

SBI Pharma Fund

Pharma puts up a glowing show

Concerns over likely pullout by Flis and political uncertainty may continue to favour defensive themes such as pharma

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Pharma stocks were on fire in 2013. Healthy growth in key export markets, a weak rupee and steady performance in the domestic market despite regulatory hiccups helped. The BSE Healthcare index was up 26 per cent in the past year. The Sensex rose 6 per cent. Lower than expected consumer inflation and slackening factory output have increased hopes of a rate cut.

But with elections around the corner and concerns over acceleration in withdrawal of stimulus by the US Fed, defensive themes such as pharma may continue to find favour with investors in the short-to-medium term.

Despite the healthy rally in pharma stocks over the last few years, given the healthy growth

prospects, they may continue to do well in the near future too.

Hedge against volatility

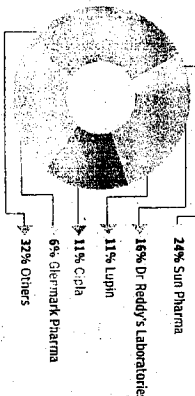
Thematic funds are riskier than diversified funds due to concentrated bets. But given the defensive nature of pharma stocks, investors can consider some investment in a good pharma fund with a consistent track record.

SBI Pharma Fund scores on this count. The fund has bettered its benchmark, the BSE Healthcare index, across all time frames. The fund also raced ahead of peers Reliance Pharma Fund and UTI Pharma and Healthcare Fund over one- and three-year time periods.

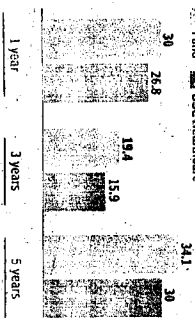
Better than peers

The fund has been more consistent than its peers. In the last five years, SBI Pharma Fund's one-year

BEHIND ON BUDGETS
 Net assets ₹185 crore



Annual returns %



return has been higher than BSE Healthcare, 60 per cent of the time.

In comparison, Reliance Pharma Fund managed to outpace the benchmark only 45 per cent of the time while UTI Pharma and Healthcare did better at 51 per cent of the time.

In the last one year, SBI Pharma made the right moves by increasing exposure to stocks such as Dr Reddy's, Sun Pharma, IPCA Labs and Indoco Kenneidies which

gained between 40 and 100 per cent.

Similarly, the stock of Alembic Pharma, wherein the fund doubled holding to 2.3 per cent by December 2013, zoomed three-fold during this period.

Timely exit from underperforming stocks also aided performance.

The fund has sold off its holding in multinationals Wyeth India and Novartis which lost between 12 and 30 per cent in the

last one year. The fund also liquidated its holding in Wockhardt completely after the company came under the US Food and Drug Administration scanner. The stock tanked over 70 per cent in the last one year.

The fund held 15 stocks in its kitty as of December. A higher large-cap slant (over 60 per cent) and lower exposure to MNC stocks should hold the fund in good stead even during volatile times.



- * Portfolio Focus - Large-cap
- * Suitability - High-risk
- * Investment Style - Growth and value
- * Performance - Top Quartile

Industry,