



Indian Private Banking Forum 2013 - India

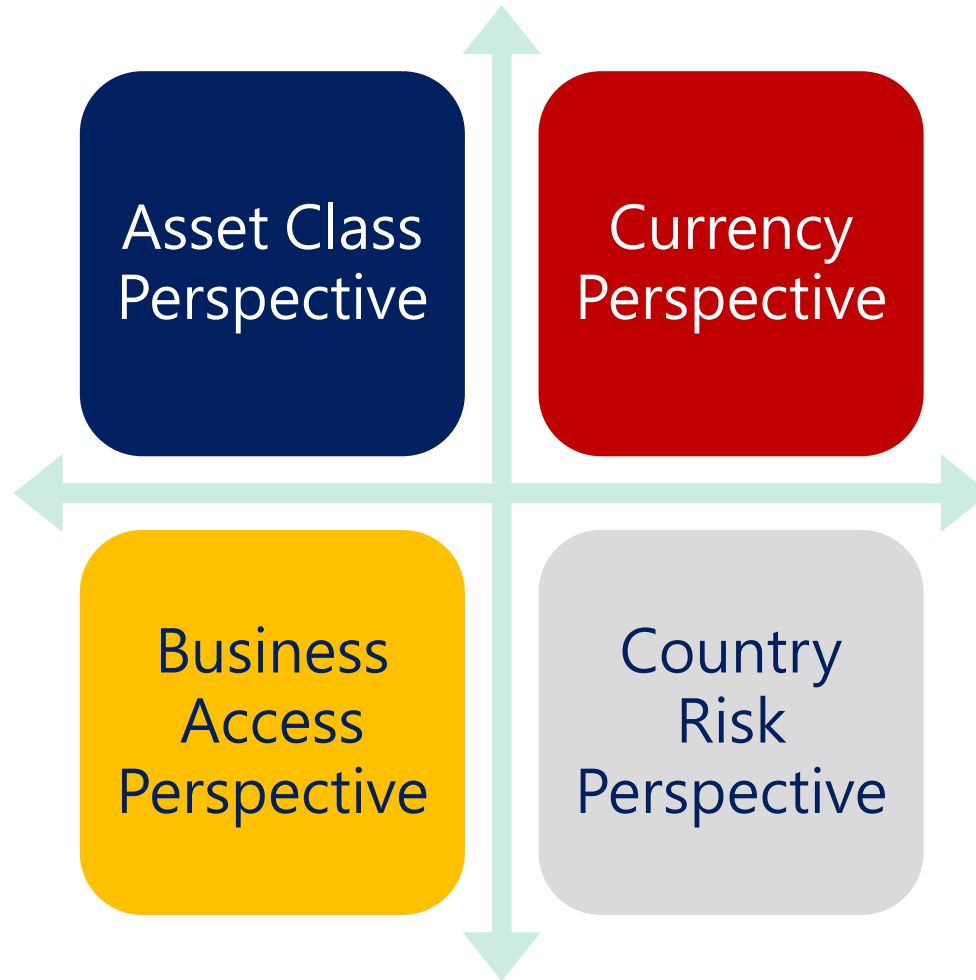
Global Investing

*Presentation by
S Naren - CIO*

21 August 2013

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.

VARIOUS PERSPECTIVES



ASSET CLASS PERSPECTIVE

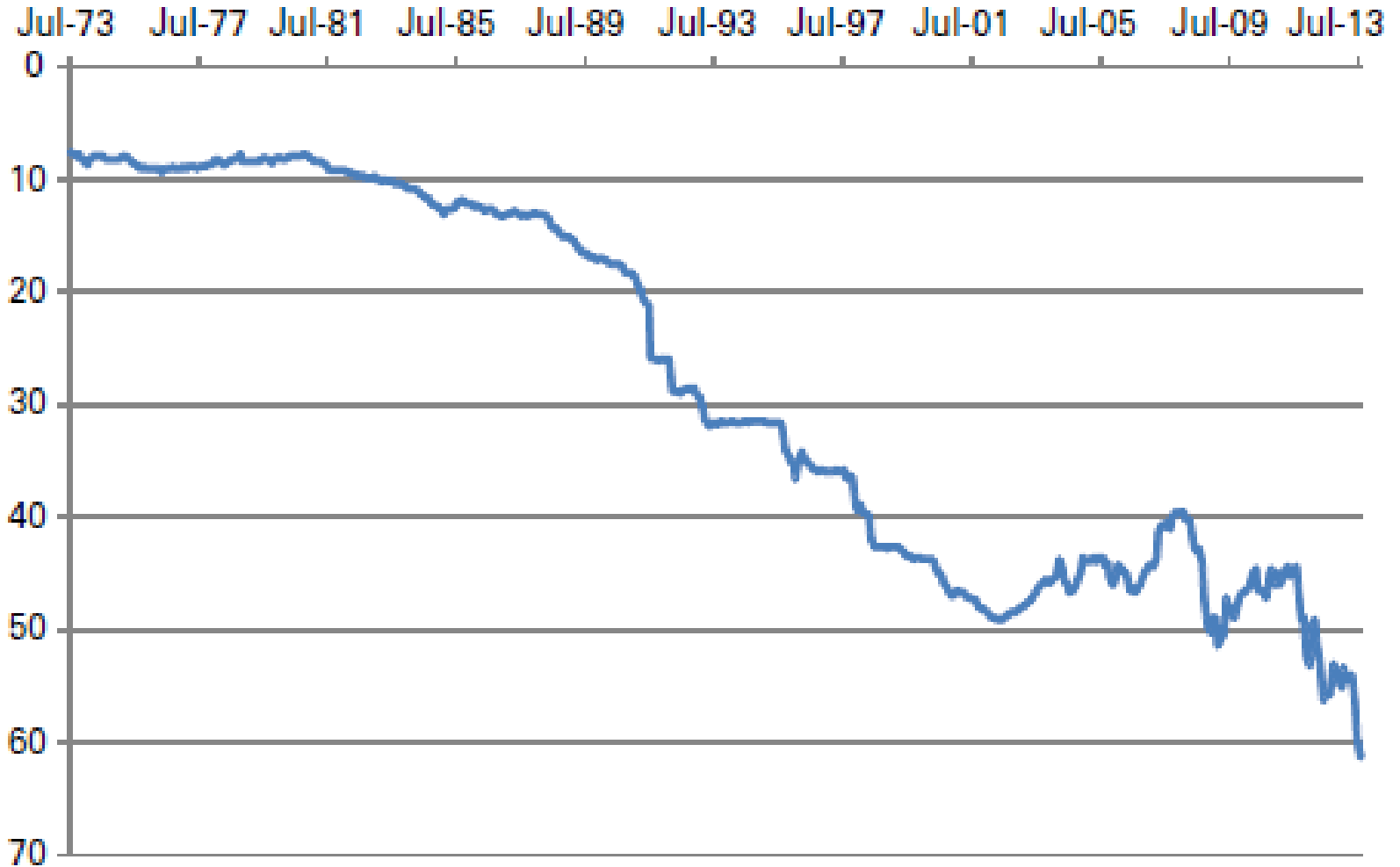
CY2006	CY2007	CY2008	CY2009	CY2010	CY2011	CY2012	Jan – July 2013	
India	India	UK	India	Sweden	US	India	Japan	<p>Better Performing</p> <p>Worse Performing</p>
Sweden	Germany	Canada	Sweden	India	UK	Germany	US	
Germany	Australia	Swiss	Netherland	Germany	World Avg	Japan	Swiss	
Australia	Canada	US	Australia	US	Swiss	France	Netherland	
World Avg	World Avg	Australia	Canada	Canada	Netherland	Netherland	World Avg	
France	Netherland	Sweden	World Avg	World Avg	Canada	Australia	UK	
Swiss	US	France	US	UK	Australia	Swiss	Sweden	
Canada	UK	World Avg	France	Netherland	Sweden	US	France	
Netherland	France	Japan	UK	France	France	World Avg	Australia	
US	Swiss	Germany	Swiss	Swiss	Germany	Sweden	Germany	
UK	Sweden	Netherland	Germany	Japan	Japan	UK	Canada	
Japan	Japan	India	Japan	Australia	India	Canada	India	

WINNERS KEEP ROTATING

Source: Bloomberg, The ranking is based on equity market performance which is calculated using individual MSCI Country & World Indices

CURRENCY PERSPECTIVE

INR/USD



BUSINESS ACCESS PERSPECTIVE

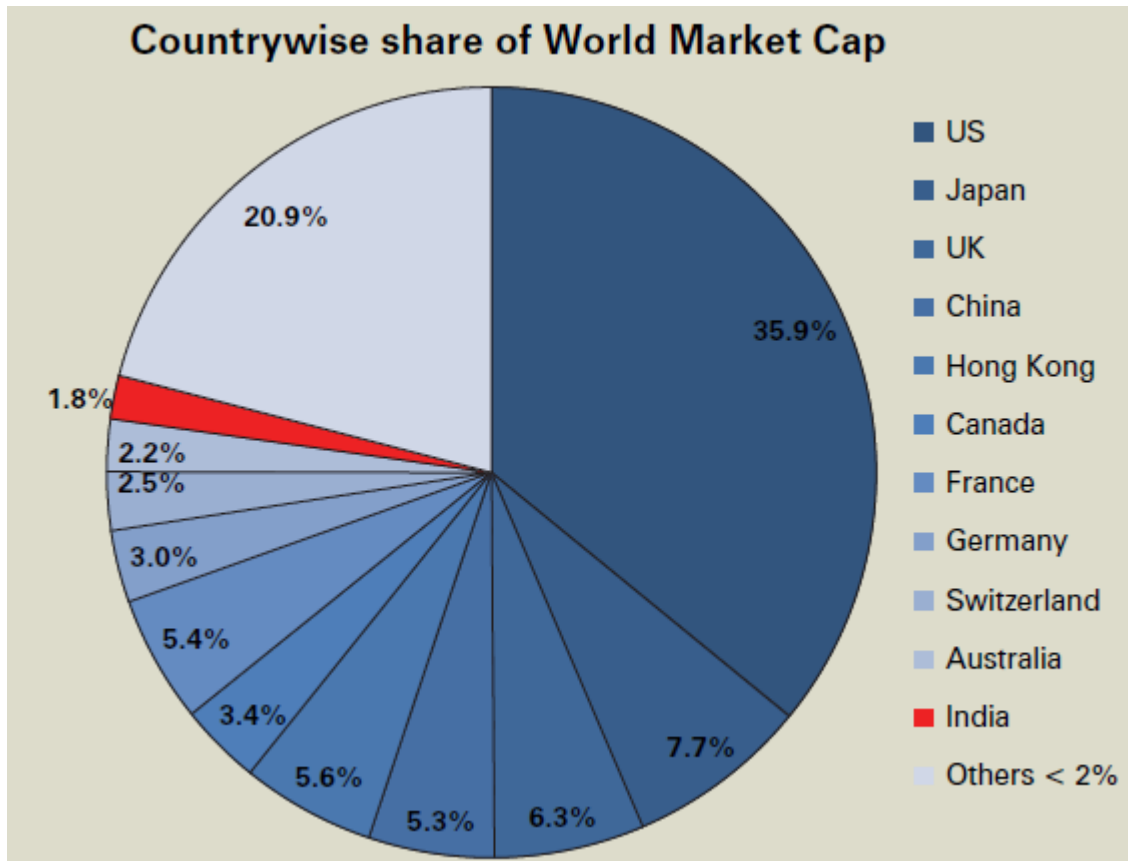
- Global leaders are not available in India
- Few examples:
 - World' s largest chain of discount stores
 - World' s largest social network company
 - World' s largest software company
 - Industries like Aerospace & Defence

COUNTRY RISK PERSPECTIVE

- India is a high growth with high volatility market
- India imports crude while many other markets including US are crude producing countries
- 50% of India' s population is below 25 years; higher than China, US, Europe
- Inherent risks of CAD, Inflation exist in India
- Hence, Indian market works very often uncorrelated to other markets

ALLOCATION TO MULTI-CURRENCY ASSETS HELPS MITIGATE MOST OF THESE RISKS

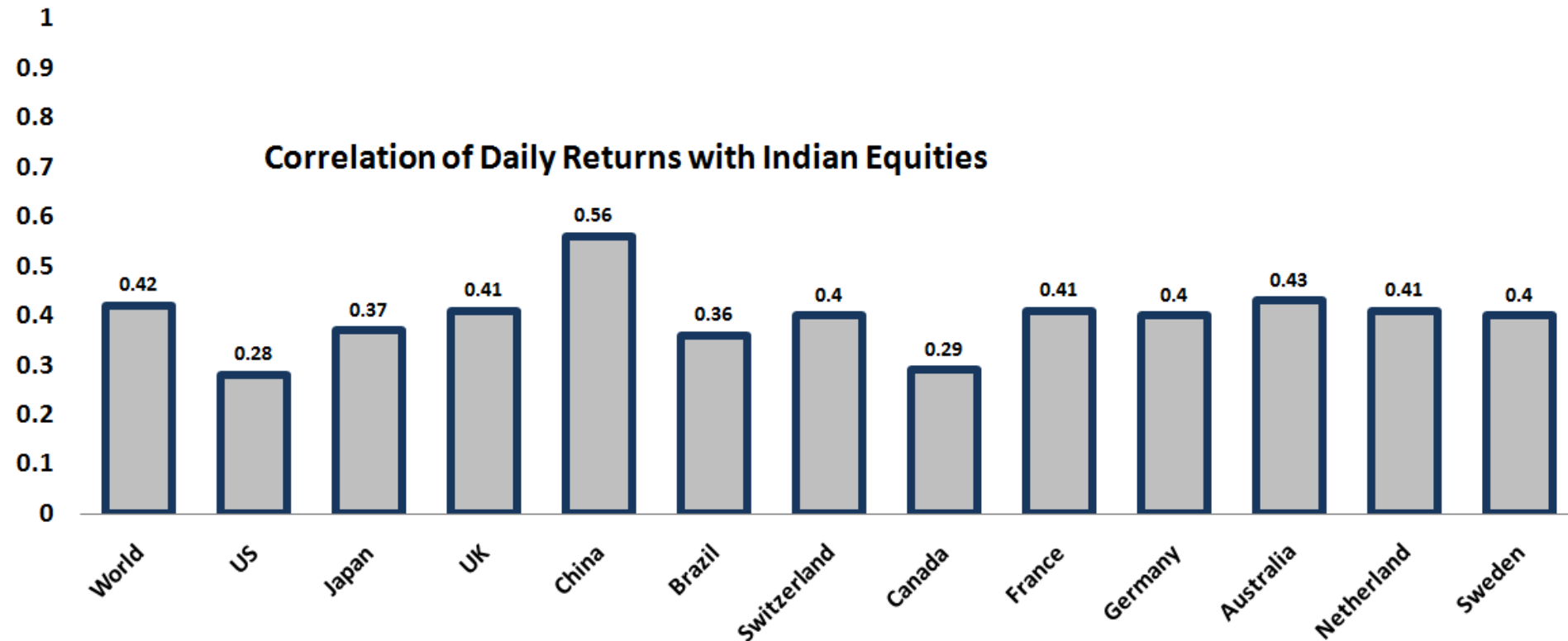
GLOBAL OPPORTUNITIES



INDIAN EQUITY REPRESENTS ~2% OF THE WORLD'S EQUITY ASSETS!

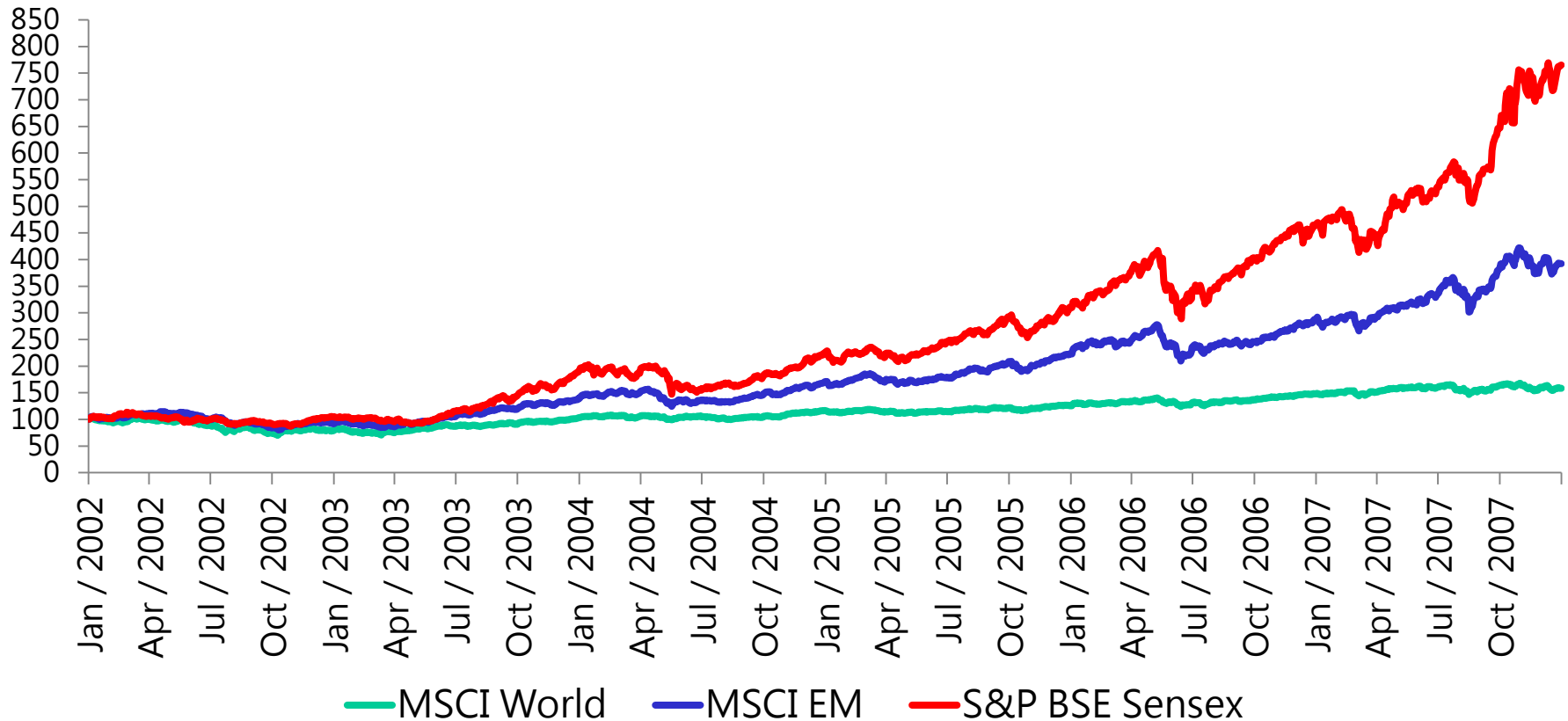
THE SIZE OF THE UNTAPPED POOL FOR INDIAN INVESTORS IS TOO LARGE TO IGNORE

LOW CORRELATION



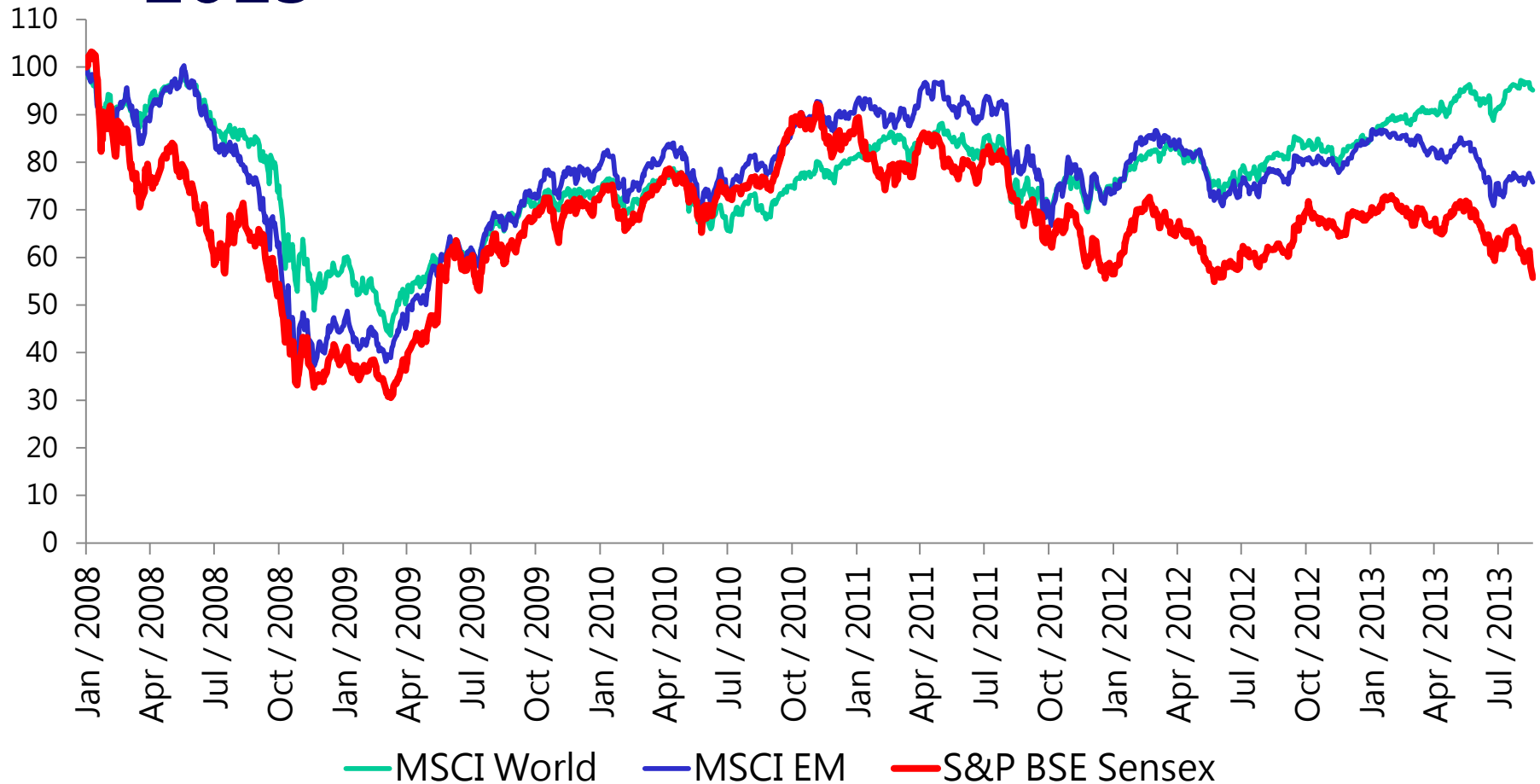
*INVESTMENT IN DEVELOPED MARKET EQUITIES
COMPLIMENTS INDIAN EQUITIES*

EM VS. DM: PERIOD 2002-2007



EMERGING MARKETS FARED WELL

EM VS. DM: PERIOD 2008- 19 AUG. 2013



DEVELOPED MARKETS FARING BETTER





Case Study

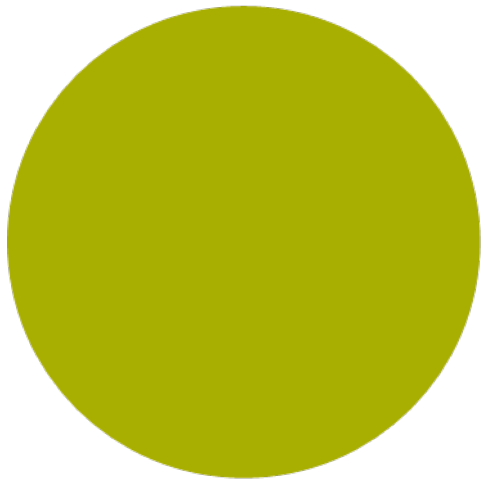
DIVERSIFICATION – DOES IT MATTER

- Theory - diversification may lead to improved risk adjusted return
 - Add return from a uncorrelated asset class and get the benefit
 - Solutions exists that increase return and lower risk at the same time
- Would this work for Indian investors as well
 - We applied the theory to the market of today
 - Yes it works – are investors ready?
- We focused on investment in international equities
 - De-correlating from Indian equity market
- We focused on Nordea' s Stable Equity Process
 - Providing return with lower volatility
 - Protecting the downturn

ADD GLOBAL STABLE EQUITY

Portfolio 1

- 100% invested in Indian equities: IISL S&P/CNX Nifty PR INR



Portfolio 2

- 80% invested in Indian equities and 20% invested in Global Stable Equities



YES - DIVERSIFICATION PAYS OFF

- An improvement of the performance over one 1, 3 and 5 years
- A reduction of the risk profile over all time periods
- A strong improvement of the risk/return, especially in bear market

Data as of 31.05.2013	Portfolio 1 100% in Indian equities				Portfolio 2 80% Indian Equity 20% in International			
	YTD	1Y	3Y	5Y	YTD	1Y	3Y	5Y
Performance	1.37	21.56	5.58	4.21	4.40	23.29	9.52	6.43
Volatility		13.62	19.03	27.61		10.72	14.80	22.91
Risk/Return		0.25	-0.04	0.01		0.36	0.15	0.05

Source: Nordea and Morningstar Direct all in INR. Indian Equities is invested in the NIFTY. Performance above one year are annualised. Based on monthly observations

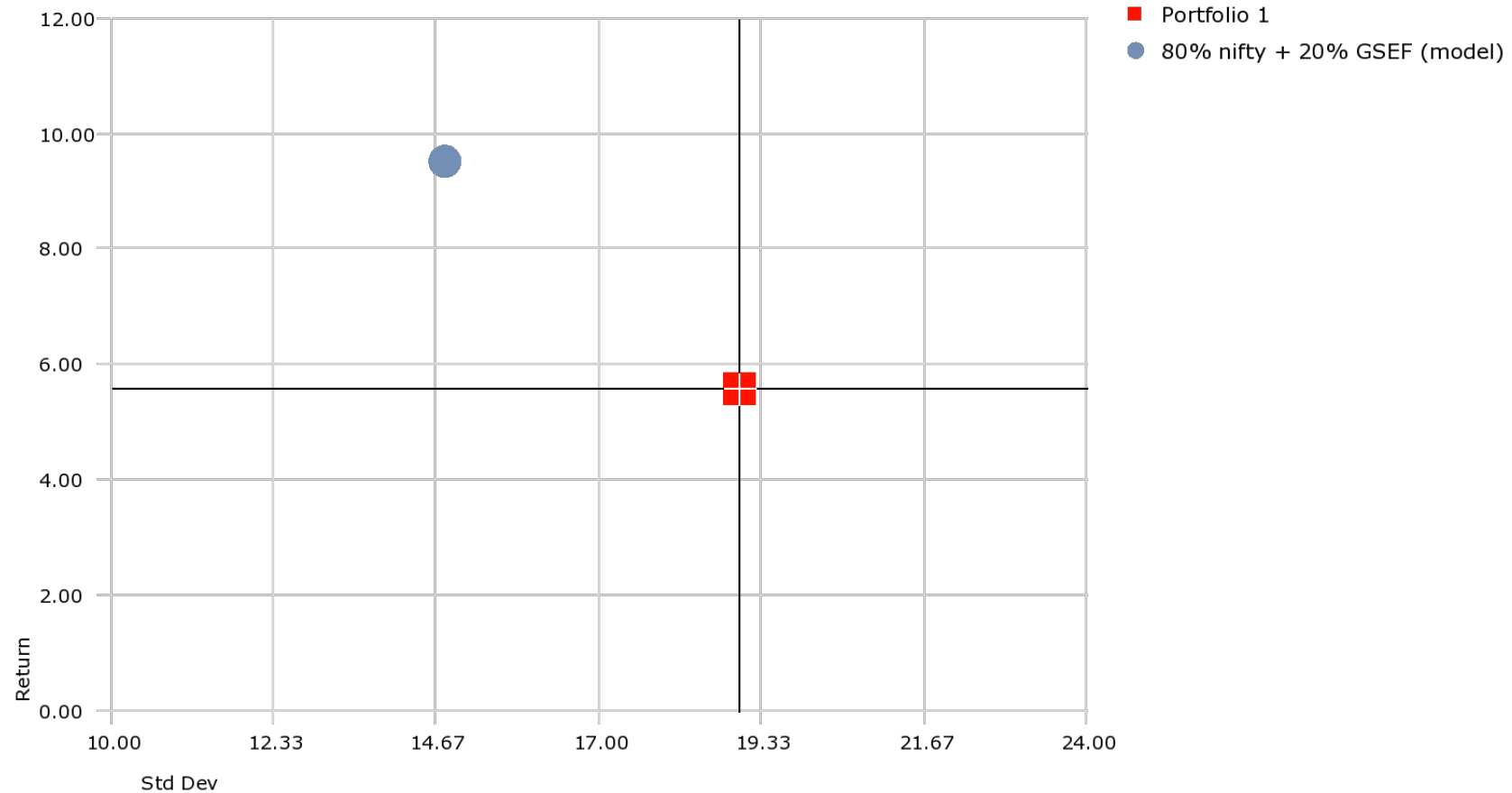
RISK/RETURN PROFILE

3 Years

Risk-Reward

Time Period: 01/06/2010 to 31/05/2013

Currency: Indian Rupee Source Data: Total, Monthly Return



AND DURING MONTHS WHEN NIFTY WAS NEGATIVE

Portfolio 1

Excess return of Portfolio 2 with Int. equities

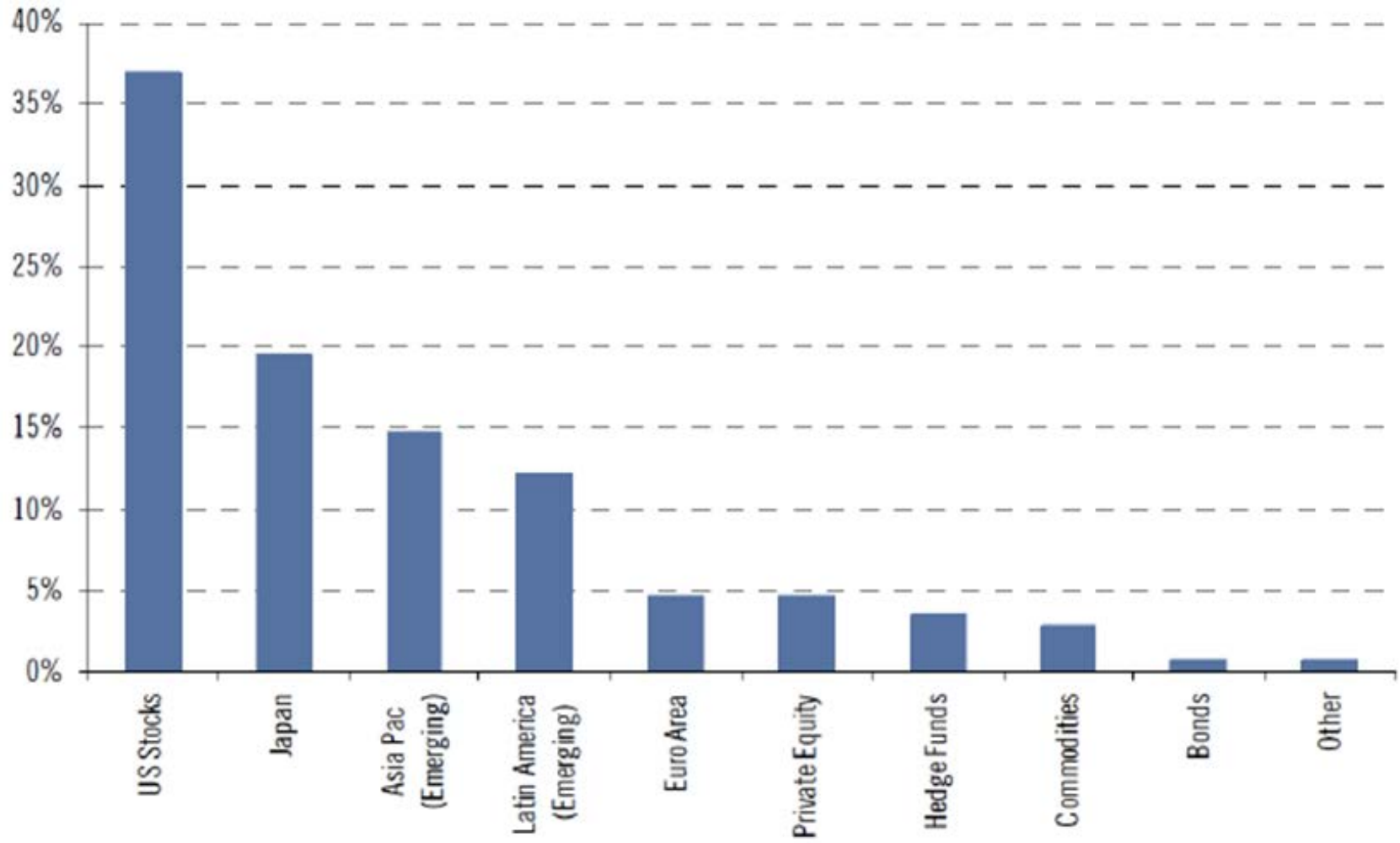
Month	Portfolio 1	Excess return of Portfolio 2 with Int. equities
05/2006	-13.68	3.10
02/2007	-8.26	1.76
08/2007	-1.43	0.73
11/2007	-2.34	0.15
01/2008	-16.31	2.28
03/2008	-9.36	1.85
05/2008	-5.73	2.46
06/2008	-17.03	2.48
09/2008	-10.06	2.07
10/2008	-26.41	3.43
11/2008	-4.52	0.49
01/2009	-2.85	-0.93
02/2009	-3.87	-0.12
06/2009	-3.55	1.49
10/2009	-7.32	1.12
01/2010	-6.13	0.49
05/2010	-3.63	0.10
10/2010	-0.20	0.39
11/2010	-2.58	0.36
01/2011	-10.25	2.88
02/2011	-3.14	0.85
04/2011	-1.44	1.19
05/2011	-3.29	1.15
07/2011	-2.93	0.29
08/2011	-8.77	1.85
09/2011	-1.15	0.59
11/2011	-9.28	3.01
12/2011	-4.30	1.51
03/2012	-1.66	1.49
04/2012	-0.90	0.58
05/2012	-6.17	1.28
07/2012	-0.95	0.42
10/2012	-1.47	0.42
02/2013	-5.66	1.69
03/2013	-0.18	0.72

Since 01/01/2006, the **Portfolio 2** would have added value in 33 of the 35 months when the Nifty (portfolio 1) was negative

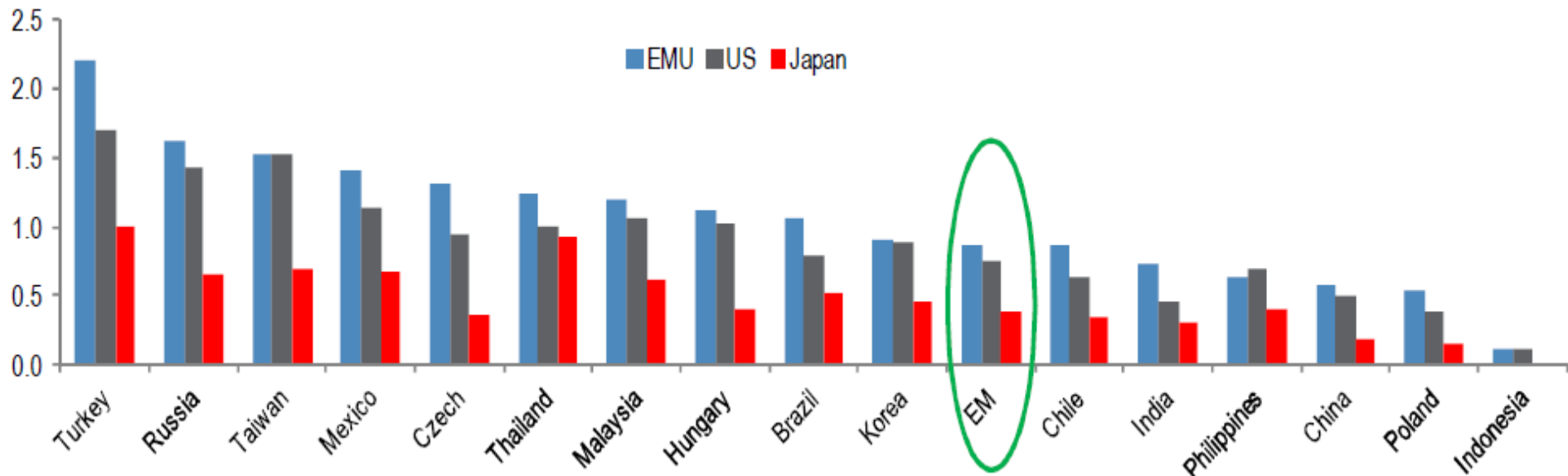


Survey Results & Data

WHICH ASSET CLASSES WILL OUTPERFORM GLOBAL EQUITIES – 2012?



EM: RELATIONSHIP WITH DM GDP GROWTH (REGRESSION COEFFICIENTS)



INDONESIA, POLAND, CHINA, PHILIPPINES, INDIA AND CHILE ARE LESS SENSITIVE TO DM GROWTH

DISCLAIMER

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Data source: Bloomberg, except as mentioned specifically.

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