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Arthaveda targets Rs. 250 cr through its L50 equity fund

Company also plans launch on Dubai's NASDAQ, hopes to collect at least Rs 250 cr within a year of launch

Arthaveda Fund Management Company (AVFM) plans to launch L50 Fund, a pure equity fund which aims to return higher than its benchmark while taking a lower risk than the benchmark itself.

“The fund is going to follow value investing philosophy which uses a valuation weighted policy on Nifty 50 stocks for its portfolio creation,” says Vikas Gupta, executive vice president and head of research at Arthaveda.

The company claims that when the fund's strategy was back-tested, the fund generated an average CAGR of about 24% as compared to its benchmark which returned 20% return in a period of 5 years.

He further said that, “We are planning to launch this product as an ETF on Dubai's NASDAQ. We see a good appetite in that market, and if the product gets potential investors then we will start the process soon.”

The company says that it hopes to collect at least Rs. 250 crore within a year of launch. It plans to target High Networth Individuals (HNIs), banks and financial institutions.

In India, the fund will be launched under the Portfolio Management Services (PMS), where the minimum ticket size will be Rs. 25 lakh, whereas under the Alternate Investment Fund (AIF), the minimum ticket size will be Rs. One crore.

“We have started talking to distributors and will apply to the Securities Exchange Board of India in 2-3 weeks time,” adds Gupta.