

# Active Share Decoded

# Active Share Simplified

Active Share is like comparing two pizzas. The benchmark pizza has only cheese and sauce (basic investments). The fund's portfolio pizza has various toppings (different stocks with different weights compared to benchmark). The more unique toppings your pizza has compared to the basic one, the higher your Active Share, meaning your portfolio differs more from the benchmark.



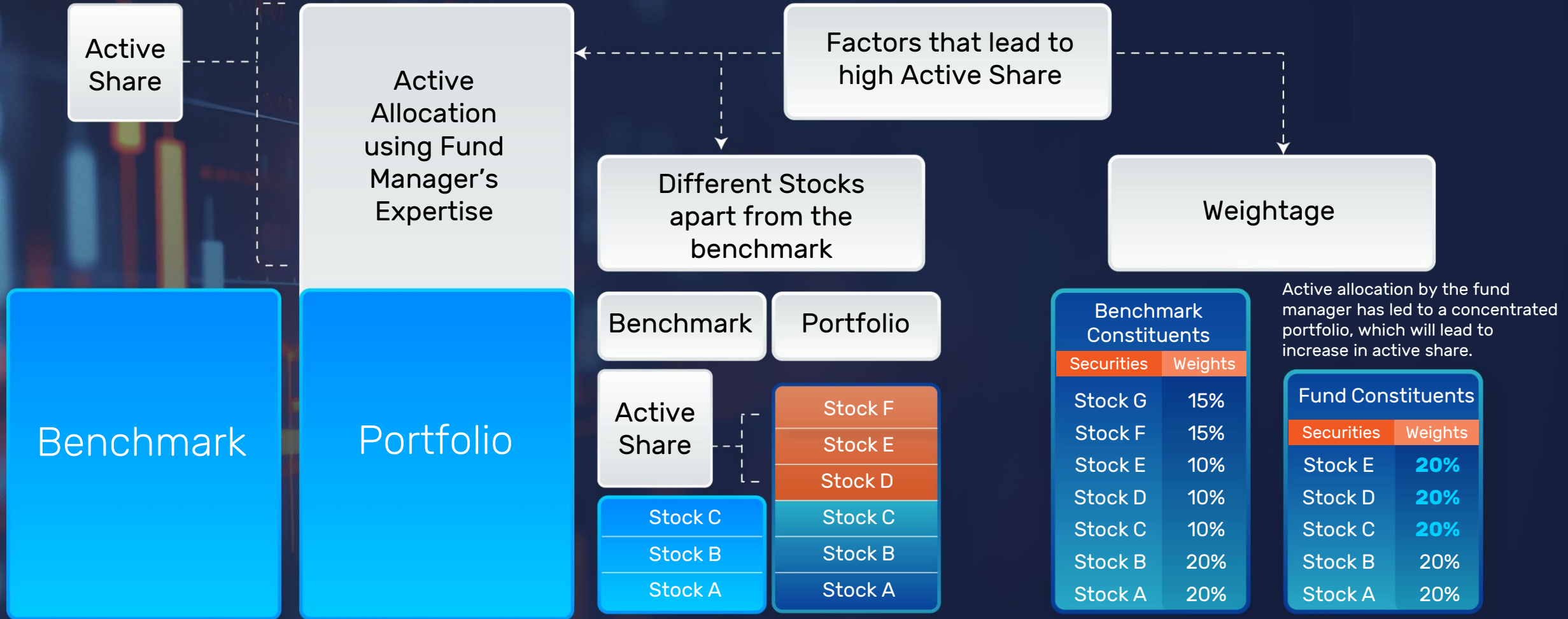
**Index**

The more toppings (weights) you add, the higher your Fund's Active Share will be.



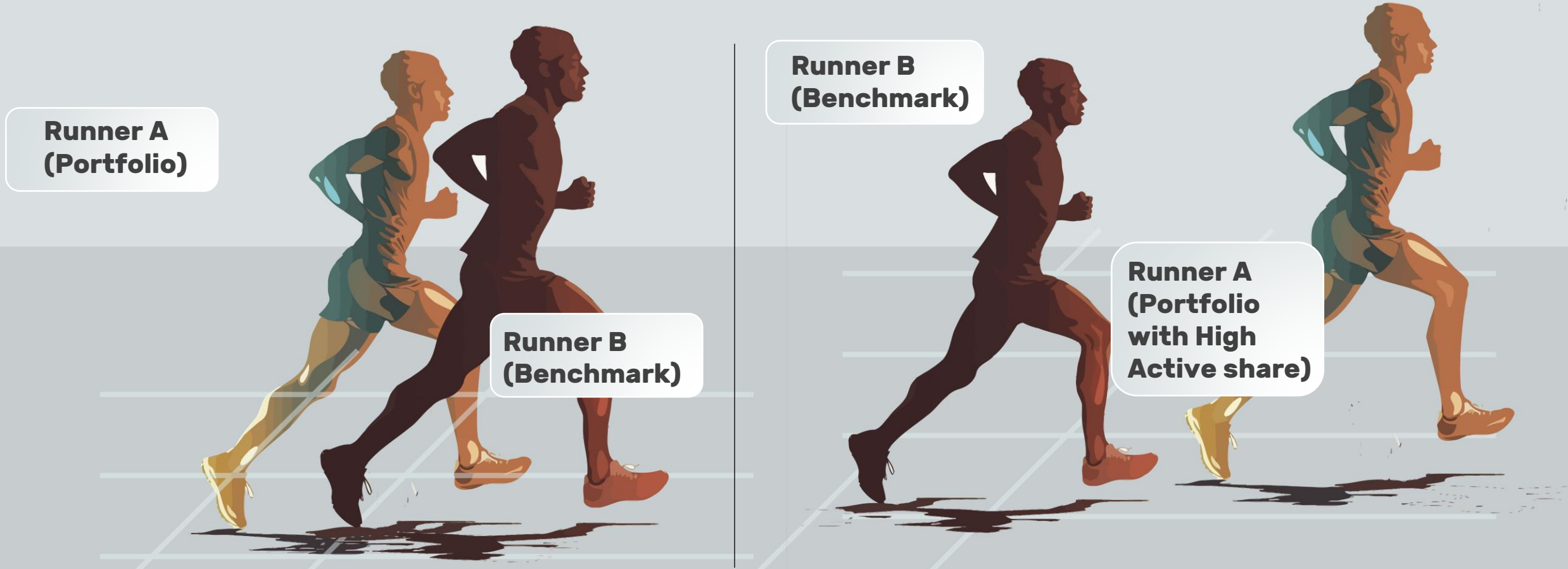
**Mutual Fund Portfolio with Active Share**

# Active Share: Explained in detail



# Active Share: Your Edge in Beating the Benchmark

If Runner A is running closely to Runner B, he will never be able to beat him in the race. Similarly, constructing a portfolio that is similar to the benchmark will not help the fund outperform it.



Active share is essential for outperforming the benchmark. It shows the fund manager's skill and active role in managing the fund. By changing weights and adding different stocks from the benchmark, the active share increases.



# Let us understand this using a Case Study

**100  
Stocks**

**Benchmark  
Constituents**



**25  
Stocks**

**Fund's  
Portfolio**

**Fund Manager A**  
Strategy: High Active Share



# Let us understand this using a Case Study

**100  
Stocks**

**Benchmark  
Constituents**

Stock Selection closely follows the benchmark indicating Low active allocation and hugging the benchmark

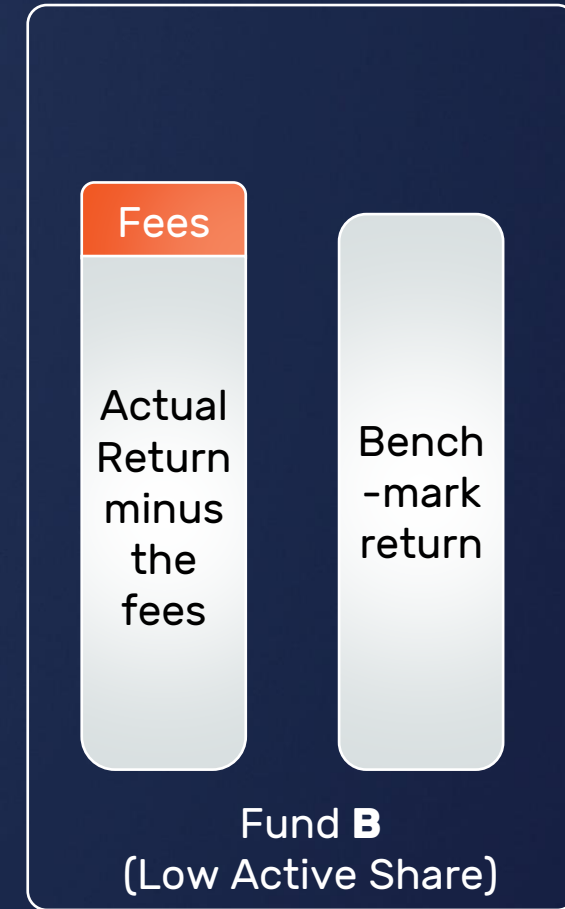
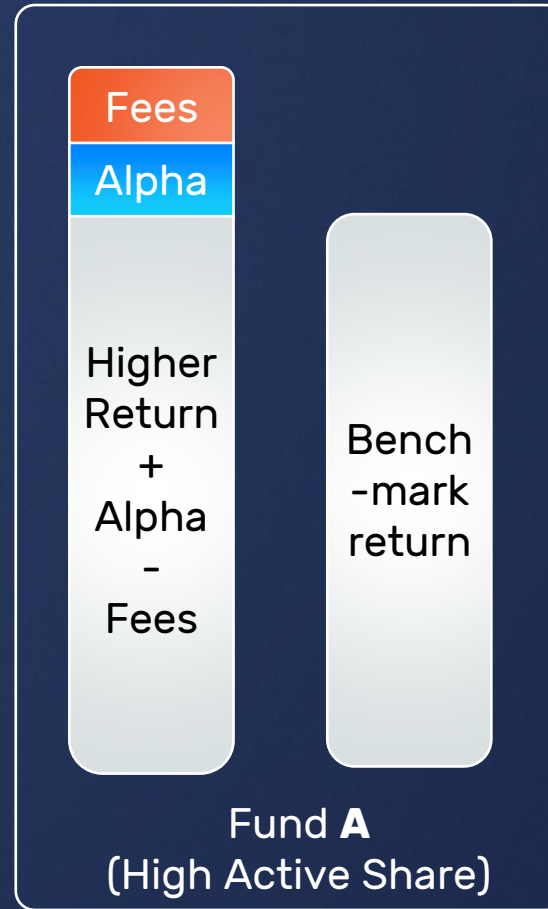
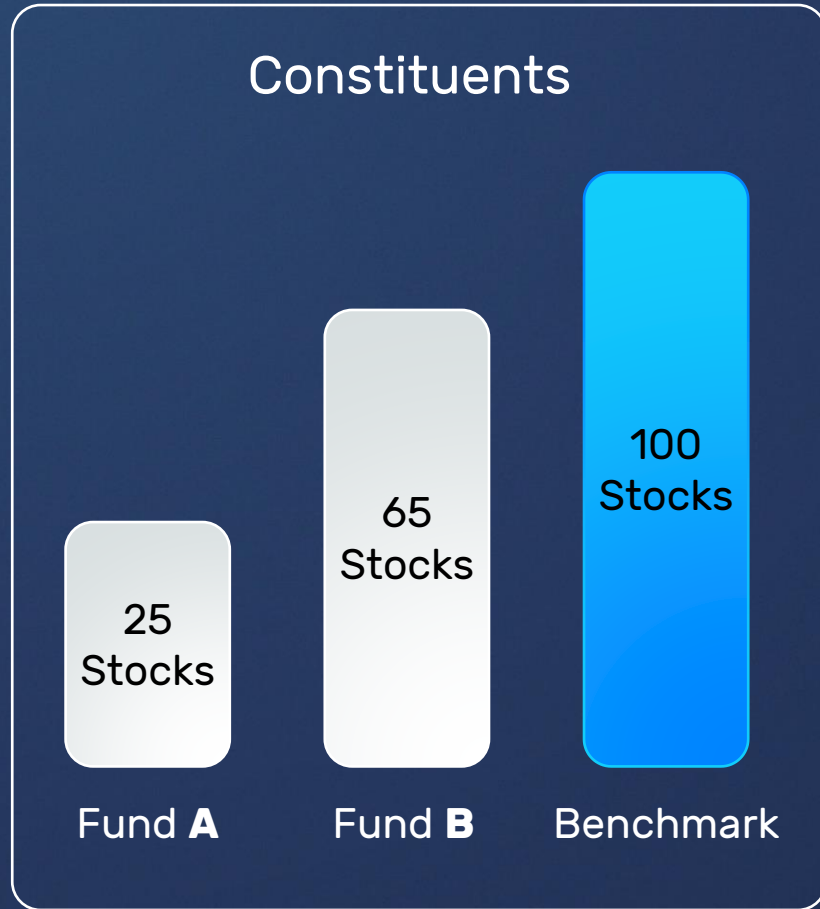
**65 Stocks**

**Fund's  
Portfolio**

**Fund Manager B**  
Strategy: Low Active Share

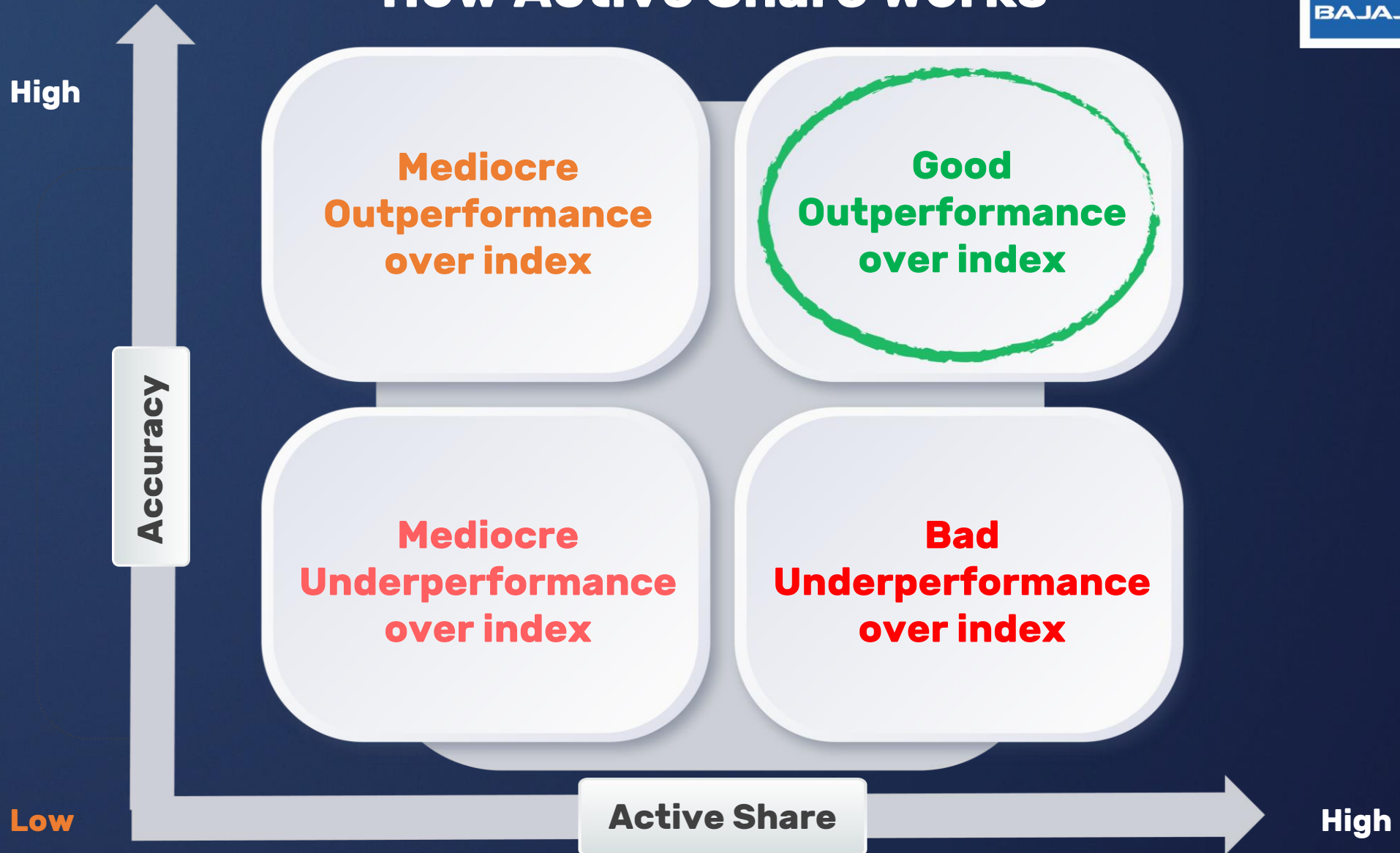


# Active Share: Unlocking Outperformance Potential



Fund Manager A's high active share strategy outperformed the benchmark even after fees, while Manager B's low active share led to lower returns than the benchmark after fees, making active share a key element to beat the benchmark returns

# How Active Share Works





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