

ArthVeda to launch new funds for construction, agriculture

BY MADHAV A CHANCHANI

The arm of Dewan Housing Finance is also in talks to take its public investment strategy global through partnerships with other asset managers.

ArthVeda Fund Management (AVFM), the fund management arm of the private housing finance firm Dewan Housing Finance Ltd, is launching a niche private equity fund and raising capital for agriculture projects in the country. ArthVeda, which has focused on the realty sector, is also in talks to take its public investment strategy around indexing various global indices through partnerships with other asset managers, according to a top official.

ArthVeda's private equity fund, called the unlisted equities fund, is looking to raise Rs 200-250 crore from both domestic and overseas investors. The fund is expected to be launched in the coming months and will focus on companies engaged in the manufacturing/trading of value-added building products or services in India.

For its agri business venture, ArthVeda has entered into a project development and promotion partnership with a developer who has won the mandate to develop an agricultural corridor in the state of Karnataka. The firm will also raise capital for this project from prospective institutional investors.

ArthVeda currently has over \$50 million under management, primarily in the real estate sector.

For public markets, ArthVeda has developed what it call an 'Alpha Indexing Strategy', a mix of conventional indexing and active value investing. "We have come up with a strategy that beats practically all the fund managers, not just in India but also globally," said ArthVeda Fund Management research & product development head Vikas V Gupta.

Gupta said that this strategy could be taken global as it has beaten returns of Dow Jones 30, FTSE 100, Nikkei 225 and Nifty 50 over a five-year period. He said the strategy is somewhat similar to 'smart beta', which according to State Street Global Advisors has attracted net inflows over the past three years of over \$80 billion.

Gupta said ArthVeda is in talks with various asset managers in different geographies to take this strategy global as it does not want the expense of taking securities licence everywhere. "We are talking to fund managers globally who have a well established investor network and licensing it to them or forming a joint venture," said Gupta, who expects two partnerships to materialize by March. It is initially looking at the Middle East market.

Besides the new funds, ArthVeda also has funds in real estate and infrastructure. Its realty strategy is focused on tier-II and tier-III cities, investing in middle income housing projects. In infrastructure it has launched a debt-focused fund with a target corpus of up to Rs 200 crore.

Link:<http://www.vccircle.com/news/alternative-investment/2014/01/15/arthveda-launch-new-funds-construction-agriculture>