



AJVC SLACK CHANNEL

**AMA#10 WITH ASHISH GOTHAM DATED
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Do you think a change in US president could lead to lesser free money, change in fed policies and market crashes worldwide?

The Fed has made it clear that the interest rates will be in for a longer period of time (3-4 years). So I think free money is here to stay. During the build-up to the elections we could see some volatility.

What is your view on the macro situation in India, given COVID?

Even before the COVID hit India, we were going through a very rough period in the economy, which has obviously worsened post COVID. Things should look up from here. The worst is behind us, I think.

Since you work in an industry which moves at a fanatic pace, would like to know about your daily schedule?

One has to definitely be agile all the time with respect to the global developments. Following news feeds at weird times is sometimes normal.

How it is actually like, to be on the Wall St, working with a hedge fund?

It is a fantastic experience and I have loved every bit of it. It has taught me more than 20 years of education. It changes your mindset and the thought process.

What is your take on current market scenarios in India since on one hand we had turbulent 6 months on economic front and we have seen few unexpected behaviours in market as well? Are we moving towards depression?

Depression is too big a negative reaction. The Rural India has done really well and thankfully we had a very good monsoon and also water levels are good across the country. I am optimistic. We are a young country and should bounce back faster.

Any suggestions on Indian stock market about how one should go about their investment strategy?

Look well into the future and think about the businesses, and have a diversified book.

What do you think are key traits / skills you believe are essential for an individual to do well in the Hedge Fund space?

Love for what you do is the most important thing. Patience also comes in handy and a little bit of programming.

What are your views on the stock markets over the world and the economy at large. Without any empirical evidence and purely on gut feeling it feels that some corrections are due?

If you dissect the rally in the markets at least in the US, the growth stocks have largely outperformed. They have also undergone phenomenal growth in their businesses. E-commerce penetration has taken a decadal jump in the US. We see a little pullback on Thursday and Friday and can see small pullbacks. But a drop like March is out of question with Fed support.

How do you process information in general and decision-making process in such high stakes?

Having fundamental understanding on the industry and the key factors affecting it helps. A well-defined process and a strong team help navigate any situation.

What are your views on the ESG space. Will it be an important parameter in the markets going forward?

It is picking up for sure over the last few years. We are definitely seeing a lot of activity. The ETD flows has grown over 20+%, all the major pension funds are also more conscious in capital allocation.

Even having great technical minds, why is that India doesn't have any big HFT Firms as US? Do you think in coming future we can have more high frequency trading start-ups?

The HFT space in India is picking up, there are some firms in Mumbai, the regulatory rules are a barrier. But I think the retail market in India to mature more before HFTs are allowed freely

What's your opinion on global debt, considering the amount countries borrowed pre COVID and the amount they're currently borrowing post COVID to bail them out? Is there a bubble being formed to burst later?

The Global debt has been on the rise. This rise was due to unforeseen circumstances and the countries are taking on debt to spur growth, which should help them pay it down at some point in the future. Hopefully things will normalize going forward.

What newspapers/websites do you normally refer to for good quality news?

Bloomberg, The Economist, Twitter are good sources. Livemint for Indian news is good.

Do you believe we are in a new world order in which lofty valuations are here to stay given the low interest rates & relentless QE by the ECB and the Fed?

Yes, that is a possibility, but at some point, I think the underlying businesses will also grow and do well.

What's your view on passive investing distorting price discovery in the markets?

Obviously some front running/ trading happens before the announced changes are made. In the long run these differences do not matter much, as good businesses will be a part of the Indices.

I would like to know your views on SPAC and whether they're here to stay? Also, can you give some advice what retail investors need to do to manage risk in a volatile market?

Well, SPACs have been there for a very long time, there were there in the 90s as well. They are becoming popular now with SPCE, NKLA etc. Can't predict the future but yes, very popular now.

What are some of the books that you'll recommend to your 20-year old self?

For starters reading Warren Buffets annual letters are good. Read as much as you can!

I have seen index funds working better than active funds now and allows for diversification in Indian and International markets easily, do you agree, if yes, why do you think that is? Second, huge fund houses in India are also not using AI based / statistical modelling techniques, what do you think can bring about that change?

For a retail investor passive funds are good. But I think there is always big money to be made in active investing. Active investing helps you express your thoughts and ideas and sometimes also teaches you humility.

Do you think it would be a wise decision to be starting a Financial Engineering Masters starting coming March given all the VISA and Placement Situation?

I do not know what will happen w.r.t to the VISA situation. But I feel we will have a strong economy in 2022 / 2023.

What are the similarities and differences in bets taken by a hedge fund and a start-up?

You have to be swift and agile in both start-ups and hedge funds. Changing things that are not working is key to success.

What is the most in demand skill right now that Hedge Funds look for in their prospective employees (Both technical and soft skills) ?

Programming, abilities to articulate ideas well and having an opinion.

How do you see the interest rates moving in India in 3 year and 10-year horizon? What typically influences this going ahead in your view?

The amount of debt government looks to raise from the market and how RBI responds to it will drive the interest rates in a big way. Given India has largely been a saving economy will be very interesting to watch the developments here. Large parts of the population still depend on fixed deposits, PPFs. Also given the low interest rate environment globally will be interesting.

How would the USD / INR currency pair fare? ₹ has been depreciating for many years now against \$. Will this continue?

The dollar has also weakened substantially recently. The RBI has made it clear they will let rupee appreciate further. Lot will also depend on the economic growth trajectory of the 2 nations.

If an aggressive investor in India is constructing a long term (25 year) portfolios. What would be your recommendation for allocation across asset classes?

Majority of the allocation in equity will be a good option given the longevity. Gold, Debt, and foreign equity will be good options.

All the hype around crypto as an asset class seems to have died down. What is your take on it? Do you think it may never be as important an asset class like gold?

I think crypto will be an interesting asset in the future. There are institutions in the US looking to build crypto systems etc. It is here to stay as a technology, as an asset class I think so.

What would be the far-reaching impact of COVID on the world economy and would it be worse than the 2008 crisis in your opinion?

There has been a rapid technological adoption during and after COVID. The business will have to adapt quickly, those who will, will win big!

What's your take on K, V U shape recovery. Which is more likely in India?

I think this will again go back to the businesses that will be able to adapt to rapid technological changes happening all around. So "K" is what I think looks possible, where winners will win big and the rest will fade away.
