

INDIA INC. IS SET FOR A COMPLETE MAKEOVER: VIKAAS SACHDEVA

With a track record spanning two decades in investment banking, Vikaas Sachdeva enjoys outdoor sports like cricket and running.

By Aaron Jacob



As domestic equity markets continue to trade in volatility, amidst the rising unpredictability, Vikaas M Sachdeva, CEO, Emkay Investment Managers Ltd, says that MFs are still the best investment avenue for less-informed investors. In an interview with Aaron Jacob, the market veteran shares his thoughts on mutual funds and investments in the time of the pandemic.

Emkay's 12 has delivered benchmark beating returns. Could you please elaborate on the strategy?

The essence of managing Emkay's 12 lies in the proprietary "Smart Alpha" framework. By focusing on creating an equi-weighted portfolio of 12 stocks out of the Nifty top 100 universe and rebalancing it annually, the strategy aims to invest in the 12 best stocks driving the benchmark.

These stocks are market leaders with high returns on capital employed in their respective businesses and run by stellar management. Most of these businesses are not just big fishes in their respective ponds, but they have also been instrumental in increasing the size of the pond itself.

These stocks are present in the sectors which are undergoing a massive transformation due to value migration in their respective industries, be it from voice to data, unorganized to organized retail, Speciality

chemicals or from onshore to offshore technology. These tectonic shifts help these high-quality companies to create tremendous wealth for their shareholders, as well as drive the growth of the indices they are present in.

Retail investors are re-considering their investment in MFs, a trend evident in MF data. How do you view this scenario?

MFs are still the best investment avenue for less-informed investors. These ebbs and flows are part of the industry dynamics and one should take a long-term perspective on such trends.

The savvier investor has already started moving to PMS and AIF strategies which can run reasonably concentrated portfolios and have a better wealth generating potential over time.

Any sectors you are bullish on given the current scenario for better returns going forward?

India Inc is set for a complete makeover. While there are sectors like healthcare, insurance, Speciality chemicals and contract manufacturing which are being discussed as the ones to benefit in the next few years, one would believe that any well-managed company with a "COVID-tested" business model which can ride through this crisis, will have opportunities to grow organically, as well as inorganically.

As the government ushers in a set of reforms and efficiency inducing measures to attract growth capital, competition - both locally and globally - is set to increase, which should raise the bar for industrial growth, economy and thereby the capital markets.

What are your expectations from the July-Sept quarter given the number of COVID cases and performance of the market?

I would rather look at the next one year returns as the economy returns back to normalcy. The current quarter results would be better than the last, but things will take a couple of more quarters to settle. The question one needs to answer is that one year from now, will things be "near normal" or would there be a "new normal" - that is where one is trying to read straws in the wind, industry by industry

How do you see MF flow and performance in the near future?

Asset management consists of 3 primary verticals - MF, PMS and AIF. I expect all 3 to grow exponentially over the next few years. More efficiency in distribution, consistent product performance and lesser choices in conventional investment avenues like FDs and bonds will drive investors to smarter asset management products.

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What do you like doing when not developing business strategy?

I am a constant learner. Whether it is through reading books, meeting people, travelling or even watching science fiction movies, I like to keep updating myself and learning

I am a high energy person and love outdoor sports, cricket and running being my favourite sports.

If you were granted 3 wishes, what would they be?

Financial literacy for everyone - I have seen people lose money because of financial illiteracy and misplaced trust than anything else.

Good health for myself and my near and dear ones.

Travel the world and have "out of the world" experiences

What would be your top 5 books that one must read during this time?

My "all-time favourites" is a long list, and picking 5 is a tough task. I will list some non-investment related books which I have absolutely relished:

Start with Why - Simon Sinek

Extreme Ownership: How US Navy Seals Lead and Win - Jocko Willink and Leif Babin

Thank you for being late - Thomas Friedman

Out of my comfort zone - Steve Waugh

How to fail at almost everything and still win big - Scott Adams

Any advice you want to give to new candidates who are joining the finance sector?

The human race is currently going through an unprecedented transition where the rate of change is far higher than mankind's ability to adapt to it. The only way to stay ahead is to constantly learn, adapt and have an open mind to what you are seeing out there. Whether it is finance or any other discipline, a lot more amazing opportunities are coming your way - you have to be hungry enough to spot them. ▲