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Speaker Event: Career Development Workshop (Pune) ............................. Aug 8th

Speaker Event: Corporate Finance & Business Valuation (Mumbai) ...... Jul 10th & 11th
This year is special for IAIP & and its members. For we, as a not-for-profit organization, turn 10. Though there were many CFA charter holders from India around the globe a decade ago, it was difficult to find 50 members required to form a local society. It was only in 2005 that the Society could be formed with 59 members. Today, we are over 1300 members. In terms of number of events, we had around 29 in Mumbai alone and 65 across the country last year. All the credit goes to the active volunteers for sparing their precious time and taking the Society forward. You can access the 10-year celebration on [https://iaip.wordpress.com/2015/04/26/iaip-10-year-celebration/](https://iaip.wordpress.com/2015/04/26/iaip-10-year-celebration/).

Another good news was the opening of the CFA Institute's office in India. This will be of great help to both members and candidates.

The growth trends of M3 and bank credit to commercial sector suggest that the economy continues to remain under stress. So does the direction of the last earnings season. The point is whether this can change going forward. There are several initiatives running parallel, both at the government and the ground level (e.g. financial inclusion, auction of natural resources, resolutions on stuck projects especially roads etc.); the impact of which will be felt few quarters down the line. In the meantime, we have benefits of transitory slow down and fall in global commodity prices reflected in lower inflation, lower yields on 10-year paper and comfortable current account balance. With two more 'Ds' in the form of 'Decisiveness' and 'Digital' added to the previous three 'Ds' viz. Democracy, Demographics and Demand, bright days lie ahead.

Sincerely,
Chetan G. Shah, CFA
Director, Indian Association of Investment Professionals
India CFA Society
In Conversation with...

Saurab Mukherjea CFA did BSc and MSc in Economics at the London School of Economics. Then he worked under John Kay, one of UK’s top economists, for a couple of years following which he became a strategy consultant in Accenture. In 2004, Saurabh co-founded Clear Capital, a British small-midcap focused research house. Whilst at Clear Capital, he received CFA charter. After selling Clear Capital in 2008 to a larger British investment bank, he moved to India. Currently, Saurabh is CEO of the Institutional Equities franchise at Ambit Capital.

How do you view the Institutional Equity Broking industry with regards to scope, growth and job prospects? How can CFA charter holders take advantage of it?

India is a unique emerging market in that with only $2K per capita income, we generate $450bn of household savings. Historically, two-thirds of these savings have gone into gold and real estate thus leaving very little for the organised Financial Services economy. As a result, the Indian Financial Services sector – both buy-side and sell-side – have historically been sub-scale. However, as the NDA Government attacks the Black Economy, I see this situation changing – a greater share of savings will flow into the organised Financial sector and thus create greater scope for intermediation and investment activity.

How did CFA help in enhancing your career objectives?

The syllabus for the CFA exams is ideally suited for a career in financial markets. You learn accounting, valuation, portfolio structuring, economics and ethics over the span of three years whilst working in the Financial Services industry. The focus is on practical knowledge rather than on too much theory. As a result, the CFA charter avoids many of the negatives of the MBA qualification which I have found to be too theoretical and which forces most professionals to step away from the real world for a couple of years.
How would you rate the CFA course with respect to content and structure including the pros and cons? Also include aspects which give CFA course an edge over other courses.

I have addressed most of the issues above. If I compare the MBA and CFA head-to-head then my reckoning is that the CFA, relative to the MBA, is for more self-driven professionals who can build their study program and motivate themselves to pass three rigorous exams. The MBA seems to be designed more for individuals who are confused with regards to their career intentions and are looking for a “stamp” which will open up various career avenues for them. If you know that you want to work in capital markets then the CFA is the qualification for you. If you are confused, you are better off doing a MBA.

What guidance you would give to CFA aspirants?

Think for yourself. Don't believe what you read in the media. Don't go by conventional nostrums. See the world with a fresh pair of eyes and think things through from first principles. Read extensively. Travel extensively. Expose yourself to a whole variety of cultures and experiences and through all of it, think for yourself rather than believing conventional wisdom.
In Conversation with...

Nirakar Pradhan CFA has worked for over 30 years in Banking, Treasury and Investments both in India and abroad. As Chief Investment Officer (CIO), he has been heading the investment department at Future Generali India Life Insurance for the last seven years. Previously, Nirakar worked with State Bank of India (SBI) for 25 years including 5 years at SBI Frankfurt, Germany.

How do you view the fund management industry with regards to scope, growth and job prospects? How can CFA candidates take advantage of it?

Investment industry in India is at a crossroad. With world leading growth, favourable demographics and stable political regime, India is expected to become the next economic powerhouse. Indian capital markets would contribute significantly to this transformation. With favourable regulation and increasing use of technology, our markets have become open and accessible to ever increasing market participants both domestic and globally. Higher participation has led to better depth and breadth of both equity and bond markets.

In this phase of capital market evolution, I believe CFA candidates/charterholders are well placed to take advantage of immense opportunities and contribute to growth of investment industry.

How did CFA help in enhancing your career objectives?

CFA charter has helped me widen and deepen my investment knowledge. This in turn helps me in optimizing portfolio performance. Also, I have been able to build relationship with fellow CFA Society members hailing from a wide range of professional background. These factors have contributed tremendously in my professional success, both in my current and previous assignments.
How would you rate the CFA course with respect to content and structure, including pros and cons? Also include aspects which give CFA course an edge over other courses.

CFA course content and structure has the objective to develop a well-rounded investment professional. It not only emphasizes on creating value for investors by generating better risk adjusted return but also inculcates the importance of ethical approach in investment via Code of Ethics and Global Investment Performance Standards (GIPS).

Completion of all three levels of CFA examination requires in-depth understanding, commitment to excel and disciplined study by the candidate over a period of two to three years during the tenure of the course. Also, CFA Institute is proactive enough to include any latest development affecting the financial world in the curriculum immediately so that candidates are exposed to these developments. I believe all these above aspects make CFA course unique and desirable for candidates.

What guidance you would give to CFA aspirants?

CFA has set the best standards and practices in the investment field across the globe. It certainly helps in professional development and opens up better career opportunities in finance and investment world.

However, one needs to have a focused approach while preparing for the course. Candidate must be very thorough in understanding the subjects and their application in real world. CFA teaches that while managing others' money one needs to be ethical and responsible. Every candidate must inculcate this approach inside them. Most importantly, preparing for CFA exams should not be considered as a mode only to clear the exams. Rather, CFA charter should be considered as a strategy for continuous learning towards personal and professional development.
Advocacy

In April 2015, IAIP hosted the APAC region Advocacy Summit in Mumbai on 21st and 22nd April. Delegates from more than 10 countries participated and deliberated on issues of regional importance. The summit also hosted several thought leaders from the industry - NaseerMunjee - DCB Bank, SaurabhMukherjea, CFA - Ambit Capital and Sandeep Parekh - Finsec Law Advisors.

The summit coincided with 10-year gala celebrations of IAIP.

As a part of continuous engagement with regulators, the advocacy team responded to comment/draft framework papers from RBI on

a. Draft Guidelines on Writing of plain vanilla European Call and Put Currency options by resident exporters and importers of goods and services

b. Issuance of Rupee linked Bonds Overseas

Volunteers from advocacy committee contributed articles to the NSDL magazine - Kaleidoscope on
- Behavioral Biases
- Retirement planning.

Members interested in contributing articles to upcoming issues of the magazine can write to us at advocacy@iaiprc.org.
The Seventh IAIP Annual Forecast Event was inaugurated by Kishor Bagri, CFA, Director IAIP. Kishor spoke about the current global issues including economic as well as geo-political. He mentioned that domestic situation looks much improved referring India as a shining member of the BRIC nations. With India getting out of policy paralysis, it is aache din for Equities. Jayesh Gandhi CFA, President IAIP continued with detailing the efforts taken by the IAIP in terms of financial literacy and educating the investor community at large. He also thanked all the participants for making this event a success 7th time in a row.

Nayan Mehta, CFO – BSE termed India as the hottest destination with government looking to boost the investment sentiment, GST expected soon and building relationships through foreign policy. He mentioned the BSE market capitalisation has crossed INR100trillion and is committed to creating wealth for India. BSE has launched SME exchange, Derivatives and Interest rate swaps and has become the fastest exchange in India.
This was followed by a power packed panel discussion which included Akash Prakash, CEO Amansa Capital, Nilesh Shah, MD Kotak Mahindra Asset Management, NavneetMunot CFA, CIO SBI Mutual Fund, PrabhatAwasthi, MD and Head of Equity Research at Nomura India, Siddhartha Sanyal, Chief India Economist, Emerging Market Research, Barclays India

Akash Prakash, CEO Amansa Capital

Even though the sentiment is positive and inflation is going down, the biggest driver for the markets going forward will be corporate earnings. Next couple of quarters would be poor for corporate earnings and conviction of the investors would be tested. September quarter's results will be critical and would define further market moves. Markets have rallied well in the past one year and quality stocks are very expensive reducing the margin of error. 24% of the stocks are owned by FIIs, and India has the highest allocation in the emerging market basket. Akash feels that from here domestic investors would drive the markets. He would be comfortable avoiding PSU banks due to their capitalisation issues and would focus on capitalised NBFCs and old private banks which are trading at a discount. Real estate is in a very bad situation and money locked in is expected to move to equities.
Nilesh Shah, MD Kotak Mahindra Asset Management

It is a myth that global sectors such as IT and Pharma have outperformed. If fact private banks and infra companies have also performed well in this recent rally. Investors prefer to sit in their comfort zone which has led to over valuation of a certain section of the market. Nilesh believes that market reacts in anticipation of the critical news but takes the actual news in its stride. Market shivered in anticipation of the Fed quantitative easing but was up when it actually happened. A similar situation would play out when Fed hikes interest rate. In 2005 (start of a bull run), interest rate differential between US and India was 2% whereas today it is 5.5% hence there is no reason for us to worry about the narrowing gap. Land acquisition bill which has not been passed yet is most critical to boost industrial growth. Nilesh believes market might correct temporarily but will bounce back and has cautioned against buying companies with highly leveraged debt, poor governance standards and earnings growth rate lower than p/e ratio.

To read more: https://iaip.wordpress.com/2015/04/06/iaip-annual-forecast-event-fy16/
Seventh Annual Forecast Survey 2015-16

Mumbai, Apr 1st
Contributed by: SitaramanIyer CFA

The Seventh 2015-16 annual Forecast Survey, an exercise conducted every year for IAIP’s flagship annual forecast event, results were released on 1st April 2015. The survey which every year attempts to capture the mood in the investment community, received an overwhelming response with over 414 respondents voicing their opinion. Respondents comprised the entire spectrum of the investment industry, ranging from Buy/Sell side analysts to Equity/Debt Fund managers to regulators and stock exchange participants. Survey results were presented by JitendraMarchino, CFA, Chair – Programming and Continuing Education Committee.
Following were the key findings of the survey

- Over 67% of the respondents believed that Equities would be the most preferred asset class to hold. If 2014-15 survey results were anything to go by where 71% rightly predicted equities to do well, we are in for another bumper year in equities this financial year.
- Government bonds and corporate bonds were second, third most preferred asset class garnering 9%, 7% votes respectively.
- Nearly 2/3rd of the participants believed that India's GDP growth rate would be between 7-8%.
- 44% of the respondents believed that CPI inflation would be between 5.5-6.0%. A similar percentage of people last year believed that CPI inflation would range between 7-8%. An inference that can be drawn is that respondents see India benefiting this year from the significant drop in crude oil prices.
- Nearly 40% of the respondents expected G-sec yields to be in the 7.0-7.5 % range.
- 69% backed Brent crude oil to trade between USD 50-70 per barrel. We must add though that crude oil was one of the major misses of last year's forecast survey. Last year almost 39% respondents believed Brent Crude would trade between USD 100-110.
- About 35% of the respondents believed Gold would trade between USD 1100-1200 per ounce. About 28% felt gold would trade between USD 1000 and USD 1100.
- For the second year running majority of the participants expected rupee to trade in a tight range of INR 60-62 per USD.
- 47% of the participants expected sensex to trade between 32000-36000 at the end of the FY15-16. This would translate to a return of 14.5%-28.5% based on sensex's March 31st 2015 closing price of 27957.

To read more: https://iaip.wordpress.com/2015/04/13/seventh-annual-forecast-survey-2015-16/
Building the Investment Profession and Ethical Cultures in Organizations

Bangalore, Apr 19th
Contributed by: Vivek Yadav and Hareesh Mothi, CFA

Interaction with IAIP Bangalore Paul Smith, The President and the CEO of the CFA Institute commenced his Bangalore trip with a casual discussion with a few members and IAIP volunteers over a Luncheon on the 19th April 2015. The CFA Institute’s India Office was represented by Vidhu Shekhar, Amit Chakrobarty and Arati Porwal. This opportunity created a conducive environment to know, interact and network with representatives of both the organizations – the IAIP and CFA Institute.

Building an ethical culture in Organizations: Aligning People & Values
The CFA Institute in collaboration with People Matters invited about twenty leaders of the Human Resource Function and other related Functions for a breakfast roundtable at The Leela Palace, Bangalore on the 20th April 2015. A few IAIP volunteers from Mumbai & Bangalore were invited to participate in the event. The hosts of the event were:

- Paul Smith, the President and CEO, CFAI & Vidhu Shekhar, Country Head, CFAI
- Ester Martinez, CEO and Editor-in-Chief, People Matters Media

Most delegates found the topic of discussion “Building an ethical culture in organizations: Aligning people and values” the need of the hour especially given that ethics, in today’s world, is not a common and a comfortable topic in most organizations. The delegates raised critical real-life questions that they consider subjective and challenging to find practical answers. Topics such as importance of ethics from cultural perspective, how do organization live their values, how do organizations measure / recognize ethical behavior depicted by employees, and how do we inculcate ethics in the younger generation who join the organization were among the more actively discussed ones. The 100-minute long engaging deliberation brought to light organization-wide best practices, perspectives and corporate success stories to the benefit of all. The delegates appreciate the efforts taken by CFAI and People Matters to meet on a Monday morning on rather a rare but important topic of discussion and hope to take back some of their learnings to
their organization.

To read more: https://iaip.wordpress.com/2015/06/03/building-the-investment-profession-and-ethical-cultures-in-organizations/
Real Estate Investment Trusts

Chennai, Apr 10th
Contributed by: Meera Siva

Chennai chapter of the IAIP conducted a speaker event on Real Estate Investment Trusts (REITs) on April 10. The speaker, Nitin Goel CFA, is the Partner for the Development Funds at Milestone Capital Advisors. He has over 16 years of experience across real estate private equity investments, structured finance and business strategy. Having vast experience in sourcing investments, structuring JVs and exits across various geographies in India, Nitin previously served as the Co-Fund Manager of AIG Global Real Estate Fund, co-managing US$280 million India fund and as National Head, Origination – Real Estate Finance at ICICI Bank Ltd. Nitin is an engineer from MNIT, Allahabad and a MBA from IMT, Ghaziabad.

Highlights of the event:

Real Estate Investment Trusts own rent giving properties and distribute the income as dividends to investors. These instruments have existed in the US since many decades. Other countries such as Singapore and UK also have REITs and these are popular with investors who seek stable returns. The structure of REITs differs across countries – for example, in the US they can only hold fully constructed properties while in the Singapore they can also own under-construction properties. While commercial properties are most popular, residential REITs also exist globally.

REIT structure and listing rules in India were announced last year and taxation aspects were clarified in the recent Budget. REITs must own assets worth Rs 250 crore and the property they list on the exchange must be at least Rs 100 crore. They can own under construction property but this must be limited to 20 per cent of the portfolio value. REITs can list their assets on the exchange to raise funds. Retail investors can subscribe to these units, each worth Rs 1 lakh (minimum investment is Rs 2 lakh) and earn rental income from these assets as dividend. It is likely that only high grade (Grade A) assets with a good tenant profile will be listed as lower grade office and mall space may not find takers.
Why REITs?
The attraction for an investor is that REITs are like holding rent yielding physical assets. Investors can benefit from capital appreciation and as the interest rates fall, profit from higher yields. The advantage to a property developer is that they can sell their assets to REITs to raise funds. DLF for example is among the developers looking to list their properties. Also, IT companies such as Infosys, HCL and PSU banks such as SBI and PNB own a lot of office space and could monetize their assets. In some cases, there may be some restrictions on it such as land subsidised by the Government.

Issues and outlook
There are many practical issues. For example, due to scarcity of high quality space, there is a price premium. High prices depress yields. Asset valuation, which is somewhat subjective but must be done on an ongoing basis, is another sticky issue. Properties are valued based on a cap rate that is dependent primarily on rent expectations. An under-construction property may have a cap-rate of 11-12 per cent while an office space in a desirable location and with good quality tenants may have a cap rate of 8 per cent.

There are other expenses – dividend distribution tax, withholding tax, asset management fees and property management fees -, which further reduce returns to around 7 per cent. Therefore, while REIT yields abroad are much higher than their risk-free rate, an Indian investor seeking safe and steady returns may not find local yields attractive. The current REIT structure is also not tax efficient for funds such as Milestone who own office properties.

An investor may not find enough market depth when selling their REIT units. Therefore, market making has to ensure that units are traded. Developers and funds are exploring REITs actively but it may be six months to a year before we may see a listing.

Members and candidates gained a perspective on this investment instrument that is likely to see traction in the coming year.

To read more: https://iaip.wordpress.com/2015/04/20/real-estate-investment-trusts/
IAIP – 10 year Celebration

Mumbai, Apr 21st
Contributed by: Kunal Sabnis, CFA

It was celebration time at Indian Association of Investment Professionals (IAIP) as it completed 10 years of existence. The event organised in Mumbai on April 21, was graced by many senior charter holders along with esteemed representatives of the CFA Institute.

The event was flagged off by Sunil Singhania, CFA, who described the 10 year journey of IAIP. Though there were many CFA charter holders from India scattered around the globe it was challenging to get together 50 members, a minimum number of members to form a society at that time. Finally, having met the requirement, the society was registered in 2005. He acknowledged the commitment of the volunteers including the ones who were instrumental in setting up of IAIP and its functioning in early years but have now moved to other profiles or geographies.
Jayesh Gandhi, CFA re-iterated the mission of IAIP, which is to promote ethical & professional standards in the finance industry along with delivering value to members. IAIP has done 100+ continuing education events in the last 12 months across the country and for the benefit of members many of these events were webcast. Today the society has grown to 1300 members along with 2000+ Charter Pending candidates. The endeavor of the society is to gear up the infrastructure to serve multiple expansion of the member base. Jayesh also emphasised the importance of volunteering and encouraged all the members to contribute towards building the society.

Paul Smith, President & CEO at CFA Institute, emphasized the importance of societies in CFA Institute's mission of building investment profession. The CFA India office has been set up to help CFA Institute work better of the ground to promote the CFA designation as well as help IAIP deliver member value. Paul accredited India's Federal system, democratic values and the vibrant economy. He believes the society and member base would grow rapidly and expects IAIP to play the big brother role in the south Asian region where many countries will have new independent societies. Paul announced that SBI Mutual fund is the first mutual fund to have signed Asset Managers Code of Conduct.
Paul Smith, President & CEO at CFA Institute, emphasized the importance of societies in CFA Institute's mission of building investment profession. The CFA India office has been set up to help CFA Institute work better of the ground to promote the CFA designation as well as help IAIP deliver member value. Paul accredited India's Federal system, democratic values and the vibrant economy. He believes the society and member base would grow rapidly and expects IAIP to play the big brother role in the south Asian region where many countries will have new independent societies. Paul announced that SBI Mutual fund is the first mutual fund to have signed Asset Managers Code of Conduct.
Chetan Shah, CFA, Director, IAIP put together a fantastic presentation of IAIP's 10 year journey. This presentation detailed the key milestones of the IAIP over the years, various Awards from CFA Institute and included pictures of members, Speaker events, Research Challenges, India Investment conferences, etc. It was a great trip down the memory lane. The presentation is available on India page CFA Society.

Vidhu Shekhar CFA, announced a formal opening of the CFA India Office and introduced the CFA India team.

To read more: https://iaip.wordpress.com/2015/04/26/iaip-10-year-celebration/
Behaving Correctly; controlling those inner urges

Delhi, Mumbai, Kolkata, Bengaluru and Pune from Apr 23 to May 1
Contributed by: AneekSaha, CFA & HareeshMothi, CFA

The Bangalore Chapter had an enthralling session presided-over by Richard Harris, CEO – Port Shelter Investment Management. Richard apart from is work enjoys playing rugby, radio jockeying and piloting his plane. During the discussion, he shared his personal experiences that made his realize the importance of human behavior in making investment decisions.

Rational Finance tools involve fundamentals, geo-politics, macro trends and economic results and trends. The basic drivers of the markets are fundamentals, valuation and liquidity. In addition to that we have technical analysis as well as asset allocation, asset selection, portfolio construction and risk analytics. Behavioral finance as a discipline has gained prominence with the award of the 2002 Nobel Prize to Daniel Kahnemann and the 2013 Nobel Prize to Fama, Hansen and Schiller. Behavioral finance has its roots in psychology and investment management. Markets reflect emotions, as they over and undershoot the true value of the assets.

Kahnemann propounded that our minds work on two levels: the instinctive mind which is activated when one sees a picture and identifies whether it is male or female, the approximate age of the person in the picture and the expression on his face, and the conscious mind which is used when one needs to calculate a complex
equation. On most occasions, markets tend to be more instinctive than cognitive, particularly in the emerging world where most wealth creation has been recent and where most investors tend to be speculators who like to make quick, risky decisions akin to gamblers. Speculators are susceptible to behavioral biases in their decisions. We process information based on the following paradigms (heuristics): Greed vs Fear, Sentiment vs Reason, Boom vs Bust, Pride vs Regret. The human brain is bad at assessing probabilities. There are biases in mental accounting wherein the mind perceives one dollar from his salary more valuable than a dollar from his bonus. The mind also creates a money illusion.

To illustrate, one feels happy if the stock went up from $10 to $30 directly and stays there and feels sad if the stock goes up from $10 to $50 and falls to $30. The net profit made on the stock remains the same. However, the mind perceives the gains in different terms.

To read more: https://iaip.wordpress.com/2015/04/29/behaving-correctly-controlling-those-inner-urges-2/
Valuing Alternatives – global best practices and trends

Mumbai, Jun 2\textsuperscript{nd}
Contributed by: Jainendra Shandilya, CFA

IAIP had the privilege of hosting Chris Franzek, MD, Portfolio Valuations, Duff & Phelps, for a Speaker Event at Mumbai, wherein he gave a very good perspective of valuing alternatives. Duff and Phelps is global valuation and corporate finance advisor with expertise in valuation, dispute & legal management consulting, M&A, restructuring, compliance and regulatory consulting. It carries valuation exercise in Private equity, Real estate, Leveraged Loan, Sports team, music library etc.

Unlike the traditional investments, there are no analyst coverage for investments in private equity, hence you are the analyst responsible for valuation! Basically, there are three approaches used in valuation of Private equity. They are cost approach, market approach – in case fair market is available for similar investments – and cash flow approach (DCF approach); similar to the one we use in the equity market. Sometimes, valuation is very challenging due to the nature of investments. Alibaba, for example, posed a great challenge for valuation as it did not have great cash flow in the beginning. In such situations one has to rely on transactions between the company and other investors. Valuations for the companies evolve over time, till they arrive at close to public values.

One has to be careful about the challenges posed by regulations. Regulatory backlashes sometimes lead to undesirable consequences, as was the case with Uber, though impact of regulation is easier to predict. Chris also highlighted the use of Capex as an important parameters of a company valuation. It gives you opportunity, offers risk, and shows the important milestones that can be achieved by a company.

Technology is very important in valuation. One has to assess the damage that may be caused by technology. Is technology detrimental to value? One has to ask such questions in order to avoid mistakes. Financing aspect is also very important in private equity. If you are asked for another round of financing, you should ask yourself whether you expected this situation. How many rounds of financing will a company need? One should be ready for this kind of situation.
To read more: https://iaip.wordpress.com/2015/06/04/valuing-alternatives-global-best-practices-and-trends/
Is the Long Term long enough?

Contributed by: ShreenivasKunte, CFA, Adjunct Faculty – Incharge Trade/Research Lab, S.P. Jain Institute of Management & Research

Time lines drive market activity and invariably play a critical role in determining outcomes. The rallies as well as the downturns that markets experience have an unseen stopwatch attached. It is not difficult to observe how the wheels of time unexpectedly alter the course that the markets chart – a wrong prediction in the short term turns out to be accurate in the longer term and vice versa. Participants use the words – long term and short term – to qualify actions. What then is the short term and what can be treated as long term? A quarter, a year, five years, a decade, a generation (period between birth of parents and birth of their offspring – about 30 years) are all time periods that mark specific commonly accepted milestones. In terms of market performance what do these time periods signify? Can expectations in the stock market change as longer time periods alter the return profile? A recent regional note has highlighted a blog that talks about these concepts in the context of US markets.

The blog reviews what many of us may be aware of. As time frames expand, the chance of a positive return becomes significant. Examining this through actual index returns however provides a context and helps set expectations.

How do S&P 500 results compare with India? For the Sensex, as shown in the graph (Exhibit 1), the chance for a positive return increases from 71% for rolling 1 year returns to 95% for rolling 10 year returns (data sourced from Bloomberg). For 20 year and 30 year buy and hold rolling periods (not shown in the graph), historically (Sensex data from 1979), there have been zero instances of negative returns. The average annualized volatility (not shown in the graphs) reduces from 26% for yearly returns to below 10% for rolling return windows of 10 years and above. The second chart (Exhibit 2) shows a comparison of 5 year and 10 year rolling return windows for regional stock market indexes and the S&P. Over a 10 year rolling
return windows for regional stock market indexes and the S&P. Over a 10 year rolling return period the Hang Seng index (HSI) has the best chance of a positive return (97%). In comparison, Japan's Nikkei has the lowest (56%) chance of a positive return outcome over a 10 year rolling window period.

Past trends are never a guarantee for the future. The time periods for a higher certainty in positive returns could change from 10 years to another number. But an understanding that time frames beyond 5 years decrease the chance of negative market moves can help in our endeavours to be vaguely right than to be precisely wrong (Keynes).

To read more: https://iaip.wordpress.com/2015/04/09/is-the-long-term-long-enough/
Networking Rule #1: Be a Giver, Not a Taker

It's easy to get stuck in a selfish mindset when you're trying to advance your career. And in this fast-paced world, the proliferation of social media could be feeding your greed. According to Steve Tobak, who is a consultant and author, social media is at the root of selfish networking because it reinforces bad behavior. It makes sense. After all, the way we interact online is often one-sided: We log on to create an image of ourselves as influencers, and we log off without listening to others.

Read more at: [http://bit.ly/1Inf4iA](http://bit.ly/1Inf4iA)

Five Ways to Boost Your LinkedIn Profile

In December 2011, Robbie Abed, 32, quit his job as director of information technology at Accretive Solutions, a Chicago consulting firm. “I always had this passion to start my own company and do my own thing,” he says. Part of doing his own thing was writing a blog about careers, playing on his own experiences in the workplace. He wrote about quitting his job, about personal branding, about salary negotiations. But his posts didn't get much traction until LinkedIn LNKD -0.1%, the professional social networking site with 360 million members, introduced a blogging feature in late 2014. Suddenly he was attracting 300,000 and 400,000 views on a single post. One piece, “How to Win at Office Politics Every Damn Time.” hit more than a half million views.

Read more at: [http://onforb.es/1Kppike](http://onforb.es/1Kppike)

6 Ways to Treat Your Job Hunt Like a Business to Speed Up the Process

Job searching is an undoubtedly challenging and sometimes stressful task. It can be difficult to properly juggle your time, tools, and resources to optimize your job search without proper planning.

Read more at: [http://bit.ly/1Inf4iA](http://bit.ly/1Inf4iA)
On a lighter note

Barstool Economics - A Humorous View of our Tax System

Suppose that every day, ten men go out for a beer and the bill for all ten comes to $100. If they paid their bill the way we pay our taxes, it would go something like this:

- The first four men (the poorest) would pay nothing.
- The fifth would pay $1.
- The sixth would pay $3.
- The seventh would pay $7.
- The eighth would pay $12.
- The ninth would pay $18.
- The tenth man (the richest) would pay $59.

So, that's what they decided to do.

The ten men drank in the bar every day and seemed quite happy with the arrangement, until one day, the owner threw them a curve.

“Since you are all such good customers,' he said, 'I'm going to reduce the cost of your daily beer by $20.’

Drinks for the ten now cost just $80. The group still wanted to pay their bill the way we pay our taxes so the first four men were unaffected. They would still drink for free.

But what about the other six men - the paying customers? How could they divide the $20 windfall so that everyone would get his 'fair share?'

Read more at:
http://moneyover55.about.com/od/bookreviews/a/barstooleconom.htm
Announcements and Credits

Feedback/Request for Articles

Please send feedback or interesting articles like book reviews, humor, lighter reading, personal experiences etc. to be covered in the Newsletter to: kunal.sabnis@gmail.com or iaip-communications@india.cfasociety.org

Join and update your profile

Join and update your profile on the society portal at www.iaip.in. Join IAIP member group on LinkedIn and Facebook by searching for Indian Association of Investment Professionals.

Real time updates at Wordpress (iaip.wordpress.com)

Brief notes as well as select photographs of almost all the events since January 1st2011 are posted on iaip.wordpress.com. The updates on events are posted soon after the events take place, making it possible for people who haven't been able to attend an event to remain updated. It also has new sections on Advocacy, Book Reviews, expert views on “ExPress” etc. Kindly visit the same and don't forget to provide us your feedback.

Events

Now you could register for the forthcoming event on the www.cfasociety.org/India page by clicking on the Events tab and Event Registration (www.cfasociety.org/India/Pages/EventRegistration.aspx)

Kindly send in suggestions on topics around which you would like us to organize events. Members, having access to insightful speakers are requested to come forward and help in facilitating events around them. This will enhance value to the member community. Please email to the Programming, Events & Networking committee members: anil.ghelani@dspblackrock.com, or jitendra.marchino@jpmorgan.com, or secretary@india.cfasociety.org.
**Want to Volunteer?**

IAIP is always looking to increase member participation and provide networking opportunities. You are most welcome to volunteer for our society to make it more vibrant. It will offer you with an opportunity to interact with members and the investment community, CFA charter holder community and keep in touch with the latest developments in the financial industry. It also provides a good platform for developing leadership skills. It is also an excellent forum for giving back to our profession.

To understand more and join one of the committees reach out to any of us or Volunteer Committee or Elizabeth at secretary@india.cfasociety.org.

You could also fill in the form on the website www.cfasociety.org/india under Membership tab and Volunteer option.

**Be a Volunteer/Committee Member of IAIP Technology Committee**

IAIP Technology Committee plays a vital role, as it collaborates with other IAIP committee in all technological initiatives and smooth functioning of IAIP. IAIP wish to involve more new volunteers and take new initiatives in the Technology Committee. Thus, it is seeking applications from IAIP members to become a part of its Technology Committee.

Click here for more details: **http://bit.ly/1eiEami**

For the complete list of committees and its active volunteers kindly visit page www.cfasociety.org/india under “About Us” tab click on the “Committees” button.