

How Edelweiss's Radhika Gupta dialed up risk in her portfolio

Gupta says she cut exposure to balanced advantage funds, added to mid- and small-cap funds

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At 40, she is the only woman chief executive officer (CEO) in the ₹54-trillion mutual fund (MF) industry. To top it off, Radhika Gupta, managing director and CEO of Edelweiss MF which has assets under management of ₹1.16 trillion, is one of the youngest chief executives in the industry.

Gupta, who has been at the helm of Edelweiss since 2017, started her own investment journey when she began earning. She reviews her investment portfolio periodically. "I usually do a structural portfolio review every 4-5 years. Last year was that point and I decided to get a bit more aggressive with my investments," she says.

She has made two major changes in her portfolio over the year. One, she increased her monthly investments via systematic investment plans (SIPs) as her income had grown. Two, she cut exposure to balanced advantage funds (BAFs), which tend to be more conservative.

Current asset mix

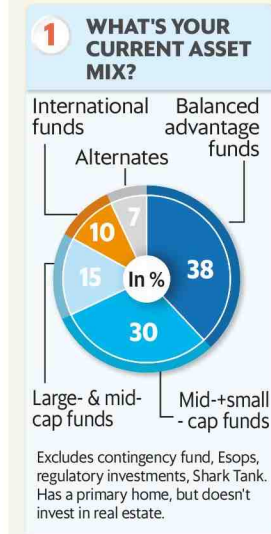
Gupta's current asset allocation mix has seen significant changes. Her exposure to BAFs has reduced to 38% from 60%, while that to mid- and small-cap funds has doubled from 15% to 30%. She attributes this partly to the sharp gains seen in mid- and small-cap funds over the past year, in combination with her own decision to increase allocation to these funds.

To put this in context, the Nifty Midcap 100 Index has rallied 55% in the past year, far in excess of Nifty 50's 29% gain during the same period, while the Nifty Smallcap 250 index has surged by nearly 57%.

Gupta is comfortable with this exposure to mid- and small-cap funds as of now because she still has a long-term investment horizon and is a net-saver on a monthly basis. She has a 10% allocation to international funds, which, however, didn't do as well as the rest of her equity portfolio. "Our emerging market fund investments had some China allocation which has not done as well. However, I still believe in that allocation," she says.

Alternatives make up for 7% of the portfolio. This includes the shares of unlisted AIF (alternative investment fund). However, this excludes her Shark Tank India investments—a TV reality show where she is one of the judges. Early-stage start-ups make their pitches and seek investments on the show.

Overall, her investment portfolio has delivered 35% returns over the past year, which is slightly behind the Nifty 500 Index that delivered 38% over the same period. She says it makes sense as she still had a large exposure to BAFs, which invest



2 DO YOUR ALTERNATES INCLUDE SHARK TANK INDIA INVESTMENTS?

- ▶ Not right now. Includes unlisted AIF.

3 WHAT WERE THE MAJOR CHANGES?

- ▶ Dialed up risk in the portfolio.
- ▶ Had to increase SIPs after income growth.

4 HOW HAS YOUR PORTFOLIO PERFORMED OVER THE LAST YEAR?

- ▶ It was up about 35%.



5 HOW HAS YOUR 2-YEAR-OLD SON'S PORTFOLIO PERFORMED?

- ▶ Got 45% returns. We have given him higher risk-appetite.

6 WHERE IS YOUR SON INVESTED?

- ▶ International tech fund, small-cap fund, mid-cap fund and large & mid-cap index fund.

7 WHAT WORKED FOR YOU?

- ▶ Increasing SIP allocation.
- ▶ Increased mid- and small-cap exposure.

8 WHAT DIDN'T WORK FOR YOU?

- ▶ China allocation in emerging market funds.

9 % OF MF PORTFOLIO IN EDELWEISS SCHEMES?

- ▶ About 70%. Some non-Edelweiss schemes for style diversification.

10 HOW DID YOU MANAGE TO INVEST IN EARLY-STAGE STARTUPS ON SHARK TANK WITHIN JUST 1 HOUR?

- ▶ Some investing basics stay the same.

11 HOW MANY MONTHS OF PROVISIONS DO YOU HAVE IN YOUR CONTINGENCY FUND?

- ▶ 12 months+. Includes funds that may be needed for Shark Tank investments.

12 WHAT'S YOUR ADVICE FOR WOMEN INVESTORS?

- ▶ Just get started. Don't outsource your investing decisions.

13 WHAT'S YOUR ADVICE FOR FIRST-TIME INVESTORS?

- ▶ Keep it simple. Don't complicate it.

14 WHAT IS THE AMOUNT OF LIFE INSURANCE COVERAGE YOU HAVE?

- ▶ Have about ₹7-8 lakh cover via employer cover.
- ▶ We are considering personal cover or health corpus.

15 HOW MUCH LIFE INSURANCE YOU HAVE?

- ▶ About ₹6-7 lakh via employer cover.

Each investor has their own preferences and risk appetite, do your own research before investing. Mint does not independently verify non-public data reported by interviewees.

dynamically between equity and debt. The returns were also affected by the performance of international funds.

Gupta wants to stay away from investing in real estate at least for now. "I bought a house in 2014, changed it in 2018 and got possession of the new house a couple of years back. I don't do other real estate investments. Periodically, I get temptations to buy a vacation home. But I have been reasonably disciplined as I prefer my investments to be liquid," she says.

Changing goals

Gupta recently achieved a major milestone, which was to purchase a house. Soon after her son's birth in August 2022, the family moved to the new house in Parel, an upscale locality in Mumbai. This was also one reason Gupta says she decided to get aggressive with her investments. "Apart from the fact that our income had grown and lot of money was just getting accumulated in the savings

bank account, we also had achieved a major life goal with the house purchase. Also, we have a son now. So, it was time to increase our SIP investments and we were willing to take more risk in our portfolio," she says.

As for insurance, Gupta has a ₹7-8 lakh family health cover from her employer. Gupta and her husband are debating whether they should get a separate health insurance with a larger cover or create a separate health corpus. "We can still get a

health cover at reasonable premium, as my husband and I are both still young," she says. The life insurance cover of ₹6-7 lakh, too, has been provided by her employer.

Gupta says she has a contingency fund, which covers more than 12 months of expenses. She says the contingency corpus also holds funds that she may need for her Shark Tank India investments.

She also sticks to savings rate of

45-50% on her take-home income. **Non-Edelweiss MFs**

About 70% of her MF investments is in Edelweiss schemes. She says she looks for non-Edelweiss MF schemes when she needs a style diversification. "First, I know that these are the five-six fund categories where I want to invest in. Then, I pick an Edelweiss fund. Hence, the Edelweiss scheme for me would usually be the dominant scheme in any category. Then I consider a fund from another fund house for style diversification," she says.

For example, if Gupta is investing in a trend-following BAF of Edelweiss MF, she would look for another BAF from another fund house with a contrasting investment style. Similarly, if she invests in a growth-oriented fund of Edelweiss MF, she would look for a slightly value-tilted fund house in another category.

Minor investing

Gupta's almost 2-year-old son Remy also has MF investments in his own name. Remy's portfolio gener-

ated 45% returns on investments over the past year and performed better than that of his mother. "We have given him a higher risk-appetite. He has a much longer time-horizon," she says. Remy has investments in international tech fund, small-cap and mid-cap funds, and large & mid-cap index fund.

Being a shark

Gupta says the Shark Tank India experience was very different.

Unlike MFs where there is so much transparency and disclosures, the show's format is such that the early-stage start-ups get just around one hour to make their pitches and the sharks (investors) also get the same time-frame to take an investment call. No data is shared before the pitchers walk onto the set.

Gupta shared that she has made quite a few investments on the show. However, these investments are currently going through due diligence. So, whether these deals finally materialize or not would depend on how the due diligence proceeds.

During due diligence, the claims made by the companies during their pitches with respect to sales, revenues and profitability are verified. Other hygiene checks are also made related to whether the company is regularly filing taxes, goods and services tax, etc.

Gupta shared the names of some companies that she was excited about. Tohands is one. It is a company founded by a 22-year-old from UP that makes smart calculators to solve ledger problems of shopkeepers. "The founder has spent six years on this problem," she says.

"Dil Foods is another, which is run by a fabulous woman entrepreneur, trying to solve problems of restaurants with excess capacity," she adds.

A third one is Jewelbox, a lab-grown diamond company. Gupta says she can only share the names of companies whose pitches have already been aired on the ongoing season of Shark Tank India. Gupta says she looks for start-ups, where she can add value, support and whose causes she can connect with. "Stuff like food, diamonds, fintech are clearly things I am passionate about. I have also run a restaurant in the past," she says.

Advice for women

Gupta says women looking to invest should just get started. "For women investors, the advice has always been to get started and not outsource it. They should not let others do it, but take charge of their investments. Once women start, they realize they are damn capable at doing this," she says.

As for first-time and young investors, Gupta says it is better for them to keep it simple and not complicate it with complex investment products.

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