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Marshall Wace alum's India fund has best year

London-based Kuvera Capital Partners posts 69% gain for 2020

Nye Longman

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An India-focused hedge fund has posted its best annual return since starting in 2004.

London-based [Kuvera Capital Partners](#) was up 69% at the end of 2020, while India's Nifty-50 index returned 12.4%, according to an investor letter seen by HFM.

Kuvera is managed by CEO and portfolio manager Raju Kamath and started trading with some initial capital from Marshall Wace in July 2004.

"Central banks have forced interest rates to historically low and unsustainable levels – this has inflated asset prices while making protection very cheap. The incentive is to be as long as you can because the central bank has your back," said Kamath.

The fund, which trades equities and derivatives of the top 100 Indian companies, also performed well during the Covid-19 market meltdown in March. Kuvera's [best-ever month](#), it saw gains of 24% while the Nifty-50 fell 23%.

The AsiaHedge Indian Long/Short Equity Index was up 21.6% for the year.

Kuvera returned 8.6% in 2019 and was flat in 2018. Its fund has only had two down years, 2008 and 2011.

"The markets blew up in March and our protection kicked in and generated outsized returns. We paid pennies on the dollar for this protection, but it generated about 30% in March."

Successful longs in December included consumer goods business Asian Paints, real estate business Godrej Properties and IT services company HCL Technologies. The fund's only short winner that month was Punjab National Bank.

"We are essentially long government spending, with some relative value trades – and we are short cyclicals, including metals and a few selected stocks. We don't like the incentives central banks are creating, so we have a defensive portfolio, making sure we are well protected," Kamath added.

"We don't forecast or try to time markets, which seems counterintuitive as many look around the next corner to see what the markets are going to do.

"We have a strong fundamental view based on the macros and what's driving asset prices. We simply look for the best risk and return."

Kamath started Kuvera in 2004 after a two-year stint at Marshall Wace as a portfolio manager in London and previously spent roughly ten years at Dimensional Fund Advisors, where he developed and managed emerging markets equity and derivatives portfolios.

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