

Mutual Funds Monthly Monitor: November 2020

Contact:
Sanjay Agarwal
 Senior Director
 sanjay.agarwal@careratings.com
 +91-22- 6754 3582
 Mob: +91- 810 800 7676

Saurabh Bhalerao
 Associate Director – BFSI Research
 saurabh.bhalerao@careratings.com
 +91-22-6754 3519
 Mob: +91- 900 495 2514

Pravin Mule
 Research Analyst – BFSI Research
 pravin.mule@careratings.com
 +91-22-6754 3631
 Mob: +91- 98192 80043

Mradul Mishra (Media Contact)
 mradul.mishra@careratings.com
 +91-22-6754 3573

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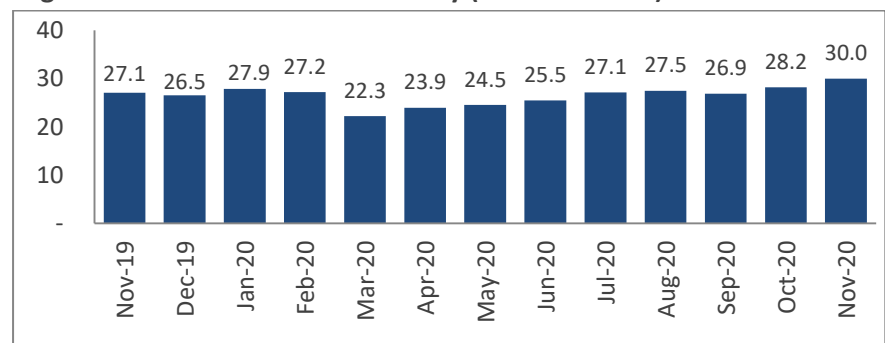
Key Highlights

- Assets under Management (AUMs) reached Rs.30.0 lakh crores in November 2020, increasing 10.7% over November 2019 and translating to an asset base addition of Rs.2.9 lakh crores.
- The net inflow stood at Rs.27,194 crore in November 2020 as compared with a net inflow of Rs.54,419 crore in November 2019 (decline of ~50.0% YoY).
- The equity schemes have seen continuous net outflow for the fifth consecutive month at Rs.12,917 crores in November 2020.
- Liquid funds witnessed outflows of Rs.8,415 crores during the month.

Industry Size

Assets under Management (AUMs) of the Indian Mutual Fund industry increased by 6.4% sequentially on m-o-m basis to Rs.30.0 lakh crores in November 2020 and compared with November 2019, the industry rose by 10.7%. Figure 1 depicts the movement in monthly AUMs for the past 12 months.

Figure 1: AUM of Indian MF industry (Rs. lakh crores)



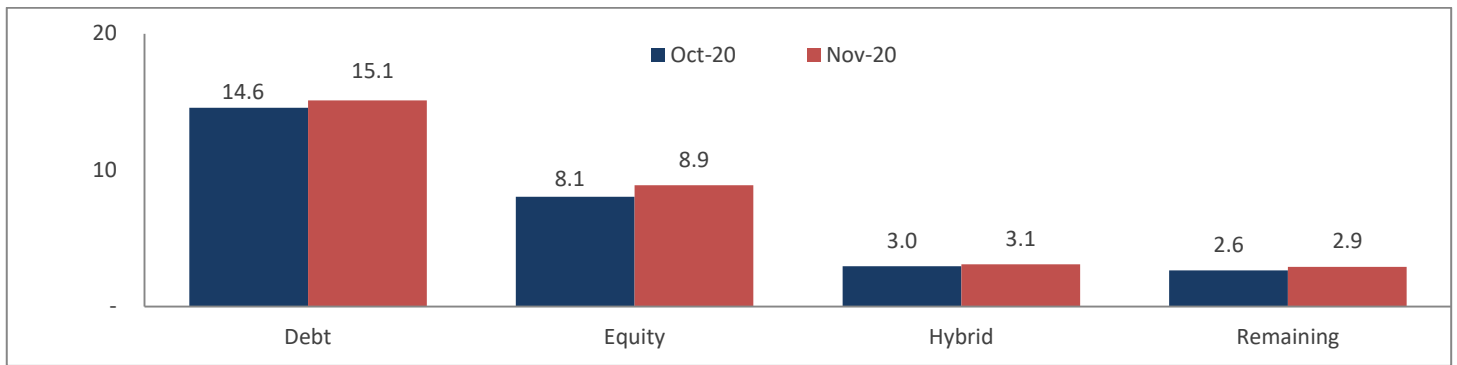
Source: AMFI

Equity schemes have the largest number of folios at approximately 635 lakh, which constitutes nearly 68.0% share of the total number of folios. This is followed by hybrid schemes with 93.8 lakh folios (10.0% share) and debt schemes with 78.0 lakh folios (8.0% share). Solution oriented and other schemes account for the balance folios.

Schemes wise AUMs

Debt schemes accounted for the largest share of AUMs at 50.4%, followed by equity schemes with 29.6% and hybrid schemes with 10.3%. The remaining ~9.7% was accounted by solution oriented and other schemes.

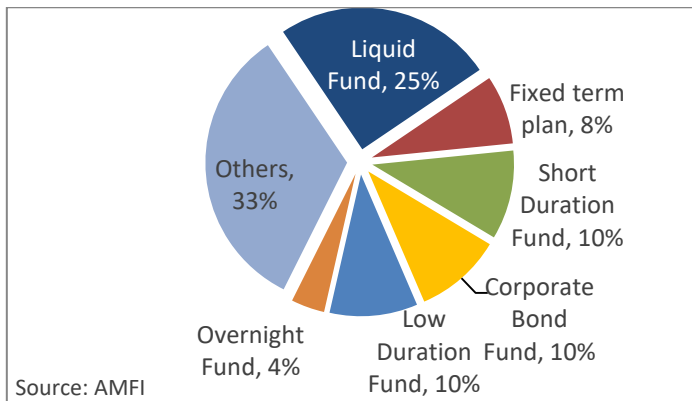
Figure 2: Scheme wise AUMs in October and November 2020 (Rs. lakh crores)



Source: AMFI

Note: remaining includes solution oriented and other schemes

Figure 3: Composition of Debt AUMs in November 2020



Source: AMFI

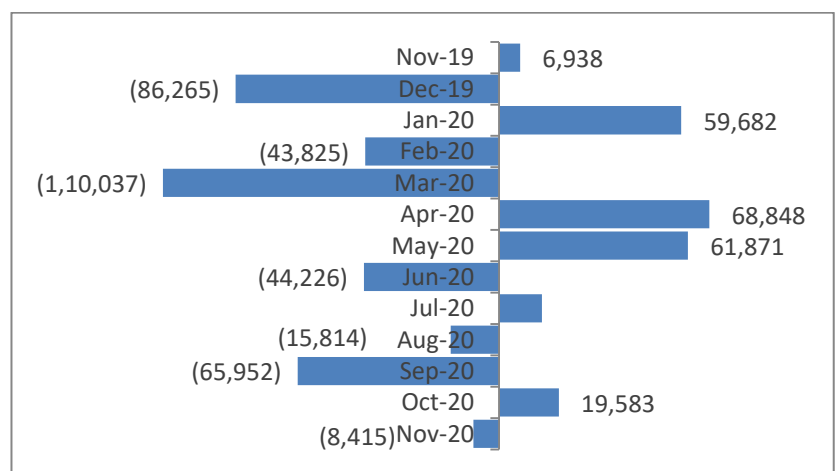
Composition of Debt Mutual Funds

Out of the net assets of Rs.15.1 lakh crores of debt mutual fund AUMs as on November 30, 2020, liquid funds continue to have the largest share at 25.0% (share in October 2020: 26.0%), followed by short duration fund, corporate bond fund and low duration fund with a share of 10.0% each; and fixed term plan with a share of 8.0%; and overnight funds had share of 4.0%. Top 6 debt schemes account for about 67% share of debt AUMs, while 13 schemes account for the remaining 33.0%. The debt mutual funds witnessed an inflow of Rs.0.4 lakh crore in November 2020 as compared with Rs.0.5 lakh crore in November 2019 (Rs.1.1 lakh crore in October 2020)

Net inflows/ outflows from liquid funds

Figure 4 depicts the net inflows/ outflows from liquid funds during November 2019 to November 2020 on monthly basis. The liquid funds witnessed outflows of Rs. 8,415 crores in November 2020 mainly due to shift to slightly longer durations in search of better yields.

Figure 4: Net inflows/ outflows from liquid funds (Rs. crores)

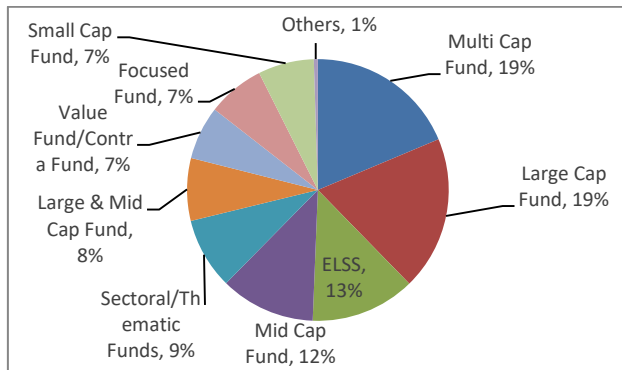


Source: AMFI

Composition of Equity Mutual Funds

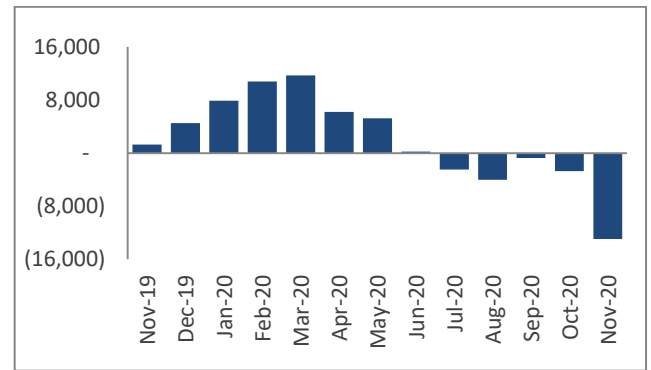
Out of net assets of Rs.8.9 lakh crores of equity mutual fund AUMs, the largest share continues to be of large cap and multi cap funds with a share of 19% each, followed by ELSS with 13% share. In November 2020, equity mutual funds witnessed the fifth straight month of outflows of Rs.12,917 crores compared with an outflow of Rs.2,724 crores in the previous month and inflow of Rs1,311 crore in November 2019. Total SIP accounts stood at 3.41 crore in November 2020 as against 3.12 crore accounts in March 2020. SIP contribution declined to Rs.62,929 crore during April 2020 to November 2020 as compared with Rs65,880 crore during April 2019 to November 2019.

Figure 5: Composition of equity AUMs in November 2020



Source: AMFI

Figure 6: Net inflows/outflows in open-ended equity oriented schemes in Rs. crores



Source: AMFI

Deployment of Debt Funds

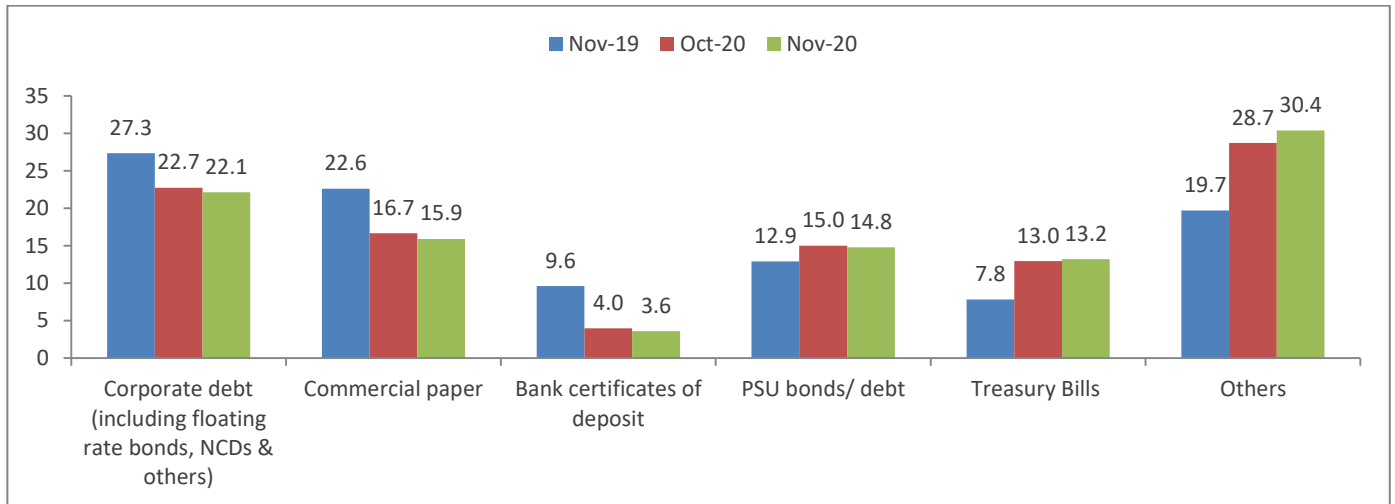
This section analyses the various products in which debt funds were deployed by MFs. The highest share (42.0%) of debt funds are in long duration instruments with maturity of 1 year and above and almost similar share in short-term instruments with maturity of less than 90 days (41.3%), 9.7% in 90-182 days and 7.0% in 182 days to 1 year.

Figure 7 depicts the deployment of debt funds in various instruments in November 2019, October 2020 and November 2020. Key observations from the below figure include:

- In November 2020, the largest proportion of debt funds were invested in corporate debt papers worth Rs.3.7 lakh crores. This segment includes floating rate bonds, non-convertible debentures, etc. Compared with the previous month, assets in this category increased by over Rs.7,249 crores; however, in percentage terms, the share declined marginally by 0.6% (m-o-m) to 22.1% of debt funds.
- The second highest category in which debt funds invested their money was Commercial Papers (CPs) with Rs.2.6 lakh crores. When compared with previous month, investment in this category increased in value terms and declined in percentage terms. The percentage share decreased by 6.7% on y-o-y basis largely owing to an increase in percentage share of treasury bills from 7.8 % in November 2019 to 13.2% in November 2020.
- Funds deployed in bank certificates of deposit stood at Rs.0.6 lakh crores in November 2020 as compared with Rs 1.4 lakh crore in same month previous year. Concurrently, percentage share of investments in this category have also fallen sharply from 9.6 % in November 2019 to 3.6% in November 2020. Further, it can be noted that the average rate of interest on CDs has fallen by 290 bps compared to previous year (4.3% in November 2020 compared with 7.2% in November 2019).
- Funds in PSU bonds/debt increased to Rs.2.4 lakh crores from Rs.2.3 lakh crores in October 2020, while the percentage share declined to 14.8% compared with 12.9% in November 2019.

- 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 10.0% of the total funds deployed by debt funds.
- Funds in CBLO increased to Rs.1.6 lakh crores in November 2020 from Rs.1.3 lakh crores in October 2020 and Rs.1.0 lakh crores in November 2019 and the percentage share increased to 9.7% compared with 8.2% in October 2020 and 7.4% in November 2019.

Figure 7: Deployment of Debt funds (% of total debt funds)



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.1.4 lakh crores in November 2020, slightly more than half of the September 2018 level (Rs.2.2 lakh crore) after which the NBFC crisis began. Accordingly, the percentage share also declined from 19.0% in July 2018 to 8.9% in November 2020.

As seen in Figure 8, investments in CPs of NBFCs had been on a consistent decline every month but have risen marginally in last two months (October and November 2020) compared with March 2020. The percentage share of funds deployed by MFs in CPs of NBFCs in November 2020 stood at 3.6% of debt AUMs (compared with 9.5% in September 2018) and the amount held stood at Rs.0.61 lakh crore (Rs. 1.26 lakh crore in September 2018). The percentage share of funds deployed by MFs in corporate debt paper of NBFCs in September 2020 have moderated as compared to March 2020 of debt AUMs as well as on m-o-m basis and are lowest since July 2018.

Figure 8: Exposure of MFs to CPs of NBFCs

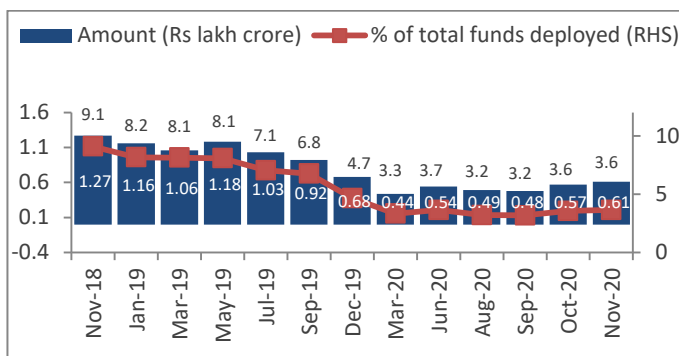
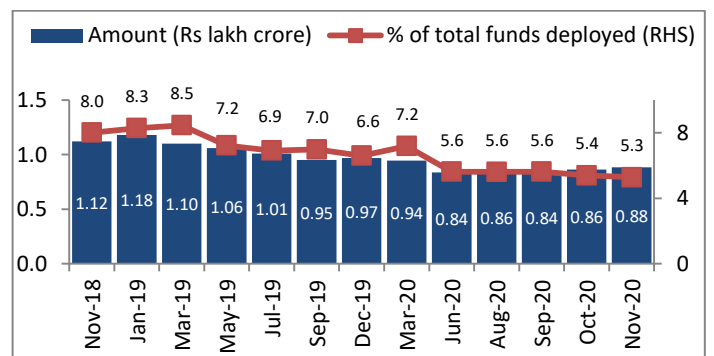


Figure 9: Exposure of MF to corporate debt paper of NBFCs

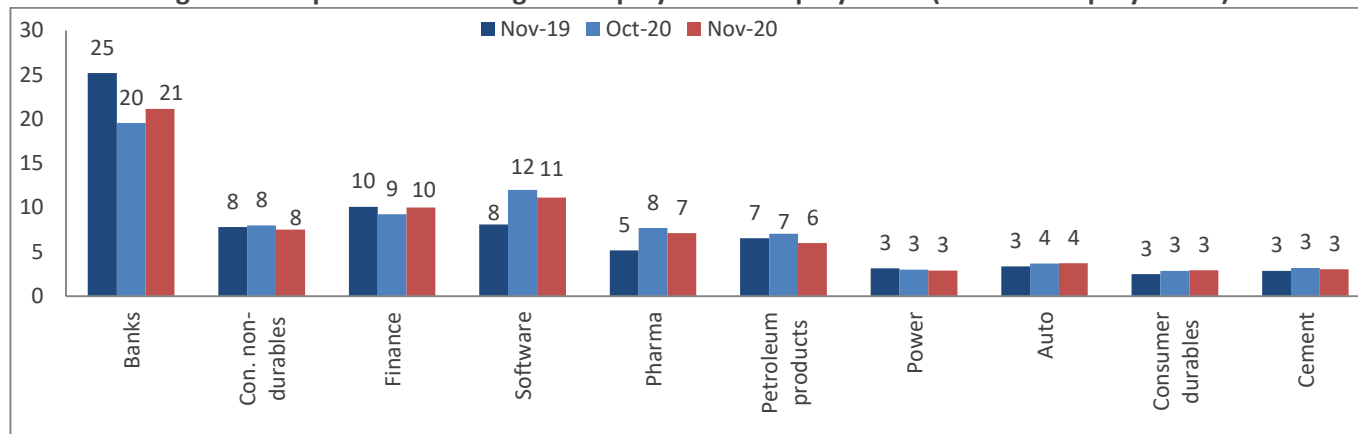


Source: SEBI

Deployment of Equity Funds

Banks, consumer non-durables, finance, software, pharma and petroleum products were the top 6 sectors where equity funds invested their funds in November 2020 and they cumulatively accounted for over 63.0% share of equity funds equivalent to Rs.8.2 lakh crores. Top 10 sectors where equity funds invested their money in November 2019, October 2020 and November 2020 are depicted in figure 10.

Figure 10: Top sectors with highest deployment of equity funds (% of total equity Funds)



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

Concluding remarks:

- Assets under Management (AUMs) of the Indian Mutual Fund industry reached Rs.30.0 lakh crores in November 2020, increasing 10.7% over November 2019 and translating to an asset base addition of Rs.2.9 lakh crores.
- The net inflow stood at Rs.27,194 crore in November 2020 as compared with a net inflow of Rs.54,419 crore in November 2019 (decline of ~50.0% YoY; decline of 72.4% MoM).
- AUMs of debt, equity and hybrid mutual fund schemes in November 2020 accounted for 50.4%, 29.6% and 10.3%, respectively of the overall AUM; the balance 9.7% was contributed by solution oriented and other schemes.
- The highest share (42.0%) of debt funds are in long duration instruments with maturity of 1 year and above and almost similar share in short-term instruments with maturity of less than 90 days (41.3%), 9.8% in 90-182 days and 7.0% in 182 days to 1 year.
- Overall exposure of MFs to NBFCs stood at Rs.1.4 lakh crores in November 2020, slightly more than half of the levels since September 2018.
- Banks, consumer non-durables, finance, software, pharma and petroleum products were the top 6 sectors where equity funds invested their funds till November 2020.