

## Brokers using Buffett'speak to woo investors back

MUMBAI: "So... I've been buying American stocks. This is my personal account I'm talking about, in which I previously owned nothing but United States government bonds." - Warren Buffett

Necessity, they say, is the mother of all invention. Indian brokerages are realising just that in this lean season.

Till the beginning of last year, money kept pouring in, as bullish investors kept investing big time in the stock market. Then came the crash and buying suddenly dried up.

In a burst of creativity, brokers, fund managers and almost anyone whose salary is linked to the stock market is now quoting Warren Buffett to convince investors this is a great time to enter stocks.



Like many others on Dalal Street, Shailendra Mundra, joint MD of Bombay-based private equity firm Subhkam Capital Venture, has been putting together a presentation laced with quotes from Buffett, the Oracle of Omaha, which he plays in front of high net-worth individuals (HNI).

"Basically, we are trying to put the entire thing in a historical perspective... Of course, most people are scared of investing today, but, as Buffet would say, that is exactly why this is such a great time to invest," he said.

Vinay Agrawal, director for equity broking at Angel Broking, keeps going back to the oracles words every now and then. "We strongly believe and advocate Warren Buffett's principal of being fearful when others are greedy and being greedy when others are fearful."

Besides quoting Buffett, brokers are giving even the smallest of investors an attentive ear these days. The sharp drop in volumes has meant dealers and analysts now have enough time to engage with a larger number of their customers. Angel, which specialises in small and retail investors, recently started holding a one-hour teleconference of its top research experts with ordinary customers every morning.

Competitor Bonanza Portfolio has followed suit. "We are educating investors about the risk-reward ratio so that they don't lose out this God-sent opportunity," said Shivkumar Goel, promoter of the equity and commodities trading service. With more time in hand, Goel's research team has also gone online, chatting with customers on the Internet.

It need not be said that their livelihood depends on this. A broker makes money only when an investor buys or sells stocks through him, as brokers earn commission on each transaction.

As the stock market has taken a beating the buy part has clearly dried up. But even Buffett's wisdom is clearly not helping much. "Raising money has become very challenging," rued Mundra. "We have been able to tie up only about 25% of the funds so far. Investors have gone into a wait-and-watch posture."

Winning back HNI investors is proving to be equally tough, though conventional wisdom portrays them as more being reasonable.

"Even HNIs are experiencing a sense of disbelief with what has happened. They have essentially thrown in the towel and are moving towards investments such as gilt funds, bank deposits etc," said Maneesh Kumar, head of wealth management services for ASK Wealth. "Only a small number of HNIs are continuing to invest in equity."

