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Title : Funds load up on Nestle shares

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Six funds up stake in troubled FMCG major even as others beat hasty retreat.

Even as the Maggi fiasco raged two months ago, a handful of fund managers went against the tide and bought shares in Nestle India. Call it a gamble or a contrarian buy, the fund managers have bet early on recovery in the shares of Nestle India. Between May and June, when the stock price was subdued, six funds either raised their holdings or entered the stock, as per data from Accord Fintech.

Axis Income Saver Fund, L&T India Special Situations Fund and ICICI Prudential FMCG Fund entered the stock during this month. Among funds that upped existing holdings, Axis Long Term Equity Fund made the biggest bet, adding 97,000 shares of Nestle to its portfolio. IDBI Equity Advantage Fund and IDBI Diversified Equity Fund also made significant additions to their Nestle holdings.

Vikas Gupta, Executive Vice President, Arthveda Fund Management, says, “Most of these fund managers would have taken positions in the stock as a contrarian bet, and not necessarily as a value pick.” These fund managers were spot-on, for Nestle shares last week hit a two month high of `7,000. However, the shares have since cooled off again to around `6,255.

Several funds have beaten a hasty retreat from the stock. Birla Sun Life Frontline Equity, HDFC Focused Equity-A, Principal Large Cap and SBI FMCG Fund dumped their holdings in Nestle India between May and June. “The abrupt change in fundamental attributes of the stock would have sent the portfolio model out of whack, prompting managers to exit the stock,” says Gupta.--Sanket Dhanorkar

