

Risk-Return Hierarchy of Diversified to Concentrated funds

Diversified funds – Focused funds – Thematic funds – Sector funds

- e. A focused fund is riskier than a diversified fund.

Fund Type	Objective	Composition
Diversified Fund	Achieve broad-based growth across market caps and sectors	Invests in a wide range of stocks across sectors and capitalizations
Focused Fund	Generate alpha through concentrated bets	Max 30 stocks; focused exposure across market caps/sectors
Thematic Fund	Capitalize on macro or structural themes	Invests in stocks aligned with a specific investment theme
Sector Fund	Maximize returns from a specific sector	Invests minimum 80% in a single defined sector (e.g., pharma, IT)