

Mutual Funds Monthly Tracker: February 2021: AUM numbers hit a record high

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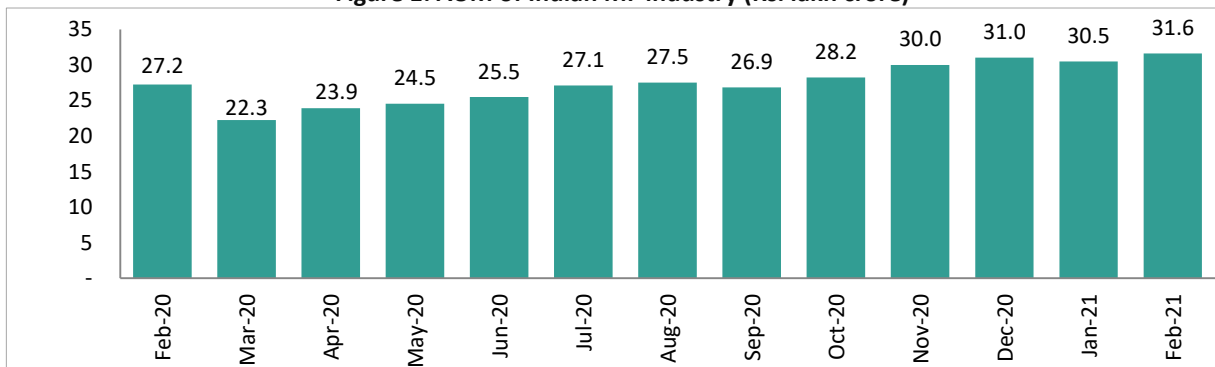
Key Highlights

- Assets under Management (AUMs) of the Indian Mutual Fund industry reached to an all-time high of over Rs.31.6 lakh crore at the end of February 2021, increasing 16.1% y-o-y translating to an asset base addition of Rs.4.4 lakh crore (increased by 3.6% on m-o-m basis).
- The overall net inflows stood at Rs.4,090 crore in February 2021 as compared with a net outflow of Rs.1,986 crore in February 2020.
- The debt mutual funds witnessed an inflow of Rs.1,735 crore in February 2021 as compared with an outflow of Rs.27,940 crore in February 2020 (outflows of Rs.33,409 crore in January 2021).
- The equity schemes have witnessed a continuous net outflow, primarily due to profit booking, for eight-consecutive months at Rs.4,534 crore in February 2021, even as the equity AUMs have kept on increasing due to the rally in equity markets. The speech¹ given by SEBI Chairman (dated February 25, 2021) says that the declining trend could also be an indicative of a trend of individual investors using these funds previously being dedicated to SIPs, now invested directly into market or any other assets such as debt/ real estate or even holding out in cash waiting for market corrections”.
- Liquid funds witnessed inflows of Rs.17,302 crore in February 2021 (outflows of Rs.24,509 crore in February 2019).

Industry Size

The figure given below depicts the movement in monthly AUMs for the past 12 months.

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

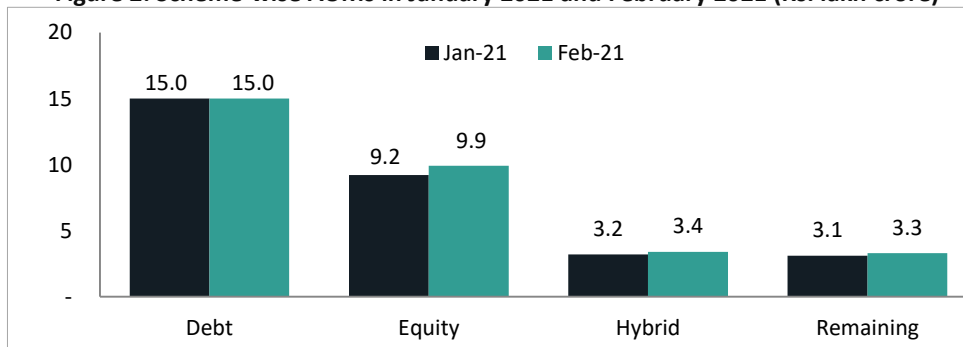


Source: AMFI

Equity schemes have the largest number of folios at approximately 659 lakh, which constitutes nearly 68.0% share of the total number of folios. This is followed by hybrid schemes with 93.0 lakh folios (10.0% share) and debt schemes with 88.9 lakh folios (9.0% share). Solution-oriented and other schemes account for the balance folios.

Schemes-wise AUMs

Figure 2: Scheme-wise AUMs in January 2021 and February 2021 (Rs. lakh crore)



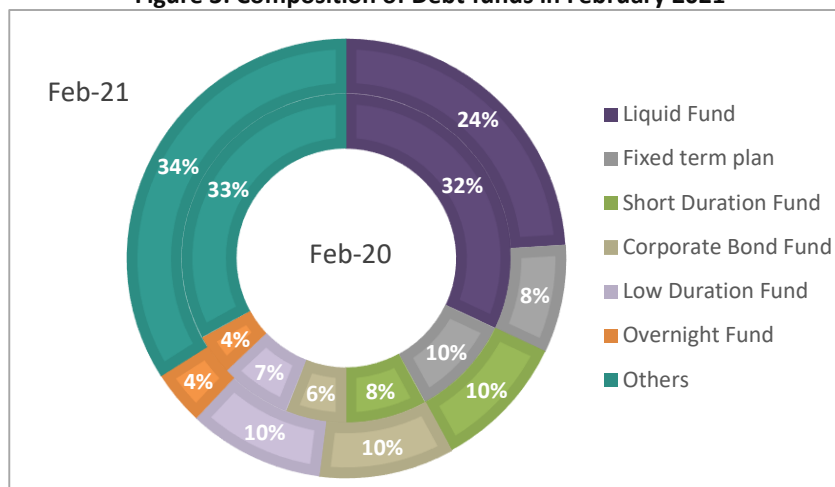
Note: Remaining includes solution-oriented and other schemes

Source: AMFI

Debt schemes accounted for the largest share of AUMs at 47.5% (vs. 50.3% in February 2020), followed by equity schemes with 31.3% (vs. 28.9% in February 2020) and hybrid schemes with 10.8% (vs. 14.3% in February 2020). The balance 10.4% (vs. 8.2% in February 2020) is accounted by solution-oriented and other schemes.

Composition of Debt Mutual Funds

Figure 3: Composition of Debt funds in February 2021

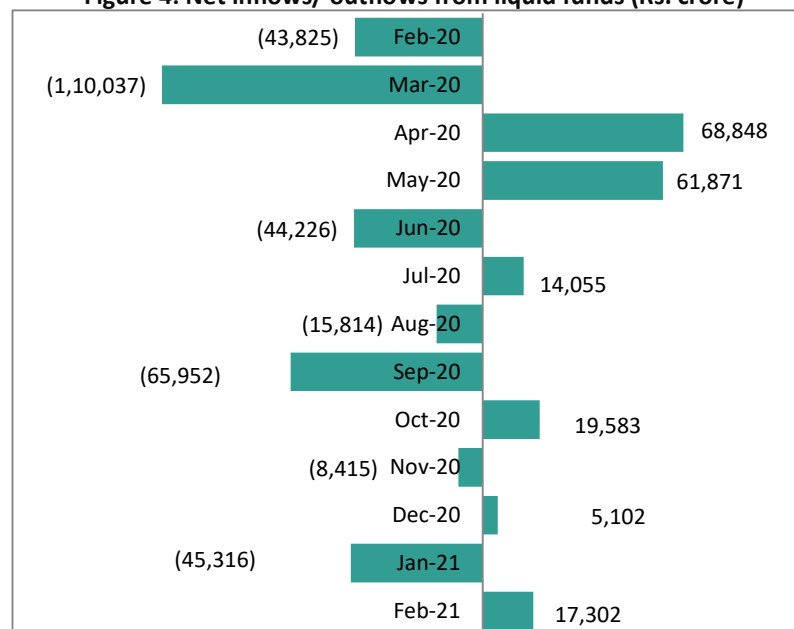


Source: AMFI

Out of the net assets of Rs.15.0 lakh crore of the debt mutual fund AUMs as on February 28, 2021, liquid funds continue to have the largest share at 24.0% (share in February 2020: 32.0%), followed by short duration funds, corporate bond funds and low duration fund with a share of 10.0% each; followed by fixed-term plan with a share of 8.0%; and overnight funds had share of 4.0%. Top six debt schemes account for about 66% share of debt AUMs, while thirteen schemes account for the remaining 34.0%. The debt mutual funds witnessed an inflow of Rs.1,735 crore in February 2021 as compared with an outflow of Rs.27,940 crore in February 2020 (outflows of Rs.33,409 crore in January 2021).

Net inflows/ outflows from liquid funds

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



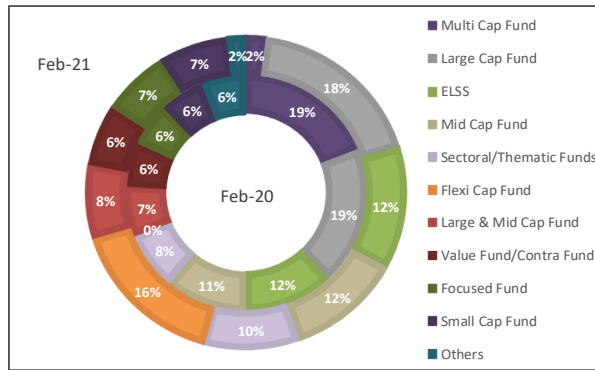
Source: AMFI

Figure 4 depicts the net inflows/ outflows from liquid funds during February 2020 to February 2021 on monthly basis. The liquid funds witnessed reversal of outflows witnessed in January 2021, with net inflows of Rs.17,302 crore in February 2021. This is in contrary to the regular outflows witnessed in the past two years during the same month (outflows of Rs.24,509 crore in February 2019 and Rs.43,825 crore in February 2020). During the month under review, liquid funds were the only scheme type that witnessed higher inflows in comparison with all other mutual fund schemes.

¹ SEBI Chairman's speech dated February 25, 2021 on 'Behavior of Securities Market- Sighting of Black Swan' at SEBI-NISM Conference

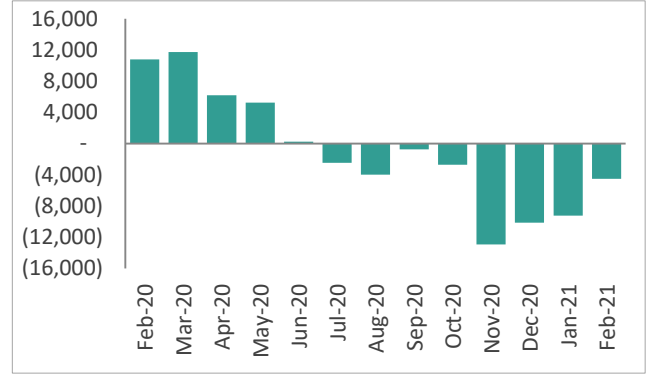
Composition of Equity Mutual Funds

Figure 5: Composition of equity funds in February 2021



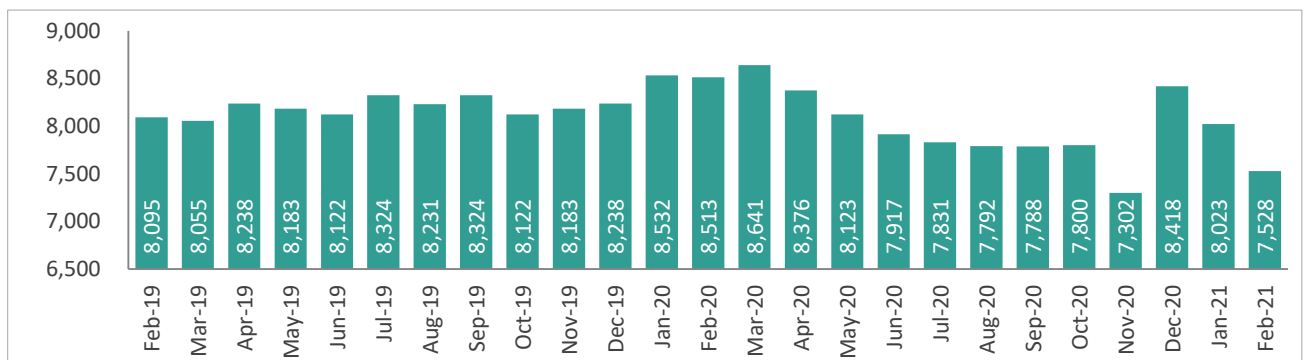
Source: AMFI

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



Out of net assets of Rs.9.9 lakh crore of equity mutual fund AUMs, the largest share continues to be of large cap funds with a share of 18%, followed by flexi fund category with a share of 16%; and ELSS and mid cap fund with a share of 12% each. In February 2021, the equity schemes have witnessed a continuous net outflow, primarily due to profit booking, for the eighth consecutive month at Rs.4,534 crore, even as the equity AUMs have kept on increasing due to sustained rally in the equity markets. Additionally, amongst all categories of equity mutual funds, the recently created flexi fund category witnessed higher outflows of Rs.4,497 crore in February 2021.

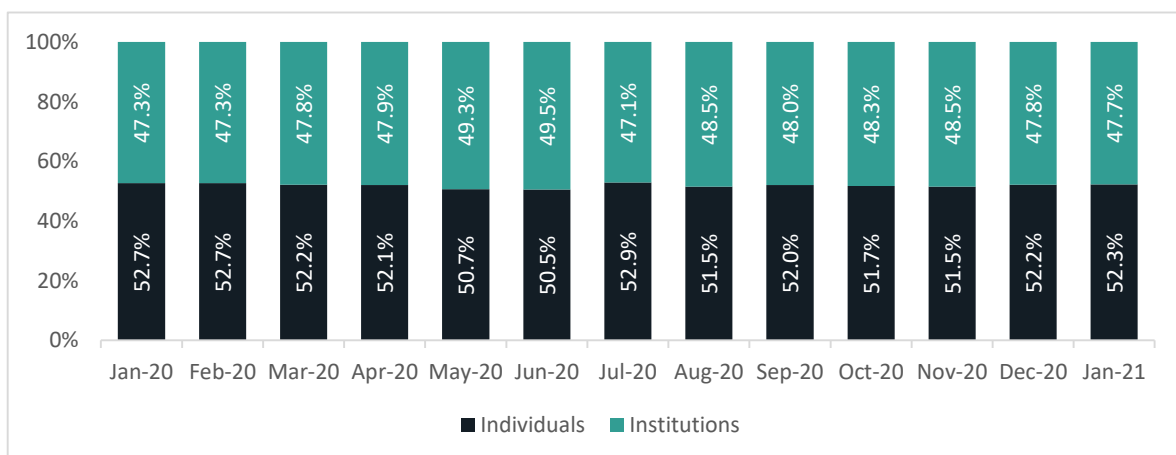
Figure 7: SIP Contribution (Rs. crore)



Source: AMFI

Total SIP accounts stood at 3.63 crore in February 2021 as against 3.14 crore in April 2020. SIP contribution declined to Rs.78,875 crore during April 2020 to February 2021 as compared with Rs.91,443 crore during April 2019 to February 2020. On m-o-m basis the SIP contribution has come down by Rs.495 crore to Rs.7,528 crore in February 2021 compared with Rs.8,023 crore in January 2021.

Figure 8: Investor Type-wise Composition of Mutual Fund Assets



Note: Latest data available is for January 2021; Source: AMFI

As per AMFI, equity-oriented schemes derive 88% of their assets from individual investors (Retail plus HNI), while institutional investors hold a majority stake in liquid (84% share) and debt-oriented schemes (61% share). As can be seen in the above figure, individual investors hold a marginally lower share in overall industry assets, i.e., 52.3% in January 2021

compared with 52.7% in January 2020, whereas institutional investors account for 47.7% of the total assets, of which corporates account for 95%; and the balance investors include Indian and foreign institutions or banks.

Concluding remarks and outlook

The Indian Mutual Fund industry significantly recovered to the level of Rs.31.6 lakh crore in March 2021, after witnessing steep fall in AUM to Rs.22.3 lakh crore in March 2020 (vs. Rs.27.2 lakh crore in Feb 2020) owing to the impact of Covid-19. By End-March 2021, the equity-oriented schemes may again witness outflows owing to profit booking by investors coupled with other investments such as debt/ real estate or may be by directly investing in stock market. However, the liquid funds in contrary to February 2021 inflows, may witness outflows (by End-March 2021) led by advance tax payments by corporates as corporates account for around 30% share of the overall investment in liquid funds.

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