BE FEARFUL
WHEN OTHERS ARE GREEDY,
BE GREEDY
WHEN OTHERS ARE FEARFUL.

WARREN BUFFETT
I'M AN INVESTMENT MANAGER

RAISING THE STANDARDS OF MY INDUSTRY.

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"I renew my CFA Institute and IAIP membership to stay connected to the global and local investment community. These forums offer great opportunities to network and learn from opinion makers. My role as a volunteer helps me to contribute to the industry’s growth and benefit the society at large."

Amit Khurana, CFA
Director – Research
Dolat Capital Market Pvt. Ltd.

* Views expressed in personal capacity as a member of CFA Institute and IAIP.
Dear Members,

Someone rightly said, you don’t realize when you are part of history. India, the world’s largest democracy with a dynamic and youthful population is creating an economic miracle which is unparalleled in human history. The economic growth along with powerful forces such as Disintermediation (savers and borrowers shifting to capital markets) and Digitalization (technology) are leading to a massive growth in Financial services. The rise in income and wealth is boosting demand for investment and wealth management products to channelise household savings. Apart from traditional products, innovative products such as Alternative investment fund (AIF), real estate investment trusts (REITs), smart beta and structured finance products are developing in order to address the growing requirements here.

Against this backdrop, India’s financial sector will require investment professionals with global knowledge and the ability to understand fast-emerging financial products and innovation. This will open up tremendous opportunities for our members.

Winning the trust of investors, regulators and society at large is critical for the sustained growth of capital markets. Financial services professionals constantly find themselves in a world of high pressure to perform and the risk of misjudgement is high. The line between ethical and unethical at times may be blurred. In such a scenario, it is possible to succumb to a wrong decision knowingly or unknowingly. This can have severe legal and reputational risks not only for the individual but also for the firm. Therefore, the most important thing is to maintain the highest standards of ethical behavior at all times. In fact, the real meaning of integrity is ‘doing the right thing when nobody is watching.’

Our vision, strategy and actions of the advocacy committee of CFA society are aimed at promoting integrity, ethics and professionalism for a greater good. We actively engage with various stakeholders including policy makers, industry body, media and academia to amplify our voice for reform, best global practices and stability.

India society has now become a country sponsor for GIPS adoption. In the last quarter, we organized an AMC/GIPS conference in Mumbai to create awareness and promote adoption of CFA Asset Manager Code of Professional Conduct and GIPS in India. It had visitors from US and Hong Kong offices of CFA Institute. Jonathan Boersma, Head Global Codes and Standards at CFA Institute made a presentation on GIPS. Mary Leung, Head SFMI, CFA Institute Asia Pacific region met with committee volunteers and gave an overview of various initiatives underway and identified potential areas for collaboration. Irene Cheung, Director of Practice at CFA Institute visited offices of
several leading mutual fund companies to promote and create awareness around AMC.

We have also actively been conveying our viewpoints on various draft legislations by all regulators. In an interesting development, the Bajaj Allianz Life Insurance Company Limited has been added to the list of Firms Claiming Compliance with the Asset Manager Code of Professional Conduct on CFA Institute’s website. It is the second major asset management firm to claim compliance from India after SBI Funds Management Private Limited. We are grateful to Sampath Reddy and the team at Bajaj Allianz for demonstrating their support and commitment to highest ethical standards of safeguarding client interests.

We are grateful to members who have been supporting these initiatives.

Sincerely

Navneet Munot, CFA
Board of Director, IAIP
BETTER INVESTMENT PROFESSIONALS. BETTER MARKETS. BETTER WORLD.
Budget, Policy Impact and the Road Ahead

Contributed by
Vivek Rathi, CFA
Shivani Chopra, CFA

Indian economy is on a roller coaster ride. From deficient monsoon to the normal one, followed by demonetization to quicker than expected recovery, it had it all. Recently, it has witnessed unconventional policy reform like demonetization effects of which are still unfolding. This was followed up with civic elections, highly awaited general budget, RBI's monetary policy announcement and the important assembly elections.

The unwinding of events started with demonetization of higher value currency notes of Rs. 1000/- and Rs. 500/- on November 8th, 2016, this decision was presumed to hit the economy hard, especially in rural areas where still the cash based transaction is the norm. This was assumed to severely dent the support of the present government. But defying all analysis, post demonetization the ruling party won most of the local and state elections decisively (Uttar Pradesh, Uttarakhand, Gujarat, Chandigarh, Faridabad, Orissa, Maharashtra, etc.)

After harrowing experience of demonetization the government was expected to announce some radical measures for the sectors worst impacted, rural and agriculture in particular. Along these lines, there was increased focus on general budget for 2017-18. This was anticipated to be populist one, as the government was expected to address the pain inflicted by demonetization

However, this assumption proved to be inaccurate, budget had no fireworks. There was no major populist announcement like loan waiver for farmers, Universal basic income, etc. It was more of a document of intent, signalling the direction which the current regime seems to follow.

Analyzing last few budgets, it is pretty clear that the focus of the current government is on infrastructure, inclusive of Roads, Railways, Power and Waterways. In fact, infrastructure (whether it is railways or roads) & agriculture were the common themes in last three budgets i.e. 2015-16, 2016-17 and 2017-18. For railways alone, the earmarked amount of Rs. 1,31,000 crore is the largest ever allocation, an increment of 8.26% over Rs. 1,26,000 crore allocated last year. Overall the allocation to infrastructure stands at Rs. 3.96 Lakh crore, a significant increase against the Rs. 2.21 Lakh crore in 2016-17.

The last budget had set the direction, it was agriculture oriented & focussed on rural economy. This one is the continuation of same, but the next steps would be more crucial, the foremost being implementation of the declared schemes. It is important that the announced schemes are implemented flawlessly and the benefit reaches the last person in the value chain. In fact, the thrust of last three budgets is its execution, the results of which have been mixed till date. Some important schemes like electrification
of villages, affordable housing, MNREGA, etc. could be easily exploited by middle men to their advantage.

As almost 52% of India's population bank on agriculture sector for survival, it is essential that this segment is taken care off. The rural segment (farmers in general) forms the bottom most part of the pyramid of Indian economy and unless this section is catered to, the whole pyramid would be very weak. Thus, there was a need to address the rural distress, which seems to be priority but this is not the first government doing so. In fact, majority of the governments since independence had rural focus but still the whole sector is in bad shape. This is because of no proper implementation of schemes; there is rampant corruption and also significant diversion of funds from the intended purpose. The promotion of digital transactions is expected to address this problem. The increase in digital transaction would not only enhance transparency but the Aadhar enabled payment system will also help in curbing leakage in subsidy. Hope, these changes are positively perceived and the funds are utilised for intended purpose.

Apart from the rural and infrastructure sectors there were few other important policy decisions in the current budget, like the ban on cash transaction exceeding Rs. 2 lakh, reforms in political funding process, the legislature for confiscating properties of individuals fleeing to other countries (who are under investigation of various agencies), etc. But one important announcement which failed to catch the eyeballs was the road map to meet debt-to-GDP ratio target of 60% in five years. Initially, this may not matter much but come closer to 2023, it could have a major impact on economy as government borrowings would be tied to this ratio. This is one of the recommendations of committee set up to review the Fiscal Responsibility and Budget Management (FRBM) Act. Though, the unsustainable government debt is never good for any economy but the impact of such target for a developing country like India have to be further debated.

According to Amit Khurana, CFA, (Head of Equities and Head of Research, Dolat Capital Market, and Director, IAIP), it is a 4G Budget focusing on Gramin, Garib, Ghar & Gantavya. He says, the budget continues on the structural efforts of the Modi Government to drive a structural shift in India's economic trajectory. He is also optimistic on fiscal prudence; he says “From 3% guidance last year for FY18 to now projecting 3.2% is credible given the pressures”. He further expects Infra, BFSI, cement and agriculture sectors to be the key beneficiaries from the budget announcements.

After the budget, all eyes had set on the RBI Monetary Policy meet. Probably, this was season of failed predictions. The central bank also proved all analysts wrong and maintained its key policy rate unchanged at 6.25%, which was contrary to the consensus estimate of 25bps rate cut. The expectations of a rate cut had built up after the pragmatic budget, especially with government’s decision of adhering to fiscal consolidation path.

In this meet, RBI changed its policy from “Accommodative” to “Neutral”. As per the RBI Governor Urjit Patel, the core inflation is being sticky and the RBI would like to wait for further clarity on inflation trend before taking any decision on rate cut. According to him, the faster remonetisation process and the expected pick up in discretionary consumer demand will push economic activity in the later part of Q4 2016-17. However, this optimism on growth can be confirmed only later, when the complete data on growth and demonetisation will be available.
According to Shravan Kumar Sreenivasula, CFA (Fund Manager, Birla Sun Life Mutual Fund),

“In the very near term, the domestic markets are at the mercy of global news flow. The developments of Brexit and tax reforms of Trump which have been advanced play a role on sentiments. In the medium term the earnings pick up will play a role - markets expect Q4 to be tepid but FY18 to Rebound with double digit growth. While the engine of Private capex will take a while to take off and Govt. Capex is firing all cylinders, private consumption should pick up due to remonetisation, rural pick up & lower interest rates. The engine of Net exports may struggle with the recent hastened appreciation of the rupee impacting exports and greater price rise of inputs affecting imports”

Another, widely anticipated event is the implementation of GST, likely to be rolled out by 1st July 2017. This could be another dampener in the short run. Initially, the growth rate is expected to fall, may be for couple of quarters but it is expected to boost the economy in the long run. GST is likely to transform India into a single market with simple and transparent tax structure.

Apart from the aforesaid policy actions, the monsoon would play a critical role in the coming year. A normal monsoon supported by the declared policy actions would trigger a healthy wave of growth.

Globally, the policy actions by US Fed would be closely watched. The recent hike in interest rates is expected to be followed by couple of more hikes this year. Any deviation from expected hikes can send ripples across global markets, this would be even more critical for emerging market like India. Also, the unwinding of $4.5 trillion balance sheet of fed would be crucial. Though there are no indications of that happening any time soon but any unexpected action on this front will be chaotic for world markets.

To summarise, the positive impact on growth by good monsoon last year was hit by demonetisation and going forward the quick recovery post demonetisation may be knocked by GST. But the ray of hope is the increased public expenditure outlined in budget. Hope, government efficiently implements the policy actions announced in the budget. Couple of other positive prospects, which could come in handy in event of slowdown are the tax receipt from IDS (income disclosure scheme) ending on 31st March 2017 and the windfall gain from the currency (Rs.500 and Rs.1000 notes) not returning to the system. These have not been accounted for in the budget, but they could act as a catalyst in absence of private investment.

**Conclusion:**

Over all, there is a marked consistency in government policy, the focus being rural, agriculture and infrastructure. Further, there are no visible populist announcements in last couple of years. These are strong positives for any economy. Additionally, on Monetary policy front, RBI is playing its role as an inflation fighter, though there are questions raised over its autonomy but the hardened monetary stand of last two polices seems to suggest otherwise.

The pragmatic Government policies, rational public spending and Independent central bank are the ideal combination for any developing nation. Though there are some doubts about the latter but if policy making is left untouched by politics then India could be expected to head for better times.
Update on Demonetization, its impact on Asset Classes and Indian Economy

Contributed by
Ishwar Chidambaram, CFA

As the old Chinese saying has it: “May you live in interesting times,” and the period following the onset of Demonetization has certainly been interesting, to say the least. India’s bold move caught most market participants on the wrong foot, and led to a massive shortage of cash. This triggered spillover effects in terms of short term pain across diverse cash-heavy sectors like real estate, construction, agriculture, gems and jewelry. Anecdotal evidence appeared to hint at massive job losses and supply chain disruptions in India’s vast informal sector, which employs 9 out of 10 workers.

India has traditionally been a cash intensive economy. According to an estimate, about 78 per cent of all consumer payments in India are made in cash. It was, therefore, obvious that currency squeeze during the demonetization period would have had some adverse impact on economic activity, although such impact was expected to be transient. To mitigate the adverse impact on the common man as also on economic activity, a series of measures were undertaken.

India’s title as the world’s fastest growing economy was reaffirmed when it revealed its growth figures for Q3FY2017. Economists polled by Reuters forecasted that India’s quarterly GDP grew at 6.4% annually- much below the previous quarter’s 7.3%. However, the figures released showed that India posted a robust growth of 7% for the quarter. Thus, India grew faster than China, which posted only 6.8% for the last 3 months of 2016. This data also vindicated the establishment’s assessment that there would be a V-shaped recovery and that the pain would only be transient.

Economists at leading institutions were taken aback at the strong numbers, as they expected that the cash shortage led to disruption of supply chains and impacted the production and supply of goods and services. There were reports which suggested that sectors like agriculture, automobiles, FMCG, logistics, transportation, services and construction bore the brunt of the impact. These same economists are now befuddled as to how such a heavily cash dependent economy could survive the impact of demonetization with barely a scratch. Now they are claiming that perhaps this data did not adequately capture the effects of the bold move. They are now expecting the impact to reflect in subsequent GDP numbers, albeit with a significant lag.

Although the organized sector on the whole remained resilient, some manufacturing and services segments were adversely affected. Within industry, electricity generation was impacted the least, as the share of the unorganized sector is very low and informal employment is close to zero. Organized manufacturing was impacted severely, as evident from the following factors:
Declining sales of consumer goods & automobiles from November 2016 to January 2017.

Decline in export growth in November 2016.

Contraction in manufacturing PMI in December 2016 (for the first time in 2016)

Further, some services sectors were also hit hard by the impact. Services PMI declined in November and December 2016, entering contraction territory for the first time after June 2015. The following sectors were adversely impacted:


Transportation: Sales of Commercial Vehicles declined in November and December 2016. Sales of passenger vehicles showed similar declining trend for November and December 2016, but rebounded sharply in January 2017.

Real estate: While real estate prices remained sticky, sales and new launches declined.

Unorganized/Informal sector: Agriculture accounts for the largest share of the informal workforce. It is also highly cash sensitive. Impact of demonetization here is expected to be muted due to the healthy progress in Rabi sowing.

The outlook for the post-demonetized economy appears promising. Amidst the structural surplus liquidity conditions in the banking system, investment demand was expected to benefit from improved transmission of the cumulative cuts in repo rate to lending rates. Public Investment will also benefit from better transaction reporting and tax enforcement/compliance. Cash intensive sectors like retail, trade, hospitality and transportation as well as the informal sector are expected to recover rapidly. Some high frequency indicators like PMI for manufacturing and services, sales of passenger cars, and manufacturing production growth all point to recovery from the lows of November/December 2016. Thus, it is evident that the fallout from demonetization anyway was ebbing.

For inflation, the outlook is more clouded. Distress sales of vegetables helped bring down food price inflation in November and December 2016. However, as the situation normalizes, the same will increase, due to adverse base effect. Already there is evidence that core inflation is sticky. Hence, it’s possible that headline inflation in March 2017 could tick higher, prompting the RBI to hold rates steady.

Much of the demonetized currency seems to be back in circulation. As per a Reuters report by January 2017, the RBI injected 9.2 trillion into the banking system to replace the banned banknotes. Between end of December 2016 and early March 2017, there was a net increase in Currency in Circulation by about 2.6 trillion. This was above the level expected by some market observers, who have revised their timeline for the effects of the cash crunch to abate by January 2017 (instead of their initial estimate of February). This also appears to reaffirm the government and central bank’s assessment that the impact of the shock monetary policy would be transient, and that the economy would adjust rapidly.

Strong growth figures have probably snuffed out any chances for a rate cut by the RBI, which has shifted its focus to tackling inflation. Core inflation (non-food, non-fuel...
inflation) remains stubbornly high, despite a downturn in headline inflation (CPI). This has led some market observers to predict that the RBI could, in fact, do the unthinkable and begin to reverse direction over the next year or two. Whether this happens is anyone’s guess, but the latest growth numbers have certainly provided fuel for fodder. The RBI has already taken the first step, by shifting its monetary policy stance to “Neutral” from “Accommodative”.

Some observers have voiced doubts over the revised methodology of calculating the GDP growth figures. They contend that the latest figures show that economic growth for the last quarter was driven by private consumption, which offset a decline in government spending. However, most consumer goods firms have reported less than stellar earnings for the last quarter. Their narrative is that as households and individuals ran out of liquid cash, they curtailed their expenditure, leading to falling sales for consumer goods across the board, leading to depressed earnings for FMCG companies. However, their critics contend that the shock therapy has adversely affected only the listed companies (i.e.-the MNCs like HUL, P&G etc.), while unlisted Indian firms (like Patanjali) have reaped rich benefits. Still others contend that the numbers make perfect sense, as more and more of the informal sector has become formalized, thus adding to the growth spurt in the economy. They argue that any perceived “loss” was anyway national and localized to the informal economy, and as such would not reflect in the official GDP numbers.

Conclusion

It is certain that events of the scale and magnitude of India’s demonetization drive are unprecedented in world economic and political history. Hence it is simply a Herculean task to predict with any reasonable level of accuracy the exact scale and scope of the long-term impact. In any case, steering an economy as diverse, vast and versatile as India’s is akin to driving an 18-wheeler semi-truck in the fast lane of a major national highway, with fogged windshields and rear view mirrors, in adverse visibility conditions. One cannot stop for fear of causing a pile-up, neither can one accelerate as that might cause a collision. In such a case, making predictions is a zero-sum game, and the primary concern of the policy makers ought to be the safety and well-being of all stakeholders.
In Conversation With ...

Arvind Mathur, CFA

Is amongst the most revered CFA charter holders in Delhi NCR and is a pioneer of PE/VC in Asia-pacific region. With over 25 years of global experience, he is currently the Chairman of Private Equity Pro Partners and has held a variety of positions, including President of the Indian Private Equity & Venture Capital Association (IVCA). Given his rich expertise, Arvind has also successfully delivered several master-classes in Singapore under the aegis of the CFA Society Singapore.

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

Broadly, the industry I work in is the investment management area covering public equity, private equity, venture capital, pension funds and insurance companies. In addition, I also engage with investment management regulators like SEBI where we work shoulder-to-shoulder with leading fund managers from KKR, Carlyle, TPG and others.

There has been rising confidence in India in the domestic and international investor community. This is adding to greater capital flows. Hence there is a growing demand in these asset classes. There is greater awareness amongst investors about the value add CFA Charter holders bring to the table. Renowned international investors already employ CFAs in other countries. They are also recruiting CFA Charter holders and the demand will only grow as investor confidence rises in India.

To take advantage of this trend CFA Charter holders should keep abreast of the latest investment strategies and investment trends on a worldwide basis. They should have a global mind set and network with the investment community at all levels. In addition, since the world and opportunities are changing literally every day they should attend investment events and training programs.

How did CFA help in enhancing your career objectives?

The CFA charter helped me with my career objectives in a number of ways. The fact that I was a CFA was always viewed positively by my colleagues at the Asian Development Bank, Citibank, the Indian Private Equity & Venture Capital Association and by my clients and customers around the world. It helped me engage with customers, clients and employers more meaningfully leading to mutual professional respect.

The CFA was always viewed positively by the regulators I interacted with. The knowledge gained enabled me to be more professional in my day-to-day investment role.

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.

There are several elements which give the CFA program an edge over shorter and narrower investment courses in the market. The CFA course is the gold standard in investment education. In terms of the content the material on valuation and ethical standards is unmatched. Till today I refer to the CFA valuation text. The accounting analysis content is a rich aid to investment analysts. The CFA course is updated frequently. It is a serious and rigorous program which takes about 3 years to complete.

What guidance you would give to CFA aspirants?

CFA aspirants should have a global mind set. Capital flows are global in character and the knowledge and aspirations of CFA Charter holders should reflect this. They should engage with other investment professionals as much as possible.

They should read leading dailies and investment newsletters and read and watch interviews of successful investors. If they are studying for the CFA exam they should take it very seriously, invest the time and learn as much as possible. This will hopefully make you an investment guru one day.
Tanmay Das, CFA

Is a first generation entrepreneur with over 25 years of experience across project and corporate finance, investment advisory and fund management. In 2008, he founded Tavasya Venture Partner Private Limited (TVPPL), an operating and Investment Company to independently pursue his passion. Tanmay is a CFA charter holder and a PGDM Finance from Xavier Institute of Management, Bhubaneshwar.

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

Since 2009, I am running my own company, engaged in diversified business activities. I manage a renewable energy focused private equity fund besides actively managing my personal equity portfolio.

Private Equity is still in its early growth stage and hence bears much promise. Today since most of the private equity funds are largely dependent on listing of their investee companies for their exit, it is important for a private equity fund manager to not only possess expertise in valuating an asset but also have thorough knowledge regarding the factors responsible in pricing these assets when they eventually get listed. In addition, the classical ‘agency impact’ is more in the case of private companies compared to the listed equities. In such a scenario I believe that the CFA charter holder is equipped with the necessary skill set to not only see through what promoters and financial statements state and but also in a position to interpret them to his/her investors’ advantage and fulfil his responsibility as a fiduciary.

How did CFA help in enhancing your career objectives?

I became a CFA charter holder quite late in my career- 13 years after earning my MBA degree. The decision was entirely driven by my passion for de-coding ‘Capital Market Investments’ and hence the need to keep abreast of developments in the field of fund management in capital markets. Incidentally, upon completion of my CFA in 2009, I quit from my professional career and embarked on my entrepreneurial journey. I feel, this actually worked out well for me as I was able to appreciate the concepts learnt during the CFA course much better and apply it on the job, which I would not have been able to do earlier as a CFO or a Project Finance Manager. The CFA course enabled for me a deeper insight into various aspects of financial activities, giving me more confidence as an entrepreneur to manage day to day asset management challenges. At a personal level, it also helps me immensely in managing my personal investment portfolio.

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.

The CFA course sets the gold standard for learning expertise in the field of capital investment and fund management. The content is well researched and quite exhaustive.

IAIP NEWSLETTER - March 2017
On the downside, I feel that the content is more pertinent to the developed markets especially when they handle concepts such as regulatory requirements for institutions especially in countries like USA, which might not be relevant to practitioners elsewhere. Furthermore the course gives too much emphasis on passive investment options like ETF and yield investing vis-à-vis active fund management and growth investing, again exhibiting excessive emphasis on developed markets. I believe that the course could be made more balanced if equal emphasis were given to techniques suited for developing and emerging markets as well.

Having said that I also believe that it is only a matter of time we witness similar trends panning out in our markets too.

**What guidance you would give to CFA aspirants?**

I would urge the aspirants to undertake this course if one is genuinely passionate about investing and capital markets rather than treating this any other conventional degree to get a job. It should not just be relegated to just another qualification which people use to advance their job prospects, even without any prior practical experience in the investing

Investing and that too being successful in it is a not an easy thing to achieve as many external factors beyond your control can work against it. In this uncertain background, the least a person can do is minimize unforced errors which generally stem from lack of understanding of fundamentals of investment, inability to apply the right tool to address a problem and most importantly the behavioral follies which makes us irrational at times in our decision making. CFA certification equips you to handle these challenges.

But one can apply these skills much better if they have practical experience before doing the course, because as the popular adage goes Investing is mostly an art rather than science, so CFA certification should be used as more like a mid-career skill enhancer which gives one an eye and confidence to do the right things more often than not.
Advocacy

# Seminar on GIPS and Asset Manager Code

On March 17 at the Sofitel, BKC a seminar was organized jointly by NISM, CFA Society India and CFA Institute. A distinguished list of international and Indian experts spoke at the seminar. Speakers included Jonathan Boersma, CFA, Global Head of Codes and Standards at CFA Institute, Trevor Persaud, Asia Head of Insurance at Standard Chartered Bank, Navneet Munot, CFA, Chief Investment Officer SBI Mutual Fund and other industry practitioners.

This program was put together to raise awareness and build support for our work to improve the overall performance of asset management firms. CFA Institute, in its mission to serve the investment profession, has created a number of tools and standards that are used globally by asset owners, asset management companies, consultants and investment advisors to ensure that performance is managed systematically and interests of investors are not compromised.

The seminar covered two of the most important of these standards, namely Global Investment Performance Standards (GIPS) and Asset Manager Code of Professional Conduct. GIPS is the de-facto standard for performance management globally, used by 85% of the global asset management firms to manage their performance internally as well as to report performance to their clients. By creating a consistent framework for performance reporting, GIPS has had a significant influence over the way investment performance is managed today. The Asset Manager Code is a voluntary code of conduct that CFA Institute offers to help asset managers practice ethical principles that put client interests first. The code provides a framework for the firm claiming compliance to assess their current processes and determine whether they are consistent with their fiduciary responsibility to protect investors’ interest throughout the investment decision making process.

On 17th March, Mary Leung, Head of SFMI, Asia Pacific was in Mumbai and had a meeting with members of Advocacy committee.

Submissions to Regulators
- IAIP Response to Regulations pertaining to Market Infrastructure Institutions
- IAIP Response to Public Issue of Non-convertible Debentures

Induction of New Volunteers
- Yash Agarwal, Head of Derivatives at Anand Rathi
India Investment Conference 2017: Generating Alpha in a Divergent World

Contributed by

Rajni Dhameja, CFA

CFA Society India and CFA Institute India organized the seventh India Investment Conference (IIC17) on the theme “Generating Alpha in a divergent world” on January 13, 2017 in Mumbai. The conference was very well received.

IIC17 witnessed the lineup of distinguished speakers:
1. Peter Berezin – Chief Strategist, BCA Research
2. Heather Brilliant, CFA – CEO, Morningstar Australasia
4. Andy Xie – Independent Economist
5. Aaron Low, CFA – Principal, Lumen Advisors
7. Sunil Singhania, CFA- CIO, Equity Investments, Reliance Nippon Life Asset Management Ltd.,
8. Philippa Malmgren – President and Founder, DRPM Group

Each session was moderated by the industry experts and practitioners.
3. Madhu Veeraraghavan – T.A. Pai Chair Professor of Finance, TAPMI
5. Jayesh Gandhi, CFA – Senior Portfolio Manager, Birla Sun Life Management Company

Read More:
Generating Alpha in a Divergent World

Speaker: Peter Berezin, Senior VP, Global Investment Strategy
Moderated by: Navneet Munot, CFA, Director, IAIP and CIO, SBIMF
Contributed by: Ishwar Chidambaram, CFA, Member, IAIP

According to Dr. Peter Berezin, the global economy is presently in a sweet spot—sitting pretty between Deflation and High Inflation. He termed this phase as Reflation, and said that the global economy will witness reflation phenomenon for the next few years. Investors must buckle up their seat belts for the transition. At present, global growth is accelerating and recent economic data have surprised on the upside. Consequently, inflation expectations have risen across major economies worldwide. This period has seen the end of fiscal austerity across advanced economies, including Europe.

Read more:
https://iaip.wordpress.com/2017/01/20/generating-alpha/
Generating Alpha Using Economic Moats

Speaker: Heather Brilliant, CFA, CEO, Morningstar AustralAsia
Moderated by: Amit Khurana, CFA, Head Equities, Dolat Capital
Contributed by: Rajni Dhameja, CFA, Member, IAIP

“The Economic moat” is competitive advantage, which enables a company to earn sustainable profits over the longer period of time. Companies sustaining advantage over 10 years possess wide economic moat. It is difficult to find out the companies with wide moat. Out of the total companies covered by Morningstar, only 15% companies possess wide moat whereas 45% possess narrow moat and remaining 40% were the companies with no moat.

Sources of moats can range from intangible assets, switching costs, network effect, cost advantage and efficient scale. These sources differ from industry to industry. Some of the industries which are highly competitive in nature have lower probability of moat. Heather introduced “Efficient Scale” which is a unique source of moat found in smaller markets like Australia and New Zealand. This moat arises due to the limited market size, which makes it unattractive for a new or larger.

Read more:
https://iaip.wordpress.com/2017/01/20/economic-moats/
The Future of Financial Advice

Speaker: Jonathan B. Stein, CFA, CEO and Founder, Betterment

Moderated by: Madhu Veeraraghavan, T.A. Pai Chair Professor of Finance, TAPMI

Contributed by: Manish Jain, CFA, Partner, Angaros Group

Financial advice can be delivered in three ways – human, automated and a hybrid model. Traditionally financial advice has been delivered by humans. In the last few years, technology has enabled the delivery of financial advice in an automated way without any human interference. This model is popularly known as robo-advisory. A hybrid model for delivering financial advice leverages both on technology automation and human interface.

According to various industry estimates, by 2020, the financial advisory market is estimated to be between $3trn and $5trn. A large portion of these assets are expected to be advised on robo-advisory platforms. In US, Betterment is the largest robo-advisor with around $7bn of assets under advice and 200,000 customers. Considering the large size of the financial advisory market, there is room for many more players in this market.

Read more:
https://iaip.wordpress.com/2017/01/20/the-future-of-financial-advice/
China’s Economic Challenges for the Next Decade

Speaker: Andy Xie, Independent Economist

Moderated by: Saurabh Mukherjea, CFA, CEO, Institutional Equities, Ambit Capital

Contributed by: Shravan Kumar Sreenivasula, CFA, IAIP and Birla Sun Life AMC

In a very candid presentation Andy Xie mentioned that in the early stages of economic development, China’s leadership was led by engineers all of whom led to massive creation of infrastructure. China produced only engineers in the 1980s who knew only one thing to do and that was to build. Even today the current government is filled with engineers who cannot comprehend not to build. It is very difficult to change the mind set now. China has built mega cities and moved people to inhabit there for the last 30-35 years like Shenzhen. It is no longer required now. In the initial stages (like in 1980s & 90s) China had to build infrastructure without much heed to financials. The demand caught on making most of it viable. Now, with more infrastructure – one ring road beside another and rail road beside highway, it is becoming redundant. The Chinese problem of dependence on growth of Investment economy is structural and they would have to re-balance to consumption part of the economy. This re-balancing of economy would lead to huge Chinese consumption boom. Imagine the opportunities created if the GDP has to re-balance from 40% consumption to 60% as trillions of dollars’ worth of products will be bought.

Read more:
https://iaip.wordpress.com/2017/01/20/chinas-economic-challenges/
Executive Panel: Asia Growth Outlook and Asset Allocation

Moderated by: Saurabh Mukherjea, CFA, is CEO at Ambit Capital
Contributed by: Vikas Agrawal, CFA, Member, IAIP

A pool of globally diversified knowledge and experience becomes essential when it comes to unveiling the secret of global asset allocation and diversification. Thanks to the CFA Society India and CFA Institute India, participants at the Seventh India Investment Conference (IIC17) 2017 had access to such a compelling panel.


The Eminent market voices discussed challenges & opportunities of Asia growth. With eye-opening insights and clever one-liners on China’s Economic Challenge, Andy Xie made the audience rethink many assumptions. While speaking about India, he stressed on the need for more infrastructure for achieving its potential.

Read more:
https://iaip.wordpress.com/2017/01/20/executive-panel-outlook/
Generating Alpha by Managing Unquantifiable Risks: Politics, Policy & Geo-Politics

Speaker: Philippa Malmgren, President and Founder, DRPM Group
Moderated by: Jayesh Gandhi, CFA, President & Director, IAIP
Contributed by: Chetan Shah, CFA, Secretary & Director, IAIP

Though not reflected in the headline numbers, inflation has inched up, according to Philippa if one goes by what we see around. The products of daily consumption like tooth paste are up if one were to adjust for the size and weight of the packs. Most of the industrial commodity prices are up after sharp dip over last two years. Cost of living of cities like Beijing in China have gone up sharply especially the rentals which now comprise 1.6 times the average wages. Apartments need to be shared with fellow workers to stay put. It has led to doubling of wages over the last 3 years. The wages in the same geography are expected to grow by another 7-10% in the near term.

Higher inflation has implication on the interest rates and asset allocation. Already the 25 bps increase in Fed rate has resulted in large losses for bond holders and pension funds in the recent past. The Fed, which waited for inflation to rise over the last three QE programs, and the markets may have to re-look the pace of its rate hikes.

Read more:
https://iaip.wordpress.com/2017/01/20/politics-policy/
Volunteer Orientation Workshop - Delhi

Contributed by

Vibhor Nayar, CFA, Member, IAIP

The Delhi chapter of CFA Society India organized its second Volunteer Orientation Workshop at Ibis Hotel in New Delhi on 21st January, 2017. Arati Porwal, Director – Society Relations (CFA Institute India); Manisha Sharma, External Consultant – CFA Society India; and Biharilal Deora, FCA, CFA, CIPM – Member on the Board of Governors and Active Volunteer joined us from Mumbai. From Delhi, we had Jitendra Chawla, CFA, and Deepak Mundra, CFA – both active volunteers of CFA Society India.

Jitendra started the workshop by welcoming all the potential volunteers from Delhi. He then introduced Arati, Manisha, and Biharilal Deora to the participants present at the workshop.

Arati took the first session by introducing CFA Society India to the potential volunteers of the Delhi region. CFA Society India is an association of local investment professionals. It was established in 2005 and is currently present in 8 locations via regional chapters across India. She also spoke on why volunteering is beneficial to charterholders. Arati mentioned that every year there are about 19,000 candidates who appear for the CFA Exam and about 300 people become CFA Institute members. Arati then spoke about how people can take part in various volunteering initiatives.

Arati concluded her session with the following quote:

"Commitment means staying loyal to what you said you were going to do long after the mood you said it in has left you"

Thereafter, Manisha spoke about the various committees through which volunteers can participate and contribute to the society. She highlighted the key requirements for and benefits of volunteering:

Read more:

https://iaip.wordpress.com/2017/02/05/volunteer-orientation-workshop-delhi/
Insights from IAIP Events

Networking Event - Pune

Contributed by
Manish Chandak

CFA Society India (formerly known as Indian Association of Investment Professionals – IAIP) organized a Networking Dinner in Pune for CFA Society members, Charter Pendings and Candidates on Friday, Jan 20, 2017. This session was presided over by Ms. Sonia Gandhi – Director of CFA Society India. Apart from other roles, she oversees the Programming and Continuing Education (PCE) Committee.

The objective of this event was to let all participants the new initiatives taken by CFA Society India and how these initiatives will enhance the profile of CFA Society India and benefit its members in the long run. Also, she took this opportunity to explain the goals of various committees set up by CFA Society India. Currently following committees are set up and are in overdrive to fulfil their goals:

- Advocacy Committee
- Programming and Continuing Education (PCE) Committee
- Industry Outreach Committee
- Membership Committee
- Communication Committee
- Technology Committee

Read more:
https://iaip.wordpress.com/2017/02/11/networking-event-pune/
We are all very watchful for the price we pay for the things we buy. For example, if one is to buy a mobile phone, he would visit all the online portals, compare the price with Brick & Mortar store, check for offers and arrive at the best value for the product. We are extremely vigilant in determining the right value for the product. Investments are no different. Be it Real Estate, Gold, Equities, Bonds; we attain satisfaction only when we have paid the right price. But how do we really determine the right price while making Investments? What are the inputs one considers while making investments and how do we filter noise?

I was fortunate to attend a session on “Equity Valuation Methodologies” conducted by Indian Association of Investment Professionals (IAIP) and presented by Mr. Sampath Reddy, CFA, CIO Bajaj Allianz Life Insurance. It was a very thought provoking session wherein we discussed what drives valuations and how we could have a quick check while making investment decisions.

Read more:
Role of Technology in Financial Markets

Contributed by
Harshita Kothari

The Kolkata chapter of IAIP organised a speaker event titled “Role of Technology in Financial Markets” on February 18, 2017.

The event started with the introduction of the speaker Mr. Vivek Bajaj, director at Kredent Ventures and his rich educational background from IIM Indore. He began his presentation with the focus on how technology is changing the way we trade. A nanosecond is a 1000th of a second and for a timing difference of a few nanoseconds trading firms globally are ready to pay millions of dollars to their vendors.

At Kredent Ventures, fifty traders have been replaced by an algorithm-based system of trading and the system itself generates around 5% of the Multi-Commodity Exchange (MCX) turnover. Mr. Bajaj said that algorithms need to be updated every six months as it tears out and the same set is copied by everyone else in the markets. He predicts challenging days for the analyst community and says it is a high time that people sharpen their skill sets or become redundant in front of algorithm-based systems.

Read more:
Listening to Numbers: Quantitative Investment Strategies in India

Contributed by
Mandar Chapekar, CFA

CFA Society, India, Pune Chapter hosted a session on “Listening to Numbers: Quantitative Investment Strategies in India” by Aniruddha Meher on 18th February 2017.

Aniruddha heads Quant Team at Multi-Act Trade & Investment Pvt. Ltd. He has been working in the field of Quantitative Investments for last 12 Years. He covers Indian and Global Equities using Quantitative Techniques and oversees the research of selected currencies and commodities. His area of expertise includes Global Asset Allocation using various indices. Aniruddha has done Masters in Statistics from Pune University.

The Crux of the Topic was the importance of having a system, review some simple ways of stock selection, and most importantly, understands how the quant way of investment can help one’s portfolio.

Read more:
Insights from IAIP Events

P2P Lending – The new and rising asset class

Contributed by

Jyoti Soni, CFA


Peer-to-Peer lending is a very new concept in India. We have seen a presence of unorganised market for P2P in India for a very long time but this concept never came in an organized and regulated way before. The audience present at the event were already sounding too curious to know about this asset class. How does it work? How is it different from our banking system and old aged lending system? To address all these questions, we had an eminent speaker, Mr. Vinay Mathew-Founder & COO of Faircent.com.

Faircent.com is India’s leading P2P lending platform. Vinay started the session by highlighting the importance of structured data today. Data is the foundation for all online businesses. Structured and unparalleled data about individuals and companies is available on the internet through various social media and e-commerce sites. It can be used to understand an individual’s behaviour and likely social demands. Along with data structuring, a rapid increase in mobile users, mobile applications, digital or online payment systems has together given a boost to e-commerce and online platforms.

Read more:
https://iaip.wordpress.com/2017/03/01/p2p-lending-the-new-and-rising-asset-class/
Insights from IAIP Events

The Truth About Investing - Howard Marks, CFA, Co-Chairman, Oaktree Capital

Contributed by
Shravan Kumar Sreenivasula, CFA

It was a pure pleasure to watch Howard Marks of Oaktree Capital speak in an event hosted by CFA Society India and ValueQuest Capital. I have read and followed most of his memos in the recent times and the concepts he was explaining were not new. But to listen from the horse's mouth has its own impact.

Most importantly, on the current state of markets with regards to the investment cycle, he suggested that the US equity markets might be in the 7th innings (of the 9 innings) baseball game. For the Indian audience, it is approximately the fourth day of the five day test match. There have been no mishaps for a long time and the economic data points have largely been good. It has not yet reached the euphoric stage, as people are not yet giving ideas to him at the social gatherings.

Having said that, he proposed that predicting the movement of the markets is a futile exercise. Well, no one in the world knows where the markets would be at a given point in time. The better things to focus on are the businesses and the valuation one pays. It is important to structure the portfolio to tide over the headwinds.
While he mentioned that it is important to predict the cycles, it may be costly to get on and off the investment cycles in India as the trajectory is upwards. This is unlike some of the developed world markets like Japan where predicting cycles and investing at low prices & exiting at high prices may prove worthwhile.

Read more:
9th IAIP Annual Forecast Event FY2018

Contributed by
Volunteers of CFA Society India

The 9th IAIP Annual Forecast Event FY2017 was held on 31st March 2017 at the BSE International Convention Hall, Bombay Stock Exchange, Mumbai.

Every time we attend the Annual Forecast Event of IAIP, we come out with unique perspectives from the panelists. This time around Sankaran Naren, CIO of ICICI Prudential MF talked about the 4-Bs of the bull market – the best phase, the boom phase, the bubble and bust phases. According to him we have passed the easy and best phase. Nilesh Shah, MD, Kotak MF, spoke of the initiatives like savings in electricity consumption through the installation of LED bulbs across the country, or the channeling of the cash economy into the mainstream, which could the used for more productive purposes. According to Siddhartha Sanyal, Chief Economist at Barclays, India is best placed on macros like inflation, fiscal deficit, current account deficit and the present government was rightly working on the supply side constraints. Pratik Gupta, MD, Deutsche Bank, mentioned that foreign investors have become more confident about Indian markets post state elections as they think the present regime can continue beyond the current term. While every body is positive on the India story, Prasun Gajri, CIO, HDFC Standard Life, expressed concerns on the limited number of securities to invest in based on both the size and valuations.
The rest of the key take-aways are as follows:

CFA annual forecast event highlights – survey results for FY18 expectations –

- 77% expect equity to be best performing asset class but majority expect Sensex to see single digit growth at 30-32k.
- 28% expect GDP growth to be at 7-7.5.
- More than 85% expect CPI to be less than 5.5.
- 75% expect bond yields to be less than 7%.
- Crude: 45% expect 50-60.

Read more:
https://iaip.wordpress.com/2017/04/02/9th-iaip-annual-forecast-event-fy2018/
Insights from IAIP Events

Why Smart Investors Do Dumb Things?

Contributed by
Shivani Chopra, CFA

The Delhi chapter of the Indian Association of Investment Professionals (IAIP) organized a speaker event titled, "Why Smart Investors Do Dumb Things" on March 18, 2017. The event was delivered by Mr. Puneet Khurana who is a renowned investor and educator. The focus of the event was to discuss in details the most common errors investors make and what makes such smart people do really dumb things.

The session started with a discussion of how the society has evolved by the collective efforts of some smart people who came together and led to some tremendous achievements which have changed the world for good (e.g. Google, Manhattan project, Bell Labs etc.). But unfortunately, the same record is not replicated when it comes to investing domain and the speaker referred to the records of hedge funds and funds of funds to put across the point (e.g. LTCM, etc.). He discussed three key differences between other organizations and a team of investors and what are the key differences in two types of human collections and endeavors.

Read more:
Thinking about investment philosophy

Contributed by
Gaurav Ajjan, CFA

Introduction
Philosophy, mostly aptly defined from an investments perspective is “a particular system of thought based on such study or investigation.” The key word here is thought and it is one’s belief that drives decision making. Apart from a study or investigation, this thought may also arise from intuition, education or experience.

Importance of Investment Philosophy
Why should one have an investment philosophy? Imagine sailing a boat without a rudder or shooting without taking aim. Directionless, switching from strategy to strategy and easily susceptible to falling for the “hot stock” are some of the perils. In footballing analogy, one will end up chasing the ball all around the pitch rather than being correctly positioned to receive it.

Developing an Investment Philosophy
Forming a philosophy requires a deep understanding of how markets work and ideally should be backed by some empirical evidence. However, it may also be noted that empirical studies often have a “look-back bias” which may not necessarily be true of the future. Remember the value of any financial instrument is the present value of its expected (and not past) cash flows. More importantly, a personal investment philosophy requires a deep understanding of one’s own values and beliefs about money. An investor should be cognizant of one’s comfort level with risk over a long period of time as well as one’s innate skills. There is no single philosophy or magic formula, one can have diverging beliefs and still be successful. This is amply illustrated by contrasting Warren Buffett and George Soros who have had tremendous success despite very different philosophies.

Differentiating with other concepts
Investment philosophy is often confused with investment objective, investment style, investment process or an investment strategy. An investment objective is a return objective coupled with an investors risk appetite while philosophy is a belief as to how these goals can be achieved. An investment style, has a resemblance with philosophy,
but is a narrower concept and is often thought of slotting managers in a 9-box grid with the dimensions being capitalization and growth/value. An investment strategy is a plan for achieving investment goals and elaborates on various aspects of the portfolio like active share, sector bets, factor exposures, target beta etc. An investment process describes the steps necessary for the execution of an investment strategy and typically begins with defining the investible universe which is followed by screening and further analysis till an investible idea is generated. Furthermore, a well-defined sell discipline is an integral part of a robust investment process. Although a separate concept, investment philosophy permeates all the concepts discussed above. Also, all aspects of investment decision making should be in harmony with each other. For instance, having an investment philosophy that favors high growth stocks for an investment goal with low risk is incongruous with a strategy of a concentrated portfolio.

My Investment Philosophy

I will conclude by sharing my investment philosophy which is “Multi-year earnings growth drive stock prices. The lower I pay for this stream of earnings growth, the more I gain. Turnarounds represent a special case of earnings growth where earnings turn from negative to positive.” This is based on my experience of investing in markets and reinforced with an empirical study. Have you thought of your investing philosophy yet? If not give it a thought and see if it helps in generating higher returns. Happy Investing!!

Disclaimer: The views or opinions expressed in this paper are solely those of the author and do not necessarily represent those of Fidelity Investments. This research does not reflect in any way procedures, processes or policies of operations within Fidelity.
Contemporary central banks in the developed economies have triggered a global pandemic of moral hazard and Too Big To Fail problems. Ensnconced as the universal lenders of last resort, their modus operandi has been to engage in laissez-faire economics during economic expansions and active intervention during a recession/contraction. Thus they have succeeded in privatizing gains and socializing losses, benefitting the elite 1% on Wall Street at the expense of Main Street.

Nowhere was this more evident than during the Great Recession of 2008-09, when Wall Street banks annihilated $15 Trillion worth of global asset values, and were rewarded with government bailouts and golden parachutes, instead of jail time. Since 2008, the function of many central banks has been to act as cheerleaders for their nations' stock markets, printing increasingly bewildering amounts of fiat currency, propping up share prices and committing other acts of financial hara-kiri. Not content with reducing interest rates to zero, many Central Banks in the developed world have resorted to penalizing savers by levying negative interest rates, as is the case in Sweden, Euro zone, Japan, etc. Currently almost half of Euro zone sovereign debt is trading with a negative yield!

Clearly these sordid sagas have highlighted the imperative for greater regulation of the Central Banks. One option could be to set up a global watchdog of Central Banks-along the lines of the Bank of International Settlements (BIS)- whose sole purpose would be oversight of global central banks. The road to hell is often paved with good intentions, however, and any such effort at setting up a global regulator can get stymied by the sheer amount of bureaucracy involved. Alternatively, the case can be made for increased government regulation of central banks. But then monetary policy will cease to be truly independent of the whims and fancies of the government of the day.

Read more:
https://iaip.wordpress.com/2017/02/12/reflections-on-central-banks/
February 2, 2017
Budget 2017-18: 4G Budget…!!! (Gramin, Garib, Ghar, Gantavya)

STABLE MACROS TO HELP SUSTAIN PREMIUM VALUATIONS

The Union Budget 2017 reflected the rural, agri, infra and focus on the poorer sections of the society for the Modi Govt. There was a marked shift of resources in favor of these sectors, and reflected also very well in the time the FM spent in his speech! No tinkering of any direct / indirect taxes, and expectedly so given the GST is on the horizon.. Essentially, the effort of the FM seemed to be to not do anything to create any negative perceptions (no touching the LTCG, no service tax rate hike, offering clarifications on CBDT circulars)

Overall, we feel the budget continues on the structural efforts of the Modi Govt to drive a structural shift in India’s economic trajectory. To the credit of the FM, he has resisted the usual urge to stray from fiscal control – so likely for a government which is about to enter its fourth year in office! From a 3% guidance last year for FY18 to now projecting 3.2% is credible given the pressures. We believe this move calms the bond markets as well as FIIs a lot – and will also aid at least a 25 bps rate cut by the RBI in the next policy due Feb 8th.

The FY18 shall witness some of these being implemented at the ground level – GST, push towards digital transactions, infra / rural spending, doing away with FIPB et al. Assuming global headwinds do not play the spoilsport, we expect FY18 earnings growth to hold towards mid to high teens, with the usual dispersion across sectors.

Read more:
https://iaip.wordpress.com/2017/02/02/union-budget-and-market-outlook/

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Is Hummingbird Making the World More Polarized?

Contributed by
Hiren Chandaria, CFA

Today, the world is more polarized than probably any other period after the Second World War. We are left with three kinds of people in the world today, those ‘for’, those ‘against’ and those who don’t care.

It is extremely difficult to find the fourth type – those who are confused or admit that they don’t know. Hardly anyone says “I know that I know nothing” – Socratic paradox. I believe the reason is not that people are intentionally trying to have a know-it-all attitude.

To explain my point of view, let me give you a small example. A small kid believes that only his religion is right and there is only one God and that God is of his religion. He is surrounded by people who are preaching the same thing to him. Not even once has he got an opportunity to envisage a healthy debate questioning his beliefs. Do you think the kid will question his own beliefs?

Today, we are bombarded with information over the internet. What we read/search/watch is saved in the Google algorithm. The next article we are likely to see will be a logical extension of what we watch and have bias towards it.

If you watch a few videos on president Trump as a savior of America – the algorithm will bombard you with many more videos on the same theme. Again, today, the media is very biased -the kind of news channel you watch will help determine the political bias. The algorithm again saves the source of information and keeps strengthening your bias. Let me call this a “Confirmation spiral”.

Read more:
https://iaip.wordpress.com/2017/03/01/is-hummingbird-making-the-world-more-polarized/
Equity Market ended the quarter in an upbeat mood with Sensex now up 12% on year-to-date basis. Mid-cap (+4% in March) and small-cap indices (+5%) outperformed the Sensex for the third consecutive month.

Increased appetite for emerging market assets (lured by the prospects of better growth and less-hawkish US Fed), prudent monetary and fiscal policy domestically, favorable state elections outcome led India to receive the highest ever monthly FII flow. Foreign funds inflows in equity and debt market aggregated to US$ 8.5 billion in March vs. previous high of US$ 8 billion in September, 2010. Domestic investors continue to pour money into equity funds.

Favorable FII flows, robust FDI and growing exports have had a telling on the rupee. The currency strengthened 4.7% this year (vs. 2.4% depreciation in 2016) and out-shined most emerging market peers. Excess systemic liquidity post demonetization constrained RBI’s ability to intervene and prevent rupee appreciation as absorbing excess dollars would mean further adding to the rupee liquidity.

Looking ahead, ebbing of the Trump related euphoria (in Dollar index) and strength in emerging markets (EM) economic activity since start of 2017, had led the investors to steer away from US to EM assets. Emerging Market economic surprise index has seen one of the sharpest up-moves since the Lehman crisis.

Read more:
https://iaip.wordpress.com/2017/04/04/market-outlook-12/
MY INVESTMENT PERFORMANCE IS A RESULT OF YEARS OF EXPERIENCE AND A DEEP KNOWLEDGE OF MARKETS.

Jayna Gandhi, CFA
On a Lighter Note

What part of dead ...

Me: "I am calling to tell you that my aunt died in January."
Credit Card Company: "Well, sir, the account was never closed, so the late fees and charges still apply."
Me: "Maybe, you should turn it over to collections . . ."
Credit Card Company: "Since it is two months past due, it already has been."
Me: "So, what will they do when they find out she is dead?"
Credit Card Company: "Either report her account to the frauds division, or report her to the credit bureau . . . maybe both!"
Me: "Do you think God will be mad at her?"
Credit Card Company: "... excuse me . . .?"
Me: "Did you get what I was just telling you . . . the part about her being dead?"
Credit Card Company: "Sir, you’ll have to speak to my supervisor!"
(Supervisor gets on the phone)
Me: "I’m calling to tell you that my aunt died in January."
Credit Card Company: "The account was never closed and the late fees and charges still apply."
Me: "You mean you want to collect from her estate?"
Credit Card Company: "Are you her lawyer?"
Me: "No, I’m her great nephew." (Lawyer info is given.)
Credit Card Company: "Could you fax us a certificate of death?"
Me: "Sure." (Fax number is given) (After they get the fax.)
Credit Card Company: "Our system just isn’t setup for death . . . I don’t know what more I can do to help . . ."
Me: "Well . . . if you figure it out, great! If not, you could just keep billing her . . . I suppose . . . I don’t really think she will care . . ."
Credit Card Company: "Well . . . the late fees and charges do still apply."
Me: "Would you like her new billing address?"
Credit Card Company: "Yes, that might help."
Me: "Odessa Memorial Cemetery, 2450 Highway 129, Plot #189 . . ."
Credit Card Company: "Sir, that’s a cemetery!"
Me: "Well, what do you do with dead people on your planet?!"
Credit Card Company: [Click!] :-)

Poverty Increases Vocabulary
(Jules Feiffer)

I used to think I was poor. Then they told me I wasn’t poor, I was needy. Then they told me it was self-defeating to think of myself as needy, I was deprived. Then they told me deprived was a bad image. I was underprivileged. Then they told me underprivileged was overused, I was disadvantaged. I still don’t have a dime. But I sure have a great vocabulary.
**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: communication@iaipirc.org

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Join IAIP member group on LinkedIn and Facebook by searching for Indian Association of Investment Professionals.

**Updates at WordPress (iaip.wordpress.com)**


**Programs and Events**

Now you could register for the forthcoming event on the [www.cfasociety.org/India](http://www.cfasociety.org/India) page by clicking on the Events tab and Event Registration ([www.cfasociety.org/India/Pages/EventRegistration.aspx](http://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: sonia.x.gandhi@gmail.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 Manisha and Mansi at secretary@india.cfasociety.org.

You could also fill in the form on the website [www.cfasociety.org/India](http://www.cfasociety.org/India) under Membership tab and Volunteer option. Complete list of committees and its active volunteers kindly visit page [www.cfasociety.org/India](http://www.cfasociety.org/India) under “About Us” tab click on the “Committees” button.