Mutual Fund Screener

For the quarter ended Jun-17
Mutual Fund Screener – What’s Inside

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Industry Quarterly Average Assets Under Management (QAAUM) grew for the 15th consecutive quarter in Q1FY18.

- The 6.7% quarterly growth in industry assets was driven by sustained inflows in equity schemes through Systematic Investment Plans (SIPs) and mark to market gains.

Growth in QAAUM for the Quarter Ended June-17

<table>
<thead>
<tr>
<th>AMCs</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top 5</td>
<td>5% to 8%</td>
</tr>
<tr>
<td>Next 10</td>
<td>-1% to 13%</td>
</tr>
<tr>
<td>Rest</td>
<td>-70% to 350%</td>
</tr>
</tbody>
</table>

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

In the last decade, annual AUM of the MF industry has grown five times and is expected to touch the magical figure of Rs. 94 lakh crore by 2025.

Source: AMFI, ICRA Online Research.
Top 10 AMCs accounted for ~81% of QAAUM

Source: AMFI, ICRA Online Research
Smaller AMCs grew at a faster pace

Edelweiss AMC was not included in the list of top 10 fastest growing AMCs as its YoY growth of 258% was fuelled by the acquisition of JP Morgan AMC.

Among the larger AMCs (QAAUM > Rs. 35,000 crore), Kotak Mahindra, DSP BlackRock, Axis, and L&T Mutual Fund have shown exceptional growth in assets.

Kotak Mahindra AMC crossed the milestone of Rs. 1 lakh crore in the Q1FY18 and became the seventh AMC to join the Rs. 1 lakh crore AUM group.

Source: AMFI, ICRA Online Research
Private sector joint ventures (predominantly Indian) manage 58% of QAAUM

Source: AMFI, ICRA Online Research, data as of Jun-17
Section II | INVESTOR TRENDS
MF industry added 28.3 lakh folios in 1st quarter of FY18

Total folio count at the end of Jun-17 stood at 5.82 crore, 5.1% higher than the previous quarter, according to data from the Securities and Exchange Board of India (SEBI).

In the last 15 months, 69.1 lakh new folios were added to the Equity and ELSS categories, suggesting more investors are opting for equity funds for long-term wealth creation.
Industry assets equally distributed between individual and institutional investors; both investor categories showing similar growth trends

In the last five years, total assets attributable to individual and institutional investors grew at a CAGR of 25.2% and 25.9%, respectively

Source: AMFI; Data pertains to month end AUM
Individual investor includes Retail and HNI
Institutional investor includes Corporates, Banks/FIs and FIIs

- In the last five years, total assets attributable to individual and institutional investors grew at a CAGR of 25.2% and 25.9%, respectively
Individual investors continued to favour equity funds while institutional investors preferred fixed income funds

![Individual investors funds distribution](chart1.png)

![Institutional investors funds distribution](chart2.png)

Source: AMFI; Data as of month end AUM of March 2017
Equity Funds include ELSS and Other ETFs
Debt Funds include Gilt funds
Others include other ETFs and Fund of Funds investing overseas

- As of Mar-17, equity funds formed 53% of the total asset base of individual investors, while debt-oriented funds made up 85% of the portfolio of institutional investors of which liquid schemes formed 32%
B-15 locations generated 18% of industry AUM in Jun-17

- Assets in top 15 cities (referred to as T-15) grew 31% YoY, while that in smaller towns (referred to as B-15 locations) expanded 46%
- 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

### AUM garnered by different channels

<table>
<thead>
<tr>
<th></th>
<th>Jun-17</th>
<th>Mar-17</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>T-15</td>
<td>B-15</td>
</tr>
<tr>
<td>Associate Distributor</td>
<td>5%</td>
<td>8%</td>
</tr>
<tr>
<td>Non-Associate Distributor</td>
<td>50%</td>
<td>68%</td>
</tr>
<tr>
<td>Direct Plan</td>
<td>45%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: AMFI, ICRA Online Research
Section III

INFLOW OUTFLOW ANALYSIS
Investors poured in Rs. 0.93 lakh crore in mutual funds in the 1st quarter of FY18

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

- Equity funds (including ELSS) saw net inflow of Rs. 28,332 crore in Q1FY18 vis-à-vis Rs. 9,479 crore in Q1FY17
- 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

Source: AMFI, ICRA Online Research; Equity includes ELSS funds
Financial services remained the most preferred sector with more than 30% of total equity AUM

Equity exposure in top sectors (Top 5 AMCs)

Source: ICRA Online Research; Data as of Jun 2017
In Q1FY18 highest inflow were seen in Healthcare Services (36.7%), Metals (23.2%) and Services (17.6%) sectors
Section V | CATEGORY PERFORMANCE
Domestic factors positively impacted equity-oriented mutual funds

- Markets performed well on the back of strong economic data
- Monsoons arrived on time
- CPI-based inflation declined, beating expectations; RBI lowered inflation projections

BSE Sensex hovered above the 31,000 mark

Performance* of Equity-Oriented mutual fund categories

Source: ICRA Online Research; Data as of Jun-17; *Compound Annualized returns
Long-term debt funds continued to outperform

Retail inflation slowed for the second consecutive month in May and remained at its lowest level in five years; this reinforced expectations that Monetary Policy Committee (MPC) might consider lowering interest rates in the near term.

Markets gained after government officials allayed concerns of high inflation following the implementation of the Goods and Services Tax from Jul 1, 2017.

Geo-political tensions kept investors wary.
Gross commission almost doubled for top distributors in last 3 years

✓ Gross commission earned by mutual fund distributors almost doubled from Rs. 2,603 crore in FY14 to Rs. 4,987 crore in FY17, according to AMFI data

✓ Top 10 distributors earned Rs. 2,379 crore commission from the AMCs in FY17, representing 47.72% of the total commission paid to distributors

✓ In the last three fiscals, average assets under management of top 10 distributors have increased from Rs. 1.43 lakh crore to Rs. 2.74 lakh crore

Source: AMFI, ICRA Online Research
# Liquidity analysis of last 12 months

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<thead>
<tr>
<th></th>
<th>Jun-17</th>
<th>May-17</th>
<th>Apr-17</th>
<th>Mar-17</th>
<th>Feb-17</th>
<th>Jan-17</th>
<th>Dec-16</th>
<th>Nov-16</th>
<th>Oct-16</th>
<th>Sep-16</th>
<th>Aug-16</th>
<th>Jul-16</th>
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<tbody>
<tr>
<td>Equity</td>
<td>2.4</td>
<td>2.4</td>
<td>2.2</td>
<td>2.4</td>
<td>2.3</td>
<td>2.4</td>
<td>2.6</td>
<td>2.2</td>
<td>2.2</td>
<td>1.8</td>
<td>1.9</td>
<td>1.7</td>
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<tr>
<td>Speciality</td>
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<td>0.0</td>
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<tr>
<td>Gilt</td>
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<td>0.1</td>
<td>0.2</td>
<td>0.1</td>
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<tr>
<td>Liquid</td>
<td>17.1</td>
<td>20.2</td>
<td>19.7</td>
<td>16.3</td>
<td>19.5</td>
<td>18.7</td>
<td>16.2</td>
<td>16.7</td>
<td>17.4</td>
<td>17.0</td>
<td>18.9</td>
<td>20.1</td>
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<tr>
<td>Balanced</td>
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<td>Fund of Funds</td>
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<tr>
<td>Dynamic/Asset Allocation</td>
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<td>0.3</td>
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<td>0.3</td>
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<td>0.3</td>
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<tr>
<td>Debt</td>
<td>5.5</td>
<td>7.1</td>
<td>7.2</td>
<td>5.6</td>
<td>8.7</td>
<td>8.2</td>
<td>8.2</td>
<td>8.8</td>
<td>9.1</td>
<td>8.3</td>
<td>9.5</td>
<td>9.5</td>
</tr>
</tbody>
</table>

Values in the table denote the category-wise average holdings in cash & cash equivalents. In the table, red denotes highest liquidity (in terms of higher holding of cash & cash equivalents) while dark blue denotes minimum.

Source: ICRA Online Research
Instrument allocation pattern in debt segment

Source: ICRA Online Research
Average maturity on rising trend post Mar-17; low inflation increased rate-cut expectations

Source: ICRA Online Research
Investments by mutual funds in equity markets exceeded FII inflows in the 1st quarter of FY18

Source: ICRA Online Research
Large-caps commanded the largest share of assets

Investment Across Market Caps*

Source: ICRA Online Research

*Only equity diversified funds were considered for analysis; ICRA Online market cap classification based on Nifty 500
Section VII | REGULATORY UPDATE
Regulator remained pro-active during the quarter

- SEBI asked Credit Rating Agencies (CRAs) to give a 30-day notice before withdrawal of ratings in case of open-ended mutual funds. The decision was taken in consultation with CRAs and representations received from the industry. SEBI said the rule is for open-ended mutual fund schemes as they are continuous in nature with no specified maturity period.

- SEBI allowed MF houses to provide instant redemption on liquid funds. AMCs can offer instant access facility (through online mode) of up to Rs. 50,000 or 90% of folio value, whichever is lower, by applying lower of previous day Net Asset Value (NAV) or prospective NAV. SEBI added that AMCs would not be allowed to borrow for meeting the redemption requirement.
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