

“Data and technology have changed the way we learn and invest”

👤 Vardan Pandhare / 5-Sep, 2024 / Categories: Trending, Mindshare, Mutual Fund, Interviews



Seemant Shukla, Chief Business Officer of JM Financial Asset Management Ltd., elaborates on the steps that his company has taken to boost investor sentiment with the use of the latest technologies while also ensuring that their schemes are in the best interest of their clients.

JM Financial Asset Management Limited is recognised for its robust investment strategies. Could you share how the company’s investment philosophy has evolved in the current market scenario?

Our investment philosophy is growth-oriented with earnings quality. We use this approach as a primary filter to look at the set of companies that we will invest in. Post filtration process, we look at other factors such as valuations, earnings momentum, management quality and current position in the cycle before our team commits money to the stock. While our fund house philosophy is the same across all schemes, the style varies depending on the scheme and its objectives.

Our process of booking profits on stocks depends on the target price being reached and careful monitoring of company performance. As we see newer opportunities, we may trim existing holdings to enter into newer opportunities, providing the portfolio’s aggregate risk profile does not increase significantly due to the new addition which might increase our portfolio turnover ratio.

Considering the current global macroeconomic challenges, including the US recession concerns and China’s economic slowdown, what is your outlook on the Indian equity market for the next 12-18 months?

We believe that the India growth story will continue to remain robust for the next 10 years. While there may be a few blips along the way, the long-term trajectory of the development of the country and therefore the market seems positive. The next 12-18 months is a short timeframe, and as highlighted there may be global cues that may increase the volatility of the market. There is also uncertainty in the Middle East which may also impact the market negatively. However, in the long term, we remain bullish on the Indian markets and believe that it is the place to be for long-term investments.

How is JM Financial Asset Management Limited approaching the [Small-Cap](#) and [Mid-Cap](#) segments, which have recently shown significant volatility but also promise higher returns?

We remain optimistic about the ‘SMID’ category (small-caps and mid-caps) due to much higher growth as compared to the large companies. This category offers new and upcoming sectors of the economy, which are growing faster. We have seen new business lists across varied sectors. However, we are being cautious in terms of the availability of visible cash flows and reasonable valuations in the names that we assess.

The Indian debt market has seen a mixed performance in the past year. What is your take on the future of debt mutual funds and how are you managing duration and credit risk in its portfolios?

We are looking at all the macros closely, which drive the interest rate regimes. We believe the scope to get real rates lower, both globally and domestically, provides an opportunity for fixed-income investors. We are running duration at the higher end of the mandate of the respective schemes.

The financial services industry in India is evolving rapidly, with new regulations and guidelines being introduced frequently. How does JM Financial Asset Management stay ahead of the curve, and what recent regulatory changes do you think will have the most significant impact on the asset management industry?

Regulatory bodies across the globe are handling the challenges of new business disruptions, and emerging asset classes/platforms along with digital ecosystem-related challenges like digital and faceless frauds. With this, they also have the key objective to keep investors’ interest as a prime focal point and to develop a vibrant capital market. India has seen phenomenal growth in the last 8-10 years in capital markets, fintech and asset management and the regulator has been proactive in identifying probabilistic risks which might occur due to unchecked growth and less awareness in certain investor categories.

At our AMC, we strive to implement processes and checks for new developments as required under SEBI regulations and also strengthen the current processes with the use of technology. SEBI has come out with a consultation paper on ‘new asset class’ which may be something to watch out for. The new asset class may provide a structured investment suited to the investors. It might allow lower ticket size sophisticated offerings to those investors who currently cannot afford a large ticket size to invest.

Can you share insights on new products or offerings that JM Financial Asset Management is planning to launch or has recently launched? How do these align with the current market trends and investor needs?

At JM Financial Asset Management Limited, we do not believe in launching a slew of NFOs just for the sake of launching new schemes or just because something is in trend currently. We believe in launching NFOs only when we see a larger sustainable demand and long-term growth in the underlying asset class. To that end, we launched the JM Small-Cap Fund in May 2024 as we felt that it would be an important addition to our bouquet of schemes as we complete our equity portfolio of [Large-Cap](#), mid-cap and now small-cap funds.

This also gives our partners and investors access to the full range of equity schemes, allowing them to leverage the strength of our fund management team across these categories. In future, we will be launching NFOs where we see a long-term opportunity to create a product which will judiciously balance risk and returns and arm us and our partners and investors to take advantage of the India story over the next few decades.

How are you leveraging technology and data analytics to enhance investment decisions and improve client/customer outcomes?

Data and technology have changed the way we learn and invest. From KYC to the first purchase and all aspects of transactions and servicing, we use technology judiciously to ensure that our investors have the smoothest transaction experience. Our approach has been to use technology as a core driver and we use it across business MIS, sales, customer service, client engagement, transactions, database management, regulatory reporting, marketing and communication, etc.

What initiatives is JM Financial Asset Management undertaking to improve financial literacy and educate investors, particularly retail investors, about the benefits and risks of investing?

We are using digital platforms like social media to post informative and engaging content about markets, investments, mutual funds, etc. Some partners are assisting us with physical and digital IAPs.

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