

CONTRA FUND



vEcoSys

**Understanding the
concept of “Contra” fund**



CONTRA FUND



Contra fund has its genesis in the popular saying, “when others zig you zag”.

CONTRA FUND

It basically takes contrasting positions and consciously does not flow with the tide at all times



CONTRA FUND

Let me tell you a story.

There was a boy Raju travelling with his family.

They met with an accident in which he lost all his family members. He became orphaned. His relatives turned away from him.



CONTRA FUND

- Raman a friend of Raju's father who knew the family was very fond of Raju.
- He liked him because he was cultured, well mannered, very studious and always a topper in his class.
- He knew Raju had the talent to become a very successful person.



CONTRA FUND

- He therefore without any hesitation took Raju under his shelter.
- He nurtured and educated him sparing no effort.
- As expected Raju grew up into a very smart, intelligent and successful person.



CONTRA FUND

When Raman started aging and becoming weak it was Raju who stood by him as his shield. He ensured that Raman had all the comforts that he needed.



CONTRA FUND

From a “contra” perspective one can say that the bet Raman took on Raju was a contra bet. He backed him at a time when others were avoiding him. He did it because he had a clearer understanding of the intrinsic qualities of the boy. He always knew it would be worth his while to help Raju in the long term



CONTRA FUND

Similarly a “Contra” fund manager looks for bad news and searches for opportunities within the bad news. He identifies companies being shunned by investors due to overall mood and picks them into his “contra” basket



CONTRA FUND

And as we saw in the case of Raju, such companies also may take some time to bounce back. Therefore as an investor one needs to have patience when investing in a contra theme.



CONTRA FUND

The tale of Raju pictorially is



Helpless Raju after the accident



Successful Raju once grown up



CONTRA FUND

This was the story of “Contra” investment. Remember it takes patience for the investment to play out



CONTRA FUND



Hope you now understand the
“contra” theme



Thinking of Investment

Contact

vEcoSys



DISCLAIMER

The views expressed in this lesson are for information purposes only and do not construe to be any investment, legal or taxation advice. The lesson is a conceptual representation and may not include several nuances that are associated and vital. The purpose of this lesson is to clarify the basics of the concept so that readers at large can relate and thereby take more interest in the product / concept. In a nutshell, Professor Simply Simple lessons should be seen from the perspective of it being a primer on financial concepts. The contents are topical in nature and held true at the time of creation of the lesson. This is not indicative of future market trends, nor is vEcoSys IMF Pvt. Ltd. attempting to predict the same. Reprinting any part of this material will be at your own risk. vEcoSys IMF Pvt. Ltd. will not be liable for the consequences of such action.

**Mutual Fund investments are subject to market risks,
read all scheme related documents carefully.**

