

RCAM buys Goldman Sachs' MF business for ₹243 crore

Deal will give Anil Ambani company access to CPSE-ETFs

OUR BUREAU

Mumbai, October 21

Reliance Capital Asset Management (RCAM), India's third largest mutual fund house by assets, has bought competitor Goldman Sachs' onshore asset management business in an all-cash deal for ₹243 crore, the company said in a statement on Wednesday.

The acquisition only increases RCAM's assets marginally, but gives it the all-important access to the CPSE-ETF, an exchange-traded fund that the Central government has used to raise over ₹4,000 crore for its disinvestment programme. Goldman Sachs was, until now, the exclusive fund manager of the CPSE-ETF.

Part of the Anil Ambani-led Reliance Capital group, RCAM's mutual fund business had ₹1.52 lakh crore of total assets under management as on September 30 while Goldman Sachs manages ₹7,132 crore, of which ₹2,172 crore is in the CPSE-ETF.

In all, Goldman Sachs India currently manages 12 mutual fund schemes, including 10 exchange traded fund schemes, and is the largest ETF provider in the country.

RCAM is the largest asset manager in India, of which mutual funds are a part. Its total assets under management total ₹2,54,517 crore.

Eyeing more buys

Speaking to *BusinessLine*, Sundeeep Sikka, CEO, RCAM, said: "This is just the first move. We're still open to further ac-

quisitions when the opportunities come."

"Goldman Sachs had built a leadership position in ETFs. Going forward, we see more investors, particularly high-net-worth individuals, investing through ETFs," he added.

While passive fund management (where ETFs mimic their benchmark indices) is still a non-starter in India, industry experts believe RCAM will use the opportunity to convert ETF unit-holders into active equity investors. "Goldman Sachs was handicapped in India by a bad purchase and bad nurturing," said Srikanth Meenakshi, Founder of investment advisory FundsIndia.com. "Reliance may be able to convert these investors to subscribe to their active schemes."

Goldman Sachs entered the Indian mutual fund industry in 2011 by acquiring Benchmark Mutual Fund for ₹120 crore. Its exit now marks another foreign fund house giving up hope of success in the Indian mutual fund business, which manages assets worth ₹13 lakh crore. Morgan Stanley, Fidelity, Daiwa, Pinebridge, ING and Deutsche Bank were the others that left.

RCAM will fund the acquisition through its cash surplus of ₹1,400 crore, Sikka said, and will increase its market share by about 60 basis points to a little over 12 per cent. At ₹243 crore, the deal is valued at about 3 per cent of Goldman Sachs' assets.

The transaction will be completed by the year-end, subject to regulatory approvals, an RCAM statement said. RCAM will absorb all Goldman Sachs employees in the ETF business, it added.

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M&As in the MF space

Acquirer	Seller	Year	"This is just the first move. We're still open to further acquisitions when the opportunities come." SUNDEEP SIKKA, CEO, RCAM
IDFC	Standard Chartered	2008	
L&T Finance	Fidelity	2012	
Schroders	Axis AMC	2012	
SBI Mutual	Daiwa MF	2013	
HDFC Mutual	Morgan Stanley	2014	
Birla Sun Life	ING Mutual	2014	
Kotak Mutual	PineBridge Mutual	2014	
Pramerica	Deutsche Bank MF	2015	

