

# Quarterly Mutual Fund Industry Update

March 2018



Industry Size

Investor Trends

Inflow Outflow Analysis

Sector Update

Category Performance

Industry Insights

Regulatory Update

SET Trading by groups

GROUP	OPEN	HIGH	LOW	CLOSE
SET	1,087.84	1,087.84	1,087.84	1,087.84
SET 50	6,047.42	6,047.42	6,047.42	6,047.42
SET 100	12,803.00	12,803.00	12,803.00	12,803.00
SET 200	3,009.95	3,009.95	3,009.95	3,009.95

Key Indices

INDEX	PREVIOUS	CHANGE
SET	1,292.81	-15.97
SET 50	879.72	-14.49
SET 100	1,925.37	-29.35
SET 200	1,067.20	-16.76
SET 500	359.21	-0.35
SET 1000	1,474.72	-26.59
SET 2000	1,895.79	-13.47
SET 3000	1,916.51	-1.38
SET 4000	1,527.49	-22.73
SET 5000	1,741.50	-10.98
SET 6000	2,125.65	-6.39
SET 7000	369.61	
SET 8000	200.02	

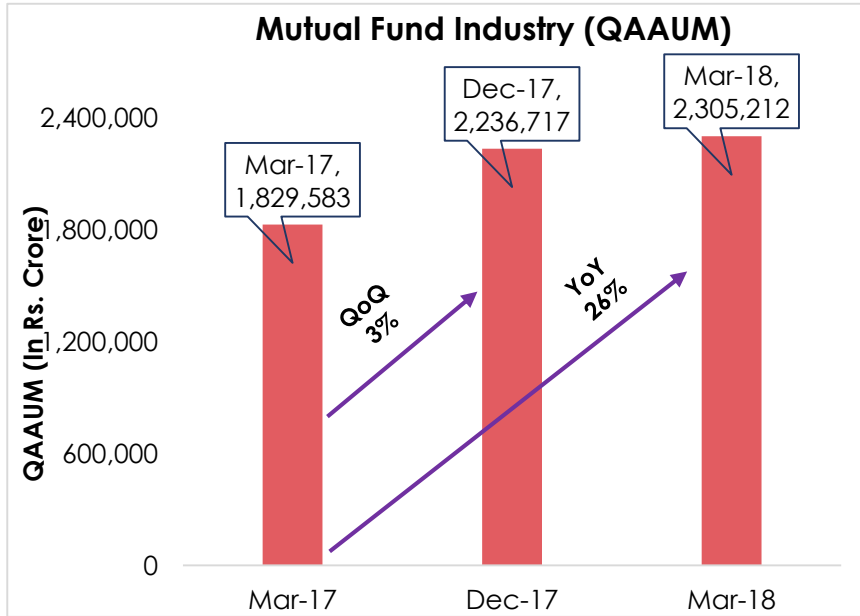
Paper & Printing	1,708.29
Petrochem & Chem	10,905.67
Packaging	9,483.19
Steel	2,823.07
Prop & Construct	
Construct Materials	
Property Dev	
Property Fund	
Construct	

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# Industry Size

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Source: AMFI, ICRA Online Research

Note: QAAUM – Quarterly Average Assets Under Management

**Rs. 68,495 crore added in Q4FY18**

### Growth trend of AMC's for the quarter ended Mar-18

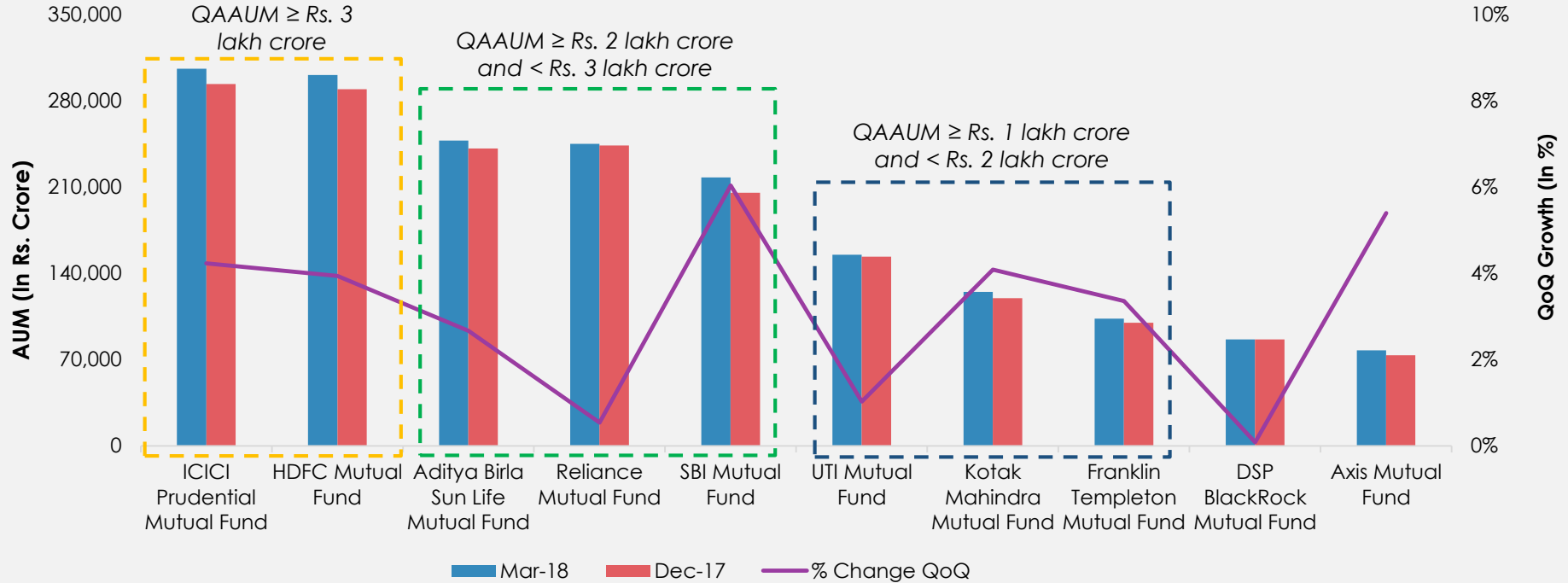
AMCs	Range
Top 5	0.5% to 6%
Next 10	-5% to 10%
Rest	-15% to 35%

Source: AMFI, ICRA Online Research

Note: QoQ growth of QAAUM as of Mar-18

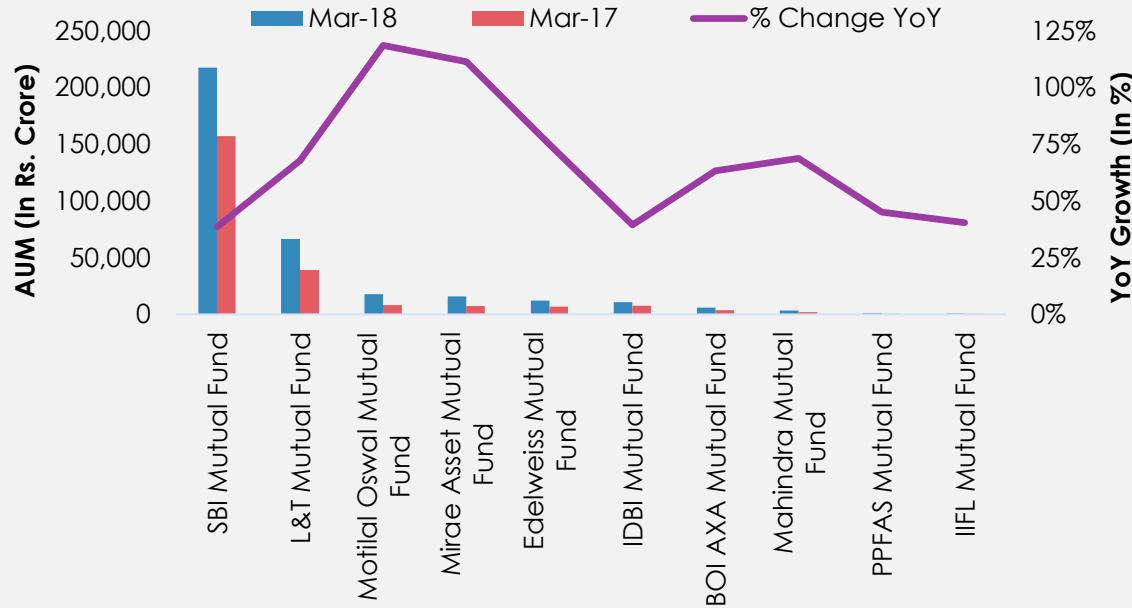
- ✓ Industry Quarterly Average Assets Under Management (QAAUM) grew for the **18<sup>th</sup>** consecutive quarter in Q4FY18
  - The 3.1% quarterly growth in industry assets was driven by benign capital markets for most part of the fiscal; investor awareness campaigns like “Mutual fund sahi hai”; and strong retail participation, especially from B-15 investors

## Top 10 AMC's



Source: AMFI, ICRA Online Research

## Top 10 Fastest Growing AMCs



Source: AMFI, ICRA Online Research

Among the larger AMCs (QAAUM > Rs. 35,000 crore), SBI and L&T Mutual Fund have shown tremendous growth in assets

QAAUM of eight fastest growing AMCs below Rs. 20,000 crore

# Private sector JVs (predominantly Indian) manage ~55% of Q4FY18 QAAUM

Category		As a % of Q4FY18 QAAUM	QAAUM (In Rs. Crore)			Growth	
			Q4FY18	Q4FY17	Q4FY16	Year 1	Year 2
Bank Sponsored	Joint Ventures - Predominantly Indian	<b>10.3%</b>	236,474	170,901	118,822	38.4%	43.8%
	Joint Ventures - Predominantly Foreign	<b>0.5%</b>	10,760	7,719	6,835	39.4%	12.9%
	Others	<b>7.4%</b>	169,958	151,046	114,501	12.5%	31.9%
Institutions	Indian	<b>0.9%</b>	20,768	21,888	13,514	-5.1%	62.0%
Private Sector	Indian	<b>17.7%</b>	408,322	309,118	228,925	32.1%	35.0%
	Joint Ventures - Predominantly Indian	<b>54.8%</b>	1,262,372	1,007,955	723,393	25.2%	39.3%
	Foreign	<b>6.6%</b>	153,271	118,491	94,756	29.4%	25.0%
	Joint Ventures - Predominantly Foreign	<b>0.9%</b>	19,692	15,287	13,210	28.8%	15.7%
	Joint Ventures - Others	<b>1.0%</b>	23,595	26,117	25,987	-9.7%	0.5%

Source: AMFI, ICRA Online Research

Note: Year 1 – Q4FY18 vs Q4FY17, Year 2 – Q4FY17 vs Q4FY16

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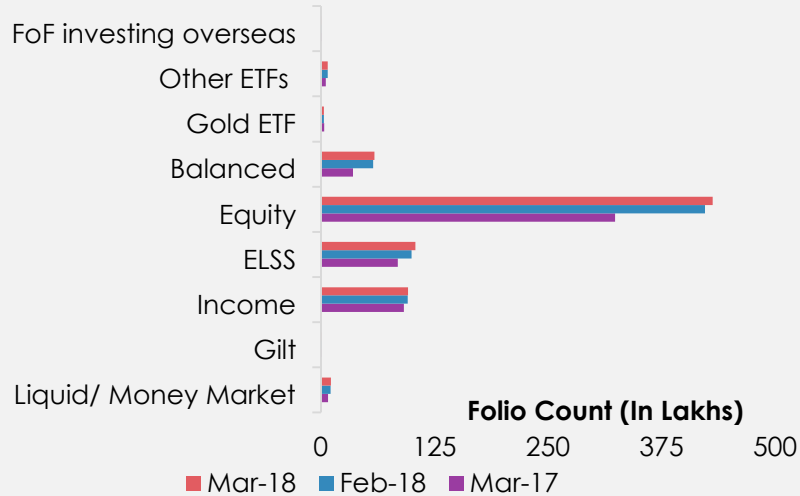
# Investor Trends

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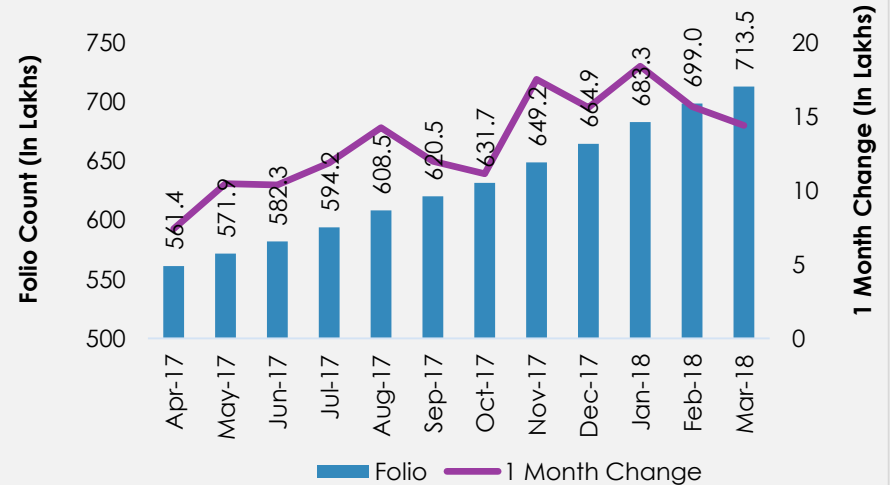


## Category-wise Folio Count (In Lakhs)



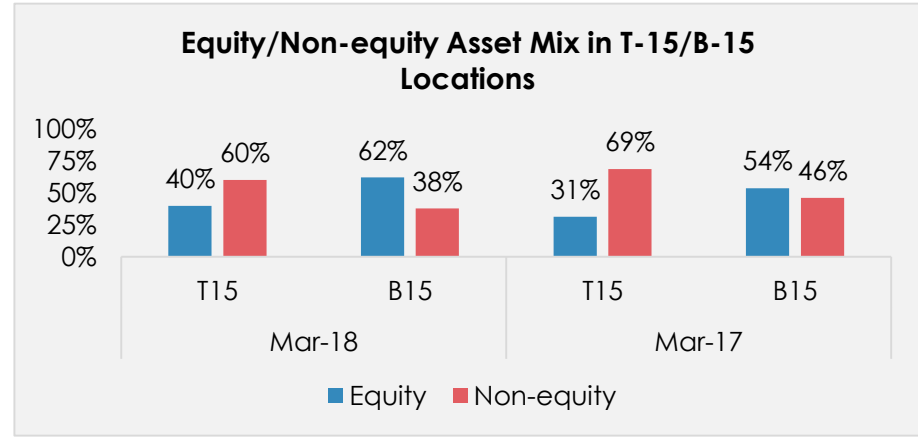
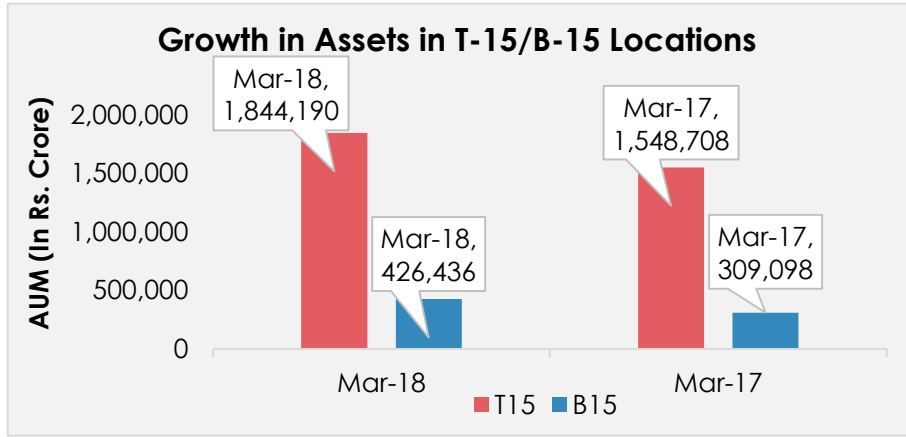
Source: AMFI, ICRA Online Research

## Folio Growth in Last 12 Months



Source: SEBI, ICRA Online Research

- ✓ As per data from SEBI, total folio count at the end of Mar-18 stood at 7.1 crore, 7.3% higher than the previous quarter
- ✓ The mutual fund industry added close to 48.6 lakh new folios in Q4FY18 out of which 42.4 lakh were in the Equity category (including ELSS)



AUM Garnered by Different Channels				
	Mar-18		Mar-17	
	T-15	B-15	T-15	B-15
<b>Direct Plan</b>	46%	20%	46%	22%
<b>Associate Distributor</b>	6%	17%	6%	13%
<b>Non-Associate Distributor</b>	48%	64%	48%	64%

Source: AMFI, ICRA Online Research

- ✓ The country's smaller towns or B-15 (beyond top 15 cities) locations accounted for 18.8% of the total industry AUM at the end of Mar-18
- ✓ In the last 12 months, B-15 towns have witnessed AUM growth of 38% or Rs. 1.17 lakh crore to reach Rs. 4.26 lakh crore

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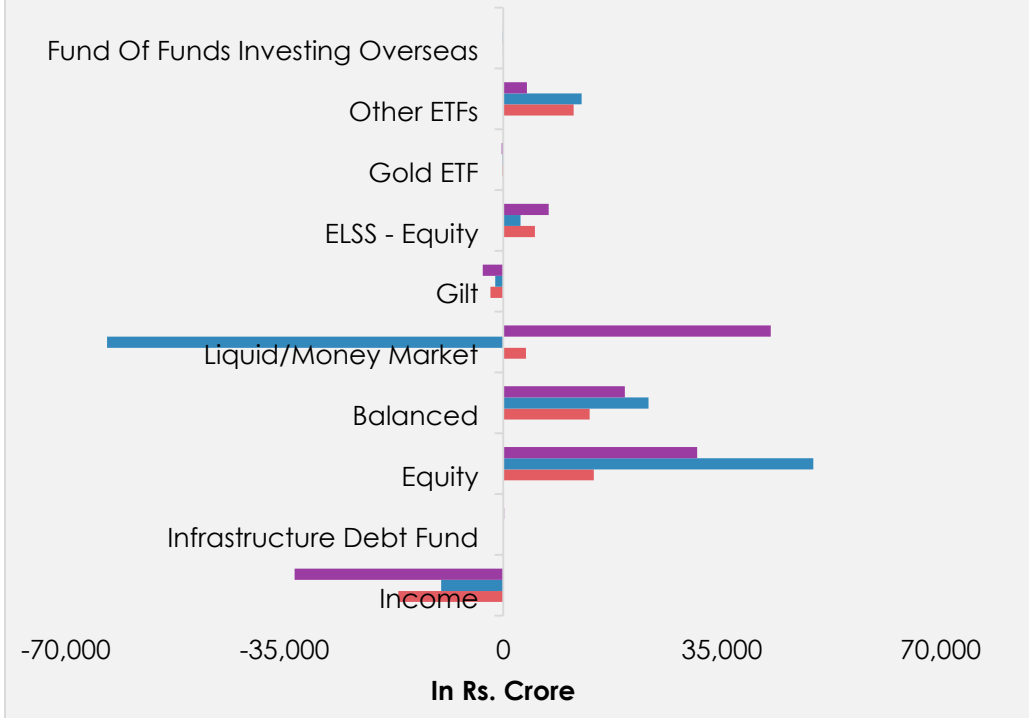
# Inflow Outflow Analysis

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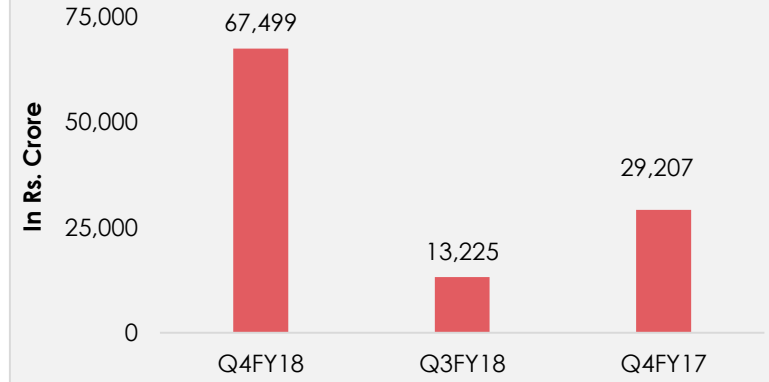
### Category-wise Net Inflow/Outflow

■ Q4FY18 ■ Q3FY18 ■ Q4FY17



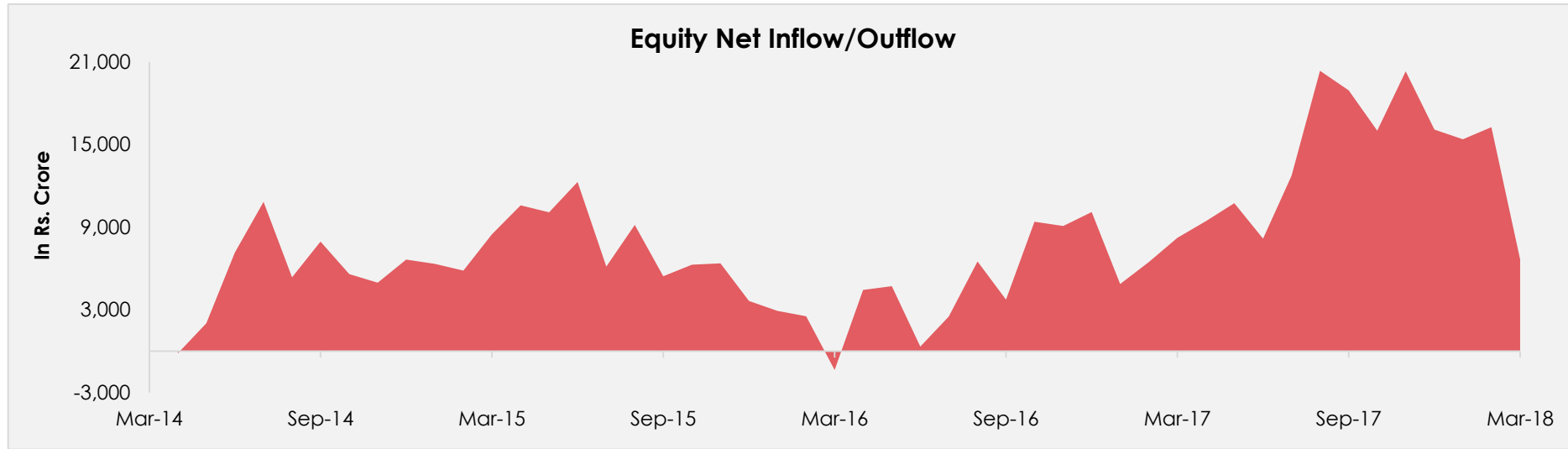
Source: AMFI, ICRA Online Research

### Industry-wide Net Inflow/Outflow



Source: AMFI, ICRA Online Research

In Q4FY18, net inflow in the Equity category (including ELSS) was Rs. 38,315 crore compared with Rs. 19,558 crore in Q4FY17, mainly driven by Systematic Investment Plans (SIPs). In FY18, cumulative SIP contribution was Rs. 67,190 crore, up from Rs. 43,921 crore in FY17



Source: AMFI, ICRA Online Research;

Note: Equity includes ELSS funds

- ✓ Equity funds (including ELSS) saw net inflow of Rs. 38,315 crore in Q4FY18 vis-à-vis Rs. 52,397 crore in Q3FY18. Cumulative inflow into these funds surged 143% to Rs. 171,069 crore in FY18 from Rs. 70,367 crore in FY17
- ✓ As per AMFI data, SIP contribution grew 62% in Q4FY18 to Rs. 20,188 crore from Rs. 12,480 crore in Q4FY17

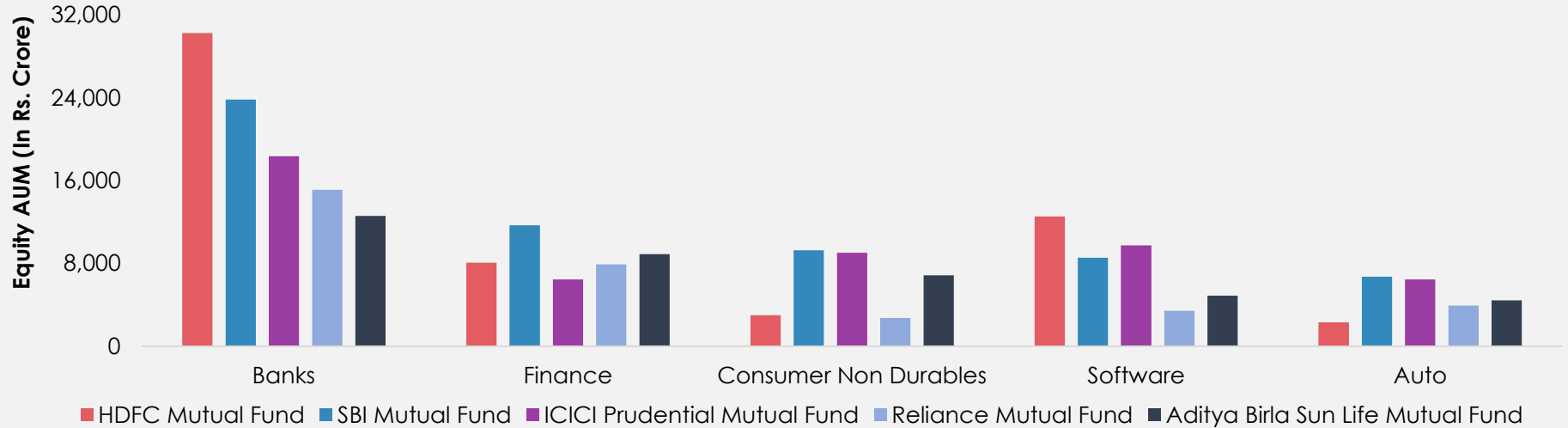
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# Sector Update

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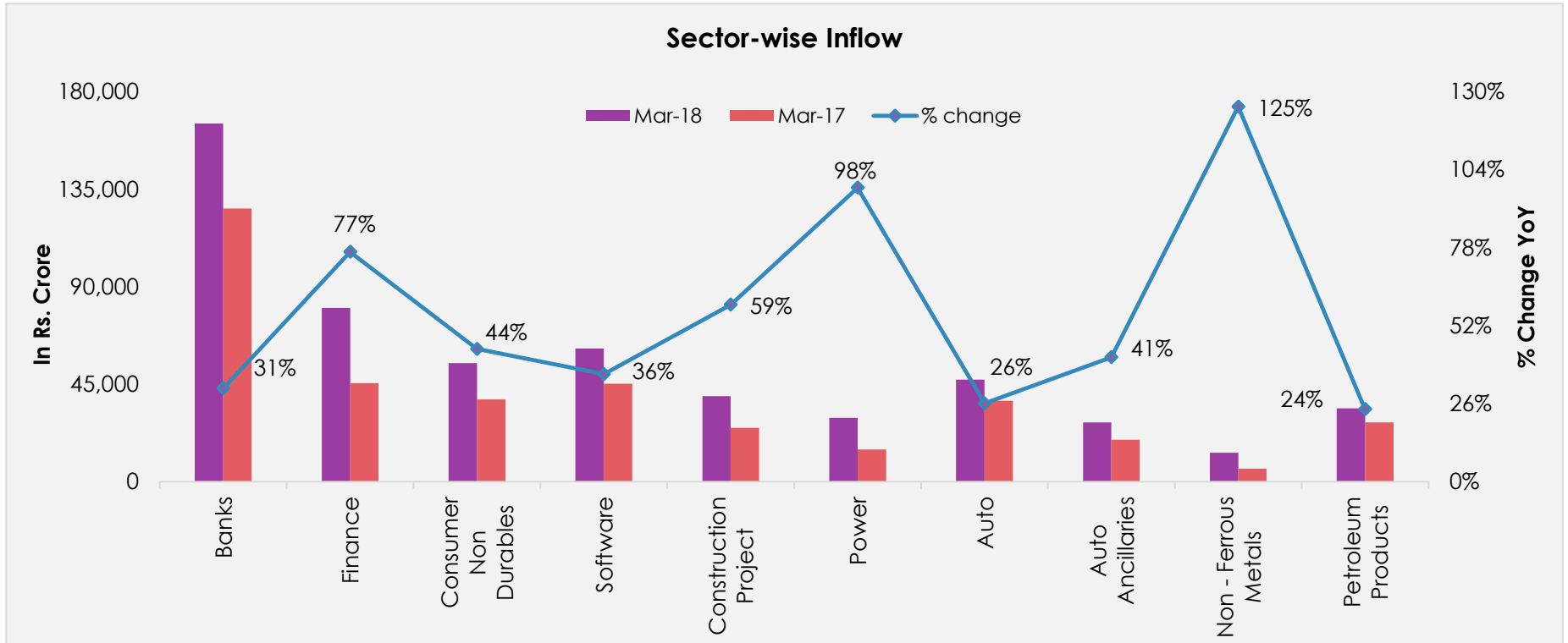


Equity Exposure of Top 5 AMCs in Top 5 Sectors (Mar-18)



Source: AMFI, ICRA Online Research

- ✓ AMCs continue to bet on Banks and Finance sectors with ~ 30% of the total Equity AUM exposure
- ✓ Over the year, holdings in Power sector increased ~98%, Finance sector ~78% and Construction Projects sector ~59%



Source: AMFI, ICRA Online Research

Note: Only top-10 sectors considered, \*Increase in exposure is in absolute terms

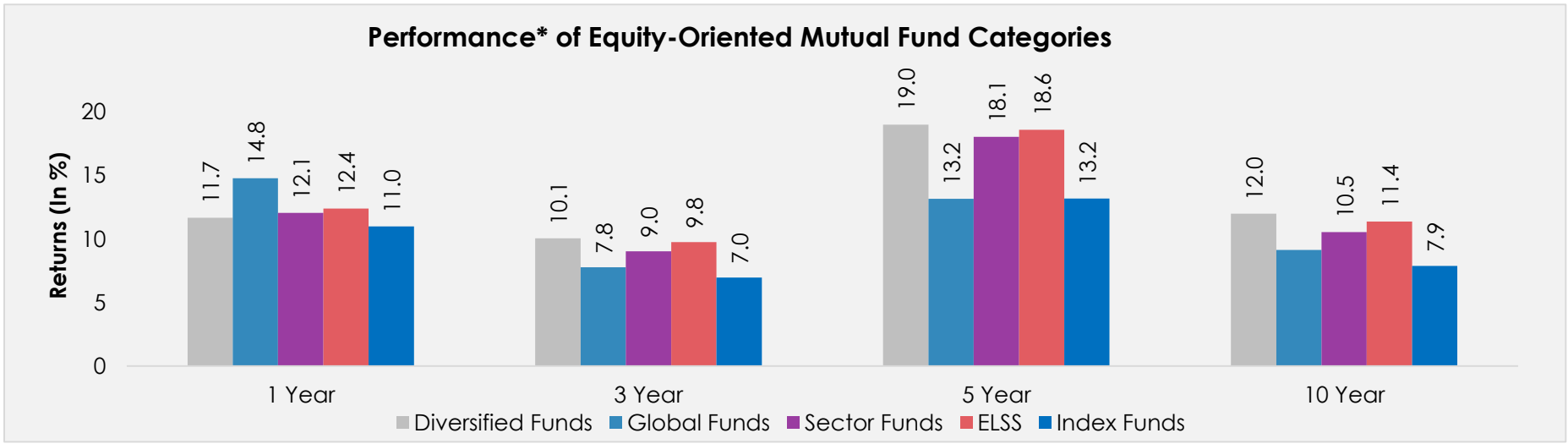


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# Category Performance

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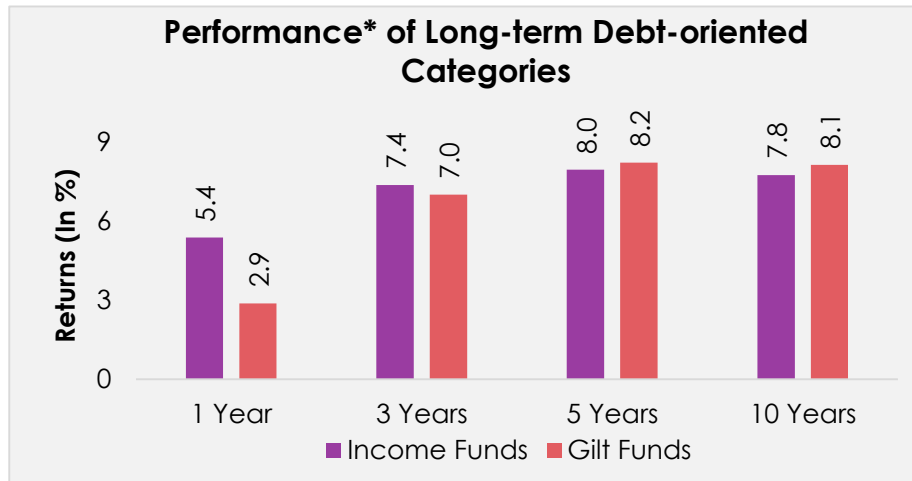
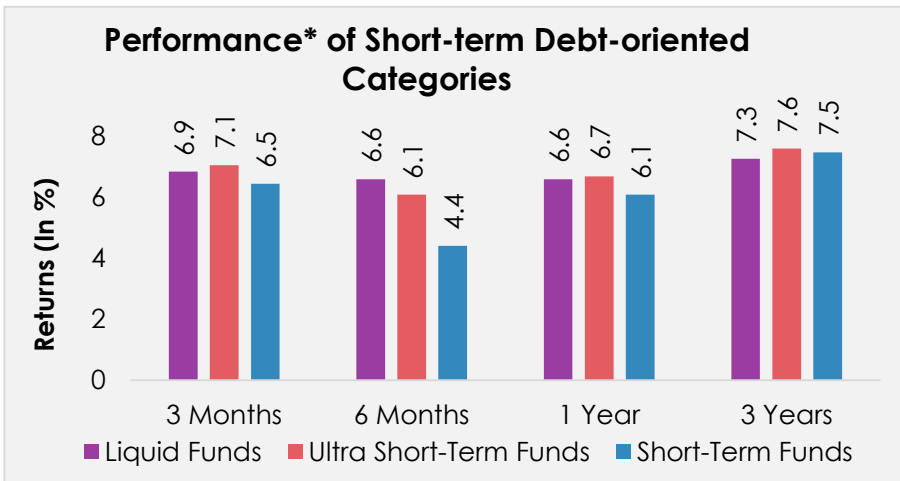




Source: ICRA Online Research;  
 Note: \*Compound Annualized returns  
 Data as of Mar-18

## Key drivers:

- ✓ Market corrections led to 3.2% and 4% QoQ decline in S&P BSE Sensex and Nifty 50 benchmark indices, respectively
- ✓ Factors like loan frauds in the domestic banking sector, fear of a global trade war, geopolitical tensions worried investors



Source: ICRA Online Research

Note: \*Compound annualised returns for periods ≥1 year; Simple annualised returns for <1 year

Data as of Mar-18

## Key drivers:

- ✓ Bond yields surged in Q4FY18 over concerns of fiscal deficit. They moderated towards the end of the quarter after reports revealed government will lower borrowings in H1FY19
- ✓ Income category witnessed net outflow of Rs. 33,389 crore in Q4FY18 on the back of higher yields

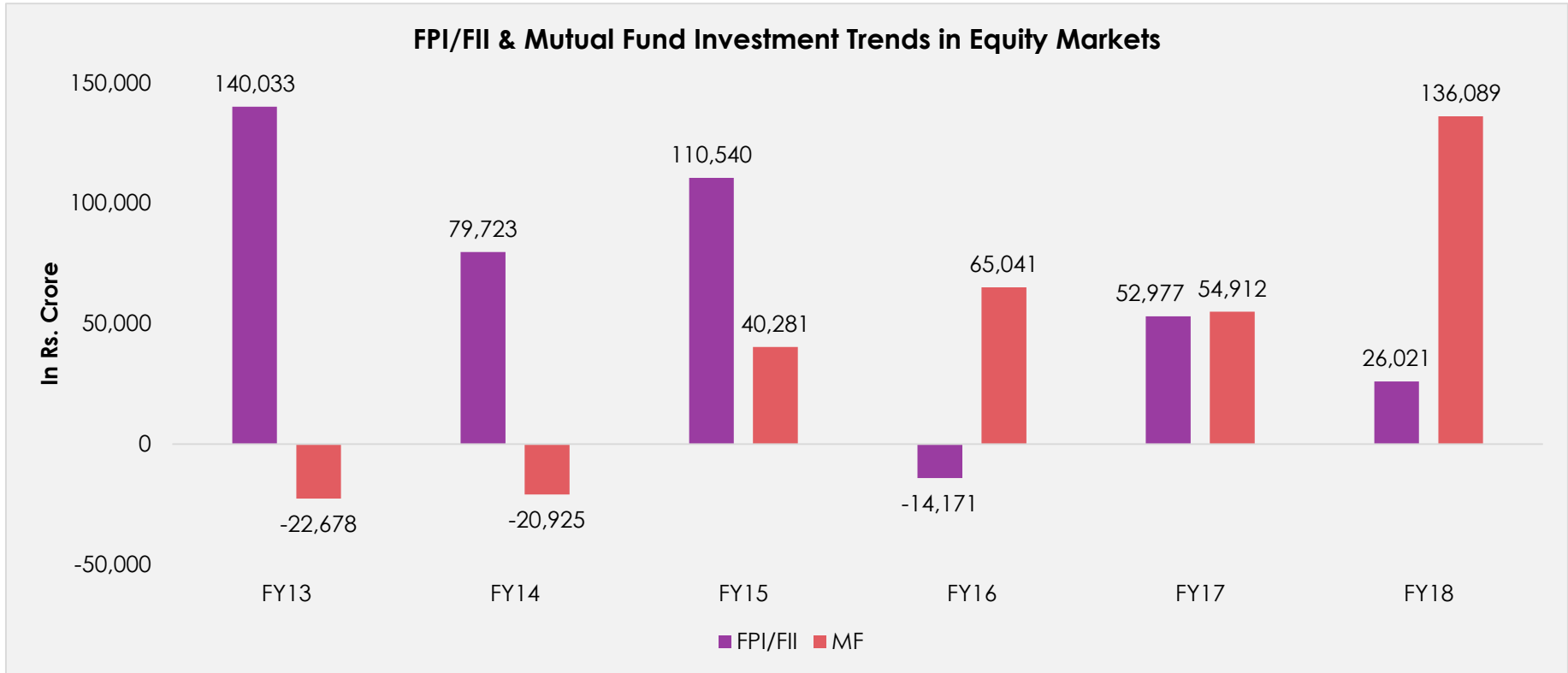
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# Industry Insights

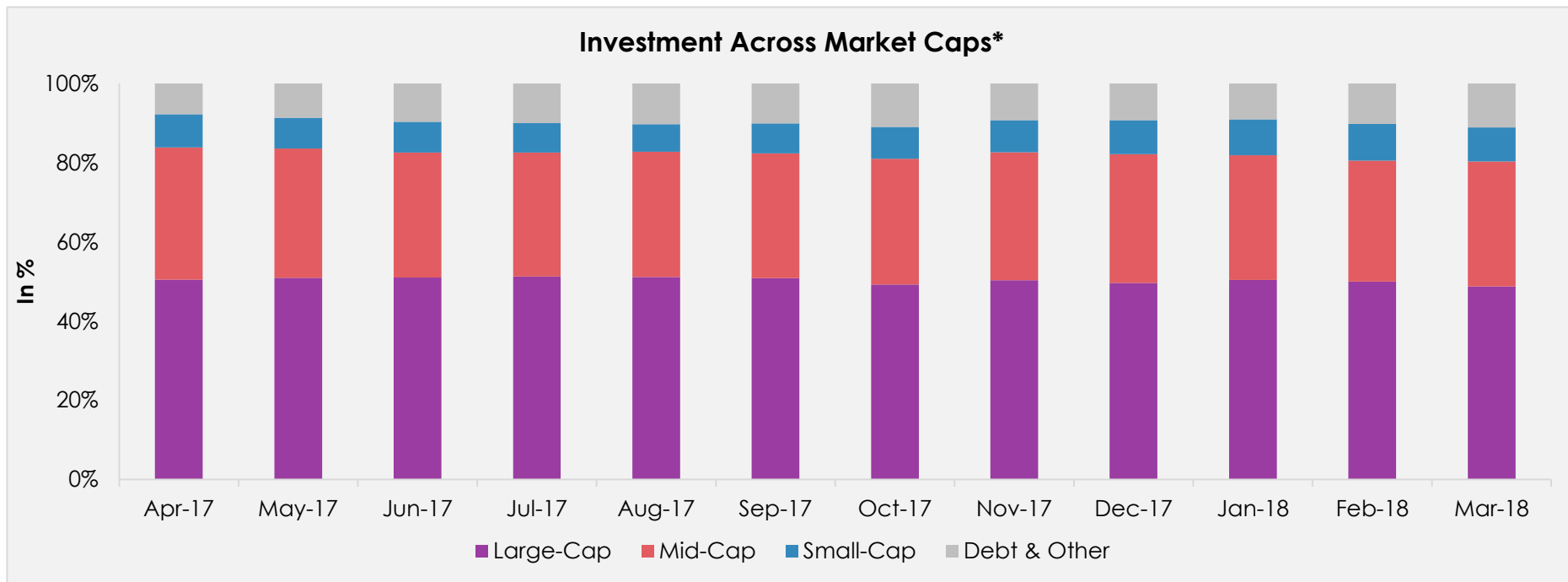
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FPI/FII & Mutual Fund Investment Trends in Equity Markets



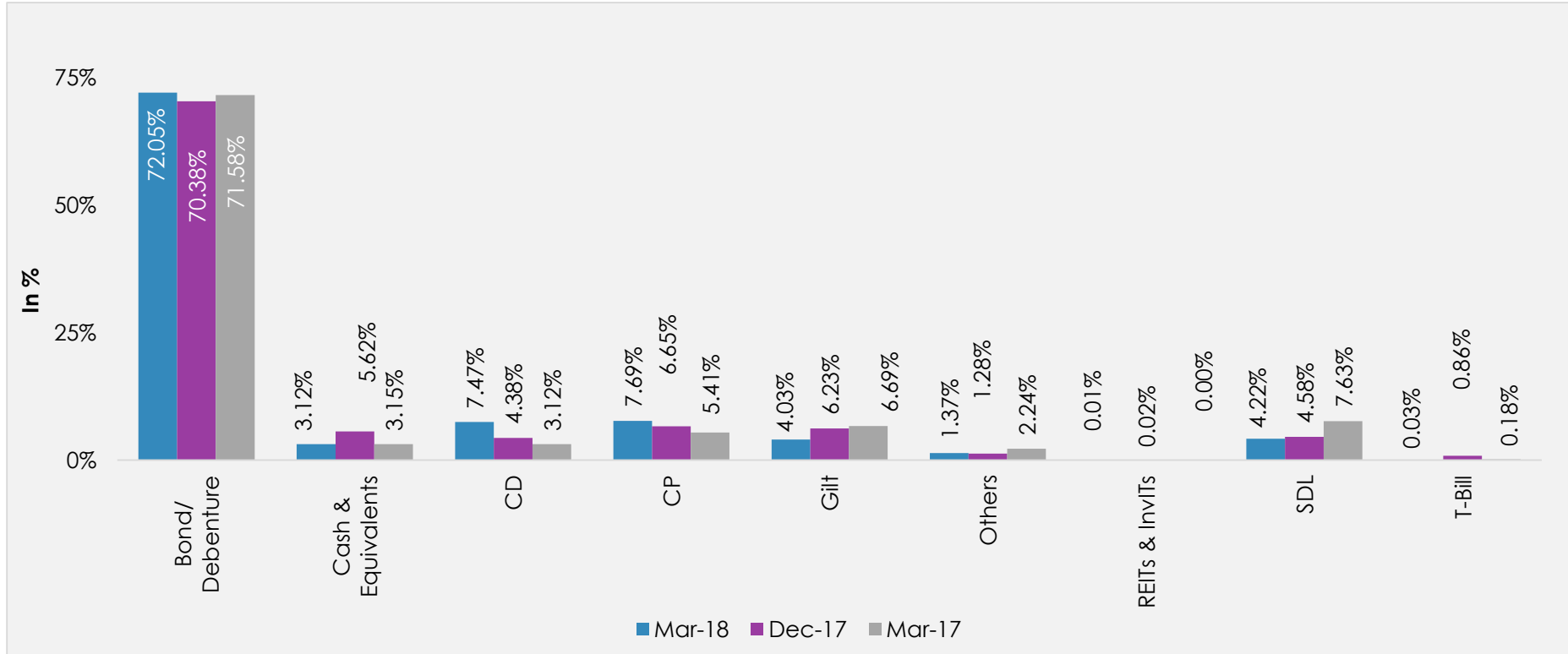
Source: ICRA Online Research



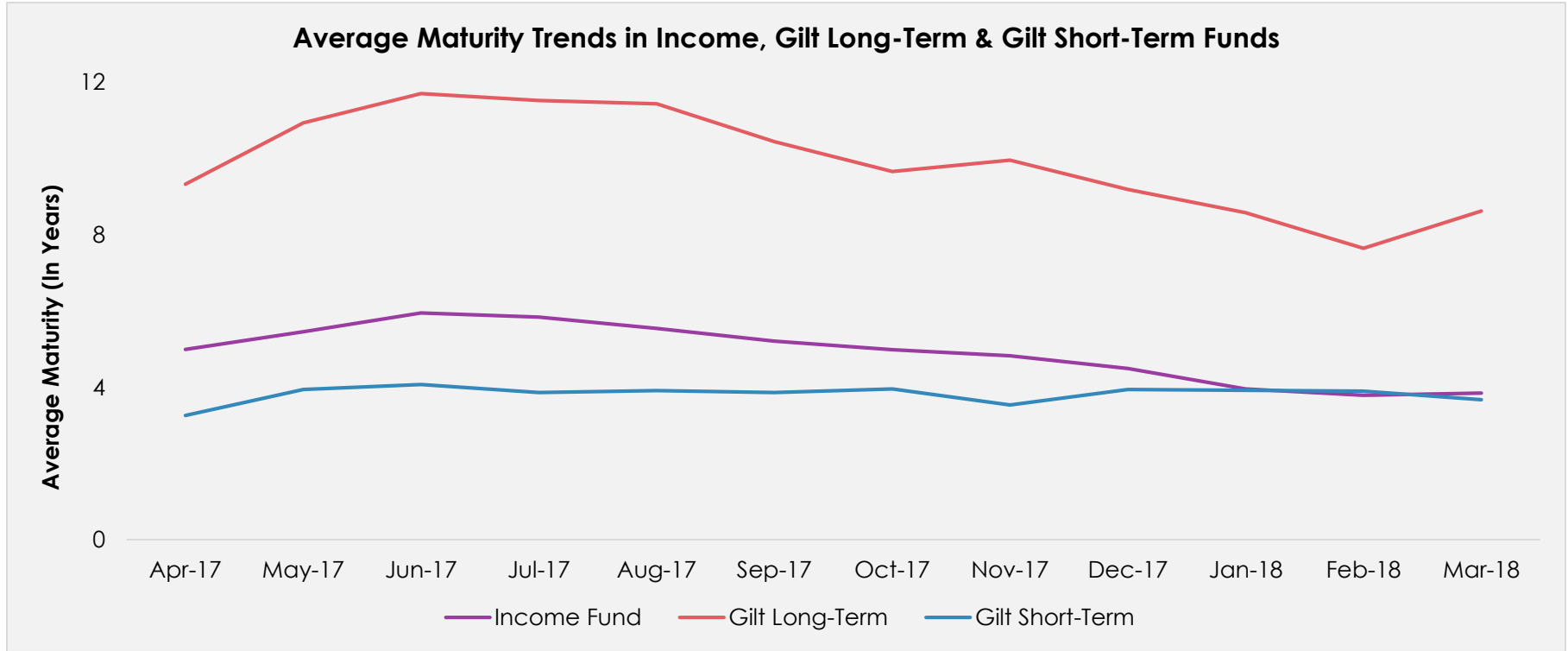
Source: ICRA Online Research

Note: \*On the basis of ICRA Online classification, only Equity Diversified funds were considered for analysis

# Instrument allocation pattern in Debt segment



Source: ICRA Online Research



Source: ICRA Online Research

Note: Categorisation of Income and Gilt funds as per ICRA Online classification



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# Regulatory update

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Date	SEBI mandate	Effective from	Brief	Earlier practice	Impact on retail investors
02-Feb-18	Disallows charging of additional expenses	Immediate effect (02-Feb-18)	AMCs cannot charge additional expenses of up to 0.2% of daily net assets for schemes where exit load is not levied/not applicable (includes close-ended schemes)	AMCs charge up to 0.2% of daily net assets for additional expenses, incurred towards different heads	Has lowered the cost of investments
02-Feb-18	Allows additional Total Expense Ratio (TER) to be charged only for B-30 locations	01-Apr-18	<ol style="list-style-type: none"> <li>1. Definition of top cities and beyond top cities has been revised. The T-15 and B-15 would be replaced by T-30 and B-30</li> <li>2. Additional TER of up to 30 basis points would be allowed for inflow from beyond top 30 cities (B-30) instead of beyond top 15 cities (B-15)</li> </ol>	AMCs charge additional TER up to 30 basis points on daily net assets of the scheme if the new inflow from B-15 cities are at least (a) 30% of gross new inflows in the scheme or (b) 15% of the average AUM (year to date) of the scheme, whichever is higher	<ol style="list-style-type: none"> <li>1. Has lowered the cost of investments</li> <li>2. Penetration of mutual fund beyond top 30 cities</li> </ol>

Source: SEBI

Date	SEBI mandate	Effective from	Brief	Earlier practice	Impact on retail investors
05-Feb-18	Changes AMC's disclosure norms for TER	01-Mar-18	<p>1. AMCs need to disclose Total Expense Ratio (TER) of all schemes under a separate head on their website on daily basis; downloadable in spreadsheet</p> <p>2. Any change in the base TER of a scheme will be communicated to investors through email or SMS at least three working days prior to effecting such change</p>	AMCs disclosed monthly TER in factsheets	Has provided greater transparency and uniformity
12-Apr-18	Frames disclosure norms for consolidated / merged schemes	01-May-18	SEBI provided a framework for performance disclosure of schemes post consolidation/merger. While different formats for different scenarios are prescribed, the common theme is AMCs will have to disclose the weighted average performance of both the new and old schemes	No specific norms for disclosing the performance of a surviving scheme post merger	Has provided greater transparency and uniformity

Source: SEBI

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