

Moving towards consistency

Taurus Mutual Fund is gearing itself up to be a significant player

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Taurus Mutual Fund seems to be undergoing a transformation of sorts. Historically, this fund house has a track record of erratic performances where its schemes are concerned. While it would be wrong to classify the schemes as underperformers, consistency has certainly not been their virtue. They can deliver amazing results in environments hospitable to their aggressive style. But when its bold approach falls from favour, look out below!

Now that seems to be changing, for the better.

The year 2007 was an exceptional year of out-performance for the equity schemes. They found themselves amongst the top rank holders in their respective categories. Though Taurus Bonanza was an exception, it did manage to beat its category. But in the subsequent downturn the schemes were thrashed badly. Most of them found a places in the bottom quartile of their respective categories.

With risk and investment processes now being put in place, the schemes are showing signs of more stability and consistency

Last year, while they were not chart toppers, again the exception being the infrastructure fund, they appear to now display some amount of stability that was not evident earlier.

Over the past year, the fund house has put in place numerous risk processes and practices which have dealt with the fund's earlier bold and brazen style. The reason for the volatility was very concentrated holdings where around 6 to 7 stocks would account for more than half of the portfolio. They seem to have addressed the ghosts of the past and the results are now showing. The fund house is making a deliberate attempt to evolve as a more disciplined player.

Individual stock limits are restricted to 6 per cent (the regulatory limit is 10% of the portfolio's allocation). The maximum investment in a stock in a single day is 4 per cent of the assets under management (AUM) or 2 per cent of the

assets of a single scheme. The highest cash exposure in a scheme is limited to 15 per cent. To go higher, permission from the CEO is mandatory. To ensure that the portfolio is no longer dominated by illiquid stocks, 75 per cent of the portfolio should be in a position to be liquidated in 10 trading sessions.

The fund house now monitors the respective benchmarks more closely. The portfolio stocks and sector weights have limits (upper and lower) which are linked to benchmark weights. Limits are also set in terms of market cap exposure.

Waqar Naqvi joined the fund house in 2008 with the aim of placing it amongst the top 10 players, in terms of (AUM) by 2013. The AUM has moved from ₹408.15 crore (September 2008) to ₹798.89 crore (August 2009) and now is at ₹2,235 crore (July 2010). The performance of the schemes will go a long way in bringing more investors on board. ■

Taurus Tax Shield

Since : March 1996
Rating : ★★★★★
Category : Equity - Tax Saving

This equity linked savings scheme (ELSS) is the fund house's best performing equity fund. But investors faced a very rough ride. A good performance in 2004 was followed by a slump in 2005. From being the worst performer in its category in 2006 (23/23), it was the best in 2007 (1/26).

From 2008 onwards there has been a fair amount of moderation. Its fall was in line with the category average in 2008 and it turned out to be a top quartile performer in 2009. A prime reason could also be that this fund has a bias towards mid and small caps which played out well last year.

Taurus Discovery

Since : September 1994
Rating : ★
Category : Equity - Mid & Small Cap

Historically, this fund has not had a good run. After a fairly pathetic performance in 2006, it was the second best performer in 2007. The two years that followed were far from impressive. Though it did not find itself at the bottom of the rung in 2009, it was not even near the category average.

Taurus Ethical Fund

Since : March 2009
Rating : Not rated
Category : Equity - Mid & Small Cap

India's first actively managed equity diversified shariah-compliant fund has been doing well in its short history. This when compared to the equity diversified category as a whole. But according to our classification, it falls under the Mid & Small Cap category. Even in comparison with this category it has been doing fairly well.

Taurus Infrastructure

Since : March 2007
Rating : ★★★★★
Category : Equity - Infrastructure

After being dealt a severe blow in 2008, it zoomed ahead in 2009. It was the best performing infrastructure fund (1/16) and also topped the equity diversified charts (4/214). The exposure to mid and small caps helped significantly. Large caps accounted for less than 3 per cent of the portfolio (November) but now corner more than 30 per cent of it. Current return numbers too put it in a good light. However, it is not a pure infrastructure fund in the strictest sense of the word, its mandate is very broad and it resembles a diversified equity fund.

Taurus Starshare

Since : January 1994
Rating : ★★★
Category : Equity - Multi Cap

In its long history, this fund has alternated between two categories: Multi cap and Mid & Small Cap. It has by and large been a fairly decent performer. In fact, it had a good run from 2004 till 2007. It turned into multi-cap fund from 2008 onwards, but even then crashed hard in the meltdown that year.

Taurus Bonanza

Since : February 1995
Rating : ★★
Category : Equity - Multi Cap

It started off by being a mid- and small-cap fund. Since 2006, it got reclassified in the multi-cap space. It appears to be the least volatile fund when compared to its siblings. In recent years it has delivered around the category average.

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

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