



## Taurus Ethical Fund registers NAV returns of 96% Top in the Equity NFO Schemes

# New fund offers prove better than IPOs

10 out of 17 initial public offerings that hit the market in '09 are trading below their issue prices

KUMAR SHANKAR ROY

Kolkata

IF you had invested equal sums in an equity-focused new fund offer and an initial public offering that hit the market in 2009, chances are you made more money on the NFO than the IPOs.

While 10 out of 17 IPOs that hit the market in 2009, i.e. nearly 60 per cent, are now trading below their issue prices, only 1 of the 21 equity NFOs, i.e. just 5 per cent, is trading below its net asset value (NAV), a *Financial Chronicle* analysis shows. This could be an indicator on how equity mutual funds — even if they are new — are far better asset protectors than new share offerings that raise money from the market.

The average return on NFOs at 22 per cent (since inception) betters the 18 per cent clocked by listed IPOs (since inception).

Ironically, almost all NFOs as well as IPOs

### Performance review

A comparison of returns on top 10 new fund offers and top 10 IPOs of 2009

Top NFOs			Top IPOs		
Name	Latest NAV (Rs)	NAV return (%)	Name	Latest price (Rs)	Price return (%)
Taurus Ethical Fund (G)	19.64	96	Edserv Softsystems	230.75	285
DBS Chola Tax Advtg-Sr I (G)	18.03	80	Thinksoft Global	292.05	134
Tata Infra Tax Sav Fund (G)	15.63	56	Mahindra Holidays	434	45
IDFC India GDP Growth (G)	14.53	45	Jindal Cotex	100.25	34
Edelweiss DGEF - Plan C (G)	12.7	27	Cox & Kings	418.5	27
Quantum Equity FOF (G)	12.12	21	Oil India	1243.85	18
ICICI Pru Target Returns-RP (G)	12	20	Astec Lifesciences	82.25	0
Edelweiss Nifty Enhancer-B (G)	11.12	11	Adani Power	97	-3
Franklin Build India Fund (G)	11.04	10	Den Networks	185.95	-5
Reliance Infrastructure-RP (G)	10.95	9	Pipavav Shipyard	53.05	-9

Source: Amfi, MutualFundsIndia

Source: BSE, cmlinks.com

to the market after the Sen-sex touched its 52-week low in early March, but the IPOs proved to be a much riskier bet for investors compared with the NFOs.

While the IPO club had stocks such as Edserv Soft-systems (up 285 per

cent) and Thinksoft Global (134 per cent), which are far ahead of their issue prices; poor returns logged by Euro Multivision (down 60 per cent), Rishabhdev Techno-cable (down 47 per cent), Raj Oil Mills (down 39 per cent), Excel

(down 32 per cent), Indiabulls Power (down 26 per cent) and NHPC (down 11 per cent) have hurt the average returns.

Lackluster performance by Globus Spirits, Pipavav Shipyard, Den Networks and Adani Power also has

not helped the IPO cause.

"Even though the IPO market appeared to have staged a comeback, an interesting trend is that the subscription levels at the time of IPOs were heavily skewed towards QIBs (qualified institutional buyers). While response from the HNIs was moderate, the response from retail investors was muted. This probably underlines the fact that there was no widespread participation in the IPO market revival of 2009," said Jagannadham Thunuguntla, equity head of SMC Capitals.

On the mutual fund front, NAV gains registered by top equity NFO schemes such as Taurus Ethical Fund (up 96 per cent), DBS Chola Tax Advantage - Series I (80 per cent), Tata Infra Tax Saving Fund (56 per cent) and IDFC India GDP Growth Fund (45 per cent) were nothing really extraordinary compared with existing equity fund. But the NFO universe has

hardly seen any negative returns with the exception of Religare PSU Equity Fund, which has seen its NAV fall 0.5 per cent since its listing in late October.

"Mutual funds have a portfolio approach. While NFOs are also risky, the basic model of a portfolio is always effective than betting on a single stock, which is the case in case of an IPO. IPOs are always a possible recipe for disaster. If at all an IPO is good, mutual fund managers do pick up shares from the primary market or the secondary market depending on their call," said Srinanth Meenakshi, director of Wealth India Financial Services.

Others NFOs such as Edelweiss DGEF, Quantum Equity FOF ICICI Pru Target Returns - RP, Edelweiss Nifty Enhancer - B, Franklin Build India Fund posted 10 to 27 per cent appreciation in their NAVs since inception.

\*Source: Financial Chronicle,

Editions: Bangalore/Chennai/Delhi/Hyderabad/Mumbai Date: Monday 21 December 2009

We will continuously keep you abreast of latest development and happenings at Taurus Mutual Fund through this mail service "TAURUS Talk".

You may visit the following links and make use of the available information for your business

Visit the exclusive Distributor Centre at [www.taurusmutualfund.com/Distributor\\_Centre/distributor\\_centre.html](http://www.taurusmutualfund.com/Distributor_Centre/distributor_centre.html)

Get business insight at [www.ceoinsight.in](http://www.ceoinsight.in)

For any query you can write to us at [distributorcare@taurusmutualfund.com](mailto:distributorcare@taurusmutualfund.com)

We value our relationship and appreciate your business & support.

# www.taurusmutualfund.com