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Retail Investment is Dead, Long Live the Retail Public

All advice given to retail investors to invest in their own economic progress by owning stocks or investing thru Mutual funds, has fallen on deaf ears. In 2001 Indian public owned 22% of the equity capital, while FII's owned 14%. The roles have reversed since then; FIIs now own 22%, while Indian public owns 14%.

Do I (who is an investor) like it? From a purely selfish point of view, I don't mind if you all keep away from equity markets. Keep your money in low-interest earning savings account as this helps banks raise cheap funds. While you earn a taxable 9% p.a in fixed deposits and 4.5% in savings accounts, I shall continue to own the likes of an HDFC Bank or an IndusInd Bank, which are up 3.5 times and 11.5 times since Dec'08. Do remember to pay your EMI instalments on time so that the retail loans made by the private banks do not get into trouble and I continue to do well owning their stocks.

There is absolutely no interest in equities at the retail level and mutual funds too are seeing record redemptions. Retail investors are more or less completely out of the equity markets. What other asset class are they buying then? Real estate? Fantastic! Go ahead and buy real estate by taking mortgages from HDFC, LIC Housing Finance, CANFIN Homes, etc. How else would I have made 2.5 times, 4.5 times, and 3.5 times my investment in these stocks in the last five years? And do remember, when you buy these apartments and villas, insist on using the best construction material – cement, sanitaryware etc., how else could I have made those fabulous returns - 2 times in ACC and 5 times in Hindustan Sanitaryware since 2008? And don't forget to keep a decent budget for painting your house. Paint stocks have been multibaggers, Asian Paints is up 5.5 times in the last 5 years, all great contributors to my wealth. The appliances and crockery you thoughtfully bought for your kitchen have helped TTK Prestige to go up by 24.5 times, Hawkins by 13.5 times while La Opal is up by 34 times in the last 5 years. Thank you very much.

Retail public loves buying insurance products. Because they feel they get 2 in 1 benefit - insurance cum investment. I am not complaining at all. I am happy owning shares in companies that sell you insurance. Bajaj Finserv is up 5.5 times while Max India is up 2 times since Dec'2008.

What else do the retail public love doing? Oh yes! Shopping! Follow your heart (and I will follow you). Phoenix Mills is up 3 times since 2008. You love buying footwear? Please indulge yourself, while I own shares in Bata & Relaxo, up 10 times and 20 times respectively since Dec'2008. Time to upgrade to a new car or motorcycle? Go ahead, while I continue to own shares of Maruti, Bajaj Auto & Hero Motorcycle, which are up by 3.5, 10 and 2.5 times respectively since 2008. Want to ride the iconic Bullet? Add your name to the waiting list, while I continue to own shares of its manufacturer Eicher Motors, which is up by a mindboggling 21 times since 2008.

What is life without enjoyment? It is important that one should enjoy life's little pleasures. Go watch a movie at the multiplex and enjoy some quality time with your friends and family, while I continue to buy shares in PVR & INOX, up 6 times and 3.5 times since 5 years. You love spending time at home in front of the telly watching DTH? Who am I to complain? I will love you more – my shares in Zee Telefilms and Sun TV are up by 4 and 2.5 times. If you love your pizza, burger & other fast foods, no complaints. Jubilant Foodworks (which owns Domino's) is up by 8 times since its IPO in 2010, while Westlife (which owns MacDonalDs) is up by 10 times since 2012 relisting.

Please do not make any resolutions to give up smoking or drinking. You may not invest in equities, but spare a thought for the investors in these stocks. Your loyal patronage has helped these investors

make 3.5 times in ITC, 9.5 times in United Breweries and 3 times in United Spirits in the past 5 years.

I wish you a very happy and healthy 2014. God forbid, if you do have to visit a hospital, remember that as stakeholder in Apollo Hospitals (stock up 4 times) I shall be thanking you from the bottom of my heart. If you fall sick, take comfort in the fact that you are helping investors in stocks of companies such as Lupin (stock up 7.5 times) and Cipla (stock up by 2 times).

I love you the way you are – to be loyal customers of the businesses I own. But still I extend you an invitation to cross over to my side in 2014. It is up to you to decide which side you would like to be – part owners of Indian companies or just their loyal customers.

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