

# LIC MF eyes managing Rs 27,000 cr assets in FY24

LIC Mutual Fund, which reported assets under management (AUM) worth Rs 17,000 crore in the last fiscal, is targeting average assets under management to the tune of Rs 27,000 crore this financial year, company Chief Executive T S Ramakrishnan revealed in an exclusive interview with DH on Wednesday.

Following a complete takeover of IDBI Mutual Fund's 20 schemes towards the end of last month, the company's AUM currently stands upwards of Rs 24,000 crore, he added. Furthermore, the company aims to hit the Rs 50,000 crore mark in AUM in the next 3 years.

As part of its expansion plans on-ground, LIC Mutual Fund is set to open 30 new branches across 100 cities in the coming 2-3 years, Ramakrishnan added.

Talking about popular sectors in the mutual fund investment space, Ramakrishnan listed banking and infrastructure as the top two. "Banking sector is evergreen. Although on a very short-term basis, it may be a little down," he said, adding that in the medium to long term the sector enjoys positive prospects.

Government securities with an 8-13-year maturity period account for over Rs 1,000 crore in the company's portfolio of assets. However, while open to the idea, LIC Mutual Fund is currently not looking to invest in green or municipality bonds, Ramakrishnan revealed.

Elaborating on ongoing trends in the mutual fund segment Ramakrishnan highlighted increasing traction in passive funds, on the back of the Employees' Provident Fund's investments in the area. In addition, there is also increased interest from retail investors in the small-cap funds, he said citing the July numbers.

Ramakrishnan considers the mutual fund segment to be still an under-penetrated market. "The strength of distributors has to go up significantly," he said while highlighting the challenges that continue to hinder the growth of the mutual fund segment. According to him, higher attrition rates in the industry also continue to be a concern for the growing industry.

Projecting a positive outlook for the mutual fund industry, the chief executive said, "All stars are aligned for India" listing factors like a stable government, a young working population, an ever-growing aspiring middle class and an increasing inflow of foreign investment on the back of a stable business environment.

Ramakrishnan also sees a cut in interest rates roughly one year down the line. "This is perhaps the right time for the retail customer to invest in duration bonds so whenever the cut happens the bond rally will ensure good returns for the customer," he said.