

Capital League

PRIVATE WEALTH MANAGEMENT

Wealth Wisdom

At Capital League, we've had the privilege of working with very smart and successful entrepreneurs and professionals. And we've observed very closely how flawed some of their thinking tends to be when it comes to managing the wealth they have so painstakingly created. And often, we land up asking ourselves "Why do even "smart" people do "stupid" things with their money"?

Why do we feel happy about the safety of our portfolio when we are actually destroying it? Why do we treat money kept aside for children's education differently from the money received from a bonus? Why are we eager to book profits in a hurry while nursing losses for years?

It is these questions that spurred us to create Wealth Wisdom. Wealth Wisdom is our attempt to help affluent individuals understand where they sometimes go wrong in managing their wealth, where they sometimes make mistakes that they shouldn't. The objective of Wealth Wisdom is to sensitize affluent individuals about some of the common blunders that people make in managing their wealth. If this effort helps you in avoiding such blunders that we have seen many people make and puts you on the road towards investing success, we would consider this a worthwhile effort.

Wealth Wisdom is an educational platform with multiple formats which currently include a periodic newsletter and short presentations that we make for corporations and associations. Wealth Wisdom is part of Capital League's CSR (corporate social responsibility). Wealth Wisdom does not seek to promote any product or investment strategy in any of its formats.

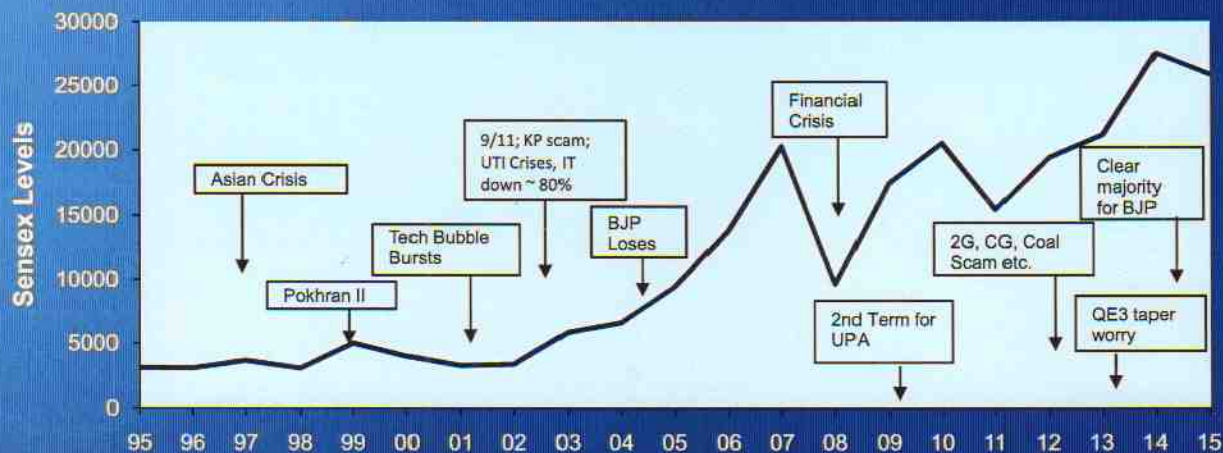
Capital League is a boutique, wealth management firm and is counted amongst India's leading independent financial advisors. The firm is headed by seasoned private bankers.

Successful Indian families are finding it counter-productive to individually deal with multiple investment advisors, tax consultants, accountants, insurance agents, stock brokers and lawyers for managing their personal wealth. They are increasingly recognizing the value of a 'Family CFO' – an experienced guide, a financial coordinator and an advocate who would offer unbiased advice within the unique context of that family's circumstances and goals. Capital League has emerged as family CFO of choice to successful families.

Capital League allows its clients the opportunity to continue doing what they do best: building wealth, pursuing hopes, and living the life of their dreams.

At Capital League, we have a singular passion – to be client centric – and that guides everything we do. We believe that our combined 61 years of private banking experience gives us the necessary expertise to help our clients achieve their wealth protection and wealth creation objectives.

India Growth Story



As on 31st May 2015:

5 Year CAGR

10.91%

10 Year CAGR

15.25%

Who is wiser? Indians or FIIs?

Year ending March 31 st	1992...2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Total
Fill ownership (%)	0...12	13	13	16	17	19	20	18	15	17	18	19	21	23	-
Fill flows (\$ bn)	0...2	2	1	10	9	11	6	13	-11	23	25	8	26	29	154
Net Gold Import (\$ bn)	0...4	3	3	5	9	9	12	14	17	25	35	49	41	19	245

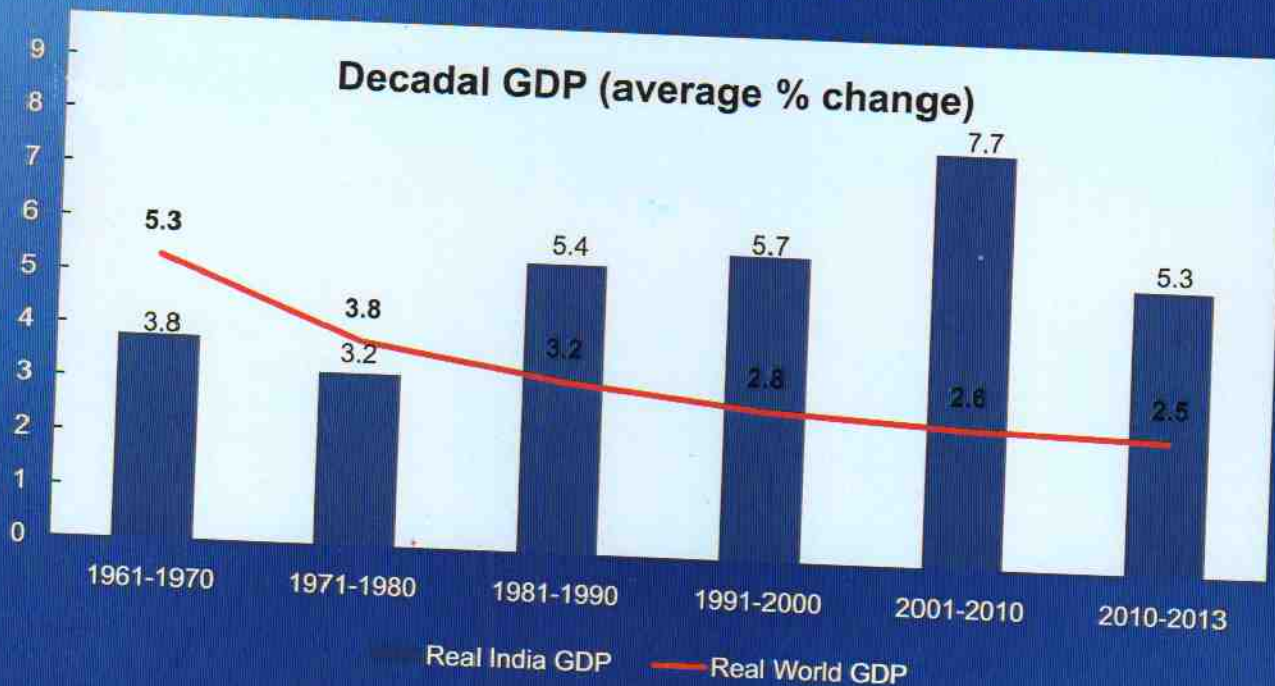
(FIIs were allowed to invest from September 1992 onwards; shareholding of FII not available from 1992 – 2000)

Source : SEBI

- o FII ownership increased from 0 to 23% in 22 years (~1% per annum)
- o While, FIIs have invested \$ 154 bn in Indian Equities between 2001-14, Indians have bought gold worth \$245 bn in same period
- o Thus, the dollars received by the Indians & more have been invested in gold. Gold has yielded near inflation (9-10%) returns vs ~17% CAGR for the Sensex.
- o In effect, Indians have been exchanging a ~17% CAGR asset for a 9-10% CAGR one!

Why are FIIs so positive on India:

- o India offers significantly higher growth than World growth
- o Favourable demographics, rising affordability, low penetration of consumer goods, rich natural resources, large size are key drivers of growth
- o Barring 2008-09 (Lehman crisis), FIIs have been net buyers of Indian equities
- o By 2020 India is expected to be the 5th largest economy in the world



Source: BOAML

Lower Interest Rates

- o There is consensus about lower rates in India in 2015 & beyond
- o Equities benefit from lower interest rates:
 - Lower rates means lower interest expense & higher profits
 - Lower rates lead to higher fair P/E multiples
 - Lower rates improves economic growth prospects

*"Interest rates are like gravity" – Warren Buffet
This implies, lower rates improve valuations of assets and vice versa*

Capital League Wealth Creation Conclave 2014 "Why Equities?"



Capital League Wealth Creation Conclave 2013 "The Recovery"



Capital League Wealth Creation Conclave 2011 "INDIA: SUPER POWER?"



Capital League Wealth Creation Conclave 2010 "PARTICIPATING IN THE INDIA GROWTH STORY"

