

# FIFA Perspectives

# Feb 2016

## Positive role of women IFAs in long term Wealth Generation through Mutual Funds

FIFA takes pleasure to bring to your notice that two of FIFA's Founder Members and Directors on the Board of Director have been featured by Economic Times --- as Independent Wealth Managers who have grown the assets of many families over the last 15 years.

They truly symbolise new spirit of entrepreneurship and represent the yeoman services IFAs across the country provide in channelizing household savings that generate development funds for India as a nation on a move. FIFA offers kudos to them. "

# They Advise, and Men Listen

Financial decisions in most Indian households, as with many other things, are usually taken by men. Things aren't too different when it comes to advisory roles. But independent wealth managers **Roopa Venkatkrishnan**, **Sapna Narang** and **Dilshad Billimoria** are among those who have made such gender distinctions meaningless. They have grown the assets of many families over the past 15 years, says **Prashant Mahesh**

### Roopa Venkatkrishnan

Assets under management: ₹600 cr City: Mumbai

"I have converted many middle-class investors into high net worth individuals (HNIs)," says Venkatkrishnan, 48, regarded as one of the best mutual fund pickers in Mumbai. Since 2001, when she struck out on her own, Venkatkrishnan has mentored clients to use mutual funds to create wealth, urging them to be patient and stay invested to ensure the affluence of future generations. Some of her clients, numbering more than 60 families, have seen their wealth rise more than 15 times in the past decade or so.

Venkatkrishnan turned entrepreneur as she felt that large organisations have a sales-centric, product-selling approach that doesn't work for people. Her investor-oriented focus has helped her business expand 20-25% every year, irrespective of changing regulations and tough market conditions. She overcame the challenge of not being taken seriously by dint of perseverance and her approach to investment, with many satisfied clients recommending her to others. In a male-dominated profession, Venkatkrishnan's strategy is to involve the women of the family in setting goals. She believes that a woman is the first in the household to be hit by inflation and she understands the importance of long-term planning. While knowledge of products and processes is important, the route to success is understanding the investor's psychology, needs and emotions, she feels. While catering to many HNIs, the wealthy are not her only clients. She's also approached for advice at times by employees of her clients, for instance. On weekends, she runs financial literacy programmes in Mumbai housing societies. She has encouraged the underprivileged to open bank accounts.

Over the past 12 years, Venkatkrishnan, who has a staff of four, has stuck to selling mutual funds as she feels that is her core competency. Investors who wish to invest in individual stocks or buy insurance are recommended to others. Venkatkrishnan's husband is a business consultant who may not always understand the nuances of investing world but has been an encouraging presence throughout. The couple has also had to overcome the tragedy of losing their son, then 21, to an accident. He had been assisting Venkatkrishnan in her business.



### Sapna Narang

Assets under management: ₹700 cr City: New Delhi

Referred to by many of her clients as the family CFO, Sapna Narang quit her HSBC job in 2003 to go independent, launching boutique private wealth firm Capital League in Gurugram. Leaving a comfortable job and putting her savings into a rental office with one computer and a phone connection was tough. Today, she has an all-women, 12-member team that manages assets of ₹700 crore with about 130 families as clients.

In the initial years, Narang needed to pay attention to every detail — property rental, infrastructure, hiring, job allocation, filing business returns, banking, keeping herself abreast of markets and products, office operations, handling transactions and simultaneously scouting for new business. Balancing home and office was a challenge. She had a young son at home and another child on the way. Narang, 46, attributes her success to oriented clients referring her to others. She got a job in the first year, when she lost her biggest investor. This client had accounted for a quarter of her revenue and Narang learnt a painful lesson on concentration risk.

Narang also had to put in extra effort to meet the challenges of heading an all-women team in an industry dominated by men. Managing wealth is a long drawn process, Narang believes. Unlike many organisations that merely sell products without analysing the needs of an investor, Narang has always followed a systematic approach toward managing finances. She seeks to understand client goals, puts a framework in place for achieving them, enables execution and most importantly tracks this on a regular basis. Course correction happens through regular meetings and portfolio reviews. This has won her the trust of her clients over the past decade.



**WOMEN AHEAD**

### Dilshad Billimoria

Assets under management: ₹125 cr City: Bengaluru

In the tech city of Bengaluru, Billimoria is known for her process and diligence. In an industry where many just follow investor orders or push high-margin products, her firm is even ISO certified. Her record over the past few years has given affluent investors the confidence that their money is in safe hands.

Her peers respect her for her strong process-oriented approach and success in a highly competitive field. In a city which is full of technology professionals with little understanding of financial jargon, Billimoria, 38, stands out as someone who keeps things simple. She never seeks to confuse clients with unnecessary details, says one who's been with her firm Dilshad Consultants for the past decade. She has 80 families on her list.

During her stint with Birla Sunlife Distribution, she learnt the ropes of the wealth management business before embarking on her entrepreneurial journey in 2001 with a handful of clients. Now she runs an all-women outfit of eight people and has 80 families as clients, including NRIs. Billimoria believes the turning point of her career has been moving from a sales-oriented approach to a client-solution approach after becoming a certified financial planner. Riva says her relationship with many of these investors is so strong that when she meets them, work is dispensed with in five minutes. The rest of the time is spent on talking about family and individual aspirations.

Billimoria, who's also a marathon runner, believes women advisors have an advantage as they have the ability to empathise and are better listeners than men.



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### Events in Feb 2016

#### Delhi

Towards reactivating the activities of FIFIA in Delhi and the North, FIFA organised our maiden session for 2016 with our founder member Mr. Mukesh Dedhia, Director of Ghalla & Bhansali Securities Pvt Ltd in Delhi on 29th Feb 2016 on the subject of "Goal setting through Path of Discovery".

Mr Mukesh Dedhia made us introspect- this session was about us, our dreams- fulfilled, unfulfilled, our weaknesses- shortcomings, jealousies, expectations, our capabilities.

He made us laugh, cry, feel sorry, feel good, he made us want to spell out our desire for the future- business, clients, friends, family.

He spoke of the need to let it go, forgive - including our own inadequacy.

All in all a nice restart of FIFA activities, participants participated freely in the proceedings, and enjoyed in the session. Mr Bhatia our youngest member at 64 years of age, handed over a souvenir to Mr Mukesh Dedhia!





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## Events in Feb 2016



FIFA Perspectives brought to you by Wealth Forum

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### Happenings

- Charlie Munger and Warren Buffet have finally decided to enter the 21st Century . Their AGM which attracts 40000 visitors from across the globe will this year be webcast worldwide in its entirety. To view the meeting simply go to <https://finance.yahoo.com/brklivestream> at 9.00am Central Day Light time on Saturday, April 30th. The Yahoo! Webcast will begin with a half hour of interviews with managers, directors and shareholders. Then, at 9.30, Charlie and Warren will commence answering questions.

It will be a great opportunity for millions to hear the Oracle of Omaha live.

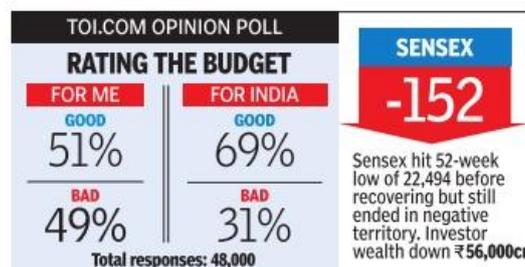
- GLOWING IN THE WIND- Times of India, 1<sup>st</sup> March 2016



A cold draft of economic uncertainty is sweeping across the world. The BRICS nations, which once fired up global growth, have caught a chill all except 'I'.

With China losing its glow after nearly three decades of red-hot expansion, India burns brightest among the large economies. But with the markets dimming, banks slipping into an area of darkness, exports melting, and consumer demand flickering, the nation needs oxygen in the form of bold reforms and visionary policies to keep the flame alive. Does this Budget achieve the objective of spreading warmth and light? Or, is this candle also in danger of being snuffed out?

But it's bad news for the 'rich' as govt shifts focus



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## Keep taking singles, but go for that occasional six

Ashish Chaddha, Chaddha Investments, Delhi



Last week, we discussed Ralph Wanger's winning investment approach ([The story of a zebra among lions](#)). Major Ashish Chadha - one of India's most successful advisors - discusses his take on Wanger's approach, and how he blends caution and aggression to deliver a great client investing experience.

Wanger's preference is for hitting sixes, he is not a believer in taking singles. Ashish is a believer in taking a lot of singles, but always keeping an eye out for a loose ball that he can smash for a six. His approach towards the big shots is very similar to Wanger's - and with the same impact: little wonder that clients love the kind of performance his portfolios deliver.

Ralph Wanger talks about fund managers who hit for singles versus those who hit for home runs (sixes in cricketing parlance). Wanger hits for home runs. He invests with multi-baggers in mind - not annual outperformance vs benchmark. In our business as financial advisors, I think what works best, at least for me, is a combination of hitting for singles and at the same time keeping an eye for a loose ball that you can hit for a six.

### Investment philosophy

Agree with Wanger - you must articulate your core set of beliefs, which will always guide you in your investment calls. I have three core beliefs that guide me:

#### 1. Do what is right

I pray everyday - I keep a leaf from the Bodhi tree in Gaya to keep my balance, I have this Hebrew prayer overlooking my bed to not be a mercenary and do Good, a sura from the Sura Naash in my Dining Room which tells me to keep the demons of my heart and mind in check, and the National Defence Academy prayer to the Lord - Help me to choose the Harder right than the easier wrong! And the Gita says Keep your Karma right - so no buying something for anyone else if you don't want to buy it for yourself and your family! Anytime I violate any of these commandments I screw up, else it seems to work? till I screw up. It helps to have a father who did not let me become an agent of Hoffland Finance as it was paying 10% commission, an uncle who held stocks for 60 years and his family continued the tradition and a team which is generous enough to worry about high markets!



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## Keep taking singles, but go for that occasional six

### 2. Mean reversion is the eternal truth

In the military, we greet each other every morning with "Sat Sri Akal" - Truth is the eternal God. For markets, the eternal truth is mean reversion. Valuations are real, valuations don't lie. Whenever markets or a segment of the market gets too far away from the mean, it will eventually revert to the mean - no matter what people say about why it must remain where it is.

If you sell what the market is selling, the pundits are advocating, media is Tom toming, tongue firmly in cheek the young 25 year old banker is showing a 30 pc return and the client's brain has been fixed and thinks to herself "15 toh aaa hi jayega" - you are no different. At that stage however, if you think sensibly and act judiciously - that's when you make a difference.

We stopped recommending lumpsum equity funds since November 2014. We built up balances in liquid and short term funds right through 2015. We even stopped SIPs in midcap funds since 2015. We had across the board sell calls all through Dec 14, asked clients to take out money and go on a vacation. Back in Nov 2014, we saw two things that made us uncomfortable: market valuations were 22x and above, with no near term sign of earnings growth. Second, the flood of NFOs on the back of huge 6 and 12 month performance, was a danger signal for us. Mean reversion had to happen. We stayed away from equity.

We lost some business in 2015 when everybody tried talking up the market, but it refused to oblige. "Ashish toh equity mein mana Kar raha hain ki return nahin ayega, bank is saying 30 pc market mein return hain and they have a scheme which is closing in 10 days! Ashish toh agent hain, Pata nahin hain, conservative hain, kah raha hain midcap nahin khareedne ka hai, bank ke log kitna smart chhe, economy ka poora janta hain! "

I love this cycle - there is pain of losing business when you stay with your convictions, but when mean reversion happens - as it always does - you create clients for a lifetime. 2015 was a bad year for us in terms of income - you don't make anything by keeping client money in liquid and short term funds - but I think it will turn out to be a great year for us from a long term perspective, as we chose to stay away from the herd, follow our convictions and do what we believe is right for our clients.

### 3. Asset allocation is the default strategy

Asset classes going into extreme valuations does not happen every day. When it happens, you must believe in mean reversion and take necessary portfolio action. But for all other times, asset allocation is the mantra to swear by. Plug your ears to what everybody is saying, plug your ears to all sales pitches, don't pay any attention to media hysterics - nobody can predict the future. Asset allocation is the only truth. Keep an eye on valuations - they never lie. Decide on over or under allocating to an asset class whenever you see valuations going to extremes, either way. All other times - stick with your asset allocation. We are the serpent which guards our clients' treasures - we better do a good job of it by correct asset allocation.

## Keep taking singles, but go for that occasional six

### Keep taking singles, but look out for the occasional six

I agree with Wanger's idea of looking at macro trends and trying to find ways to play the trend correctly. We've been doing this for years - and we've got lucky with some of our calls. Back in 2009, when there was the proverbial "blood on the streets" we took two significant calls which nobody was talking about at that time - we advised clients to invest in the PineBridge Infrastructure Fund and Mirae Emerging Bluechip Fund. Infra and midcaps - these were the most beaten down, held significant promise, and after looking at different schemes, we settled on these two as the best fund managers to play these themes. The rest as they say was history.

In 2011, we looked at the macro situation. We were convinced that the rupee will fall and wanted to identify a sector that will be immune to this. Banks came up as a thought, but rising NPAs was a challenge that didn't give us comfort. Auto and auto ancillaries was a segment that we developed conviction in - the sector was globally competitive, didn't require Government influence to drive its profitability, had a healthy mix of exports and domestic consumption, and was attractively valued. There were at that time only two sector funds that played this theme - we got clients to invest in UTI Transportation Fund. That turned out to be a big winner for clients. We have been advising clients for years to invest in US Equity Funds - and they have done very well for clients - with the US market rising and the rupee falling through the last 5 years. We follow a military operations way of functioning, we discuss ideas collectively and if one colleague shoots down an idea, we think through and delay a decision. There is no ego in being told off by a colleague!

Hitting sixes helps client portfolios show healthy returns, but we never go overboard with hitting sixes. Each of these calls would not be more than 5% of client portfolios. Bulk of the portfolio will remain in asset allocation mode, but from time to time, looking at trends, spotting opportunities and taking courageous calls has helped us deliver a good client experience.

Content is prepared by Wealth Forum and should not be construed as an opinion of HDFC Mutual Fund.

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## Snippets

**CORPORATE DOSSIER**  
**Competitive Strategy**  
(Michael Porter, Harvard University)

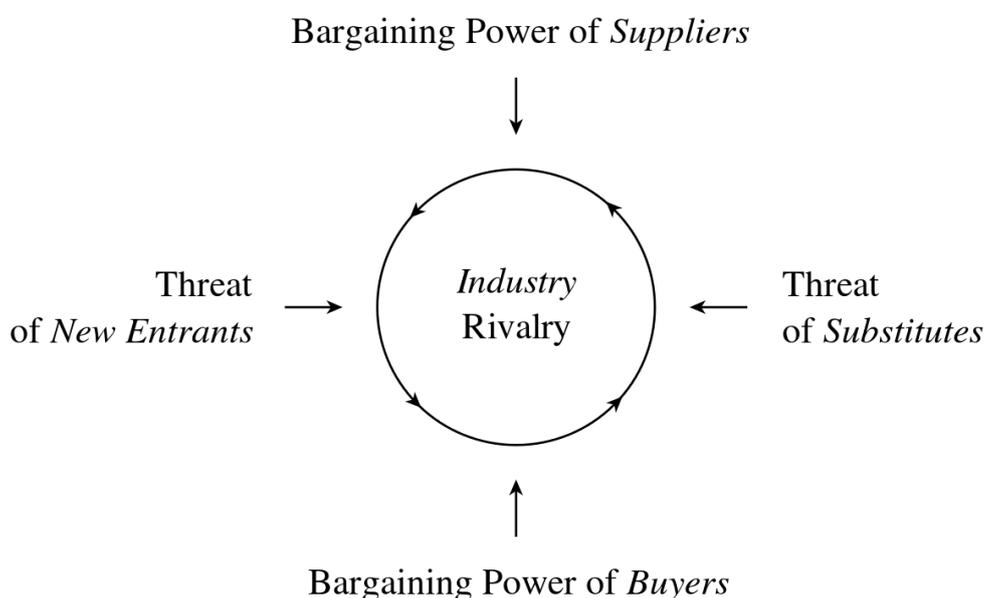
Now nearing its sixtieth printing in English and translated in to nineteen languages , Michael Porter's Competitive Strategy has transformed the theory, practice and teaching of business strategy throughout the world , Electrifying in its simplicity, in depth and substance with a touch of class.

In continuation, let us walk the talk with Michel Porter, Strategy Guru. A few pointers

- \* Strategy to create competitive advantage i.e., advantage over competitors.
- \* Competitive advantage grows out of the value a firm creates for its buyers. Competitive advantage creates ' value chain'.
- \* Competitive strategy must grow out of understanding Rules of Competition.
- \* Rules of the game are embodied in ' Five Forces Model ' , as exhibited.

### Porter's five forces analysis

- a. Potential Entrants : Threat of New Entrants
- b. Buyers : Bargaining Power of Buyers
- c. Suppliers : Bargaining Power of Suppliers
- d. Substitutes : Threat of ' substitute' products
- e. Industry Competitors : How Competitors Compete





## Snippets

**Porter's five forces analysis** is a framework that attempts to analyze the level of competition within an industry and business strategy development. It draws upon industrial organization (IO) economics to derive five forces that determine the competitive intensity and therefore attractiveness of an Industry. Attractiveness in this context refers to the overall industry profitability. An "unattractive" industry is one in which the combination of these five forces acts to drive down overall profitability. A very unattractive industry would be one approaching "pure competition", in which available profits for all firms are driven to normal profit. This analysis is associated with its principal innovator Michael E. Porter of Harvard University.

Porter's five forces include - three forces from 'horizontal' competition: the threat of substitute products or services, the threat of established rivals, and the threat of new entrants; and two forces from 'vertical' competition: the bargaining power of suppliers and the bargaining power of customers.

- ✓ One can relate this to competitive landscape in MF Industry, AMCs, Fund Houses, National Distributors, Banks, IFAs.
- ✓ Go easy. Go slow. Take time to reflect and enjoy like a fiction. All the real stuff.
- ✓ FIFA NL, March, we shall revisit Prof. C K Prahalad, Ross B-School, University of Michigan, Ann Arbor. : "The Future of Competition: co-creating unique value with customers ".

We invite Members to solicit new Membership and invite viewers to register as Members. For details and registration forms, please visit FIFA Website: [www.fifaindia.org](http://www.fifaindia.org)

## FIFA welcomes its new members

M Type	Membership	Type	Name of Organisation/ IFA	Representative(s) NAME	CITY
Ordinary	O200	Indv	Tushar Jitendra Shah	Tushar Shah	MUMBAI
Founder	F44	N.Indv	Krushna Finserv LLP	Sanjay Khatri	MUMBAI
Life	L15	N.Indv	S J Investment Services Pvt Ltd	Pratap Trivedi	MUMBAI
Life	L16	Indv	Nilesh Ramnikar Ghia	Nilesh Ghia	Mumbai
Founder	F45	N.Indv	Power Pusher Financial Services LLP	Hanoz Patel	MUMBAI
				Zubin Patel	
Founder	F46	N.Indv	Param Wealth Managers LLP	Rahul Ajit Khatri	MUMBAI
Founder	F47	N.Indv	Fortune Money Management Services	Parekh Chandrakant	MUMBAI
Ordinary	O201	Indv	Vaibhav Ankush Rane	Vaibhav Rane	Mumbai
Ordinary	O202	Indv	Lobo Franky	Lobo Franky	Mumabi
Ordinary	O203	Indv	Piyush Kalyani	Piyush Klayani	Mumabi
Ordinary	O204	Indv	Devdutta Dhankokar	Devdutta Dhankokar	Mumbai
Ordinary	O205	Indv	Falguni Shah	Falguni Shah	Mumabi