



Mr. Waqar Naqvi - Positive on Growth

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Market News

MUTUAL FUND

Positive growth

In uncertain times TMF launched a dynamic income fund

Last fortnight, Taurus Mutual Fund (TMF) launched a new fund: Taurus Dynamic Income Fund. It is an open ended income scheme, with an investment objective to generate optimal returns with high liquidity through active management of portfolio by investing predominantly in debt and money market instruments. "Looking at the recent, ongoing market volatility, the scheme should attract retail investors who would like to diversify and take lower risks with moderate returns by exposure to the fixed income instrument portfolio, which will dynamically track interest rate movements and play on the shift or shape of yield curve to generate superior returns," explains Waqar Naqvi, CEO, TMF.

"If you look at the last seven months, the RBI has increased interest rates on four occasions and still we are facing inflation pressure and a liquidity crunch in the market. Considering these uncertainties, TMF's new offer will actively manage portfolio and will play on yield curve. At present, short term interest rates are on the higher side due to tight liquidity and one year bank certificate deposits are trailing around 9.75-10 per cent per annum levels," points out Rupesh Bhansali, head (mutual fund investments) at GEPL Capital, recommending that the fund is a good investment in the present scenario. "The fund aims to generate higher returns with a medium term, i.e. 9-12 months, time frame."

As it happens, TMF was amongst the first few private sector mutual funds to be registered with SEBI. TMF was perhaps the first private sector fund house to receive permissions to launch fully repatriable investments by NRIs/FIIs. The scheme has since received investments from IFC, Washington, the European Economic Community, Brussels, and EFM, UK. It launched its first scheme: Taurus Starshare, in early 1994 which is operational even today.



SANJAY BORADE

Naqvi: plans to move up the ladder

After that it went through a patch of re-organisation, like the merger with HB Mutual Fund in 1999. Then, HB AMC was renamed Creditcapital Asset Management Co Ltd which was further re-christened Taurus Asset Management Co Ltd in 2006. Subsequently in March 2002, TMF also took over the schemes of BOI Mutual Fund. Even with these M&As, compared to peers, as an asset management company it has not really taken off.

National presence

As soon as Naqvi took charge in 2008, TMF shifted its head office from New Delhi to Mumbai and expanded its presence across all demographics, it opened branches in 15 cities, with a distribution network supported by more than 5,000 business associates. He expanded his team to over 100 people drawn from other fund houses. Just like its competition, TMF started launching NFOs at regular intervals and today offers investment solutions for all investor segments.

Its best performing fund, Taurus Ethical Fund, was launched in April 2009. It was the first thematic scheme

in the country, based on the principles of Shariah. The scheme received a positive response from all communities. It has outperformed the benchmark index since inception and has given a CAGR of 66.63 per cent. Then there is the Taurus Nifty Index Fund launched in June 2010. This fund was introduced for investors looking for a steady growth generated by mirroring the S&P CNX Nifty Index. In August 2010, TMF came up with another one-of-its-kind fund in the country, the Taurus MIP Advantage, which was launched with a blend of the three most attractive asset classes – equity, debt and gold. "The scheme will try and generate a superior return for investors by adjusting ratio of investment in each of the three asset classes as per changing market scenario and research," says Naqvi. Besides, it also launched FMPs from time to time of various time durations and changed the attributes of some schemes like Taurus Income Fund (rechristened now as Taurus Short Term Income Fund) from being a Long Term Fixed Income Product to being a Short Term Fixed Income Product to match the market's demand trend.

Looking back at the last three years, all these moves by Naqvi have worked positively for the fund house. Taurus moved from an asset under management (AUM) of ₹280 crore to ₹3,000 crore between 2008 and 2010. It was the fastest growing fund house of FY10 with more than a 1,000 per cent growth in AUM. The flagship scheme, Taurus Ultra Short Term Bond Fund, has grown to ₹918.87 crore AUM as on 31 December 2010 and Taurus Liquid Fund sits on an AUM of ₹830.69 crore. "We have seen positive growth in equity AUM as well, even in times when the industry reported negative growth," says Naqvi, pointing out the AAA rating by CRISIL to Taurus Ultra Short Term Fund and Taurus Liquid Fund.

Naqvi would like to move up the competition ladder steadily and place TMF amongst the top players with more product launches from time to time to enrich the product basket with innovation based on changing market scenarios.

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