



DEZERV

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**EXCLUSIVE
INTERVIEW**

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**BY THE TIME A
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If an investor builds a disciplined portfolio using top Mutual Funds and PMS strategies, what incremental return or risk-adjusted benefit does Dezerv add that justifies its layer?

The honest starting point is that "top" is a moving target. A large majority of funds in the top quartile over any rolling three-year period fail to stay there in the next three. Across most equity categories, 60 to 100 percent slip into lower quartiles. By the time a fund's three-year CAGR looks star-rated, the tailwinds have usually peaked, fresh capital floods in, and the investor ends up buying yesterday's winner at today's peak price. With over 1,800 schemes in total and 70 equity NFOs in FY25 alone, even a disciplined investor is selecting inside enormous noise.

But the deeper issue is structural. A disciplined DIY investor with the best mutual funds and the best PMS still has no one sitting above all of the products, rebalancing across equity, debt, REITs and AIFs as a single portfolio, making manager-level entry and exit calls, harvesting losses or coordinating tax across strategies.

There is also an information gap retail cannot close. Our team is in constant dialogue with fund managers and AMCs. That access surfaces strategy shifts, capacity constraints and team changes well before they show up in performance data. An individual investor working through apps and distributors does not have that conversation.

What Dezerv adds is a layer that owns the aggregate view, acts on opportunities without delay, and operates across asset classes rather than inside a single product. The benefit shows up as lower drawdowns during corrections, lower deviation of outcomes versus goals, and the absence of portfolio errors due to behavioural biases.



As you layer multiple managers and strategies into a single portfolio, how do you determine the optimal point where diversification continues to improve risk-adjusted returns, versus the point where it starts diluting high-conviction ideas and compressing alpha?

We think about diversification not as adding more managers, but as adding differentiated return streams. The moment incremental diversification stops improving risk-adjusted returns, it usually means we are introducing redundancy, not diversification.

Our process works in two stages. The first defines the manager universe and is built to avoid false diversification. We apply three filters to ensure every added manager is genuinely differentiated. One, we require at least 50 percent low overlap between managers. Two, we cap the aggregate number of underlying stocks across the combined portfolio, and third, we currently hold the combined portfolio to more than 40 percent active share against the benchmark, which keeps the blend meaningfully different from the index and rules out closet indexing.

The second stage is where optimisation actually happens. Once we have a clean, differentiated set of managers, allocation becomes the alpha driver. Two levers do most of the work. First, market-cap allocation, where we tilt dynamically between large, mid and small caps based on where we are in the cycle. And the second is style allocation, where we adjust exposure to growth, value and quality depending on the prevailing environment. These decisions, driven by our internal data models, are what determine whether diversification translates into better risk-adjusted returns or diluted alpha.

The optimal point itself is something we monitor continuously. We would rather hold fewer high-conviction, differentiated managers than build a complete but index-like portfolio. Category completeness is not the goal. Outcome completeness is.



How do you decide when to enter or exit a strategy or manager, and how frequently does that change?

The framework is PRISM, our proprietary fund analysis model, and it is the most operationally important piece of how Dezerv runs money.

PRISM evaluates over 400 factors across five dimensions. Portfolio construction and fundamentals capture concentration, capacity, and quality of holdings. Risk-adjusted returns cover Sharpe, Sortino, Treynor and maximum drawdown etc. Macro indicators bring in the environment: repo rate, yield spreads, VIX, FII-DII flows etc. Style and sector exposure tracks the fund's true tilt across size, style and sector etc. Momentum scores measure sustained directional strength against benchmark and the broader equity universe.

A machine learning model uses these factors to identify funds with a positive forward outlook. Our investment team then reviews the output, checks for discrepancies, applies guardrails against extreme outcomes, and finalises the portfolio. A new manager earns a place in the portfolio only if it improves incremental Sharpe, reduces concentration risk without meaningfully reducing active share, or adds a distinct factor or style exposure the current blend lacks. If an addition does not move these metrics, it is diluting conviction rather than enhancing diversification.

Reviews run monthly. Most months, the framework confirms the existing allocation. When PRISM flags an early signal, a manager whose risk-adjusted profile is deteriorating, a style drift, or a macro regime shift that changes the case for an entire strategy, we act sooner. The frequency of change is an output of the data, not a calendar event.



If I had invested ₹10 crore with you right from inception, what would my portfolio look like today and how different would that outcome be from a disciplined mix of mutual funds and PMS?

A ₹10 crore mandate with us does not start with a product. It starts with the allocation: corpus, liquidity needs, life-stage, risk capacity. From there, we build across our discretionary PMS strategies in equity, debt, REITs, precious metals and AIF strategies layered in where the allocation calls for it. A representative long-horizon portfolio might sit at roughly 55 to 65 percent equity across our PMS strategies, 25 to 30 percent debt & REITs and selective AIF allocations. The exact mix is calibrated to the client.

The substantive difference from a disciplined DIY mix is in the experience & returns over time, not only the labels on the holdings.

The DIY investor, even a sophisticated one, has by now likely chased one or two themes that ran hot, switched a fund or two on three-year ranking shifts, accumulated short-term capital gains from that churn, and made at least one allocation decision during a correction that they would unwind if given the chance again. None of that is a failure of discipline. It is the structural cost of being the person who has to make those calls.

The Dezerv client at the same point has had the portfolio rebalanced through corrections without their involvement, managers entered and exited in a timely & right way, losses harvested and gains coordinated across strategies for tax efficiency, and allocation tightened as life-stage and goals evolved. The drawdown profile is lower, the dispersion of outcomes against the original financial plan is narrower, and the tax drag is meaningfully lower. That is the real comparison.

