assets accounting for up to 35% to 40% of the industry by 2020.

Trends in global asset management are a function of the post-2008 world order – which has been increasingly driven by regulation, fee transparency, technology, falling interest rates and lower asset prices.

In India, simple asset-based products form much of what the industry has focused on. However, says Radhika Gupta, chief executive officer of Edelweiss Asset Management, the ability to outperform the index and generate alpha is eroding.

As a result investors need to question the fees they are paying for a typical mutual fund.

As a result, it is all about creating growth via new investment opportunities, explains Gupta.

In line with this, she says that global alternative assets are expected to grow to USD18.1 trillion by 2020 – including for each of commodities, liquid alternatives, credit alternatives, real estate, hedge funds and private equity.

More specifically in India, alternatives have evolved from being a 'bad word' in 2008 to nearly doubling in size today, she adds.

Commodities is expected to continue to gain favour, being a genuine 'alpha' class, says Gupta.

Further, as the corporate bond market develops this will lead to more options and development in the forms of credit available.

And physically-backed assets such as REITS will also see growth.

Globally, instead of trying to find a fund manager that will be able to outperform an index, there will be a lot more low-cost, customised investing, predicts Gupta. ■

RADHIKA GUPTA
Edelweiss Asset Management

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