

Explore



e-paper

My Account

Home Latest News Markets News Premium Companies **Money** Budget 2025 Personal Loan Technology Mint Hindi In Charts

Get more from your Mint subscription

Upgrade now



mint Premium | **MONEY**

5 key takeaways from the PPFAS annual unitholders' meeting


Anil Poste | 6 min read | 31 Dec 2024, 12:02 PM IST



Rajeev Thakkar, chief investment officer, PPFAS Asset Management Co. (Abhijit Bhatlekar/Mint)

SUMMARY

At the PPFAS annual unitholders' meeting, chief investment officer Rajeev Thakkar shared crucial insights regarding current market valuations and investor optimism, emphasizing the need for a balanced perspective.

 **Gift this article**

PPFAS Asset Management Company, which runs India's largest actively run mutual fund scheme, held its recent annual unitholders' meeting. Its flagship Flexicap fund has registered a stellar five-year compound annual growth rate (CAGR) of 26%. But despite its success, the fund house is not without its share of scrutiny.

During the annual meet, Rajeev Thakkar, chief investment officer of PPFAS, along with the fund management team, addressed investor questions—whether at the stock level, sector level, or about the overall strategy and operations of the fund house.

Here are five key takeaways for investors from the annual meeting.

Focus on long-term returns over short-term

Often, investors are swayed by recent performance, especially during bull markets. To address this common pitfall, Thakkar began the annual general meeting with a road trip analogy.

Imagine a road trip from Mumbai to Pune, Delhi to Shimla, or Bengaluru to Mysuru. For such a journey, you would prioritize safety—choosing a vehicle equipped with airbags and other safety features, driven by an experienced driver who follows traffic rules. On winding hilly roads or narrow lanes, you would expect the driver to slow down rather than speed recklessly. If the passengers need a coffee or bio break, you'd want the driver to stop.

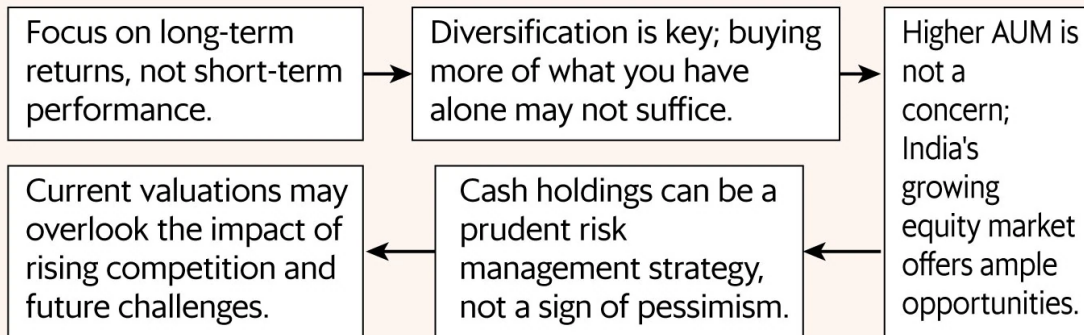
Similarly, in investing, when valuations are stretched or opportunities are scarce, investors would want a fund manager who knows when to slow down and adopt a defensive approach. Investing, like a road trip, isn't about racing to the destination—it's about navigating the journey safely and prudently.

"If you are passing through the Khandala and Lonavala ghats, you would expect the vehicle to go slowly. You do not expect the driver to drive at 150 km/h on winding roads, narrow lanes, or pothole-filled stretches," Thakkar said. "Why is it that when it comes to our investment journeys, the last six months or 12 months matter so much? The entire chatter revolves around how the fund has performed in the last six months, why there's cash in the portfolio, why allocations to small or mid-caps are at certain levels. Why don't we look at the bigger picture?"

In investments, it's critical to assess factors beyond short-term returns, Thakkar emphasized.

Key takeaway: investors should focus on the journey, not just the immediate milestones, and trust in a thoughtful, disciplined approach for long-term success.

5 key take aways from PPFAS AGM 2024



Investor journey: PPFAS Flexicap Fund

PPFAS runs the largest active fund, has outperformed the benchmark and peers with the least risk



PARTH PARIKH,
Mumbai, Entrepreneur

What keeps you invested?

“ Consistent performance, transparency, simple investment approach.

% allocation to PPFAS



RONAK SUTARIA,
Pune, Entrepreneur

“ They are never in negative news, trust in the fund management, prompt service.



(Mint Graphics)

Outsized valuations

Thakkar expressed his concerns about current market valuations and optimistic investor behaviour.

"I am patriotic; I am optimistic about India's prospects in the future. No dispute there. But then people take it one step forward, saying, as India's GDP grows, people will have a lot more discretionary income to spend, and because of that, certain companies, certain sectors in India deserve this outsized valuation premium," he said.

To illustrate his point, Thakkar highlighted how the consumption growth story led to inflated valuations for fast-moving consumer goods (FMCG) companies such as Hindustan Unilever Ltd, Nestle, Dabur, and Marico, which were bid up to 50–100 times their earnings. Later, this optimism extended to direct-to-consumer brands despite the challenges of increased competition and margin pressures.

Thakkar also addressed the enthusiasm around big-box retailers and their private-label businesses.

"... People got very excited about big-box retailers—the organized retailers like JioMart, Star Bazaar, D-Mart, More, and Vishal Mega Mart. People said these players would gain because they have private labels, which enable extra margins. But if private labels gain, it's again negative for FMCG and B2C companies," he explained.

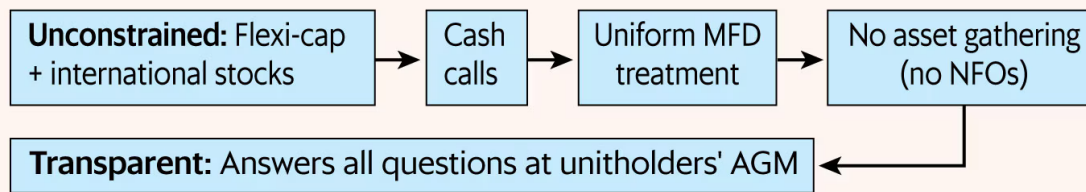
"Then came quick commerce—10-minute grocery delivery. We said that is also very exciting. So we bid up Zomato (which is listed), Swiggy, Zepto, Amazon, Flipkart, Big Basket—various players entering the space," Thakkar added.

He also expressed scepticism about whether all these players could succeed together, given the heightened competitive dynamics. While optimism drives valuations, he emphasized the need for a balanced view that accounts for competitive pressures and sectoral challenges.

The scepticism aligns with Thakkar's broader concerns about the market's optimism, highlighting that high valuations in such sectors might not fully account for competitive dynamics and sustainability.

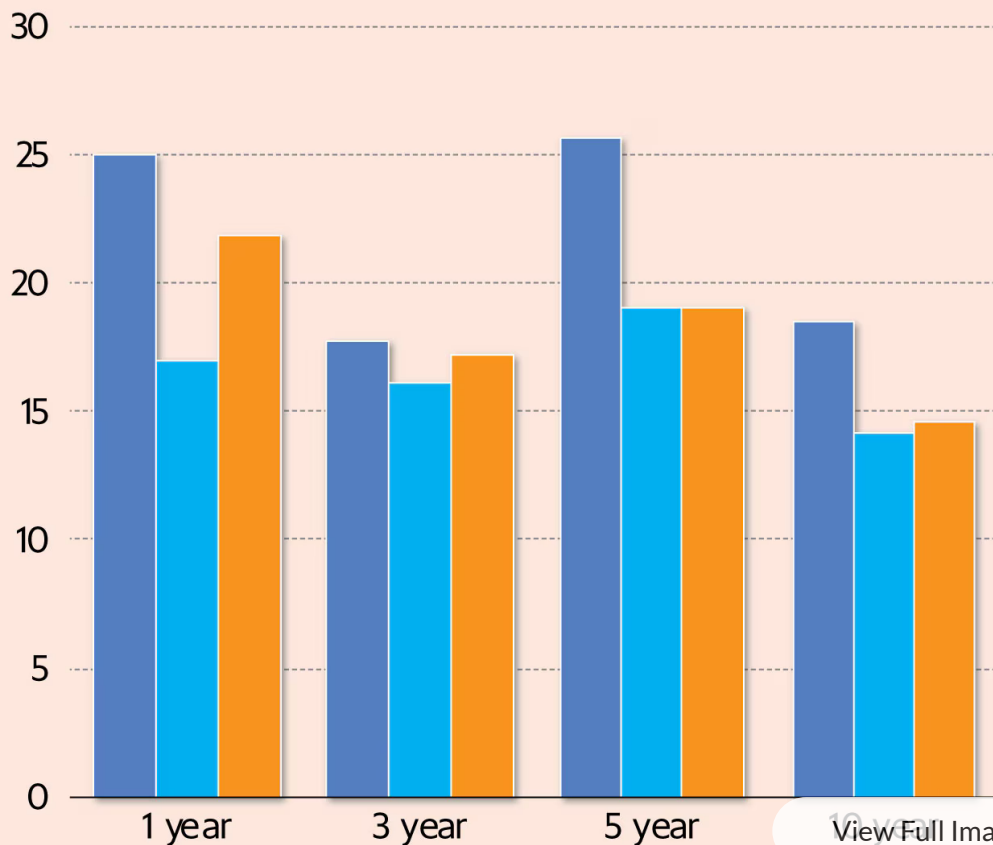
Key takeaway: Thakkar believes current market behaviour is overly optimistic, with valuations not fully reflecting the realities of increased competition and potential challenges ahead.

What sets the fund apart?



Performance

■ PPFAS Flexicap ■ BSE 500 ■ Cat avg



[View Full Image](#)

(Mint Graphics)

Why not buy more of what you own?

During the meeting, a participant asked why PPFAS doesn't increase allocation to existing holdings if it has cash.

"Let's say we like private sector banks. Can we have the entire portfolio consisting of private sector banks? The answer is no. You have to consider the portfolio weightage you want to give to individual companies. Just because you have cash, you won't keep buying more and more of what you already own," Thakkar explained.

"Secondly, we don't want to be overly concentrated in any one sector or theme. We have to be selective in our investments and find the right balance rather than just deploying cash for the sake of it."

Thakkar elaborated with historical examples. "If PPFAS Mutual Fund existed in 1990, and we were not owning ACC at ₹10,000, we would be massively underperforming the market. Similarly, in December 1999, if we weren't owning K-10 stocks, we would have underperformed. Or in December 2007, not owning infra and real estate companies caused underperformance in our PMS (portfolio management services) avatar."

The term K10 stocks refers to a group of stocks that were associated with the infamous stock market operator Ketan Parekh during the late 1990s and early 2000s in India. These stocks were heavily manipulated by Parekh and his network, leading to a speculative bubble.

Key takeaway: It's not about just buying more of what we already own but carefully considering diversification and the potential impact on long-term performance.

Also read | **How an obscure PPFAS morphed into India's Berkshire Hathaway**

Does the AUM of a fund matter?

To explain the significance of a fund's assets under management, Thakkar said that with India's economy expanding and its markets becoming more sophisticated, the opportunities available for large funds like PPFAS to invest effectively had also increased.

Thakkar also addressed the perception of some investors that PPFAS Flexicap's large-cap orientation limits its ability to capitalize on higher growth opportunities in mid-cap and small-cap stocks. "Large-caps are currently cheaper than mid- and small-caps. Additionally, the notion that small-caps will always grow faster than large-caps is flawed," he said, adding that a disciplined value investing strategy has allowed PPFAS to maintain its performance while minimizing unnecessary risks.

Key takeaway: India's expanding and maturing equity market provides ample opportunities for large funds to generate strong returns while managing risks effectively.

Also read | **Quant Mutual Fund: The untold story behind Sandeep Tandon's rise**

Is PPFAS's cash holding a concern?


Addressing concerns about cash holdings, Thakkar explained:

"Hypothetically, if equity gives us a 12% return, then instead of 12%, let's say we will get 7.5%. On that 20% cash, the difference is 4.5% for one year. But even if a few stocks go up or down by 5-15%, it gives us an opportunity. It's not that we are committed to staying in cash for one year. Anytime there's an opportunity, we can sell money market securities and deploy in equity."

He clarified that the cash holdings were a strategic decision and not a sign of bearishness. "We are 80% invested. You could say we are actually 80% bullish. It's not that I have any insight into an impending market crash. Whatever I know is already in the public domain."

Key takeaway: Sometimes cash holdings may be a wise way to manage risk rather than a reflection of pessimism.

Also read | **Market in limbo: May wait for direction till February**

 **Gift this article**

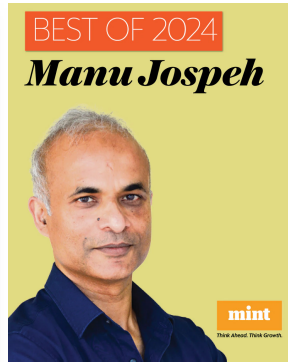
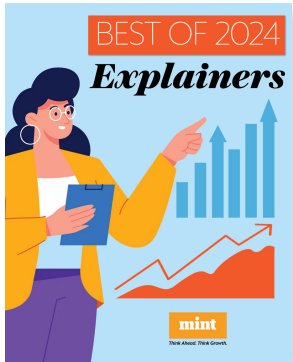
Catch all the **Business News, Market News, Breaking News Events and Latest New...** [more](#)

TOPICS

#personal finance

#mutual funds

MINT SPECIALS



MORE PREMIUM STORIES



What happens when a whole generation never grows up?



Meet Anmol, the bull whose one climax is worth ₹50,000



Connect with us:

TRENDING STORIES

[Punjab Bandh LIVE](#) | [Yashasvi Jaiswal](#) | [New Zealand vs Sri Lanka](#) | [Rohit Sharma](#) | [Arvind Kejriwal](#) | [Jasprit Bumrah](#) | [Nitish Reddy father](#) | [Dayle Haddon death](#) | [Acharya Kishore Kunal](#) | [Jeju Air](#) | [Livemint Hindi](#) | [Bank Holidays in Uttar Pradesh](#) | [Bank Holidays in Gujarat](#) | [Bank Holidays in Delhi](#) | [Bank Holidays in September](#) | [Bank Holidays in Jammu And Kashmir](#) | [Instant Personal Loan](#) | [Check Credit Score Online](#) | [Business Loan](#) | [Personal Loan Interest Rate](#) | [Personal Loan Eligibility](#) | [Personal Loan EMI Calculator](#) | [Gold Rate in Delhi](#) | [Gold Rate in Bangalore](#) | [Gold Rate in Chennai](#) | [Gold Rate in Hyderabad](#) | [Gold Rate in Mumbai](#) | [Business Radio - FAB Play](#) | [Assembly Election Results](#) | [Credit Card](#) | [Stock Market Crash](#) | [Personal Loan Online](#) | [Gold Rate India](#) | [Bank Holidays India](#) | [Delhi Rains](#) | [best mini washing machine](#) | [best 43 inch tv](#)

TOP BUDGET STORIES

[IRCTC to IRFC: Should you buy Indian Railway stocks ahead of Budget 2025?](#) | [India's budget needs to address three medium-to-long term priorities](#) | [Indian Railways eyes modernization in Union Budget 2025-26](#) | [States push for more fiscal room, seek expansionary Union budget](#) | [Budget 2025: Tax concessions needed for individuals who adopt renewable energy](#) | [NSE, BSE to remain open for trading on Saturday, Feb 1 on account of Budget 2025](#) | [Chhattisgarh: 7 killed, 3 injured in lightning strike in Balodabazar-Bhatapara](#) | [Mint: The ultimate primer for Union Budget insights](#) | [Budget 2024: CBDT chairman says review to make 'bulky' Income Tax Act 'simpler'](#) | [Amendments in Black Money Act to remove penalty on undisclosed foreign assets](#)

DATA PAGES

[Quarterly Results Calendar](#) | [Petrol Prices](#) | [Diesel Prices](#) | [MCX Gold Price](#) | [Election Results 2024](#) | [Assembly Election Results 2024](#) | [MCX Silver Price](#) | [Gold Price](#) | [Silver Price](#) | [NSE TOP Gainers](#) | [NSE TOP Losers](#) | [BSE TOP Gainers](#) | [BSE TOP Losers](#) | [Bank Holidays 2024](#) | [Upcoming IPO 2024](#) | [BSE Q3 Results 2023](#) | [Income Tax Calculator](#)

POPULAR STOCKS

[JSW INFRASTRUCTURE share price](#) | [R R KABEL share price](#) | [CONCORD BIOTECH share price](#) | [IDBI Bank share price](#) | [Yes Bank share price](#) | [Adani Power share price](#) | [HUL share price](#) | [Indian Oil share price](#) | [Vedanta share price](#) | [Jio Financial Services share price](#) | [Paytm share price](#) | [Punjab National Bank share price](#) | [Canara Bank share price](#) | [Adani Green Energy share price](#) | [Indian Railway Finance Corporation share price](#) | [Suzlon Energy share price](#) | [IREDA share price](#) | [Vodafone Idea share price](#) | [Orient Technologies share price](#) | [Premier Energies share price](#) | [Bajaj Housing Finance Share Price](#) | [Garuda Construction And Engineer share price](#) | [Hyundai Motor India share price](#)

LATEST STORIES

[Top 5 Travel Trends That Ruled in 2024](#) | [What to wear for a New Year's Eve party, according to 2024 trends](#) | [South Korea plane crash: Did tail section save two lives in Jeju air incident?](#) | [FPIs net buyers in Indian stock market in 2024, primarily through IPOs, QIPs](#) | [Ranveer Allahbadia shares 'biggest secret of career growth': Netizens react](#) | [How to close an Axis Bank credit card: A complete step-by-step guide](#) | [Outlook 2025: How to build a winning stock portfolio? Here's your playbook](#) | [Multibagger penny stock: Yuvraaj Hygiene Products soars over 500% in 4 years](#) | [How to check Axis Bank credit card application status online and offline?](#) | [Buy Now, Pay Later: Pros and cons of BNPL for your financial stability](#)

NIFTY 50 COMPANIES

[ADANI ENTERPRISES share price](#) | [ADANI PORTS share price](#) | [APOLLO HOSPITALS share price](#) |

ASIAN PAINTS share price | AXIS BANK share price | BAJAJ AUTO share price | BAJAJ FINANCE share price | BAJAJ FINSERVE share price | BPCL share price | BHARTI AIRTEL share price | BRITANNIA share price | CIPLA share price | COAL INDIA share price | DIVIS LABORATORIES share price | DR REDDYS LABORATORIES share price | EICHER MOTORS share price | GRASIM INDUSTRIES share price | HCL TECHNOLOGIES share price | HDFC BANK share price | HDFC LIFE share price | HERO MOTOCORP share price | HINDALCO INDUSTRIES share price | HINDUSTAN UNILEVER share price | ICICI BANK share price | ITC share price | INDUSIND BANK share price | INFOSYS share price | JSW STEEL share price | KOTAK BANK share price | LARSEN & TOURBO share price | MAHINDRA & MAHINDRA share price | MARUTI SUZUKI share price | NTPC share price | NESTLE INDIA share price | ONGC share price | POWER GRID share price | RELIANCE INDUSTRIES share price | SBI LIFE share price | SBI share price | SUN PHARMA share price | TCS share price | TATA MOTORS share price | TATA STEEL share price | TATA CONSUMER share price | TECH MAHINDRA share price | TITAN share price | UPL share price | ULTRATECH CEMENT share price | WIPRO share price

DOWNLOAD APP

Download the Mint app and read premium stories

[ABOUT US](#) | [CONTACT US](#) | [TERMS OF USE](#) | [PRIVACY POLICY](#) | [RSS](#)

Copyright © 2023 HT Digital Streams Ltd All Right Reserved