

**FAMILY MATTERS**

# The Maverick

**A**S you read this, Ajit Dayal, Chairman & President, Quantum Mutual Fund, will be on a road trip, literally. He plans to travel across the country in a well branded jalopy. The agenda: To meet up with investors, existing and potential, and answer whatever queries they may have regarding investments or the performance of his mutual funds. Sounds quirky? A bit, but frankly one should not be surprised. After all, such initiatives are typical of this fund house.

From its very inception it was set apart by refusing to walk the beaten path. It was the only fund house that refused to pay distributor commissions. This at a time when entry loads were not banned and the option of investors directly approaching the asset management companies (AMCs) was unavailable. So obviously penetration of this brand would be severely hit.

That's not all. Neither does it resort to advertising, which is probably why Quantum Long-Term Equity Fund collected just Rs 11 crore at launch (its assets as of September 2009 are Rs 40.45 crore). Furthermore, this AMC refuses to increase its assets under management (AUM) by resorting to frequent fund launches. "We are in the asset managing business. We are asset managers, not asset gatherers," says Dayal very matter-of-factly.

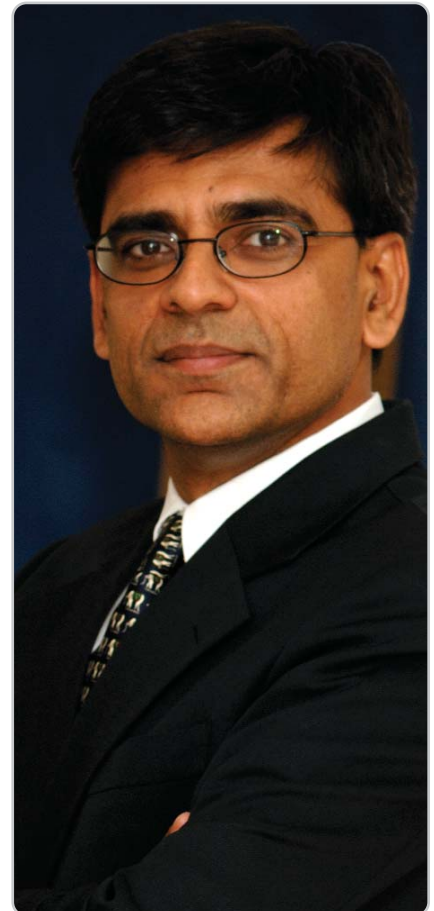
Having said that, there is a fairly well thought out product range on offer. There are four offerings on the equity front: a diversified equity fund, an index fund, a tax planning fund and a fund of funds (FoF), and

one gold exchange traded fund (Gold ETF). The latter is not a run-of-the-mill offering but a diversified equity scheme that will actually invest in the best performing schemes of other fund houses.

Going by its philosophy, it is little wonder that this fund house is one of the smallest players around. If one adheres to the principle that mutual funds should be bought and not sold, and the management does strongly believe that, then the fund house has no option but to rely solely on performance. Though none of them have a long history, its oldest offerings — Quantum Long Term Equity and Quantum Liquid are good performers.

The fund house refuses to needlessly churn its portfolio and believes in buying good businesses at the right price. Like their business plan, even on the investment front they refuse to follow the herd. So despite stocks like Reliance Industries and ICICI Bank delivering great returns, for their own reason, they would not buy them. They never ever bought into the Satyam stock either. And their relative underperformance in 2007 was because they refused to change their investment philosophy and chase momentum stocks and favoured sectors. When the market collapsed in 2008, they stood vindicated with a top quartile ranking.

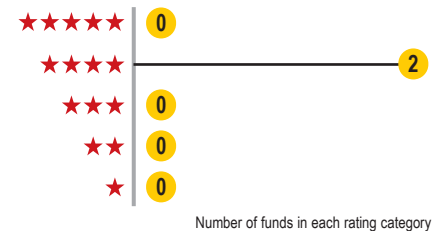
If the AMC continues to impress on the performance front, investors who are in for the long term (minimum 5 years) would definitely notice this fund house. Nevertheless, it would have to put in some hard work to get investors to even know that they exist.



**The leaders**

Fund	Obj.	Rating
Quantum Liquid	DT-UST	★★★★
Quantum Long Term Equity	EQ-DIV	★★★★

**Fund Rating Break-up**



<p>Since: December 2005</p> <p>Total Assets</p> <p>Rs <b>78</b> cr</p> <p>As on 30 September, 2009</p>	<p><b>Asset Breakup (%)</b></p> <p>Equity <b>65.31</b></p> <p>Debt ST <b>34.69</b></p>	<p><b>AMC Net Profit (Rs crore)</b></p> <p>2007: -2.30</p> <p>2008: -0.18</p>	<p><b>Assets Growth (%)</b></p> <p>2007: 19.28</p> <p>2008: -19.16</p>
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