



Taurus Infrastructure Fund is the best performer in the Equity Funds category

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Equity funds return over 100%

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Coimbatore: While diversified equity mutual funds (MFs) made a strong comeback in 2009, many funds that were battered in last year's market downturn have bounced back even more sharply, generating over 100% return. Several funds that had declined 62% to 67%, slipping to the bottom of the performance charts in 2008, have grown 100% to 116% this year (till December 24) and have made it to the top-25 list in 2009, analysis shows. Diversified equity MFs have moved up by 83% during the period, data with fund tracker Value Research shows.

A strong bias towards mid-cap and small cap stocks, which have raced ahead of key indices in the rally, has helped these funds notch up higher gains. Many funds that performed poorly in 2008, made it to the top now, after having 60% to 99% exposure to mid and small-cap stocks. While sensex and Nifty have given 80% and 75% returns in the year so far, the BSE mid-cap and small-cap indices have grown by 100% and 113% respectively.

Funds with exposure to construction, capital goods and engineering were beaten down significantly when the markets went down.

Look UP



"But these sectors have bounced back sharply now," explains Gopal Agrawal, head, equity, Mirae Asset global investments. Incidentally, most of the 10 funds that have clawed their way back to the top have a sizeable bias to construction, engineering and energy stocks. "Funds that stayed the course by not cut-

ting equity investments significantly have reaped the benefits," say industry officials. "We stuck with the theme and didn't turn too defensive when the markets fell," says Mahesh Patil, co-head, equity, Birla Sun Life ME.

Despite the good run, these funds are quoting 20% to 30% lower than their peaks hit in January 2008 when the benchmark indices hit their life time highs. "Given the higher volatility, these funds suit investors with a higher risk appetite and willing to remain invested," say fund managers. "Investors shouldn't exit these funds in a hurry when the markets turn bad. They should stay invested at least for two years," says Birla's Mahesh.

The net asset values of most funds in the top performers pack are quoting at a 52-week high. Taurus Infrastructure, Magnum Global and DSP Black Rock Micro Cap are among the funds that have seen a sharp surge after plunging deep into the red in 2008. Construction, capital goods and metal stocks continue to attract higher interest and are among the top-10 sectors in terms of exposure for fund houses in November.

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