



INDUSWEALTH

Investment story in
India

+ Some facts about India



- India's GDP is \$2 trillion (Ranked 10th in the world)
- Wealth in India is about \$3.6 trillion
- Market cap of all the companies in India is \$1 trillion

+ Average Indian's love for real estate and gold



- Personal wealth in India is heavily skewed towards property and other real assets, which make up 86% of household assets
 - [Credit Suisse Global Wealth Report 2013](#)
- We are in love with ..“all that glitters”....
 - India represents 3% of world wealth (\$3.6 trillion)
 - India has 11% of worlds gold (\$1 trillion)
 - [Wiki](#)

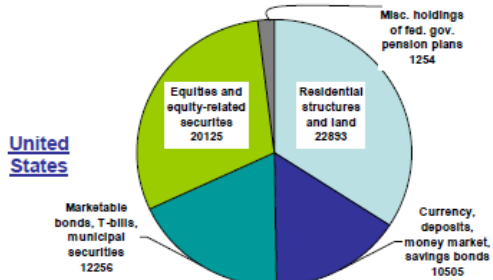
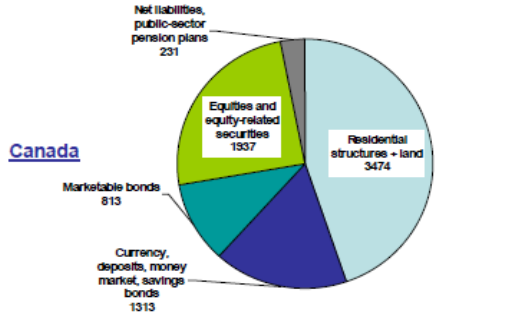


How do we compare with developed economies



Composition of household wealth by asset class*

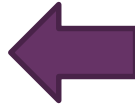
End of 2012, market value, held directly and indirectly**, billions of dollars



* Excludes non-financial holdings other than residential assets, loans, accounts receivables, and "miscellaneous" financial assets.

** Assets held indirectly in mutual funds, life insurance companies and trustee pension plans.

NBFM Economy and Strategy Group, Statistics Canada and Federal Reserve data.

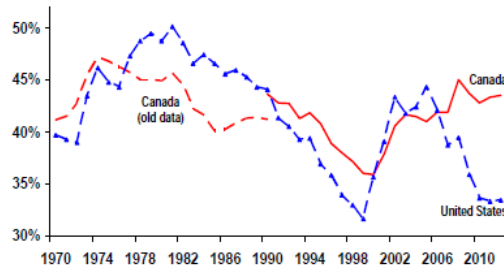


- Citizens in developed economies have a diversified portfolio with significant (over 40%) investments in financial instruments.

- Investment in real estate is less than 50% of their overall wealth



Share of household wealth in real estate



NBFM Economy and Strategy Group, Statistics Canada and Federal Reserve data.



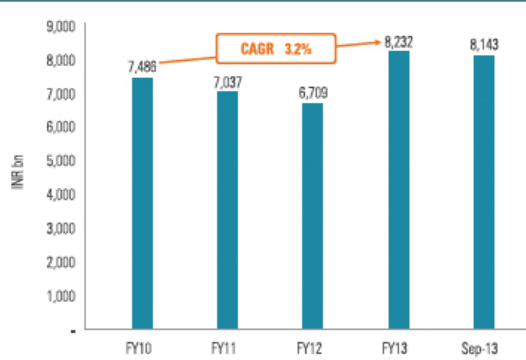
+ Average Indian's assets in financial products

- We love guaranteed returns so we have \$100 bn in FD's with banks
- We are over invested in debt products even through Mutual Funds !!!
- Mutual fund industry has 800,000 cr in AUM (\$135 bn)
 - About 57% of this is in debt funds, 22% in equities
 - Even in Mutual funds retail investors have 20% and HNI's have 28%
 - [KPMG report on Indian Mutual fund Industry](#)

+ Average Indian's assets in financial products

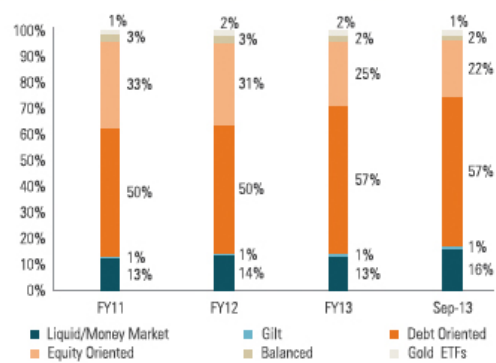


Fig. 1: Growth in the AUM



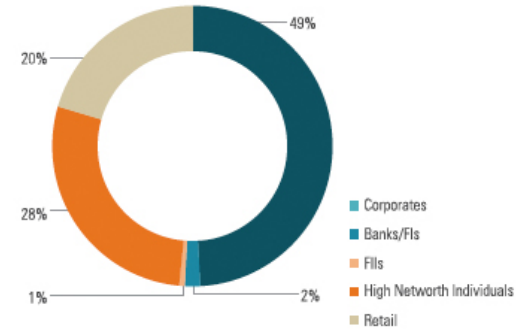
Source: The Association of Mutual Funds in India (AMFI); Data as of September 2013
 Note: Figures from FY11 - FY13 corresponds to average AUM for the quarter Jan - Mar (Q4)

Fig. 3: AUM Composition by Product Category



Source: The Association of Mutual Funds in India (AMFI); Data as of September 2013

Fig. 4: AUM Composition by Investor Segment



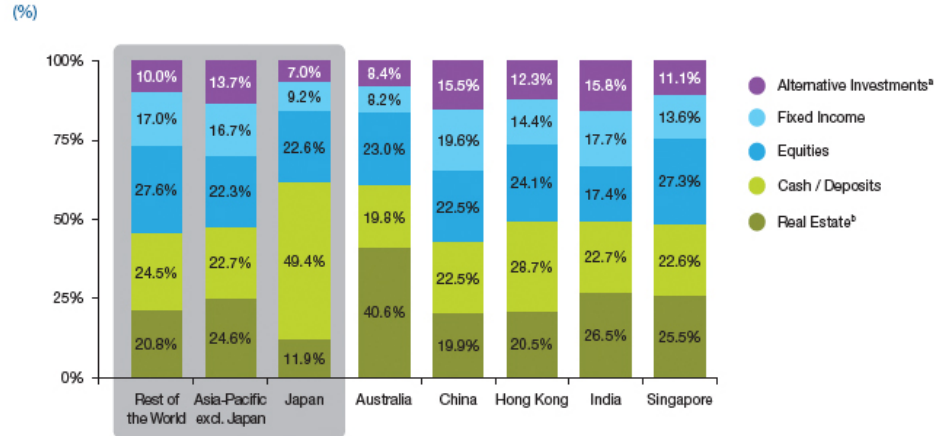
Source: The Association of Mutual Funds in India (AMFI); Data as of September 2013

+ Where do HNI's in India invest



- HNI's have about 25% of there assets in real estate and 17% in equities, 16% in alternate investments
- [Capgemini and RBC Wealth Management report on wealth](#)

FIGURE 12. Breakdown of HNWI Financial Assets, Q1 2013



^a Includes structured products, hedge funds, derivatives, foreign currency, commodities, and private equity

^b Excludes primary residence

Note: Chart numbers may not add up to 100% due to rounding. Asia-Pacific (excluding Japan) refers to Australia, China, India, Hong Kong, and Singapore. Rest of the World refers to all countries covered in the Global HNWI Insights Survey 2013 except those in Asia-Pacific

Source: Capgemini, RBC Wealth Management, and Scorpio Partnership Global HNWI Insights Survey 2013

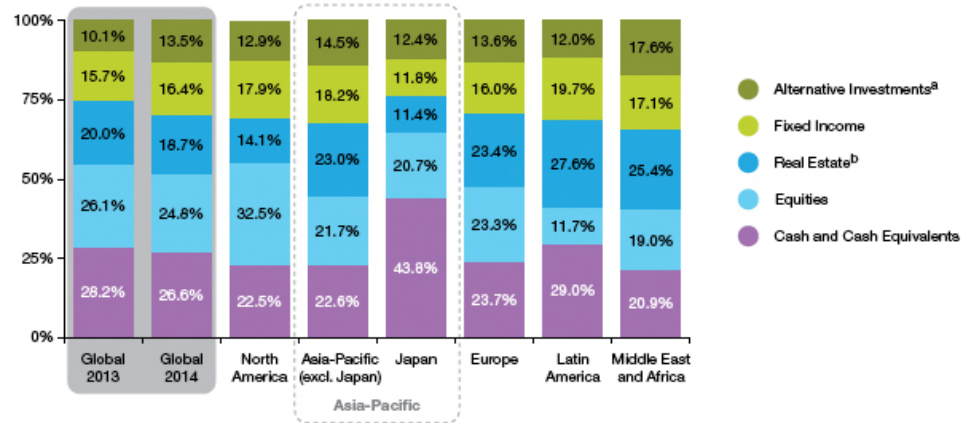
+ What is the investment profile of a global HNI



- Average HNI has 26% of wealth in equities and it is 37% in North America.
- Investments in real estate is about 20%

FIGURE 14. Breakdown of HNWI Financial Assets, Q1 2014

(%)



a: Includes structured products, hedge funds, derivatives, foreign currency, commodities, private equity

b: Excludes Primary Residence

Note: Chart numbers may not add up to 100% due to rounding

Source: Capgemini, RBC Wealth Management, and Scorpio Partnership Global HNWI Insights Survey, 2013, 2014

+ Who owns equities in India



- Promoters own 54% of all equities in India
- 30% is owned by Institutions (predominantly FII's)
- Only 15% is owned by individuals (of this HNI's represent a significant part)
- Average Indian has very little or no exposure to equities
 - [India wealth report](#)

+ Who owns equities in India



Investor	% of Market Capitalisation	Amount (in ₹ Crores)
Promoter Holdings	53.74	32,76,059
Institutions	30.47	18,57,754
Individual Investors	15.79	9,62,705
Total	100	60,97,518

+ What is the summary...



- Wealthier people have a greater portion of their assets in equities
- Average citizens in richer countries also have greater exposure to equities

Why

- Equities are productive assets and significantly outperform other asset classes in the long run
- US (S&P) market has returned an average of 10% per year for the last 80 years
- Nifty has been returning an average of 14% per year for the last 20 years
- India has a great growth story ahead and will continue to grow

+ What does this mean for me...



- Equities provide tax free compounding and growth in wealth if one stays invested for long term
- Progressive Indian's need to have at least 20% of their investments in equities to meet their long term objectives

+ Making markets and power of compounding work for you



- Relative returns with FD vs. equities (using the historical average rates of return in India)
 - 1.4 times bank returns over a 5 year period
 - 2.6 times bank return over a 15 year period
 - 5 times bank return over a 25 year period

