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Dear Investors and Advisors,

One of the things that suddenly became very popular on social media come the start of the new year, was the #TenYearChallenge. Great pictures and stories of how companies have progressed, how careers have changed, and of course how all of us have aged, flooded social media timelines. As we reflected on what the past was like, the inevitable predictions of what the next 10 years are like – the next #TenYearChallenge – also started. Will what was relevant ten years ago, or even today, be relevant ten years later, especially in the context of markets and money, where regulations, markets, and even India change so dramatically? Will technology take over the world, will machines generate alpha and will apps make financial advice obsolete? The temptation is often - especially given how much the last 10 years in markets have brought – to say yes. I thought a lot about this question, and actually – as I reflected on my own life, and on many examples in many domains that surround us, I truly believe that if there is one thing that will stand the test of time – it is financial advice. What makes good advice timeless, and what should an investor look for?

Timeless advice talks behaviour, not technicality

Money management is a business that is full of complex and often very technical jargon, even though at its core investing is a very simple business. There is a human temptation to believe that the value of advice – as an advisor or as an investor – lies in decoding this technical stuff, in the complex analysis of funds and portfolios, in elaborate market outlooks and commentaries. The truth is anything that is technical, can be outsourced beyond a point. What cannot be is managing behaviour, and timeliness advice focuses on the behavioural not the technical. Only a good advisor will tell an investor not to redeem from equities in 2008 or invest in small caps in early 2019. Ask any businessman who is build a successful business and they will tell you their key mentors gave them solid advice on the values needed to build a business, not necessarily the technical nuts and bolts of how to run it. So much of money is about managing human behaviour, and behaviour doesn't change over decades. If it did and if managing behaviour could be outsourced, perhaps parenthood would be out of date!

Timeless advice is customized and specific

Did you know that when Master Blaster Sachin Tendulkar started batting, he held the bat a little lower than normal because it was his brother Ajit Tendulkar's slightly bigger bat? On observation, his now legendary coach, the late Ramakant Achrekar told him to hold the bat a little higher for better grip. On observation after a few games, however, the coach realized Sachin lacked the same control in the new format, and told him to forget what he learnt and go back to his original grip. The approach to holding a bat that may have been right for 95% of players, was not right for Sachin. Incidentally, at Archekar's recently funeral, Sachin said one of the reasons for his longevity in the game across three formats – Test, ODIs and T20 was this specific advice. Just like in sports, there are different strokes for different folks, in money, good advisors customize advice for different customers – depending on their goals, risk profile, and starting point. There is no right asset allocation or right set of funds – the right set differs for every investor. In a world of constantly changing market dynamics, products and regulations – like cricket formats, timeless advice that is customized will be a constant.

Timeless advice focuses on creating opportunities

In markets, change is one of the only things that is permanent, and in every correction there is a new opportunity. Many investors today however are scared to explore these new opportunities – either because of the lack of information, the lack of expertise or just fear and inertia. Great advisors, who stand the test of time, create opportunities for their investors. There is an interesting example from the world of Bollywood, on how film producer and director Karan Johar has played a guiding hand in the careers of many actors – from Saif Ali Khan to Alia Bhatt, most recently. As he said once in an interview, many actors lack outside perspective, and as an advisor, he provides that perspective. He identifies a positioning and gaps in an actor's portfolio, and he creates opportunities to fill those gaps. He becomes the “advisory board” of the actor. Good advisors do the same thing – they define the goals and objectives of a portfolio, find the gaps and identify the opportunities to meet gaps, whether it is planning for retirement a little early, creating international exposure at the right time, or starting new asset classes for the investor.

Timeless advice is focused on a vision and executing it

The Maurya Empire occupies a pride of place in India's history, and while it was formed under the leadership of Chandragupta Maurya, his advisor Chanakya is widely credited with its establishment. Not only did Chanakya groom the emperor into a good leader and commander, but he was the first to see the vision of a unified India and not just a large India. He wanted Chandragupta to not just be remembered as a conqueror and in fact even after this death, he documented many of his principles and vision in the book Arthashastra, which India's former NSA advisor, Shiv Shankar Menon states, is relevant even today. In money too, good advisors will have a vision for their investors financial journey – one that will start from their early 20s ideally when they just start earning, grow into the 30s and 40s as both earnings and responsibilities grow, and then sunset into retirement. A good advisor will map out a financial journey and execute it completely and relentlessly, going the extra mile beyond the portfolio when required including even resolving a family dispute.

I'll end by saying that we at Edelweiss AMC truly do believe that #AdviceZarooriHai – ten years ago, it is today, and it will be ten years from now. Behind many success stories of great individuals – whether in film, cricket, business, and in fact behind the creation of India, are the stories of great advisors and great advice. Good advice has been sought since 300BC, and while past performance is not indicative of future returns, trust is timeless, goals have no age, and good advice is forever.

Happy investing!