

Key Takeaways

Week: June 15-30, 2025

1. Allocation through Hybrid Funds

Speaker: Joydeep Sen, Corporate Trainer, Author, Columnist

❖ Key Insights:

- Pure-play funds follow strict allocation rules (e.g., Large Cap funds = 80% large-cap exposure).
- Hybrid funds allocate between equity and debt, but specific components like market cap or bond ratings are flexible.
- After April 1, 2023, hybrid funds gained popularity due to the withdrawal of indexation benefits from debt funds.

✓ Takeaway:

Hybrid funds can help maintain disciplined asset allocation without frequent rebalancing; making them preferred choice post-taxation changes.

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2. Why Invest in Index Funds?

Speaker: Avinash Luthria, Investment Adviser, Fiduciaries.in

SEBI now requires mutual funds to report their risk-adjusted performance using the *Information Ratio*. In simplified terms:

- An Information Ratio > 0.5 is considered good — indicating the fund delivered 0.5% higher returns for every 1% extra risk.
- A low or negative ratio implies the fund either took on too much risk or underperformed the index.

❖ Key Insights:

- For the 5 years ending May 5, 2025, only:
 - 3 of 25 Direct Plan Large cap MFs, and
 - 2 of 25 Regular Plan Large cap MFs showed strong risk-adjusted performance.
- Midcap and Small cap Active MFs performed similarly poorly.
- This raises doubts about paying 0.5%–2.25% fees for active funds that don't consistently outperform.

✓ Takeaway:

Low-cost passive index funds—like the Nifty 50 Index Fund – Direct Plan (~0.2% fee)—are more cost-effective, especially when adjusted for risk.

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3. Securing Their Tomorrow: Financial Planning with Purpose

Speaker: *Kiran Telang, CFP*

❖ *Key Insights:*

- - Early financial planning is crucial to balance immediate care with long-term sustainability.
- - Financial tools such as mutual funds, insurance-linked instruments, and trusts can be structured around family needs.
- - Planning becomes more than just money—it is an emotional commitment to future dignity and independence.

✓ *Takeaway:*

Financial planning for special needs is not just technical—it is an act of love and responsibility. The right strategy ensures care continues, even after the parents' lifetime.

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4. Looking Beyond Returns: What Really Drives Mutual Fund Performance?

Speaker: *Ravi Saraogi, Samasthithi Advisors*

Most investors chase returns or rely on star ratings. But these don't explain why a fund performs well—or if that performance is likely to continue. That is where Factor-Based Analysis (FBA) adds value.

➤ *What is FBA?*

FBA statistically breaks down a fund's returns using only NAV data into exposures to:

- Market risk
- Size (large/small caps)
- Value vs. growth
- Quality
- Investment intensity
- Momentum

◆ *Real-world Applications:*

- Case studies showed how popular funds had hidden style tilts (e.g., toward small-caps or value stocks).
- These tilts often go unreported in marketing materials.
- FBA also exposed style drift and closet indexing—when a fund deviates from its stated objective.

✓ **Takeaway:**

FBA enables:

- Better fund selection
- Smarter peer comparisons
- Monitoring whether a fund is staying true to its strategy
- Distinguishing genuine skill from risk factor exposure

It's not just about returns — it's about understanding the underlying style.

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5. The Role of Big Data and Analytics in Investing

Speaker: *Kirti Arekar, Professor NISM*

❖ **Key Insights:**

- Sources include market transactions, social media, news, and customer behavior.
- Tools & Techniques:
 - Stock Price Forecasting
 - Risk Assessment
 - Sentiment Analysis
- Cloud computing and machine learning enable scalable, intelligent insights.
- Hedge funds and retail platforms are leveraging this to improve strategy and risk control.

✓ **Takeaway:**

Big Data empowers investors with smarter, faster, and more customized decisions—but must always be used ethically and within regulatory frameworks.

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