

The app can pick the fund. It cannot sit through March for you

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Maxim: *The final layer is human* — Dhirendra Kumar

AI tools are getting very good at choosing investments. What decides your returns is still what you do in the months when the screen turns red.

Choosing a good fund is the easy part. Staying in it is the job.

That job got harder again last week. On 8 October the Nifty fell to its lowest level of the year after the RBI raised its repo rate, and investors lost nearly ₹13 lakh crore of market value in two days, [Business Today reported](#). Two days earlier, Dhirendra Kumar of Value Research had published a column with a timely argument. An investment has three stages, he wrote: buying, holding and selling. [AI tools](#) are aimed mostly at the first and last, screening thousands of funds and explaining jargon in plain language. The long middle, where you keep the SIP going through a war or a crash, is where returns are actually won or lost, and no app can do that part for you.

India has just run that experiment on itself.

The month the ratio crossed 100

The year began at a peak. On 2 January the Nifty touched a record 26,340. Then came the war in West Asia, oil above \$116 a barrel at one point, record foreign selling and a rupee past 95 to the dollar. By 30 March the Sensex and Nifty had lost more than 11% in a single month, their worst since the Covid crash, [Business Standard reported](#).

This is the moment Kumar's column is about, and the SIP data shows what people did. The SIP stoppage ratio, which compares SIPs that ended with new ones started, was about 76% in February. In March it reached 100%, and in April 101%, as new registrations fell to a twelve-month low, according to AMFI data [reported by Angel One](#). More SIPs were closing than opening.

The ratio overstates the panic, because it also counts SIPs that simply reached their end date. And here is the other half of the story: in that same March, SIP inflows hit a record ₹32,087 crore, [AMFI's monthly note](#) showed. Most of the money kept coming while the market fell. By September the stoppage ratio had [eased to 78.53%](#), its fifth straight monthly decline, with inflows at another record.

So the same crash produced two kinds of investors. One group bought more units at lower prices without lifting a finger. The other stopped near the March lows, and missed buying at prices that, seven months later, are still roughly where they were. The fund did not decide which group you were in. You did.

The gap between the fund and the investor

This behaviour has a measurable cost. Every year Morningstar compares the returns funds earn with the returns their investors actually get, after the timing of their purchases and sales. In its 2026 study of US funds over the ten years to 2025, the average invested dollar earned 8.7% a year while the

funds themselves returned 9.9%, so investors gave up about an eighth of the total, [WealthManagement.com reported](#). Some academics argue the gap overstates the cost of bad timing, [as a recent paper in the Financial Analysts Journal did](#). It is a fair caveat. But nobody finds that buying high and selling low helps.

Indian data points the same way. A study by Axis Mutual Fund of equity funds over the two decades to 2022 found the funds returned about 19.1% a year, while investors who came in as lump sums earned about 13.8%, and SIP investors about 15.2%, [Cafemutual reported](#). The SIP habit closed part of the gap on its own, simply by taking the decision out of the investor's hands each month.

The new voices in the investor's ear do not always help. In Sebi's investor survey for 2025, 62% of investors said they had acted on advice from a finfluencer, [Outlook Money reported](#). The regulator now uses its own AI tools to scan social media for misleading advice. Smarter tools can filter the noise. They cannot make you ignore it.

Building the human layer

If behaviour is the last layer, it can be designed like the others. The aim is not to become braver. It is to need less bravery.

Start by deciding in calm weather what you will do in a storm. Write down, in a sentence or two, why each investment exists and how long it is meant to stay. A fund held for a goal fifteen years away does not need checking in a week like the one just gone. Then make the default the right action: a SIP on auto-debit, an annual rebalancing date in the calendar, and the investing app off the home screen of your phone. Each removes one moment when a nervous thumb could undo a sensible plan.

Keep a short list of things that are not reasons to sell: a bad month, a war on the news, a forwarded video, a friend who has moved to cash. Keep an equally short list of things that are: a goal that has arrived, a fund that has changed its manager or mandate and lagged for years, an asset mix that has drifted far from plan. Use AI tools for what they do well, comparing funds and checking overlap, and ask them to argue against your plan before you act on any fear.

If you do one thing: Before you stop or pause a SIP, wait one full month and look at your written reason for starting it. If the goal has not changed, let the instalment run.

The tools will keep getting better. They will find the funds, read the documents and translate the jargon. The last decision will still be made by a person, usually on a bad day. The investors who simply kept paying in through March are the quiet proof that the final layer can be built.

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