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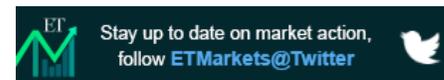
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## Fund managers betting on own schemes! Is it a good sign?

By [Babar Zaidi](#), ET Bureau | Aug 24, 2016, 11.19 AM IST

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NEW DELHI: As a prospective mutual fund investor, you are studying the performance and portfolios of various schemes to identify the best picks. You know what to look for, the performance charts and the stock weightages. They are imprinted on your mind.



Do you also know of one more measure by which you can gauge the commitment of a fund manager to his scheme? That is, how much 'skin in the game' does the fund manager have. If a fund manager is bullish about his own funds, he would have invested some of his own money in his schemes. While this will not help you understand the performance, it helps you measure the seriousness of a fund manager to his portfolio.

According to the new scheme information documents (SIDs) on websites of fund houses, the results are out and the verdict is in.

The redoubtable Prashant Jain of HDFC Mutual Fund heads the list of fund managers who are bullish on their own funds. He has an estimated Rs 107 crore invested in different schemes of the fund house with the biggest bets in [HDFC Equity Fund](#) (Rs 34.23 crore), [HDFC Infrastructure Fund](#) (Rs 33 crore), [HDFC Prudence Fund](#) (Rs 21.6 crore) and [HDFC Top 200](#) (Rs 18.7 crore).

Sankaran Naren, CIO of ICICI Prudential Mutual Fund, has over Rs 20 crore invested in the ICICI Pru Dynamic Fund.

Sunil Singhania, chief investment officer of Reliance Mutual Fund, has invested Rs 13 lakh in Reliance Growth Fund. This fund has a corpus of Rs 5,632 crore. Some managers of smaller funds are bullish than Jain and Naren.

Rajeev Thakkar, CIO at PPFAS Mutual Fund, has more than Rs 7 crore invested in the PPFAS Long Term Value Fund. This is more than 1% of the scheme's total AUM of Rs 664 crore. "Many people see fund professionals as 'perma bulls' who are permanently bullish on equities.

The disclosures of personal and sponsor investments tell the world whether they believe in their own talk," says Thakkar. Directors of PPFAS MF also have roughly Rs 10 crore invested in the Long Term Value Fund.

At the same time, there are funds with very little or no investments by their fund managers or members of the AMC board. "Many of the close-end funds that were launched in recent years have no investments by key employees or fund managers though they were peddled very strongly by some AMCs," points out Manoj Nagpal, CEO of Outlook Asia Capital.

Even open-ended funds have very little participation from fund manager or senior staff of the AMC.

Nagpal says it is strange to see that fund managers or key employees not investing in some large schemes even though the same individuals talk about why the fund is a great investment idea.

Should you take the investment of the fund manager into account when buying a fund? Not all the time, as such investment is not a

### That Bullish Feeling

Schemes where fund managers have invested their own money

SCHEME NAME	ASSETS UNDER MANAGEMENT	FUND MANAGER	FUND MANAGER'S INVESTMENT	AMC BOARD'S INVESTMENT	INVESTMENTS OF OTHER KEY STAFF
HDFC Equity Fund	15,858.44	Prashant Jain	34.23	5.56	12.28
HDFC Infra Fund	1,407.13	Prashant Jain	33.3	-	12.86
HDFC Prudence Fund	10,852.17	Prashant Jain	21.63	0.21	9.36
ICICI Pru Dynamic Fund	5,651.14	Sankaran Naren	20.65	21.33	2.16
HDFC Top 200 Fund	13,039.09	Prashant Jain	18.7	1.1	4.11
PPFAS Long Term Value Fund	664.16	Rajeev Thakkar	7.038	9.57	0.6544
Kotak Select Focus Fund	5,481.39	Harsha Upadhyay	2.5	0.75	3.06
HDFC Balanced Fund	6,657.17	Chirag Setalvad	1.77	0.2343	3.37
Franklin High Growth Companies	4,973.95	Roshi Jain/Anand Radhakrishnan	1.69	0.62	2.65
HDFC Mid-Cap Opps	12,259.33	Chirag Setalvad	1.62	2.01	9.446

(Fig in ₹crore)

SOURCE: Outlook Asia Capital



guarantee of future performance.

"Fund managers and analysts look at whether promoters and employees of a company are buying or selling its shares. While this cannot be the only factor, a fund manager's bullishness is surely one of the things to look at," says Thakkar.

Some fund houses are also actively encouraging employees to invest in their schemes. At ICICI Pru MF, the bonuses of senior management are invested in mutual fund schemes and redemptions are allowed in a staggered manner over 3-4 years.

At Kotak Mutual Fund, employees have taken a voluntary pledge to invest in funds from the AMC.

"We want to tell our distributors and investors that we practice what we preach. Just like some restaurants put up a sign saying "The owner eats here", this is a confidence boosting measure to create trust among distribution partners and investors," says Nilesh Shah, managing director of Kotak Mutual Fund.

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