

DALAL STREET INVESTMENT JOURNAL

DEMOCRATIZING WEALTH CREATION

Apr 07 - 20, 2025 ■ Pages 68 ■ www.dsij.in ₹150

INSIDE

Data Bank

1000
Companies

Analysis
IndusInd Bank

Cover Story

Hot Bets *For* Hot Months

Special Report

Wealth Creation Showdown:
Tata Group vs Murugappa Group

ISSN 0971-7579



9 770971 757005 >

Vol. 40 No. 10

MUTUAL FUND UNLOCKED

DALAL STREET INVESTMENT JOURNAL

DEMOCRATIZING WEALTH CREATION

Apr 07 - 20, 2025 ■ Pages 68 ■ www.dsij.in ₹ 150

Special Report
MF Jump On To The
Technology Bandwagon

Cover Story
Chinese Equities Surge:
Should You Invest?

US \$ 10.15 UK £ 5.05 Sing \$ 10.60 Euro € 6.13

ISSN 0971-7579



9 770971 757005 >

Vol. 40 No. 10



www.dsij.in/apps.aspx



linkedin.com/in/DalalStreetInvestmentJournal

SEBI's Revised 'Skin-in-the-Game' Norms Foster Trust and Talent

SEBI's modified 'skin-in-the-game' norms signify a forward-thinking shift in India's mutual fund sector, striking a balance between safeguarding investor interests and retaining talent. The 2021 rule, which originally mandated senior employees to invest 20 per cent of their salary into their AMC's schemes, initially faced backlash due to liquidity constraints, particularly among mid-level staff.

The revamped framework by SEBI introduces salary-linked investment slabs, designed to ensure equitable contributions across different income brackets, thereby avoiding overburdening lower and mid-tier employees. Employees with an annual income below ₹25 lakh are not required to make any mandatory investment. For those earning more, the contribution increases progressively. This tiered structure places a greater onus on senior executives while alleviating the financial stress on lower-income employees. For example, a mid-level analyst with an annual income of ₹30 lakh now contributes ₹3 lakh annually, as opposed to the previous flat rate of 20 per cent (₹6 lakh).

Earlier objections that the norms were overly intrusive have been addressed in the updated framework. Employees are now classified into two categories: Category A (encompassing CEOs, CIOs, and fund managers) and Category B (which includes COOs and sales heads). Category A employees adhere to a structured investment slab based on their CTC, while Category B employees are capped at 10 per cent of CTC, irrespective of whether their compensation qualifies them for higher tiers. This distinction ensures that roles directly influencing investment decisions are more tightly linked with fund performance, while non-investment roles are subject to more moderate requirements. This bespoke approach fosters strategic alignment and enhances employee morale.

SEBI's updated norms represent a thoughtful transition from rigid requirements to more adaptable guidelines. By lessening the financial burden on employees, aligning their interests with performance, and fostering innovation, the industry can now attract superior talent focused on long-term growth. For investors, this translates to improved fund management, a wider array of product choices, and enhanced accountability—strengthening India's mutual fund industry. The future isn't merely about having 'skin in the game'; it's about playing the game more intelligently and sustainably.

Shashikant
Shashikant Singh
Executive Editor

Understanding the Sharpe Ratio

Could you explain the Sharpe ratio mentioned in the 'Mutual Funds for Gen Z' story? I found the story extremely insightful.
- **Shyamolie B.**

Editor Responds : Thank you for taking the time to read and write to us! The Sharpe Ratio is a key metric in mutual fund analysis that helps investors evaluate risk-adjusted returns. It measures how much excess return a fund generates per unit of risk taken, helping compare funds with different risk levels. A higher Sharpe Ratio indicates better risk-adjusted performance, meaning the fund is delivering higher returns relative to its volatility.

Conversely, a lower ratio suggests that the returns may not justify the risk. Investors often use the Sharpe ratio to differentiate between funds with similar returns but varying degrees of risk. While practical, it should be considered alongside other factors like fund objectives, expense ratios, and market conditions to make well-informed investment decisions.

Content

Cover Story

MF Page **02**

Chinese Equities Surge: Should You Invest?

Financial Planning

MF Page **07**

Special Report

Mutual Funds Jump On To The Technology Bandwagon

MF Page **08**

Interview

Akhil Chaturvedi

Chief Business Officer and Executive Director
Motilal Oswal Asset Management Company

MF Page **14**