THE ONE PERCENT SHOW
WITH VISHAL KHANDELWAL

EPISODE #3
RADHIKA GUPTA
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.VISHALKHANDELWAL.COM
Welcome to The One Percent Show with Vishal Khandelwal. This show is an open-ended exploration into the minds of the wisest people around to help us learn to think, invest, and live each day a little, as little as one percent, better. You can learn more at vishalkhandelwal.com.

My guest today is Radhika Gupta, who is the Managing Director & Chief Executive Officer at Edelweiss Mutual Fund. Radhika started her career with McKinsey and later switched to Wall Street, joining AQR Capital. She then moved to India in 2009 to start Forefront Capital Management, the first registered hedge fund in India, which was acquired by Edelweiss Financial Services Limited in 2014. Radhika is a graduate in Management and Technology programs from the University of Pennsylvania, with joint degrees in Economics from Wharton in addition to Computer Science Engineering from Moore School.

Radhika was born to a diplomat father who was an Indian Foreign Service official. With her family, she moved across continents. She was born in Pakistan, where she had complications at birth, and ended up with a broken neck which she describes is a "weird tilt" to her head.

While researching about Radhika for this conversation, I went back again and again to this beautiful thought from Haruki Murakami’s book Kafka on the Shore, where he wrote and I quote –

"Sometimes fate is like a small sandstorm that keeps changing directions. You change direction but the sandstorm chases you. You turn again, but the storm adjusts. Over and over you play this out, like some ominous dance with death just before dawn. Why? Because this storm isn’t something that blew in from far away, something that has nothing to do with you. This storm is you. Something inside of you. So all you can do is give in to it, step right inside the storm, closing your eyes and plugging up your ears so the sand doesn’t get in, and walk through it, step by step. There’s no sun there, no moon, no direction, no sense of time. Just fine white sand swirling up into the sky like pulverized bones. That’s the kind of sandstorm you need to imagine.

And you really will have to make it through that violent, metaphysical, symbolic storm. But once the storm is over you won’t remember how you made it through, how you managed to survive. You won’t even be sure, in fact, whether the storm is really over. But one thing is certain. When you come out of the storm you won’t be the same person who walked in. That’s what this storm’s all about."

Now why am I talking about storms here? We will come to that in this show.

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The Story Behind “One Percent”

Ben Franklin said, “Little strokes fell great oaks.” The Japanese have talked for centuries about Kaizen, which means ‘small continuous improvements.’ And you must have seen this equation showing the power of compounding 1% per day over 365 days: $1.01^{365} = 37.8$. In other words, 1% compounded each day is almost 3800% better each year. Big change, with just one percent.

What this equation and the accompanying advice means is that instead of trying to make radical changes in a short amount of time, if you can just make small improvements – just 1% better – every day, that will gradually lead to the change you want in your life.

That is the idea behind The One Percent Show. To take you on an open-ended exploration into the minds of the wisest people around whose insights and wisdom can help us learn to think, invest, decide, and live each day a little, as little as one percent, better.

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“Talent can only carry you so far, but hard work can take you beyond. The old school trick of just working hard, works. You work hard, and your talent gets sharper. And it applies everywhere.”

Vishal Khandelwal: Radhika, welcome to The One Percent Show. Thank you for agreeing to do this.

Radhika Gupta: Thank you so much Vishal. Quite delighted to be here. What a lovely introduction!

You deserve that introduction, Radhika. You have been through a lot of storms, and we are going to cover a few of them in this show. But before that, I will start with a very special question. I got to know that you compose poetry. I would like you to recite your favourite one to set the tone for this show.

So, I am learning to compose poetry and hopefully I am getting better at it. Maybe I will give you two lines that I had written. They go like this –

Jawaab itni himmat se do, ke sawaal his sharma jaaye, 
Mehnat itni imaandasri se karo, ke kamyab aap pe fida ho jaaye.

These are two lines about self confidence and had work. I have always lived to the desire to prove that I can be more than what people can be. And that is what the first line is, that is someone asks you, “Can you do it?” answer the question with so much confidence that the question is asking itself why did I get asked? The second line says that work so hard in life that success just falls in love with you.

That’s beautiful and inspiring. Continuing with what you just said, we have seen talented people, and we have seen hard-working people. What according to you scores better – talent or hard work?

Hard work, by a long mile. I will tell you a little story that I heard from a friend. And it’s about one of the most famous people of all times, who we think is very talented. That’s Mr. Amitabh Bachchan. At a time in the late 90s, when his film career had plummeted, he was given the opportunity to do KBC. What my friend told me is that Mr. Bachchan did around fifty days of rehearsal, twice a day, for KBC. This story fascinated me. I have told this story on a lot of college campuses and what people ask me when I tell thus story is, “If he was Amitabh Bachchan, why did he need to do a hundred rehearsals?” And I say, “Because he did a hundred rehearsals, he is Amitabh Bachchan.”

None of us do rocket science. Talent can only carry you so far, but hard work can take you beyond. So, I think the old school trick of just working hard, works. You work hard, and your talent gets sharper. And it applies everywhere.

Take public speaking that I have been for the past few years. You think there are so many people in life who are a ’natural’ at something or the other. I don’t believe anyone is a natural.
My speaking coach told me that speaking is 90% hard work and 10% magic that happens on stage. But that 10% magic also happens because of that 90% hard work.

I completely agree with you on that. Your father was born in a village, and he worked his way up the Indian Foreign Services. Your mother has been an educator. Despite living in various countries in your childhood, how was the environment at home like? What core lessons from your parents did you grow up with that have really helped you become the person that you are now?

I am happy you asked this. I don't think we give our parents enough credit in what we become. I think so many times when I read things, I see us quote great philosophers and politicians and artists and sports people and achievers, but I think so much of our core is shaped by our parents. And I don't think those lessons go away. I grew up in a very interesting environment because we moved around every three years. It was a very Indian environment. I think this is something that people have constantly been surprised about when they meet me from the way I dress to the way I speak to my habits. It was a very Indian environment because my father's title was ‘Bharat ke Rajdoot,’ which is India's Ambassador. Our house was ‘Bharat ka Rajdootavaas’ (home of the Indian Ambassador). And he took that title of Ambassador of India very seriously.

So, we grew up in a very Indian environment. In fact, I've been wearing a sari since the age of 15. We spoke largely Hindi at home. And we were very proud to represent India to the world. And I think one of the things that I learned from them is to carry whatever you have with confidence and pride because if you don't value being an Indian, no one else is going to. 15th August and 26th January, and I still get emotional about it, were like weddings in our house. We used to open our home to the entire Indian and diplomatic community and showcase everything that there was.

My father retired in the 2000s. So, he saw India from the 1970s when it wasn't a great time to be an Indian diplomat all the way to the 2000s when the impression of India really changed in the late 1990s after the IT revolution. And he said, “It has been my pride and joy to see a changing India. It's never been a perfect country, but I couldn't have asked for more.” So, I think that was one thing that we grew up with.

I think the second thing that they taught us a lot was about happiness and about making the most of the circumstances that you were born into. You could live in Pakistan where the ISI was outside your house or you could live in Africa where going out after 6 PM was not safe, but you had to make it the best three years of your life. For us, there was no better place
to be. And he rates some of the happiest times of his life as the times in Nigeria and as the times in Pakistan.

The other thing that we were taught was to make the best of our circumstances and people always think, and they keep telling me on social media, oh you lived in New York, and you lived in Italy, and you lived in Nigeria and it was a glamorous life. It wasn’t a glamorous life. The government doesn’t pay too much money. And I think, wealth is all relative. I mean, I’m in the business of wealth, but wealth is all relative and while we had enough, you have classmates, et cetera who are much richer but regardless of what it was, it taught us to be happy and make the most of circumstances.

The final thing that my father says is that every generation should make a leap. He’s a big believer in progress and in how you think. He took the lead from Gangoh, which is a village in Uttar Pradesh, to rank 7th in UPSC, which was a big deal. And he wanted me to take a leap from where the starting point he gave me. So, this concept of each generation making progress was instilled into us very early.

By the way, dad still reads seven newspapers a day, two from Pakistan, three from China, two in Hindi and I think one in English. So, he’s the most hardworking soul I know.

That’s wonderful. You have had real inspiration at home. That’s such a wonderful feeling. Thanks for sharing those lessons that your parents taught you as you were growing up. What about the lessons from the environment? You said that you moved across countries because your father was posted in the foreign services. He was a diplomat. From studying at an international school in Nigeria with the children of CEOs, tycoons, and warlords to trying to fit in with rich adolescent girls in America, it must have been a steep learning curve for you given that you had to adjust to new languages, new cultures, new surroundings. Tell us about those days in terms of the environment that you grew up in outside your home. And maybe share a story each that you remember now which you cherish the most from your life in Nigeria and probably one from America as well.

I don’t think most people value the life they have growing up and the life our parents give us. I mean, back then, it was always like, and you have to remember, this was a pre-Facebook era where you couldn’t keep in touch with friends when you move. So that was always a source of crankiness. But if I were to say to my children whenever I had them, they would not be so lucky to live the life that I had but it was an incredible blessing Vishal because even if you were to holiday, you would holiday in Italy and the US, but you would never holiday in some of these countries. And I’ve realized growing up in these countries, it’s very different from holidaying in them. It’s a very, very different
environment. And I think the change in school systems is fantastic.

We were taught to deal with change really fast and that helps in the job today because markets are changing so fast, asset management is changing so fast. I’m sure we’ll talk about it. We were thrown into change as kids. I think something to take away from each of these countries. So, Nigeria was a very interesting country because as I said, we learned to make the most out of staying at home, which really helps in lockdown by the way because Nigeria is not a country where you could at that point go out very much. We also learned to do without having a lot available in markets. I mean, this sounds silly but just when you can’t go buy stuff, et cetera, you just learn to be a lot more creative. I mean, I remember getting everything tailored at home, finding ways to be busy at home, that really helped in the lockdown.

I’ve never really struggled with staying at home in the last 18 months, because I grew up in that environment. It was where I did my high school, and I really learned the importance of the Arts. I think in India, we grow up appreciating kids who do Math and Science. And I love English as much as I love Math. Not many people know that I also studied English literature in college, which is why I like to write, and I like poetry. I think in Italy we cultivated a love for the Arts because Italians really appreciate language. They appreciate their history. They cherish it so much. And we also saw really interesting financial history. We lived in Italy at the time that the Lira converted to the Euro. We lived in Zambia in the time of the famous hyperinflation in Zimbabwe.

So, someone posted a thread of this yesterday, and I remember living in Zambia and going to Zimbabwe and converting money at 4,000 to the dollar and then spending money at 50 to the dollar because that’s how things were priced. And we were kids then, but this was arbitrage happening in real life. And there were buses of tourists coming from Zambia to Zimbabwe to raid the malls. First it was Chinese tourists then it was Indian tourists of course and then there was nothing left. So, I think there was something really interesting to pick up from each of those countries, including the financial history that we went through. And, of course, the US is an incredible place to live. I’ve spent about 10 years of my life. And there’s no country like the US I think in terms of the vision, in terms of the scale, the opportunities, I’m so thankful I spent the only part of my career there.

You’ve gone through a lot of change either like forced in the sense that your father was transferred and moved across different countries. But there was a major change that you enforced upon yourself just after the 2008 crisis. You don’t come from a financial
services background and most people in your family have been in government services. Despite this and despite having a comfortable job in Wall Street, what made you give up all that and come back to India to become a financial entrepreneur? You had an economics degree from Wharton and also an entrepreneurial streak. But what else really drove you to come back to India just after the financial crisis and become a financial entrepreneur?

I think the desire to do more. I think just the simple desire to keep taking those leaps. It is very easy to sit in a corporate job and I was making a lot of money as was my husband who was a partner in the enterprise. And we survived the layoffs. So, a lot of people when you say you’ve come back, they are like, oh, did you lose your job? No, we were lucky enough not to at a very tough time. But it was just the desire to do more.

I also think secretly the fact that I’m a diplomat’s daughter, somewhere I wanted to come back home and do something. Somewhere I wanted to tap the opportunity back home. So, I think a lot of these things. And then finally, I would say Vishal, it’s the hunger and foolishness of young blood. I mean, if you don’t take chances in your 20s, when are you going to take chances? So, it looks like it’s a very intelligent decision sitting here and lots of people ask me for advice but it’s also a decision that was not made in overthinking too much. It was just a decision that was made.

Working on Wall Street, I think you said this in one of the interviews, around 2008, you were selling mortgage loans and Ninja loans, or loans to people with no income, no jobs or assets and you did that for two to three years. Essentially you started your finance career being part of a system that worked on perverse incentives. Now holding a leadership position in a financial services company, that serves as a fiduciary, where people entrust you with their hard-earned savings, how do you ensure or work towards building systems where the incentives are much more aligned between the givers of financial services, which is you and your team, and the recipients of financial services, which are the investors?

Another reason I’m asking this question is because there’s another point which I pulled out from another of your interviews that you mentioned that mutual fund industry appears like a league table based sport where companies are ranked based on AUM or assets under management, and thus there is a race to gather more assets. I mean, how do you ensure that the incentives are aligned well so that the race for assets do not leave behind those people who entrust their assets upon you here?
It’s a very good question. And firstly, I should say that it is hard because I occupy the position of a fiduciary and I also occupy the role of a CEO. And it is hard. I’m not going to say it’s not hard. It is especially hard when you start from rank 36 on the league table or whatever they are, and this industry is a little bit like Hollywood Box Office. Every quarter these league tables are published and AUM data roams around, and you are answerable to management and you’re answerable to both. So firstly, I should say it is hard, but it is important to get this right. And I learned my lessons over the last three years. I’m very passionate about brand Edelweiss AMC. I’m obsessively passionate about the brand and what it should stand for consumers. And I think the brand should be an honest brand. Someone congratulated me on some league table thing about us being fastest growing last quarter. And I said, genuinely what has given me more heart than that is the number of messages people write on Twitter saying, “I’m doing an SIP in Edelweiss Mutual Fund because I trust you.” And I think that drives me and I think that drives the team.

I think you can put a lot of systems in place to align incentives. But my experience in the US is that more than incentives, culture matters. If leadership, and leadership is not just me, rewards a culture of growth at any cost, that is what people down the line see. If leadership celebrates doing the right thing for the customer and it happens across sales and it happens across marketing and it happens across operations, then you will do the right thing.

I’m being very honest, but I live in an industry where there is NFO craze. You know how many NFOs there are. We have put in place a very strict product committee as to when we will launch funds. And we learn through this exercise that what will it take for us to launch a new product. There’s nothing wrong with not launching a new product, but what would it take? Are we going to add value to the consumer? Do we have the capability to do this? Is it going to be an opportunity that is peaking and will ultimately make money? And if a product checks these criteria, then we will do it. And if it doesn’t, then we won’t. Sometimes you see people raise lots of money on the league table and these ideas and you just go back to your frameworks. I think one of the things I realized is it’s important to have frameworks in life and if you have solid frameworks and foundations, then I think this becomes easier.

But ultimately, as I said, this is what culture is. Culture has to reward aggression and competitiveness, but the right kind of it. Not competitiveness for the sake of competitiveness. And, more and more, we try and document things. So, for all our funds, we have something called a fund mandate. This is what the fund will do. This is what it will not do. That way when you feel the thing to stretch just for a little extra return, you go back to that document and you say, oh no, I’m not
allowed to do this. I do it for my personal investments also by the way. My husband and I do it for my personal investments as well. And I find that very powerful. So, culture and frameworks have helped. And I still will say, it is hard, it’s hard and is deeply internal.

So, you built a culture and now you must enforce it, so it works around the organization so that everyone buys into that culture. 2020 really caused a lot of jerks in terms of the world going into a COVID led crisis. And people started working from home. Though technologies really helped us in working and collaborating from home or wherever we were, but what I’ve realized and what I’ve experienced and when I’ve talked to people, a lot of friends who are working from home across organizations, there’s sometimes a feeling of isolation because of course you’re not meeting people, you’re not talking to them, you’re working in isolation at your home.

So how difficult has it been for you or for your employees or for your team to embrace the culture, especially for new members who’ve joined during this crisis to embrace that culture because they have been sort of isolated? How do you as a leader ensure that culture actually does not get diluted even when people are working away from each other?

It’s not easy, but thankfully it isn’t the first crisis I have led the team through as a leader. I think 2020 was actually much easier for us. 2018-19 was a lot harder after the NBFC crisis to be frank because our parent company went through a lot of noise, and it wasn't our fault, and we were the only guys going through noise and we just faced that heat together. So, the team that went into 2020 Vishal was a very well bonded team. They had kind of seen trial by fire. So, I think that’s one thing. I think team culture is built through a shared sense of crisis. And I was lucky in some way that we had gone through that. Virtual meetings are very different. I’m someone who’s done a lot of speaking probably 500 pieces of live public speaking between 2017 and 2019. But I can tell you speaking on a webinar and a live audience is completely different.

We are adapting. So, we are doing small things to adapt. So, for instance, when you’re doing a senior management meet, it’s typically this half day offsite you do when you’re doing the strategic thinking and it’s fun and there’s food and there’s a different location. Now you’re suddenly doing it on Teams. We started starting those meetings with ice-breakers and we are doing that in some of these. So, because the problem with digital meetings is you can’t see anyone half the time. There’s all this connectivity issue and you don’t even know how to engage the quiet guy. In a room I can
engage the quiet guy, and say hey, you’re the quiet guy, why don’t you speak up?

So, we started last week’s meetings by asking people to tell us who their favourite Bollywood actor was and what quality of that actor reminded one of oneself. And it’s a simple icebreaker. It gets the whole room to speak up and you get some really interesting answers, and you get some real insights into people and what they are. So, I think taking yourself less seriously, finding newer ways to do digital meetings, this is the kind of stuff and we’re learning, we’re evolving. We’ve also made meetings a lot shorter by the way, even things that used to be six-hour meetings physically, suddenly one and a half hour meeting. So, I think the big learning is physical doesn’t replicate in digital and you have to rethink the engagement in digital.

Let me seek your perspective from an employer, or a CEO’s point of view. I go back to this interview in 2016 from Apple CEO, Tim Cook, where he confessed that being at the top is a sort of a lonely job. It’s an isolated job. In fact, there’s a familiar phrase that says, “It’s lonely at the top.” So, being a CEO, you are right there at the top, do you at time find yourself living in a bubble or an echo chamber? And if yes, how do you deal with such situations?

Yes and no. And I’ve thought a lot about this question. I have multiple perspectives. I think it can be, but it doesn’t have to be. I think one is the traditional definition of the whole CEO thing where you are very isolated from your team that, as I realized even before COVID, has to change. I think you need to have a circle. So, if one of my direct reports can come to me and say, listen, I’m having a bad day and I just want to talk and I am open to listen, why can’t it be vice versa? I don’t think being vulnerable makes you less of a leader. I don’t think a leader has to roam around being superhero to save the world.

So, I think that cuts down the loneliness. The second is, I have learned to find networks. About a year and a half ago, I joined a group, a CEO network, about two years ago where I interact with CEOs of different businesses. They could be from real estate, they could be from hospitality, they could be from financial services, they could be from telecom. They could be expat CEOs, they could be people who are 50, I am 37, and that’s been incredible. So, I think you constantly have to seek out ways not to be lonely because it does get lonely. I also think that having that has given me a little more perspective because sometimes in financial services, especially in mutual funds, I think we can be in huge bubbles that are around how much money we’ve raised in net flows and we are a very fortunate industry at the end of the day.
I keep telling my team, we don’t realize that you will sit in COVID and talk to someone from the hotel industry or from the travel industry or from the real estate industry and ask them what they went through in COVID and then you realize how fortunate you are. So, I think that also has been extremely helpful.

One thing I keep telling young people is don’t live in a bubble, that is your own company, your own industry, your own organization. It is extremely dangerous. It will burst one day. Find ways to look outside and don’t spend too much time on the internal corporate politics. It’s just guzzling. Look outside.

That I think is an inspiring message for people who are just getting into the corporate world, and so I think, it’s wonderful. I’ll come back to more challenges that you face as CEO and how do you deal with them. But before that, just let me take you back to that 2008 crisis. It was a transformative year for many investment professionals. And I say that because I was there as well. I was working as an analyst, a stock market analyst handing out stock recommendations to unknown people in the hope that everything’s going to turn into multi-bagger. And we all know that in 2008, the bubble burst. And we realized that we were, as analysts or experts, not really the masters of the universe out there.

You were there working on Wall Street then at the very start of your career in finance. What memories and lessons did 2008 leave you with that you still carry in the way you make decisions as an investor and as a business owner or while running a business?

Oh, I think so many lessons. In fact, much more than COVID. My husband and I both lived through that period. And when March 2020 happened, we were so grateful we had seen 2008. I think a few that come to mind, one is that things can change extremely quickly. And finance is a business of excesses. Not just markets, but finance as a career. I mean, you go from seeing as a young analyst huge bonuses, big excesses to suddenly people losing their jobs overnight. And I think that for me is a much more lasting memory of 2008 than any portfolio losses because markets bounce back. But what people go through in that period, I don’t think bounces back as quickly.

The second thing I think 2008 taught me very obviously was about risk and the fact that you can trust nothing. So, I remember on the trading floor at AQR, suddenly the head of risk one day would come up and say, okay, stop trading with this bank. And we’re like, “This bank? This is a really well-known bank. I mean how can you say this?”
And then the next day he’d say, “Okay, stop trading with this counterpart,” and we’re like, “But six months ago...” So, things can change really quickly and ask a lot of questions and trust no one. I think that’s one of the things that I keep telling investors. In fact, I just posted an article about 10 questions that investors should ask in these kinds of sort of exciting markets. And I keep saying that you will become a better investor if you ask more questions.

So, I think 2008 taught me to ask a lot more questions and I think perhaps the best lesson it taught me was around client communication. I had been an investment professional till then and I had never communicated on that with clients. AQR had one of the finest head of sales that I’ve ever seen in my life, and he always said, “When things are bad, it’s time when you need to be visible to clients because when things are good, your numbers will speak for you. What do you need to speak?”

So, when things are bad, go out and speak. At any time right now, when our funds go through a bad run, and they will, it’s just the law of financial gravity, I’m almost telling the team let’s go out and communicate, let’s send a note to investors about why this debt fund is delivering negative returns because interest rates have gone up. It’s not obvious to people. People don’t have that literacy. Just go and send that extra message. When one fund is doing badly because the market is doing badly, organize a call, just provide more information. And I think that comes straight from 2008.

I really like the way you communicate with investors. I’ve been reading through your Twitter feed for quite some time. And I recently remember, I think you wrote something about that there are no free lunches in the finance space. So that’s heartening when it comes from a finance CEO because not many people would come out and talk so transparently. I think as you rightly said, the power of right communication with investors who entrust their money to you should be one of the priority lists for most CEOs, the most people leading the financial services organization and that really comes out. So that’s heartening. I must congratulate you on that.

Staying with mutual funds, I have one question on mutual funds, about index funds, and I’ll want to bring Warren Buffett over here whom I’ve looked upon for many, many years now. Buffett has been quoted as saying that most investors, both institutional and individual, will find that the best way to own common stocks is through an index fund that charges minimal fees. Those following this path are sure to beat the net results, which is after fees and expenses delivered by the great majority of investment professionals. Running a mutual fund company, what are your
thoughts on index investing in India, which is wildly prevalent in the Western world but it’s yet to catch up in India? Do you think index investing will be big in India in the future, and if yes, what really needs to get right to set the stage for that to happen?

So firstly, I’m so glad you used the term ‘index investing’ and you didn’t say ‘passive investing.’ And I’ll tell you why, I think the whole media has gotten obsessed about this active versus passive debate in India and the debate has taken a slightly dangerous turn, which I’ll come to. In fact, we have a partnership with MSCI, which is the world’s largest index provider. And I was speaking to the chief operating officer of MSCI two days ago and he was telling me at MSCI, they banned the word ‘passive’ from their lexicon and started using the word index investing and index linked investing, because passive implies that there is no effort on the fund manager’s part to manage this. Around 60% of my business is passive. We are the largest debt passive provider in the country, and I must tell you running a passive debt fund is actually more work than running an active debt fund.

I have a business that is half and half active and passive. I just think the whole active versus passive thing is very industry knowledge. When I think of my father, who’s a reasonably smart man, he doesn’t wake up thinking, “Today, I must go and buy a passive or smart beta fund.” He thinks about investment problems. He thinks about the fact that he has money and that he needs to invest that somewhere. And I think we need to speak more consumer speak. The other problem I have with passive investing’s translation today is when I see at least the commentary on Twitter. It’s like, “Oh, active fund managers won’t generate alpha, they’re evil, they make so much money, let’s go passive. So, let’s do passive funds because active guys are not going to generate alpha.” That is a really bad reason to do passive funds because just like you can’t predict markets and just like past performance cannot predict future performance, you can’t predict when passive and active will outperform each other. It’s a bad prediction.

The reason to do index linked investing, and it’s a beautiful form of investing, is exactly what you said – for its simplicity and its cost efficiency. So, if you want a simple solution, by all means do index investing. I’m very bullish on this space, but I think you should do it for the right reasons. These days things like Clubhouse have become very popular. You go to a Clubhouse room, and they say index funds as if index funds have no risk. I mean, equity index funds have the same risk as the underlying equity.

So, my only request is don’t buy a narrative that one is good and one is evil. Have a nuanced understanding. And again, when you’re buying a passive fund, just like the things you use to evaluate an active fund, there are things you need to
do to evaluate an index linked fund. What the index is? I mean, there’s some really bad indexes out there. What kind of tracking error it is? It’s not just expense ratio, expense ratio, expense ratio. So please don’t fall for the narrative. Have a nuanced conversation. And believe me, I say this with no bias, as I said, we have a partnership with MSCI, we’re going to be doing more work on the equity passive side with the leaders in fixed income index investing. So, I have no issue with this space. I just want people to go buy it right.

I think a few years back, almost like when I started Safal Niveshak 10 years back, probably into the second year, I wrote an article about why I don’t invest in index funds and why you shouldn’t do that. I offered almost the same reasons we just alkd about. I will not really say that, over the number of years, I’ve actually converted to believing index funds. I’ve started believing probably more on index funds compared to where I was eight years back but of course, I think the simplicity is something that I’m looking at any investment. I am also looking at the cost factor. But it’s heartening to hear your thoughts being an insider about what really people should look at and not really go by differentiation like black and white, good or bad. Every fund needs to be managed and managed well for it to really generate that kind of return there.

Even passive funds need to be managed well, yeah.

I am sure. I’m sure. Lessons from COVID is something that is my next question both in terms of life and a new role as a CEO. I’m sure it changed a lot of things, a lot of viewpoints drastically of how the world behaves, how businesses behave, how we should behave in a world where we take everything for granted. So, what has changed for you in a post-COVID world compared to the pre-COVID world in the way you look at life, look at business and look at work?

I think the uncertainty of life. I think some things are a continuation. I think the way I live my life as a leader is very similar. I think the importance of being accessible to your teams, the importance of being empathetic, I think that was important before COVID, people are talking about it after COVID. The efficiency of digital, and I know this is a boring old topic, but this has been a big revelation. I’ve always been joked as the hardcore kind of kid. I travelled three days a week to different branches, and I absolutely enjoyed it. I travelled many weekends. I was always out there. And now I’m traveling via Zoom, and BlueJeans, and Teams and whatever it is, and I absolutely love it. So, I think we did a lot of unnecessary commuting and travel.

My father-in-law is a head-hunter and coach. And he says the thing that financial services professionals respect the
least, and is the most valuable, is their own time. And I don't think we valued our own time, me included. So COVID has taught me to value my time. And I think this digital model has been very good for the body. You know I mean 15 years of just constantly working and not having a physical break, I'm doing as much work as I was doing before but there is as you'd say there's a ‘thehraav’ (pause) that has come into life and that is very, very beautiful. So, you're not always rushing to go to work and because I've started doing physical meetings, you value those physical meetings more. So, in the old days, when a CEO to CEO do a physical meeting, it is very rushed meetings. One person would be late. One person would be having to run. Now those meetings suddenly have a more languid nature. They're 90 minutes instead, they may be lunch meetings. You value that interaction with each other. So, I think that is a really nice thing that has come out of COVID. And I think the broad sum of this is value what you have. Also value the money you make, the family that you have. So, I spend a lot more time talking to my parents. I probably talk to them for an hour and a half everyday which is awesome. I never had that time. It was probably weekends only so just valuing what you have. That is all post COVID.

I think what you really mentioned about that ‘thehraav’ (pause) or the importance of valuing people and valuing things and valuing time, I could go back to what Manish Chokhani mentioned in my conversation with him. He exactly talked about the same issue that we have started valuing health more, we have started valuing relationships more, we have started valuing time more. And despite the tragedies that it has caused across the world, COVID has brought a lot of positives as well. That is something that we need to look out for. So that's pre versus post COVID.

You started your finance career somewhere around 2005. What do you know about the world of finance today that you wish you knew when you were starting out?

That simplicity should be at a premium. As you said, I started my career trading Ninja loans. Finance professionals revel in complexity. I remember even my days as a finance student, the more complex the instrument was, the cooler it was. And I think in creating complexity in products, we add risks that we don't even understand. I thank my India and my mutual fund experience for teaching me this. I think the simplest instruments are sometimes the best ones for investors. You probably know I've been an advocate of that.

So, when people come to me and they ask me about my portfolio because I'm globally educated, done hedge funds, done it all, they expect real complexity in my portfolio. So, they're really hoping to get something crazy when they see my personal investments. And then they come see that most
of my money is parked in a balanced advantage fund. And then they're like, “Huh? This is like the most retail oriented product on planet Earth.” And honestly, that’s what I do. I say SIPs into a balanced advantage fund, and I want 14 XIRR and I’m quite happy with my life. So, I think the realization that simplicity works, and we don’t price complexity well, is something I have learned. We don’t understand both the risks and the costs of complexity. I think that’s been the biggest learning.

But we still have a long way to go as far as simplicity is concerned. Even in today’s world, as far as I know of the financial service industry, we are still selling complex products to people who may never understand these products. So, what do you think the financial service industry or mutual fund industry in specific needs to do to bring more simplicity and to make their investors life simpler going forward? What needs to be done over there?

There are two parts to this. I think in the mutual fund industry, because of our regulatory paradigm, the products are actually not that complex. In fact, if you look at it today, and this is a low interest rate environment, so this is a mistake in a bull market that bothers me the most, which is you’re sitting in a low interest rate environment where everything’s happy, happy, and people then, because they don’t like low rates, stretch the boundaries of credit and fixed income. And so, there’re all of these complex fixed income products that are circling around on WhatsApp, and people are writing to me asking about those products. And I’m like, you don’t understand what is going on here. So, I think that’s outside the mutual fund industry. I think in the mutual fund industry, we have to work to simplify the way we communicate.

I’ll give you an example of fixed income. Now, again, dad was saying this about a year ago. He had to park some money that was sitting in his savings account. I was like there are low duration funds, and money market funds and short-term funds. He’s said, “I do not understand these terms. Why have so much complexity for one savings account fund?” And so, when an investor is investing in fixed income, for instance, why should he care what the RBI is doing? Why should he care about GDP? Why should he care when he is parking three months money or six months money or nine months money in fixed income? And why should that narrative change from fund to fund?

So, at Edelweiss AMC, one of the things we keep talking about is that we want to bring back the word ‘fixed’ in fixed income. We want to make that experience more fixed. We just did a revamp of the website and we’re putting these pages for each of the products, which describe the risks. And I told the team, let’s just make a list of banned words, like
volatility, long term, all these industry words, we’re just going to ban them and tell the editor, you cannot write them. These are blacklisted words. So, I think just simplicity in how we communicate. I think the banking system does a much better job. And even the insurance industry. They do a much better job of communicating than we do sometimes.

That’s true. And simplifying communication, I think is a great step in that direction I think, in terms of simplifying the products or how people perceive products whether from mutual funds or from banks or from insurance companies. Great!

The CEO title sounds glamorous and I’m sure it is often not so glamorous. You are solely accountable, you are solely responsible, and you are the person who’s losing the most amount of sleep. So, take us beyond that obvious glamor of a CEO’s designation and maybe share those two or three non-obvious things you wish someone told you before you became a CEO.

It’s glamorous and it’s not glamorous, that I agree. I think glamour is about 10-20%. And I don’t know what your definition of glamour is. I think my definition of glamour is unconventional. It’s the ability to lead so many people and change so many lives. I think that’s glamorous. I think like the most glamorous moment in my career is the day Cabinet approved Bharat Bond and suddenly Nirmala Sitharaman, our honourable finance minister, is announcing and doing a 20 minute press conference on the product you launched and you’re seeing all your people glued to CNBC screens just watching that moment. Now, that’s glamorous. But there are a lot of moments that are not glamorous. I think there’s one day a month where you want to kill someone, not physically, but metaphorically. And you’re like, I can’t do this. I think the few things I wish I had known, one is you don’t need to battle it all alone.

As I said, you don’t need to be the sole guy in a corner office battling it all alone. The second thing is there is a lot more to this role than people think. So, one of the things about a mutual fund CEO role at least, and this is the only role I know, is that it’s very vast. You could be sitting and discussing digital marketing one day and you could be discussing audit issues the next day and you could be discussing quant investing third day. So, you really have to have a lot of breadth in the role. Now this means because of the breadth, you really have to delegate well and if you’re someone who wants to be involved in everything, it’s going to be pretty hard to make it work. So, I think that’s one of the interesting things that I’ve learned about the role. The breadth is so wide that you’re going to have to be able to delegate everything.
And the third thing is that hard work doesn’t necessarily pay the rewards today. So, we worked very hard in 2017-19, but as a business, I think we started seeing the real rewards in 2021. That doesn’t mean it’s not important to work hard. Now I am a fundamentally very impatient person and I have loved this business as this role has taught me to be a lot more patient. But I think the learning is that hard work pays the dividends, but they’re like dividends. They show up later. You need to accumulate enough resolve for you to get a dividend.

Well, I’m sure it does. Now, with glamour comes stress. And it seems a part of every job description these days, particularly when you reach that what they call a C-suite. I’m sure in your role as a leader of your organization, you must be going through periods of stress, or you may feel unfocused or overwhelmed. Do you have any tips or tricks for decreasing stress or something that you do that increases your confidence, takes you away from stress, helps you focus and brings that clarity of thinking so that you can get back to work again?

One, I don’t watch too much news and I don’t read too much news. I actually don’t watch much TV at all. So, I try to declutter a lot of my mind from this. People will be very surprised to know I don’t read a single finance book. So, if you ask me names of famous finance books, I probably have read 10 of them. Most people have read 200 of them. I read fiction for fun. I think that you will be a good finance professional if you learn from other industries and you take the time to step outside the world of finance and pick up from things around you. Funnily enough, I actually wrote this on Twitter, Vishal, and someone wrote to me saying, “You must be a really bad CEO. I’m never going to invest in Edelweiss because the CEO reads fiction.” Okay, I don’t know what to tell you guys, but I do read fiction. So, I think taking a break from the world of markets is very important. Many, many very successful fund managers and finance professionals I know are those who run a marathon or who play tennis who have some outlet that is not finance because it can be all consuming.

You finish your markets and you start worrying about US markets at 8 o’clock, US markets have opened down you’ll worry about what the next morning will be like. This cycle doesn’t end, money doesn’t sleep. So that doesn’t mean you should not sleep. So, I think that is one thing. I also discover self-confidence when I’m low by doing things I am good at or I enjoy. So, you’ll frequently see me writing when I have a bad day. Once I had a really, really bad day, I think this was about 9:30 at night, and I was fried, and angry, and frustrated. I just wrote down on my laptop 10 pieces of things, 10 motivational things, that mentors and people have told me in life. And then I tweeted it. I was like, these are the
10 things to remind yourself on a bad day. And it went viral, ET covered it, and a whole bunch of stuff happened. But I do a lot of writing. Writing helps me, I can’t scream because of my role, but writing helps me make up for that. So that really helps.

That’s right. And your point about fiction, I personally don’t read much fiction. I’ve started reading a bit of that, but I remember I think Prof. Sanjay Bakshi mentioned a few years back about the importance of reading fiction. And he said that fiction teaches you empathy. When you read about the characters of people and you start imagining them, you actually start empathizing with real life characters as well. So that’s one take away for me and which I’ve tried to find out when I’m reading little amount of fiction which I do.

Anyways, over the last few years, you must have been through hundreds of hiring interviews. What is the number one aspect that is not on the resume of the person you were interviewing but you are looking at that as a trait in your employees when you’re trying to bring them on your team? So what’s that one aspect?

The ‘jazba’ to do something different. I’ve used an Urdu word but maybe I’ll call it chutzpah in English, which is my favourite English word. We are a young asset management company. And unfortunately, and I have interviewed people who say, “I work for XYZ big fund where we get a lot of funds just based on our brand power, and I don’t have to do anything.” We are very unconventional in our approach and to succeed at a player like us, every day, you kind of need to go out and do some guerrilla warfare. It’s not easy. You don’t have a bank doing distribution. It’s not the easy road. So, I look for that ‘jazba,’ that chutzpah, that desire to be different. And believe me, you can sense it in 5-10 minutes. I mean, I don’t need to have a half an hour conversation. I can tell it 10 minutes when someone has it.

Are there any specific questions where you asked to find that, or just look from the body language of the person you are interviewing?

You can figure it out from the body language. So, I always ask people two questions, which are like the most boring questions in the world, but I love these questions because you can find out so much. One is, “Tell me about yourself.” And most people go into their career history and what their mother did and what their father did, etc. I want to see what you stand for in that question. What is your story? I’m a storyteller. The second is I ask people, “What do you want to be in five years?” Now, it’s a very boring question. And most people will tell me, I want to be a manager, or I want to see career growth. I want to see spark, I want to see ambition. I want to see the desire to make it big in that question. In these
two questions, all your chutzpah questions are answered. And Vishal I get some really great covering letters these days from random kids. And they’ll say things like, I think I tweeted this one that someone wrote, “I’ll be the best investment you’ll ever make. And in hiring me, you might just be hiding your successor.” That’s chutzpah.

**Did you hire that person?**

I have started having a conversation with that person.

That's great. Coming to a subject, which is I think close to your heart, and you've talked about publicly on Twitter as well and in your various talks, you've shared the statistics about there being 45 mutual fund companies in India and approximately 200 leadership roles. Yet we find probably less than five women leaders in the industry. Being one of those rare kind at the top in finance and in the corporate world, where do you think the buck starts and where does it stop? Is it more of external restriction that the society imposes upon girls or it's an internal conditioning, which is again a result of the upbringing of girls usually that they get at home in initial years? And how do we break that glass ceiling and see more women rise in the corporate world?

I think the buck starts with people like us. And I'll tell you what I mean. It starts with people like us to give women the comfort and confidence that this industry is for them. And I think we do a terrible job at it. Finance, especially asset management, and I think banking has had a much richer legacy of women CEOs. Asset management has given this impression, because it could work from the Dalal Street, that unless you are this alpha male who is out of like Wolf of Wall Street or Dalal Street or whatever, these Scam 92, etc. kind of stuff, you're not going to make it. It's an industry that is largely male, alpha male. You have to be talking shop all the time. That's not what this industry is. And one of the reasons I've been fighting this whole thing is the public representation. See any confidence that happens, and I've been fighting the manel (male-only panel) for the longest time. You will have 28 speakers and not one speaker often is a woman. What message do you think that sends one, to young women about how accessible this industry is? And two, to a prospective woman who's investing that she knows and can make a decision about money? Women will enter this industry when women have role models and when women are told that they can make it in this industry. And by the way, I've never said this, but to all the conference providers, I tweeted yesterday asking people to fill up a Google form. You know how many responses I got Vishal? I got 450 women in investments who are ready to speak. So, it's not that there is a shortage of us. It's a shortage of platforms to give us voices.
And the day they get voices, you will see more and more of them. So one is, I think the buck starts with us because we are involved in this industry. It also ends with young women because they have to be ambitious, and they have to be resilient, and they have to not drop out. I think as a young woman, when you enter this industry, you have to know it’s going to be hard, but don’t make your gender a liability, let your gender be an asset. I’ve genuinely realized, and my co-founder Venkat told us this on Women's Day, that today if you are a talented woman in financial services with all the diversity portion, all the ESG portion, if you are good, you actually can be at an advantage, and you should lead your life that way. So that's what I would say. And I think, unfortunately, my generation of girls and I’m still reasonably young will still your tags like, oh, you’re the youngest, you’re the only woman CEO, etc. I’m hoping the next generation won’t, because I think the next generation of women is far more ambitious than mine was.

Wonderful. I think I was reading this article from Jason Zweig, who writes for the Wall Street Journal and this article is something that he wrote almost in 2008, almost 13 years back when the crisis erupted in the US. He wrote how the masters of the universe had turned out to be masters of disaster and how the male dominated world of Wall Street had boomed and busted every few years for more than two centuries. And he gave reasons why women could be better investors. And I completely agree with that because they are less afflicted than men by overconfidence or the delusion that they know more than they really do like most men believe in the financial industry or as investors. So, what according to you stops more women to take control of money and investments at home and at work? Forget the corporate side, we’ve talked about it but what about taking care of money at home and at work really? Is it the same issues which are out there?

There are actually very similar issues. I think the belief that money is not for me, and money is complex. One is sheer laziness. Why do I need to do this when someone else can do this? And I think of all things you can outsource, this is not one you should outsource. But the second is that money is complex. Finance is not for me. And as I said, we are an industry that revels in the complexity of terminology. So, I think if you break it down for a woman, so I do couple of women’s seminars, and I say that doing asset allocation is almost as easy and building a portfolio is almost as easy as planning a menu for a dinner party at home. You decide the different kind of cuisines you want. You decide what you want to outsource, what you want to do. And then you go and pick the different restaurants you want to order from. You need simpler analogies, simpler examples, simpler ways to break down the problem and make it accessible. You need
less NFOs and data on funds and documents, and more examples of how to use this in a practical way to make your life simple. Most women, unfortunately, because of all that we do, are extremely short on time. So, the sooner and easier you can break this problem down the better it is.

That’s true. Anyways, talking about the storms that I mentioned when I was introducing you Radhika, you have talked about this publicly how you were contemplating taking your life at the age of 20 after being rejected for jobs from seven companies in a row. And one of the reasons you have attributed to your thought of suicide at that age is the unnecessary competitive spirit with which we live in a world where everyone is trying to win some race, like a dog eats dog world and thus beating others often takes a priority over finishing the race. Now that thought or that part of your life really took me to my previous conversation that I had with Vinod Sethi, the ex-MD and CIO of Morgan Stanley India, and where he said I quote – “Schools and colleges teach you nothing that you really need to learn, which is courage, conviction, faith, risk-taking, leadership, how do you take people along, how do you communicate effectively. Education doesn't teach you how to deal with stress. Education teaches you foolish concepts like success and so on and so forth, which unnecessarily sets you on a path of relativistic thinking and that the road to life is this Darwinian world of survival of the fittest. It makes you an unhappy person, whether you do well or not.”

So what is Radhika Gupta who is a courageous woman, risk taker, leader, and an effective communicator a product of, if not of the education system? How much of what you are today do you attribute to what you learned at your school and college, and how much outside it?

Interesting question. I’m the child of an educator also, so I’m not as cynical. I think I’m part of product of an education system and part of product of life. And I think most of us are. I think education grounds you in a few things. And I was very fortunate because our education was largely global. I did the IB program, which was a very open program, and I had the benefit of going through an education that was not only math and science and not only hard stuff. So, I was exposed to literature and history and a lot of things. And then I had a world-class undergraduate education. I do agree with some of the comments, like no school system teaches you how to fail.

I am extremely competitive Vishal. I mean people joke with me about how competitive I have, but my definition of competition has changed over the years. I think there is no
single definition of success. I think each of us defines our own definition of success and with my frameworks, I’m very competitive. So, I want to be the best that I can be. But I can’t be the best that someone else can be. And I want to be the best that I can be given my constraints, my circumstances, and my desire. So, I wouldn’t say I’ve become less competitive. It’s just that my definition of competition has changed. So that’s one, but I also feel a lot of lessons the education system can’t teach you.

So, I’m not as hard on the education system. I think a lot of it is life. It’s just like in markets. I am the product of a financial education and economics from one of the finest business schools in the world. But I will tell you a lot of things that I’ve learned about markets are just from the experience of going through enough cycles. And when they say you’ve benefited from cycles, you’ve also benefited from cycles in life. So, I am a product of cycles, both in markets and in life.

And I think, I remember you saying about your experience at Wharton. I think it was Wharton where you’ve been top throughout your school in colleges, so if I were to draw that normal distribution curve, you’re on the extreme right throughout your career. And suddenly you are in Wharton now where everyone has been at the right side of extreme right of the normal distribution curve. So, you are part of the whole now. You may not be an extreme. You may somewhere be in the middle. And I remember reading a post from Mark Manson many years back where he talked about being average in the age of alpha. We are all trying to seek alpha. But most of life happens in the middle. Most of life happens in average. As you rightly said, you may be best at something, but you may not be so good at something else in life.

So not everyone is the best at everything in life. We’re living in a world where most people are trying to portray that success comes easy. And you just need to go to YouTube and look at those videos where people in their 20s, and they say that how I started at 20 and became a millionaire at 30 and how you can also do that. So, we are moving towards that world of exceptionalism if you were to use that name. We all want to be exceptional at stuff, which is a good thing. But the problem is that we are not ready to end up with a result which may be average. But which may be average which maybe a happy ending for us.

So, what advice would you give to youngsters or people just starting out on their career who may be as confident as Radhika Gupta was when she was 20, but who may end up with average results. So what kind of advice would you give to someone to be satisfied with
that kind of a result? I'm not saying aim for being average, I'm saying aim for the stars, but if the result is average, and if you're happy with that, reasonably happy and doing well in life, I think you should be contented. So maybe some advice from you would help over here as well.

A couple of things here. One, I was not confident in my 20s. I think my confidence is probably the last three, four years. I was very confident when I was four years old and then I became confident when I was 34 years old. There's a period in the middle where confidence wasn't that high, I can say that. I would say that it is important to want to be exceptional, but you can't be exceptional at everything. So, I chose my battles and I'm learning to find out what, and they always say when you're growing up, you're good at this and you're bad at this and work on your weaknesses. I believe a little differently. I'm figuring out what I'm good at and what my strengths are and I'm going to go back to those strengths and in the other things in life, it is okay. And I think that's the equilibrium I've come to.

Also, since you alluded to that example at Wharton, one of the things going to a school like that has also taught me is that you are at the extreme and then you are knocked back in the middle. And you kind to constantly have to be making that journey from good to great, and then you move on to a different league and back to good again. This is something I said at the Edelweiss Townhall again that every time your rank changes and your league changes, what was good enough then is not good enough now. So, on the things you're strong, and on the things that really matter, you should aim for excellence. But then, I can't be an excellent CEO, and excellent singer, an excellent speaker, and excellent dancer, and an excellent athlete. The other thing I would say is that some rejection is definitely part of the territory. You live in India, and just the odds are going to make sure you are getting rejected. You are not very special, by the way. And even all those who claim to become a millionaire at 20-30 years, there is a lot of click-baiting.

There's a very old 'sher' (saying) which I would tell young people, that – “Dil na ummeed to nahi, nakaam hi to hai, lambi hai gham ki shaam, magar shaam hi to hai.” It's essence is that you may fail and it is inevitable, but don't lose hope.

That's a beautiful thought. For a moment, imagine you are not Radhika Gupta, and that you are sitting next to a 20-year-old girl who is thinking about taking her life due to the rejections she has faced in life. What consolation or advice would you offer her on handling rejections and dealing with life better?
That would be my advice, that hope cannot be lost. Hope is a good thing. It’s probably the best of all things. And hope should never die. The other thing is that when we go through these incidences, it’s important to talk about them. It’s important to vocalize them. We feel that we are all alone but you’re not the only one who goes through all of this. And the sooner you realize that the easier life will be. So, it’s important to talk about this because when I have shared stories of tragedy and failure and depression, I’ve had more and more people come to me and say that my story reminded them of their own life. So, I think talking and conversation heals a lot. And again, I think we are taught not to speak.

And there are not many people to listen as well. Your Twitter profile says you are a girl on a mission. Tell us what that mission is all about?

I am on a mission to do the best I can, to the best of my abilities, to make as much impact for this country as I can. That impact would take different forms in my life. And I hope in living that mission, I can inspire a bunch of other young Indians to also do that. So, that’s the mission.

I am very optimistic about India. I am very optimistic about the potential of young Indians, and I believe if India has to grow at 10% GDP, which hopefully we will one day, it would probably take all of us to do 110% of what we are capable of.

That’s inspirational. In the last five years, what new belief, behaviour, or habit has most improved your life? Overall, what habit would you say most positively impacts your life?

Writing. Writing and reading. And these help me incredibly. I think Urdu poetry for those who don’t read it or listen to it, once you understand it, is so beautiful, it’s so elegant, it’s got such ‘thehraav’ (pause), and it’s got such beautiful philosophy. And I think writing is tremendously clarifying. Also because of writing, I am able to interact with a lot of people on social media. Probably 50 people write to me a day, if not more, and another 30-40 people send me emails. Unfortunately, I am not able to read all the emails, but it gives me a lot of optimism to read many of them.

Nassim Taleb has a chapter in his fascinating book Antifragile on this topic of Via Negativa where he argues that the solution to many problems in life is by removing things, not adding things. Like he writes that a considerable jump in his personal health has been achieved by removing things like the morning newspapers, the boss, the daily commute, air-conditioning, television, economic forecasts, and news about the stock market.
How does your own via negativa or ‘not-to-do’ list looks like? What things have you learned to cut out from your life compared to, say 10 years back, that have added to your overall happiness, health, and peace of mind?

One thing I have consciously cut out is any kind of unnecessary politics and gossip in my life. And it affects a lot of young people. Any organization that you are in, you can spend so much time wondering about who got what, and who is talking to whom, etc. I will be one of the least informed people of what is going on in any industry gossip, or any corporate gossip. I have no interest in it. Life is so fulfilling and there is enough to do yourself. And if there is not enough fork to do, there is enough to read, to talk, people to meet, parents, friends, there are all these things to do. So why do you want to spend time doing that? There’s an old saying that average minds discuss people, and so I have just cut a lot of that out. So, it’s a running joke that I am the least informed about these things in my organization and industry, and I am extremely happy to be that way.

That must save you a lot of time to do better things in life and at work and think better.

People think I am on social media and so I must have a lot of information. That’s not true. I have no information about what’s going on. I don’t seek information.

The other thing I have stopped doing, which is related to this is, making unnecessary comparisons. I think comparison is the mother of all unhappiness in life. I work in an industry where compensation is disclosed for everybody. You can just look at how much money people made and feel unhappy. It’s just a really sad recipe to live life. So, I have stopped making unnecessary comparisons, because I believe that in life there is no arbitrage. You get what you deserve. You may get it late or you may get less, but you will get what you deserve.

I am sure that also applies to investing and wealth creation. You get what you deserve. It may take time, and all good things take time.

And you don’t compare, right? As long as you are making enough return, why should you care if you are making 14% and your neighbour is making 16%. Is that what you live for? Why should you compare? Once you have a spouse, you are happy with your spouse. You don’t compare that your neighbour has a better spouse. And the media does a great job of rank one, rank two, and so on. It is like we are horses and you have to make horses fight with each other.

I completely agree. Anyways, you have been hugely successful in your career, and at such a young age. How do you balance your desire to challenge and improve
yourself while enjoying the indulgences provided by a successful life?

I’ve learned to indulge more. And I think COVID has taught me that. I grew up with very middle-class values. When I was working on Wall Street, everyone told me you’re working on Wall Street and you must get a Louis Vuitton handbag, and I did that. And it was like an event in my family. People still remember that bag in my family. But I have learned to enjoy the things I like. Life is short, and I think money has to have the purpose of giving you the happiness. And if that happiness is a larger home or a diamond bangle, or whatever gives you happiness, even though this is my profession, I don’t believe in the mantra that life is only about saving and investing your money. You live once.

Also, I am very fortunate to use the resources to invest in myself. So, as I said I joined a CEO club, I have also joined forums that can give me learning opportunities. I have also tried to use money to give me more opportunities to learn. And that’s been absolutely incredible. So, my luxury is sometimes learning and sometimes it’s just pure luxury. And I don’t overthink this stuff.

Behind the successes you have achieved over the years, there must have been some failures. So, what has been your favourite failure, one that set you up for later success?

This one I haven’t talked about, but I think this is very important. When we came back to India to start Forefront Capital, we had come back with quant backgrounds. We put together our first product and we basically took what we had learned in the US and packaged it into this really fancy quant product. Everything that we had learned, we put all that into it. And then when we launched it, no one bought it. Like, nobody bought it. We had probably 3-4 customers sign up and they were all family and friends.

That product taught us that products are not great until there are consumers to buy them. And I learned the whole game of product design, and it’s the best thing I’ve learned. So, finally over 2-3 years of learning and talking and getting customer feedback, we designed one product at Forefront Capital that was reasonably successful. But I’ve always believed that the very core philosophy to me has been design financial products that are solutions for customers. It’s true of Bharat Bond and it’s true of other products we have. If you see on our website, our vision statement is to provide investment solutions that deliver enduring value. And I think that solution orientation comes from this very first failure. So, that one was important that don’t build things in the dark. Build things for people who use them.
Here I would want you do another thought experiment. If tomorrow you woke up as a 26-year-old Radhika Gupta with no business connections, no Wharton degree or following on social media and you only have Rs 100,000 to start a business in India, how would you go about it?

I would do two things. I would think about the things I am good at, and I would think about what people need. I would go talk to lots and lots of consumers. So, say I had a great cooking ability, I would just go talk to lots and lots of people and ask them, like, what food is it that you're missing, what food problem do you have, and it would ultimately be a bridge of what I’m good at and what people need and what isn't out there. But that's what I do. I would look for an unsolved problem that I have an ability to solve.

You recently tweeted this – “Every week, at least one 22–28 year old girl reaches out and does a call with me, about how she wants to become a CEO one day. She asks for help, advice and stays in touch.” What do you advice these girls?

So, firstly, I must tell you these girls are so inspiring, because not only do they reach out to me, but they manage to find time on my calendar. And my calendar is not easy to find time on. They don't just write cold emails to me. They actually connect with me, with either a college friend of mine or, you know, some of them find my husband, or some of them find my family, and they find ways to get to me, which I cannot say no to. So, they know how to get to me in a way that they will get time on my calendar, and that is epic networking, Vishal. I didn't have this wisdom. In my twenties, I won't even write a cold email to someone I admired, forget trying to figure out who their inner network was and who on that network can actually get a meeting with them. One of them who I am in touch with actually managed to just charm my assistant so much that my assistant insisted I talk to her for her own sake.

So, firstly, I'm very, very inspired by the wisdom these girls have. I think most of the questions are the same in terms of what advice I give them. I think most of the questions are around finding self-confidence. And that's what I talk to them about. There are sometimes career conversations, but I think a common thread there is finding self-confidence and how do you sort of tread the path towards really, really big dreams. These are the two things that we talk about.

And I think the best thing I can do is tell them to have self-belief, because if I have done so can they.

My daughter is nearly 17 and she has a lot of such questions, so now I know where to send her to in terms of asking those questions. Anyways, your business
involves selling a product that can help people achieve financial freedom, if they do it right. What does financial freedom mean to you? And what advice would you offer to youngsters in managing their money?

Financial freedom is the ability to make choices. And I think one thing money does is it gives you the power to make choices. For instance, when we started Forefront Capital and we took that decision to move back, I haven’t done many wise things with money in my early 20s, but one of the wiser things I did was save a lot of money, and that enabled us to come back to India and start a business without having to ask for permission. And I think that is what financial freedom is – to live your choices without having to ask anyone for permission.

My advice to young people is, I think, a few things. One, save. Just start saving and start investing. And it doesn’t matter how small it is, just start. Second, don’t be so overconfident. There’s a lot of information out there but you don’t need to go buy Bitcoin. Doing the simple stuff doesn’t make you less intelligent. That is extremely important. And third, don’t worry if you make mistakes. We all made mistakes in our twenties, and you don’t earn too much in your twenties, so make the mistakes younger. By the time you’re thirty and you make some decent money, hopefully you’re a much wiser investor and you’ve discovered yourself.

The last thing I would say is forget the FOMO (fear of missing out). All of us live in a huge world of FOMO. But just because it’s cool on Twitter, or it’s cool on Clubhouse, or all your friends are doing it doesn’t mean it’s right for you. It’s personal.

I have a few more questions and these are like a quick rapid-fire thing. First is, what is the single best piece of advice you ever got?

Mostly from my mother around being unique and loving yourself for what you are, and going out and celebrating that instead of trying to be anything else

What the single worst piece of his life you ever got?

A lot of people tell you not to start a company. I got a lot of advice on not selling the company to a larger player, which was Edelweiss. They were like, if you work in corporate India, they will eat you up. Nobody has eaten me up, so I am okay.

If you could have a billboard with one message that reaches to millions of people, what would it be and why?
This is how I would design the billboard. I will put a big mirror on the billboard, and I will put a sign next to it that says, “Confidence is contagious and so is a lack of it.” It's a quote I love.

**What is the kindest thing that anyone has ever done for you?**

When that Cyclone Tauktae happened, one of my windows fell into the house and we were basically living in an open house with a cyclone. My driver and a darling carpenter showed up in the middle of the storm at 9:30 at night and they just fixed everything without me having to do anything. And I'm grateful for them. Because when strangers do things that are kind to you during really tough times, it's just amazing.

**I am sure that must be great. My final question. I think you've already told a 'sher' but I would request you to share one more of your favourite? You share a lot of your thoughts using shayari, so which one is your favourite?**

This is the one I like. It's from Sahir, and it goes,

\[
Na munh chhupa ke jiyo, na sar jhuka ke jiyo.
Sitamgaron ki nazar se nazar mila ke jiyo.
Aab ek raat agar kam jiyo to kam hi sahi,
Ki jab talak jiyo, mashalle jalaal ke jiyo.
\]

It says that don't live your life, hiding your face from others, with your head down. Look at people in the eye and live your life. And for whatever time that you live, live your best.

**That's beautiful, Radhika. Thank you so much for sharing. With this, we come to the end of this conversation. It has been a beautiful conversation for me and I personally have learned a lot. And I'm sure the listeners would have a lot of takeaways and lot of inspiring stories that can really carry them forward. So, thank you so much for spending your precious time with us. And if there's one final message that you want to leave the listeners with, what would it be?**

Up, up, and away. We're ending a period, hopefully, that has been dark and difficult, to a period of, hopefully, optimism. This is because I think India is a country that survives on growth. Growth is very important, personal growth, national growth. And growth doesn't exist without optimism.

**Wonderful. Thank you so much Radhika for your time and insights that you have shared.**
This is a masterpiece.
Morgan Housel
Author, The Psychology of Money

Template on how to lead a happier and fuller life.
Ramesh Damani
Member, BSE

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