



**Capital**  
—SPROUT—

**NEWSLETTER – JUNE 24**

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**Large Cap  
Fund**

**Aggressive  
Hybrid Fund**



# The Chairman's Message



Greetings from Capital Sprout!

I am pleased to share the June 24 issue of Capital Sprout's Wealth Bulletin with you. This month's bulletin is about Comparing returns of large-cap mutual fund V/S Aggressive hybrid mutual fund.

The world is changing rapidly and the approach to the various investment products needs correction accordingly. The earlier mindset of focusing more on tax planning was appropriate when the tax rate was more than 60%. It can be a conservative approach in the current scenario if more focus is given to tax planning instead of system and business development. In the same way, the focus of giving more weightage to an investment in FDR requires correction. We have already discussed in our earlier newsletter about comparison of investment return of F.D.R V/S hybrid mutual fund.

I hope this edition of our Newsletter provides you with a very new concept and insight for making more returns-generating investments with relatively less risk.

Happy Reading!!

*CA DR Rajesh Khandol*



# Investment Psychology

Financial outcomes are often driven by luck, independence of intelligence and effort. That is true to some extent. Financial success is not that difficult to achieve as it requires more soft skills than understanding the technicalities of a mathematical formula to calculate profit. In the world of finance, how you behave is more important than what you know. But investing is not a hard science. It's a massive group of people making imperfect decisions with limited information about things that will have a massive impact on their well-being, which can make even smart people nervous, greedy and paranoid.



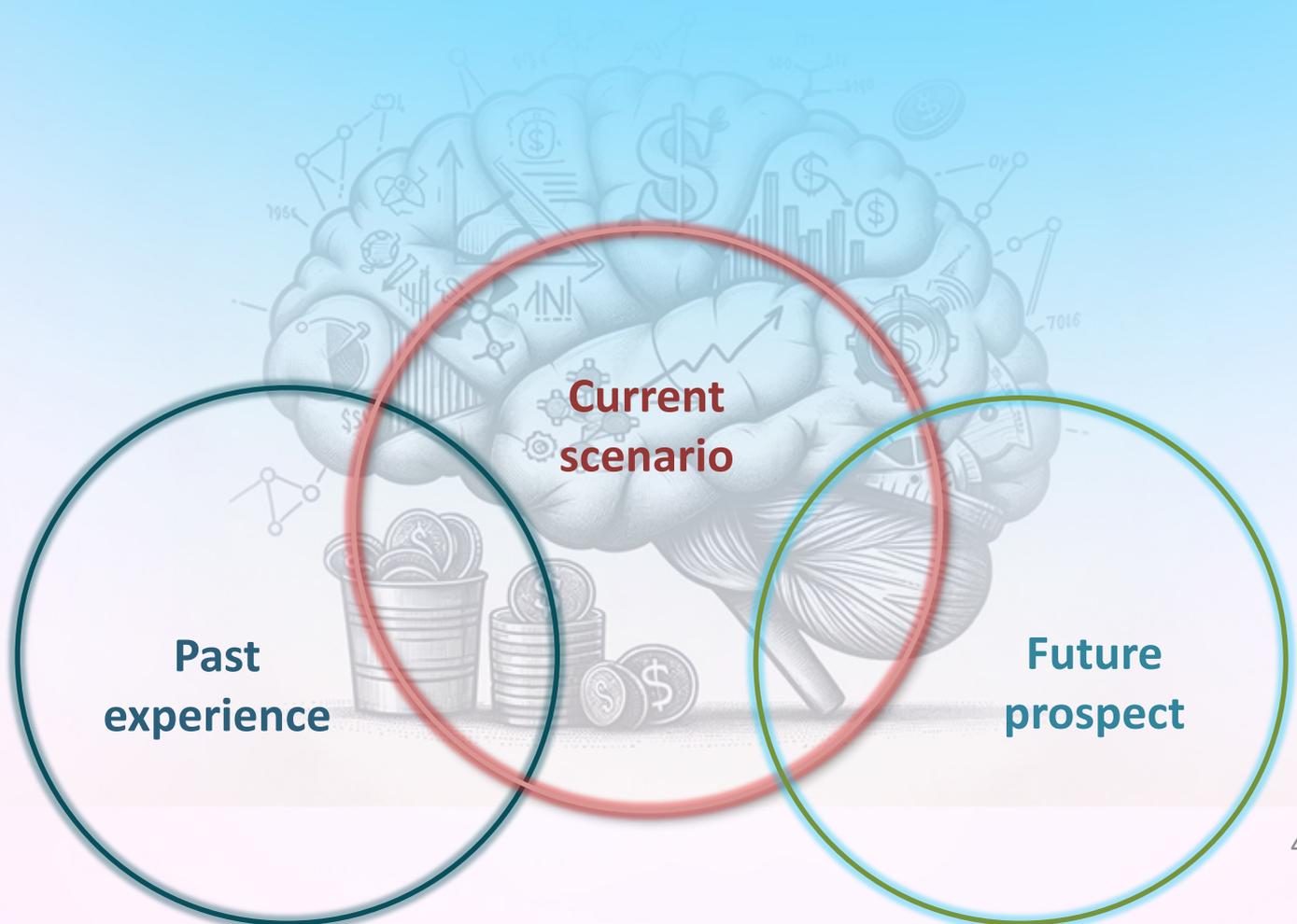
A genius who loses control of their emotions can be a financial disaster. The opposite is also true. Ordinary folks with no financial education can be wealthy if they have a handful of behavioral skills that have nothing to do with formal measures of intelligence.

Engineers can determine the cause of a bridge collapse because there's agreement that if a certain amount of force is applied to a certain area, that area will break. Physics isn't controversial. It's guided by laws. Finance is different. It's guided by people's behaviors. And how I behave might make sense to me but look crazy to you.



In our diverse world, individuals hail from varied backgrounds and cultures that profoundly shape their outlooks on various aspects of life. Money and investment perceptions are no exception, molded by surroundings, circumstances, and past experiences. While some may attribute significant importance, say 80%, to their philosophies, in the realm of investment strategy, this may only carry a modest 10% weightage. A striking illustration lies in investors who commenced their journey during the years 1993-1998, a period marked by the Harshad Mehta case, possibly fostering a negative view of the stock market. Such initial impressions can unduly influence future investment decisions, yet they might be rooted in biases rather than objective analyses of current realities and facts.

In theory people should make investment decision based on their past experience and make the necessary correcting accordingly to the rapid changes taken place in the world. While most of the people choosing their investment product giving due weightage of first part. I.e. past experience but fails to give proper weightage of second part. People don't change their investment approach with the current scenario.





## Large-cap mutual funds

Large-cap funds are a kind of equity funds that invest a major proportion of their assets under management (AUM) in large-cap stocks of companies with large market capitalization such as Reliance, T.C.S., HUL etc. The top 100 listed companies in the stock market based on market capitalization are classified as large-cap stocks.

## Aggressive hybrid funds

Aggressive hybrid mutual funds primarily invest in stocks with a limited portion allocated to debt investments. They have a maximum equity investment limit up to 75% to 85%. These funds offer lower risks compared to pure equity funds due to diversification. However, their long-term returns are similar to equity funds.



## Investor belief

It is the general belief of the investor that investment in blue-chip companies is safe and gives higher returns over a long period of time. Large-cap funds invest in blue-chip companies and the downward risk of an investment portfolio is lower as compared to other equity-oriented funds. It is the safest way to take the advantage of stock market where professionally qualified fund managers are investing their funds in blue chip companies but eventually stock market is volatile and subject to risk.

## Few prominent AMC

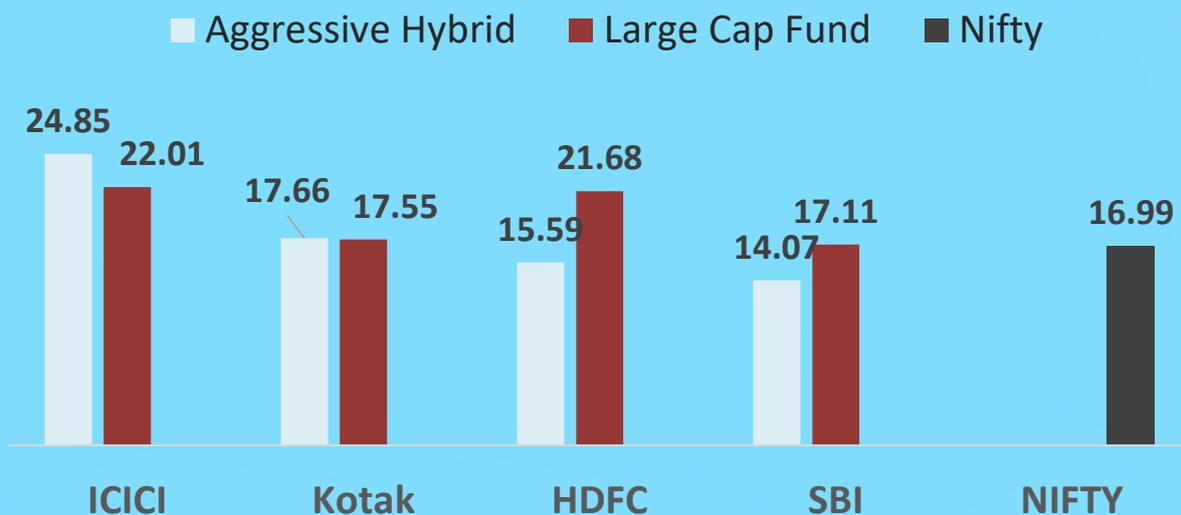
AMC Name	Aggressive Hybrid Fund	Large-cap Fund
ICICI	ICICI Pru Equity & Debt Fund	ICICI Pru Bluechip Fund
KOTAK	Kotak EQUITY HYBRID FUND	Kotak Bluechip Fund
HDFC	HDFC Equity Hybrid Fund	HDFC Top 100 Fund
SBI	SBI Equity Hybrid Fund	SBI Bluechip Fund



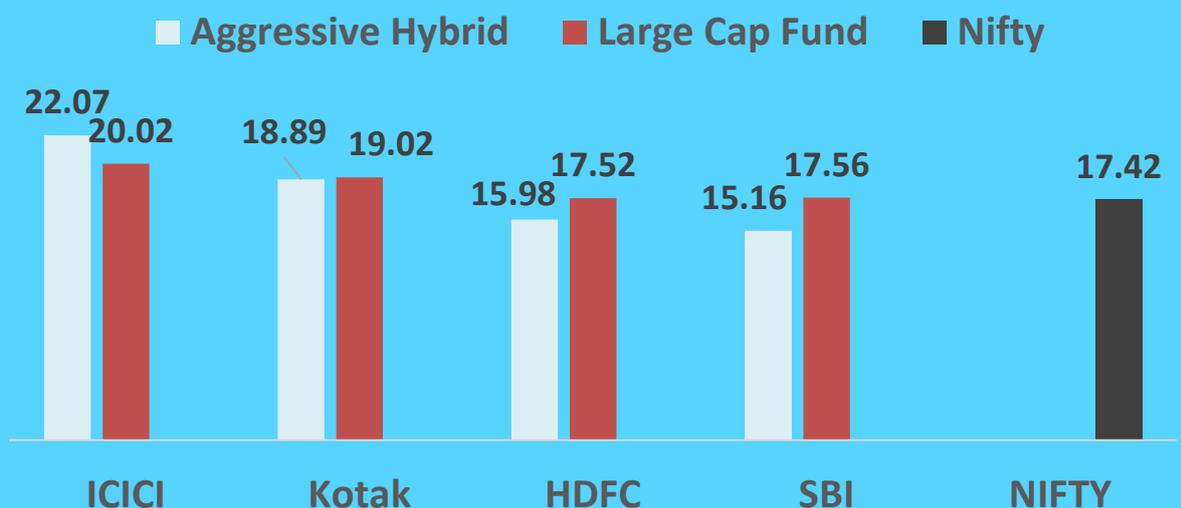
# Aggressive hybrid funds

As we said that stock market is subject to risk. So we have to minimize the risk with the same probability of higher profits. In an aggressive hybrid, limited protection is allocated to debt investments which gives protection in a bear market. Bull & bear face is part and partial of the stock market, but the equity & debt combination of the aggressive hybrid funds gives a better return over time than large-cap funds.

### 3 Yr CAGR Return



### 5 Yr CAGR Return



## Returns in calendar year 2022

The market faced significant challenges in 2022, primarily due to the Russia-Ukraine conflict. Despite these hurdles, the Nifty-50 index managed a modest increase of 4.32%, with all gains occurring in the final quarter. Interestingly, aggressive hybrid funds outperformed the Nifty-50. This was partly due to their diversified allocation, which included fixed-income investments. As the table below illustrates, aggressive hybrid funds delivered higher returns over time than large-cap funds and provided better protection during bear markets.



## Conclusion

Aggressive hybrid mutual funds present a compelling option for investors seeking to balance risk and return. By primarily investing in stocks, with a strategic portion allocated to debt investments, these funds limit exposure to market volatility. With equity investment limits between 75% and 85%, they offer a diversified portfolio that mitigates risks compared to pure equity funds while still delivering comparable long-term returns.

Given the inherent risks of the stock market, it is prudent to minimize potential losses without sacrificing profit potential. Aggressive hybrid funds achieve this balance, providing protection during bear markets and capitalizing on bull markets. Ultimately, the equity and debt combination of aggressive hybrid funds ensures better returns over time compared to large-cap funds, making them a valuable addition to any investment strategy.



# Performances



## Equity Market

Indices	01 <sup>st</sup> June, 2024	30 <sup>st</sup> June, 2024	High	Low
BSE S&P SENSEX	76,583.29	79,032.73	79,671.58	70,234.43
NIFTY 50	23,337.90	24,010.60	24,174	21,281.45

## Mutual Fund

### AUM Data of Mutual Fund for the Month of June 2024

(INR. In Lakh Crore)

Particulars	AUM As On 31-05-2024	Fresh Fund Mobilize During June- 24	Redemption During June-24	AUM As On 30-06-2024
Total AUM of all mutual funds scheme	61.32	10.59	11.02	60.89
AUM of equity oriented (growth) schemes	27.28	0.81	0.41	27.68

Source: Association of Mutual Fund of India (AMFI)

# Performances

## SIP Contribution

(INR. In Crore)

Year	SIP Contribution	SIP AUM
June-2024	21,262	12,43,792

## FII & DII Inflow/Outflow Position

FII's buying in the month of June-24 is 0.02 Lakh.

DII's buying in the month of June-24 is 0.28 Lakh.

## Inflow/Outflow position in the month of June 2024

(INR. In Crore)

FII /DII	Gross Purchase	Gross Sale	Net
FII	3.92 Lakh	3.90 Lakh	0.02 Lakh
DII	3.37 Lakh	3.09 Lakh	0.28 Lakh

