

ETMarkets Smart Talk: Railways, defence, manufacturing and consumption could be in limelight in FY25: Sandeep Bagla

TRUST Mutual Fund's Sandeep Bagla is positive on specific sectors while cautioning on market corrections. Advocates prudent asset allocation, gold hedging. Discusses RBI's NBFC actions, client concerns on Nifty valuations, and global liquidity impact on market buoyancy. Bagla further says that global liquidity has been an important factor in the upbeat mood of the markets.

[Kshitij Anand](#)

"At TRUST MF, we are positive on sectors like railways, defence, [manufacturing](#), and [consumption](#) – with a medium-term perspective," says [Sandeep Bagla](#), CEO at [TRUST Mutual Fund](#).

In an interview with ETMarkets, Bagla who has over 25 years of experience in financial markets said: "If Central banks move to reduce their balance sheets aggressively, and in the process, there is a squeeze in [liquidity](#), if there is delay in monetary easing, that could lead to some market correction," Edited excerpts:

Indian market hit a new milestone in the week gone by. We are in

the last month of the FY where do you markets going in FY25?

Time to tone down expectations?

Sandeep Bagla: Most market experts have been cautious for a while, but the market rise continues unabated. Easy [global liquidity](#), strong growth prospects, and a healthy domestic risk appetite could keep markets buoyant.



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It is always good to keep expectations low and stick to a prudent and carefully crafted asset allocation plan for oneself.

What should investors watch out for in FY25 – any factors that could derail the bull run?

Sandeep Bagla: The bull run can be expected to continue as long as the factors supporting the bull run remain intact. There have been talks of monetary policy easing as [inflation expectations](#) have come down, both locally and globally.

Global liquidity has been an important factor in the upbeat mood of the markets. If Central banks move to reduce their balance sheets aggressively, and in the process, there is a squeeze in liquidity, if there is a delay in monetary easing, that could lead to some market correction.

Which sectors are likely to hog the limelight in the next financial year?

Sandeep Bagla: Markets are seeing healthy sector rotation, which makes any prediction about sectoral performance difficult. The undervalued sectors have repriced upwards, and that theme could continue in the next financial year as well.

At TRUST MF, we are positive on sectors like railways, defence, manufacturing, and consumption – with a medium-term perspective

Gold hit fresh record highs along with equities – time to add more Gold or book profits? What is the right allocation for investors in their portfolio?

Sandeep Bagla: Gold has been known to be an effective hedge against inflation. One needs to allocate a part of the portfolio to gold and keep rebalancing periodically.

What is your take on the RBI's action on various NBFCs on rampant lending. What is the broader message the central bank wants to send across to the investors?

Sandeep Bagla: The rise in retail loans is leading to lopsided credit growth. I am not sure whether the regulator is giving a broad message or is simply ironing out the anomalies arising due to individual growth aspirations. We need to watch this space for further developments.

Do you see any particular theme (sector) looking overheated?

Sandeep Bagla: A few mutual funds have restricted inflows into small-cap and mid-cap schemes which seem to indicate that the run-up in stocks leave little room for error and the margin of safety needed by professional investors has reduced.

What are the queries that you are getting from your clients especially when Nifty is trading near record highs?

Sandeep Bagla: The discerning investors are concerned about valuations, which appear to be at the higher end of the historical range. The new investors without the past baggage are more bullish. Most investors continue to remain invested, though.

Do you see FIs hunting for more small & midcap stocks as they hunt for growth?

Sandeep Bagla: Money is chasing growth, globally. India's growth story is most diversified and well understood. As further economic data emerges, and if the global liquidity persists, there will be interest from FPI investors as well and there could be a hunt in the small and mid-cap stocks as well.

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