

INDIAN ASSOCIATION OF INVESTMENT PROFESSIONALS

NEWSLETTER – November 2008

From the President's desk:



Sunil Singhania, CFA

IAIP has been in existence for the last three years, a period marked by enthusiasm, lot of support from all the members and our fair bit of challenges. The streamlining of the process of managing the society has taken more than the desired time and though there can always be excuses of lack of volunteer time, on-going legal issues and other things, there is no denying that we could have done much better. On the positive side, the renewed enthusiasm and support of more volunteers and members has led to good events being held every month. The quality of topics and speakers has improved and quite naturally the number of members participating has also steadily gone up.

It is our quest to keep the momentum going and make the Indian Association of Investment Professionals one of the more vibrant CFA societies in the world. Towards the same and to keep the members more up to date on our past and future activities as well as to encourage more participation from members, it was felt that IAIP needs to communicate in a structured manner with its members. This is the first attempt towards doing the same.

Besides carrying a synopsis of the past events, the newsletter will carry announcements on future events as well as other important communication. It is intended to include contributions from members on any topic that a member would like to share with other professional colleagues. Towards the same, I request all members to contribute and share their learning's, experience and wisdom with fellow members by way of interesting articles. Suggestions are also invited to make this communication interesting as well as useful for members.

The next few months will be very interesting with the annual meeting and felicitation of new members planned in December and the Research Challenge being organized over the months of December and January. The details of both the events are given in the newsletter. Suggestions for future speaker events are also solicited, especially if a member has access to an interesting speaker.

On the economy front, things are difficult as they never have been over the past few years. With almost all our member base connected to the financial services, it is but obvious that each one of us is feeling the impact of this dramatic sequence of events. In this scenario, with our diversified member base comprising of the best brains in the financial services in India, our attempt should be to hand hold and keep interacting and guiding each other. I have no doubt that India will emerge a stronger economy after the problems subside. However professionals who are abreast and learn from the past events would be the one who will scale new heights in the next boom. So guys cheer up, do not be down and think how we can make use of the opportunities when they come.

Here's wishing you a very Happy, Healthy and Prosperous New Year!!

Summary of IAIP's membership:

Western Region	266
Southern Region	39
Northern Region	29
Eastern region	7
International	31
Total membership	372

Presently almost all of IAIP's activities are organized in Mumbai, where most of the members are based. However, looking at the needs and the growing number of members from other cities and regions, it has been decided that regional events will also be held. Towards this end, regional volunteers are in the process of being appointed and a budget, based on the member strength would be allotted to each region to enable them to organize events.

PAST EVENTS OF IAIP:

Though slow to start with, the society has now an endeavour to organize atleast one event a month. Thanks to the initiative of the volunteers, the events are being organized with regularity over the last six months. Given below is a list of events organized in the recent past:

July 29	Speaker event – Lawrence Speidell on Emerging Markets
August 13	Happy hours meeting

August 25	Delhi members get together
September 10	Speaker Event – Satish Mehta – CIBIL Credit Scoring
October 7	Speaker Event – Ajit Dayal – CEO of Quantum Mutual Fund Coping with Market Turmoil
Nov 6	Diwali networking event – Speaker event – Mr. Adrian Mowat – Chief Emerging Markets Strategist – J.P.Morgan Views on Equity Strategy

FUTURE EVENTS:

December 15 General Meeting of members and felicitation ceremony
At Sunville Hall, Annie Besant road, Worli, Mumbai.

December/January Research Challenge – a detailed description given later

India Research Challenge

Every year the CFA Institute in conjunction with its member societies conducts the Global Research Challenge. In India the inaugural Research Challenge was administered by IAIP last year. The Challenge is an initiative that teaches students from top business schools in India best practices in securities research. The Challenge was devised as a means for leading industry professionals to train students in researching and reporting on a public company.

Invited colleges will send a team consisting of not more than 4 students who are currently enrolled in a graduate level business program. IAIP will assign a CFA charter holder who is a practicing professional to act as a mentor for the teams in addition to a faculty advisor from the respective colleges. The Challenge is an educational initiative whereby leading industry professionals teach students how to research and report on a publicly traded company. The teams are to prepare a written research report on an assigned publicly traded company and send it for evaluation. Based on the written report the teams will be invited

for the regional presentation at Chennai, Mumbai, Delhi and Kolkata to present their analysis to a panel of judges. The winning team will go on to attend the India Investment Research Challenge to be held in Mumbai in January 2009. The winner of this competition will represent India to the Asia Pacific Regional challenge to be held in March 2009. The finalist of the Asia Pacific will compete in the global challenge to be held in London, UK in April 2009.

The colleges, subject companies and mentors for this year's challenge are:

Region	Colleges	Mentors	Subject Company
<i>West</i>	SP Jain Institute of Mgmt. – Mumbai Jamnalal Bajaj Institute of Mgmt. – Mumbai Symbiosis Inst. of Business Mgmt – Pune IIT Mumbai	Mr. Anil Ghelani, CFA Mr. Abhijeet Biswas, CFA Mr. Bijay Kumar, CFA Mr. Jayesh Gandhi, CFA	<i>HDFC Limited</i>
<i>South</i>	Inst. of Financial Mgmt. and Research –Chennai IIM – Bangalore Indian School of Business – Hyd Bharathidasan Inst. of Mgmt - Trichy	Ms. Lakshmi Iyer, CFA Mr. Radhakrishnan, CFA Mr. Aveek Mukherjee, CFA Mr. Vinay Rao, CFA	<i>Infosys Limited</i>
<i>North</i>	IIFT- Delhi Faculty of Mgmt. Studies – Delhi Mgmt. Development Inst. – Delhi IIM – Lucknow	Mr. Sanjay Parikh, CFA Ms. Alokitha Jha, CFA Mr. AekloveyaShyam, CFA Mr. Anand Gupta, CFA	<i>Maruti Suzuki Limited</i>
<i>East</i>	IIT – Kharagpur Xavier Labour Relations Inst. –	Mr. Kishan Gupta, CFA Mr. Rajesh Sehgal,	<i>CESC Limited</i>

	Jamshedpur IIM – Kolkata IIFT – Kolkata	CFA Mr. Sharad Todi, CFA Mr. Aditya Bhatt, CFA	
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Event Summary: **held on November 6, 2008**

Adrain Mowat – Chief Emerging Markets Strategist, J.P.Morgan

- Namit Arora, CFA

IAIP, via the monthly speaker events, has been endeavouring to provide its members with an analytical perspective on the status and outlook for Indian financial markets in the context of global events. The external speakers, coupled with fairly vibrant Q& A from the audience, have been providing an increasingly vibrant forum for sharing insights and views.



Rohit introducing Adrian to the gathering

As a continuation of these efforts, IAIP hosted Adrian Mowat, Chief Emerging Markets Strategist, J.P.Morgan. Adrian was also amongst the earliest foreign institutional portfolio investor in India in a prior role.

Adrian highlighted the challenges of global liquidity and risk aversion. The Indian equity markets, battered by global credit market issues and fears of a prolonged slowdown, are ostensibly trading at historic trough levels, and may apparently be reflecting zero growth. However, there is a serious issue about faith in current earnings estimates. Investors seem to be factoring in high probability of substantial analyst downgrades, driven by potential impact of current economic environment on both consumption and investment.

In general, there appears to be a capitulation and focus on fundamental issues will return after liquidity improves. The credit market will likely offer cues for the equity markets, though the value investors with a 12-18 month time frame may start shopping now.



Members inter-acting with Adrian



Hope the New Year brings Laxmi and joy

The continued RBI easing will help revive sluggish growth and improve tight liquidity. The Chinese authorities also seem to be taking aggressive steps to address the situation and there may be some innovative measures that may be useful to evaluate in India.

In summary, while the developed economies will undergo recessions, the current crisis will present an opportunity to long term value investors to start buying into on a selective basis. The sector with the highest degree of risk appears to be Real Estate. Materials and Industrials will remain at risk. Companies with high gearing levels and high proportion of foreign exchange liabilities will continue to be punished by the market, as investors focus on refinancing risk and impact of potential sharp decline in operating performance on interest coverage.

Jitendra Marchino, CFA and member IAIP was instrumental in arranging for Adrian's enlightening address and we thank him for the same. Thanks also for Jayant Pai, member IAIP for organizing and arranging the excellent event.

CFA Society Leaders Conference at Washington DC

- **By Saurav Mishra, CFA**

Society Leadership Conference was held from 2nd to 4th October 2008 in the Grand Hyatt Washington. We (myself and Sunil Singhanian) landed at the hotel at around 12 PM after a rather long flight. The SLC registration and exhibition started from 2.00 PM. After completion of the registration formalities, we went around various exhibitions by CFA Institute as well as exhibits of Prep Course Providers. The exhibition of different initiatives of CFA Institute ranged from Information Technology, Global Investment Research Challenge to Society Partnership program and many more, all manned by Senior CFA Institute staff. We had fairly detailed discussions on the certain areas of concern for our society particularly website development and we got some very good insights on how to take that forward and where the Institute can be of assistance. We are trying to fix up a time line for having our own website by beginning of the New Year. We were swamped by the Prep course providers as they learnt we are from India. It appears that they are looking at India and China as their growth engines for the coming years.



Our President with US President. Really?

Post the lunch session, we had a long meeting with the General Counsel of CFA Institute, Asia Pacific Head of CFA Institute and the Head of Finance of CFA Institute where the discussions concentrated primarily on the current status of cases in India relating to CFA

Institute and the challenges being faced by the Indian Association of Investment Professionals due to such legal issues.

The evening started with opening reception by CFA Institute in the grand ballroom of the hotel. It was a fairly grand event widely attended by Society leaders around the world. This was followed by regional dinner for Asia Pacific Region. The day ended with a 'Washington by Night' tour.

The next day started early with welcoming remarks by Todd Lowe, President Council Chair. This was followed by an extremely interesting presentation on the topic 'Building Future CFA Leadership: Challenges in a volunteer society' by Dave Ulrich by Professor, University of Michigan. He covered topics like how leadership is evolving, how important are leadership issues for volunteer societies in general and CFA Institute in particular. He went into issues of trends in leadership, building a leadership code and developing a unique leadership identity.



Myself and Sunil in front of the White House

This was followed by a presentation by Barbara Higgins, Chief Planning Officer of CFA Institute, on Vision 2012 & role of Member Societies in advancing the CFA Institute Strategic Objectives. The retirement of current President and CEO, CFA Institute, Mr. Jeff Diermeir was announced. He spoke on the topic "The CFA Institute Idea" and recounted his days in the CFA Institute

A general session after the morning keynote address addressed overview of new elements of society funding and resource allocation models along with society member service standards. In the following concurrent interactive operational planning sessions, facilitators elucidated on the new resource allocation models and standards including membership size and current stage of society development. The session went into details of requirements for

Society Funding, deliverables from the societies in form of Membership Value, Outreach and Awareness, Operations and Governance, concept of funding level I & funding level II and details of funding process. The session was fairly informative and interactive.

The afternoon sessions were concurrent and covered wide ranging areas from Member Value: what can members do for the society, Outreach and Awareness: Case studies in Media Relationship to developing corporate sponsorship program. Interactive discussions also included issues such as how to effectively recruit, train, utilize and recognize volunteers in the society.

The evening session reception was at the National Air & Space Museum followed by some good music by a lively band. A tour of the old town Alexandria in Virginia was organised in the night.

The Morning Sessions on the last day started with concurrent sessions on Case Study of Society Strategic Planning, an interactive session on increasing value proposition of Society Programs, Education and Special Events and discussions featuring societies that utilize different staffing models. Further Concurrent sessions in the day extended to important topics such as minimising society risk through D & O Insurance and compliance with Laws and Regulations taken by Associate General Counsel, Lynn Mentzer of CFA Institute, a topic of importance particularly for the India Society. I had a detailed discussion on the issue separately with the speaker. Mr. Chip Deale, Head Society Relations conducted an interesting session on Developing and Communicating the benefits of the Society Membership.

Closing luncheon followed the concurrent sessions above with a lot of interaction with Society leaders from different part of worlds. It was particularly heartening to note the rapid development of societies in the Middle East region with a lot of expatriate Indian being members and society leaders there. The Society Leadership Program was clearly a great experience for us both from perspective of learning as well networking with members across the world.

On the lighter side: How to recruit?

Put about 100 bricks in some particular order in a closed room with an open window.
Then send 2 or 3 candidates in the room and close the door.
Leave them alone and come back after 6 hours and then analyze the situation.

If they are counting the bricks, put them in the accounts department.

If they are recounting them, put them in auditing.

If they have messed up the whole place with the bricks, put them in engineering.

If they are arranging the bricks in some strange order. Put them in planning.

If they are throwing the bricks at each other. Put them in operations.

If they are sleeping. Put them in security.

If they have broken the bricks into pieces. Put them in information technology.

If they are sitting idle. Put them in human resources.

If they say they have tried different combinations, yet not a brick has been moved. Put them in sales.

If they have already left for the day. Put them in marketing.

If they are staring out of the window. Put them on strategic planning.

And then last but not least.

If they are talking to each other and not a single brick has been moved.

Congratulate them and put them in top management.

Titanic As A Securitization

A money manager, who wishes to remain anonymous, passes this along:

10 reasons why the Titanic was actually a securitization instrument:

- 1) The downside was not immediately apparent.
- 2) It went underwater rapidly despite assurances it was unsinkable.
- 3) Only a few wealthy people got out in time.
- 4) The structure appeared iron-clad.
- 5) Nobody really understood the risk.

- 6) The disaster happened overnight London time.
- 7) Nobody spent any time monitoring the risk.
- 8) People spent a lot trying to lift it out of the water.
- 9) People who actually made money were not in the original deal.
- 10) Despite the disaster, people still went on other ships.

COMPOSITION OF IAIP BOARD:

Present Board of Directors:

Mr Sunil Singhanian

Mr Rohit Rebello

Mr Vidhu Sekhar

Mr Jayesh Gandhi

In addition, in the last Board meeting it was decided to broad base the board by inducting three additional Board members to start with. The following names were proposed:

Mr Amit Khurana

Mr Namit Arora

Mr Saurav Mishra

BE AN ACTIVE COMMITTEE MEMBER:

Also, we are in the process of forming important committees so that the society is able to achieve its objectives more effectively. An indicative list of committees would be:

Event organizing committee

Membership committee

Job assistance and Employer outreach committee

Regulatory interaction committee

Web, newsletter and membership interaction committee

The list is indicative. IAIP invites interested members to come forward and be a part of the society volunteers. Besides being an opportunity to meet and interact with members and the financial community, it is also a good platform for leadership building and also a way to keeping abreast of latest developments and happenings in the CFA community and the financial industry. Not to say, an excellent means of giving back a bit to the profession. Please send an email to rohit.rebello@citi.com or sunil.singhania@relianceada.com or vshekhar@nse.co.in giving your details and the committee you would want to be a part of.

INVITE FOR SPEAKERS/PROGRAMMING EVENTS:

We invite suggestions from members on the topics they would like an event to be organized on. This will enable us to know the interest level and accordingly plan the events. Also members who have access to good speakers are requested to please let the society know. This will also enable us to utilize the contacts of our members and have events that will benefit all our members.

FEEDBACK/REQUEST FOR ARTICLES FOR FUTURE ISSUES:

Please send feedback and interesting articles that you would like to share with fellow members to sunil.singhania@relianceada.com or rohit.rebello@citi.com or jayant.pai@hsbcinv.com.

Even light readings, humour and interesting personal experiences like holidays are most welcome.