

# Mutual Fund Screener

For the quarter ended Sep-17



**ICRA ONLINE LIMITED**  
A Group ICRA Company

# Mutual Fund Screener – What's Inside

**01**

Industry  
Size

**02**

Investor  
Trends

**03**

Inflow Outflow  
Analysis

**04**

Sector  
Update

**05**

Category  
Performance

**06**

Industry  
Insights

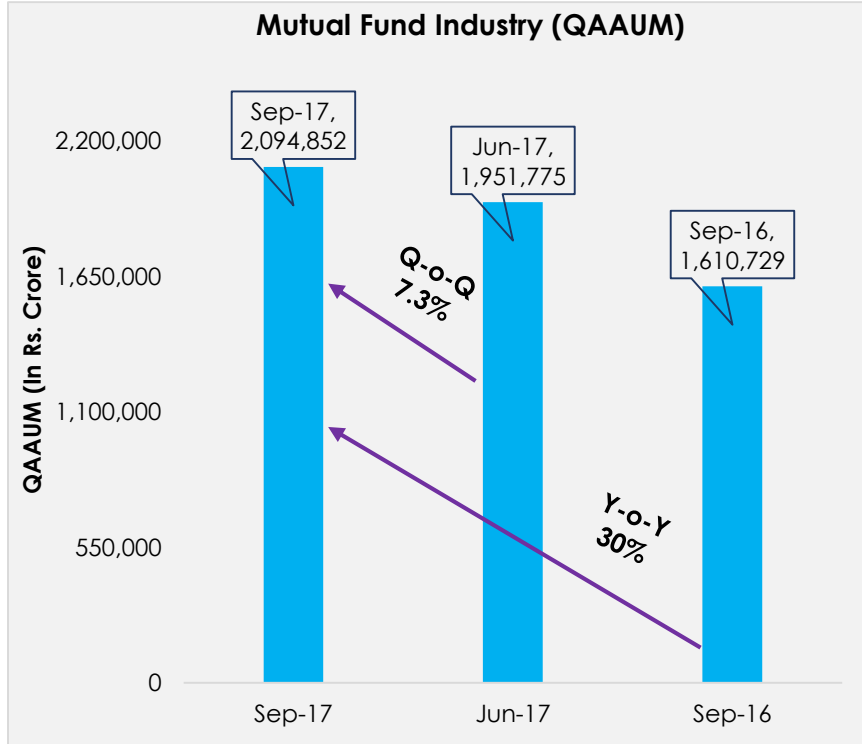
**07**

Regulatory  
Update



Section I | **INDUSTRY SIZE**

# Industry QAAUM up 7% - Rs. 143,078 crore added in Q2FY18



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

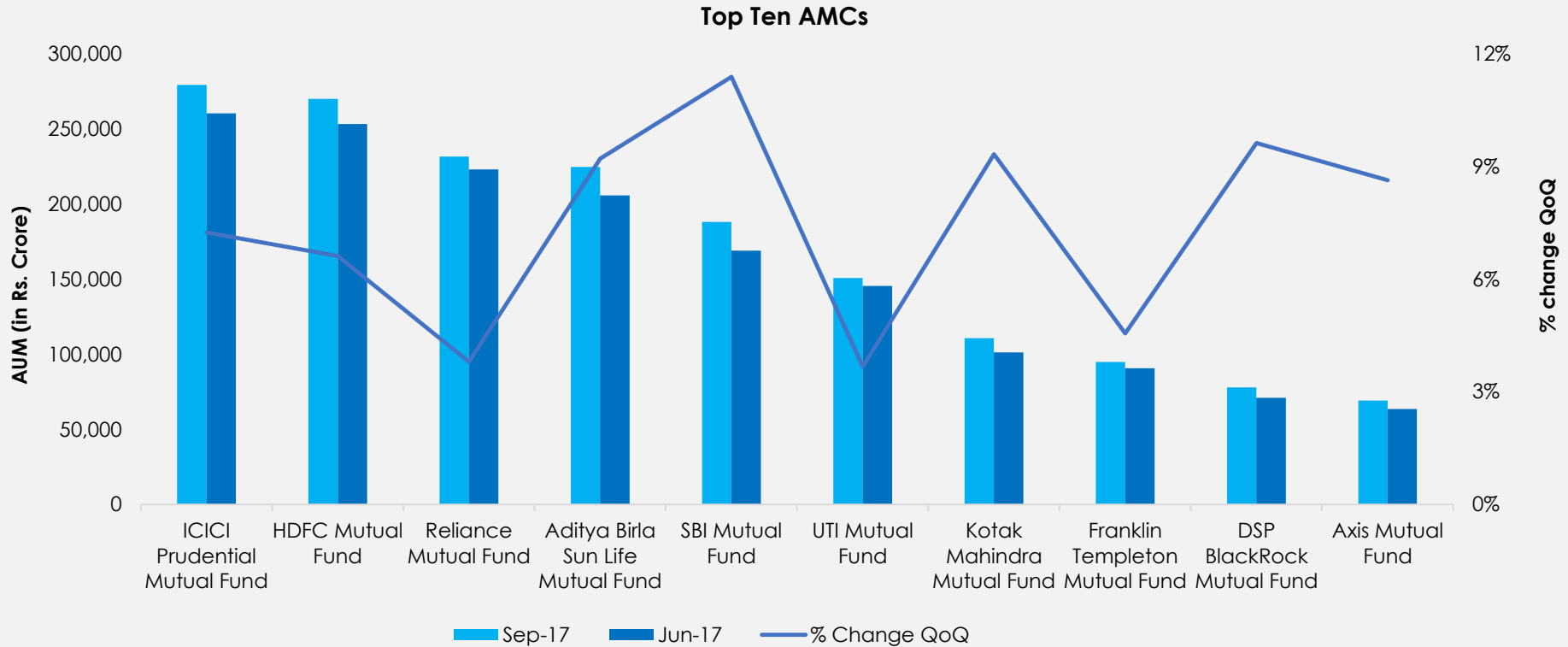
## Growth in QAAUM for the Quarter Ended Sep-17

AMCs	Range
Top 5	4% to 12%
Next 10	-2% to 19%
Rest	-65% to 30%

Source: AMFI; ICRA Online Research. AMC list as of Sep-17 QAAUM

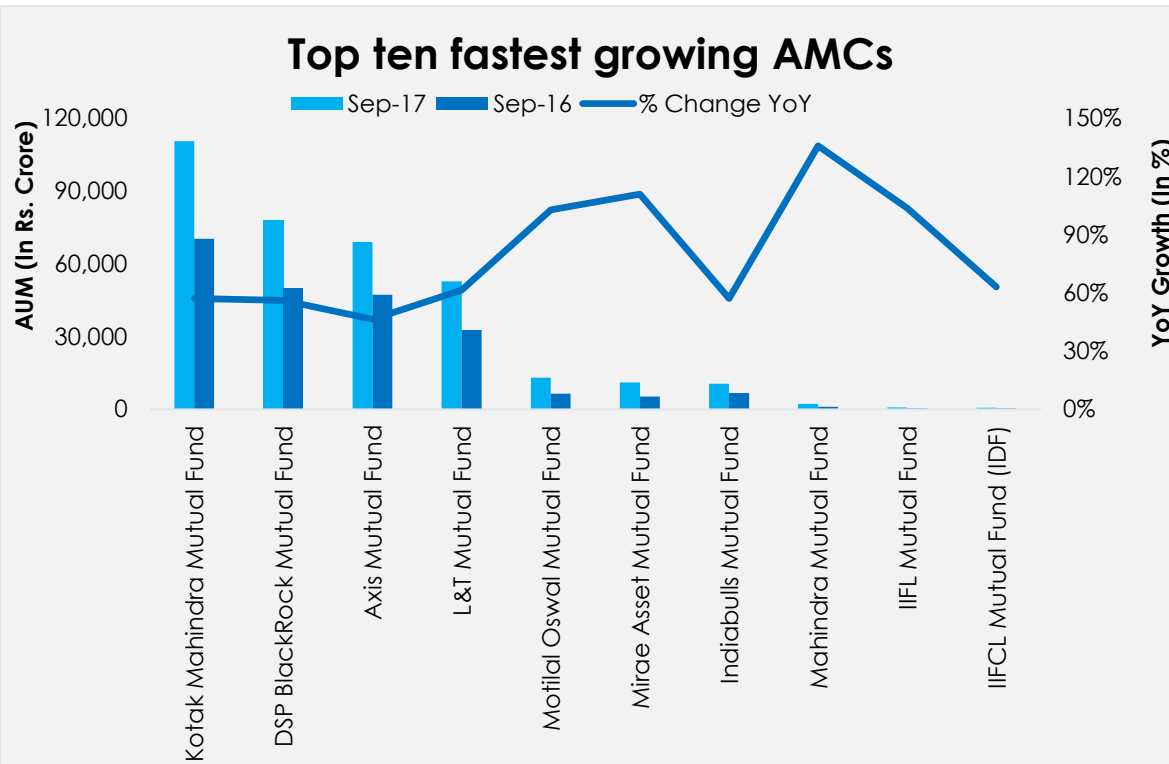
- ✓ Industry Quarterly Average Assets Under Management (QAAUM) grew for the **16<sup>th</sup>** consecutive quarter in Q2FY18
  - ✓ The 7.3% quarterly growth in industry assets was driven by sustained inflows in equity schemes through Systematic Investment Plans (SIPs) and mark to market gains

# Top 10 AMC's accounted for ~81% of QAAUM



Source: AMFI, ICRA Online Research

## Smaller AMC's grew at a faster pace



QAAUM of six fastest growing AMC's below Rs. 20,000 crore

Among the larger AMC's (QAAUM > Rs. 35,000 crore), Kotak Mahindra, DSP BlackRock, Axis, and L&T Mutual Fund have shown exceptional growth in assets

Source: AMFI, ICRA Online Research

Note: Edelweiss AMC was not included in the list of top 10 fastest growing AMC's as its YoY growth of 260% was fuelled by the acquisition of JP Morgan AMC



## Private sector JVs (predominantly Indian) managed 58% of Sep-17 QAAUM

Category		In Rs. Crore			Growth	
		Sep-17	Sep-16	Sep-15	Year 1	Year 2
Bank Sponsored	Joint Ventures - Predominantly Indian	204,200	144,510	98,722	41.30%	46.40%
	Joint Ventures - Predominantly Foreign	11,138	11,703	9,532	-4.80%	22.80%
	Joint Ventures - Others	164,011	138,848	113,766	18.10%	22.00%
Institutions	Indian	23,504	16,841	11,507	39.60%	46.40%
Private Sector	Indian	294,976	206,252	166,808	43.00%	23.60%
	Joint Ventures - Predominantly Indian	1,218,191	934,769	747,691	30.30%	25.00%
	Foreign	137,637	114,629	113,118	20.10%	1.30%
	Joint Ventures - Predominantly Foreign	16,004	18,704	26,921	-14.40%	-30.50%
	Joint Ventures - Others	25,191	24,473	2,366	2.90%	934.60%

Source: AMFI, ICRA Online Research

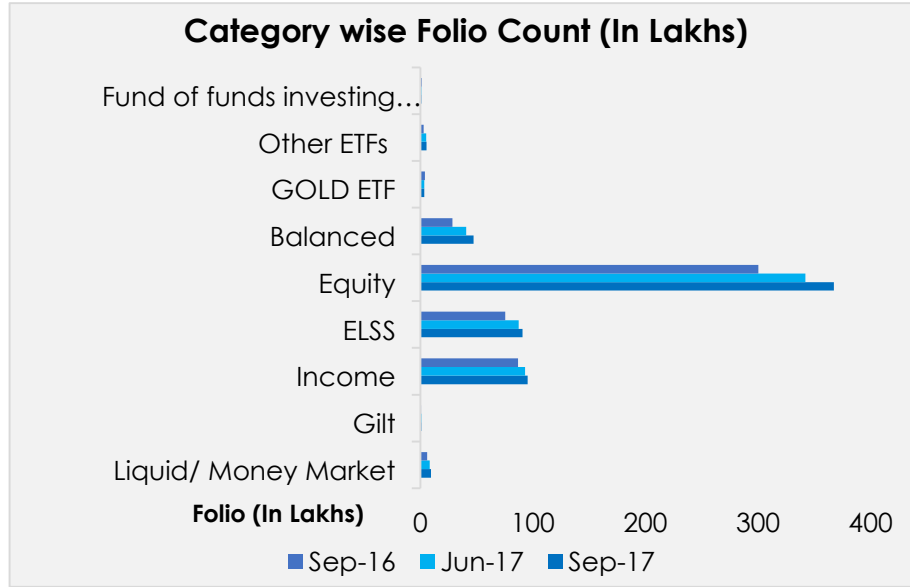
Note: Year 1 – Sep-17 vs. Sep-16; Year 2 – Sep-16 vs. Sep-15

A close-up photograph of a person's hands holding a white piggy bank. The person is wearing a dark suit jacket with orange lapels. The piggy bank is a simple, stylized white pig with small black eyes and a snout. The background is dark and out of focus.

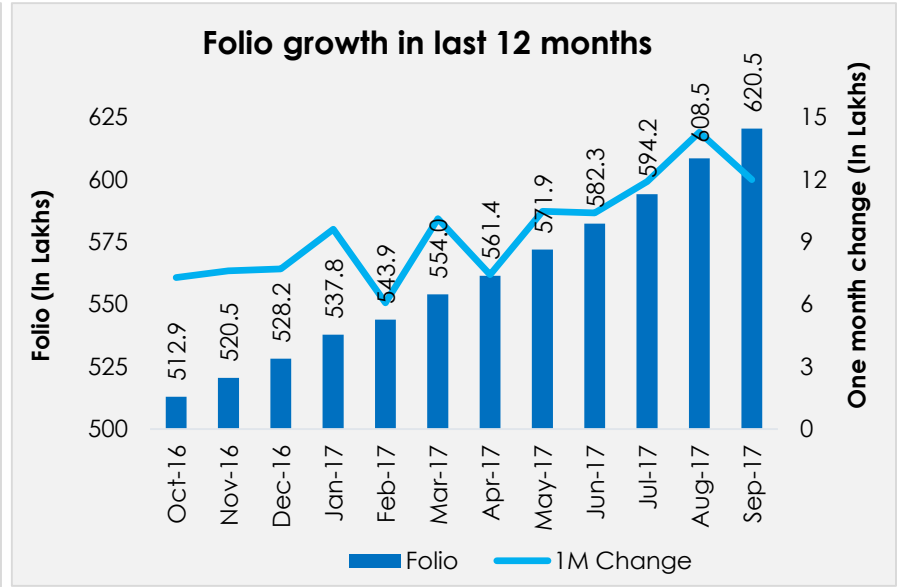
Section II | **INVESTOR TRENDS**



## MF industry added 38.2 lakh folios in Q2FY18



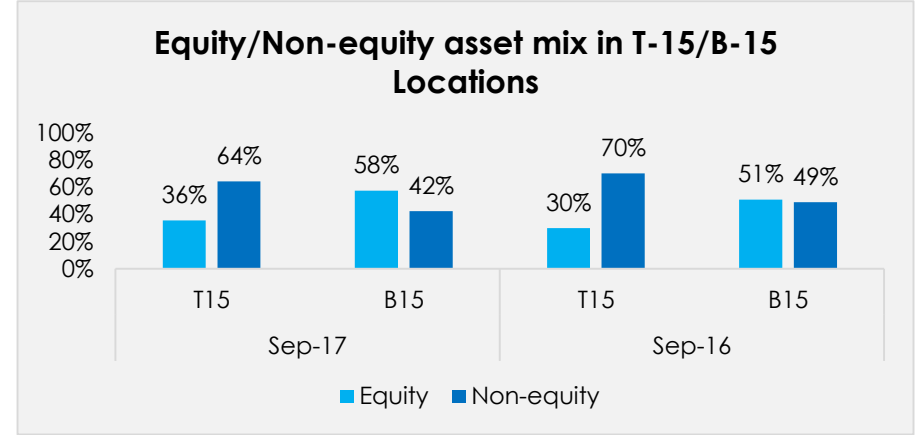
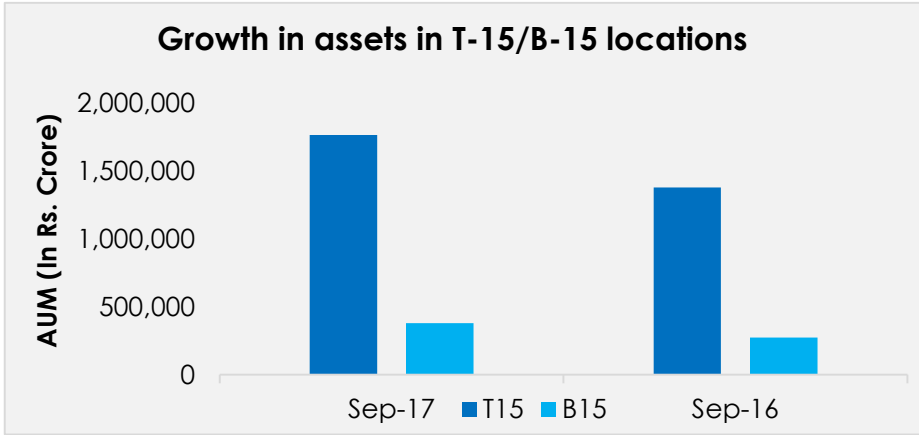
Source: AMFI, ICRA Online Research



Source: SEBI, ICRA Online Research

- ✓ Total folio count at the end of Sep-17 stood at 6.2 crore, 6.6% higher than the previous quarter, according to data from the Securities and Exchange Board of India (SEBI)
- ✓ In the last 12 months, 82.3 lakh new folios were added to the Equity and ELSS categories, suggesting more investors are opting for equity funds for long-term wealth creation

## B-15 locations generated 18% of industry AUM in Sep-17



AUM garnered by different channels				
	Sep-17		Sep-16	
	T-15	B-15	T-15	B-15
<b>Associate Distributor</b>	6%	15%	5%	12%
<b>Direct Plan</b>	46%	21%	44%	26%
<b>Non-Associate Distributor</b>	48%	64%	51%	62%

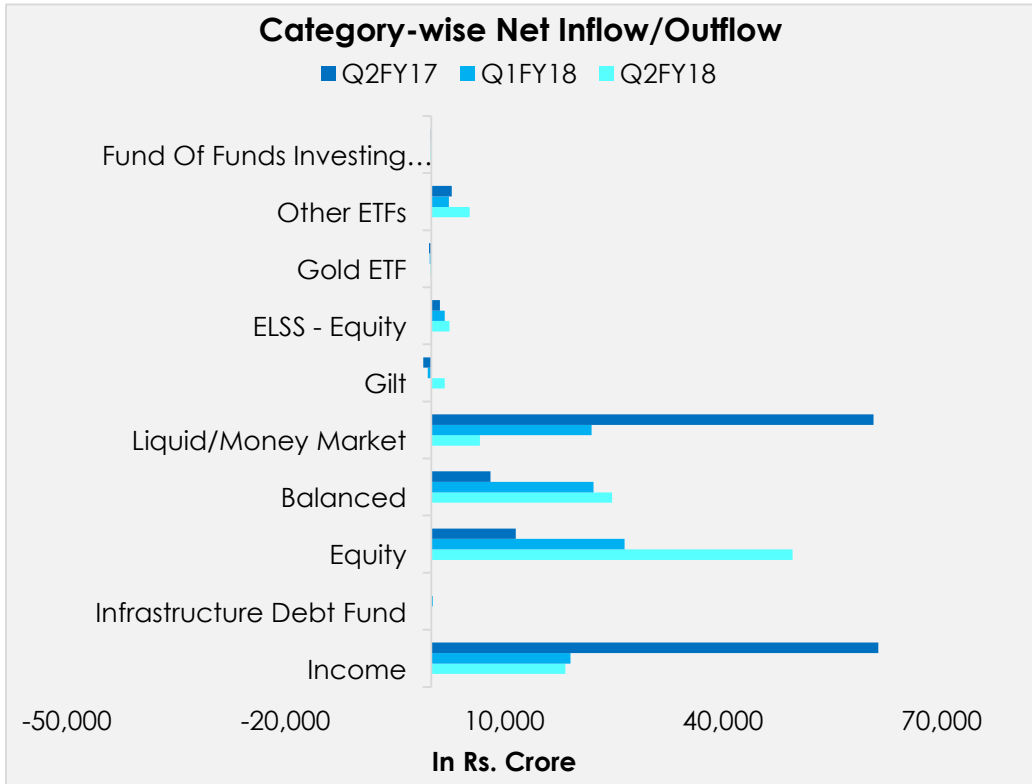
Source: AMFI, ICRA Online Research

- ✓ Assets in top 15 cities (referred to as T-15) grew 28% YoY, while that in smaller towns (referred to as B-15 locations) expanded 39%
- ✓ Activity in B-15 locations has increased in recent years
- ✓ Improved distribution and regulatory changes to the fee structure have brought more people into the mutual fund fold

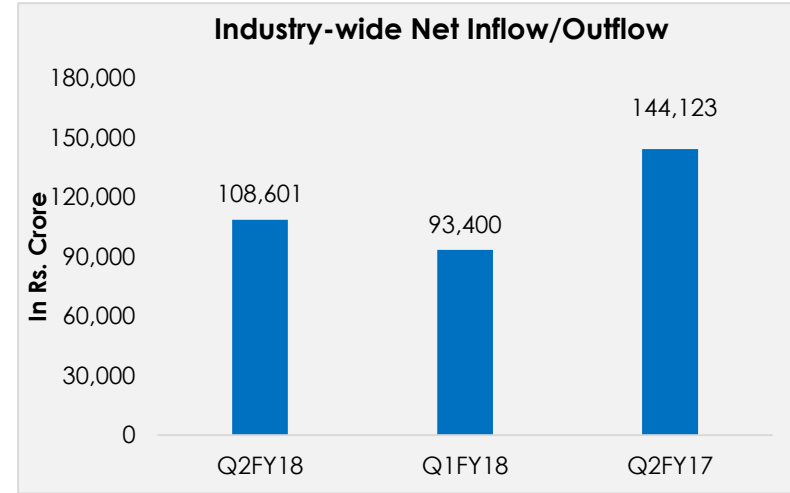
Section III

# INFLOW OUTFLOW ANALYSIS

# Investors poured Rs. 1.09 lakh crore in mutual funds in Q2FY18



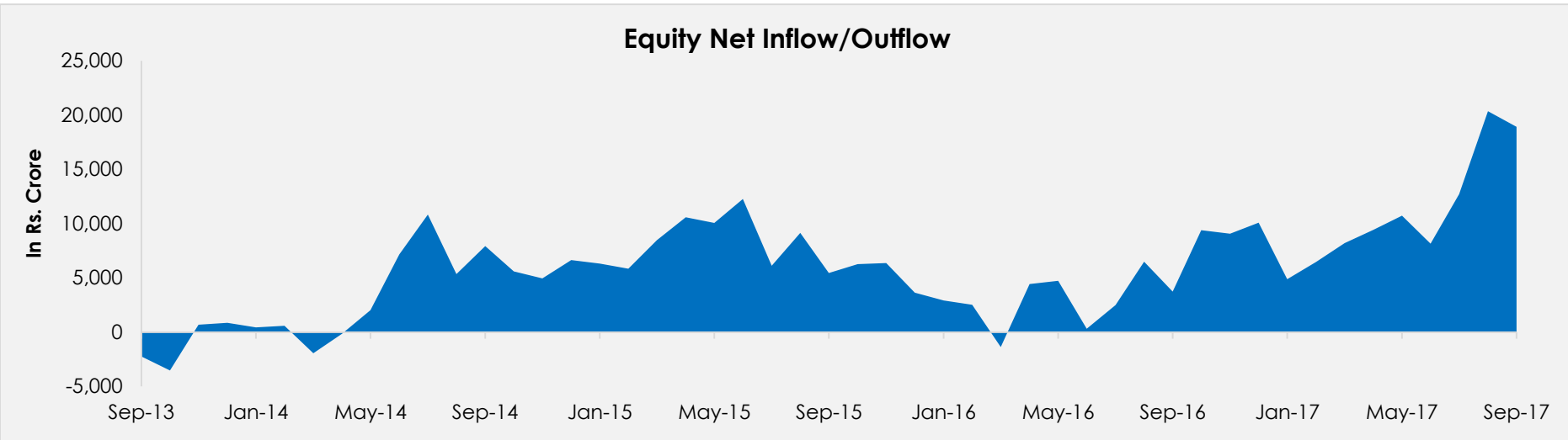
Source: AMFI, ICRA Online Research



Source: AMFI, ICRA Online Research

Investors preferred Equities (including ELSS) and Balanced funds over Income and Liquid funds, which could be on account of low yields on money market and fixed income investments

## Robust retail participation led to high infusion in Equity funds



Source: AMFI, ICRA Online Research; Equity includes ELSS funds

- ✓ Equity funds (including ELSS) saw net inflow of Rs. 52,025 crore in Q2FY18 vis-à-vis Rs. 28,332 crore in Q1FY18
- ✓ In FY17, equity funds (including ELSS) witnessed inflows in every month with net inflows amounting to Rs. 98,699 crore
- ✓ Equity funds are becoming popular long-term investment avenues and people are investing mainly through SIPs

Section IV

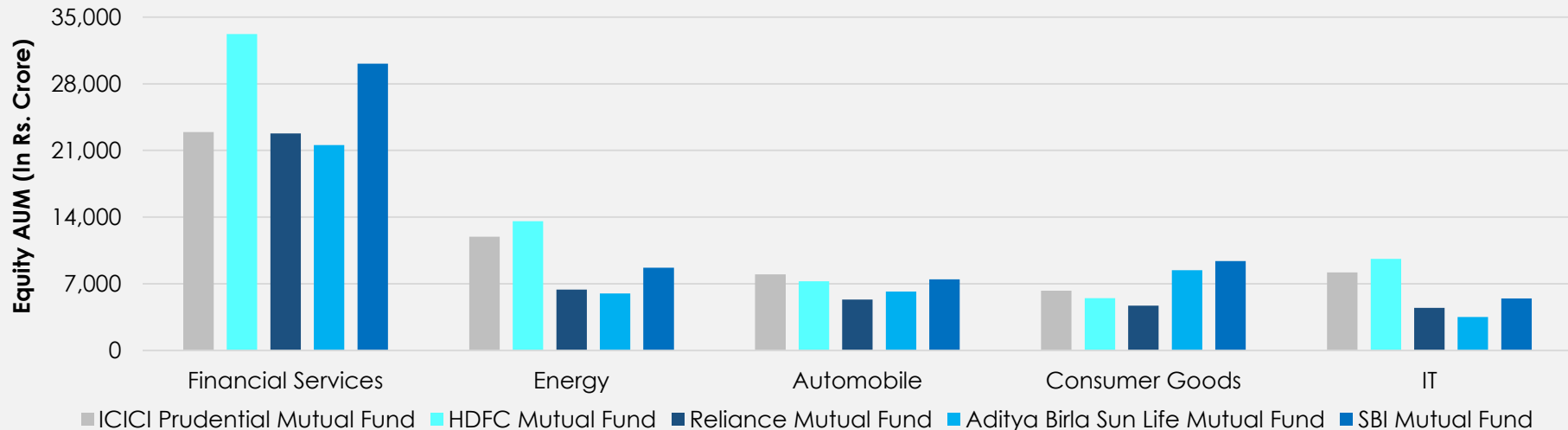
SECTOR UPDATE





# MFs continued to bet on Financial Services sector with more than 30% exposure

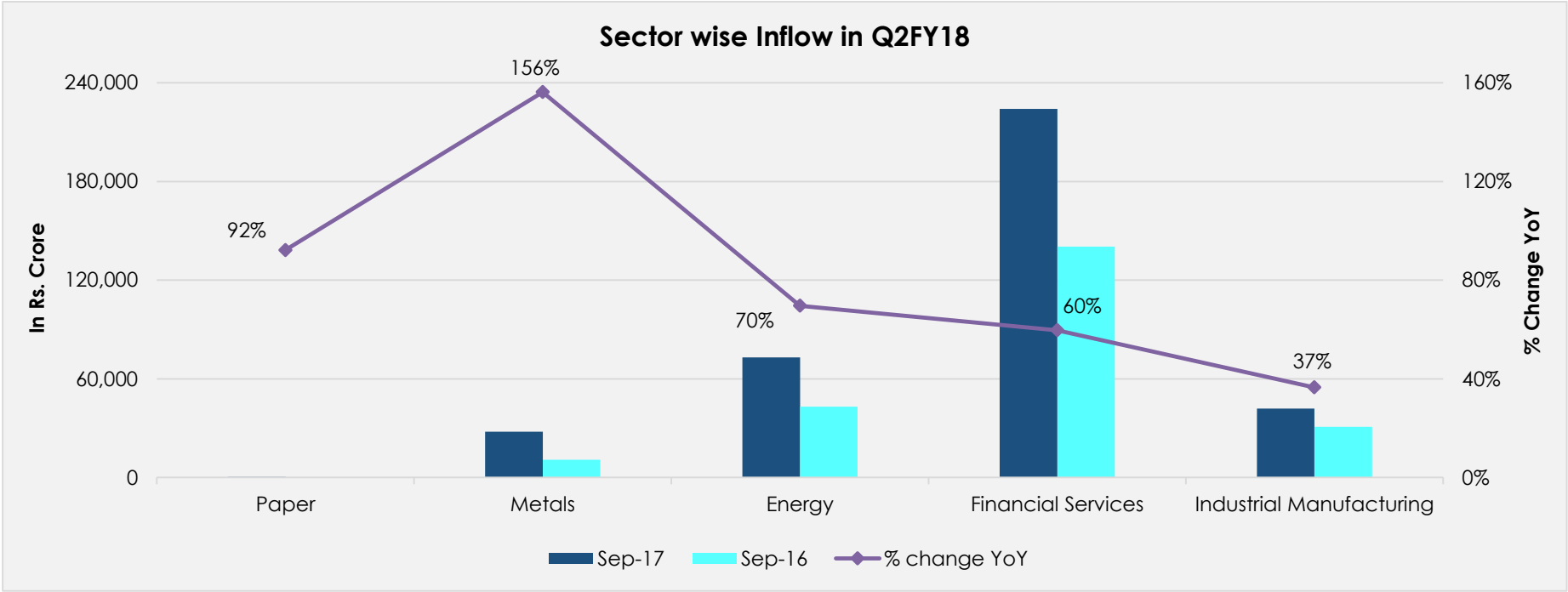
Equity exposure of Top 5 AMC's in Top 5 sectors (Sep-17)



Source: AMFI, ICRA Online Research

- ✓ Over the year, three out of the top five sectors witnessed more than 50% increase in exposure (Energy ~70%, Financial Services ~60% and Consumer Goods ~53%)
- ✓ Top five sectors constituted more than 65% of the total equity AUM

# Highest inflow witnessed in Metal and Paper Sectors



Source: AMFI, ICRA Online Research, Net-inflow has been calculated using the market value of the holdings

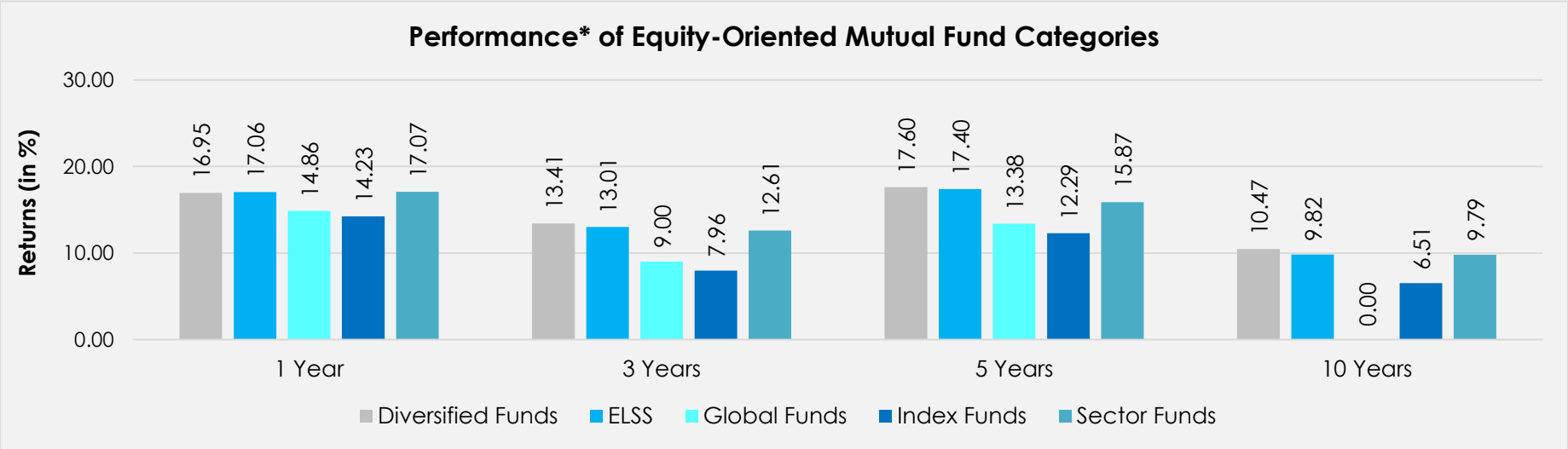
✓ Over the year, highest inflow was seen in Metal (156%), followed by Paper (92%) and Healthcare Services (83%) sectors

Section V

# CATEGORY PERFORMANCE



# Equity-oriented mutual funds continued to find favour

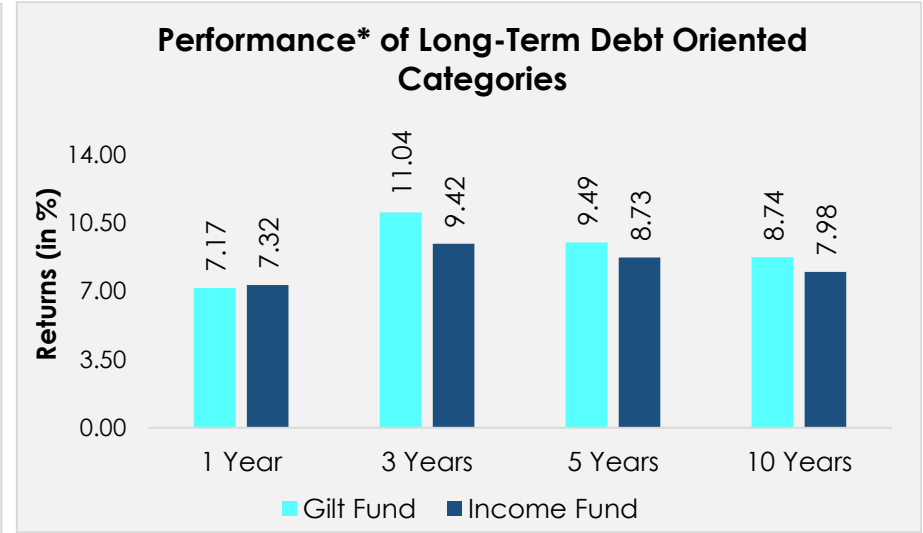
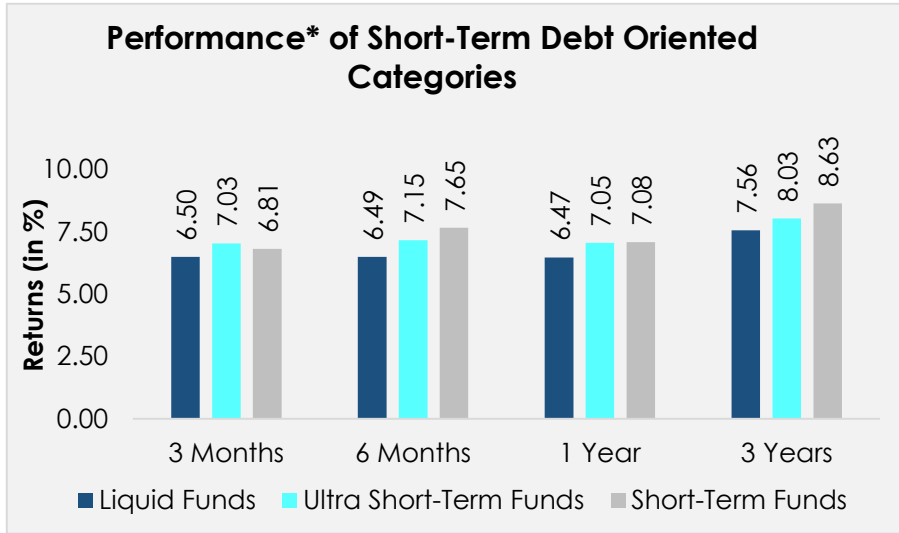


Source: ICRA Online Research; Data as of Sep-17; \*Compound Annualised returns

### Key drivers:

- ✓ Benchmark index Sensex hovering above the 31,000 mark
- ✓ Implementation of goods and service tax creating a conducive environment for investors
- ✓ Expansion of Index of Industrial Production in Jul and Aug
- ✓ Positive impact of investor education programmes and soft performance of other asset classes

# Short term funds attracted investors amid rising savings account deposits



Source: ICRA Online Research; Data as of Sep-17; \*Compound annualised returns for periods  $\geq 1$  year; Simple annualised returns for  $< 1$  year

- ✓ Short term funds became the cynosure of market participants amid rising savings account deposits, triggered by demonetisation
- ✓ Long term papers posted subdued returns as five-month high retail inflation lowered probability of a rate-cut by MPC (Monetary Policy Committee)

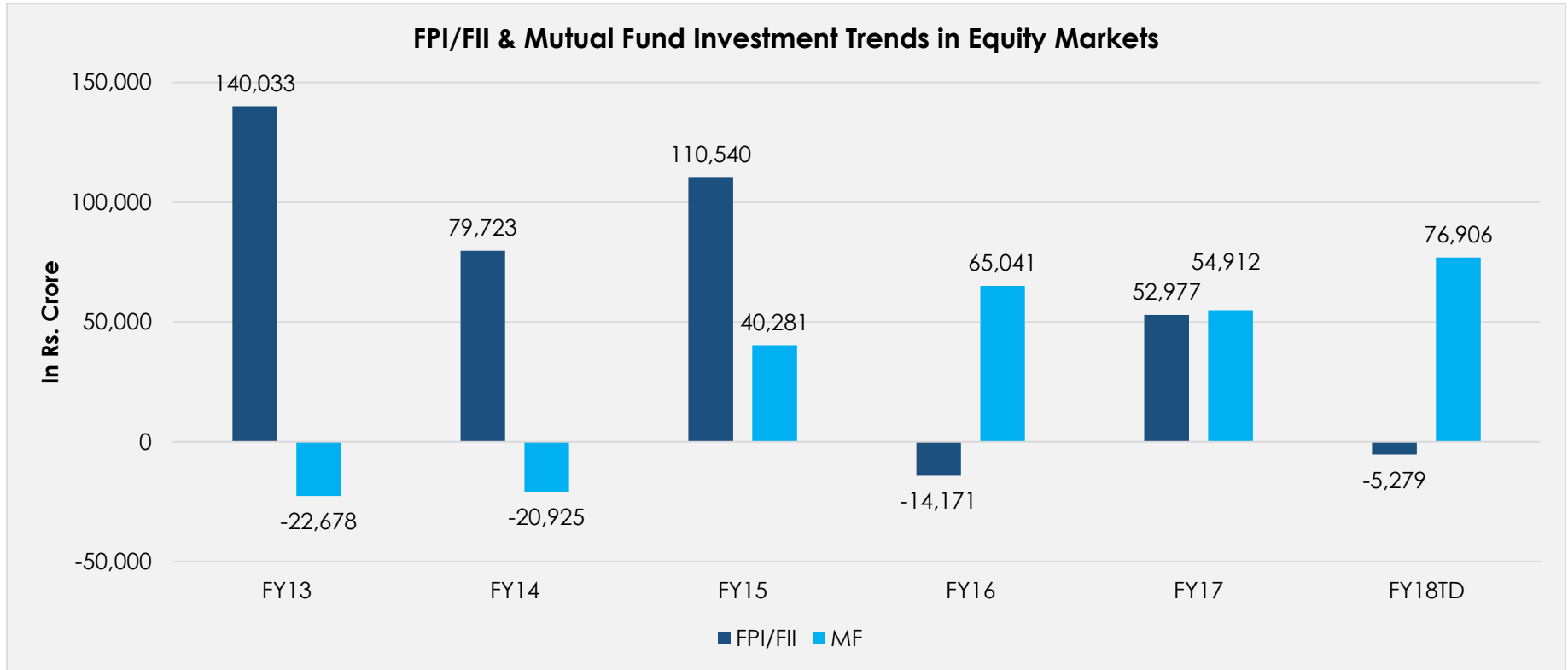


Section VI

**INDUSTRY INSIGHTS**

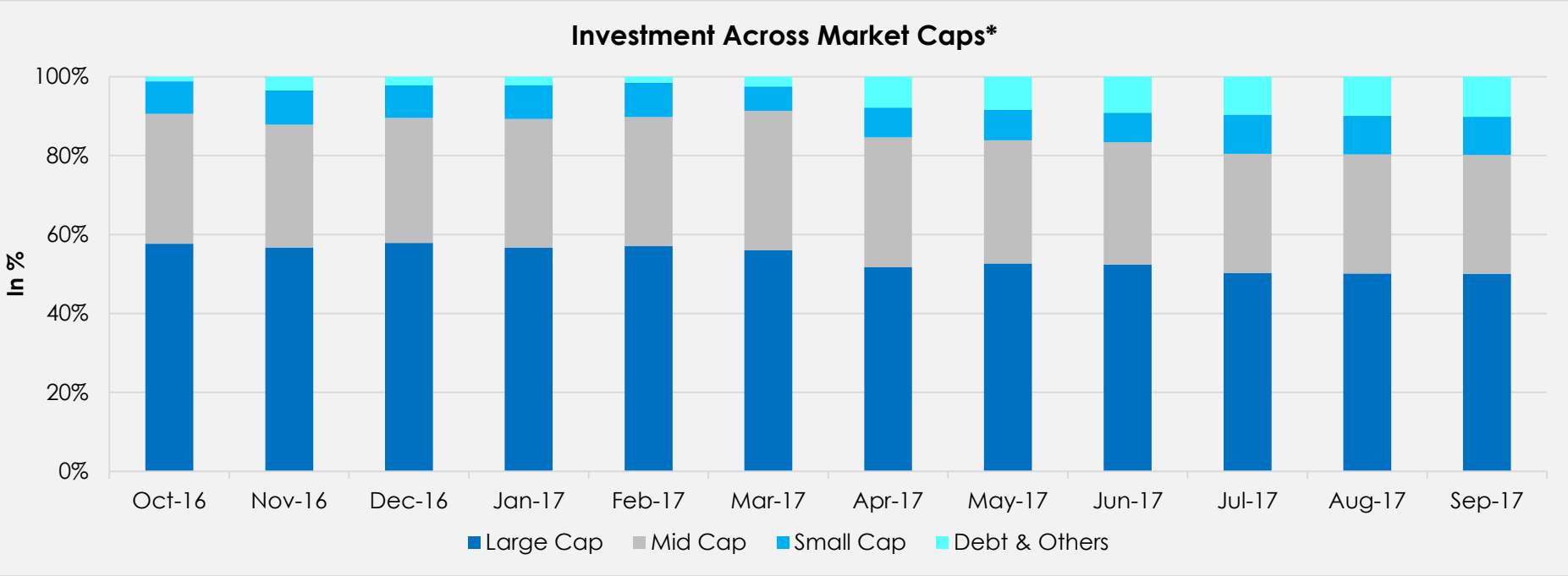


# MFs drove country's equity markets rather than foreign investors



Source: ICRA Online Research

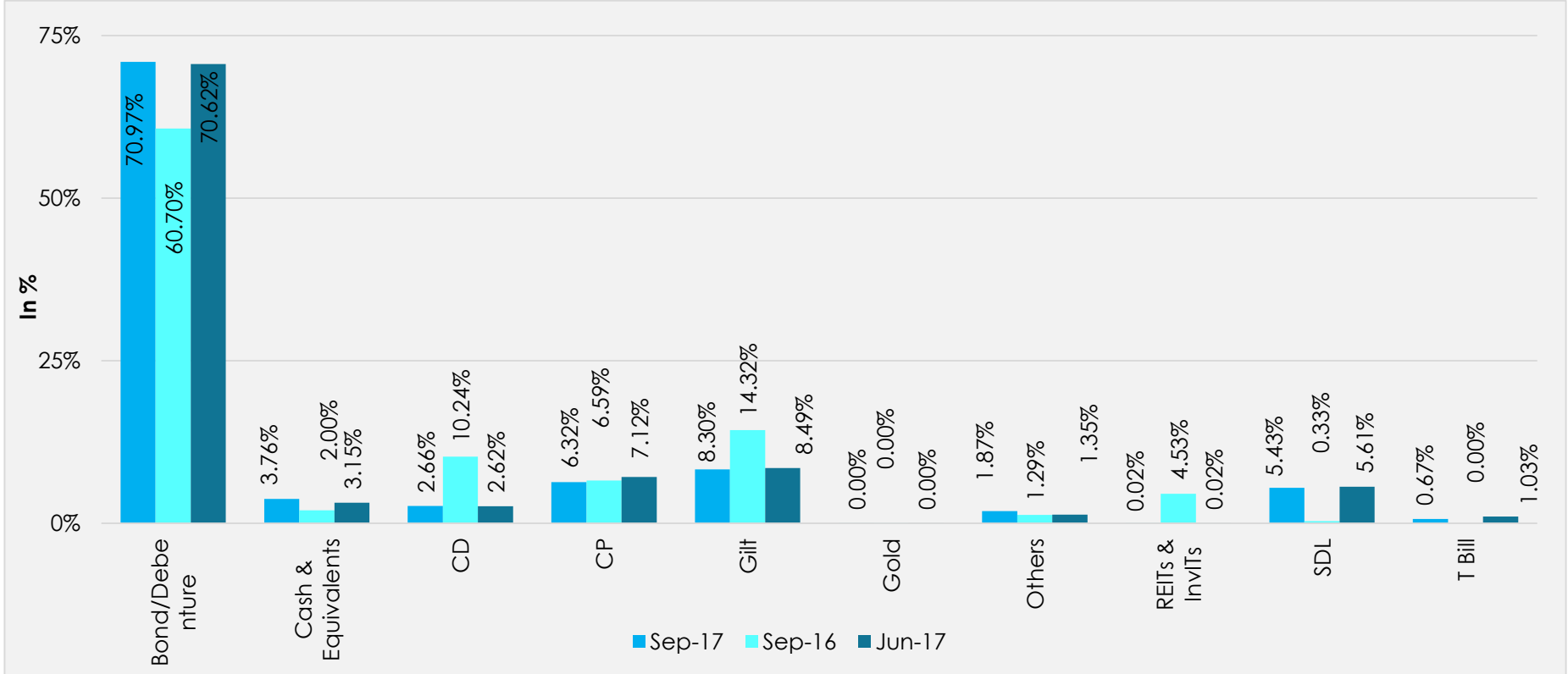
# Large Caps commanded the largest share of assets



Source: ICRA Online Research

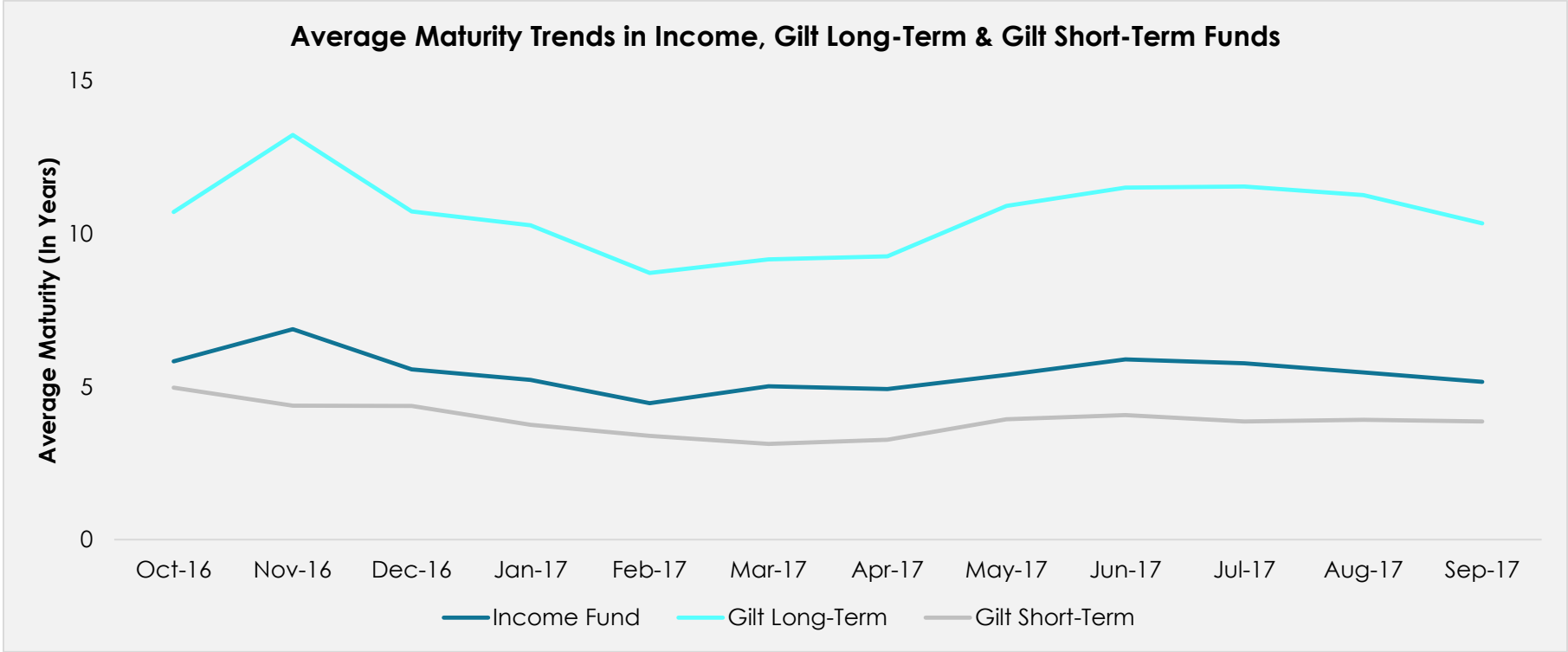
*\*On the basis of MFI market cap classification, only equity diversified funds were considered for analysis*

# Instrument allocation pattern in debt segment



Source: ICRA Online Research

# Average maturity did not change much in Q2FY18



Source: ICRA Online Research

## Analysis of cash holding in last 12 months

Category	Sep-17	Aug-17	Jul-17	Jun-17	May-17	Apr-17	Mar-17	Feb-17	Jan-17	Dec-16	Nov-16	Oct-16
Equity	2.9	2.7	2.6	2.4	2.4	2.2	2.4	2.3	2.4	2.6	2.2	2.2
Specialty	0.1	0.0	0.1	0.0	0.1	0.1	0.0	0.1	0.1	0.1	0.0	0.0
Gilt	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1
Liquid	16.5	18.8	17.8	17.1	20.2	19.7	16.3	19.5	18.7	16.2	16.7	17.4
Balanced	0.4	0.3	0.3	0.3	0.3	0.2	0.2	0.3	0.3	0.3	0.1	0.2
ETF	0.3	0.3	0.3	0.4	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Fund of Funds	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Dynamic/Asset Allocation	0.3	0.3	0.4	0.3	0.3	0.3	0.3	0.3	0.4	0.3	0.2	0.3
Debt	5.2	6.6	6.8	5.5	7.1	7.2	5.6	8.7	8.2	8.2	8.8	9.1

Source: ICRA Online Research

Note: Numbers in the table denote the categories' average percentage exposure to cash & cash equivalents; red denotes highest whereas dark green denotes lowest



Section VII

**REGULATORY UPDATE**



# Regulator remained vigilant



SEBI categorised MF schemes under five different heads -- equity, debt, hybrid, solution-oriented and others -- in an effort to end duplication of schemes

SEBI asked MF houses to benchmark equity schemes against total return index as the measure will exhibit a truer picture of the scheme's performance against its benchmark

The government introduced a new Central Public Sector Enterprise ETF named Bharat 22 ETF (B22E) to be managed by ICICI Prudential Asset Management Co. Ltd. It will track the performance of 22 select companies disinvested by the government

Association of Mutual Funds in India announced mutual funds will not be allowed to open any new folio without obtaining customers' Aadhaar numbers, with effect from Jan 1, 2018

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