



Improving Investor Experience in Equity MF Investing

SANKARAN NAREN

ED & CIO – ICICI PRUDENTIAL AMC

Performance of Different Assets

Index Name	5 Years	10 Years	15 Years	20 Years
Nifty 50	11.91	9.91	15.18	11.31
Nifty 500	13.13	10.3	17.28	12.59
Nifty Free Float Midcap 100	16.05	13.55	22.51	--
Nifty Free Float Smallcap 100	13.13	8.73	--	--

Investor Behaviour

Before		After
Equity Returns	Net Flow in Equity Mutual Funds	Equity Returns
Mar 07 – Mar 08 19.7%	Mar 07 – Mar 08 Rs. 46,933 cr	Mar 08 – Mar 09 -37.9%
Mar 11 – Mar 13 -3.1%	Mar 12 – Mar 13 Rs. -14,587 cr	Mar 13 – Jan 15 54.9%
Apr 13 – Aug 14 26.7%	Apr 13 – Aug 14 Rs. 13,241 cr	Aug 14 – Aug 15 -5.07%

When To Invest?

Best Time To Invest
 When FIIs and DIIs are Selling



Year	FII	MF	Next 3 year Absolute Returns
2002	732	(620)	154%
2008	(12,173)	3,325	61%
2011	(512)	1,273	79%

Year	FII	MF	Next 3 year Absolute Returns
2005	10,081	3,013	-5%
2006	8,038	3,402	23%
2007	17,810	1,625	-2%

Worst Time To Invest
 When FIIs and DIIs are Buying



in USD million

Thus,
Dynamic Asset Allocation
Is Better For Investors

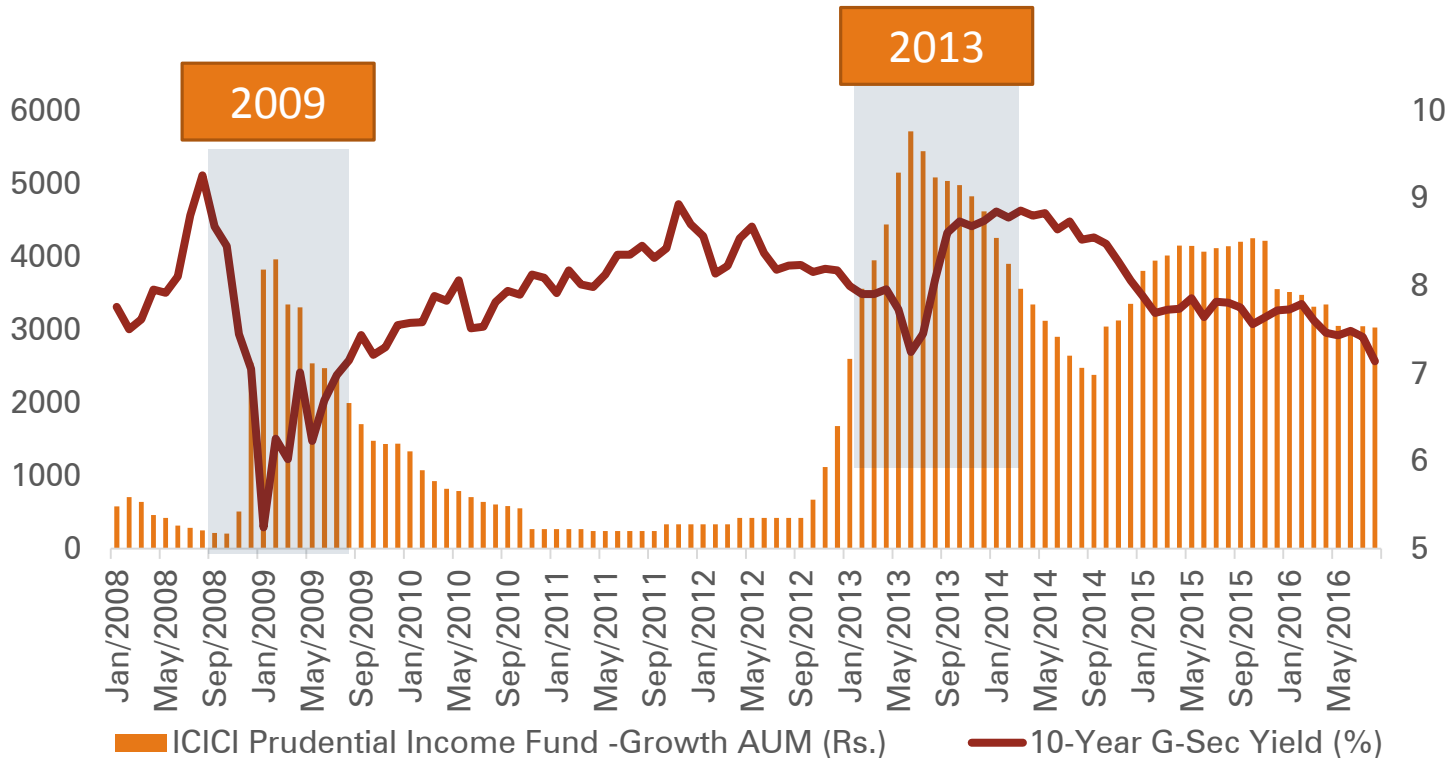
Buy Low & Sell High

Increase equity allocation when market levels are low,
and decrease when market levels are high

Period	S&P BSE Sensex Level	Equity Level in ICICI Prudential Balanced Advantage Fund
August 2013	18,620	77.40%
August 2014	26,638	44.99%
January 2015	29,183	34.30%
February 2016	23,002	75.40%

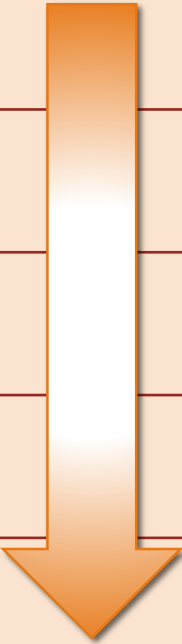
ICICI Prudential Income Fund

Investor Chase Returns



What We Created - ICICI Prudential Long Term Plan

Date	ICICI Prudential Long Term Plan Average Maturity (Yrs)	G-Sec Yield (%)
31-03-2015	19.05	7.74
29-02-2016	20.17	7.63
30-04-2016	11.36	7.43
31-05-2016	14.77	7.42
31-08-2016	9.03	7.11





What Did We Learn?

What Matters?

Temperament to make money

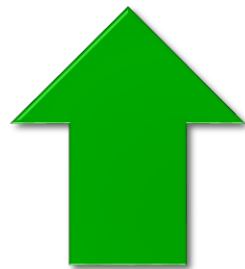


Behavioral finance is most important



Buy at low valuations; Sell at high valuations

Buy at Low Valuation & Sell at High Valuation



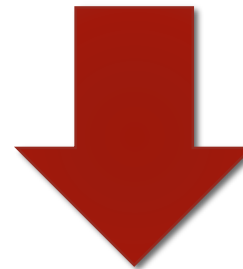
Increase allocation to assets



When market valuations are attractive



When market valuations are expensive



Decrease allocation to assets

Dynamic Asset Allocation Strategy

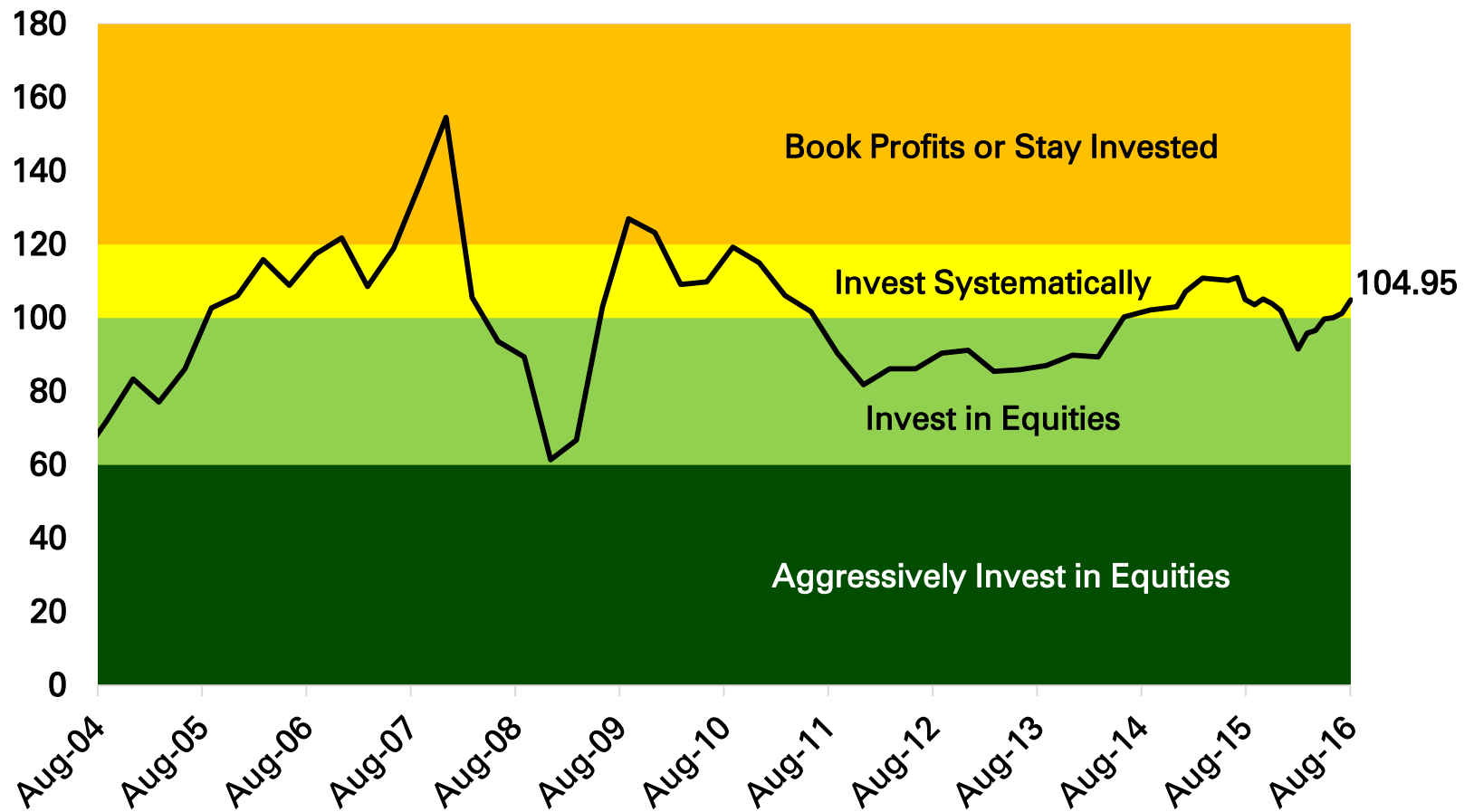
Helps generate reasonable returns even in volatile markets.



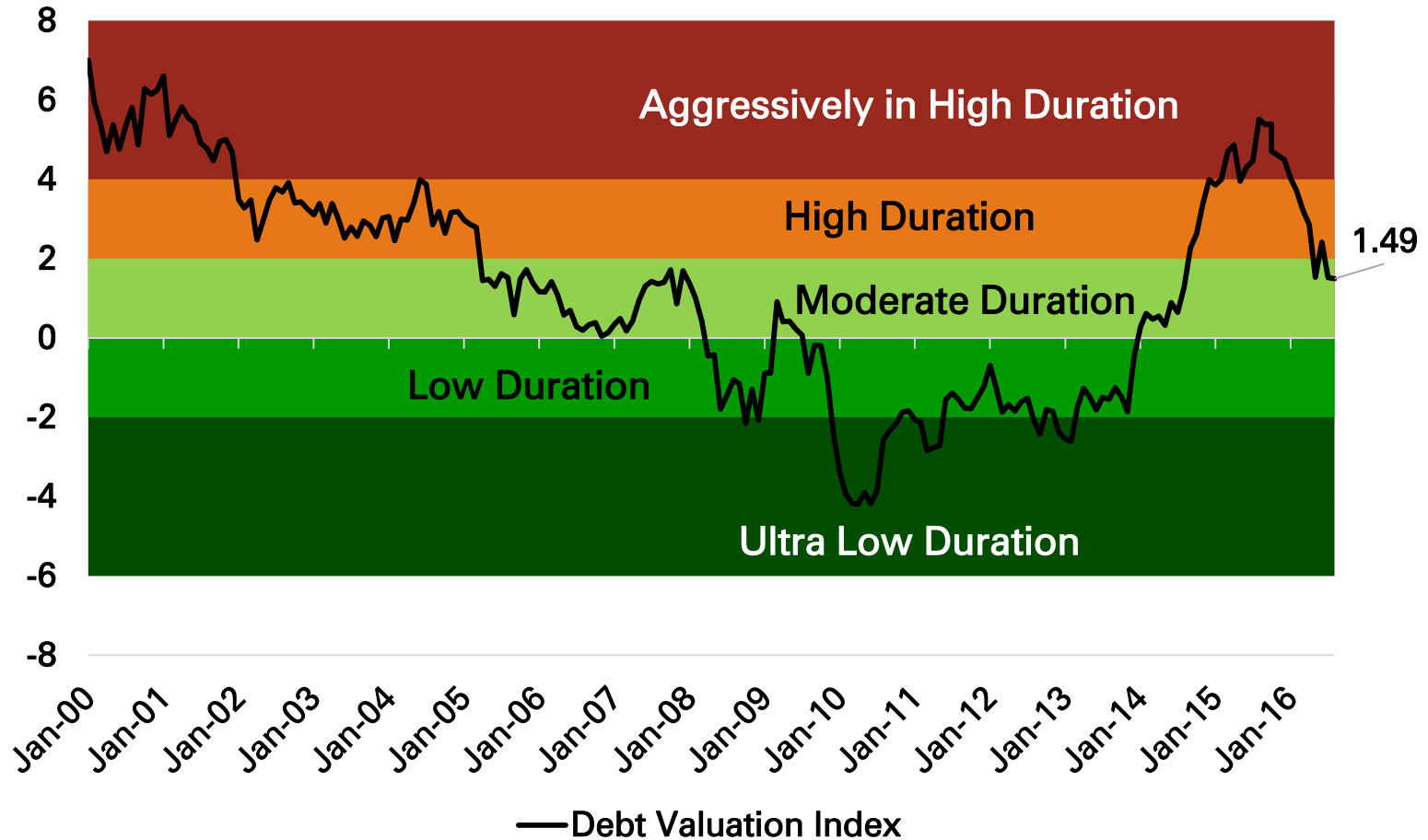
Is it as easy as it sounds?



For Equity Valuation: P/E, P/B, Marketcap to GDP



Debt Valuation: G-Sec, CAD, Inflation, Commodities



Real Estate



Compare Rental
Yield with Interest
Rate on Loan

Rental Yield = 2.5%

Loan Rate = 9%

Then it is not attractive

In 2003

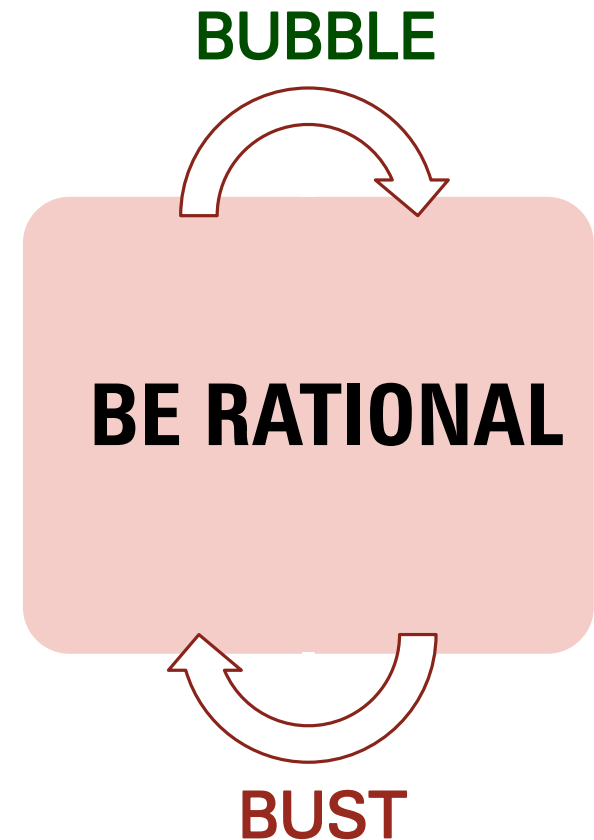
Rental Yield: 4-5%

Loan Rate: 7%

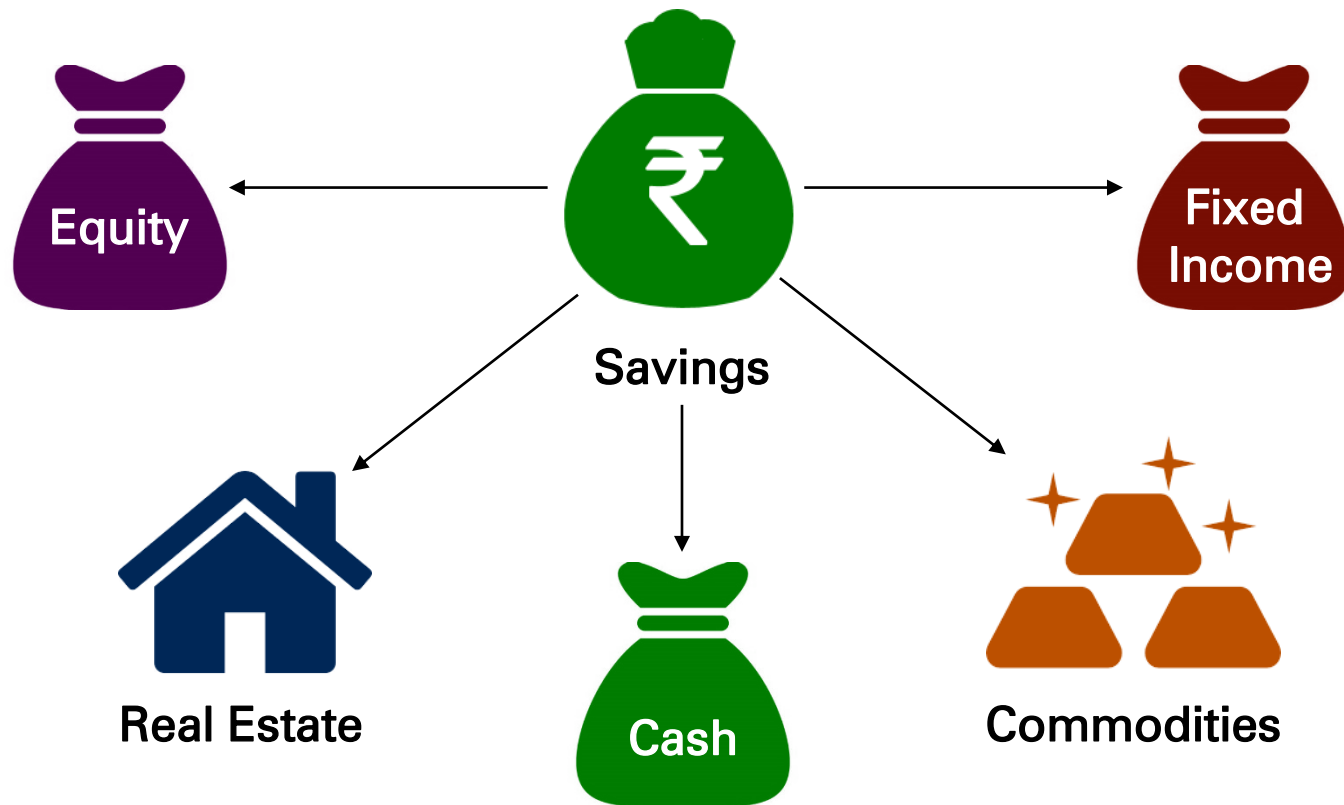
Either Debt of Real Estate are always attractive

The Secret to Making Money During Bubbles & Busts

Date	Nifty Returns (%)		
2007	54.8%	Bubble	Sell
2008	-51.8%	Bust	Buy
2009	75.8%	Bubble	Sell
2011	-24.6%	Bust	Buy



Do You Put All Your Money In One Place?



Types of Funds

Equity Funds

Large-cap
Fund

Mid-cap
Fund

Multicap
Fund

Balanced
Fund

Dynamic
Asset
Allocation
Fund

Types of Funds

Debt Fund

Liquid

Short
Duration

Long
Duration

Dynamic
Duration

Accrual
Fund



Thank you
