

A pick-up in performance

HOLD

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Investors can continue to hold Tata Contra Fund. Marked improvement in performance over the last one year and a portfolio of contrarian yet promising stocks inspire confidence. The fund returned about 12.4 per cent over the last year, comfortably beating its benchmark CNX-500, which delivered 8 per cent.

What's more, the returns compare favourably with peers such as Religare Contra, L&T Contra and Magnum Contra. However, middle-of-the-order performance over a three and five-year period, means that the fund is yet to build itself a solid track record. Investors can watch for sustainability in current performance before buying more units.

Suitability: Tata Contra aims at investing in fundamentally sound companies that are trading below their intrinsic value. Its contrarian approach

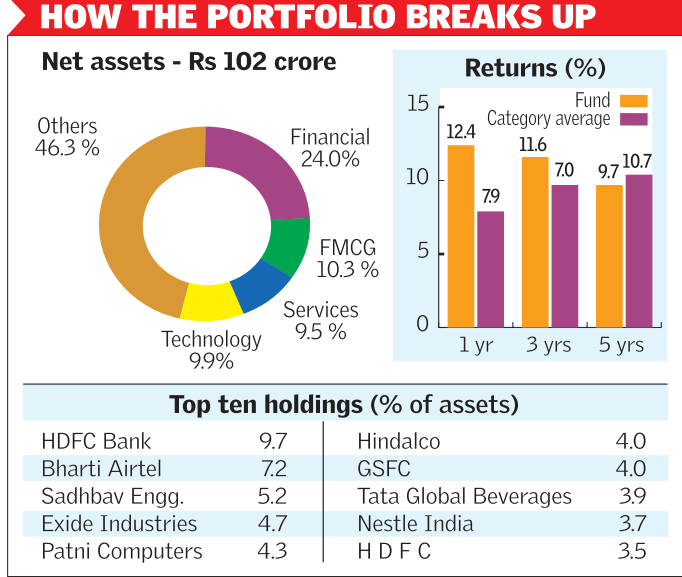
to stock-picking, therefore, makes it imperative for investors to adopt a long-term perspective, as only then can they hope to reap the full benefits of its offbeat strategy.

Performance: The fund's three- and five-year compounded returns stand at 11.6 per cent and 9.7 per cent respectively, during which it has either outperformed or just about matched its benchmark in performance.

The returns are nevertheless inferior to some established funds with a large-cap bias. During periods of market correction, the fund has stayed ahead of the benchmark.

For instance, from the January 2008 highs to the lows of March 2009, the fund contained its loss better than its benchmark. More recently, from the November 2010 highs too, it has limited its losses better.

Its returns during rallies have also improved. For instance, from the March lows to now, the fund delivered about



170 per cent (absolute basis), way higher than CNX-500's 141 per cent.

Established large-cap funds such as HDFC Top 200 and Quantum Long-Term Equity, in comparison though, returned higher at 178 per cent and 184 per cent respectively.

Its returns, however, com-

pare favourably over peer contra funds. Notably, the fund's portfolio, unlike most of its peer contrarian funds, doesn't have as many blue-chips in the 'top ten' list.

Its sector preferences too haven't been run of the mill. For instance, throughout last year, when most funds in-

creased their exposure to financials and energy stocks, Tata Contra held a high exposure to consumer non-durables and software companies instead. In the last one year, the fund maintained low exposure to infrastructure and capital goods stocks, while adding cement and oil stocks to its holdings.

Portfolio: Tata Contra's portfolio consists of a mix of stocks across market capitalisation categories. While large-caps typically make up the bulk of its portfolio, it merits note that many mid- and small-cap stocks find a place in the top ten. For instance, Sadbhav Engineering, Patni Computers and GSFC are among the 'top ten' list in its latest portfolio. Small- and mid-cap stocks together account for about 37 per cent of its portfolio.

The top three sectors — financials, FMCG and software — constitute 44 per cent of the total assets, while the top ten holdings make up half its portfolio value.