Mutual Fund Screener
For the quarter ended Sep -18
Mutual Fund Screener – What’s Inside

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

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

Rs. 90,754 crore added in Q2FY19, up 16% YoY
QAAUM of top 10 AMCs between Rs. 0.90 lakh crore and Rs. 3.10 lakh crore

Source: AMFI, ICRA Online Research
Smaller AMCs grow at a faster pace, ranging from ~35% to 100%

- QAAUM of eight fastest growing AMCs below Rs. 25,000 crore
- Among the larger AMCs (QAAUM > Rs. 35,000 crore), SBI Mutual Fund and L&T Mutual Fund has shown tremendous growth in assets

Source: AMFI, ICRA Online Research
Private sector JVs (predominantly Indian) manage ~50% of Q2FY19 QAAUM

<table>
<thead>
<tr>
<th>Category</th>
<th>As a % of Q2FY19 QAAUM</th>
<th>QAAUM (In Rs. Crore)</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Sponsored</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Joint Ventures - Predominantly Indian</td>
<td>11.5%</td>
<td>278,656</td>
<td>256,573</td>
</tr>
<tr>
<td>Joint Ventures - Predominantly Foreign</td>
<td>0.6%</td>
<td>13,564</td>
<td>12,240</td>
</tr>
<tr>
<td>Others</td>
<td>7.2%</td>
<td>175,907</td>
<td>163,723</td>
</tr>
<tr>
<td>Institutions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indian</td>
<td>0.9%</td>
<td>21,064</td>
<td>21,057</td>
</tr>
<tr>
<td>Private Sector</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indian</td>
<td>21.8%</td>
<td>529,156</td>
<td>503,111</td>
</tr>
<tr>
<td>Joint Ventures - Predominantly Indian</td>
<td>49.5%</td>
<td>1,203,315</td>
<td>1,185,923</td>
</tr>
<tr>
<td>Foreign</td>
<td>6.9%</td>
<td>167,048</td>
<td>156,572</td>
</tr>
<tr>
<td>Joint Ventures - Predominantly Foreign</td>
<td>0.8%</td>
<td>19,721</td>
<td>18,040</td>
</tr>
<tr>
<td>Joint Ventures - Others</td>
<td>0.9%</td>
<td>22,700</td>
<td>23,137</td>
</tr>
</tbody>
</table>

Source: AMFI, ICRA Online Research
Note: QoQ – Q2FY19 vs Q1FY19; YoY – Q2FY19 vs Q2FY18
Section II INVESTOR TRENDS
Q2FY19 sees 32.6 lakh new folios; Equity remains the most popular category

- 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

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.

### AUM Garnered by Different Channels

<table>
<thead>
<tr>
<th></th>
<th>Sep-18</th>
<th>Aug-18</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>T30</td>
<td>B30</td>
</tr>
<tr>
<td>Associate Distributor</td>
<td>6%</td>
<td>19%</td>
</tr>
<tr>
<td>Direct Plan</td>
<td>44%</td>
<td>17%</td>
</tr>
<tr>
<td>Non-Associate Distributor</td>
<td>50%</td>
<td>64%</td>
</tr>
</tbody>
</table>

Source: AMFI, ICRA Online Research
Section III

INFLOW OUTFLOW ANALYSIS
Investors pour about Rs. 29,000 crore in Equity mutual funds 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

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

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**Equity Net Inflow/Outflow**

- 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

- 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
Software sector sees highest growth in inflow in percentage terms

Sector-wise Inflow in Sep-18 Vis-à-vis Jun-18 and Sep-17

<table>
<thead>
<tr>
<th>Sector</th>
<th>Sep-18</th>
<th>Jun-18</th>
<th>Sep-17</th>
<th>% change - QoQ</th>
<th>% change - YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banks</td>
<td>185,000</td>
<td>148,000</td>
<td>148,000</td>
<td>-15%</td>
<td>-15%</td>
</tr>
<tr>
<td>Software</td>
<td>74,000</td>
<td>37,000</td>
<td>37,000</td>
<td>-55%</td>
<td>-55%</td>
</tr>
<tr>
<td>Finance</td>
<td>111,000</td>
<td>74,000</td>
<td>74,000</td>
<td>-37%</td>
<td>-37%</td>
</tr>
<tr>
<td>Consumer Non Durables</td>
<td>148,000</td>
<td>111,000</td>
<td>111,000</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>185,000</td>
<td>148,000</td>
<td>148,000</td>
<td>-15%</td>
<td>-15%</td>
</tr>
<tr>
<td>Petroleum Products</td>
<td>90%</td>
<td>90%</td>
<td>90%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auto</td>
<td>55%</td>
<td>55%</td>
<td>55%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Project</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Power</td>
<td>-15%</td>
<td>-15%</td>
<td>-15%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auto Ancillaries</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

- 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
Hybrid categories post muted performance in shorter tenures

**Performance* of Hybrid Mutual Fund Categories**

![Bar chart showing performance of hybrid mutual fund categories over different tenures.](chart)

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

### Performance* of Debt Funds

<table>
<thead>
<tr>
<th>Duration</th>
<th>Gilt Fund</th>
<th>Low Duration Fund</th>
<th>Short Duration Fund</th>
<th>Credit Risk Fund</th>
<th>Corporate Bond Fund</th>
<th>Dynamic Bond</th>
<th>Liquid Fund</th>
<th>Ultra Short Duration Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 Months</td>
<td>1.0</td>
<td>6.1</td>
<td>4.9</td>
<td>3.7</td>
<td>4.3</td>
<td>4.3</td>
<td>1.9</td>
<td>4.1</td>
</tr>
<tr>
<td>6 Months</td>
<td>-0.4</td>
<td>5.9</td>
<td>4.3</td>
<td>3.0</td>
<td>4.4</td>
<td>3.4</td>
<td>1.4</td>
<td>5.1</td>
</tr>
<tr>
<td>1 Year</td>
<td>5.1</td>
<td>5.8</td>
<td>6.8</td>
<td>4.4</td>
<td>6.5</td>
<td>6.2</td>
<td>6.6</td>
<td>5.8</td>
</tr>
<tr>
<td>3 Years</td>
<td>5.9</td>
<td>7.3</td>
<td>7.5</td>
<td>4.9</td>
<td>5.7</td>
<td>4.3</td>
<td>7.0</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Source: ICRA Online Research
Note: *Compound annualised returns for periods ≥1 year; Simple annualised returns for <1 year; Data as of Sep-18
Section VI  INDUSTRY INSIGHTS
Outflows in Sep-2018 surpass inflows seen in the first two months of Q2FY19

FPI/FII & Mutual Fund Investment Trends in Equity Markets

Source: ICRA Online Research
Instrument allocation pattern in debt segment

Source: ICRA Online Research
Average maturity trend in last one year

Average Maturity Trends in Corporate Bond Fund, Dynamic Bond, Gilt Fund, Gilt Fund with 10-Year Constant Duration

Source: ICRA Online Research
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

Source: Media Reports
Regulator remains vigilant (2 of 2)

- 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 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.

Source: Media Reports
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