

Getting active on passive value funds

FUND TRACKER. Advantages of value investing are the potential for high returns, less volatility and diversification

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The pitched battle between index funds and exchange-traded funds versus actively-managed peers continues, with many in the latter club, despite notching up stellar returns lagging in alpha generation. In this backdrop, UTI Mutual Fund has thrown its hat into the passively-managed value funds arena, with the launch of UTI Nifty 500 Value 50 Index Fund (NFO closes May 8). Active fund or passive? Which style makes for a better fund in the value category? Let us take a look.

ETF OPTIONS

At this moment, five ETFs have a value investing approach. They are Motilal S&P BSE Enhanced Value, HDFC Nifty50 Value 20, Kotak Nifty50 Value 20, IPru Nifty50 Value 20 and Nippon India Nifty50 Value 20. From a total expense ratio perspective, they cost 0.14-0.50 per cent compared to 1.3-2.5 per cent for actively-managed value funds.

These ETFs track two indices — S&P BSE Enhanced Value and Nifty50 Value 20. The S&P BSE Enhanced Value is designed to measure the performance of the 30 companies in the S&P BSE LargeMidCap with the highest valuations based on some fundamental measures. The stock universe is large- and mid-cap. The basket's current top holdings are concentrated in metals/mining, energy and PSU banks such as Hindalco, Tata Steel, ONGC, NTPC, CIL, BoB, IOCL, and Gail.

In comparison, the Nifty50 Value 20 Index is designed to reflect the behaviour and performance of a diversified portfolio of value companies forming a part of the Nifty 50. So, the stock universe is essentially giant caps. The current top holdings of this basket are much more diversified in terms of sectoral exposure (FMCG, IT, Mining and Power). This list includes ITC, TCS, Infosys, HUL, Tata Steel, NTPC and Power Grid.

Motilal S&P BSE Enhanced Value ETF, less than one year old, in six months has gained 16 per cent, widely outperforming BSE 100. This is also a period when value stocks, generally, have done better. Similarly, HDFC Nifty50 Value 20 ETF,



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also less than one year in six months --- which is better than broader markets. The balance 3 ETFs — Kotak Nifty50 Value 20, IPru Nifty50 Value 20 and Nippon India Nifty50 Value 20, have reasonable six-seven year NAV history and decent returns. The tracking error of all these three ETFs is similar.

INDEX FUND OPTIONS

Including the newly-launched UTI Nifty 500 Value 50 Index Fund, there are three index funds. The other two are Nippon India Nifty50 Value 20 and Motilal S&P BSE Enhanced Value. Index funds allow investors to make SIP investments and you don't require a mandatory demat account to operate it (unlike ETFs). However, index funds are a bit more costlier than ETFs — 0.8-1.01 per cent (TER).

UTI Nifty 500 Value 50 Index Fund will track the Nifty 500 Value 50, which is unique in certain ways. The Nifty 500 Value 50 index consists of 50 companies from Nifty 500 index, selected based on their 'value' scores. Its existing top holdings are Power Grid, NTPC, BPCL, ONGC, PFC, Tata Steel, Grasim.

In terms of index tracking returns, the two existing value index fund options show divergent trends. Motilal S&P BSE Enhanced Value has a much higher tracking error (one-year monthly: 0.79), while Nippon India Nifty50 Value 20 (one-year: 0.03) is more reasonable.

While the Nifty 500 Value 50 index *per se* seems to have clocked higher returns than other value indices, the BSE 100 and the category average of value funds over one- and three-year periods, have lagged them over a longer period of five years.

'Move proposed oil refinery to Gujarat, bring 'good' projects here'

Chief Minister Eknath Shinde should come to Ratnagiri and explain why Konkan needs this 'harmful' project, says Shiv Sena (UBT) leader and ex-CM Uddhav Thackeray after a visit to the proposed mega oil refinery site at Solgaon village

Abhinav Deshpande
SOLGAON

Shiv Sena (UBT) leader Uddhav Thackeray on Saturday said the proposed 'poisonous' Ratnagiri Refinery and Petrochemicals Limited at Barsu in coastal district should be moved to Gujarat and good investment projects from the neighbouring State be brought back to Maharashtra.

"The Chief Minister should come and talk to you like I'm doing. Apart from telling you why Konkan needs this harmful project and for whom it is so important, he should also answer why the State lost 'safe' projects like Vedanta-Foxconn, bulk drugs park, Tata-Airbus," he told the



Shiv Sena (UBT) leader Uddhav Thackeray during a visit to Solgaon village in Ratnagiri district on Saturday. EMMANUAL YOGINI

protesters at Solgaon village in Rajapur taluka, more than 400 km from Mumbai.

The former Chief Minister along with his party leaders visited villages and petroglyphs sites where the proposed mega oil refinery is coming up.

He said whatever was non-controversial was for

Gujarat and what was controversial was sent to Maharashtra. Mr. Thackeray dared the Shinde-Fadnavis government to face the protesters and support the project, even as the BJP leaders took out a rally in the area backing it.

He said the State government was accusing him of

suggesting Barsu as an alternative site for Nanar, but there was a reason for the same. "I was blamed by a few people for not allowing Konkan to develop, so I suggested Barsu, but if people don't want the project to come up here, I would have never pursued it. My stand is very clear. We are in support of the villagers in Barsu-Solgaon, who are opposing the project. The government should stop the soil survey," he said.

A group of protesters raised slogans against Rajapur MLA Rajan Salavi from Mr. Thackeray's Sena, who was in support of the project until recently. Mr. Salavi was accompanying his party leader during the visit.

A large police force has

been deployed in and around Barsu village in view of the visit as well as a rally of supporters of the project, led by Union Minister Narayan Rane's son Nilesh Rane, a former Lok Sabha MP at Rajapur town. The Ratnagiri police also imposed Section 144 in the area.

Hitting out at the current dispensation for accusing him of sanctioning the project at Barsu for the benefit of his relatives who owned a large portion of land in the area, Mr. Thackeray said "Yes, they are right. My relatives own the land in Konkan and you [protesters] are my relatives."

"The government should think about the son of soils, not soil testing," said Mr. Thackeray.

Proposed oil refinery project leaves villages in the Konkan belt fuming

Abhinay Deshpande
RATNAGIRI

The lush greenery of mango orchards and jackfruit trees offers a welcome relief from the blazing May sun on the Rajapur laterite plateau of Maharashtra's coastal Ratnagiri district.

Yet, amid the serene surroundings, residents of six villages – Barsu, Solgaon, Devache Gothane, Shivne, Goval, and Dhopeswar – have been at odds for the past two weeks over two major issues: environment and development.

A section of villagers supports the proposed multibillion-dollar Ratnagiri Refinery and Petrochemicals Ltd. (RRPCL) project discreetly, believing that it will create much-needed employment in the Konkan region. Others oppose it, voicing concerns about its impact on the environment and the local com-



Facing the heat: Protests began on April 25, with nearly 1,000 people showing up at the work site every day. EMMANUEL YOGINI

munity's livelihoods and land rights.

"We don't want such poisonous projects in Konkan. Nature comes first for us. The government is promising to provide jobs to locals in that refinery, but every year we are providing work to hundreds," said Kashinath Gorle, 60, from Shivne village, adding that people from other States and even Nepal come to work here. Despite not owning any land, Mr. Gorle has emerged as

the face of the protests.

The Konkan region is ecologically sensitive, with several species of flora and fauna endemic to the area. Apart from agriculture – cashew and paddy plantations are part of the landscape – fishing is critical to the local economy. The concern is that this ecosystem will be disrupted.

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Proposed oil refinery leaves villages fuming

At Barsu, people reacted to the commencement of soil-testing work on April 25 by staging protests that are still on, with about 1,000 people showing up daily.

Police presence

A police force that at its height reached 1,800 personnel came out to maintain order. On the first day, over 700 protesters were detained, and cases booked against 111 people under sections relating to rioting, unlawful assembly, and disobedience to public order.

“They are trying to take our lands by using police force. We are not ready to surrender our precious lands so that they can ‘murder’ nature. The movement has become a freedom struggle for the Konkani people,” said Prakash Gurav, 46, from Solgoan, waiting to interact with former Chief Minister and Shiv Sena (UBT) leader Uddhav Thackeray, on the outskirts of their village.

Mr. Thackeray had suggested Barsu as an alternative site for the project instead of the initial proposal at Nanar in the same taluk, after he became Chief Minister in 2019. He now claims he was misled by “some people” (in an indirect reference to his rival and Chief Minister Eknath Shinde and some MLAs from the Konkani region).

“Do you think I would succumb to their pressure and betray the people of Konkani? At that time, I was told that the people of Konkani want this project for the development of the region. Based on their suggestion I wrote to the Centre suggesting Barsu as an alternative site. Clearly, I was misled,” he said, responding to a question from *The Hindu*. The coastal Konkani region is the Sena’s traditional bastion. Seen against the 2024 Lok Sabha and Assembly elections, the party cannot afford to anger voters.

मनीष पाटिल ओएनजीसी के निदेशक नियुक्त

नई दिल्ली,
(पंजाब केसरी):
मनीष पाटिल को
ऊर्जा महारत्न ऑयल
एण्ड नैचुरल गैस
कॉर्पोरेशन लिमिटेड
(ओएनजीसी) का
डायरेक्टर (ह्युमन



रिसोर्स) नियुक्त किया गया है।
उन्होंने 5 मई 2023 को भारत की
सबसे बड़ी ऊर्जा कंपनी के
डायरेक्टर (एचआर) पद का
कार्यभार संभाला।

श्री पाटिल एक एनर्जी
प्रोफेशनल हैं जो डाउनस्ट्रीम
महारत्न एवं फॉर्च्यून 500 एनर्जी
कंपनी इंडियन ऑयल कॉर्पोरेशन
लिमिटेड के साथ कई लोकेशनों
एवं फंक्शन्स में अपनी सेवाएं
प्रदान कर चुके हैं। श्री मनीष

पाटिल के पास
मिडस्ट्रीम और
डाउनस्ट्रीम सेक्टर
में व्यापक अनुभव
है जो ओएनजीसी
के लिए बेहद
उपयोगी साबित
होगा। ओएनजीसी

के डायरेक्टर (एचआर) पद का
कार्यभार संभालते हुए उन्होंने
कहा-मुझे उम्मीद है कि
ओएनजीसी की प्रतिभाशाली टीम
के साथ मिलकर मैं कंपनी के
विकास और रूपान्तरण में
उल्लेखनीय योगदान दूंगा। यह
ऊर्जा क्षेत्र के लिए महत्वपूर्ण समय
है और मुझे खुशी है कि मुझे
ओएनजीसी के 26,000 से अधिक
ऊर्जा सैनिकों के साथ काम करने
का मौका मिल रहा है।