



**ICRA Online Ltd**  
*A Group ICRA company*

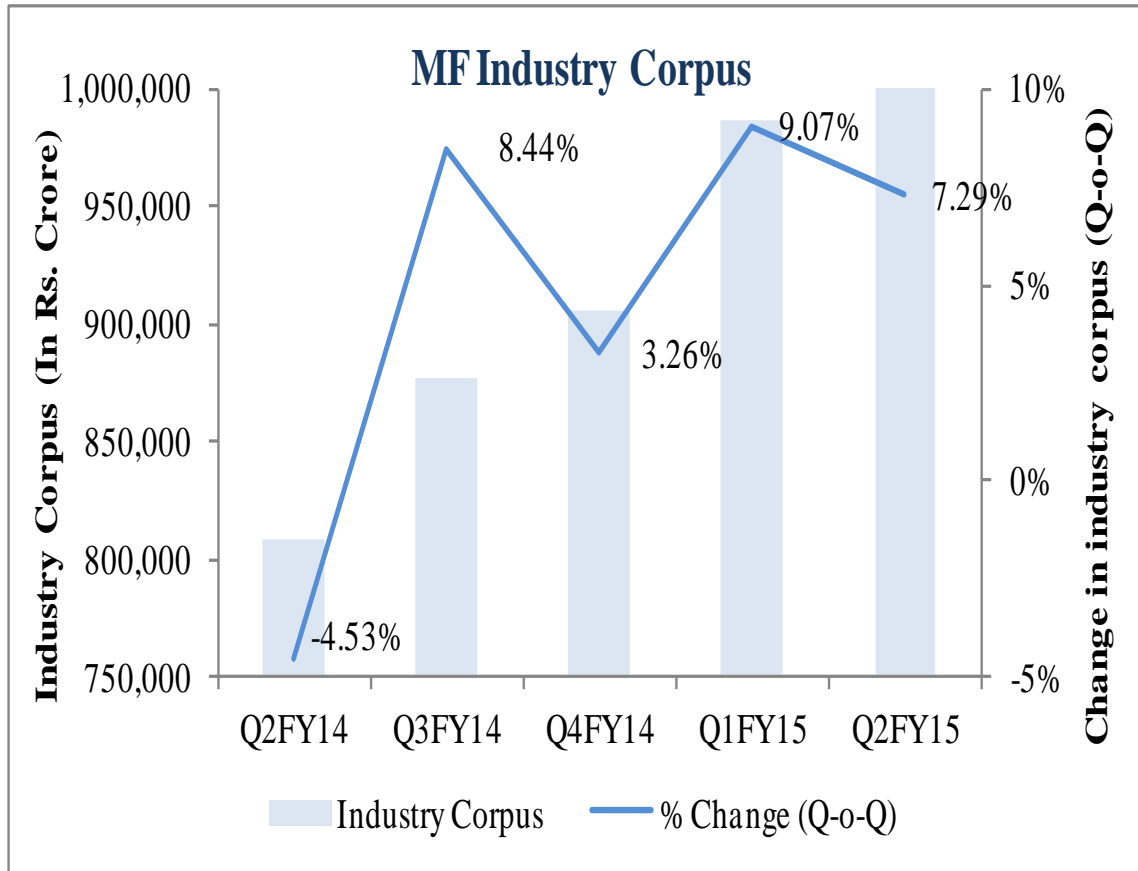
**Mutual Fund Screeners**  
*September, 2014*

## Section I

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# MUTUAL FUND INDUSTRY DATA

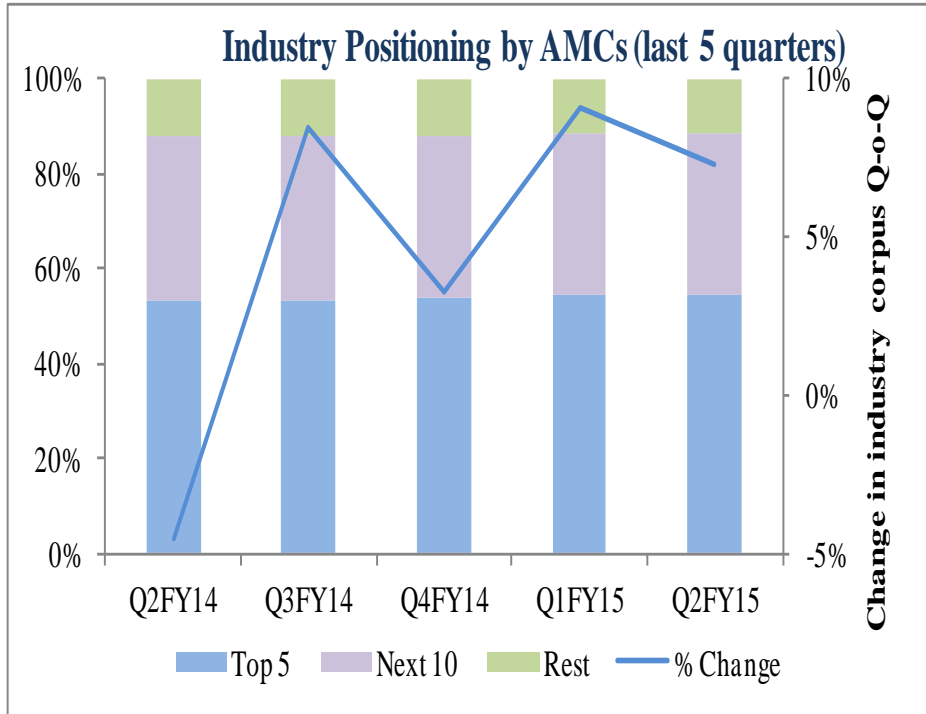
# MF Industry Corpus



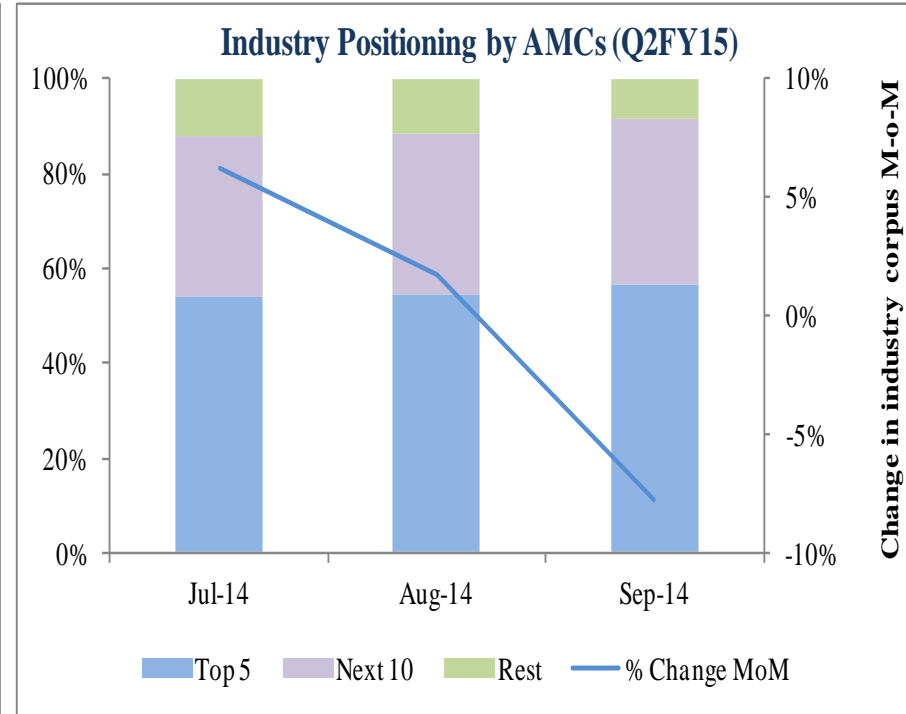
Source: AMFI

1. Industry corpus crossed the landmark the Rs 10 lakh crore in Q2FY15
2. Corpus increased at 7.3% in the last quarter, compared to (4.5%) for the same quarter last year
3. Kotak AMC slipped one position to end the quarter at the 10<sup>th</sup> position behind DSP Blackrock
4. The top-ten AMCs contributed close to 78% of the industry corpus.
5. While the top-10 grew by 7.1%, the next-10 (corpus in range of 8K to 25K crore) grew by over 8.5%, slightly above the industry average

# Top 5 funds maintain their position over last 5 quarters



Source: AMFI

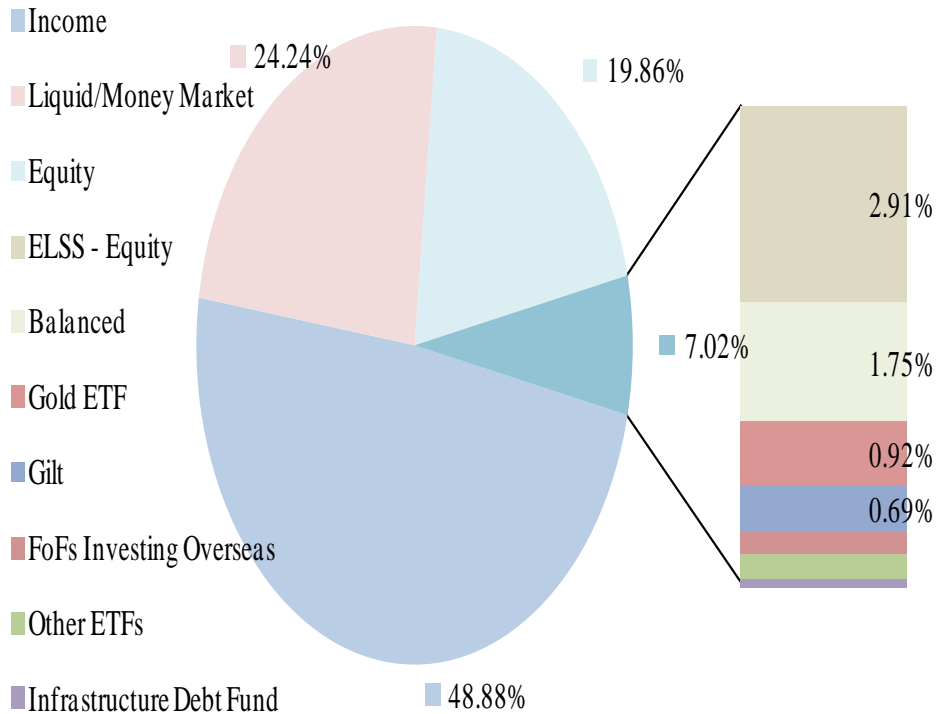


Source: ICRA Online Research

1. The asset distribution remained more or less consistent.
2. The rate of growth for AUM witnessed a dip during the three months of Q2FY15.
3. HDFC, ICICI Prudential, Reliance Birla Sunlife and UTI remained the top 5 AMC's in last 5 quarters managing over Rs 5.77 lakh crore together

# Balanced funds see huge net inflow in the last 12 months

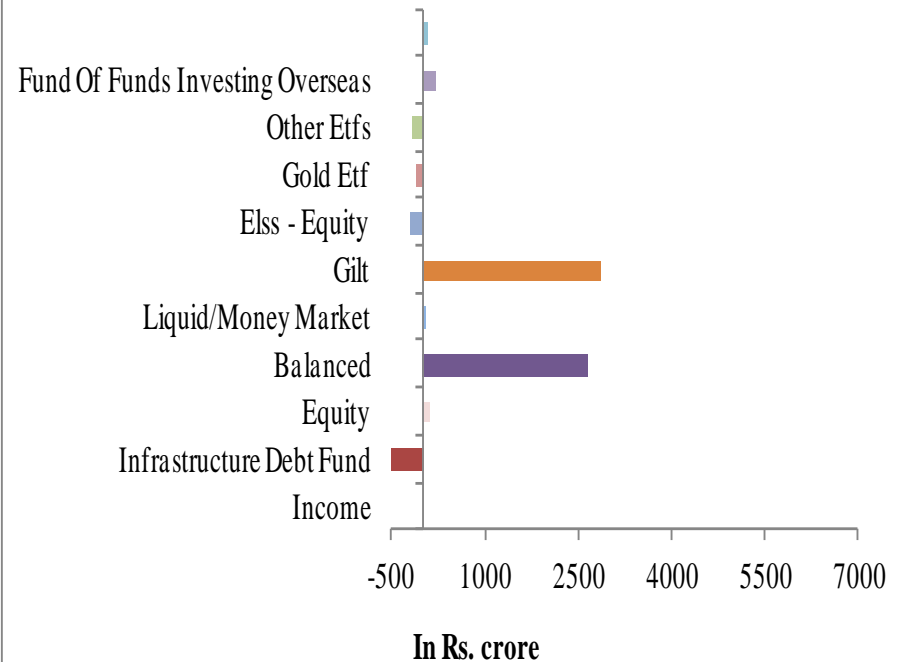
Category wide distribution of industry corpus for TTM



Source: AMFI, ICRA Online Research, Data is as on Sept-2014, TTM-Trailing twelve months

**Income and Liquid/Money Market funds together account for close to 75% of the market**

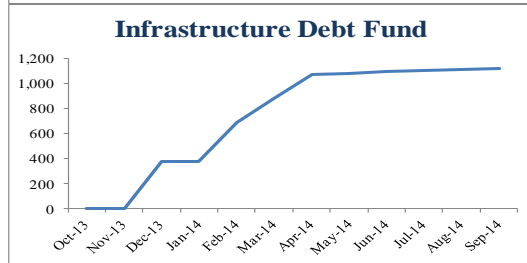
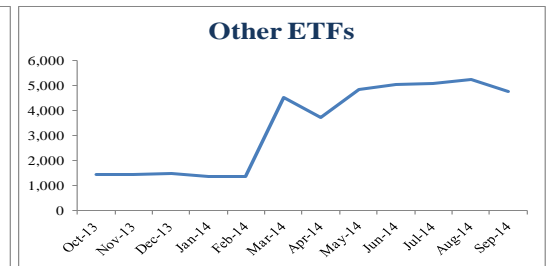
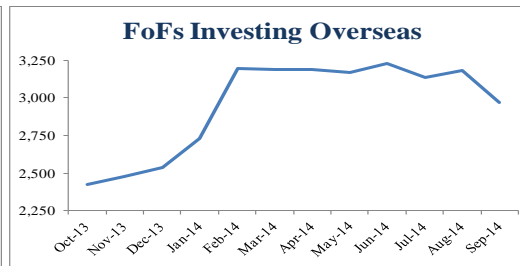
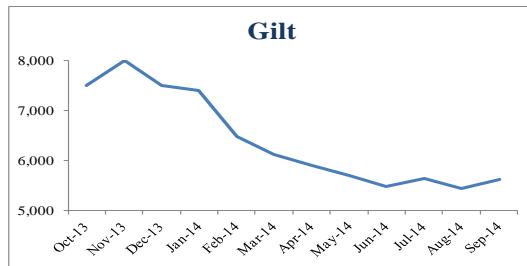
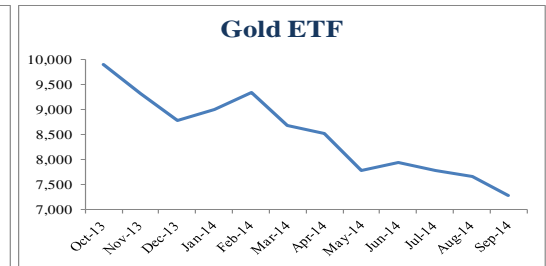
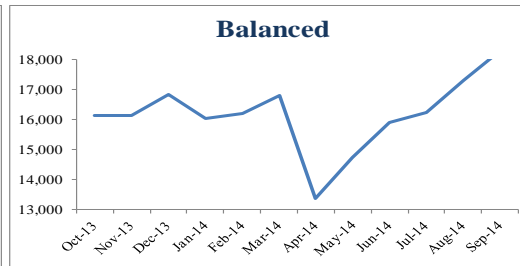
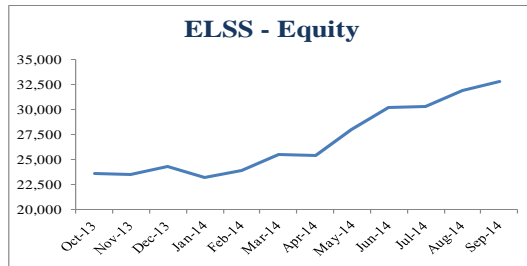
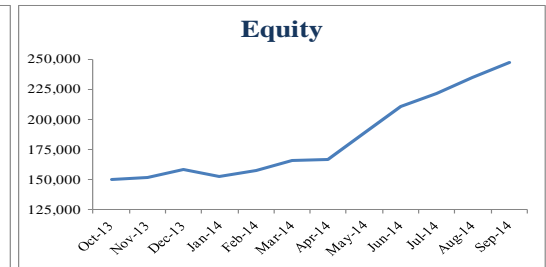
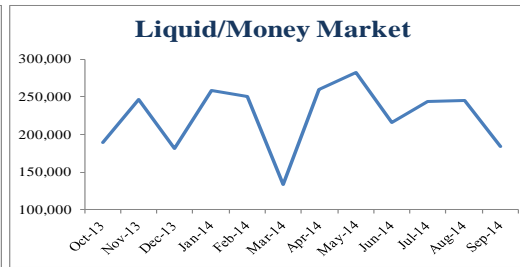
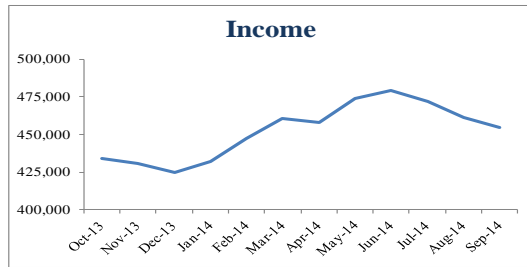
Average Inflow/Outflow pattern for TTM



Source: AMFI, Data is as on Sept-2014, TTM-Trailing twelve months

**Balanced and Gilt funds saw a substantial net inflow**

# Category Movement Monitor for previous 12 months

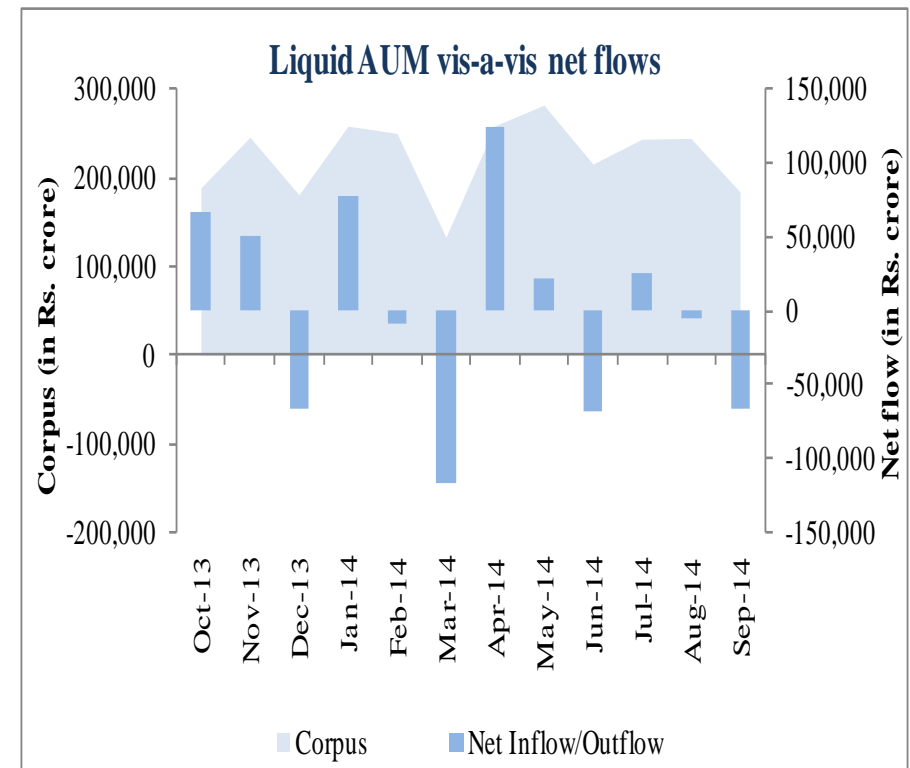
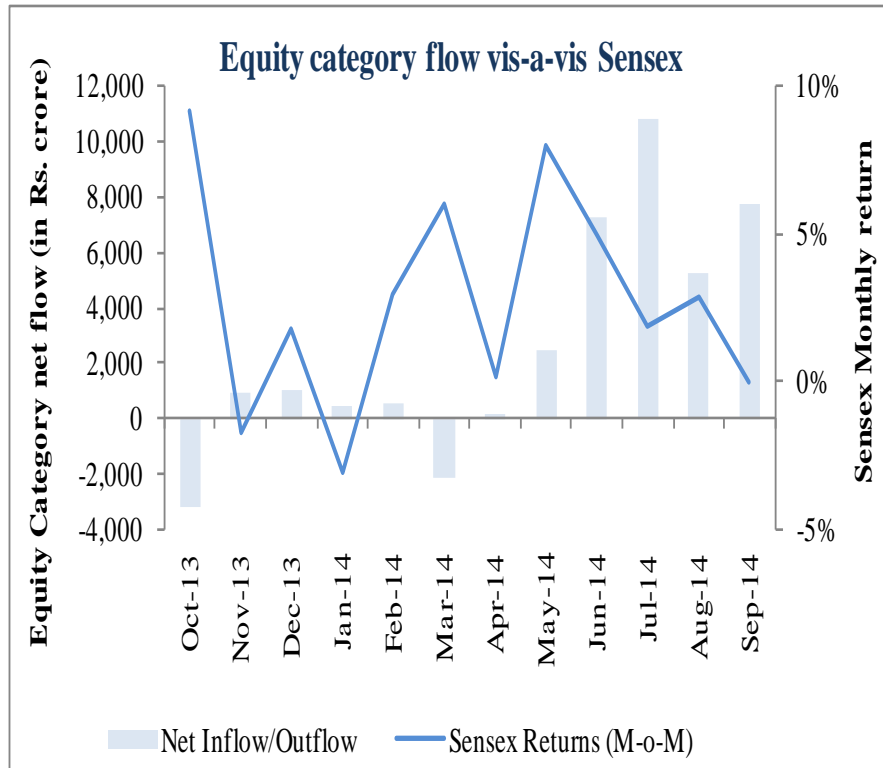


1. Equity and Balanced funds continue to witness a rising trend maintaining the momentum of the previous 6 months with equity funds touching close to Rs 2.5 lakh crore in Sept'14

Source: AMFI



# Specific Category Deep Dive : Equity & Liquid



Source: AMFI, BSE

1. While the net inflow in equity category has remained positive in Sept, the monthly Sensex returns showed a declining trend
2. This may indicate a shift in investor outlook towards more long-term horizon

Source: AMFI

1. Liquid funds corpus in Sept'14 (at Rs 1.84 L crore) fell below the last 12 months' average (at Rs 2.24 L crore)
2. The net outflow of ~Rs 67K crore was more than twice the outflow seen in Sept'13

## Section II

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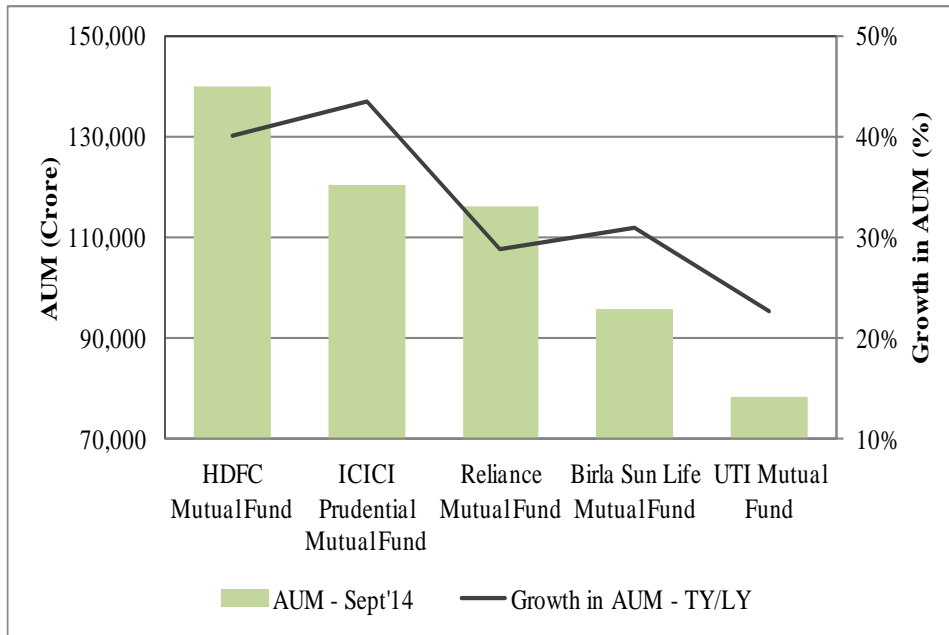
# **SAMPLE ANALYSIS OF SOME MUTUAL FUNDS**



# Mutual Fund AUM Monitor for the BIG-5

AMC	THIS YEAR			LAST YEAR			GROWTH*		
	Net Inflow - Sept'14	Net Inflow - Aug'14	AUM - Sept'14	Net Inflow - Sept'13	Net Inflow - Aug'13	AUM - Sept'13	Net Inflow CM/LM	Net Inflow in CM-TY/LY	AUM-TY/LY
HDFC Mutual Fund	894.67	4,905.27	140,168.35	857.95	(4,106.55)	99,997.61	-82%	4%	40%
ICICI Prudential Mutual Fund	(8,664.58)	4,409.00	120,435.25	4,048.51	(2,650.65)	83,932.95	-297%	-314%	43%
Reliance Mutual Fund	(6,808.35)	4,159.19	116,060.85	940.33	1,471.73	89,992.05	-264%	-824%	29%
Birla Sun Life Mutual Fund	(6,039.44)	(2,035.06)	95,651.64	531.34	(1,513.54)	72,964.59	197%	-1237%	31%
UTI Mutual Fund	(6,317.14)	4,231.96	78,441.07	(1,498.85)	(3,838.19)	63,956.33	-249%	321%	23%

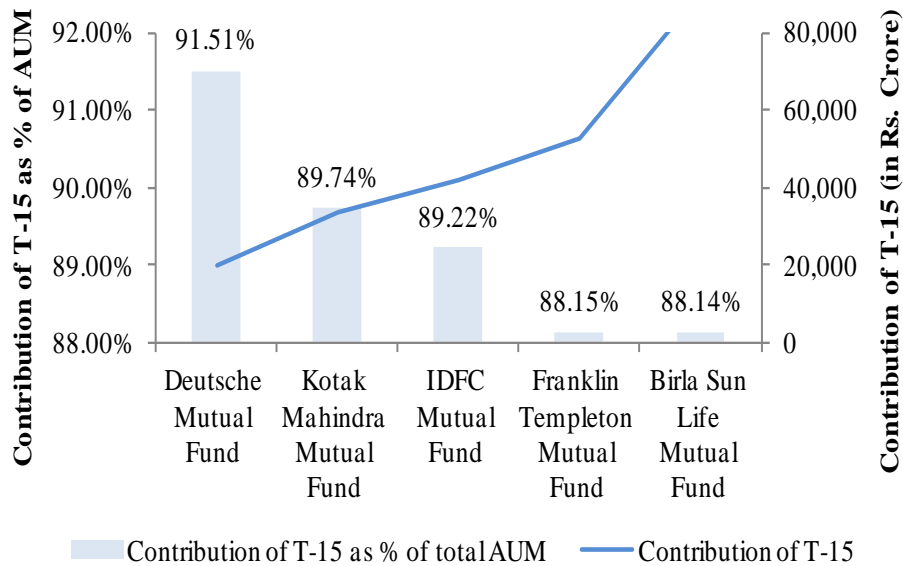
\* CM = Current Month, LM = Last Month, TY = This Year, LY = Last Year



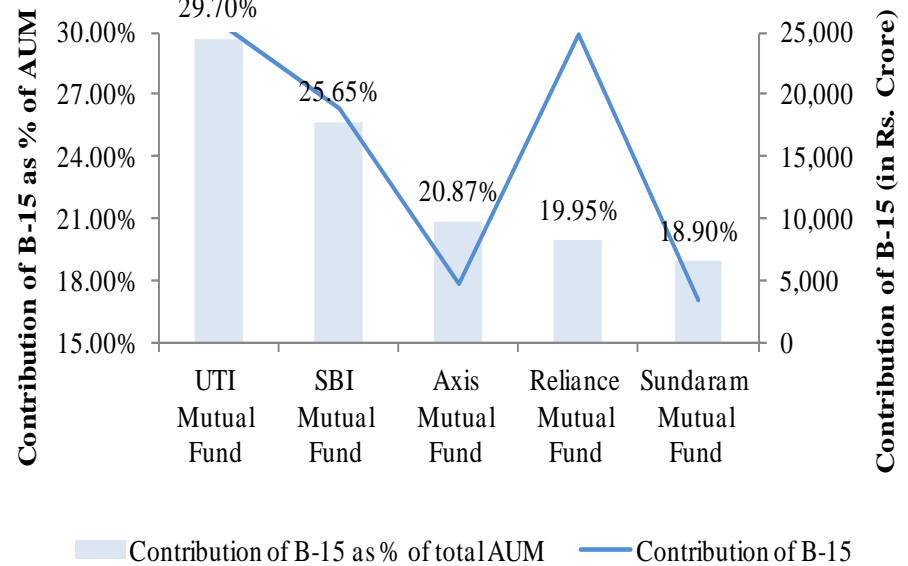
1. HDFC Mutual Fund was the only AMC to see a net inflow in Sept'14 to end the month at Rs 1.4 L Crore consolidating the margin of lead from the Number 2 – ICICI Prudential
2. In terms of AUM, ICICI Prudential registered the highest growth at 43% followed closely by HDFC at 40%
3. The Big-5 together have close to 55% of the market share; the total number of players in Sept'14 with positive AUM was 44
4. As on Sept'14 there were 10 mutual funds with AUM below 1,000 Crore

# Understanding T-15 and B-15

### Contribution of T-15 and Total AUM



### Contribution of B-15 and Total AUM

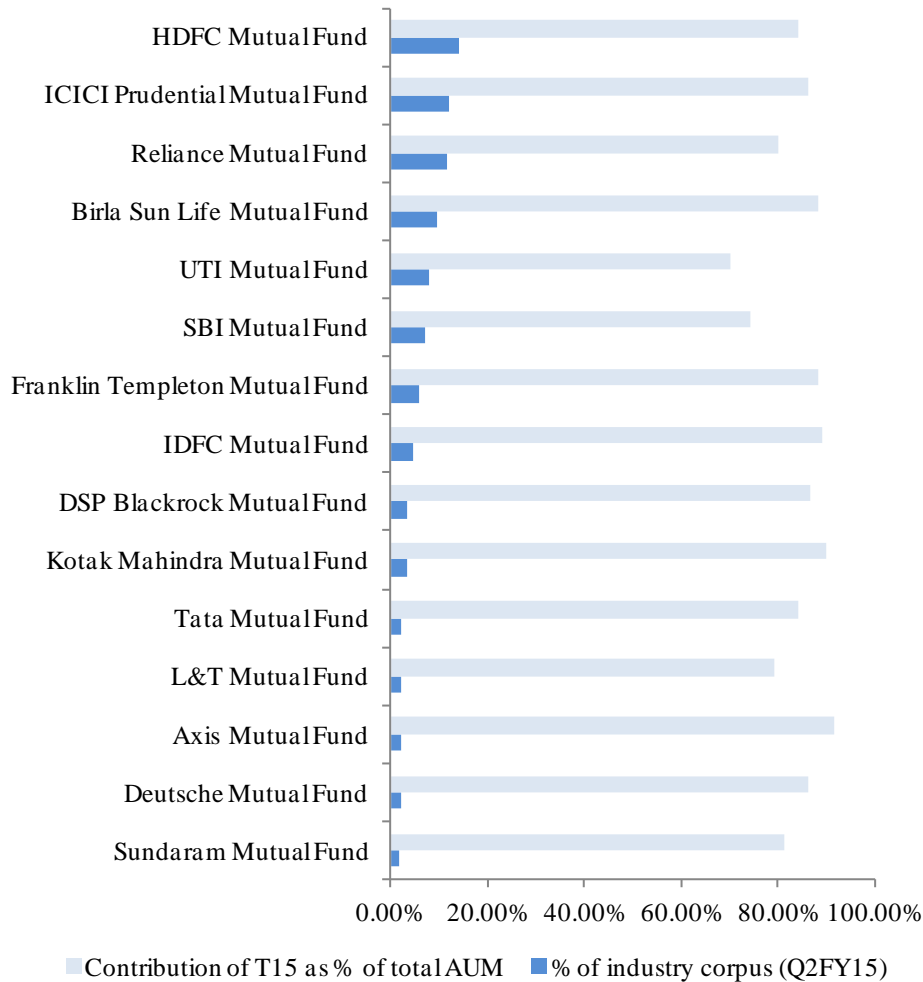


Source: AMFI, AMC's website. AAUM monthly data pertains to Sept-14

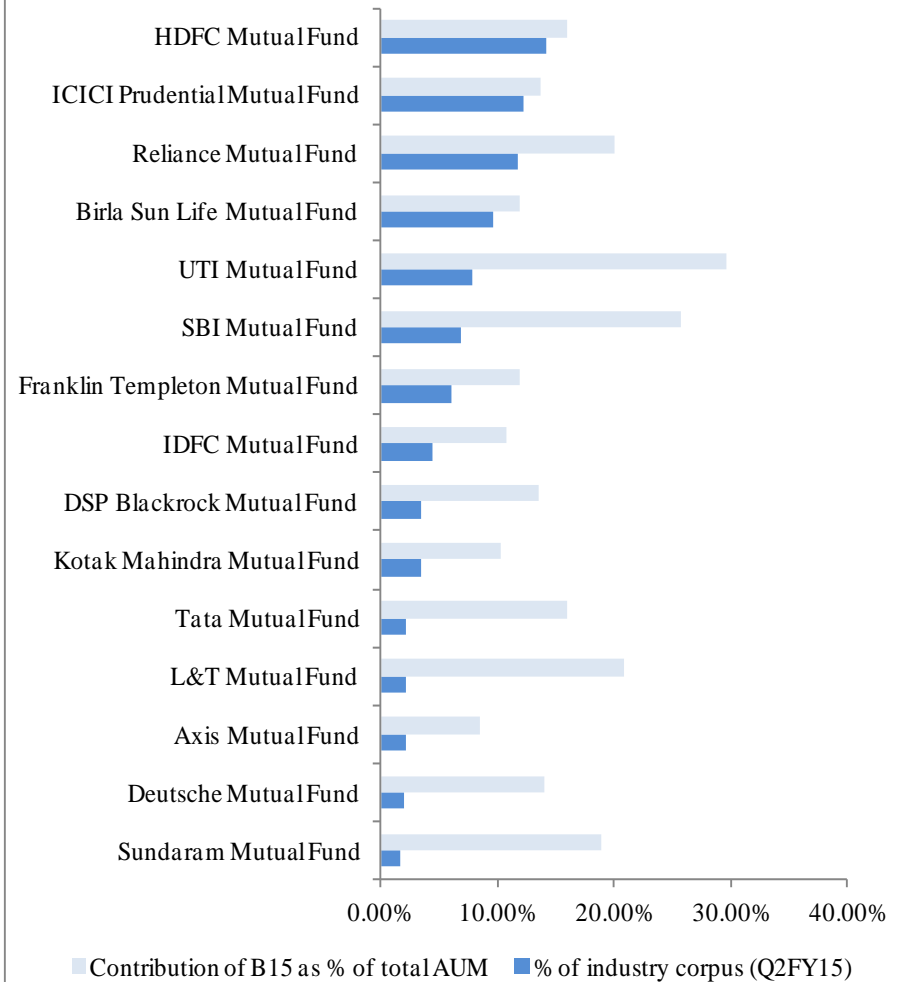
1. Most funds have a disproportionate share of funds coming from T-15 with Deutsche showing more than 90% contribution from T-15
2. Out of the top 15 mutual funds we find 12 had more than 80% of their contribution from T-15 with notable exceptions being UTI, SBI and Axis Mutual Funds who have a good presence in B-15 category
3. In the B-15 category UTI has close to 30% of its funds from this segment followed by SBI at about 25%

# Highlights of AUM Disclosure

**% of industry corpus vis-a-vis contribution of T-15**

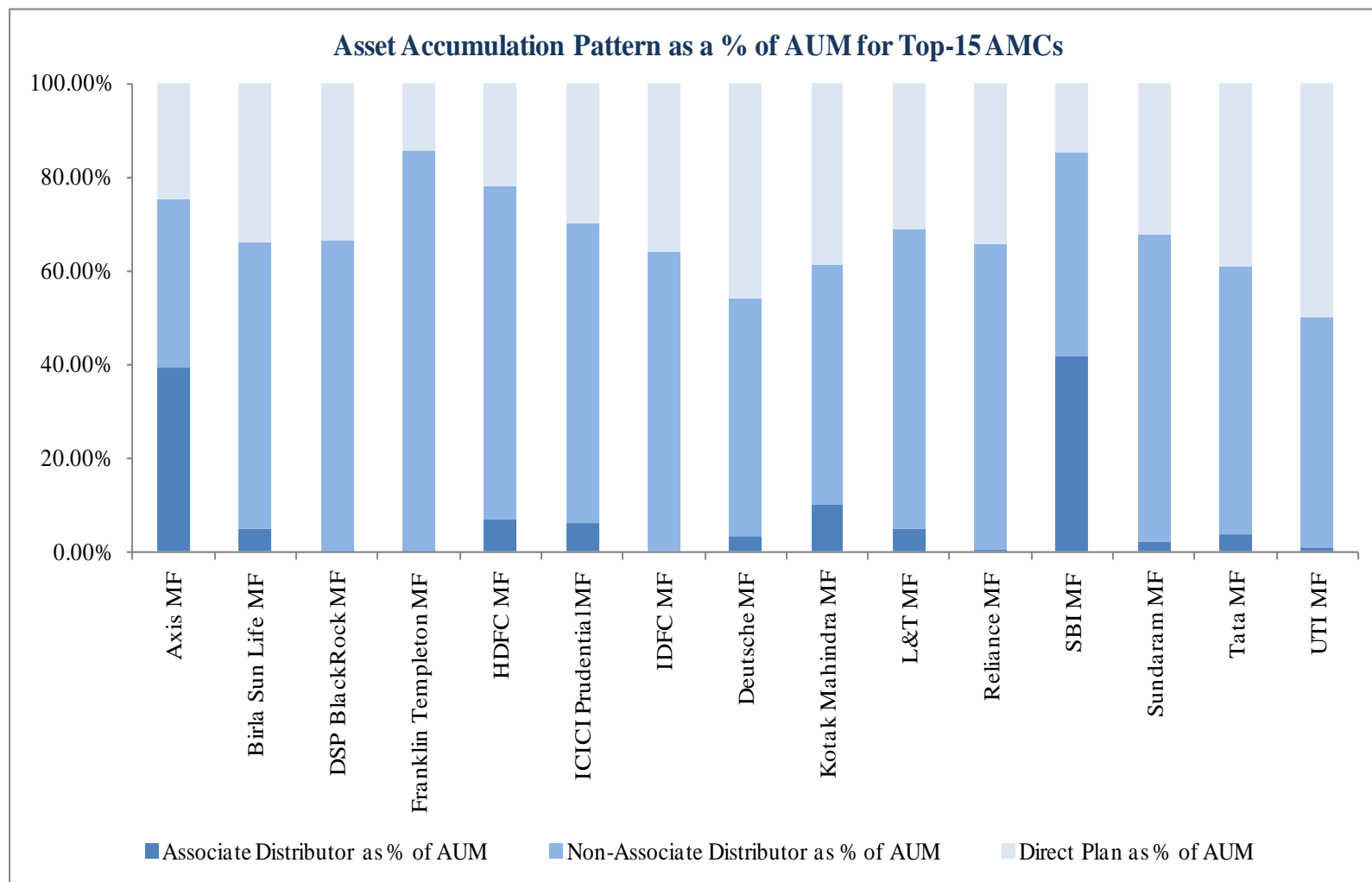


**% of industry corpus vis-a-vis contribution of B-15**



Source: AMFI, AMC's website. AAUM monthly data pertains to Sept-14

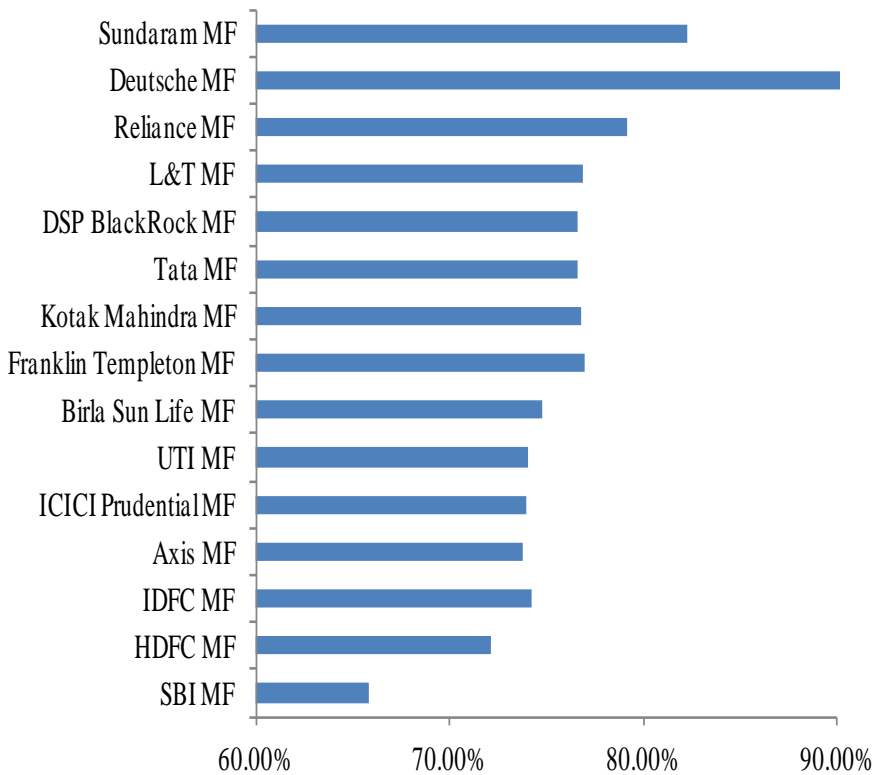
# Asset Accumulation Pattern shows no clear trend towards any particular channel



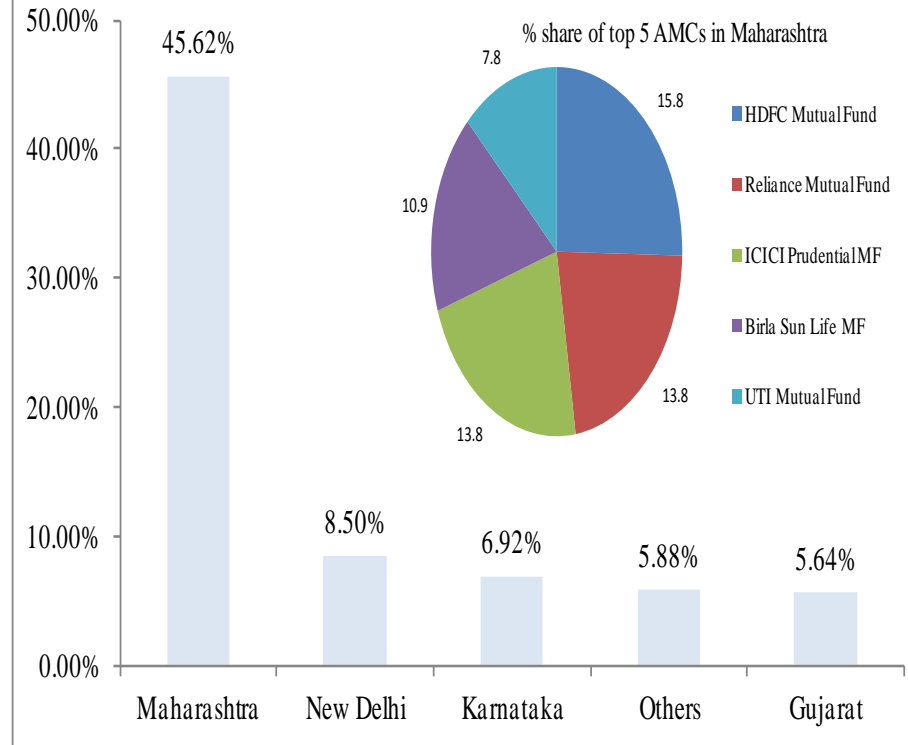
Source: AMFI, AMCs website. AAUM monthly data pertains to Sept'14

# Geography wise Analysis

## Exposure to top 5 states/UT



## Top-5 vis-a-vis total corpus



Source: AMFI, ICRA Online Research. Data pertains to top-15 AMCs as on Sept-14.

1. The exposure to top 5 states remained close to 72% for most AMCs.
2. Maharashtra accounts for a little above 45% of the market
3. The top-4 mutual funds have more than 10% of their market share in Maharashtra

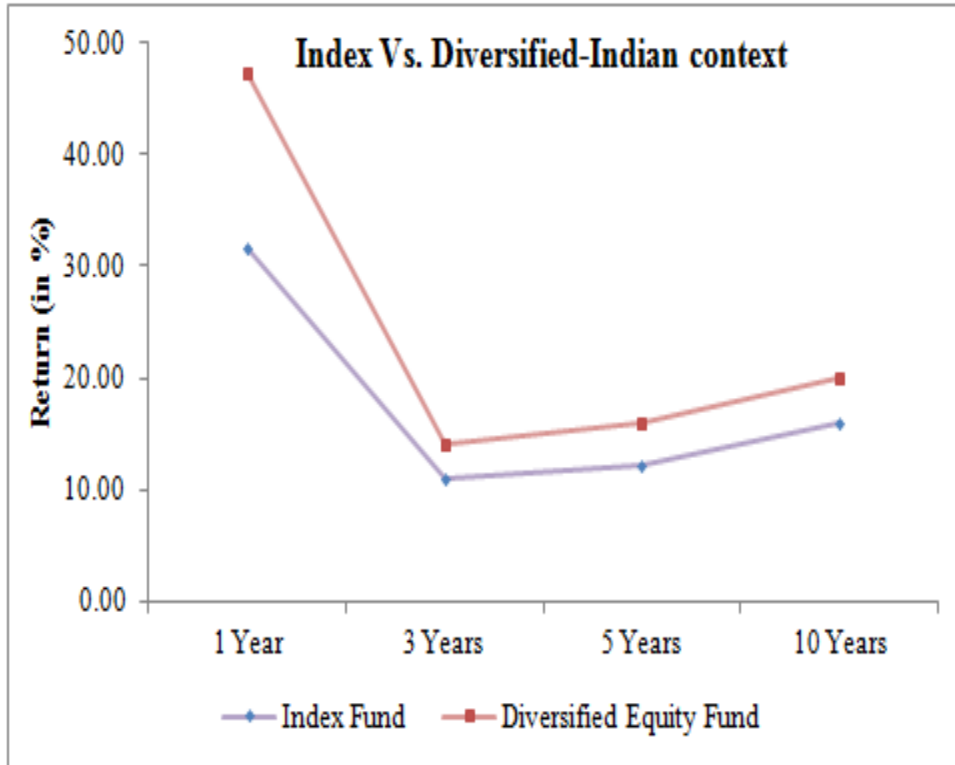
## Section III

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# **SPECIFIC DEEP DIVE – ACTIVE MANAGEMENT**



# Case for Active Management



Source: MFI Explorer, data as/on 30th June 2014

No. of index funds = 26  
No. of diversified equity funds = 201  
Simple average of return is considered for the above graph

1. Alongside is the performance comparison of Index funds against the diversified equity funds as/on 30<sup>th</sup> June 2014.
2. The performance of diversified funds has been better in all time periods.
3. The average expense ratio for index fund was 1.23% as compared to 2.41% by diversified equity fund.
4. Thus it presents a case for active fund management in Indian context and this was analyzed further

# Case for Active Management

## Objective

To study the performance of equity funds vis-a-vis benchmark across various time frames.

## Methodology

1. Selected all equity funds as/on 31st July 2014. Eight funds eliminated from analysis due to unavailability of benchmark index data.
2. For the funds, where there were two benchmark indices, only one was taken.
3. The study was conducted for four different time periods, 31st July 2014, 31<sup>st</sup> Dec 2013, 31st July 2013 and 31st Dec 2012, the quarterly AAUM was taken for that particular time period for consistency of data.

## Observations

1. As of 31st July 2014, 77% of the equity funds outperformed the underlying index .
2. Even if we look at the equity corpus managed by those funds, over 87% outperformed in one year time frame.
3. Different time periods were considered and everywhere the result was greater than 50% except for 31<sup>st</sup> July 2013, in 1-year time frame.



# Case for Active Management

Period->	31-Jul-13			31-Dec-12		
	Year-> 1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
No. of Funds	316	291	246	306	277	219
No. of Funds outperforming underlying index	137	166	152	181	196	137
% of funds outperforming	43.4%	57.0%	61.8%	59.2%	70.8%	62.6%
% of equity corpus outperforming	33.6%	63.4%	81.8%	71.2%	85.4%	79.6%

Period->	31-Jul-14			31-Dec-13		
	Year-> 1 Year	3 Years	5 Years	1 Year	3 Years	5 Years
No. of Funds	321	304	268	314	298	256
No. of Funds outperforming underlying index	248	212	197	168	198	161
% of funds outperforming	77.3%	69.7%	73.5%	53.5%	66.4%	62.9%
% of equity corpus outperforming	87.6%	84.6%	87.6%	53.6%	81.0%	82.3%

Source: ICRA Online Research



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