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'Investing is a lot about common sense and about being disciplined'

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It takes all sorts to players to make the investment game. While some players are big and flashy and keep appearing in the media to grab investor attention, there are some players who quietly keep pegging away and scoring the required runs. Eventually, it is at the end of the game when returns are compared that the winners emerge. Ajit Dayal, director, Quantum Asset Management, has been pegging at the runs steadily. An investment expert, with experience in global markets, he responded to some questions posed by The Financial Express on stock markets, investing and their own scheme performance. Excerpts:

The equity markets are getting choppy at the moment, how long do you think will this last?

The Budget has been a good reminder that India is a country of 300 million pretty poor people who need to be looked after and that the other, wealthier India cannot get tax breaks year after year.

The events internationally in terms of the direction of the US and global interest rates certainly added another level of uncertainty. India has made the mistake of attracting short-term money flows that worry about these things so long as there is money skimming at the surface, committed to making short-term returns, and so there could be volatility.

What is your take on the currently announced Union Budget? Do you think the FM has done enough to catalyse growth?

India has been a great beneficiary of a desire, at a global level, to take on more risks. I don't think that we have done enough as a country to stay at an 8% per annum growth rate as yet on a long-term sustainable basis. However, a 6 to 7% per annum GDP number is a guarantee, pretty much and reflects what we have achieved as a country since 1980.

Will the dividend distribution tax (DDT) impact the participation in your liquid schemes?

Tax was certainly one advantage for the Quantum Liquid Fund but this is a "liquid" product and bank deposits are not, in that sense, liquid. Retail investors must be encouraged to plonk their savings into "liquid schemes".

One of your schemes is completing a year, how would you rate its performance?

We are pleased with the way the Quantum Long Term Equity Fund has performed so far. We do stress that we must be judged over a two- to three-year time horizon and that returns need to be also looked at alongside the risks taken by a fund.

However, we have shown that the size of a fund house or the amount of hours it can advertise on national television is not a criterion for how much return one can generate for the investor in the fund. Eventually, we have the Herculean task of re-educating a generation of investors that have been misled by ads proclaiming "highest dividend", NAV offer at Rs 10, and such irrelevant noise.

We exist for the benefit of the investor and will continue to endeavour to work in a manner that allows us to reduce costs by eliminating the high distribution costs and offering products that makes sense for the investor.

Are there any plans to introduce other schemes?

Yes, we will eventually offer products that cater to an individual's need to be diversified across various asset classes. But this is not a race to launch schemes. It is also said that we call the mutual fund products a "scheme". Every time I use that word - or hear it - I think of a "scheme" as cheating someone; like "scheming". We need to get some respect back and call them mutual funds, I guess.

Going ahead, what are some of the key indicators/trends that investors should watch out for?

Investing is a lot about common sense; about being disciplined. Most people spend years trying to figure out what they want to do in life and then spend years of hard work going through college and establishing good careers. And after a decade of hard work and seeing some money what do they do? They squander their savings because they heard about some "tip" at a friend's house or dinner party and rushed in to buy that stock or mutual fund without doing any research.