How new-age MF factsheets can help you make smarter decisions

Mutual fund factsheets are fast evolving from just compliance documents into investor-friendly decision tools

Ananya Grover
ananya.grover@livemint.com
MUMBAI

The monthly mutual fund factsheet, primarily a standardized disclosure and compliance document, is evolving into a more carefully crafted communication tool for fund houses in an era where investors are more digital and informed.

The shift reflects changing investor behaviour. Direct plans—where investors buy units directly from asset management companies (AMCs) without distributors—accounted for 49% of industry average assets under management in April 2026, up from 45% two years earlier, according to AMFI data. That rise suggests more investors are evaluating and comparing funds independently, increasing the importance of how fund houses present disclosures, portfolio positioning and performance context.

From disclosure to decision

Fund houses are now moving well beyond minimum disclosure requirements. Edelweiss Mutual Fund introduced a new factsheet format in 2026 called Fundverse, which includes rolling return analysis, portfolio overweight and underweight positions versus benchmarks, key return contributors, and SIP and SWP contribution breakdowns.

Rolling return analysis, unlike trailing returns, measures performance across every possible holding period instead of one fixed start date, giving investors a broader view of consistency across market cycles.

For instance, if an investor had invested in the Edelweiss Mid Cap Fund on 30 April 2021 and stayed invested till 30 April 2026, the fund would have delivered a 5-year trailing CAGR return of about 21.02%, turning ₹10,000 into nearly ₹25,968. But that reflects only one investment journey, and can be influenced by market conditions at the start date.

Rolling returns provide a broader and more reliable measure of consistency by analysing multiple overlapping periods. For instance, the 5-year rolling return considers every possible 5-year investment window since inception—such as 1 May 2011 to 30 April 2016, 2 May 2011 to 1 May 2016 and so on till the latest date.

In the Edelweiss Mid Cap Fund example, 5-year rolling return data showed an average CAGR of 19.53%, with the best 5-year CAGR at 36.98% and the worst at -2.62% as of 30 April.

Active bets

Portfolio overweight/underweight versus benchmark shows where the fund manager is placing active bets, while key return contributors break down which specific stocks or sectors drove the fund's performance in a given period, helping investors understand whether returns came from a broad portfolio or a handful of concentrated calls.

Edelweiss also shows how a systematic investment plan or systematic withdrawal plan has actually performed for someone investing or withdrawing at regular intervals.

Radhika Gupta, MD and CEO of Edelweiss Asset Management, said the shift was entirely investor-driven.

"The idea was not just to add more data, but to make it more relevant and usable," she said. "Simply put, the aim was to move from disclosure-led communication to decision-oriented communication."

Engagement has shifted from periodic updates to continuous, insight-led interaction—equipping investors with enough context to stay aligned with their goals rather than chase recent performance, she said.

Portfolio shifts

Capitalmind Mutual Fund, launched last year, has taken a more practical approach. Its flexicap fund factsheet includes a summary of monthly portfolio shifts.

While Sebi mandates AMCs to disclose monthly portfolios, investors typically need to compare older factsheets manually to identify changes. Capitalmind has started highlighting new entries, exits, and the top five increased and decreased positions.

Deepak Shenoy, founder and CEO, Capitalmind, said analysts and advisors were already doing this analysis using monthly portfolio disclosures.

"We felt it would be good to offer more visibility into how the portfolio is shifting month to month," he said.

The fund house started this with flexicap as a pilot and will also implement it for its multi-asset fund.

While Sebi mandates underlying disclosures—monthly portfolios, expenses, NAVs and performance—and AMFI provides format conventions, Shenoy noted that factsheets vary considerably in execution, with many AMCs going well beyond minimum compliance requirements.

"For us, the mutual fund factsheet is how we talk to investors, so we keep working on it," he said.

The investor has changed

Abhik Sanyal, head of marketing at DSP Asset Managers traces the evolution in three phases. The early direct-plan era of 2013–14 coincided with the rise of social media. A few years later came platforms aggregating mutual funds through simplified interfaces, while AMFI's *Mutual Fund Sahi Hai* campaign brought in a fresh wave of direct investors.

Markets then rallied from Covid lows, deepening retail participation.

Now, Sanyal said, the communication challenge itself has changed.

"Earlier it was one-way communication. Now people are also expressive — they write back, they write about you, they chase trends and find information even more easily, and they're even getting decently sophisticated advice from AI," he said.

Sanyal also flagged a concern about ease of access cutting both ways. While digital platforms have made investing convenient, that convenience—when accompanied by rising markets and outlier return outcomes—can give investors a false sense of confidence, leading them to chase recent performance or herd into popular stocks rather than make informed, long-term decisions.

Factsheets are not the only communication channel.

Sanyal said factsheets communicate the 'what' of a portfolio, while CEO letters, newsletters, annual reports, social media and market reports help explain the more important 'why'.

PPFAS Mutual Fund goes further with an annual unitholder meet.

Neil Parag Parikh, chairman and CEO of PPFAS Mutual Fund, said the open forum gives investors the chance to ask anything about how their money is being managed.

"This level of transparency helps us set the right expectations and fosters trust through clear, honest communication," he said. "Over time, this has created a strong two-way communication channel."

Review discipline

For all the improvements in factsheet design, financial planners caution against over-engagement.

Suresh Sadagopan, founder of Ladder7 Financial Advisories, argues that from a long-term perspective, tracking whether holdings in a particular stock or sector have increased or decreased adds little value.

What matters, he says, is doing the homework upfront—carefully checking the fund manager's track record, consistency through bull and bear phases, and how much the fund has beaten its index—and then sticking to the mandate.

A review every six months to check for major changes in investment philosophy or fund manager is sufficient.

Harshada Pawar, a certified financial planner, also recommends a quarterly or semi-annual review, focused on whether the fund still fits the portfolio and whether progress toward financial goals is on track.

"Many investors who track their portfolios on a daily basis succumb to short-term market noise and end up with returns lower than what markets would naturally deliver," she said.

"As markets decline, fear sets in quickly and either they stop SIPs or try to time the market—both hurt the wealth creation process."

Investors today are more informed, more direct and increasingly willing to manage their money without intermediaries. For fund houses, the challenge is no longer just disclosure. It is communicating in a way that informs without overwhelming, and builds conviction without encouraging the kind of hyperactive monitoring that quietly erodes long-term returns.

Decoding factsheets

As mutual fund factsheets become more detailed and investor-friendly, here's what key metrics and trends can reveal about a fund's strategy, risk and consistency.

Reading between the lines

What to check	What it tells you	Good sign	Look closer if...
Performance history and alpha	How the fund has performed and whether it has beaten its benchmark	Steady over the long term; consistent outperformance	Recent gains are masking long-term underperformance; alpha remains negative
Beta	Market sensitivity	Matches the fund's stated mandate	The fund has high beta despite being positioned as low-risk or stable
Sharpe ratio	Risk-adjusted returns	Higher than peers	Returns remain weak relative to the risk taken
Portfolio turnover	How frequently the fund buys and sells	Low to moderate; high only in dynamic or tactical funds with a clear mandate	Portfolio turnover is high despite no clear active trading strategy, raising costs and signalling instability
Top 10 holdings and sectors	Concentration risk	Diversified exposure	The portfolio shows hidden sector concentration
AUM trend	Investor confidence and scale	Gradually rising or stable	AUM has seen a sudden sharp decline
Expense ratio and exit load	Annual cost of owning the fund; early exit penalty	Competitive for the category; exit load nil after a short period	Costs are high or lock-in periods are long without a clear performance edge
Fund manager tenure	Stability and accountability	Long tenure with consistent track record	Fund manager changes are frequent

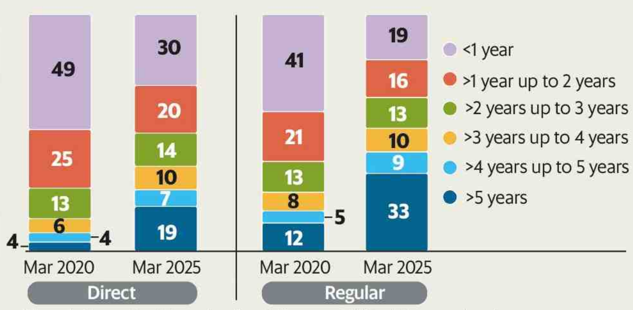
These metrics should not be viewed in isolation. Investors should look beyond point-to-point trailing returns and review rolling returns to assess how consistently a fund has performed across market cycles. For debt funds, some of these metrics are less relevant. Investors should instead focus on yield-to-maturity (YTM), modified duration, average maturity and the credit quality of the portfolio. A high sharpe ratio in a debt fund can sometimes hide underlying credit risk.

What financial planners advise

- **Review** factsheet every six months
- **Watch for changes** in investment philosophy or fund manager
- **Evaluate consistency** across bull and bear market phases
- **Compare long-term** returns against the benchmark index
- **Focus on investment** discipline rather than short-term rankings
- **Avoid excessive** monitoring or reacting to short-term volatility

Direct vs regular SIP behaviour

SIP investors in regular plans tend to stay invested longer than those in direct plans



Note: A direct plan is bought directly from an AMC, while a regular plan is purchased through intermediaries such as distributors.

Source: Amfi, Crisil Intelligence

AUM: Assets under management; SIP: Systematic investment plan

mint

GOPAKUMAR WARRIER/MINT

Liked this story? Please share it by scanning the QR code.