

Investors, Mutual Funds & Returns – Trend Analysis Report

July 2018



Industry Size

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Category Performance

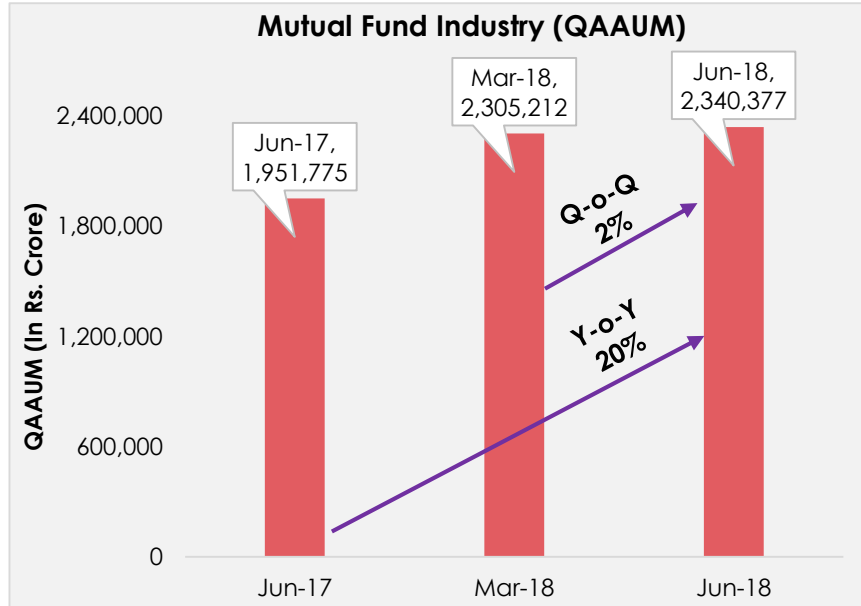
Industry Insights

Regulatory Update



Industry Size





Source: AMFI, ICRA Online Research;
Note: QAAUM – Quarterly Average Assets Under Management

Rs. 35,166 crore added in Q1FY19

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

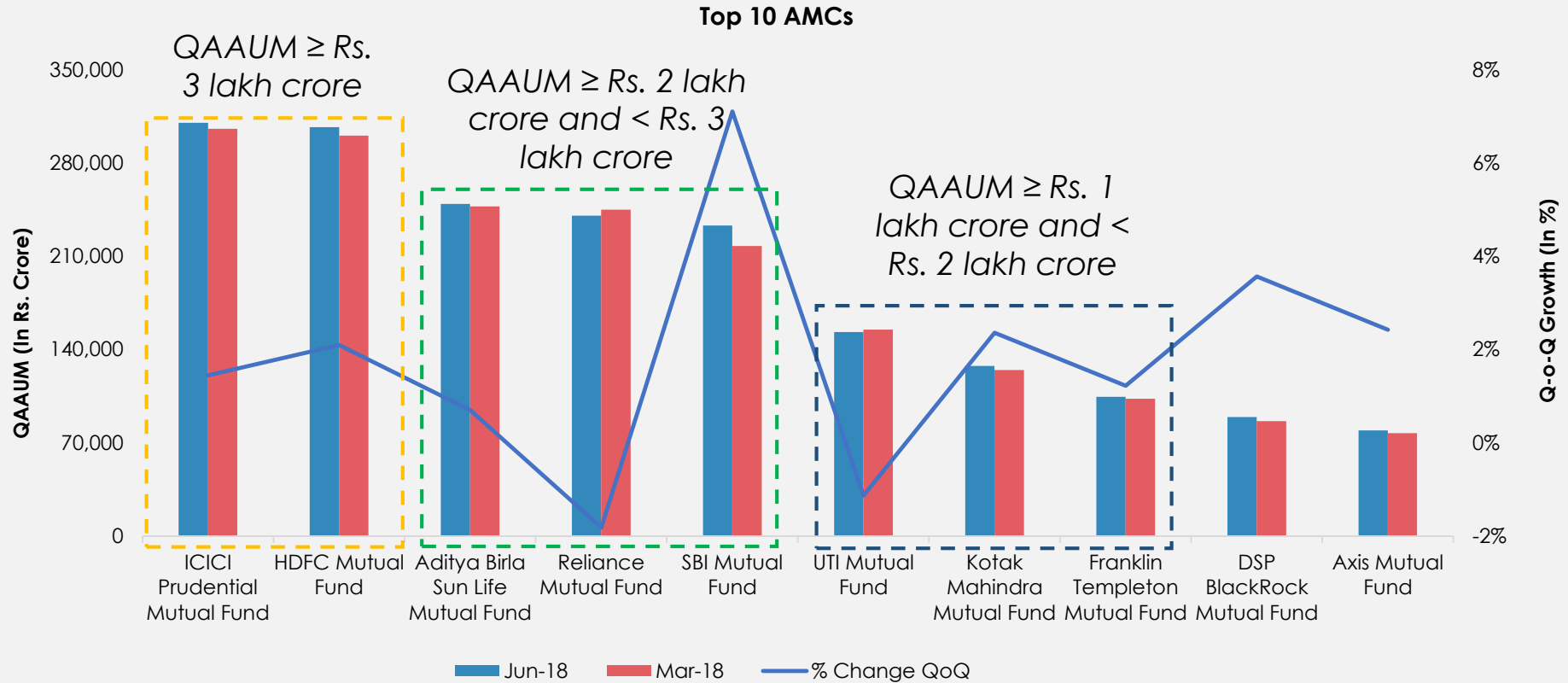
AMCs	Range
Top 5	-2% to 7%
Next 10	-5% to 8%
Rest	-26% to 58%

Source: AMFI; ICRA Online Research

Note: QoQ growth of QAAUM as of Jun-18

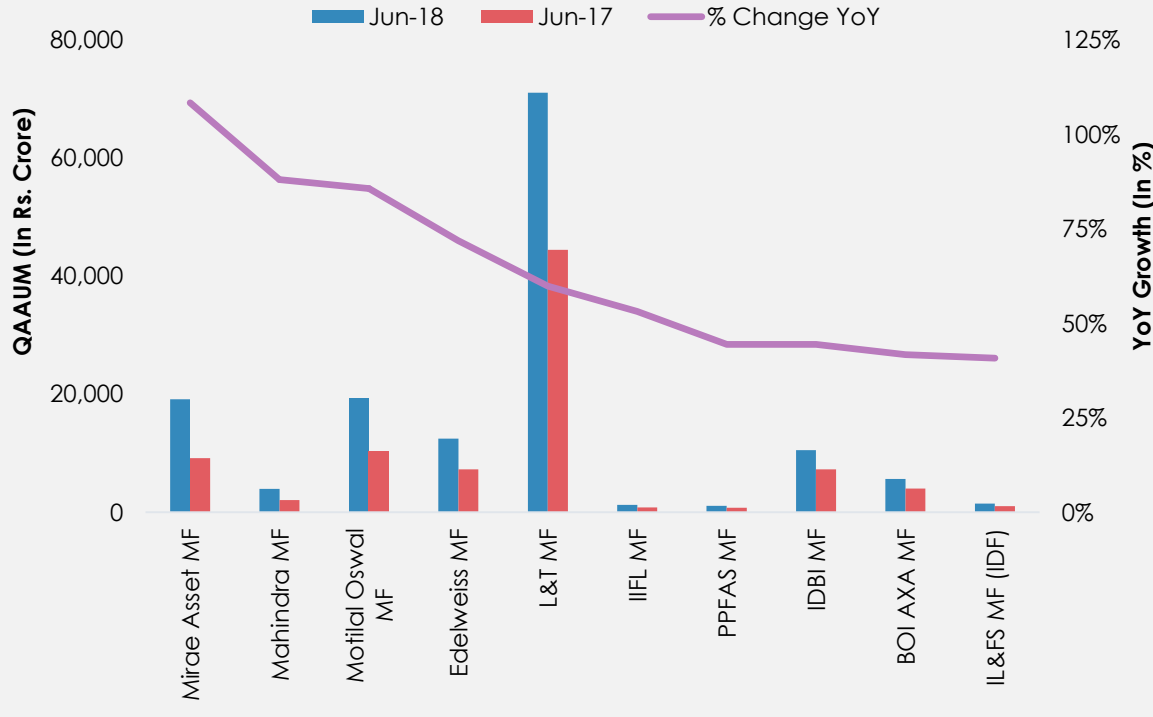
- ✓ Industry Quarterly Average Assets Under Management (QAAUM) grew for the **19th** consecutive quarter in Q1FY19
- ✓ Positive triggers that are working for the industry
 - ✓ Robust SIP inflows
 - ✓ Strong retail participation especially from B30 cities
 - ✓ Investor awareness campaigns such as “Mutual Funds Sahi Hai”

Top 10 AMC's account for ~81% of QAAUM



Source: AMFI, ICRA Online Research

Top 10 Fastest Growing AMC's



- ✓ QAAUM of nine fastest growing AMC's below Rs. 20,000 crore
- ✓ Among the larger AMC's (QAAUM > Rs. 35,000 crore), L&T Mutual Fund has shown tremendous growth in assets

Source: AMFI, ICRA Online Research

Private sector JVs (predominantly Indian) manage 54% of Q1FY19 QAAUM

Category		As a % of Q1FY19 QAAUM	QAAUM (In Rs. Crore)			Growth	
			Q1FY19	Q4FY18	Q1FY18	QoQ	YoY
Bank Sponsored	Joint Ventures - Predominantly Indian	10.9%	255,479	240,779	187,361	6.1%	36.4%
	Joint Ventures - Predominantly Foreign	0.5%	10,540	10,760	7,296	-2.0%	44.5%
	Others	6.9%	161,176	165,653	155,411	-2.7%	3.7%
Institutions	Indian	0.9%	21,057	20,768	24,373	1.4%	-13.6%
Private Sector	Indian	17.8%	416,337	408,322	327,390	2.0%	27.2%
	Joint Ventures - Predominantly Indian	54.5%	1,275,327	1,262,372	1,076,539	1.0%	18.5%
	Foreign	6.7%	156,572	153,271	130,555	2.2%	19.9%
	Joint Ventures - Predominantly Foreign	0.9%	20,752	19,692	16,175	5.4%	28.3%
	Joint Ventures – Others	1.0%	23,137	23,595	25,720	-1.9%	-10.0%

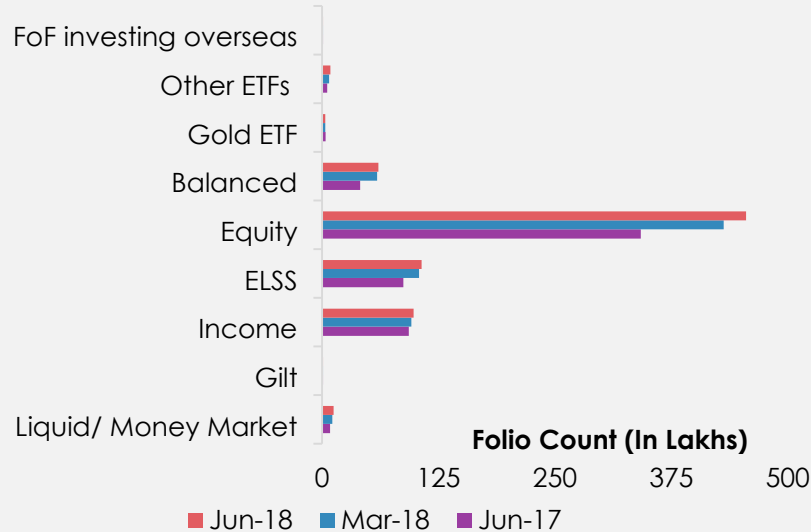
Source: AMFI, ICRA Online Research

Note: QoQ – Q1FY19 vs Q4FY18; YoY – Q1FY19 vs Q1FY18

Investor Trends

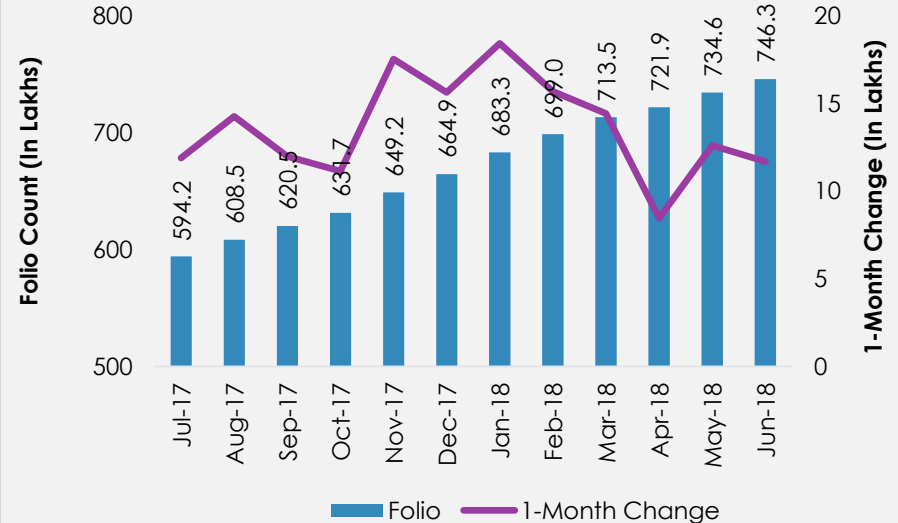


Category-wise Folio Count (In Lakhs)



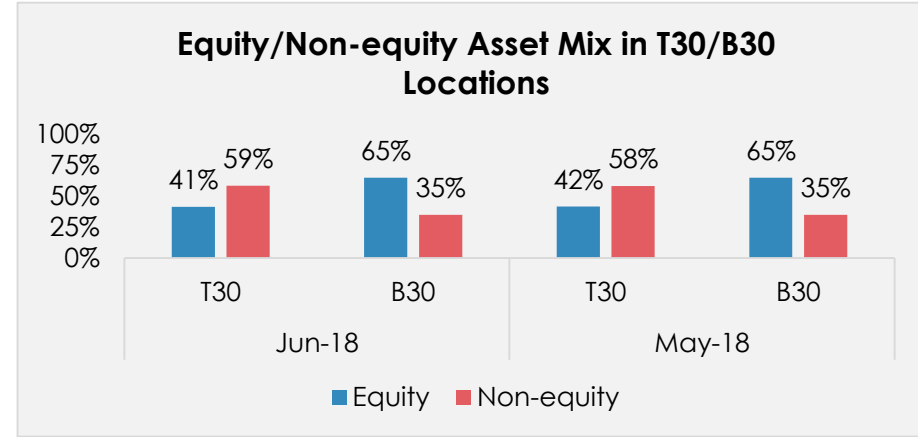
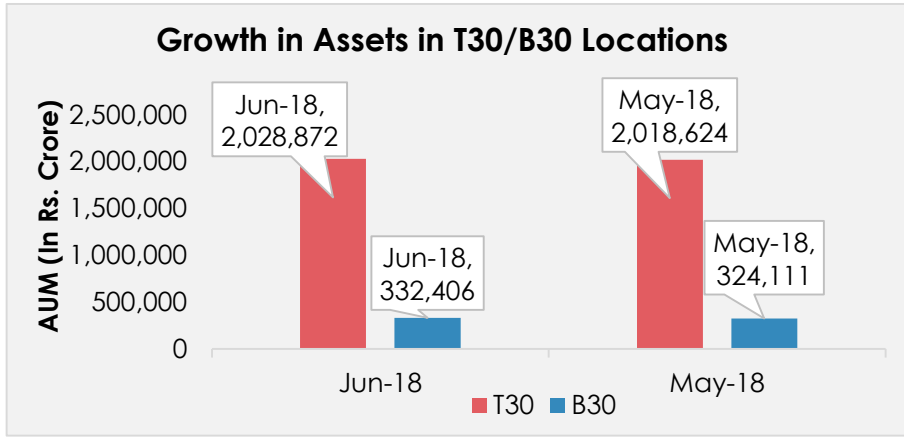
Source: AMFI, ICRA Online Research

Folio Growth in Last 12 Months



Source: SEBI, ICRA Online Research

- ✓ As per data from SEBI, total folio count at the end of Jun-18 stood at 7.5 crore, 4.6% higher than the previous quarter
- ✓ The mutual fund industry added close to 32.8 lakh new folios in Q1FY19 out of which 26.4 lakh were in the Equity category (including ELSS)



AUM Garnered by Different Channels				
	Jun-18		May-18	
	T30	B30	T30	B30
Associate Distributor	6%	19%	6%	19%
Direct Plan	45%	17%	45%	17%
Non-Associate Distributor	49%	64%	49%	64%

Source: AMFI, ICRA Online Research

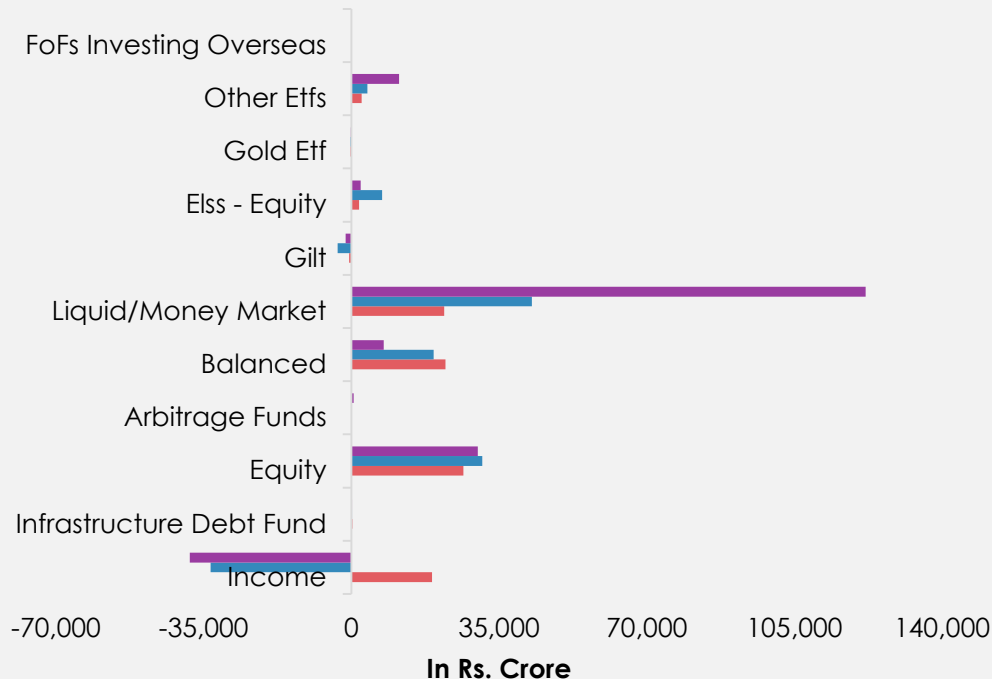
- ✓ The country's smaller towns or B30 (beyond top 30 cities) locations accounted for 14.1% of the total industry AUM at the end of Jun-18
- ✓ SEBI has expanded the scope of T15/B15 locations to T30/B30 from 01-Apr-18

Inflow Outflow Analysis



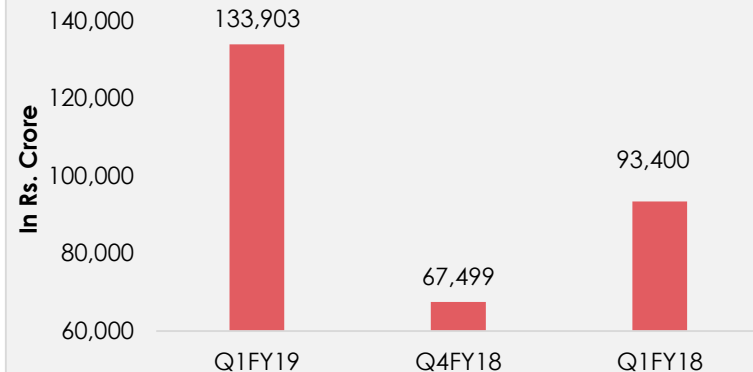
Category-wise Net Inflow/Outflow

■ Q1FY19 ■ Q4FY18 ■ Q1FY18



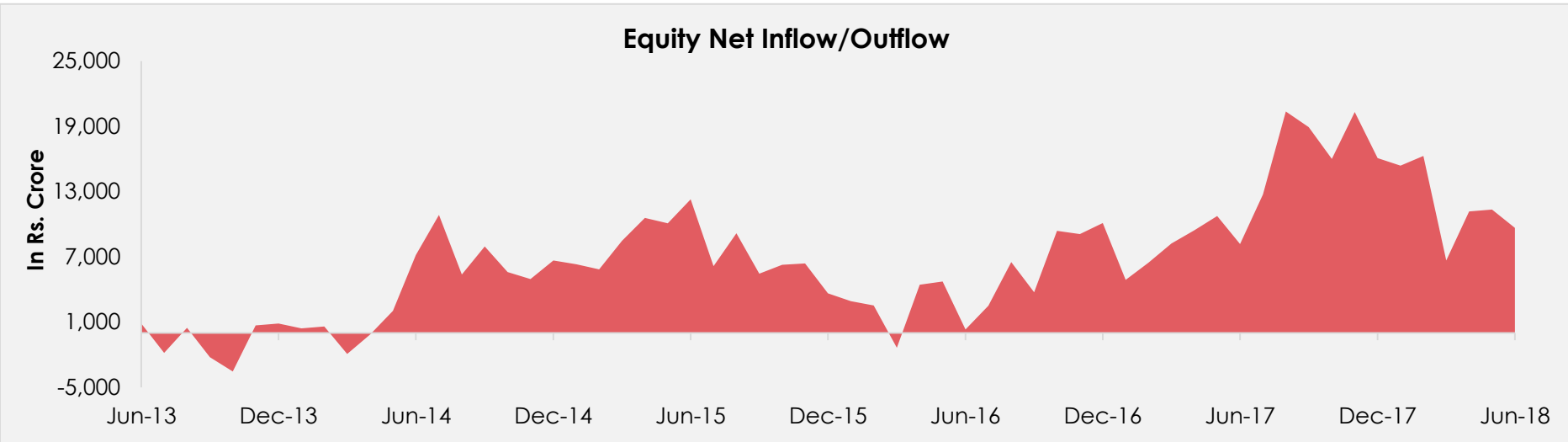
Source: AMFI, ICRA Online Research

Industry-wide Net Inflow/Outflow



Source: AMFI, ICRA Online Research

- ✓ In Q1FY19, net inflows in the Equity category (including ELSS) was Rs. 32,181 crore compared with Rs. 38,315 crore in Q4FY18
- ✓ Cumulative SIP contribution has been Rs. 21,548 crore for the first quarter vis-à-vis Rs. 20,188 crore in Q4FY18



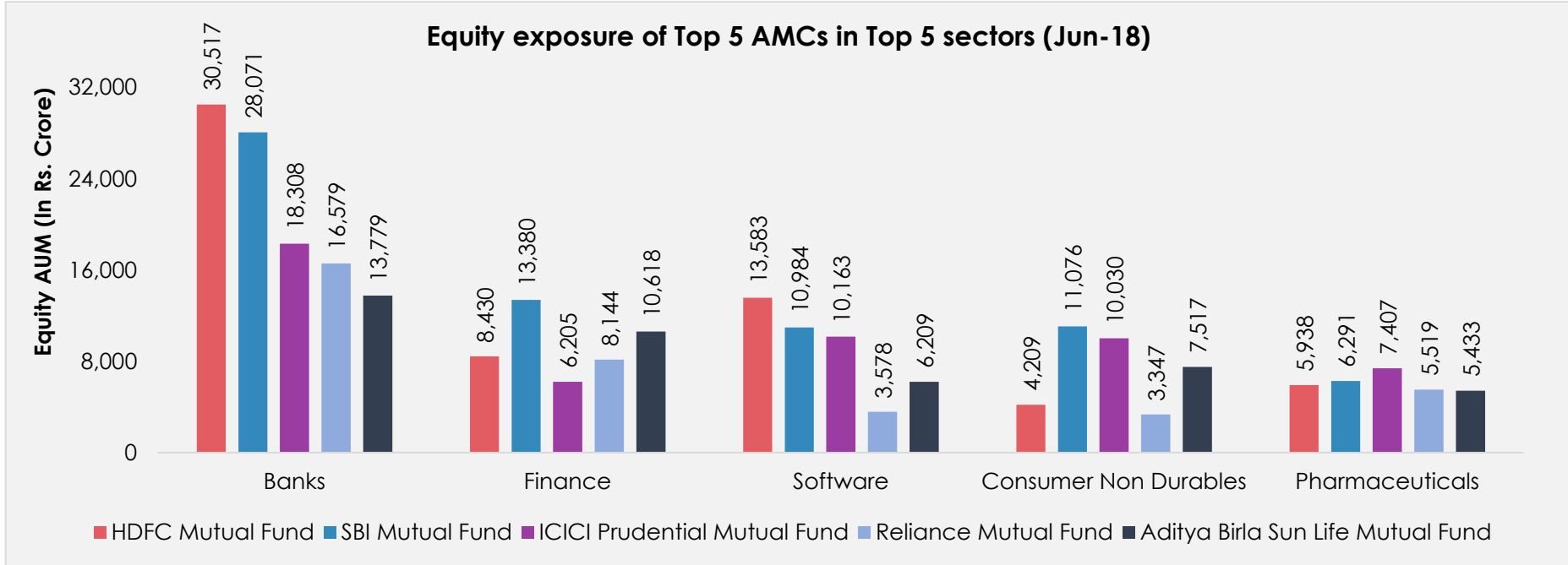
Source: AMFI, ICRA Online Research;

Note: Equity includes ELSS funds

- ✓ Equity funds (including ELSS) witnessed slightly lower net inflows in Q1FY19 compared with Q4FY18 mainly due to volatile equity markets towards the end of quarter
- ✓ As per data from AMFI, SIP contribution is showing a rising trend, which can be attributed to investor awareness campaigns such as “Mutual Funds Sahi Hai” run by AMFI under SEBI’s guidance

Sector Update

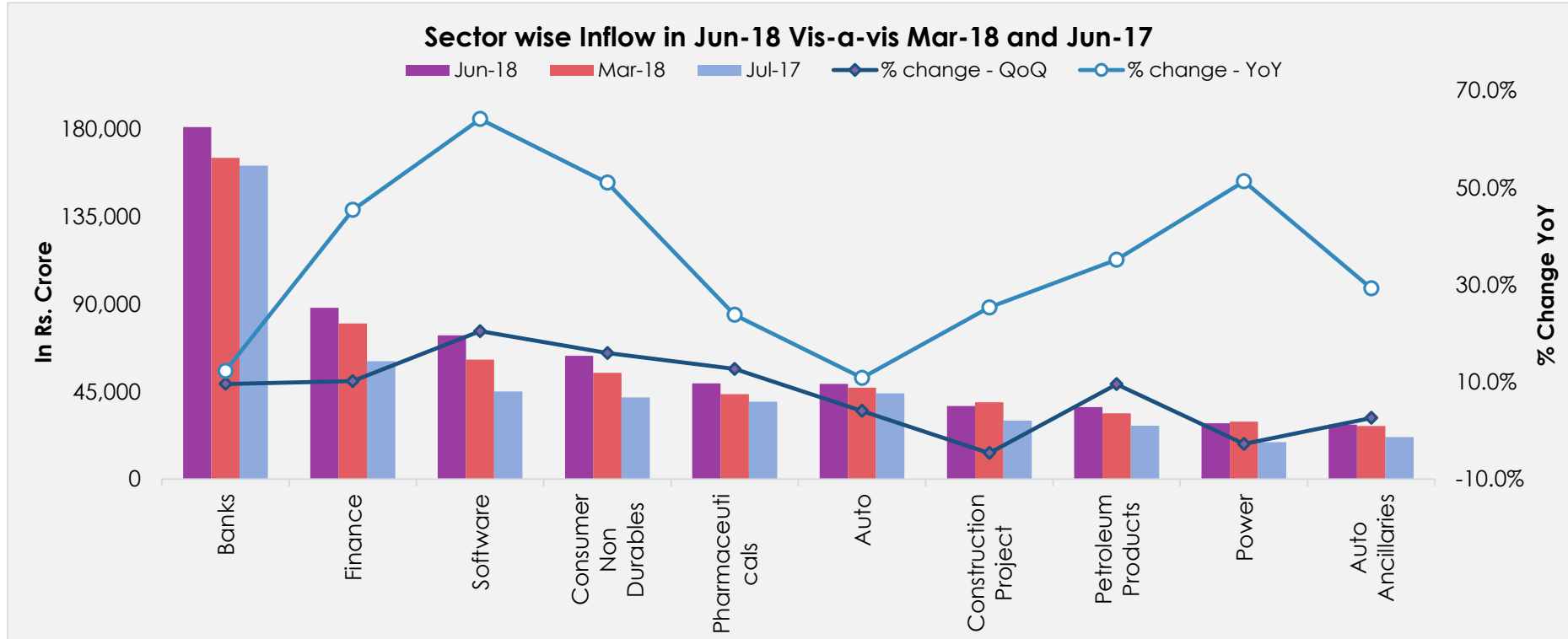




Source: AMFI, ICRA Online Research

- ✓ AMCs continue to bet on Bank and Finance sectors with ~ 31% of the total equity AUM
- ✓ Pharmaceuticals made it to the top five due to higher allocation compared with previous quarter

Software sector sees the highest growth in inflow in percentage terms



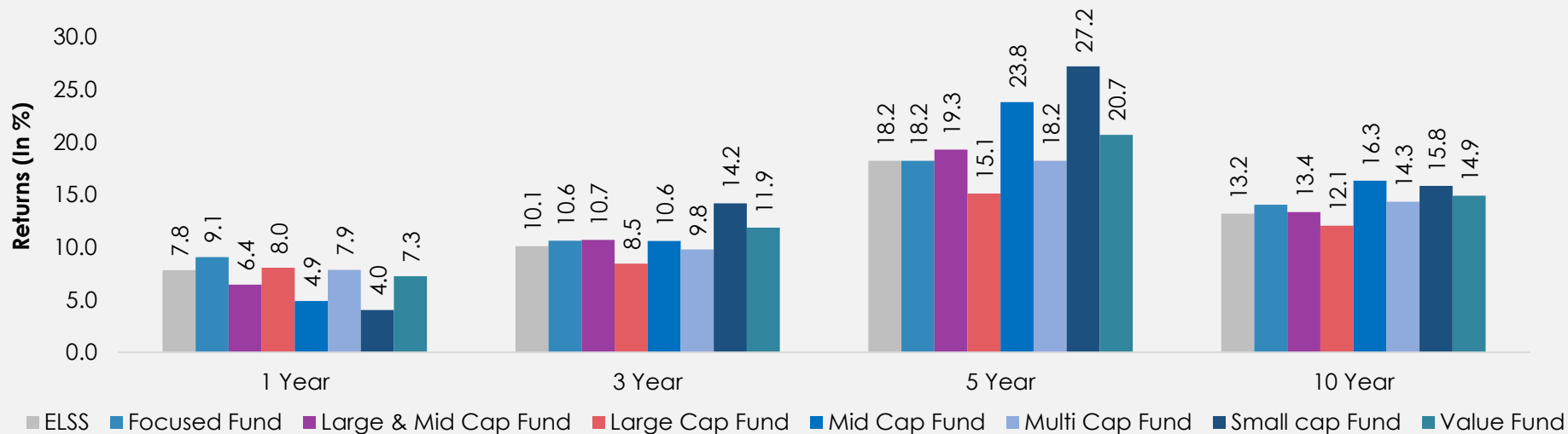
Source: AMFI, ICRA Online Research
Note: Only top-10 sectors considered

Category Performance



Market correction affects performance of Equity-oriented funds – mostly mid and small caps

Performance* of Equity-Oriented Mutual Fund Categories

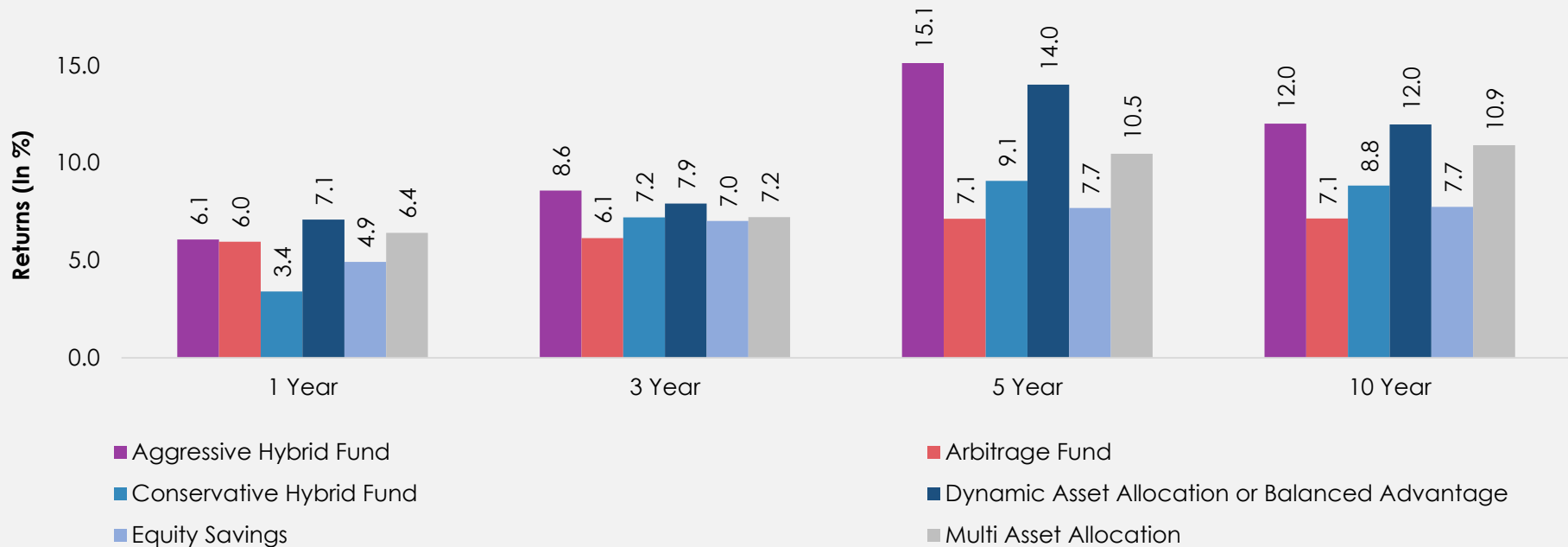


Source: ICRA Online Research;

Note: *Compound annualized returns; Data as of Jun-18

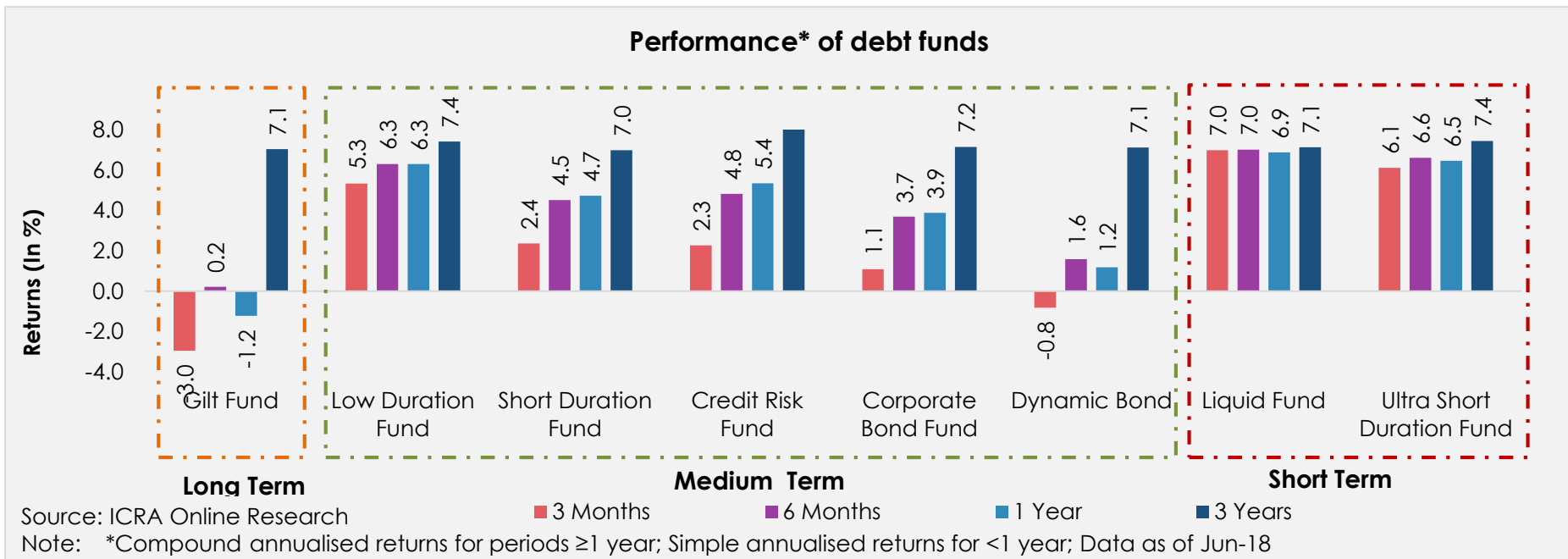
- ✓ In Q1FY19, S&P BSE Sensex and Nifty 50 benchmark indices gained 7.5% and 5.9%, respectively, but S&P BSE Mid Cap and S&P BSE Small Cap fell 3.2% and 5.7%, respectively
- ✓ U.S. – China trade disputes kept investors cautious

Performance* of Hybrid Mutual Fund Categories



Source: ICRA Online Research;

Note: *Compound annualized returns; Data as of Jun-18



Key drivers:

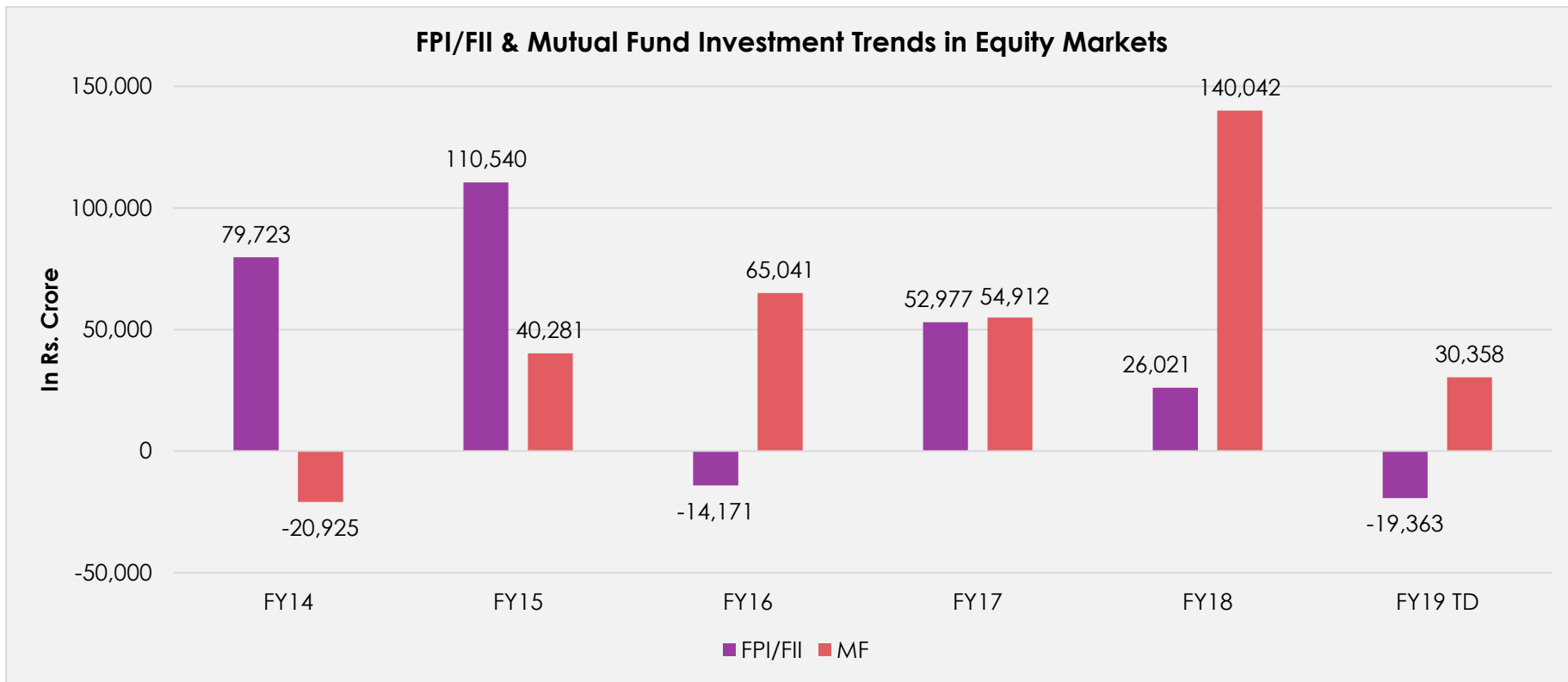
- ✓ Bond yields continued to rise in Q1FY19 over concerns of widening fiscal deficit and tightening of monetary policy
- ✓ Medium- to long-term debt funds posted poor returns in the short-term periods

Industry Insights

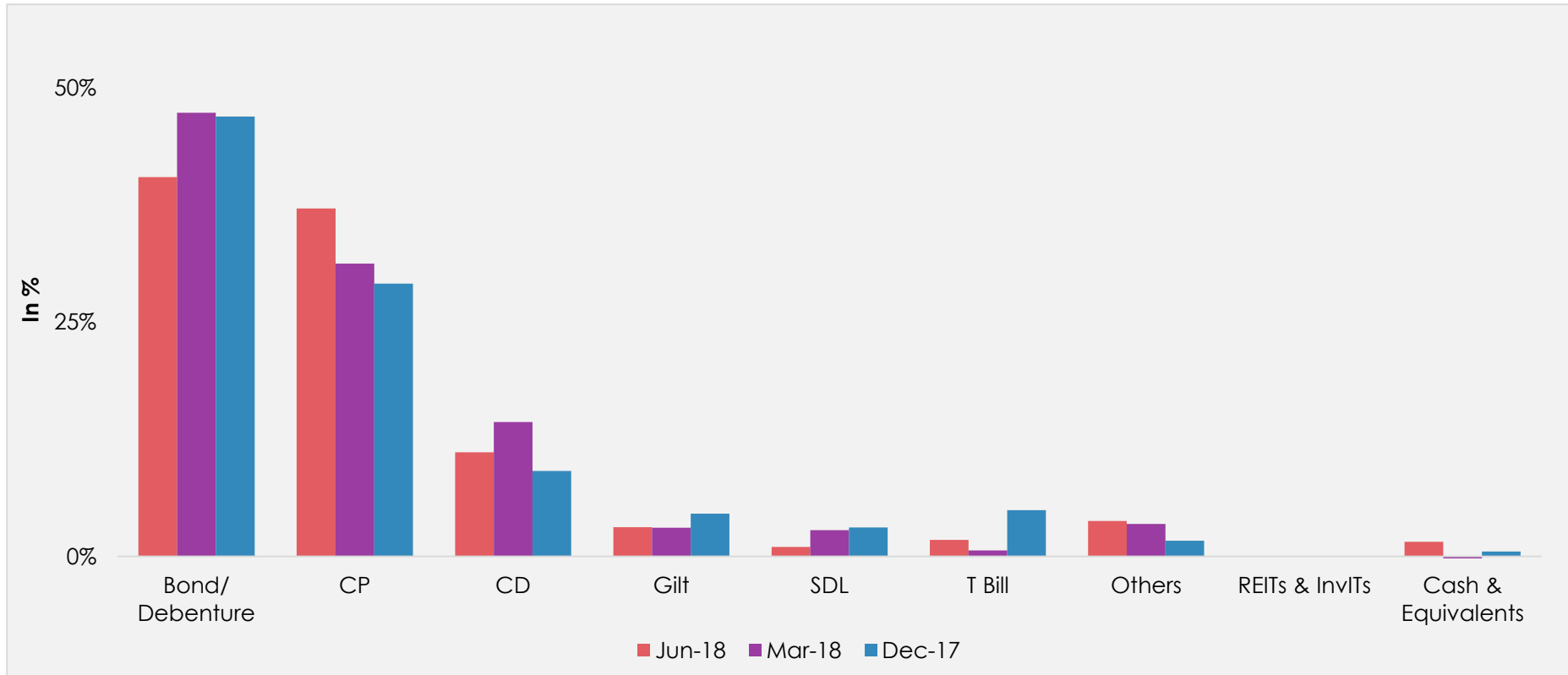


Equity MF inflows continue to drive the markets; FII/FPI witness outflow in Q1FY19

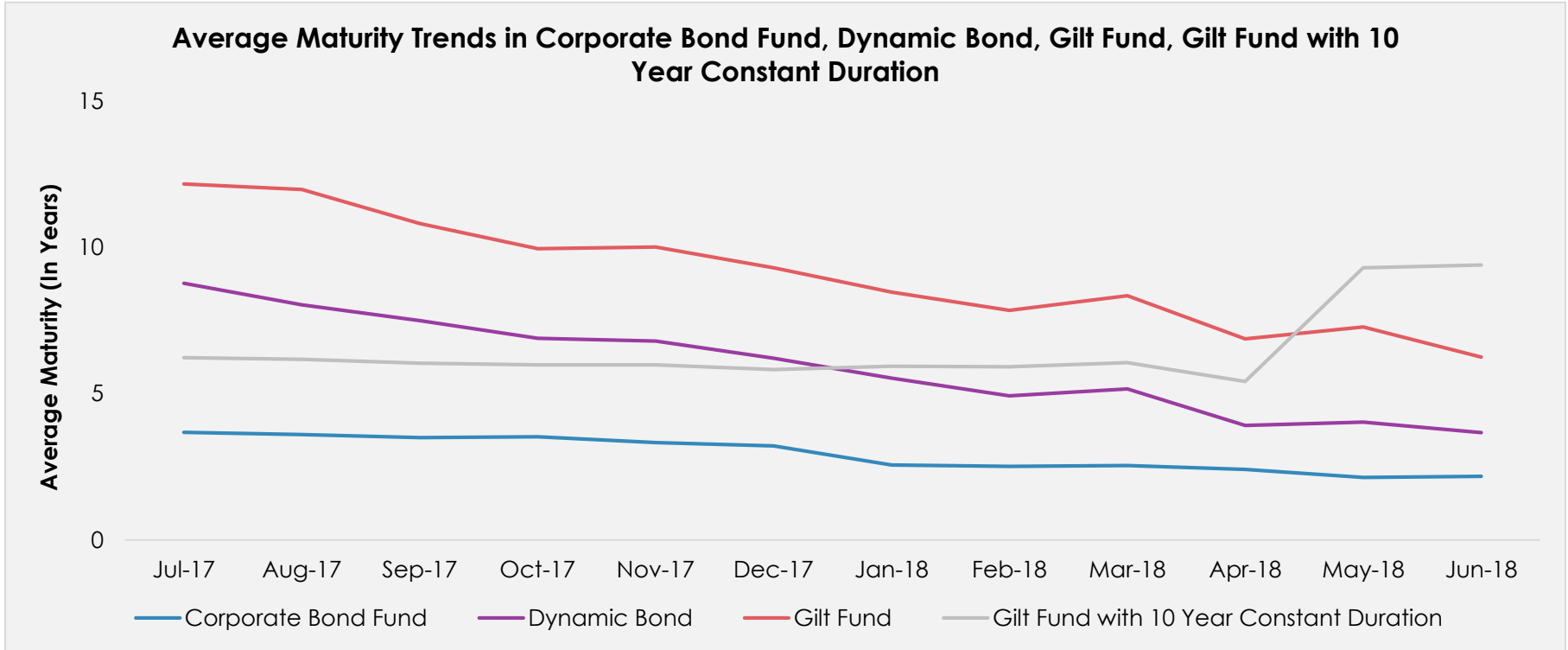
FPI/FII & Mutual Fund Investment Trends in Equity Markets



Source: ICRA Online Research



Source: ICRA Online Research



Source: ICRA Online Research

Regulatory Update



Date	SEBI mandate	Effective from	Brief	Earlier practice	Impact
05-Jun-18	Total expense ratio for MFs	29-May-18	Schemes charging an exit load (open-ended schemes without lock-in) can levy an additional 5 basis points charge	Mutual funds were allowed to charge up to 20 basis points of scheme AUM as a compensation for exit load	Reduces the cost of investing in mutual funds for retail investors
05-Jun-18	Go green initiative	Within 30 days from the date of issuance of this circular	<ol style="list-style-type: none"> AMCs will not have to publish NAVs in newspapers; they will just disclose the same on their own and AMFI's website AMCs shall disclose monthly/ half-yearly portfolios (along with ISIN) for all their schemes on their own website and AMFI's website within 10 days from the close of each month/ half-year 	<ol style="list-style-type: none"> The NAV of schemes are published on a daily basis by AMCs in at least two daily newspapers AMCs disclosed monthly/ half-yearly portfolios (along with ISIN) only on their own website on or before the tenth day of the succeeding month 	Environmental awareness

Source: SEBI, Media Reports

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