National Institute of Securities Markets
A Capacity Building Initiative of SEBI

INVESTOR EDUCATION WEBINAR

INVESTO₹ eduBytes

Empowering Investors Through Knowledge

June 15-30, 2025

1) **Allocation through Hybrid Funds**
   By Joydeep Sen, Corporate Trainer

2) **Why Invest in Index Funds?**
   By Avinash Luthria, SEBI, RIA

3) **Securing Their Tomorrow: Financial Planning with Purpose**
   By Kiran Telang, CFP

4) **Looking Beyond Returns: What Really Drives Mutual Fund Performance?**
   By Ravi Saraogi, Samasthithi Advisors

5) **The Role of Big Data and Analytics in Investing**
   By Kirti Arekar, Professor NISM

**A fortnightly series offering quick, engaging insights from investor education webinars.*

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Key Takeaways[1]

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.

[1] *The views expressed in Edubytes are those of the speaker(s) and do not represent the views of NISM. This initiative is part of investor education and should not be considered financial or investment advice.*

✓*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. However, 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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