

# Investors, Mutual Funds & Returns – Trend Analysis Report

November 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	-22.73
SET 4000	1,527.49	-10.98
SET 5000	1,741.50	-6.39
SET 6000	2,125.65	
SET 7000	369.61	
SET 8000	200.02	
SET 9000		
SET 10000		

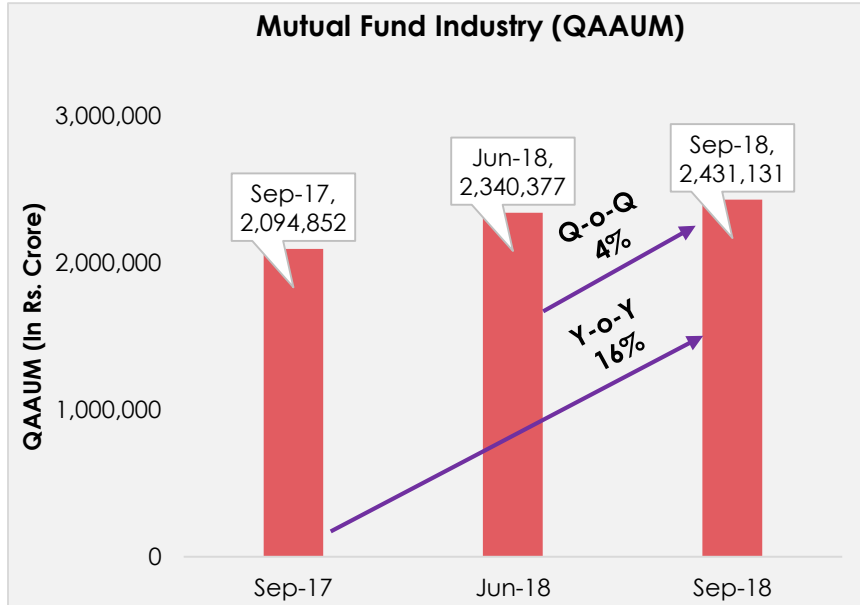
Paper & Printing  
Petrochem & Chem  
Packaging  
Steel  
Prop & Construct  
Construct Materials  
Property Dev  
Property Fund  
Construct

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# Industry Size

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

**Rs. 90,754 crore added in Q2FY19, up 16% YoY**

## Growth Trend of AMC's for the Quarter ended Sep-18

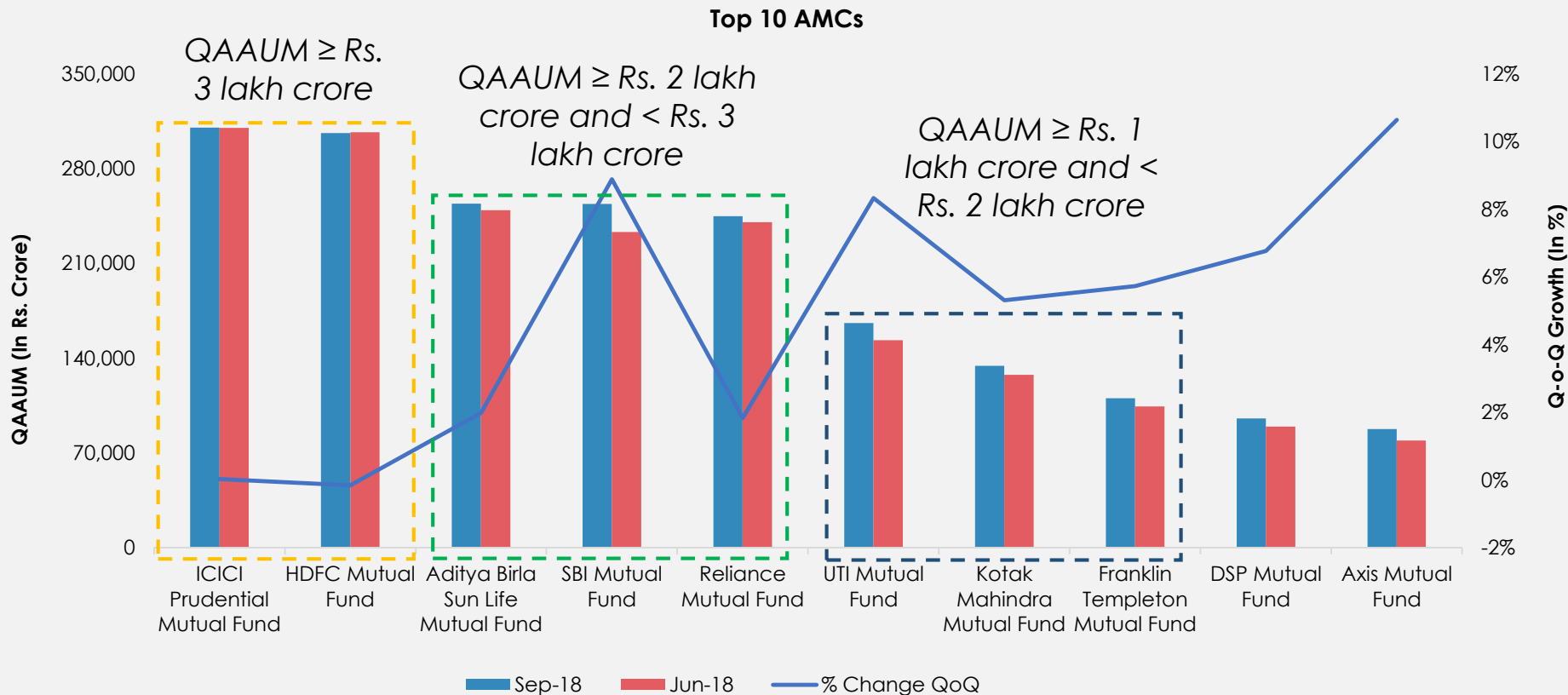
AMCs	Range
Top 5	0% to 9%
Next 10	0% to 11%
Rest	-6% to 26%

Source: AMFI, ICRA Online Research

Note: QoQ growth of QAAUM as of Sep-18

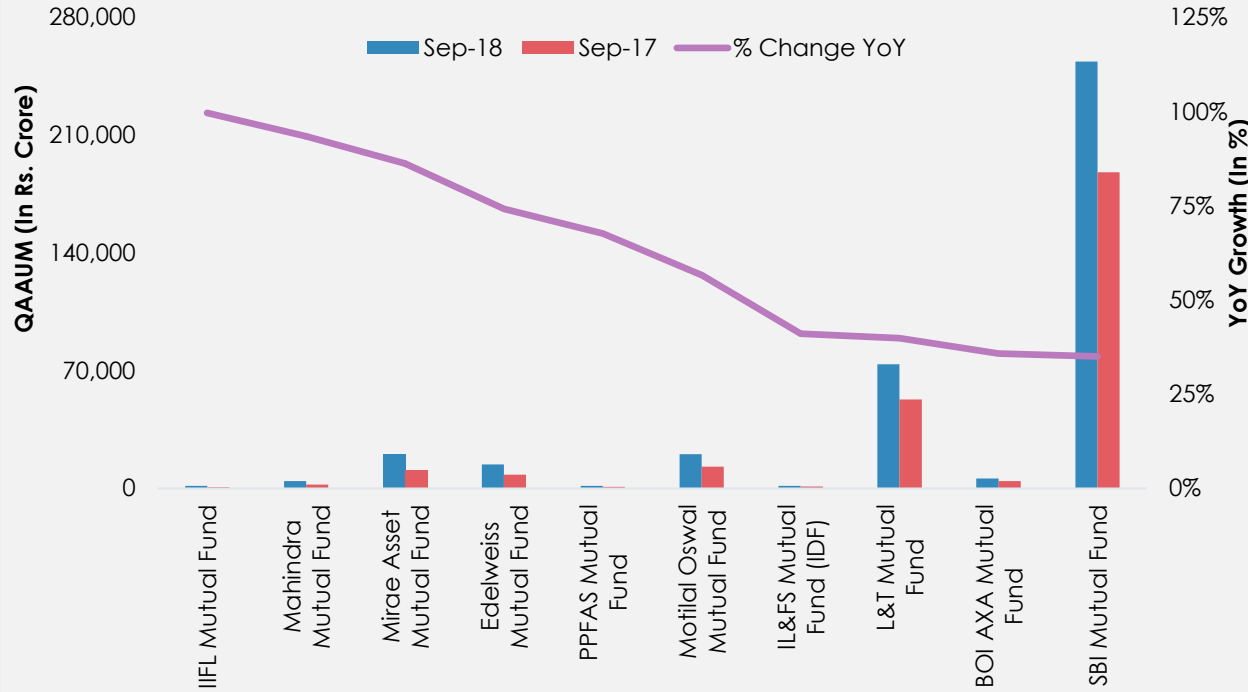
- ✓ Industry Quarterly Average Assets Under Management (QAAUM) grew for the **20<sup>th</sup>** consecutive quarter in Q2FY19
- ✓ Tailwinds for the industry include:
  - ✓ Strong retail participation especially from B30 cities. Investor awareness campaigns such as “Mutual Funds Sahi Hai”
  - ✓ Significant increase in SIP accounts

# QAAUM of top 10 AMC's between Rs. 0.90 lakh crore and Rs. 3.10 lakh crore



Source: AMFI, ICRA Online Research

## Top 10 Fastest Growing AMC's



- ✓ QAAUM of eight fastest growing AMC's below Rs. 25,000 crore
- ✓ Among the larger AMC's (QAAUM > Rs. 35,000 crore), SBI Mutual Fund and L&T Mutual Fund has shown tremendous growth in assets

# Private sector JVs (predominantly Indian) manage ~50% of Q2FY19 QAAUM

Category		As a % of Q2FY19 QAAUM	QAAUM (In Rs. Crore)			Growth	
			Q2FY19	Q1FY19	Q2FY18	QoQ	YoY
Bank Sponsored	Joint Ventures - Predominantly Indian	<b>11.5%</b>	278,656	256,573	208,011	8.6%	34.0%
	Joint Ventures - Predominantly Foreign	<b>0.6%</b>	13,564	12,240	11,138	10.8%	21.8%
	Others	<b>7.2%</b>	175,907	163,723	160,200	7.4%	9.8%
Institutions	Indian	<b>0.9%</b>	21,064	21,057	23,504	0.0%	-10.4%
Private Sector	Indian	<b>21.8%</b>	529,156	503,111	438,177	5.2%	20.8%
	Joint Ventures - Predominantly Indian	<b>49.5%</b>	1,203,315	1,185,923	1,074,010	1.5%	12.0%
	Foreign	<b>6.9%</b>	167,048	156,572	137,637	6.7%	21.4%
	Joint Ventures - Predominantly Foreign	<b>0.8%</b>	19,721	18,040	16,004	9.3%	23.2%
	Joint Ventures - Others	<b>0.9%</b>	22,700	23,137	25,191	-1.9%	-9.9%

Source: AMFI, ICRA Online Research

Note: QoQ – Q2FY19 vs Q1FY19; YoY – Q2FY19 vs Q2FY18

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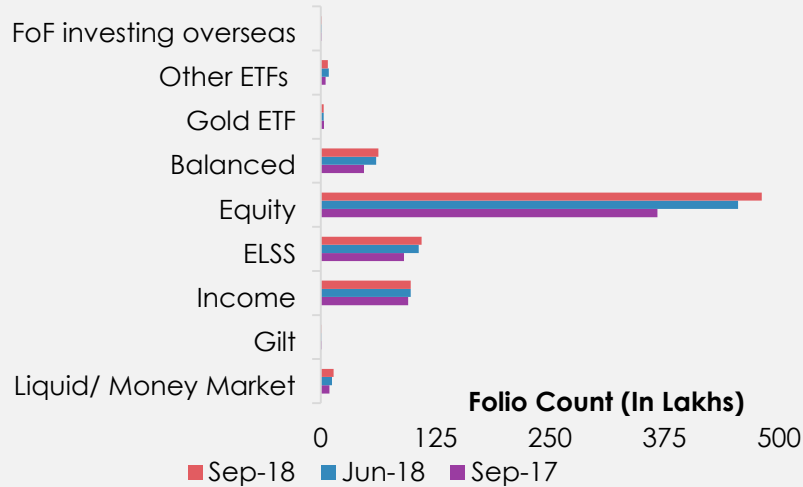
# Investor Trends

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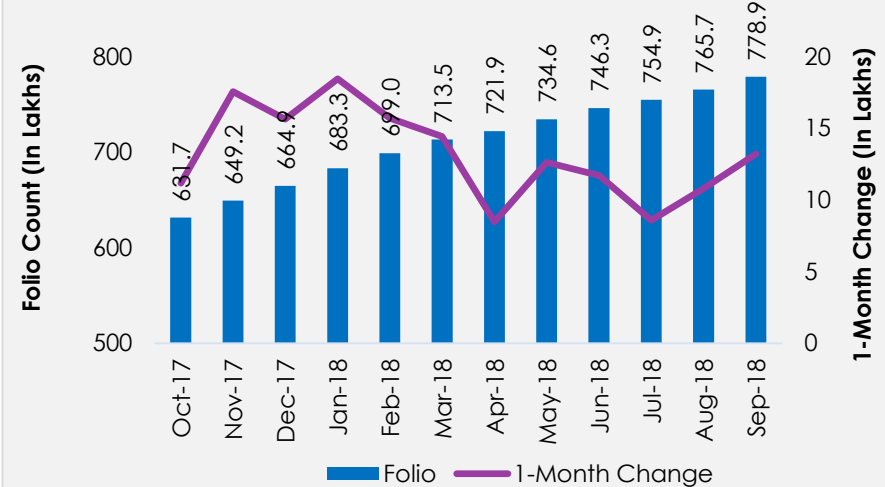


## Category-wise Folio Count (In Lakhs)



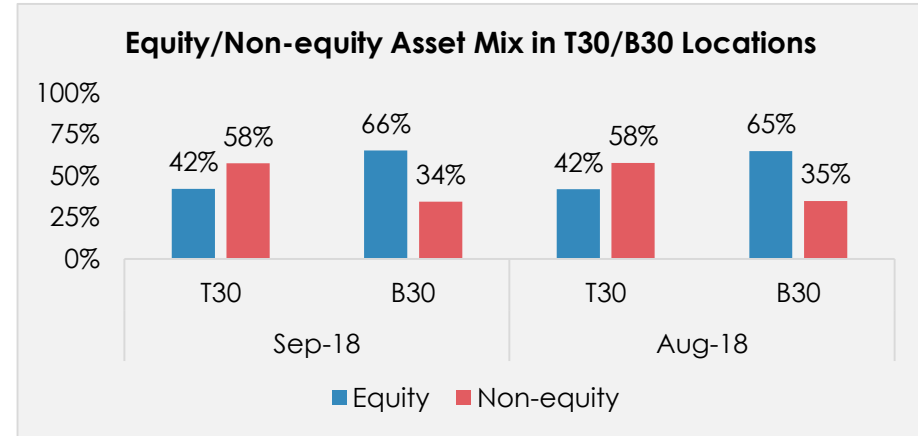
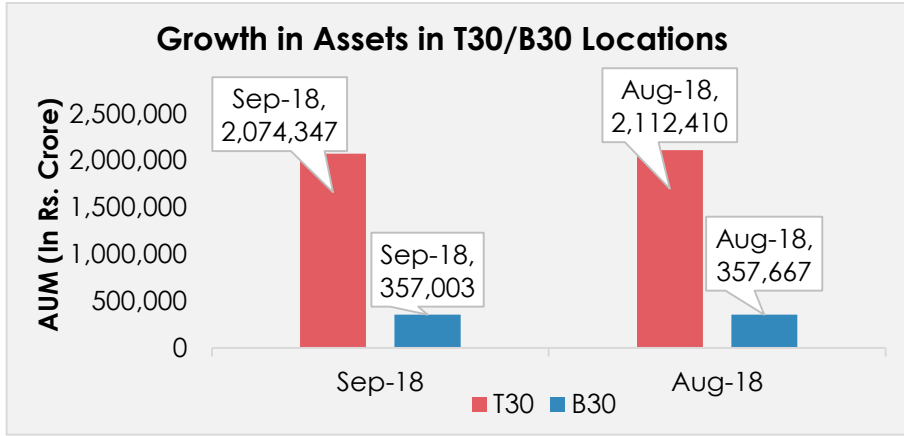
Source: AMFI, ICRA Online Research

## Folio Growth in Last 12 Months



Source: SEBI, ICRA Online Research

- ✓ As per SEBI data, total folio count at the end of Sep-18 was 7.8 crore, up 4.4% from the previous quarter
- ✓ Out of the 32.6 lakh new folios added in Q2FY19, 29.5 lakh were in the Equity category (including ELSS)



AUM Garnered by Different Channels				
	Sep-18		Aug-18	
	T30	B30	T30	B30
Associate Distributor	6%	19%	6%	19%
Direct Plan	44%	17%	45%	18%
Non-Associate Distributor	50%	64%	49%	63%

Source: AMFI, ICRA Online Research

- ✓ The country's smaller towns or B30 (beyond top 30 cities) locations accounted for 14.7% of the total industry AUM at the end of Sep-18
- ✓ SEBI has expanded the scope of T15/B15 locations to T30/B30 from the beginning of FY19

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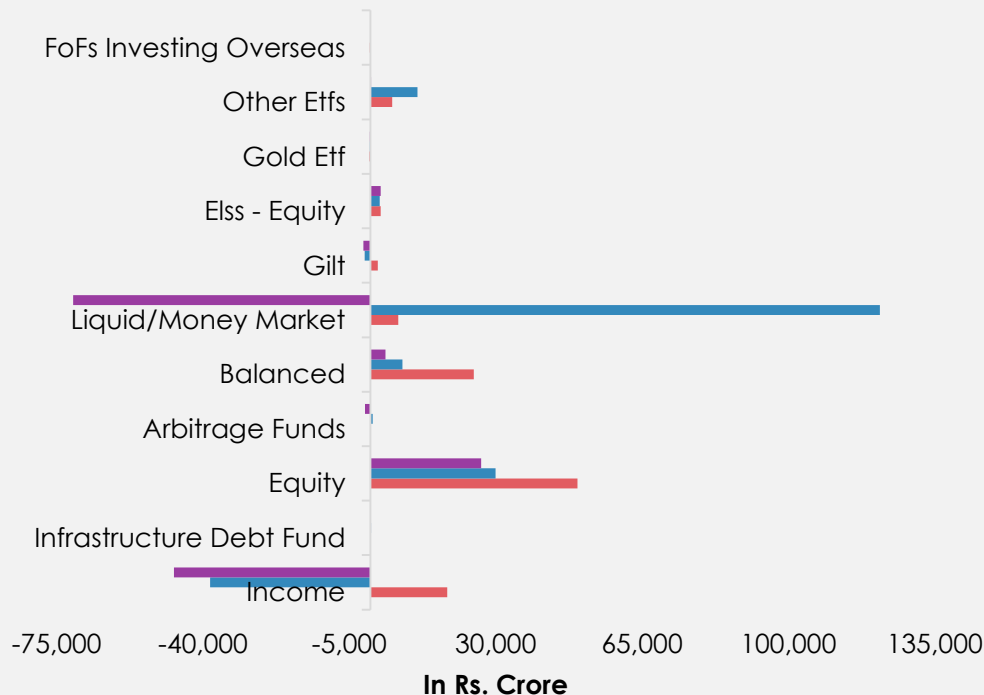
# Inflow Outflow Analysis

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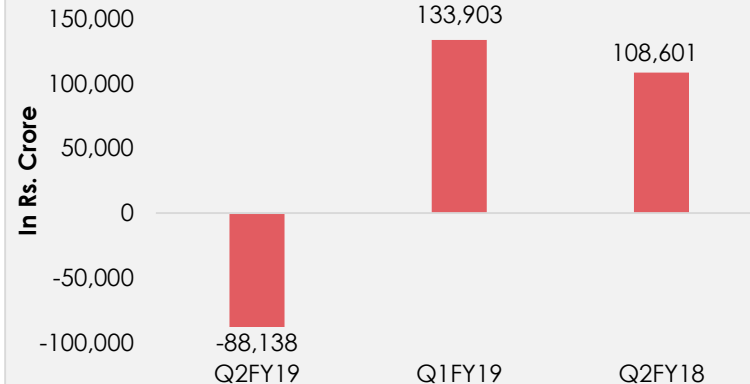
### Category-wise Net Inflow/Outflow

■ Q2FY19 ■ Q1FY19 ■ Q2FY18



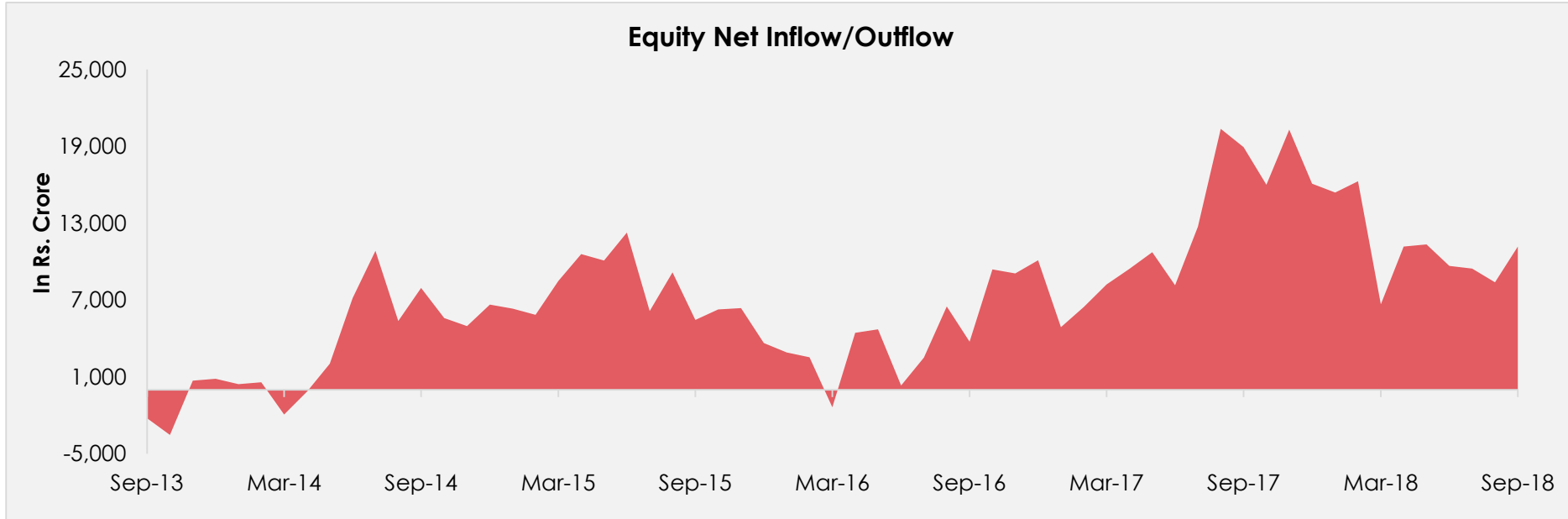
Source: AMFI, ICRA Online Research

### Industry-wide Net Inflow/Outflow



Source: AMFI, ICRA Online Research

- ✓ In Q2FY19, net inflows in the Equity category (including ELSS) was Rs. 28,999 crore compared with Rs. 32,181 crore in Q4FY18
- ✓ Cumulative SIP contribution has been Rs. 22,939 crore for Q2FY19 vis-à-vis Rs. 21,548 crore in Q1FY19



Source: AMFI, ICRA Online Research;

Note: Equity includes ELSS funds

- ✓ Equity funds (including ELSS) witnessed lower net inflows in Q2FY19 vis-a-vis Q1FY19, as equity markets remained volatile

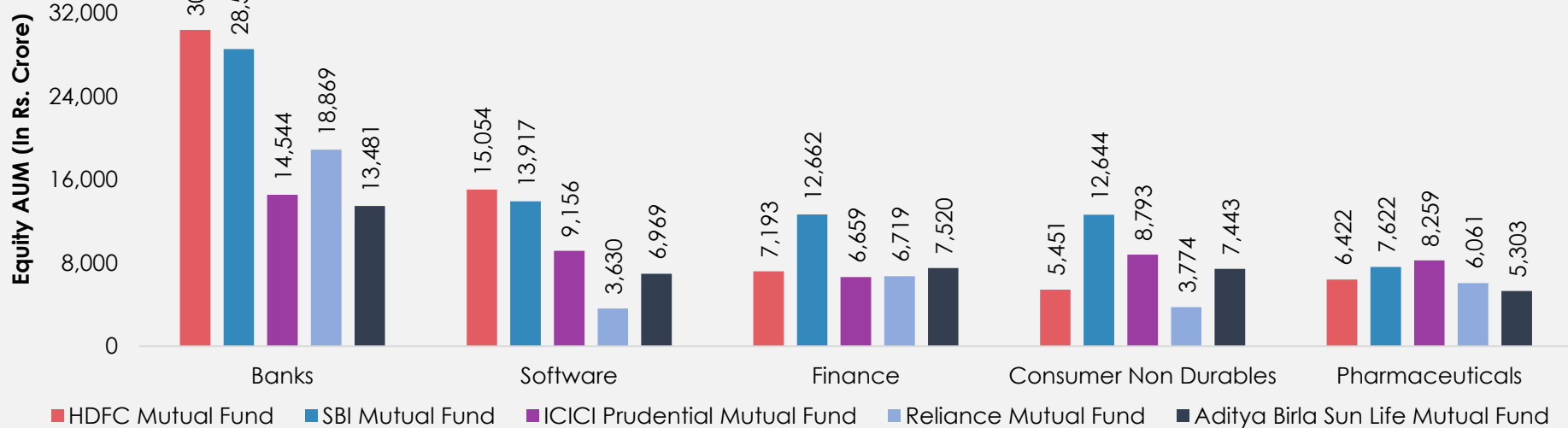
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# Sector Update

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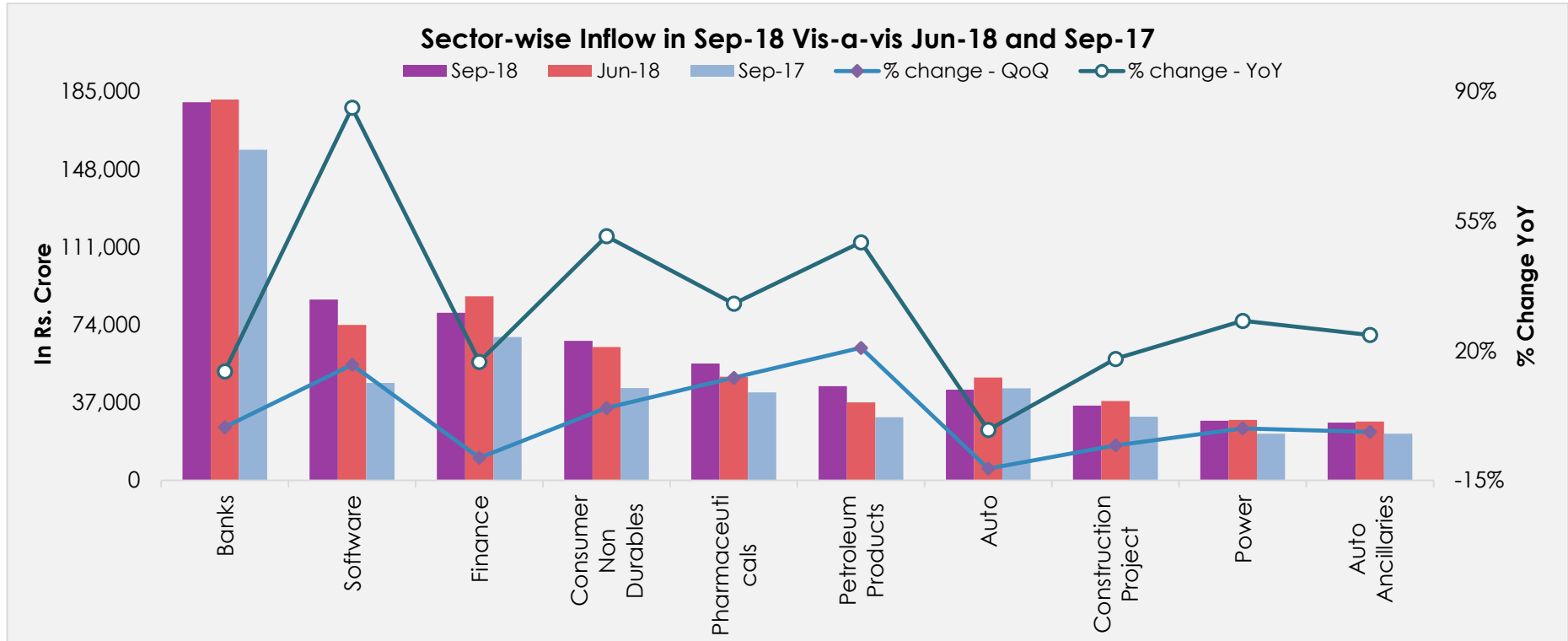


Equity Exposure of Top Five AMCs in Top 5 Sectors (Sep-18)



Source: AMFI, ICRA Online Research

- ✓ AMCs continue to bet on Banks and Finance sectors with ~ 12% of the total equity AUM
- ✓ Riding on a weak rupee, Pharmaceuticals and Software sectors remained in the top five



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

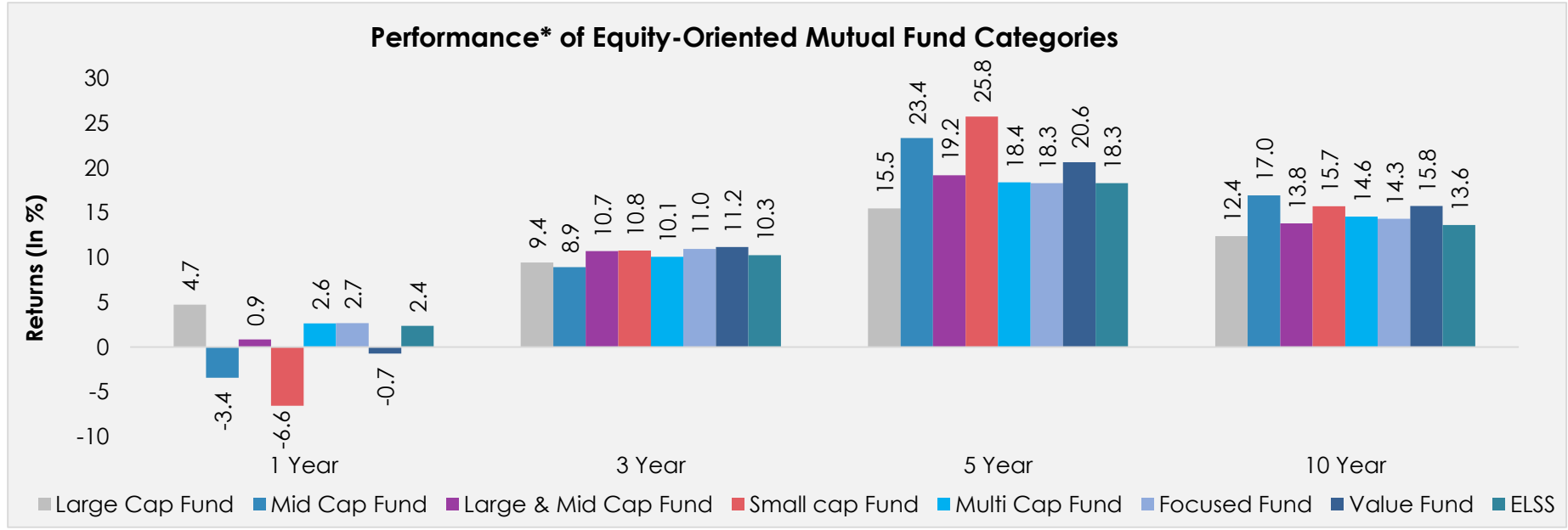


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# Category Performance

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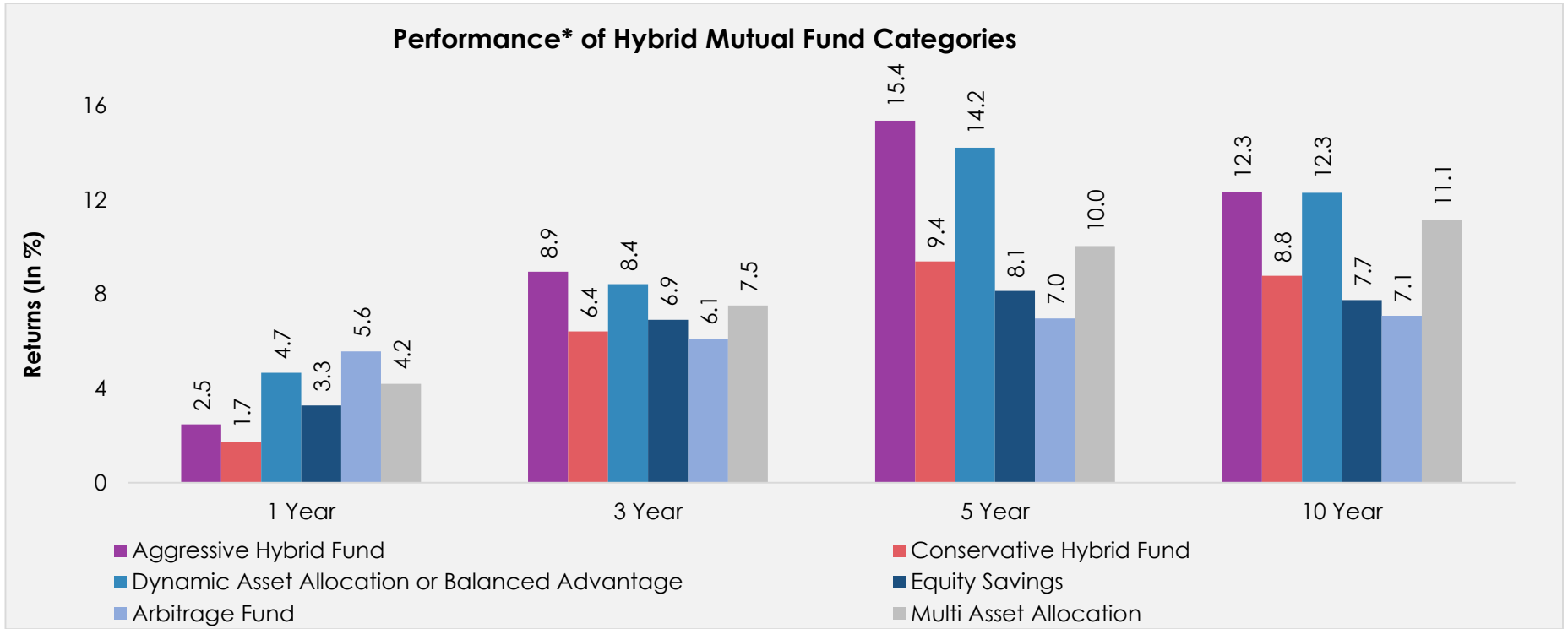




Source: ICRA Online Research;

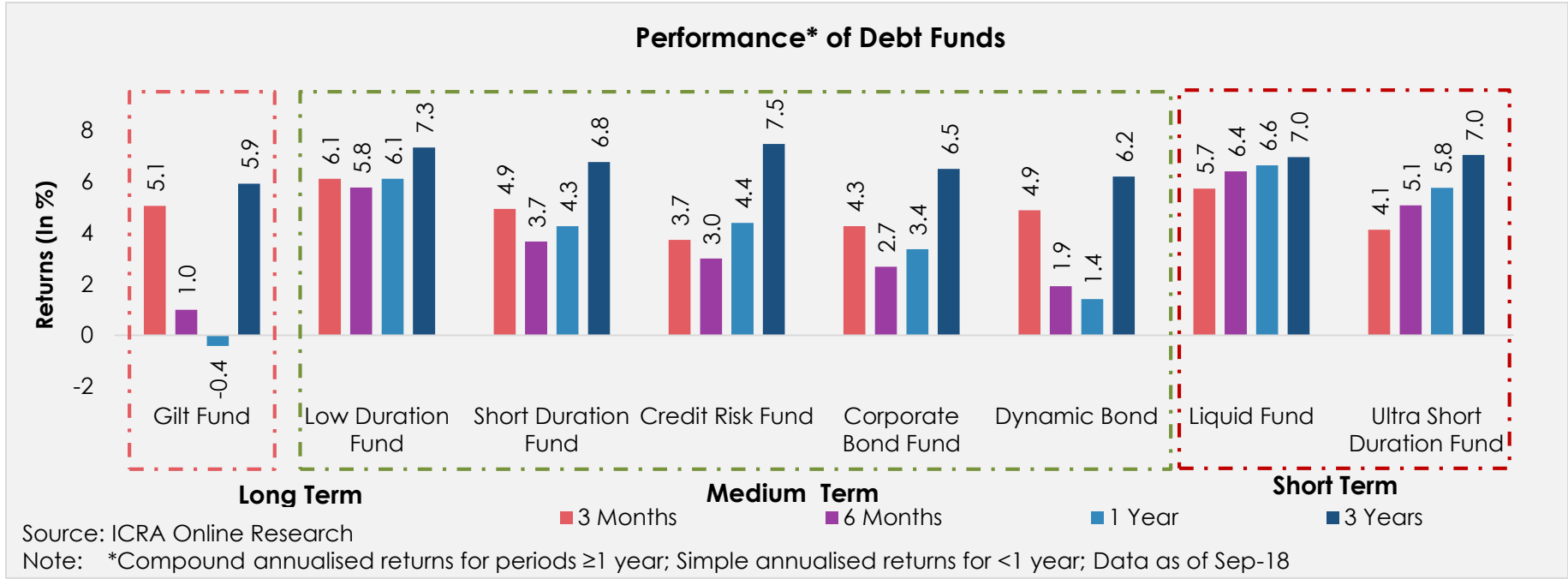
Note: \*Compound Annualized returns; Data as of Sep-18

- ✓ Performance of equity-oriented mutual funds remained under pressure as Indian equity markets slumped to more than two-month low in Sep-18
- ✓ Slide in rupee, banks' management issues, liquidity concerns, surge in crude oil prices and global trade war concerns pressured markets



Source: ICRA Online Research;

Note: \*Compound Annualized returns; Data as of Sep-18



## Key drivers:

- ✓ Gilt funds underperformed over the year as rising global crude oil prices, a plunging rupee and increase in domestic inflationary pressures pushed up bond yields

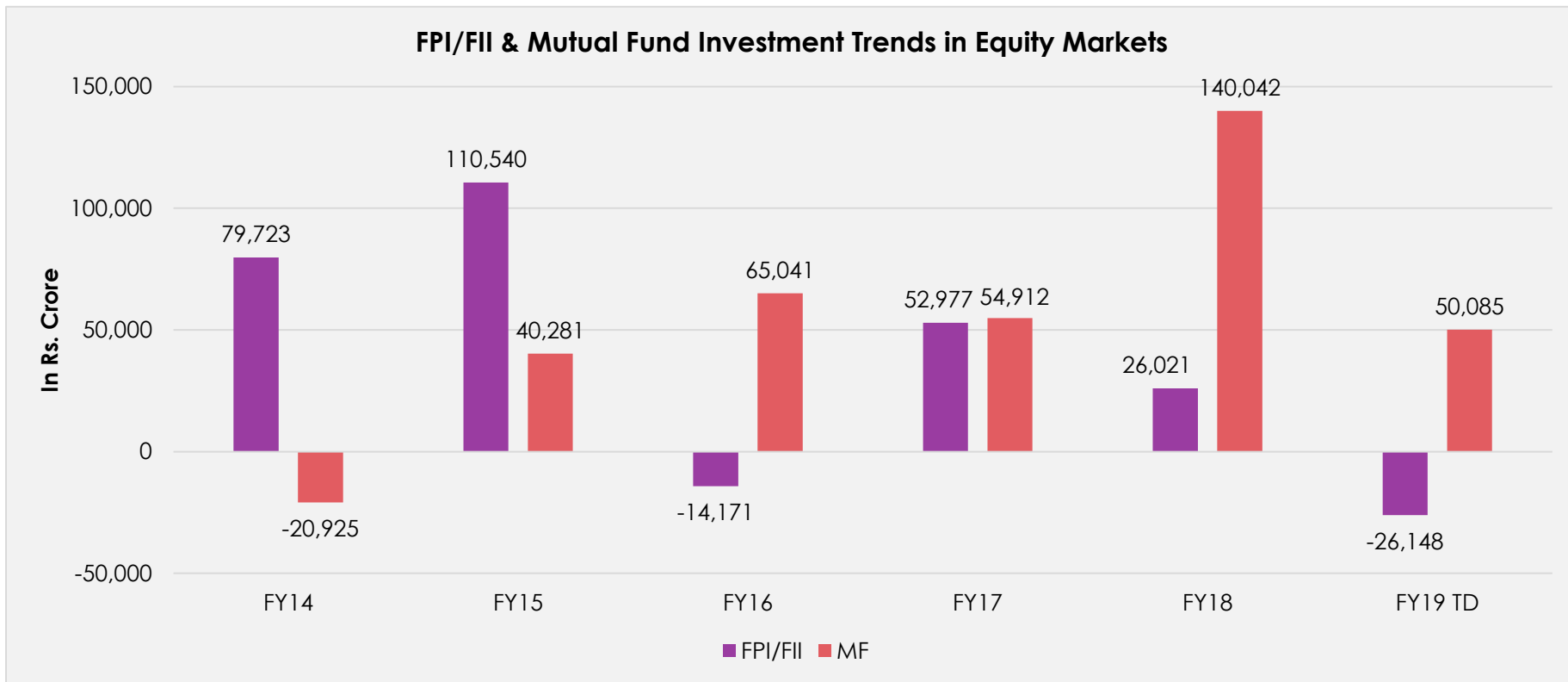
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# Industry Insights

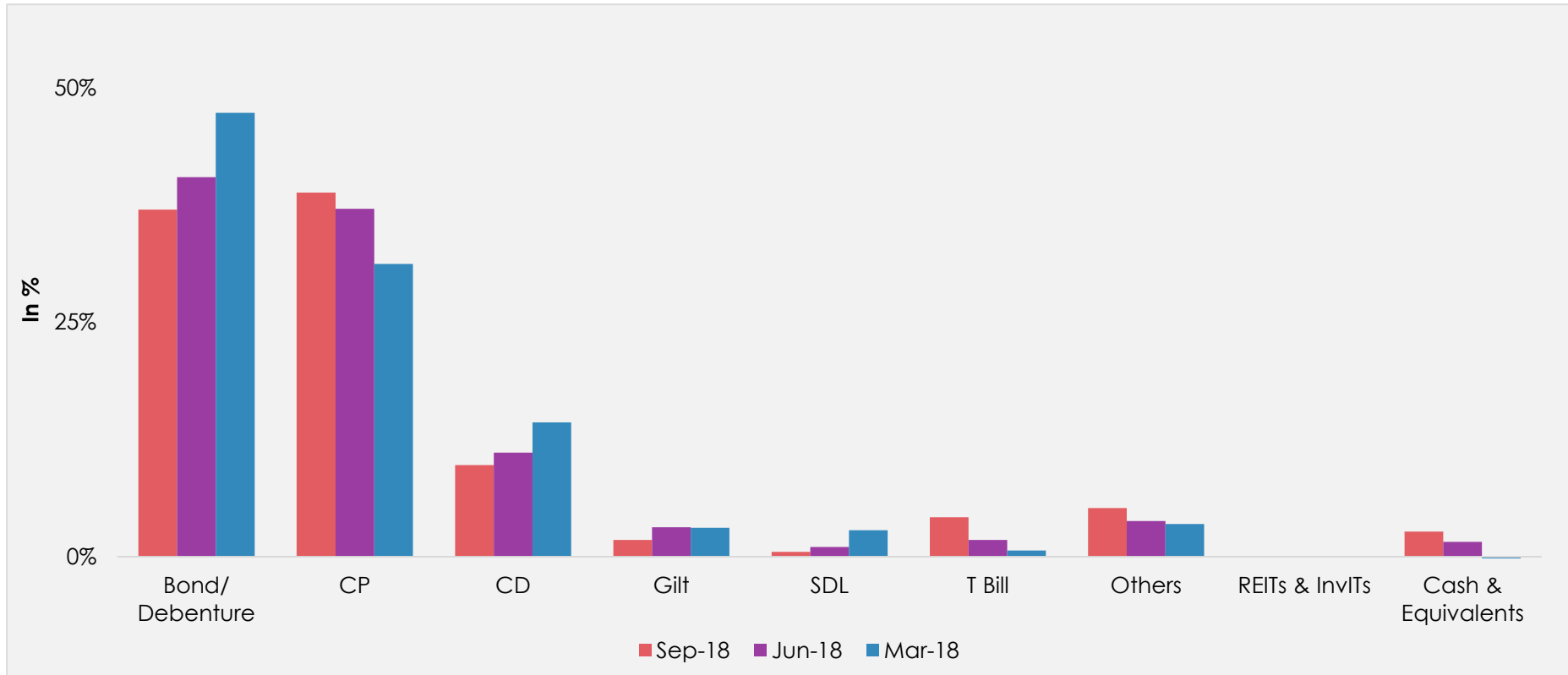
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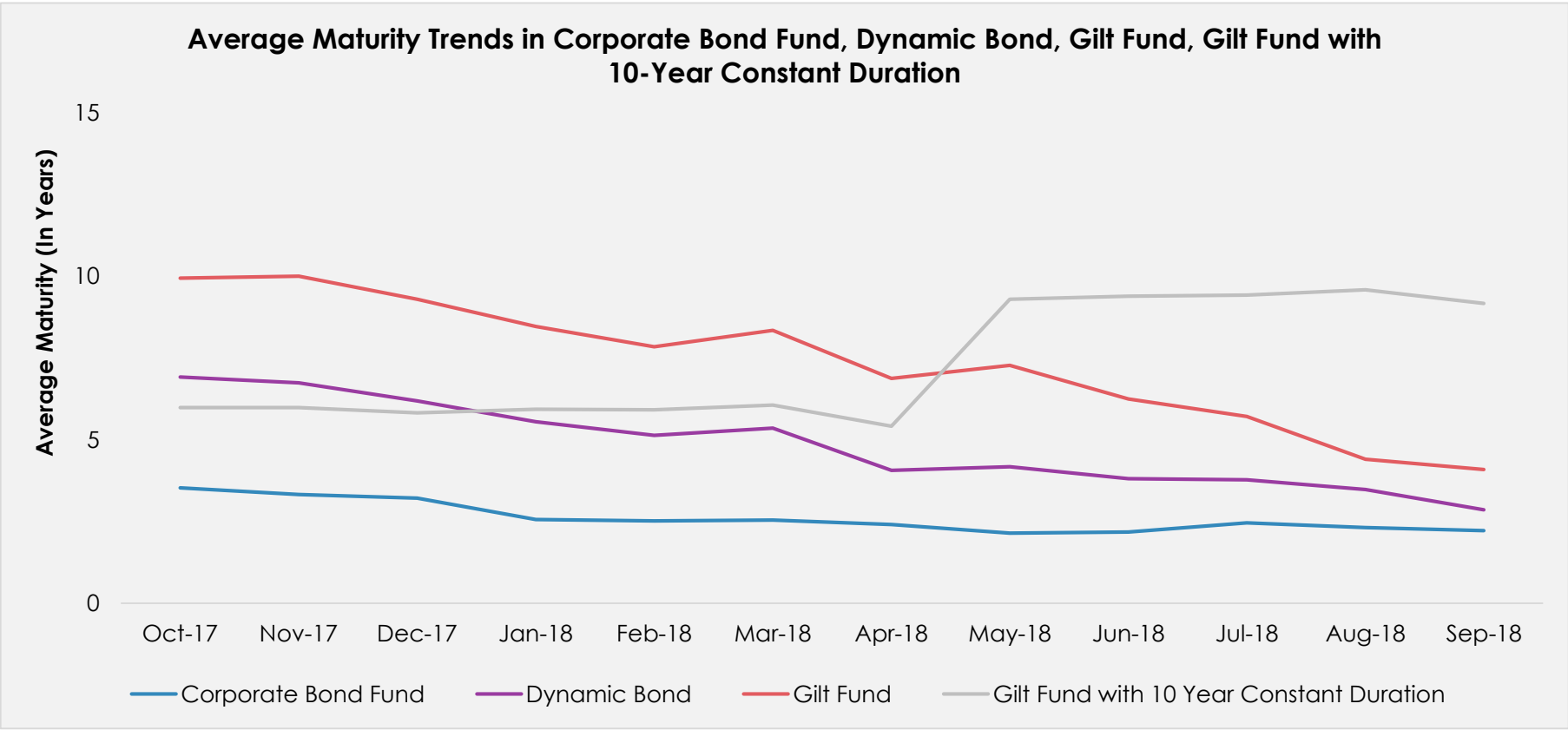
## FPI/FII & Mutual Fund Investment Trends in Equity Markets



Source: ICRA Online Research



Source: ICRA Online Research



Source: ICRA Online Research



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# Regulatory Update

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**SEBI lowers the fees that mutual funds charge**

- SEBI cut expense ratio for open-ended equity schemes based on AUM size. Total expense ratio for schemes AUM of up to Rs. 500 crore will be 2.25% every year. In addition, SEBI has barred upfront commissions to distributors



**All scheme-related expenses shall be paid from the scheme only**

- SEBI mandated that all scheme-related expenses, including commissions, shall be paid only from the scheme and not from the books of the AMCs. The regulator has done away with upfront commission of 1% that was allowed earlier. Going forward, fund houses will have to pay commission through a full trail fee model in all schemes



**Fund houses can charge additional 30 bps on expense for B30 cities only on retail AUM**

- Additional expense allowed for penetration in B-30 cities shall be based only on inflows from retail investors. Industry can continue to charge additional TER on retail and HNI assets until SEBI releases a definition on retail investors. Fund houses can incentivize their distributors with additional B30 commission only through trail model as against upfront mode



**AMFI discontinues online registration and renewal of ARN**

- AMFI discontinued mutual fund distributors' online registration and renewal of AMFI Registration Number (ARN) with Aadhaar number following the Supreme Court's verdict on Aadhaar. The Unique Identification Authority of India had asked AMFI, R&T agents and KYC registration agencies to give it in writing that they have stopped using Aadhaar-based authentication

## MUMBAI

15, Ground Floor, Dosti shoppe  
Link Dosti Acres, Antop Hill,  
Wadala (East)  
Mumbai - 400 037 Maharashtra,  
Ph : 022 -2414 8864.

## GURGAON

1154, 11th Floor Tower B, Spaze  
Techpark, Sohna Road  
Gurgaon - 122001  
Haryana, Ph : 0124-4246036/8  
Fax : 0124-4246037.

## KOLKATA

Malancha, 4A, Elgin Road,  
Kolkata - 700020 West Bengal,  
Ph : 033 - 4003 4585,  
Ph : 033 - 4006 8556  
Fax : 033- 2280 8557.

## COIMBATORE

207, 3rd Floor, Tulsi Complex,  
1334 Thadagam Road, RS Puram,  
Coimbatore - 641 002,  
Tamil Nadu,  
Ph : +91 422 4367 309.

## SILIGURI

Himadri Bhawan Opp.  
Gurudwara, Sevoke Road  
Siliguri - 734401  
West Bengal,  
Ph : 0353 -2430 273.

## Contact us

[research@alphacapital.in](mailto:research@alphacapital.in)

[contact@alphacapital.in](mailto:contact@alphacapital.in)

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