

# Mutual Funds Monthly Monitor: May 2020

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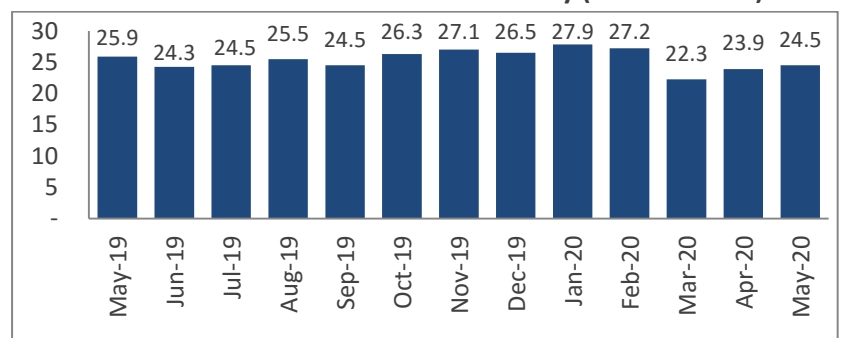
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## Industry Size

Assets under Management (AUMs) of the Indian Mutual Fund industry rose by 2.6% sequentially to reach Rs.24.5 lakh crore in May 2020. However, compared with May 2019, the industry dropped by 5.4% translating to an asset base reduction of Rs.1.4 lakh crore. Chart 1 depicts the movement in monthly AUMs for the past 12 months.

**Chart 1: AUM of Indian MF industry (Rs. lakh crore)**



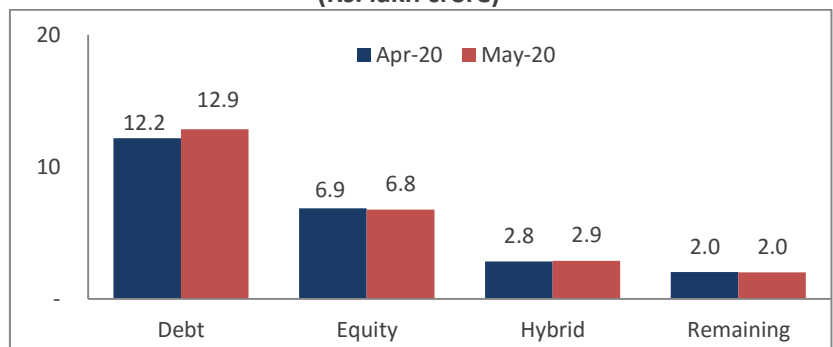
Source: SEBI

Equity schemes have the largest number of folios at approximately 636 lakh, which constitutes nearly 70% share of the total number of folios. This is followed by hybrid schemes with 95.6 lakh folios and debt schemes with 70.7 lakh folios. The remaining folios are in solution oriented and other schemes.

## Schemes wise AUMs

Debt schemes accounted for the largest share of AUMs at 52.4%, followed by equity schemes with 27.6% and hybrid schemes with 11.8%. The remaining 8.2% was contributed by solution oriented and other schemes.

**Chart 2: Scheme wise AUMs in April and May 2020 (Rs. lakh crore)**



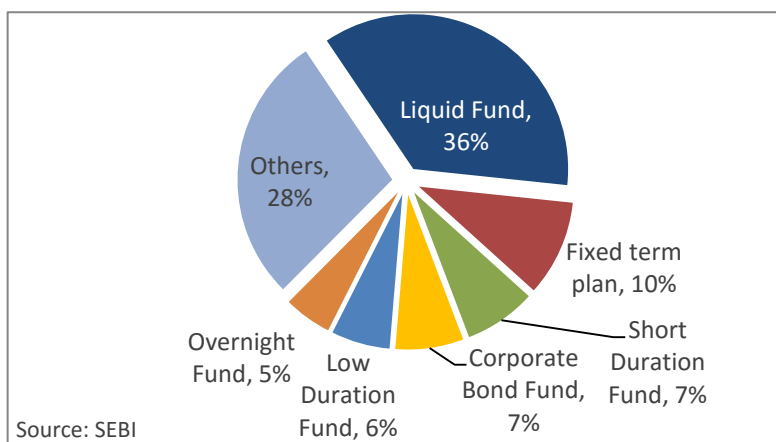
Source: SEBI

Note: remaining includes solution oriented and other schemes

### Composition of Debt Mutual Funds

Out of the net assets of Rs.12.9 lakh crore of debt AUMs, liquid funds continued to have the highest share at 36% (share in April 2020: 33%), s followed by fixed term plans with a share of 10%, short duration fund and corporate bond fund had a share of 7% each, low duration fund had share of 6% and overnight funds had shares of 5%. Top 6 debt schemes account for about 72% share of debt AUMs, while the remaining 28% consists of 13 schemes.

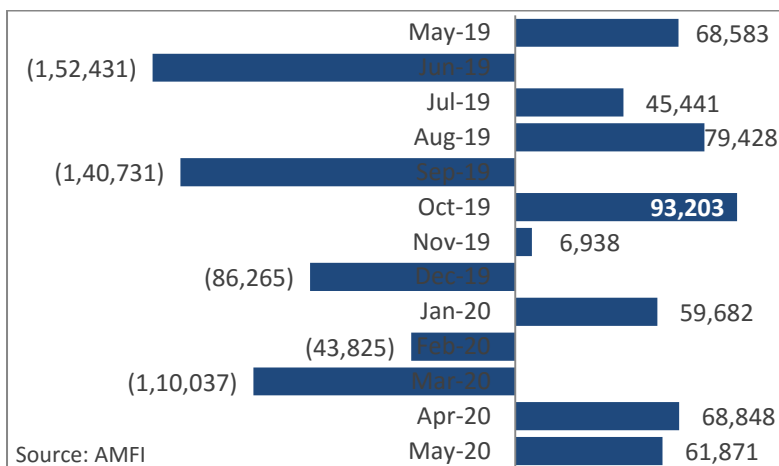
Chart 3: Composition of Debt AUMs in May 2020



### Net inflows/ outflows from liquid funds

May 2020 witnessed e regular inflow of Rs. 61,871 cr., however, this was lower than the inflows witnessed in the previous month (April 2020 – Rs.68,848 cr) and May 2019 (Rs.68,583 cr). Chart 4 depicts the net inflows/ outflows from liquid funds during May 2019 to May 2020 on monthly basis.

Chart 4: Net inflows/ outflows from liquid funds (Rs. crore)



### Composition of Equity Mutual Funds

Out of net assets of Rs.6.8 lakh crore of equity AUMs, the largest share continues to be of large cap and multi cap funds with shares of 19% each, followed by ELSS with 12% share. In May 2020, investors’ net inflows in open ended equity oriented schemes was Rs.5,257 crore, the lowest since start of 2020.

Chart 5: Composition of equity AUMs in May 2020

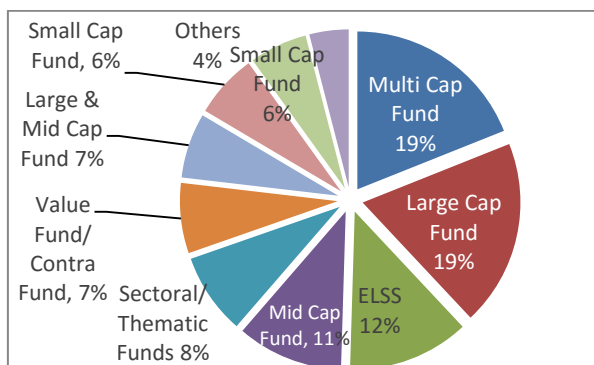
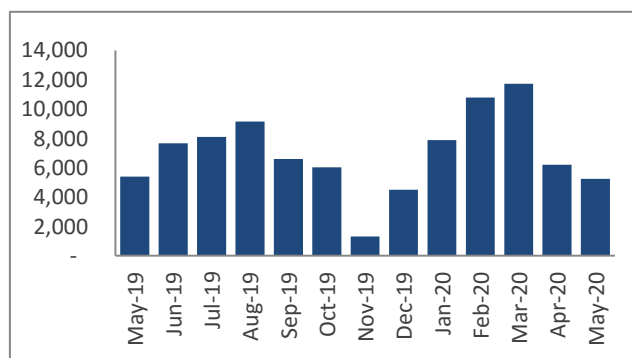


Chart 6: Net inflows in open-ended equity oriented schemes in Rs. crore



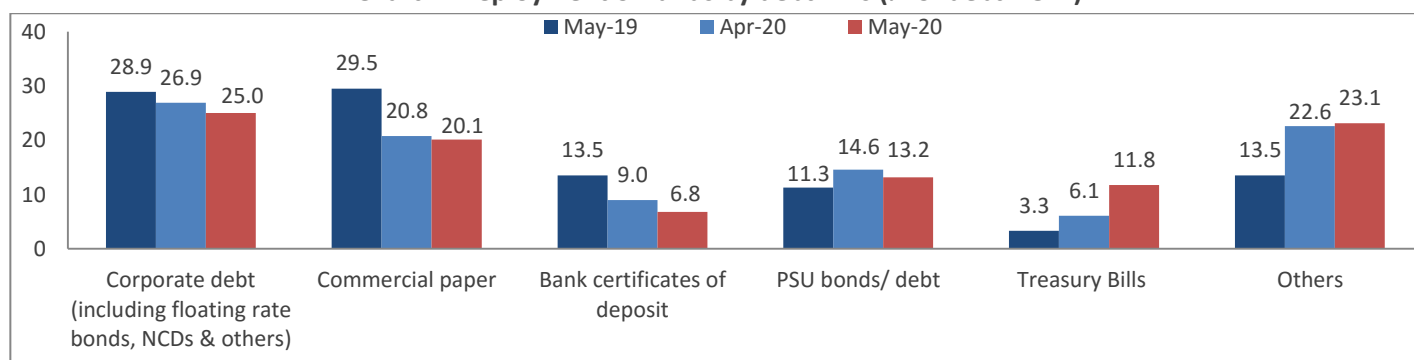
## Deployment of Funds by Debt Mutual Funds

This section analyses the various products in which debt funds were deployed by MFs. The net assets of the debt AUMs decreased to Rs.12.9 lakh crore on a y-o-y basis compared with Rs.13.3 lakh crore in May 2019 and increased on a m-o-m basis (Rs.12.2 lakh crore in April 2020). The highest share (50.2%) of debt AUMs are in short-term instruments with maturity of less than 90 days. This is followed by a share of 35.5% in long duration instruments with maturity of 1 year and above, 10.4% in 182 days -1 year and 4.0% in 90-182 days .

Chart 7 depicts the total funds invested by debt MFs in various instruments in May 2019, April 2020 and May 2020. Key observations from the below chart are:

- In May 2020, the largest proportion of funds of debt AUMs were invested in corporate debt papers worth Rs.3.87 lakh crore. This segment includes floating rate bonds, non-convertible debentures, etc. Compared with the previous month, assets in this category increased by over Rs.23,000 crore; and, in percentage terms, it decreased to 25.0% of debt AUMs owing to an increase in percentage share of treasury bills from 6.0% in April 2020 to 11.8% in May 2020.
- The second highest category in which debt AUMs invested their money was Commercial Papers (CPs) with Rs.3.12 lakh crore. When compared with previous month, this segment held steady in terms of value but its percentage share reduced further to 20.1% of debt AUMs, from 29.5% in the year ago period.
- Funds deployed in bank certificates of deposit stood at Rs.1.05 lakh crore in May 2020, a decrease of over Rs.17,000 crore over previous month. Compared with May 2019, percentage share of investments in this category have fallen sharply from 13.5 % to 6.8%.
- Investments in Treasury Bills stood at Rs.1.82 lakh crore in May 2020, a rise of Rs.1.01 lakh crore over April 2020. Compared with May 2019, investments in Treasury Bills have improved from 3.3% to 11.8%.
- Funds in PSU bonds/debt increased to Rs.2.04 lakh crore from Rs.1.96 lakh crore, while the percentage share decreased to 13.2%.
- Others category includes money market investments, CBLO, securitised debt, asset backed securities, mortgage backed securities, equity linked debentures/notes, bank FD, etc. of which CBLO accounts for the highest share at 8.0% of the total funds deployed by debt MFs. The amount invested in this category rose to Rs.3.57 lakh crore in May 2020 and has increased by over 1.9 times since May 2019, which was at Rs.1.97 lakh crore. The percentage share of other debt AUMs also rose to 15.2% in May 2020 from 9.0% in May 2019.

**Chart 7: Deployment of funds by debt MFs (% of debt AUM)**



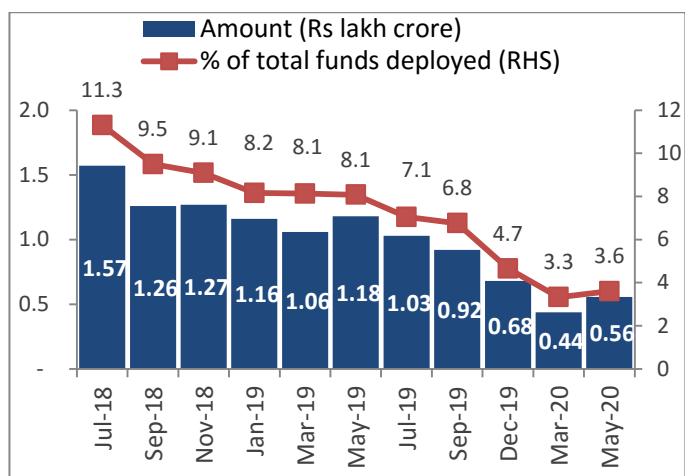
Source: SEBI; Note: figures are rounded off to the nearest digit

### Exposure of Mutual Funds to NBFCs

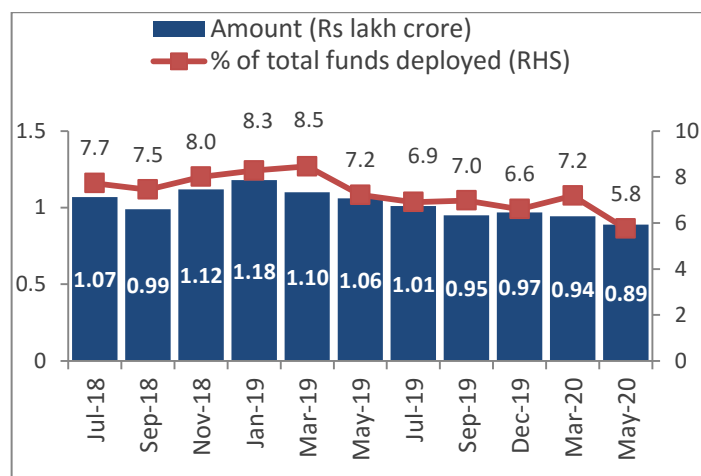
Overall exposure of MFs to NBFCs stood at Rs.1.45 lakh crore in May 2020, almost half of the levels since July 2018, after which the NBFC crisis began. Accordingly, the percentage share also declined from 19% in July 2018 to 9.4% in May 2020.

As seen in chart 8, investments in CPs of NBFCs have been on a consistent decline every month and have risen marginally on m-o-m basis in May 2020. Post September 2018, after the liquidity crisis triggered in the NBFC space, MFs withdrew over 50% of their investments from this category. The percentage share of funds deployed by MFs in corporate debt paper of NBFCs in May 2020 have moderated as compared to March 2020 of debt AUMs and are lowest since July 2018. This quantum of investment (Rs 0.89 lakh crore) was last witnessed in September 2016.

**Chart 8: Exposure of MFs to CPs of NBFCs**



**Chart 9: Exposure of MF to corporate debt paper of NBFCs**

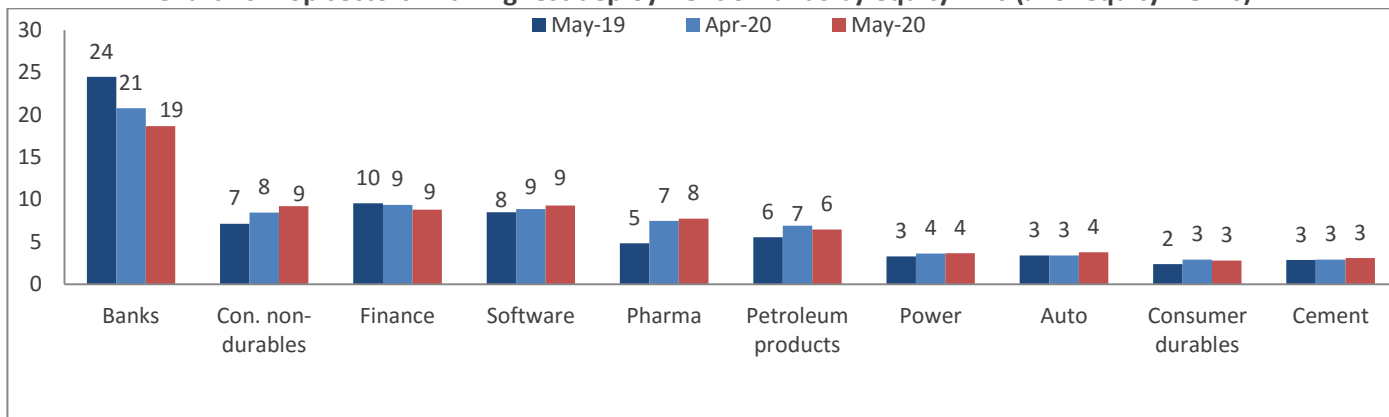


Source: SEBI

### Deployment of Funds by Equity Mutual Funds

Banks, consumer non-durables, finance, software and pharma were the top 5 sectors where equity AUMs invested their funds in May 2020 and they cumulatively accounted for over 54% share of equity AUMs equivalent to Rs.6.12 lakh crore. Top 10 sectors where equity AUMs invested their money in April and May 2020 are depicted in chart 10. The equity funds have suffered due to the economic slowdown and market volatility.

**Chart 10: Top sectors with highest deployment of funds by equity MFs (% of equity AUMs)**



Source: SEBI, Note: figures are rounded off to the nearest digit

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**Concluding remarks:**

- Assets under Management (AUMs) of the Indian Mutual Fund industry reached Rs.24.5 lakh crore in May 2020, losing 5.4% over May 2019 and translating to an asset base reduction of Rs.1.39 lakh crore. MF AUMs accounted for 16.3% as a percentage of GDP (at constant prices) in FY20 while overall AUMs of insurance in FY19 accounted for 27.5% of GDP (at constant prices).
- AUMs of debt, equity and hybrid schemes in May 2020 accounted for 52.4%, 27.6% and 11.8% respectively of the overall AUMs.
- In May 2020, Liquid Funds witnessed an inflow of Rs.61,871 cr., however, this was lower than the inflows witnessed in April 2020.
- In May 2020, net inflows in open ended equity oriented schemes were Rs.5,257 crore compared with Rs.5,408 crore in May 2019 and Rs.6,213 crore in April 2020.
- The highest share (50.2%) of debt AUMs are in short-term instruments with maturity of less than 90 days. This is followed by a share of 35.5% in long duration instruments with maturity of 1 year and above, 4.0% in 90-182 days and 10.4% in 182 days -1 year.
- Overall exposure of MFs to NBFCs stood at Rs.1.45 lakh crore in May 2020, almost half of the levels since July 2018.
- Banks, consumer non-durables, finance, software and pharma were the top 5 sectors where equity AUMs invested their funds till May 2020.