

Bullish on growth

With an eye on consistent performance and growth of assets under management, Prathit Bhobe, Chief Executive Officer and Managing Director, Tata Asset Management, is turning the tide with his 4P strategy

BY ARUSHI AGRAWAL

A strong focus on performance, products, partnerships and people (4Ps) has put Tata Asset Management (TAM) on an accelerated growth path in the last five years. Intent on building a complete portfolio of products, while consistently delivering market beating performance, Mr Bhobe is tapping into the power of digitisation to build consistency across all 4Ps. “Our aspiration is to be among the top five asset management companies in India in the next five years,” he says.

Excerpts from an interview:

How has TAM grown since you took charge in 2018?

We are a fiduciary, and our business revolves around how we perform for our investors. Hence, more than anything else, consistent performance creates the pull for us. What has really helped us is our focus on performance across all categories. The

number of our assets beating market benchmarks, and that of our peers, has grown manifold since 2018, enabling us to gain market share and move the needle substantially. With our current assets under management (AUM) at ~₹1,12,248 crore (as on June 30, 2023), we have grown at 21% compounded annual growth rate, beating the 14% of the industry in the same period. Over the next two years, we want to take this number to ₹1,50,000 crore.

What steps led to this growth?

We have expanded our product suite towards becoming a full-service fund house. We launched 25 new products across categories and asset classes to ensure we managed funds across the entire risk-return continuum. The diversity enables investors to invest as per their life stage, financial goals and risk profile. This has increased sales to existing customers, improving customer loyalty and retention. It has also helped capture fresh flows, contributing significantly to the 21% growth.

Next was people. We expanded our investment team, getting specialists to manage our assets in a focused manner.

The mutual funds business in India is still largely B2B driven. So, we augmented distribution partnerships to increase our reach. Our improved performance made these partnerships far more stable and long-term.

The trust that is synonymous with the Tata brand helped tremendously in building conviction among partners and customers, giving us an edge. Also, we get tremendous support from Tata group companies. We are the money manager of choice for the treasuries of many Tata companies.

What is TAM's investment strategy?

Our investment objective is to continue to outperform the benchmark and do it consistently. We approach equities and fixed income differently.

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On the equity side, we are driven to outperform the benchmark without operating at extremes of growth or value investing. We follow our internal risk management framework and growth at reasonable price approach. In the fixed income business, we are driven by the framework of safety, liquidity and then return. We prioritise credit quality over just prioritising returns to ensure our customers do not lose money.

You recently entered the pension space. What are your plans in this sector? Any new offerings in the pipeline?

The pension space in India is growing rapidly. Entering it was a natural extension for us. As one of 10 pension fund managers under the government's National Pension System, the big prospect is to work with Tata companies, which together have ~10 lakh employees. Since entering this space, we have 13,000+ subscribers with ₹160 crore, and are targeting ₹1,000 crore over the next two years.

Another area that we are optimistic about is managing employee provident fund money for corporates. We are offering this service to Tata companies and our portfolio is ~₹600 crore,



Mr Bhobe with the first batch of TAM's management trainees from Udaan, a programme that aims to nurture future leaders and improve the talent pipeline in the fast-growing mutual fund industry

which we want to take to ₹2,000 crore in a year. Eventually, we will extend this to non-Tata companies too.

We are also looking at growing our presence in alternative investment funds, a space we entered a few years ago and in which we have achieved significant scale. We are close to around ₹2,100 crore and aspire to grow by 4x in the next two to three years.

How are you embracing the digital transformation that is visible in the mutual fund industry?

Digital is a key lever of growth. Pivoting to digital has changed the way we interact with investors and distributors. Currently 25% of our business comes from digital channels and we want to double this in the next few years.

We are also deploying technology for data analytics to make more informed investment decisions and improve risk management

strategies. Vast amounts of data combined with advanced analytics and artificial intelligence (AI) are providing deeper insights into investor behaviour and market trends, leading to improved product development and risk management practices. It has also opened up opportunities for collaborations with fintech firms to expand distribution channels and drive mutual growth.

In March 2023, 17% of the mutual fund industry assets came from B30 locations. How are you targeting these markets?

The industry classifies cities into T30 (top 30 locations in India) and B30 (locations beyond the top 30). B30 towns are in diverse geographies and distributors are disparately distributed; setting up a full-fledged physical branch is not viable. So, we are tapping them through traditional and non-traditional channels.

In traditional channels, we have appointed resident representatives (RR) who operate from

their premises and manage the geography. Often, B30 locations are beyond the places where we have an RR and we have thus introduced the concept of a virtual relationship manager there. In non-traditional channels, or digital platforms, the customer footprint is quite dominant from B30 areas. Our spends on digital are attracting traction in both T30 and B30 areas.

We conduct webinars to reach our distributors in B30 locations, which anchor our interactions across the country. Our partners are also connected with us through Pragati, our distributor portal.

What is the thought behind TAM's investor education initiatives?

We have been pioneers in the investor education space. We started by creating a character called Professor Simply Simple in 2006 to help people understand financial concepts and then introduced an innovative podcast called *Ishq Bhi Risk Bhi*. Our initiatives run in different languages and formats, in keeping with our 3V strategy of voice, video and vernacular. In March 2022, we brought all these initiatives under the umbrella of Desh Kare Nivesh. It is a clarion call to include all Indians in the investing movement and aims to enthuse both newbies and veterans. Our efforts have won us the goodwill of over 50 million investors and 25,000 distributors.

What are the trends you foresee shaping the industry in India and globally?

Globally, the industry is witnessing the growth of passive funds, like index funds and exchange-traded funds. The Indian market continues to offer opportunities to earn alpha (returns higher than benchmark indices) and hence opportunities for active investing.

Technology and AI are also becoming prominent. The industry is embracing quant investing and this trend will become more dominant. We are already present in the



Debt or equity: Equity



If not an investment manager, you would be: A banker



Book you are currently reading: *Shivaji: India's Great Warrior King*



TV show you enjoy quoting: *Modern Family*



Favourite hobby: Football – playing and watching



Your stress buster: The gym

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area through the thematic category and are continuously investing in it to grow the scope of what we can offer.

Any sectors that you think will outperform in 2023?

In the listed space, we feel there is value in financial services, specifically in banks and NBFCs. The other sector that we are quite optimistic about is capital goods. In this phase of expansionism, if India's GDP has to grow by 6.5% to 7%, it is inevitable that the private sector's capital expenditure, an indicator of future growth prospects, will increase.

What is your advice to retail investors?

Have an asset allocation and risk profile that you are comfortable with. Stick with it. And, most importantly, be consistent in following the investing principles that you have laid down for yourself. **TR**

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