

Mutual Funds update for May 2019

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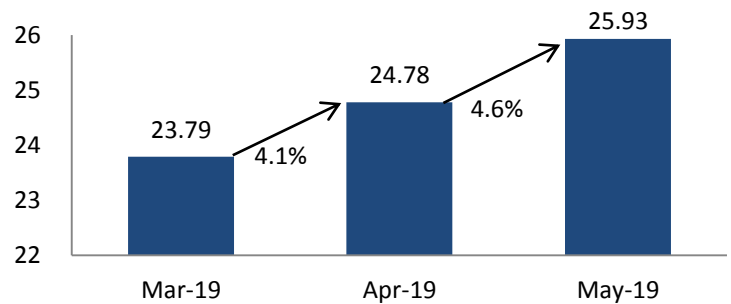
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Assets under Management (AUMs) of the Indian Mutual Fund (MF) industry grew by 9% to Rs.25.93 lk cr in May-19 over March. This translates to an asset base addition of Rs. 2.14 lk cr in the initial two month of FY20.

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



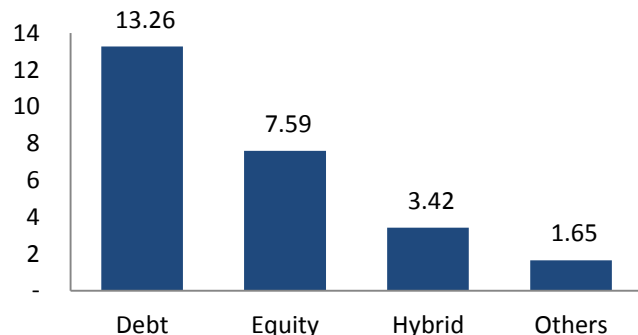
Source: SEBI

The total number of folios in May-19 grew to 8.32 cr, out of which the largest was in equity schemes which had share of 72%.

Scheme wise resource mobilisation

Net assets of debt, equity and hybrid schemes at the end of May-19, stood at Rs. 13.26, Rs. 7.59 and Rs. 3.42 lk cr respectively. While debt schemes accounted for the largest share of AUMs at 51.1%, equity schemes contributed 29.3%, followed by hybrid schemes at 13.2%. The remaining 6.4% was contributed by solution oriented and other schemes.

Chart 2: Scheme wise AUMs in May-19 (in Rs. lakh crore)

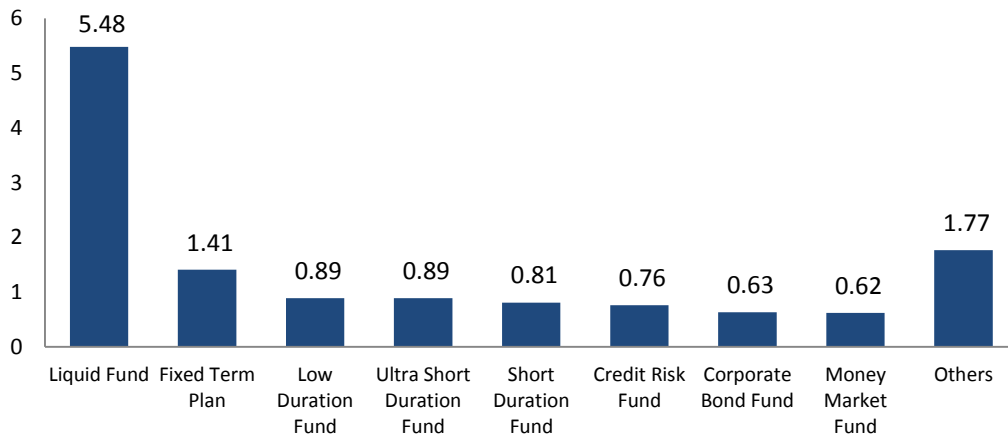


Source: SEBI

Others include solution oriented and other schemes

Out of the total net assets of debt of 13.26 lk cr, liquid funds have the largest share of 41.3%, followed by fixed term plans of 10.6% and ultra-short and low duration funds of 6.7% each. The net assets of debt schemes as on 31st May 2019 is depicted in chart 3.

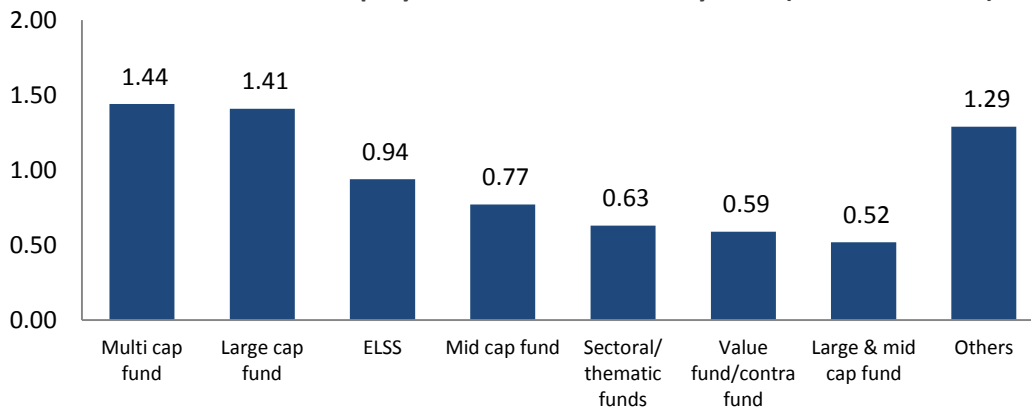
Chart 3: Net assets of debt schemes as on 31st May 2019 (in Rs. lakh crore)



Source: SEBI

Within equity schemes, the largest proportion of net assets is of multi cap fund (19%), large cap (18.6%) and ELSS (12.4%). The net assets of equity schemes as on 30th May 2019 is depicted in chart 4.

Chart 4: Net assets of equity schemes as on 30th May 2019 (in Rs. lakh crore)



Source: SEBI

Deployment of funds by MFs

(a) Debt MF

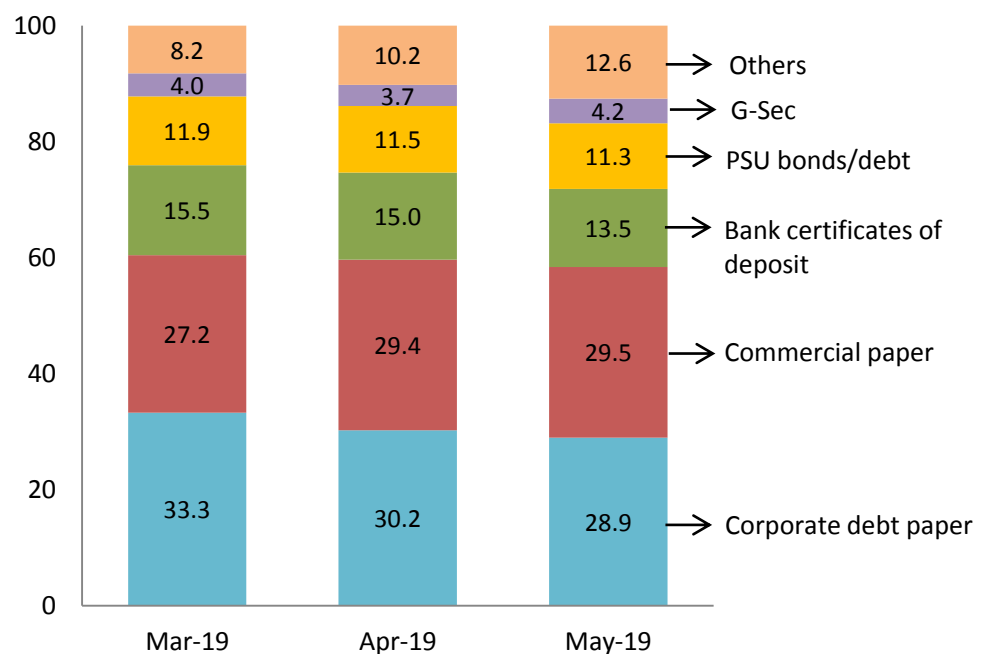
The largest share (48.8%) of funds deployed by debt MFs are in short term duration instruments of less than 90 days, followed by 32.4% in long duration instruments with maturity of 1 year and above, 13.2% funds are parked in instruments with maturity from 182 days to 1 year, while the remaining 5.5% is parked in instruments with maturity from 90 days to 182 days.

Chart 5 depicts the funds invested by debt MFs in various instruments in March-19, Apr-19 and May-19. Key observations from the chart are as follows:

- In May-19, the highest investment by debt MFs was in commercial papers of Rs. 4.31 lk cr, growth of Rs. 0.76 cr over March-19. The percentage share also grew from 27.2% in March-19 to 29.5% in May-19.

- Corporate debt paper which includes floating rate bonds, non- convertible debentures, etc. had the second highest exposure of Rs.4.23 lk cr. In value terms, investments in this category improved marginally by Rs. 0.03 cr over previous month, but fell by Rs. 0.11 lk cr over March-19. However, on a percentage share basis, investments in corporate debt paper are on a decline since March-19.
- Funds deployed in bank certificates of deposit were Rs. 1.97 lk cr with a share of 13.5%. While the amount declined, percentage share also fell from 15.5% in March-19.
- Investments in GSecs were at Rs. 0.62 lk cr, a rise of Rs.0.1 lk over March-19.
- In PSU bonds/debt, the invested amount has increased to Rs. 1.65 lk cr, however the share has declined to 11.3%.
- Other instruments including treasury bills, money market investments, CBLO, securitised debt, asset backed securities, mortgage backed securities, equity linked debentures/notes, bank FD, etc. had a share of 12.6% in May-19.

Chart 5: Deployment of funds by debt MFs (% of AUM)



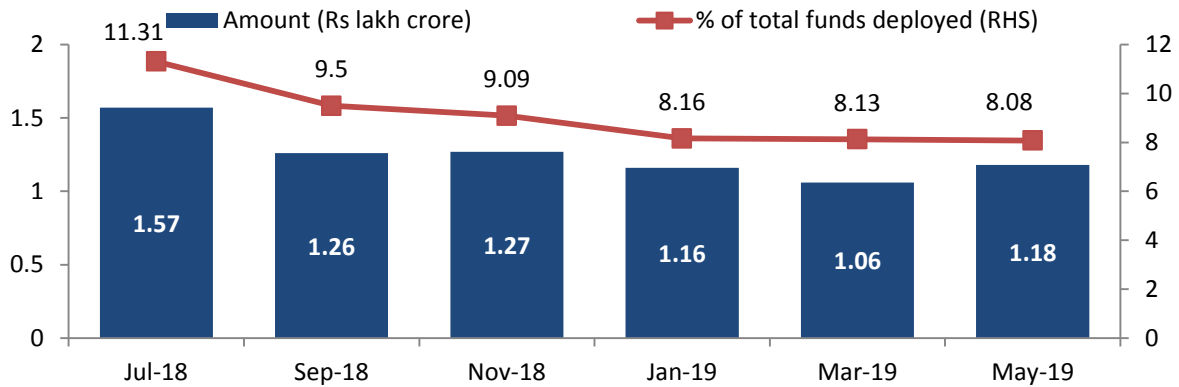
Source: SEBI; Note: figures are rounded off to the nearest digit

Exposure of MFs to NBFCs

Overall exposure of MFs to NBFCs stood at Rs.2.24 lk cr in May-19, a drop of Rs. 0.42 lk cr since July-18, when the liquidity crisis began. While the amount has reduced, the percentage share also dropped from 19.04% in July-18 to 15.3% in May-19.

As seen in chart 6, after the liquidity crisis triggered in the NBFC space, MFs withdrew 1/4th of their investments from CPs of NBFCs. The percentage share of funds deployed by MFs in CPs of NBFCs in May-19 is at 8.08% and amount held is Rs. 1.18 lk cr.

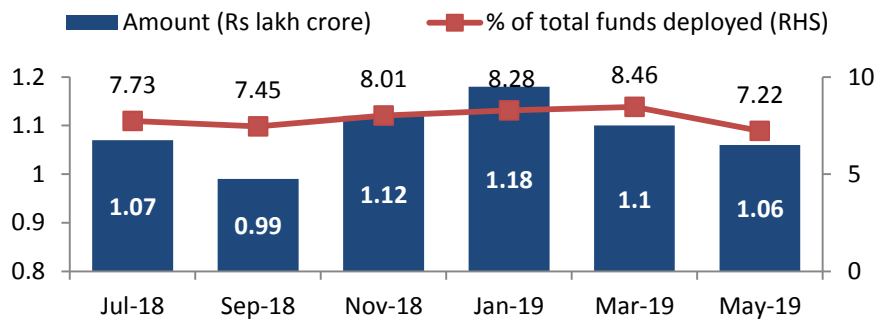
Chart 6: Exposure of MF to CPs of NBFCs



Source: SEBI

Deployment of funds in corporate debt paper of NBFCs fell to Rs.1.06 lk cr in May-19, a decline of Rs.0.04 lk cr over March-19. The percentage share also declined to 7.22%, the lowest since July-18.

Chart 7: Exposure of MF to corporate debt paper of NBFCs

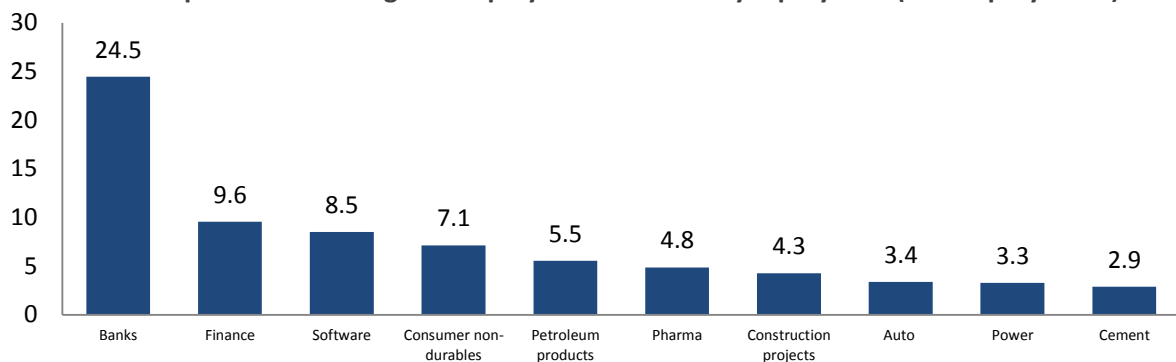


Source: SEBI

(b) Equity MF

Banks, finance, software, consumer non-durables and petroleum products were the top 5 sectors where equity MFs deployed their funds in May-19 and they cumulatively accounted for ~55.2% share. The top 10 sectors in May-19 are depicted in chart 8.

Chart 8: Top sectors with highest deployment of funds by equity MFs (% of equity AUM)



Source: SEBI