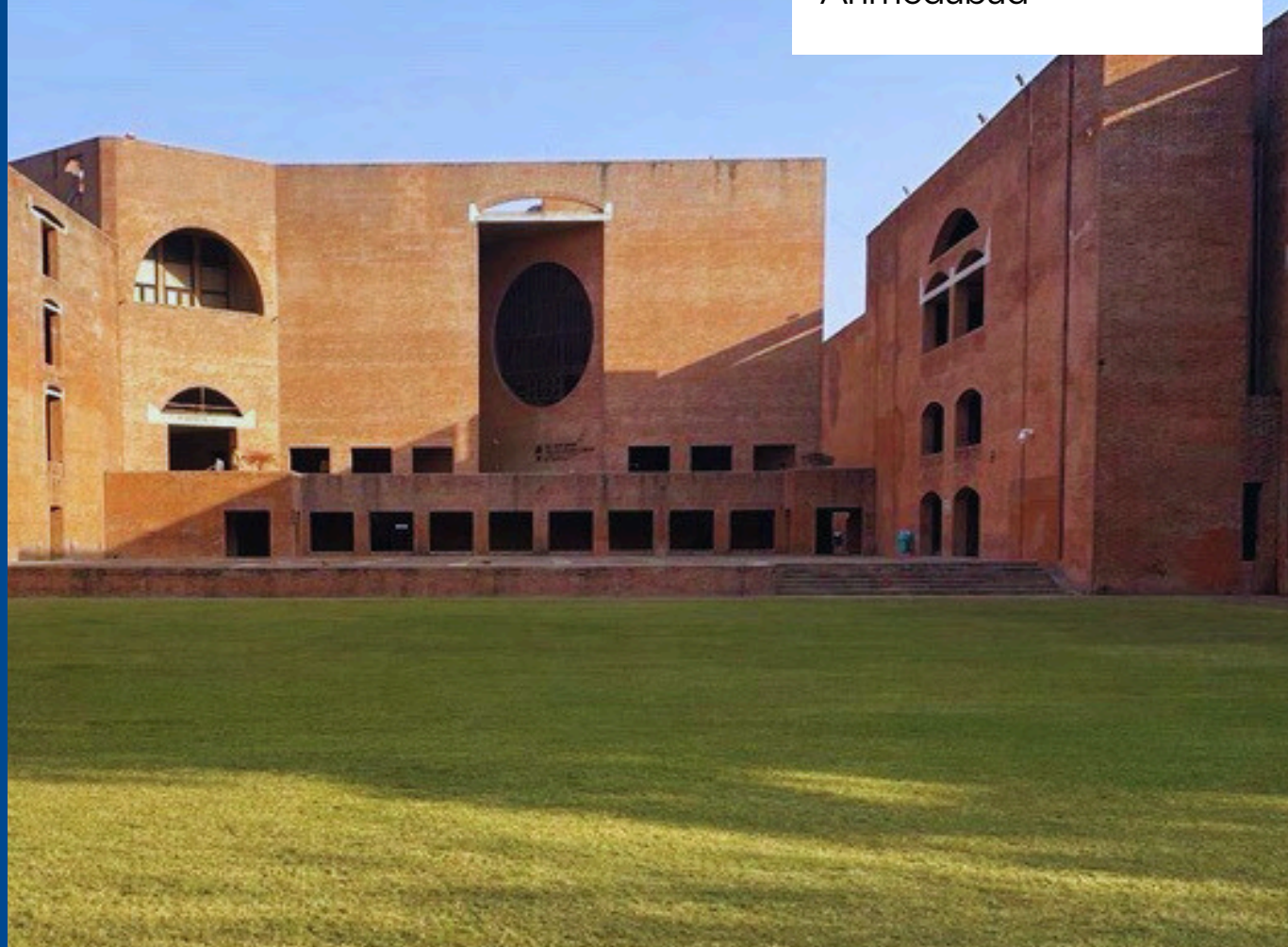


# ASSET PRICING & FACTOR INVESTING WORKSHOP

**NOVEMBER 28TH  
2024**

Held at:  
Indian Institute of  
Management,  
Ahmedabad



# Table of Contents

OBJECTIVE OF THE EVENT	1
INAUGURAL SESSION	2
TECHNICAL SESSION 1	3
PANEL DISCUSSION 1	4
TECHNICAL SESSION 2	5
TECHNICAL SESSION 3	6
PANEL DISCUSSION 2	7
PANEL DISCUSSION 3	8
CLOSING REMARKS	9
VOTE OF THANKS	10

# OBJECTIVE

The primary objective of the Asset Pricing & Factor Investing Workshop was to enhance the understanding and application of advanced financial concepts among professionals and stakeholders. The workshop aimed to:

1. **Advance Knowledge in Financial Planning:** Equip participants with insights into asset pricing, factor investing, and behavioral finance to improve decision-making in personal and institutional financial planning.
2. **Promote Evidence-Based Practices:** Foster discussions on applied research and real-world practices, enabling participants to align theoretical knowledge with practical applications.
3. **Address Emerging Trends:** Explore the impact of behavioral biases, ESG principles, and financial influencers on investment strategies and consumer behavior.
4. **Build Professional Capacity:** Provide a platform for knowledge sharing, collaboration, and skill development among CFP® professionals and other financial practitioners.
5. **Encourage Sustainable Financial Growth:** Emphasize the role of financial literacy, education, and professional excellence in fostering sustainable development and aligning with India's vision of "**Viksit Bharat 2047.**"

The workshop sought to create a meaningful impact by bridging the gap between academic research and practical implementation in the evolving financial landscape.





A photograph of Prof. Joshy Jacob, a man with glasses and a dark shirt, speaking at a wooden podium. Behind him is a large screen displaying the text 'PROFESSOR FINANCE & ACCO IIM Ahmedab'.

# INAUGURAL SESSION

**Prof. Joshy Jacob, Professor at IIM Ahmedabad**, welcomed the attendees to the workshop, emphasizing the institute's commitment to advancing financial research that supports informed decision-making. He highlighted that this achievement is a testament to Mr. Krishan Mishra's collaborative efforts and dedication to financial literacy and professional standards.

Prof. Joshy elaborated on FPSB India describing it as a global standard-setting body for professionals advising clients on investments. He emphasised FPSB India's significant role in aligning global advisory standards with the unique needs of India's rapidly growing financial market. This initiative, he noted, is crucial for ensuring that advisory services remain robust and client-focused.

He also outlined the three primary objectives of the recently signed Memorandum of Understanding between FPSB India and IIM Ahmedabad:

- **Applied Research** – To foster evidence-based insights in financial planning and advisory practices.
- **Workshops** – To facilitate knowledge sharing and capacity building among professionals.
- **Research Initiatives** – To conduct experiments and studies, including those involving CERTIFIED FINANCIAL PLANNER® professionals, to explore the impact of financial influencers ("finfluencers") on consumer behaviour and decision-making.



Prof. Joshy emphasised that these initiatives would provide valuable insights for shaping the future of financial advisory practices.

He also addressed two key areas of focus:

- **Behavioural Factors in Investment Decisions** – Recognizing that individuals worldwide often make critical errors in their financial choices, he highlighted how behavioural research and education could address these challenges.
- **Environmental, Social, and Governance (ESG) Factors** – Prof. Joshy remarked on the government's dedication to developing a roadmap for India's financial sector, aligning it with ESG principles and ensuring sustainable growth.

He underlined the importance of collective efforts between academia, government, and society to enhance financial awareness and mitigate investment-related mistakes.





**Professor Bharat Bhasker, Director of IIM Ahmedabad**, warmly welcomed the attendees at the workshop hosted by FPSB India in collaboration with IIMA. He emphasised the pressing need to take proactive steps in today's financial landscape, which is vastly different from the past when simply visiting a bank was sufficient to secure financial stability.

"Today, there are abundant investment opportunities, and those who manage their finances wisely are significantly improving their quality of life. Seeking advice from the right professionals is also crucial in achieving financial well-being," Professor Bhasker remarked.

He further highlighted the importance of such workshops in fostering financial literacy. "As an institution, IIMA is committed to disseminating knowledge, but our reach has been limited. It is essential to extend this knowledge to the masses who equally deserve to be informed and empowered."

Concluding on an optimistic note, Professor Bhasker expressed enthusiasm for the series of workshops ahead, underscoring the immense opportunities they present for making a meaningful impact.



**Krishan Mishra, CEO of FPSB India**, extended his heartfelt gratitude to Prof. Bhasker, Prof. Joshy, and Prof. Ellapulli Vasudevan, acknowledging their pivotal contributions and referring to this occasion as a homecoming of sorts.

Reflecting on his own journey, Mr. Mishra shared insights from his educational experience at the EDII Campus, under the guidance of professors from IIM Ahmedabad. He spoke of the profound impact of three esteemed faculty members: Prof. Ram Kumar, who deepened his understanding of Marketing; Prof. Jerome, who instilled in him the core principles of Ethics; and Prof. Dr. Asha Kaul, the Head of Communications, who honed his skills in effective communication.

Highlighting the significance of **CFP® professionals**, Mr. Mishra emphasized their role in empowering individuals to effectively manage their personal finances—a critical aspect of daily life. He outlined the objectives of the workshop, which aims to deepen participants' understanding of asset pricing, practical approaches to factory pricing, and the factors influencing these dynamics. Furthermore, the workshop will cover an array of topics, including behavioral finance and the growing importance of ESG considerations.

As part of the larger vision for a sustainable and prosperous 'Viksit Bharat 2047,' Mr. Mishra stressed the need to focus on creating financially sustainable and educated individuals. He introduced the framework of financial education in three phases:

1. **Financial Literacy:** Building foundational awareness about personal finance.
2. **Financial Education:** Equipping individuals with actionable knowledge.
3. **Professional Education:** Cultivating experts to drive financial excellence.

This workshop, he concluded, is a step toward helping people navigate their personal finances more effectively, aligning with FPSB India's mission of fostering financial well-being and sustainability.



# TECHNICAL SESSION - 1

## ASSET ALLOCATION IN EMERGING MARKETS



**Rajan Raju, Director, Invespar Pte Ltd, Singapore,** shared insightful perspectives on asset allocation and risk management, likening the journey of financial planning to the first day of a Test Match, where the pitch conditions remain unknown. He expressed gratitude to Prof. Bhasker, Prof. Joshy, and Krishan for their contributions to the discussion.

Highlighting the often-overlooked importance of asset allocation, Rajan emphasized its significance as a time-tested strategy. Drawing from ancient wisdom, he cited the principle of dividing investments into three equal parts: land, gold, and business. This approach, he noted, not only diversifies assets but also mitigates risk. He explained, "We are not just returning chasers; we are risk minimizers. Asset allocation enables us to distribute our assets across geographies, sectors, and fields, thereby managing risk more effectively." He acknowledged that while unlucky investments are inevitable, strategies grounded in sound asset allocation can help navigate such challenges.

Rajan also underscored the essential role of a CFP® professional in understanding their clients' unique profiles, especially in the wake of COVID-19, which highlighted the importance of risk-adjusted returns. He stressed the need to align clients' risk tolerance, investment horizons, and market contexts to achieve better financial outcomes.

On retirement planning, Rajan pointed out that India's retirement corpus levels are relatively low, making it imperative to plan strategically for the future. He advised professionals and investors to focus on holistic financial planning to ensure long-term security and stability.



# PANEL DISCUSSION - 1

## WEALTH CREATION THROUGH FINANCIAL PLANNING FOR HOUSEHOLDS



### **1. Prof. Jayanth R. Varma, Professor, Finance & Accounting, IIM Ahmedabad (Moderator)**

Prof. Varma emphasized the multifaceted benefits of asset allocation and highlighted additional factors that investors should consider when addressing financial concerns.

### **2. Kirtan A. Shah, CFP®, Founder & CEO, Credence Wealth Pvt. Ltd:**

Kirtan underscored the personalized nature of financial planning, noting that while theories suggest standard allocation models, individual needs vary. He stressed that post-COVID, CFP professionals should prioritize evaluating clients' cash flows and aligning them with long- and short-term goals.

### **3. Kalpesh N. Ashar, CFP®, SEBI-Registered Investment Adviser:**

Kalpesh highlighted the importance of educating clients on what not to do. He asserted that financial planning revolves around clear goal-setting and proper asset allocation, which serves as the foundation for a secure financial future.

#### 4. Gurpreet Sidana, CEO, Religare Broking Ltd:

Gurpreet discussed the disconnect between academic qualifications and real-world investor behavior. He noted that while investors strive for independence, emotional biases and a reluctance to pay for advisory services often lead to financial missteps. He emphasized the curriculum's focus on diversification, goal-based planning, and retirement strategies.

#### 5. Rajesh Krishnamoorthy, Independent Director, PGIM India AMC:

Rajesh explored the impact of personality traits on financial decision-making, stating that biases often stem from individual characteristics rather than cognitive or behavioral tendencies. He advised CFP professionals to build deeper connections with clients by understanding their unique personality traits and trust dynamics.





# TECHNICAL SESSION - 2

## DECODING ACTIVE MANAGEMENT



### **Prof. Joshy Jacob, Professor, Finance & Accounting, IIM Ahmedabad:**

Prof. Joshy explained the concept of active management, where fund managers aim to generate higher returns (active alpha) for investors. He highlighted the trade-offs of active management, such as higher risk or fees. He discussed two analytical approaches:

- Holding-based analysis: Evaluates how distinct a portfolio is compared to others without focusing on performance.
- Return-based analysis: Assesses how closely returns align with benchmarks or peers without needing portfolio comparisons.

These methods provide insights into client needs, even in extreme scenarios.

### **Rajan Raju, Director, Invespar Pte Ltd, Singapore:**

Rajan emphasized the challenges in tracking a fund manager's specific contributions due to varying entry and exit times. He advocated for return-based analysis as a practical tool to monitor performance and facilitate meaningful client conversations. This approach simplifies the evaluation of a fund manager's efforts through consistent return patterns, enabling better investor understanding.

# TECHNICAL SESSION - 3

## BEHAVIOURAL FINANCE & FINANCIAL PLANNING

### **Prof. Ellapulli Vasudevan, Assistant Professor, Finance & Accounting, IIM Ahmedabad:**

Prof. Vasudevan expressed his gratitude to Prof. Joshy Jacob and Krishan for organizing the event and inviting him to delve into the interplay of human behaviour in financial planning. Reflecting on earlier sessions, he highlighted the significance of Behavioral Finance as a critical element for CFP professionals to better assist their clients with financial planning

He emphasized that while modern finance relies on foundational principles like expected utility theory which assumes people act rationally to maximize their wealth, real-world behaviour often deviates from this model. Prof. Vasudevan elaborated on concepts such as prospect theory, myopic loss aversion, and self-control issues, explaining how these behavioural tendencies impact financial decisions. He stressed that understanding these deviations equips financial planners to address clients' needs more effectively and navigate the complexities of human behaviour in wealth management.





# PANEL DISCUSSION - 2

## ESG, SUSTAINABILITY AND PRICING IN FINANCIAL MARKETS



### **Teena Rawal, Head of Strategic Alliances, FPSB India (Moderator)**

Teena opened the discussion by highlighting the integration of ESG (Environmental, Social, and Governance) principles in financial services, along with the opportunities and challenges it presents.

### **Krishan Mishra, CEO, FPSB India:**

Krishan elaborated on ESG's evolution from a CSR initiative to a compliance tool mandated by regulators. He emphasized the importance of businesses balancing profit with societal responsibility. Citing World Bank research, he outlined three pressing challenges for India:

1. Employing and skilling its young population (28.2% of the world's youngest workforce).
2. Addressing its status as one of the most polluted countries globally.
3. Evolving as a society to contribute to sustainability.

**Prof. Anish Sugathan, Associate Professor of Strategy, IIM Ahmedabad:**

Prof. Anish noted that ESG factors are now intrinsic to investment decisions. He emphasized that pricing is increasingly incorporating non-financial elements, enabling investors to assess the true value of assets and commodities.

**Swarup Mohanty, Vice Chairman and CEO, Mirae Asset Mutual Fund (India):**

Swarup shared a practitioner's perspective, stating that ESG adaptation is a journey. While aligning sustainability with profitability is challenging, efforts are underway, supported by regulatory initiatives promoting ESG-focused funds.

**Pradeep Ramakrishnan, Executive Director, IFSCA, GIFT City:**

Pradeep discussed the development of a taxonomy for ESG in India. He noted that while India is addressing short-term (2030) and long-term (2070) sustainability goals, the integration of ESG in financial reporting remains nascent, with only two decades of progress so far.





# PANEL DISCUSSION - 3

## MARKETING OF FINANCIAL SERVICES



### **Amit Gupta, Founder, The Reppro, Moderator:**

Amit initiated the discussion by posing questions on the role of marketing in financial services, the outreach and engagement strategies financial planners can adopt, and the broader outcomes marketing should achieve for financial organizations.

### **Shilpa Bhaskar Gole, CFP®, FFC®, Founder & Chief Financial Wellness Coach, NerdBird Financial Wellness:**

Shilpa shared her perspective as an independent practitioner. She emphasized that marketing is about positioning oneself effectively to clients and building a brand. It is also a tool to combat misinformation and guide potential clients towards informed financial decisions.

**Krishan Mishra, CEO, FPSB India:**

Krishan highlighted that marketing in financial services is fundamentally about educating and connecting with people while learning from their needs. He noted that CFP certification is both financial and marketing-oriented, underscoring the importance of financial literacy as a life skill. Mishra stressed that many individuals, even in high positions, lack basic personal finance management skills, making financial education essential for overall life management.

**Lt Col Rochak Bakshi (Retd.), CFP®, Founder & CEO, True North Finance:**

Lt Col Rochak (retd.) shared his experience of leveraging social media for outreach, enabling him to connect with individuals unfamiliar with financial management. He encouraged CFP professionals to recognize their value, share their insights, and serve as trusted advisors to clients seeking guidance.





# CLOSING REMARKS



**Prof. Joshy Jacob, Professor, IIM Ahmedabad, highlighted the unique approach of IIMA's learning methodology, built on three core principles:**

1. Pushing boundaries: Encouraging participants to explore concepts they haven't encountered before.
2. Discussing the undiscussable: Bringing attention to topics that are often overlooked or avoided.
3. Participant ownership: Ensuring that the responsibility for learning remains with the participants.

He emphasised that this approach transforms the learning journey into a rigorous yet rewarding process. Reflecting on the sessions, Prof. Joshy noted key takeaways, starting from the presentation of "inconvenient truths" about investments—such as the unpredictable shifts between luck and misfortune in returns and diversification—to insights on investor behaviour, ESG principles, and marketing in finance.

# VOTE OF THANKS

**Krishan Mishra, CEO, FPSB India** extended heartfelt gratitude to all participants and attendees for their engagement throughout the sessions. He expressed appreciation for the contributions of Prof. Bharat Bhasker, Prof. Joshy Jacob, Prof. Vasu, and Rajan Raju, and highlighted the value the upcoming IIMA program would bring to individual credentials and professional growth.

He commended the event host, Ms. Varuna, for maintaining high energy throughout the day and acknowledged the efforts of key FPSB India team members, including Dr. Alok Kumar, Ms. Teena Rawal, Ms. Saniya Chawan, Mr. Chandrakant Sureka, Mr. Anshul Srivastava CFP®, Ms. Trupti Patil, Mr. Rajesh Singh, Ms. Himani Sharma, and Mr. Amit Gupta. Krishan also thanked the IIMA family and the CFP professional community for their unwavering trust in FPSB India.

He concluded by encouraging participants to actively implement the knowledge gained during the event to enhance their professional journeys further.







## Asset Pricing & Factor Investing Workshop for CFP® Professionals



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