

Mutual Fund Screener

For the quarter ended Sep -18



ICRA ONLINE LIMITED
A Group ICRA Company

Mutual Fund Screener – What's Inside

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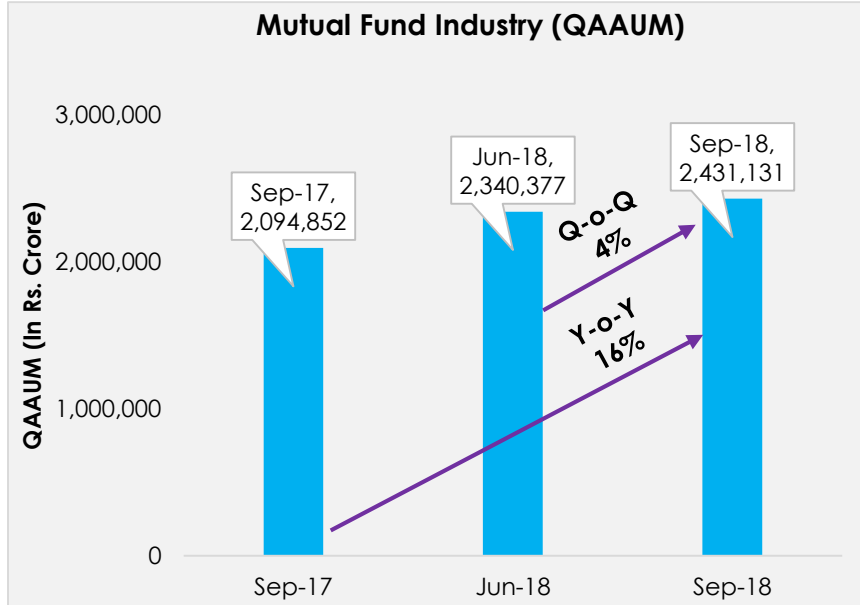
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Section I | **INDUSTRY SIZE**

Industry QAAUM up 4% QoQ to Rs. 24.31 lakh crore in Q2FY19



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

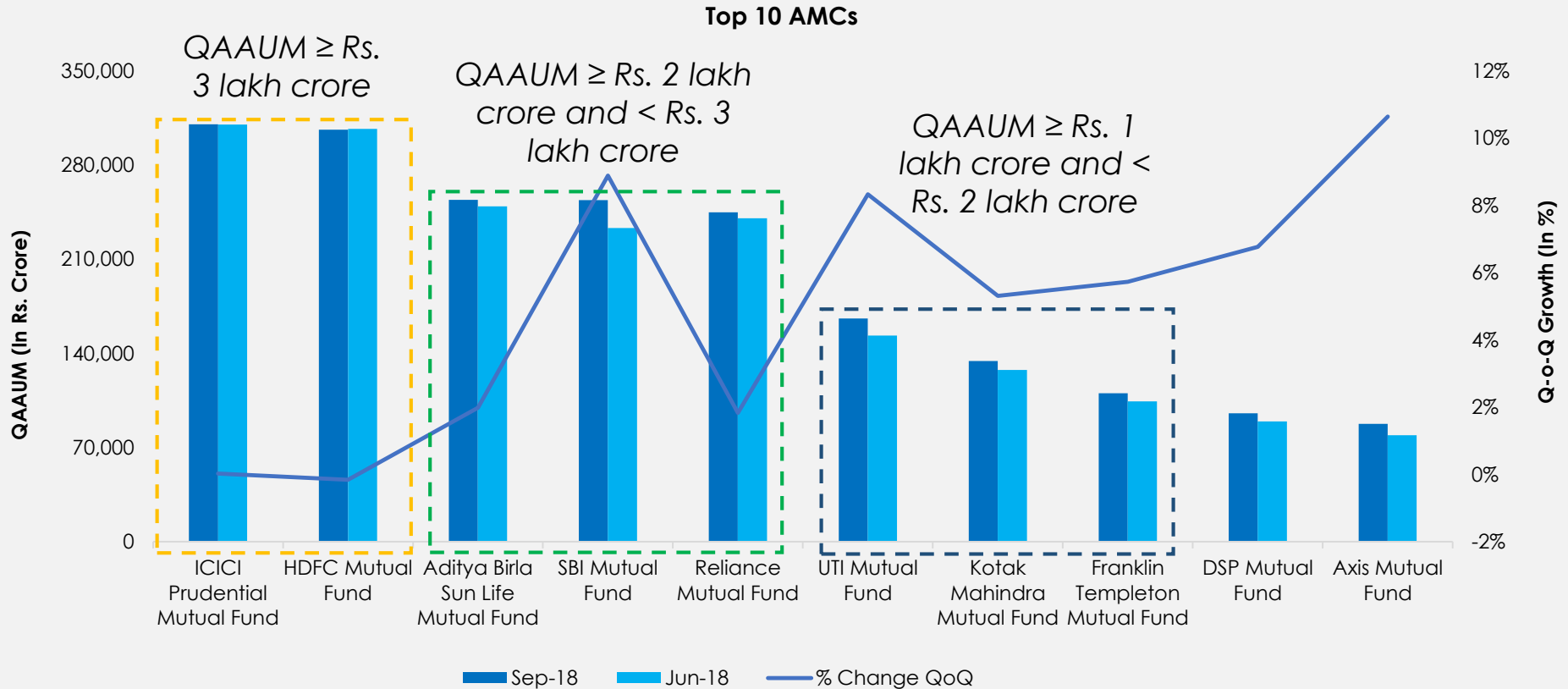
AMCs	Range
Top 5	0% to 9%
Next 10	0% to 11%
Rest	-6% to 26%

Source: AMFI, ICRA Online Research

Note: QoQ growth of QAAUM as of Sep-18

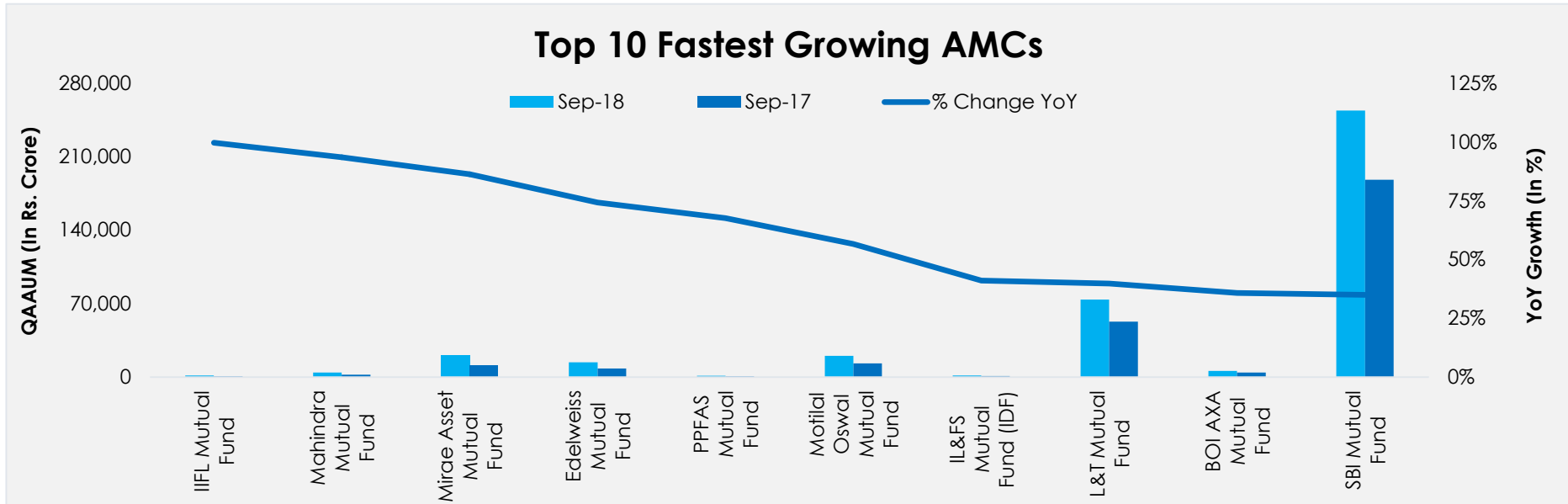
- ✓ Industry Quarterly Average Assets Under Management (QAAUM) grew for the **20th** consecutive quarter in Q2FY19
- ✓ Tailwinds for the industry include:
 - ✓ Strong retail participation especially from B30 cities. Investor awareness campaigns such as “Mutual Funds Sahi Hai”
 - ✓ Significant increase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

Smaller AMC's grow at a faster pace, ranging from ~35% to 100%



Source: AMFI, ICRA Online Research

- ✓ 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	11.5%	278,656	256,573	208,011	8.6%	34.0%
	Joint Ventures - Predominantly Foreign	0.6%	13,564	12,240	11,138	10.8%	21.8%
	Others	7.2%	175,907	163,723	160,200	7.4%	9.8%
Institutions	Indian	0.9%	21,064	21,057	23,504	0.0%	-10.4%
Private Sector	Indian	21.8%	529,156	503,111	438,177	5.2%	20.8%
	Joint Ventures - Predominantly Indian	49.5%	1,203,315	1,185,923	1,074,010	1.5%	12.0%
	Foreign	6.9%	167,048	156,572	137,637	6.7%	21.4%
	Joint Ventures - Predominantly Foreign	0.8%	19,721	18,040	16,004	9.3%	23.2%
	Joint Ventures - Others	0.9%	22,700	23,137	25,191	-1.9%	-9.9%

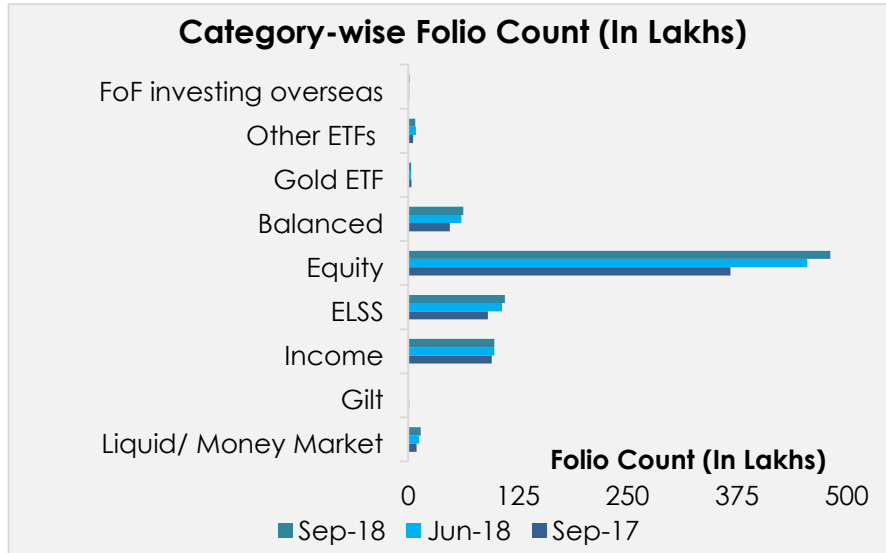
Source: AMFI, ICRA Online Research

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

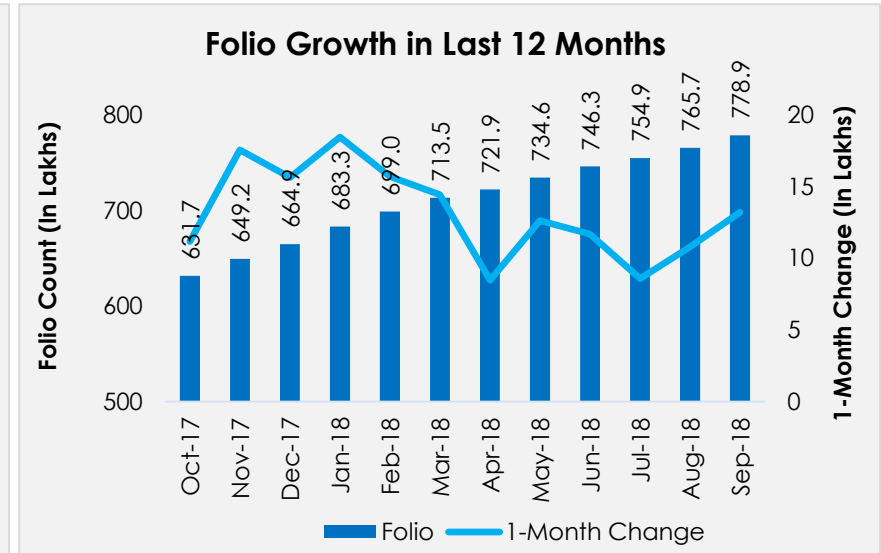
A close-up photograph of a person's hands holding a white piggy bank. The person is wearing a dark suit jacket with orange lapels. The piggy bank is a simple, stylized white pig with small black eyes and a snout. The background is dark and out of focus.

Section II | **INVESTOR TRENDS**

Q2FY19 sees 32.6 lakh new folios; Equity remains the most popular category



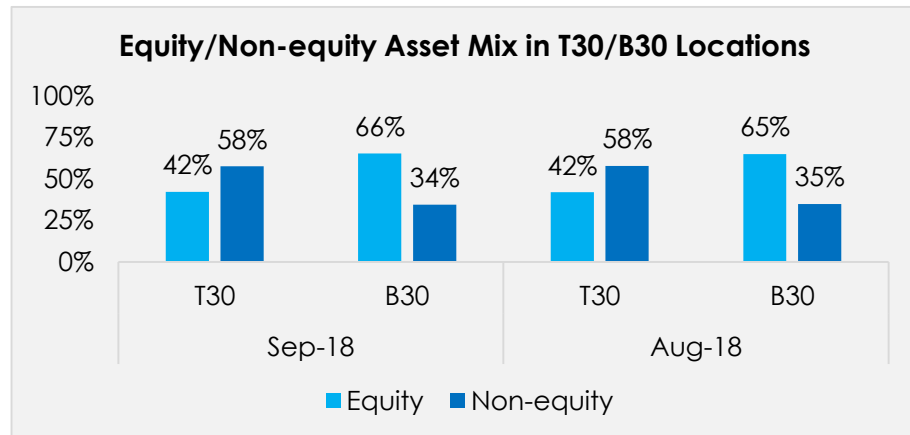
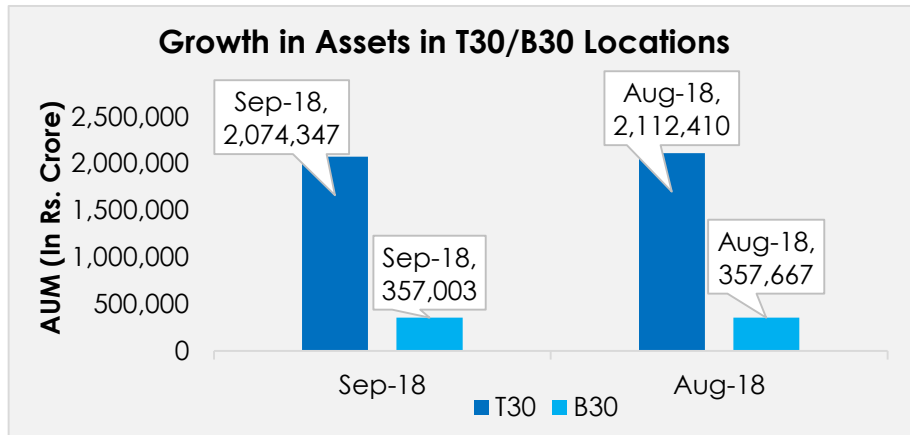
Source: AMFI, ICRA Online Research



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)

B30 locations generate ~14% of industry assets in Sep-18



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%

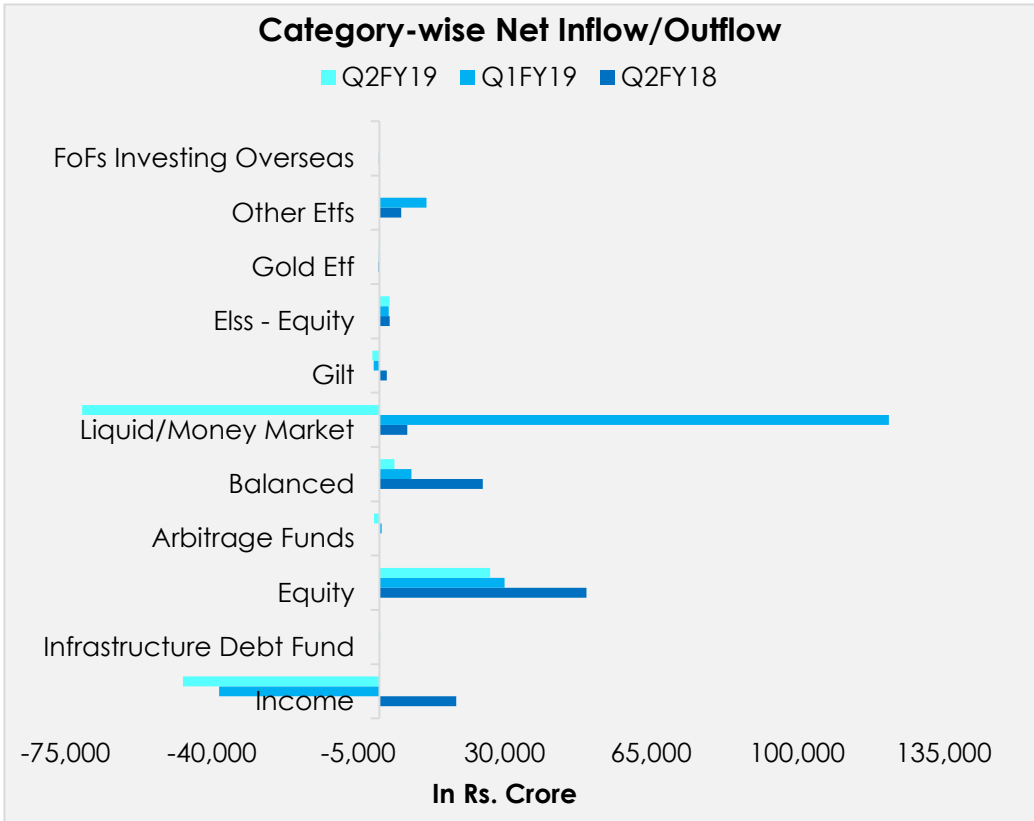
Source: AMFI, ICRA Online Research

- ✓ 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

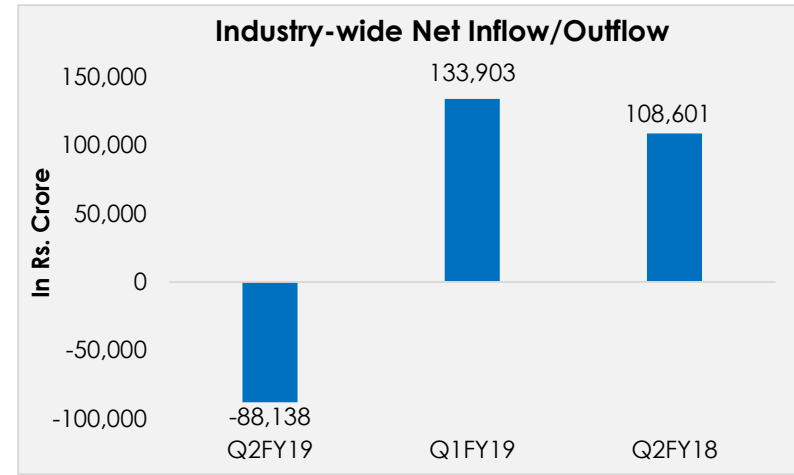
Section III

INFLOW OUTFLOW ANALYSIS

Investors pour about Rs. 29,000 crore in Equity mutual funds in Q2FY19



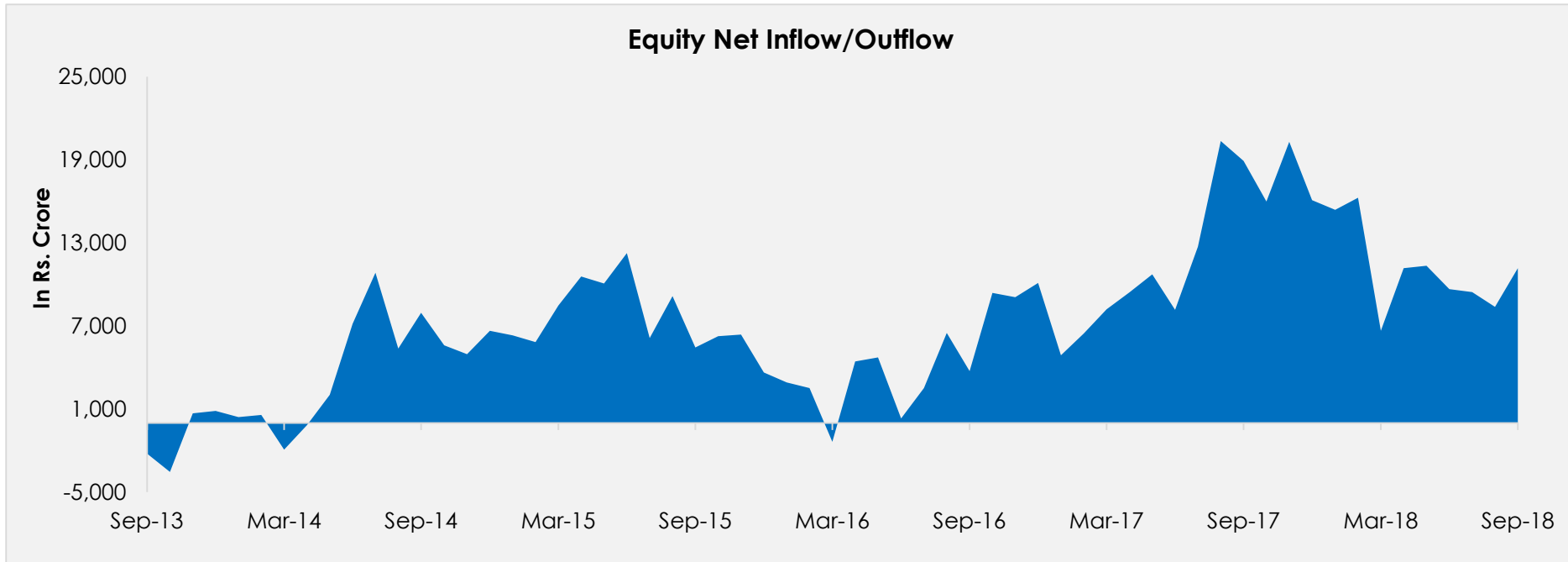
Source: AMFI, ICRA Online Research



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

Robust SIP inflows seen from retail investors



Source: AMFI, ICRA Online Research;

Note: Equity includes ELSS funds

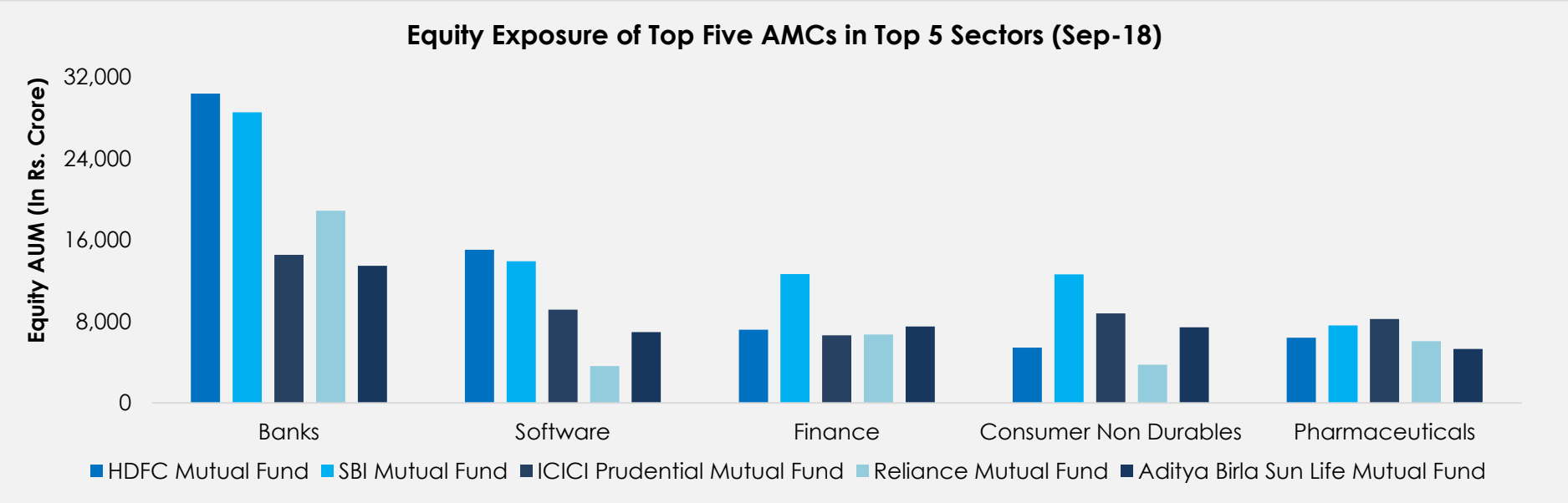
- ✓ Equity funds (including ELSS) witnessed lower net inflows in Q2FY19 vis-a-vis Q1FY19, as equity markets remained volatile

Section IV

SECTOR UPDATE



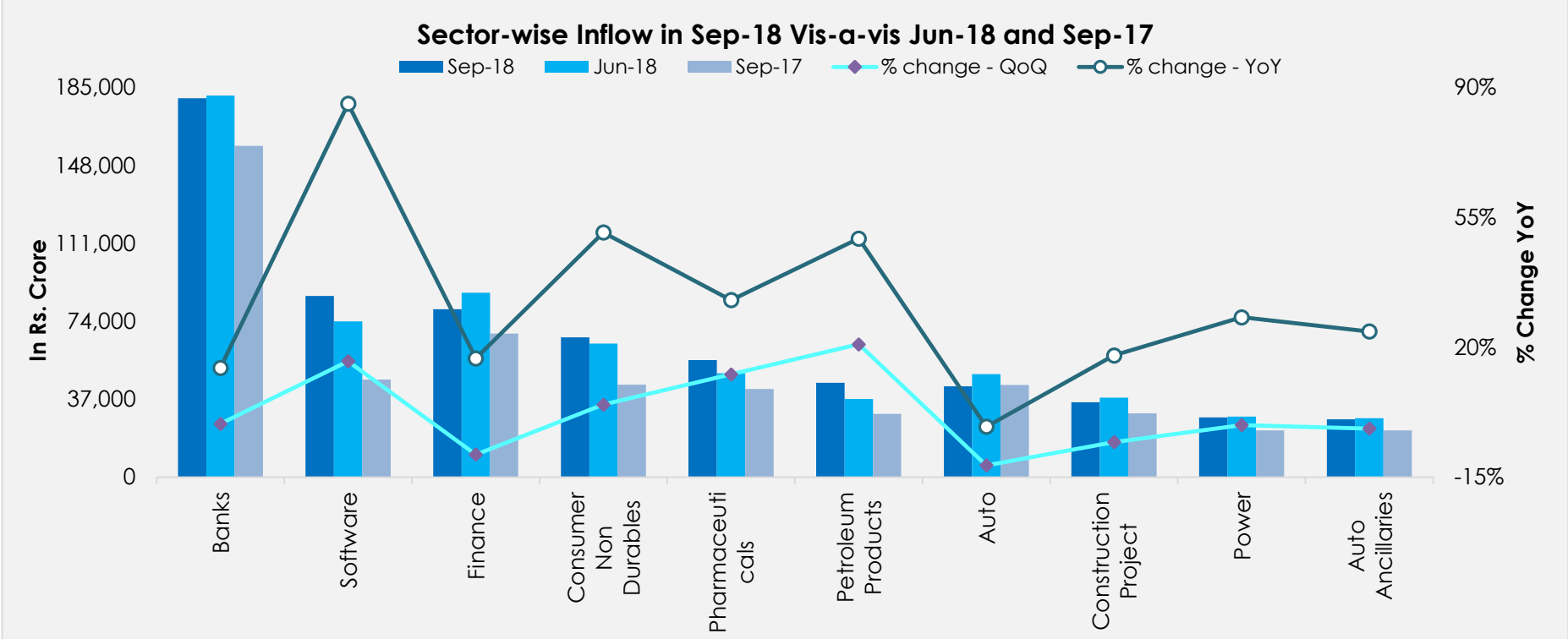
Top five sectors constitute about 52% of the total equity AUM



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

Software sector sees highest growth in inflow in percentage terms



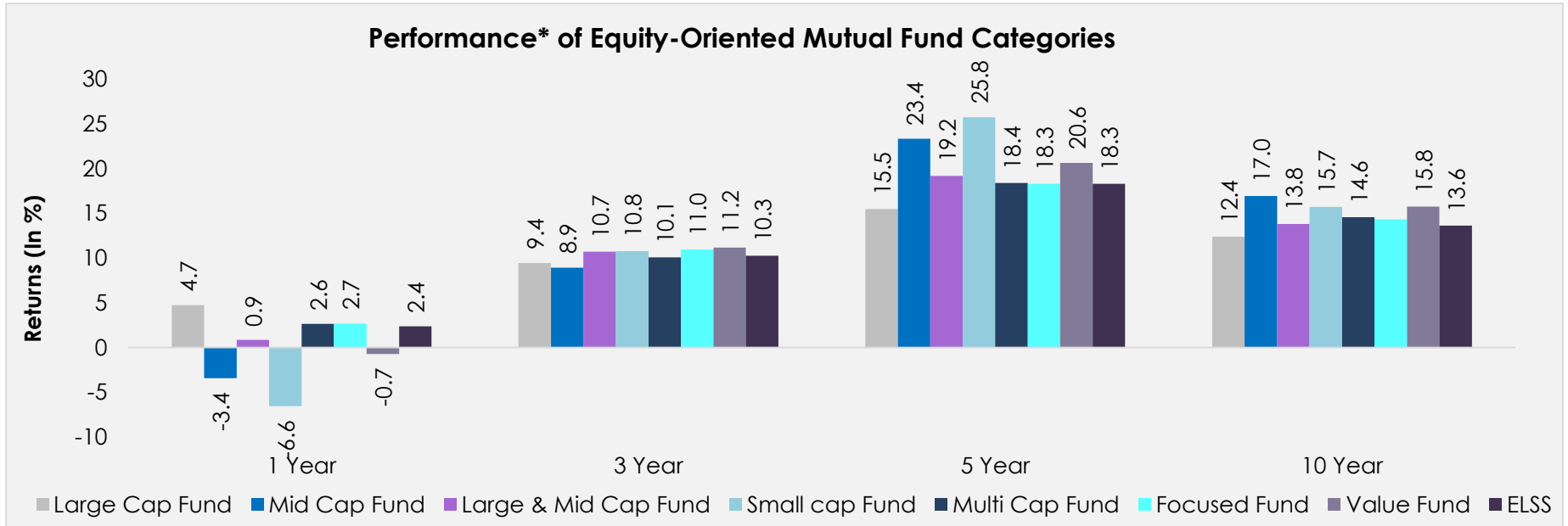
Source: AMFI, ICRA Online Research
 Note: Only top-10 sectors considered

Section V

CATEGORY PERFORMANCE



Performance of Equity mutual funds stays subdued over the year

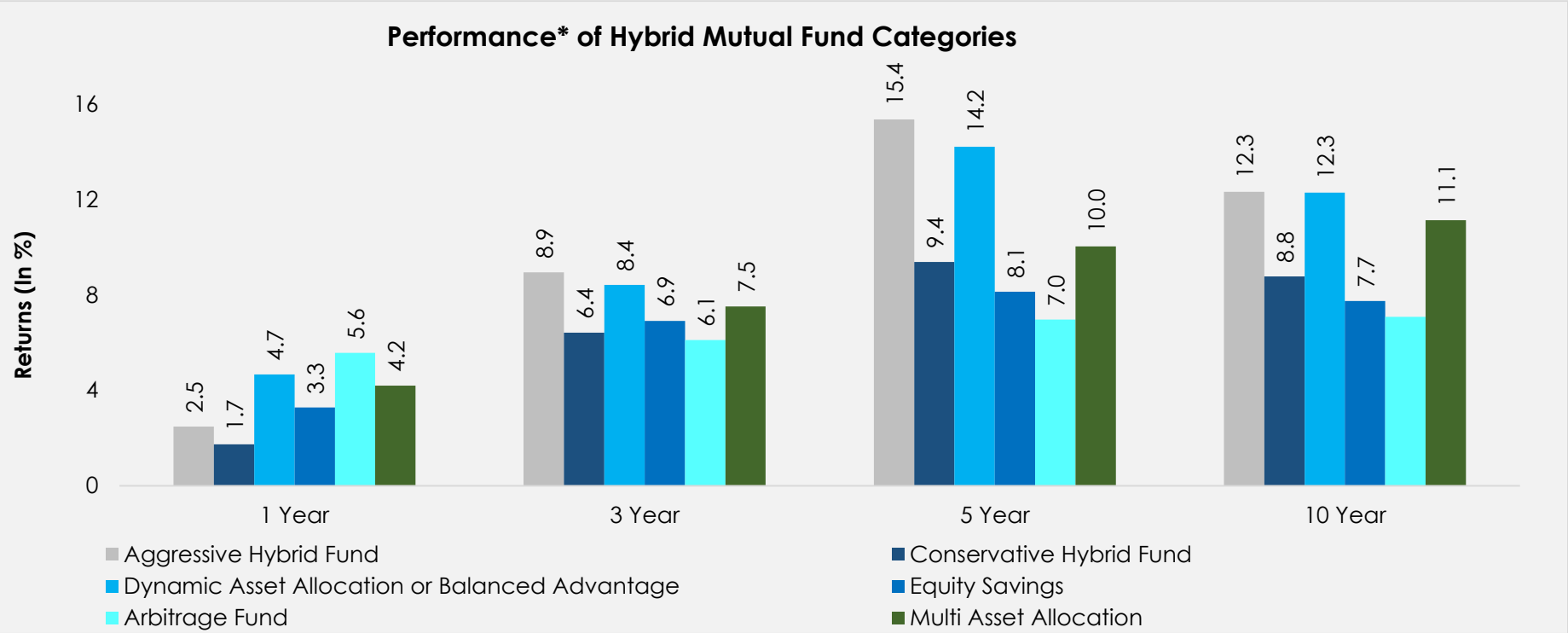


Source: ICRA Online Research;

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

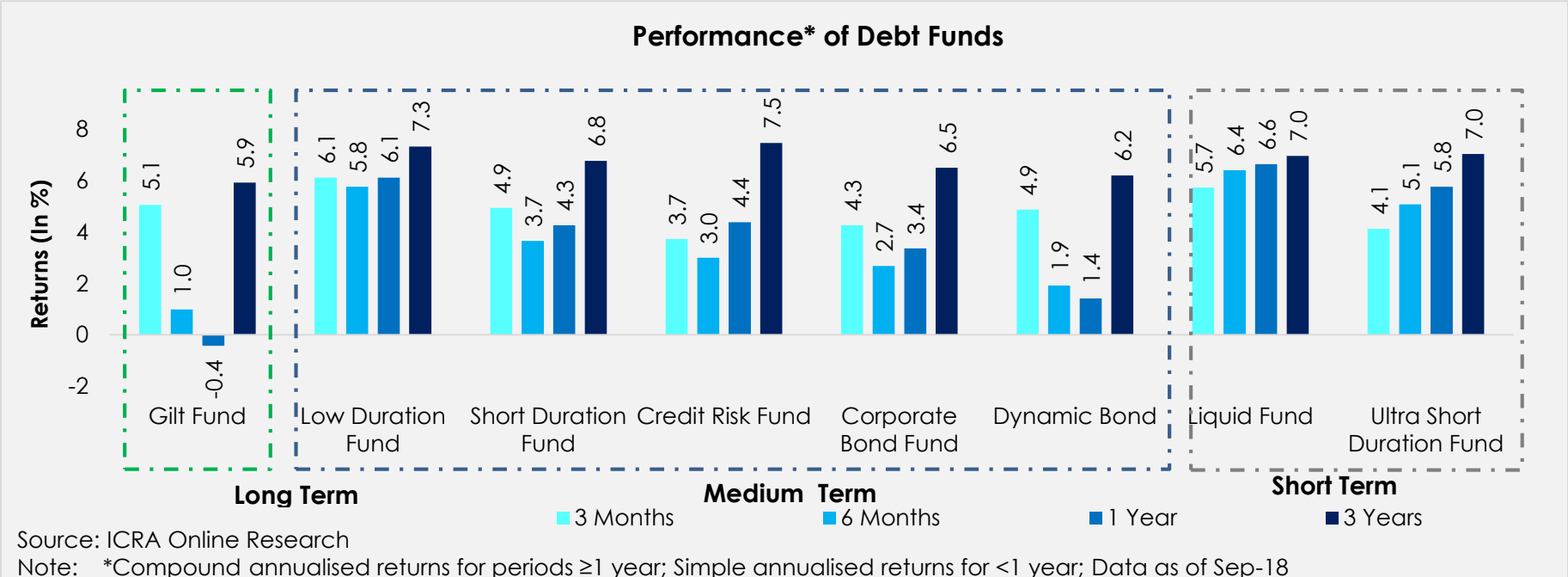
- ✓ Performance of equity-oriented mutual funds remained under pressure as Indian equity markets slumped to more than two-month low in Sep-18
- ✓ Slide in rupee, banks' management issues, liquidity concerns, surge in crude oil prices and global trade war concerns pressured markets

Hybrid categories post muted performance in shorter tenures



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

Short-term funds perform better than their long-term peers



Key drivers:

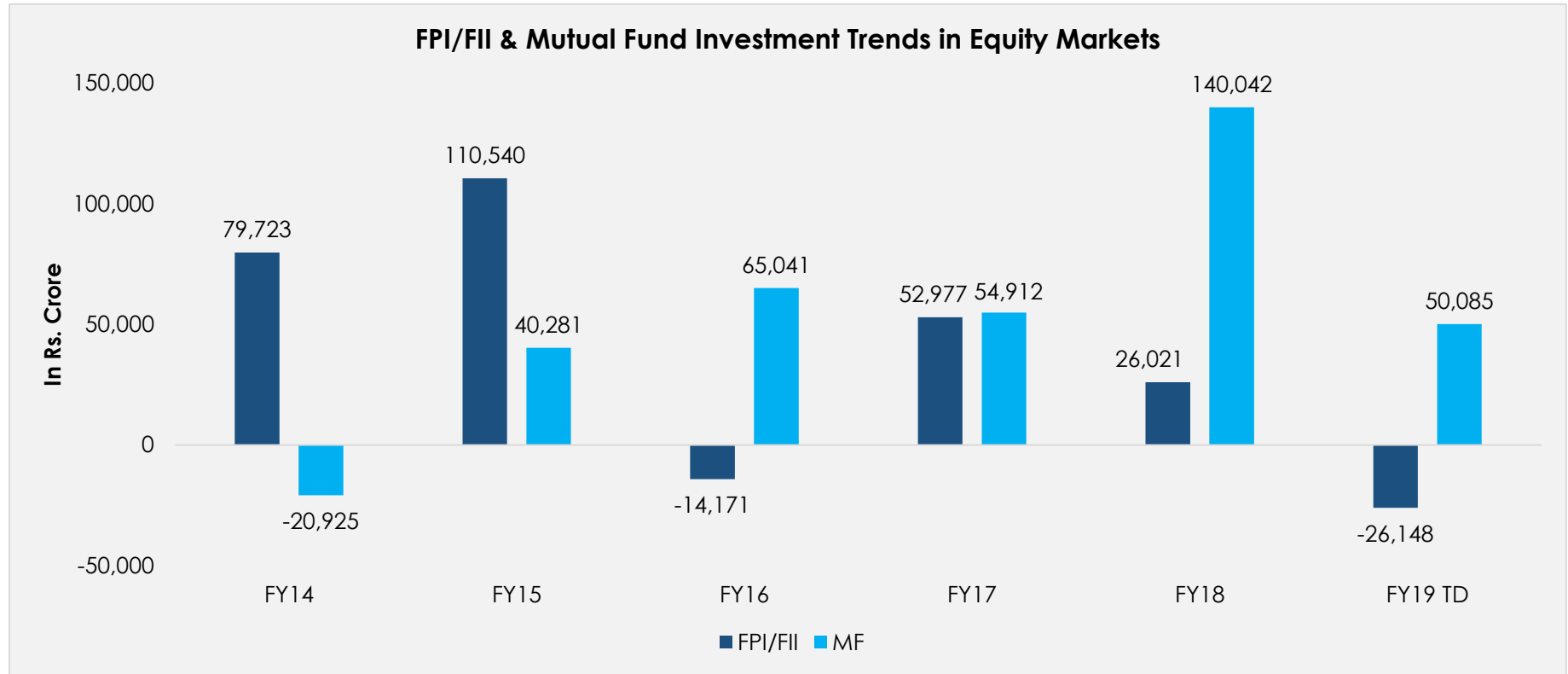
- ✓ Gilt funds underperformed over the year as rising global crude oil prices, a plunging rupee and increase in domestic inflationary pressures pushed up bond yields



Section VI

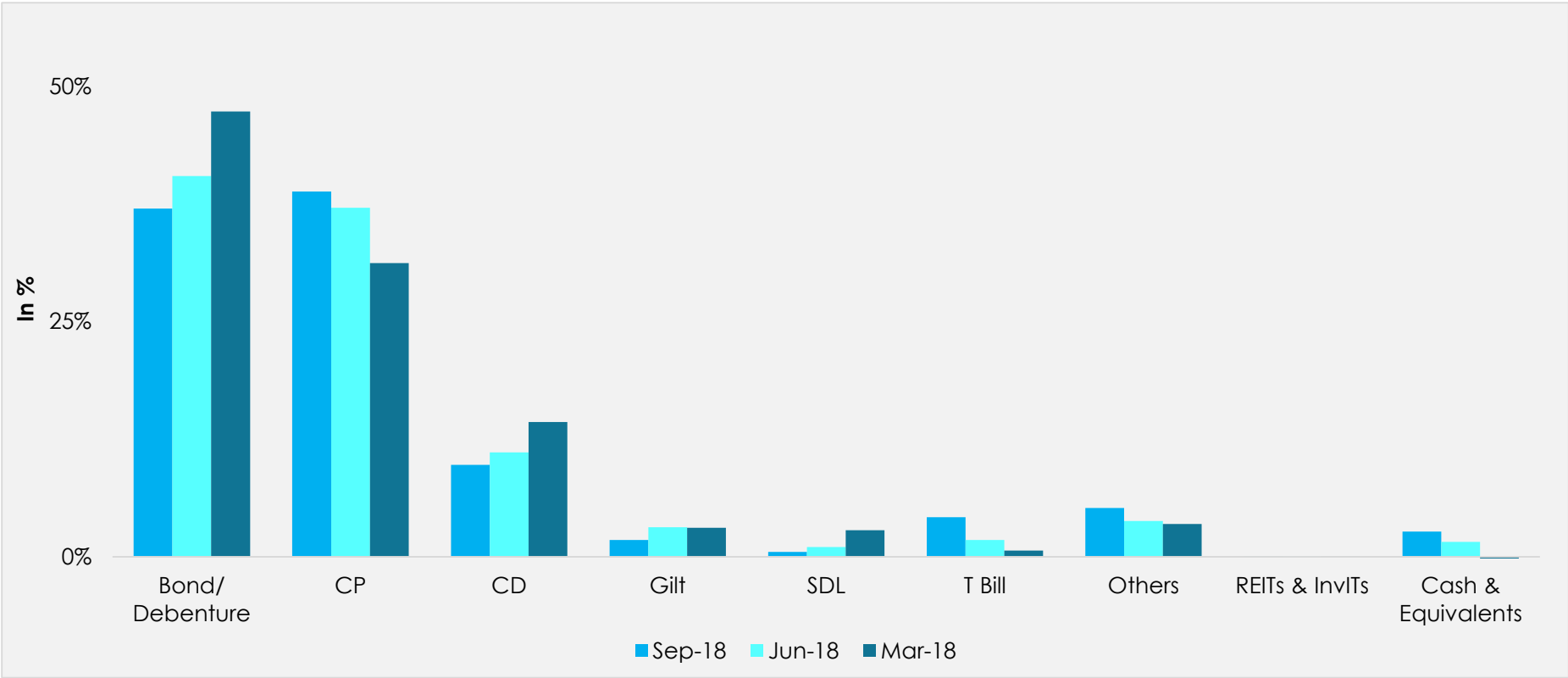
INDUSTRY INSIGHTS

Outflows in Sep-2018 surpass inflows seen in the first two months of Q2FY19



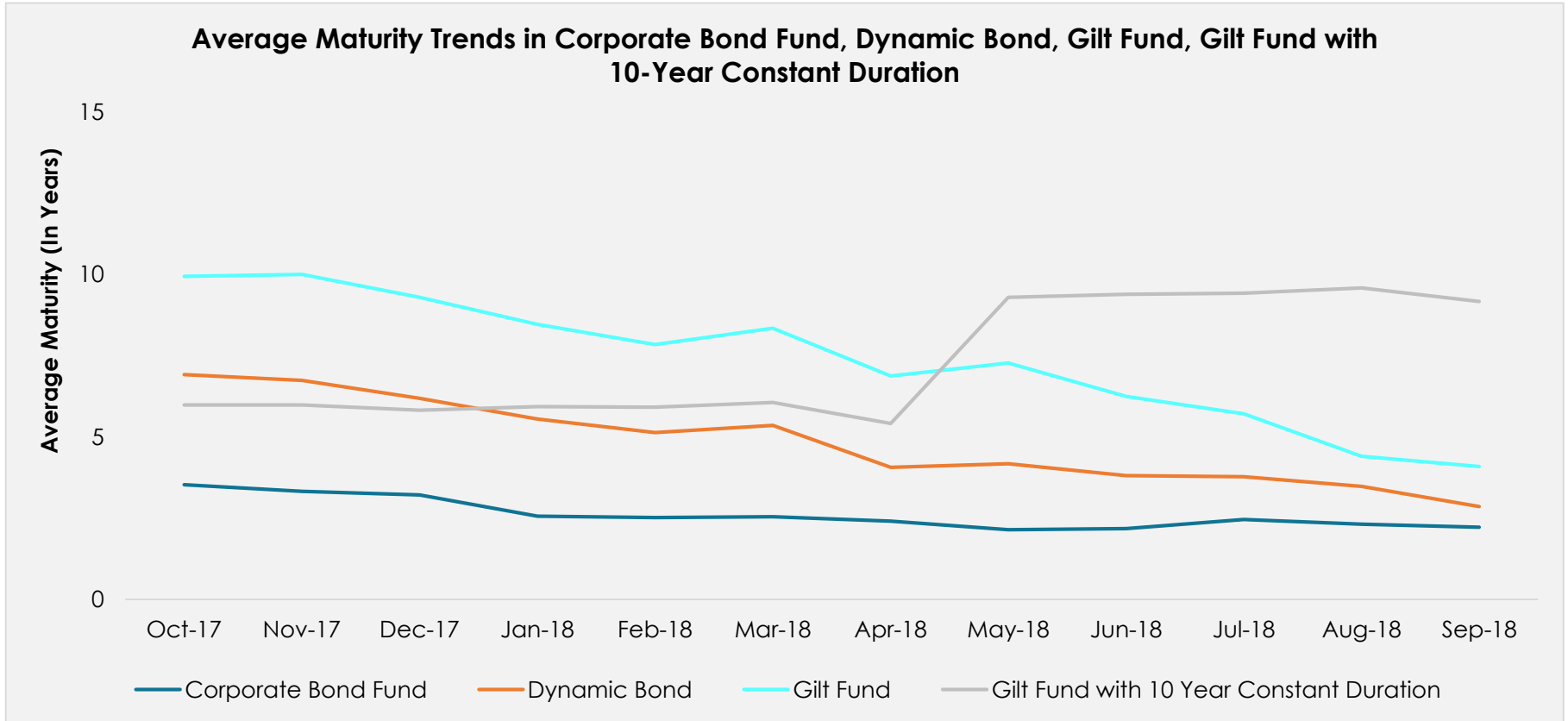
Source: ICRA Online Research

Instrument allocation pattern in debt segment



Source: ICRA Online Research

Average maturity trend in last one year



Source: ICRA Online Research



Section VII

REGULATORY UPDATE

Regulator remains vigilant (1 of 2)



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

Regulator remains vigilant (2 of 2)



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

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