

No need for many innovative products just for the sake of it

Suresh Soni, chief executive officer, DHFL Pramerica Asset Managers Pvt. Ltd, has a long road ahead of him. The fund house has just completed its acquisition of Deutsche Asset Management (India) Pvt. Ltd, a fund house that he headed for seven-and-a-half years. DHFL Pramerica is the coming together of three firms, Pramerica Asset Managers Pvt. Ltd, Deutsche Asset Management (India) Pvt. Ltd and Dewan Housing Finance Corp. Ltd (DHFL), in a span of just one year. Soni talks to Mint about combining the cultures to make this an organisation to reckon with. Edited excerpts:



SURESH SONI
Chief executive officer
DHFL Pramerica Asset Managers Pvt. Ltd

After the acquisition, all the erstwhile fund managers of DHFL Pramerica Asset Managers have left. But those of Deutsche have been retained. Has that got anything to do with the fact that you have come from Deutsche?

The transaction has been geared to promote the growth of our business. It has not been about removing anyone or trying to rationalise costs. DHFL Pramerica has acquired a larger firm (Deutsche). Along with

the acquisition of Deutsche AMC's business, came a well-functioning suite of funds, portfolio capabilities and strong relationships. One of the contours of this acquisition was not only to acquire assets but also to ensure that the talent came along.

We have been able to put together a good team across all functions by bringing the two organisations together. Largely, teams from both have stayed. We now have a 20-member investment team at DHFL Pramerica, a majority of which are from past employees of the DHFL Pramerica team. In addition, every member of Deutsche AMC's investment team has joined. Yes, 2-3 individuals have left from the erstwhile DHFL Pramerica investment team, which is natural in any merger and acquisition. By combining the investment platform, we have put together a well-resourced, process-oriented team to ensure smooth functioning of the investment department.

Have Deutsche's earlier foreign distributors also come on board with DHFL Pramerica, despite having an Indian partner (DHFL)?

Most of the leading funds in India are joint ventures, and we are no different. Regarding foreign distributors continuing, I do not see any reason why they would not. We have continued our partnership with dis-

tributors, including foreign banks. All our distributors—private, foreign and government banks, national distributors and independent financial distributors—are expected to continue. Throughout the transition, we have been in touch with them. A small number of distributors had to take fresh approvals in the wake of the acquisition. In most cases, this has been completed.

How will you do things differently to ensure larger retail participation?

The AMC business of Deutsche, being a part of Deutsche Bank, was a bit more recognised on the corporate side. So, that part of the business grew faster initially. However, as the business grew, a strong retail distribution was also built over the next few years. At last count, close to 60% of Deutsche AMC's investor base was institutional; the rest was retail.

At DHFL Pramerica, both the promoter companies (DHFL group and Prudential Financial of the US) have deep rooted retail cultures. Prudential, at heart, is a life insurance company and an AMC which has been doing business for over 140 years. Similarly, DHFL has built a strong housing finance mortgage business over the past 35 years by focusing on the low and middle income groups. So, both these shareholders under-

stand the retail business well. The focus on retail is an inherent part of this firm's DNA, and we are putting meaningful resources on the table to significantly build our retail pie.

For long-term growth in the industry, would you focus more on creating a differentiated product strategy or growing the assets under management (AMC)?

We do not have a plethora of funds. But we do have a good basket of basic products—equity, debt and hybrid. Our focus is on managing them well. I do not think we need to have too many innovative products just for the sake of it. The focus is going to be on serving the basic product needs of investors through well-categorised products. We make sure we stick to the mandate of each fund. For example, we do not want to have a large-cap fund that has substantial exposure to small-cap stocks. At the end of the day, what an investor looks for is good and consistent performance. There is no star fund manager who can single-handedly deliver it. We believe in a process-oriented approach by a team of professionals. We have a suite of well performing products and look forward to continue offering good investment performance.

Lisa Pallavi Barbora & Kayezad E. Adajania
lisa.b1@livemint.com

Disclaimer: The articles and data in Mint Money aim to help readers with their money-related decisions. Each person will have a unique solution that would fit his personal situation, and we advise you to work with a certified financial planner before you buy a financial product.