

# Mutual Funds Monthly Tracker: During the second wave Debt MFs witness high inflows of ~1.3 times over last year

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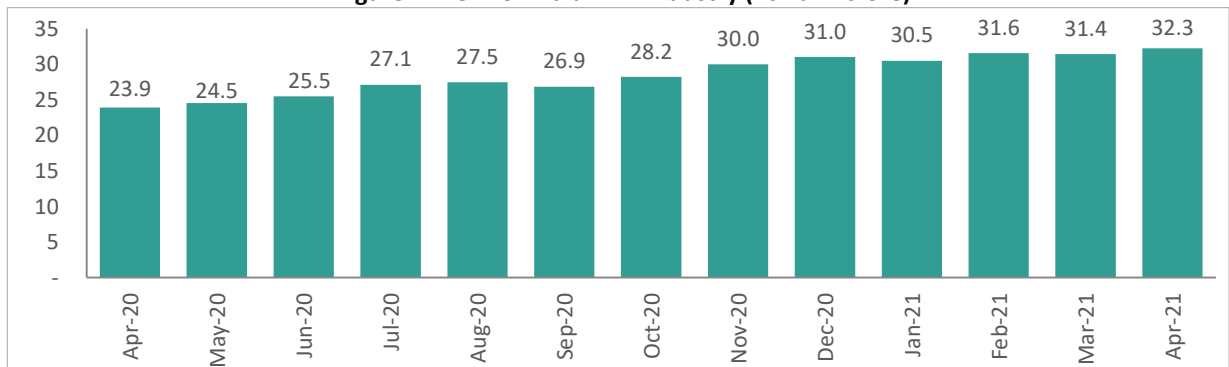
## Key Highlights

- Assets under Management (AUMs) of the Indian Mutual Fund industry touched new high of Rs.32.3 lakh crore growing significantly by 34.8% y-o-y in April 2021 and translating to an asset base addition of Rs.8.3 lakh crore, while on m-o-m basis it increased by 2.7%.
- The overall net inflows stood at Rs.92,906 crore in April 2021 as compared with a net inflow of Rs.45,999 crore in April 2020 and an outflow of Rs.29,745 crore in March 2021.
- The equity schemes had witnessed continuous net outflow since July 2020 to February 2021, which can be primarily attributed to profit booking, however, continuing March's trend, open-ended equity schemes have witnessed second consecutive monthly net inflows of Rs.3,437 crore in April 2021.
- The open-ended debt mutual funds witnessed an inflow of Rs.100,903 crore in April 2021 as compared with a net inflow of Rs.43,432 crore in April 2020 (outflows of Rs.52,528 crore in March 2021). On the other hand, close-ended debt mutual funds witnessed outflows of Rs.23,559 crore in April 2021 compared with outflows of Rs.9,119 crore in the previous year.
- Of that, Liquid funds witnessed an inflow of Rs.41,507 crore in April 2021 (inflows of Rs.68,848 crore in April 2020) and an outflow of Rs.19,384 crore in March 2021.

## 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)**

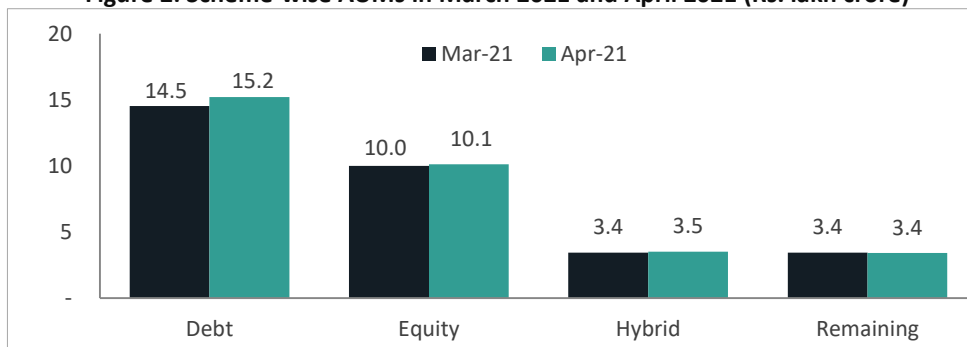


Source: AMFI

Equity schemes have the largest number of folios at approximately 664 lakhs which constitutes 67.4% share of the total number of folios. The number of folios in equity schemes surged by over 31 lakhs (~5% y-o-y) from April 2020. Hybrid schemes with 95.4 lakh folios have the second-largest share at 9.7%, and debt schemes with 78.6 lakh folios have 8.0% share. Solution-oriented and other schemes account for the balance folios. Additionally, the average size per folio under debt-oriented schemes stands at Rs.18.0 lakh in April 2021 vs. Rs.17.6 lakh in April 2020, while the average size of each folio under equity-oriented scheme increased to Rs.1.5 lakh vs. Rs.1.0 lakh in the previous year.

## Schemes-wise AUMs

**Figure 2: Scheme-wise AUMs in March 2021 and April 2021 (Rs. lakh crore)**

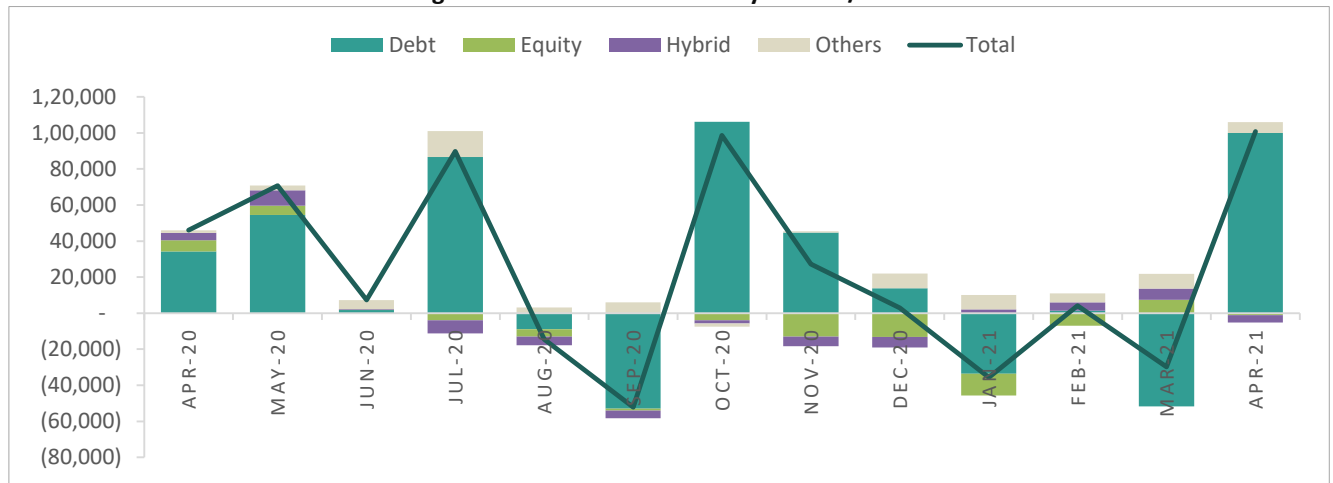


Note: Remaining includes solution-oriented and other schemes, Source: AMFI

Debt schemes accounted for the largest share of AUMs at 47.2% (vs. 50.9% in April 2020), followed by equity schemes with 31.4% (vs. 28.7% in April 2020) and hybrid schemes with 10.9% (vs. 11.9% in April 2020). The balance 10.6% (vs. 8.5% April 2020) is accounted by solution-oriented and other schemes.

### Monthly Inflows/Outflows

Figure 3: Scheme-wise Monthly Inflows/Outflows

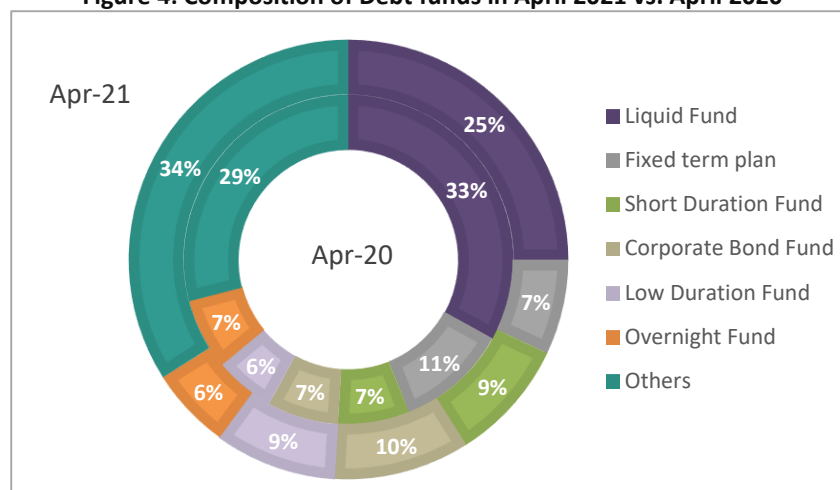


Source: AMFI

During the period ended April 2020 to April 2021, the MF industry witnessed overall outflows in four months, while realizing inflows in the eight months. Generally, the outflows coincided with the outflows in the debt funds. Despite outflows in eight months, equity AuMs held steady due to increasing valuation of the portfolio stocks. In March 2021, open-ended equity mutual funds witnessed inflows of Rs.9,115 crore, while in April 2021 the inflows dipped by around 62% to Rs.3,437 crore.

### Composition of Debt Mutual Funds

Figure 4: Composition of Debt funds in April 2021 vs. April 2020



Source: AMFI

Out of the net assets of Rs.15.2 lakh crore of the debt mutual fund AUMs as of April 30, 2021, liquid funds continue to have the largest share at 25% (share in April 2020: 33.0%), followed by Corporate Bond Fund at 10%, Short Duration Fund at 9%, Low Duration Fund at 9%, and Fixed term plan at 7%. Top six debt schemes account for about 66% share of debt AUMs, while the balance thirteen schemes account for the remaining 34.0%. Furthermore, the open-ended debt mutual funds witnessed healthy inflows of Rs.100,903 crore in April 2021 as compared with a net inflow of Rs.43,432 crore in April 2020 (outflows of Rs.52,528 crore in March 2021), this is largely a typical trend observed in the month of April wherein corporates park their excess funds in these mutual funds. Also, historically most of the debt mutual funds have witnessed outflows during the end of the financial year which is seasonal as corporates withdraw money to pay their advance taxes.

Of all the open-ended debt mutual fund schemes, liquid fund attracted higher inflows of Rs.41,507 crore followed by money market fund (Rs.20,287 crore) and overnight fund (Rs.18,492 crore) in April 2021. Additionally, higher inflows in debt mutual fund schemes were also partially supported by lockdown imposed in few areas during April due to a spike in Covid-19 cases, as many businesses were not operational during this period so the funds that was lying idle to be invested in business was diverted to mutual funds.

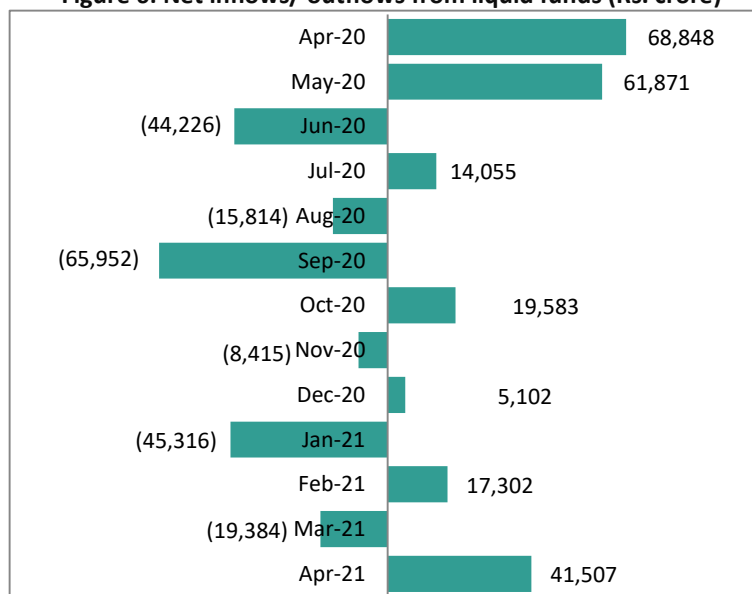
Furthermore, in the previous year (April 2020) six debt mutual funds were shut down by a mutual fund house owing to illiquid situation resulted in outflows in all these categories (outflows of around Rs.39,327 crore), however, four categories amongst these registered inflows of Rs.19,827 crore in April 2021 which further supported the increase in inflows. The table given below gives a snapshot of the flows in debt mutual fund categories during April 2020, March 2021 and April 2021.

**Figure 5: Net inflows/ outflows from Open-ended Debt mutual fund schemes (Rs. crore)**

Open-ended Debt Oriented Schemes (in Rs crore)	Net Inflow (+ve)/Outflow (-ve) for the month of April 2020	Net Inflow (+ve)/Outflow (-ve) for the month of March 2021	Net Inflow (+ve)/Outflow (-ve) for the month of April 2021
Overnight Fund	2,603	5,027	18,492
Liquid Fund	68,848	(19,384)	41,507
Ultra Short Duration Fund	(3,419)	(6,731)	8,919
Low Duration Fund	(6,841)	(15,847)	9,322
Money Market Fund	(1,210)	(7,038)	20,287
Short Duration Fund	(2,309)	(9,025)	1,247
Others	(14,239)	470	1,130
<b>Total</b>	<b>43,432</b>	<b>(52,528)</b>	<b>1,00,903</b>

Note: Others include medium duration fund, medium to long duration fund, long duration fund, dynamic bond fund, corporate bond fund, credit risk fund, banking and PSU fund, Gilt fund, gilt fund with 10-year constant duration and floater fund; Source: AMFI

**Figure 6: Net inflows/ outflows from liquid funds (Rs. crore)**

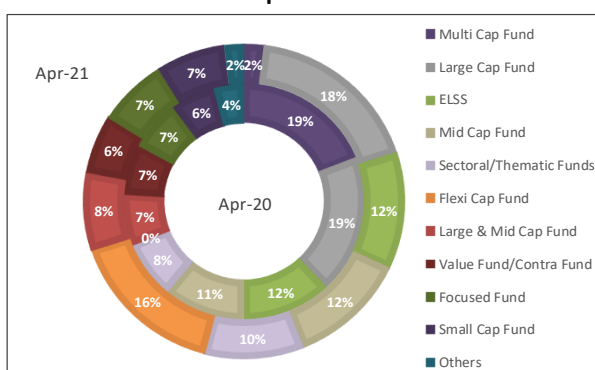


Source: AMFI

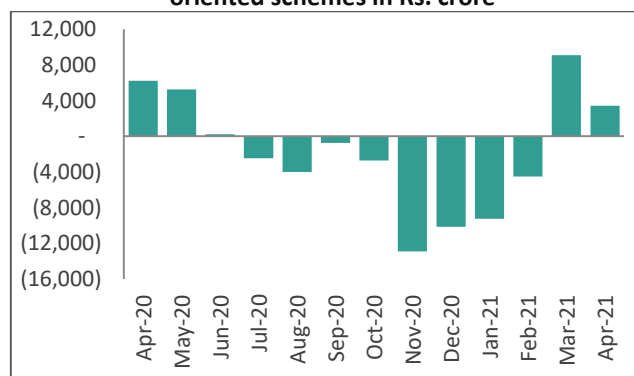
Figure 6 depicts the net inflows/ outflows from liquid funds during April 2020 to April 2021 on monthly basis. The liquid funds witnessed an inflow of Rs.41,507 crore in April 2021, which was lower level compared with Rs.68,848 crore inflow in April 2020. As can be seen in figure 5, other debt categories also witnessed substantial inflows in April 2021, we would like to believe that a portion of the inflows into liquid funds witnessed in the same month last year, have been diverted to these schemes in April 2021.

### Composition of Equity Mutual Funds

**Figure 7: Composition of equity funds in April 2021 vs. April 2020**



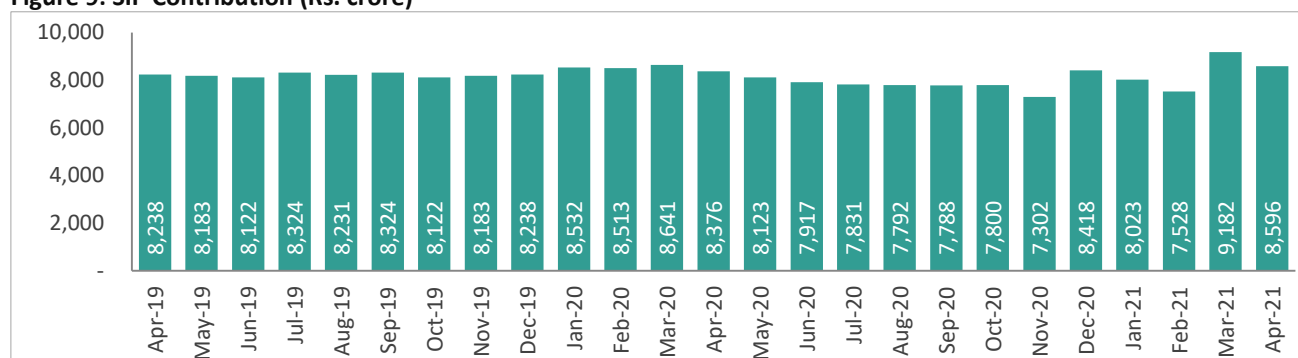
**Figure 8: Net inflows/outflows in open-ended equity-oriented schemes in Rs. crore**



Source: AMFI

Out of the net assets of Rs.10.1 lakh crore of equity mutual fund AUMs, the largest share continues to be accounted by large cap funds with a share of 18%, followed by recently created flexi fund category with a share of 16%; ELSS and mid-cap fund with a share of 12% each. In April 2021, contrary to the eight consecutive monthly outflows, the open-ended equity schemes have witnessed second consecutive monthly net inflows of Rs.3,437 crore in April 2021 compared with Rs.9,115 crore in March 2021. As per channel check, the inflows were lower compared with March 2021 as investors has been holding their investments in an anticipation of market corrections owing to the ongoing concerns. Also, only few categories witnessed outflows during the month which together accounted to Rs.971 crore.

**Figure 9: SIP Contribution (Rs. crore)**



Source: AMFI

Total SIP accounts grew by 21.0% y-o-y and stood at 3.80 crore in April 2021 as against 3.14 crore in April 2020. SIP contribution declined to Rs.88,057 crore during FY21 as compared with Rs.1,00,084 crore during FY20. While for the month of April 2021, SIP contribution increased to Rs.8,596 crore from Rs.8,376 crore in April 2020, however, on m-o-m basis the SIP contribution was low as compared with previous month (Rs.9,182 crore in March 2021).

### Concluding remarks

- The Indian Mutual Fund industry recorded a milestone at Rs.32.3 lakh crore in April 2021, after witnessing steep fall in AUM to Rs.23.9 lakh crore in April 2020.
- As per AMFI, the MF Industry's AUM has grown from Rs.14.2 lakh crore as on April 30, 2016 to Rs.32.3 lakh crore as on April 30, 2021, more than two-fold increase in a span of 5 years. The industry's AUM had crossed the milestone of Rs.10 lakh crore for the first time in May 2014 and in a short span of about three years, the AUM size had increased more than two folds and crossed Rs.20 lakh crore for the first time in August 2017. The AUM size crossed Rs.30 lakh crore for the first time in November 2020.
- During the last one year, equity-oriented schemes have largely witnessed outflows as the investors had taken the opportunity to book profits and the category has witnessed redemptions/outflows of Rs.22,523 crore during April 2020 to April 2021 and valuation gains have supported the rise in Equity AUM. On the other hand, debt-oriented funds have received net inflows of which the corporate bond fund and low-duration fund categories have received the maximum inflows that supported the overall growth in AUM.

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