

## Pran Tiku: Sharing the Wealth

*Financial heavyweight opens vault on advice in new book*

By Martin Desmarais

WALTHAM, Mass. – Pran Tiku's financial advice has made his clients millions and millions of dollars. His financial planning firm has thrived for 17 years fulfilling his passion for making others money and surfing the investment world. Recently, Tiku channeled this passion into the book-writing process, hoping to spread his insight to a much larger audience.

In May, his book, "Six Sizzling Markets: How to Profit from Investing in Brazil, Russia, India, China, Mexico and South Korea," hit the shelves. The effort is the culmination of several years of work – and over a year of solid writing – all targeted at sharing a slice of his investment mind with the public.

The book examines the six countries in the title (the emerging markets collectively known as BRIC, as well as Mexico and South Korea), painting a picture of individual historical and political landscapes and providing practical applications and profitable strategies for these markets. In the book, Tiku addresses growth opportunities and describes sustainable investment strategies – based on work by a team of researchers and his investment experience – and provides a basis for investing in these markets by explaining opportunities that are available. He also argues that meaningful diversification is likely to reduce risk and increase returns based on the well-known principles of modern portfolio theory, namely that rational investors will use diversification as a strategy to optimize their investment portfolios and price risky assets.

"My thinking here in setting up the book was to educate as many people as we could," said Tiku. He also felt that such a book could be "a positive contribution to a dialogue" about investing in emerging markets. He also believes that the research put into the book's advice and conclusions could go a long way toward weeding through the proliferation of different reports and suggestions about the investment potential of emerging markets.

"It will be a great satisfaction to me if we enhance the quality of dialogue," Tiku added. "And at the same time, help the media undo some myths."

Despite the research and financial savvy that went into the book, Tiku emphasized the goal was to make it something that anyone could read and understand. "I wanted to make sure that it was accessible, not just for people who are sophisticated investors, but for beginning investors," he said.



### From the file

**Company:** Peak Financial Management Inc.

**Position:** Founder and principal

**Education:** Bachelor's degree in science from the University of Kashmir; bachelor's degree in engineering from the University of Hyderabad; degree in metallurgy from the University of Missouri.



As founder and principal of the Waltham, Mass.-based Peak Financial Management Inc., which he started in 1991, Tiku is certainly positioned to impart a wealth of knowledge and experience.

Peak Financial has approximately \$350 million in total assets under management and eight employees. The firm's approximately 200 clients — most of whom have come to the firm through word of mouth — have assets that range from about \$1 million to \$55 million.

Worth Magazine has named Tiku one of the country's top-100 wealth advisors four years in a row. He has written a column for the Boston Globe on money management and has appeared frequently on CNN, CNBC and the New England Cable News television network to discuss various aspects of wealth management.

Tiku, who is originally from Srinagar, graduated from the University of Kashmir with a bachelor's degree in science and then received an engineering degree from the University of Hyderabad. In 1965, he went to Canada to take a job as a mining engineer before coming to the United States two years later to get a

degree in metallurgy from the University of Missouri.

In 1968, Tiku came to the Boston area for an engineering job. When he was laid off eight months he started selling encyclopedias and then switched to selling life insurance. He later joined an investment company and began to sell mutual funds and bonds.

By the mid-1970s he was doing well. He got a certificate in financial planning and became a broker. But the way investments were being sold was troubling to Tiku, who found that a lot of investments were sold to people who could not afford them or did not need them. In 1985, Tiku founded Wellesley Financial Architects with a friend on the premise that commissions would not be earned on the sale of products. Five years later, Tiku decided he wanted complete independence and founded Peak Financial. His first clients came from educational seminars he held in which he would discuss opportunities in investment planning.

Tiku's book, in many ways, is an extension of that same passion for giving investment advice he first discovered during those early seminars many years ago. His decision to examine emerging markets, he said, stemmed from a recent growing interest in the arena, which led him to a closer examination of the BRIC countries as well as Mexico and South Korea.

"My interest in these markets grew as I began to do research on emerging markets in general," he said. "Emerging markets have become a focus of financial advisors attention."

"We singled out these six countries because we believe they are on a forefront of dramatic change that is unprecedented," he added.

To back up his beliefs, Tiku established what he calls "eight tenets of change" which are causing the shift in the world's economic and political balance of power and he asserts will cause the six countries the book examines to shape the economic future. The eight tenets are: demographics, economic performance, technology, open trade, infrastructure development, transparency and rule of law, education and training, and sound financial systems and policies.

By examining these tenets across the six emerging countries he highlights, Tiku felt he could successfully establish their importance to the world's economic future and help begin the process of understanding the powerful forces they have become — and understanding he said is critical.

The book discusses each of the six countries on an individual basis, by design and in response to the general media and industry practice of categorizing "emerging markets" together. "They are all lumping them together ... as if they are the same — they are not the same," Tiku said.

"It might be convenient to put India and China together ... It is an immediate shortcut and it is not quite correct," he added. "What I would say to a lay investor is that it is much more complex."

The biggest surprise Tiku said he uncovered in his research and writing of the book was how dynamic China has been and will, in all probability, continue to be. "I think it is not quite understood how powerful that country is going to be," he said. "China will be an economic and political force."

Tiku sees India following immediately on China's heels and become one of the world's largest economies.

It is his opinion that the relationship between China and India in the future will have a massive impact on the world.

"How will India and China react to each others power?" he said. "That will be more important than U.S.-India or U.S.-China."

"It has global/political consequences that is going to dwarf anything we are seeing today," he added.

Praise for Tiku's book has been quick.

"Everyone knows that the globe is being changed by globalization, but what does it mean for the ordinary citizen or investor? Pran Tiku offers a clear and informative account of the opportunities that exist in six of the major new global economies," said Sidney Verba, professor of government at Harvard University. "The book sizzles with practical advice for the would-be global investor; but, more significantly, it includes important background material on the history and politics of the six countries – material that is interesting in itself and also very practical."

Still, the way Tiku looks at it, if he can help one investor be successful in emerging markets then the work he put into the book will have been worth it.

His last bit of investment advice:

"If you are an investor you always have to look ahead. You will never gain investing, looking back," he said. "Investing is all about the future. You have to think what is the shape of the world five-to-10 years from now."