



Returns will be Higher Towards Year-End: Chadda

With the return of volatility in market this year, the second half of the year is likely to be strong. Sectors, such as financial sector will do well

Volatility has returned to the Indian market and investors who have begun to relook at the market after two years are directionless. Money managers are unsure if there would be new highs in the current calendar but are confident of good returns during remaining part of 2011. Peeyoosh Chadda, Head- Investment Advisory Group, Edelweiss Asset Management Company is one of them. He finds the current levels attractive and suggests that investors should be selective as far as infrastructure companies are concerned. In an e-mail interview to ET, he accepted that lack of investors trust in the Indian market is forcing the Domestic Institutional Investors (DIIs) to keep their activity at lower levels. Excerpts:

Do you think market will see newer highs in 2011?

We feel markets are likely to see a strong second half in 2011. While a new high may not be achieved, returns towards the end of the year are likely to be good.

What sectors will outperform broader



Bullish: Peeyoosh Chadda

market during next the two years?

We believe in the Indian growth story and believe that sectors which are integral to growth such as financial services will do very well over a longer time frame. Certain domestic consumption

stories such as select media companies are likely to do well.

Infrastructure as a space is likely to grow, but only select companies in the space are likely to create shareholder wealth.

At what levels will the DIIs will find themselves comfortable to invest in the domestic market?

Stocks are attractive at current levels, but DIIs are constrained by lack of inflows. The mutual fund industry has not seen inflows since the end of 2009 of any size and since a few months inflows into ULIPs etc have also slowed down. That is keeping the DIIs from more active participation in the market.

What would be your advise to investors looking for 15% over next 5 years?

Choose a portfolio of mutual funds and invest regularly into them based on systematic investment plan. That gives you the best chances of meeting investment objectives. India is a growth story, despite the volatility of the recent past, having belief in India and a consistent investment discipline is the best way of meeting investment objectives.

How is the absolute return fund different from others and how did it perform during the past years?

Edelweiss Absolute Return Fund (an open ended equity scheme) uses a combination of various strategies to deliver consistent returns to investors. We use a series of strategies that include investing in equities, corporate special situations and fixed income. In most environments some of these strategies provide scope for returns. In the current environment when equity is volatile, fixed income and special situations are providing attractive returns. This fund seeks to protect capital during falling markets and use rising markets to deliver returns.