

Mutual Funds Monthly Monitor: December 2020

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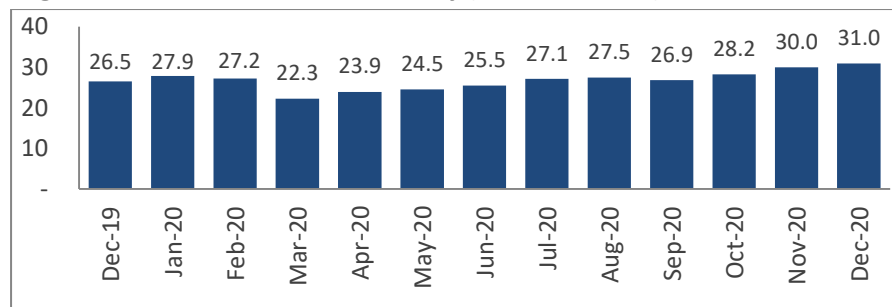
Key Highlights

- Assets under Management (AUMs) of the Indian Mutual Fund industry reached to an all-time high of over Rs.31.0 lakh crores in December 2020, increasing 16.7% yoy translating to an asset base addition of Rs.4.4 lakh crores (increased by 3.2% on m-o-m basis).
- The overall net inflows stood at Rs.2,968 crores in December 2020 as compared with a net outflow of Rs.61,810 crores in December 2019.
- The equity schemes have witnessed a continuous net outflow, primarily due to profit booking, for the sixth consecutive month at Rs. 10,147 crores in December 2020, even as the equity AUMs have kept on increasing due to a sustained rally in the equity markets.
- Liquid funds witnessed inflows of Rs. 5,102 crores during the month.

Industry Size

Figure 1 depicts the movement in monthly AUMs for the past 12 months.

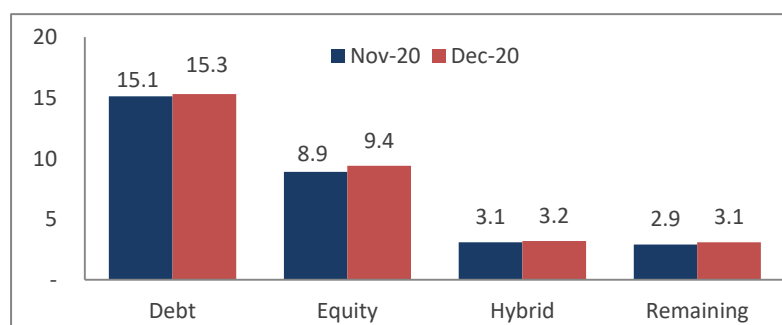
Figure 1: AUM of Indian MF industry (Rs. lakh crores)



Source: AMFI

Equity schemes have the largest number of folios at approximately 637 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 80.7 lakh folios (9.0% share). Solution oriented and other schemes account for the balance folios.

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



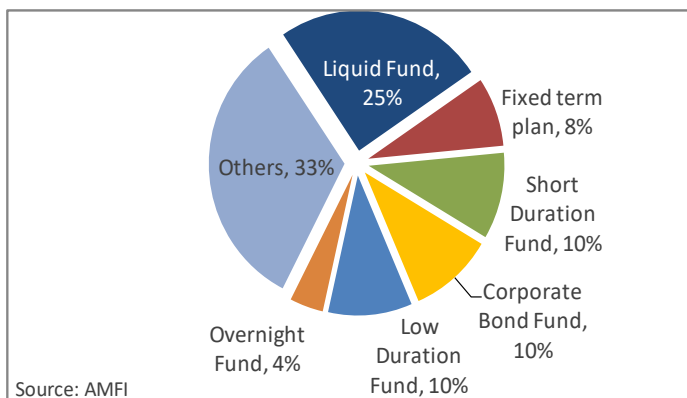
Note: remaining includes solution oriented and other schemes

Source: AMFI

Schemes wise AUMs

Debt schemes accounted for the largest share of AUMs at 49.4% (vs.48.0% in December 2019), followed by equity schemes with 30.3% (vs. 30.0% in December 2019) and hybrid schemes with 10.3% (vs. 13.0% in December 2019). The remaining 10.0% (vs. 8.0% in December 2019) was accounted by solution oriented and other schemes.

Figure 3: Composition of Debt AUMs in December 2020



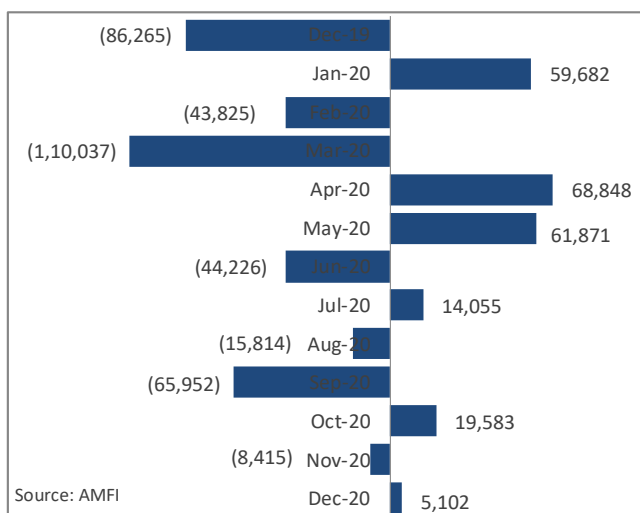
Composition of Debt Mutual Funds

Out of the net assets of Rs.15.3 lakh crores of debt mutual fund AUMs as on December 31, 2020, liquid funds continue to have the largest share at 25.0% (share in November 2020: 25.0%), 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.13,863 crores in December 2020 as compared with an outflow of Rs.78,427 crores in December 2019 (inflows of Rs.44,984 crores in November 2020).

Net inflows/ outflows from liquid funds

Figure 4 depicts the net inflows/ outflows from liquid funds during December 2019 to December 2020 on monthly basis. The liquid funds witnessed inflows of Rs. 5,102 crores in December 2020 in contrary to the regular outflows witnessed in the past few years during the same period (Outflows of Rs.1.4 lakh crores in December 2017, Rs.1.5 lakh crores in December 2018 and Rs.0.8 lakh crores in December 2019).

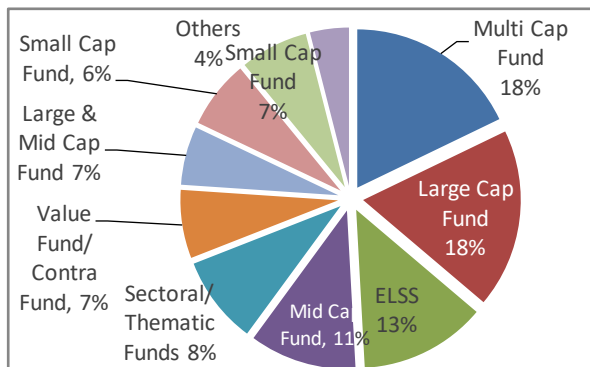
Figure 4: Net inflows/ outflows from liquid funds (Rs. crores)



Composition of Equity Mutual Funds

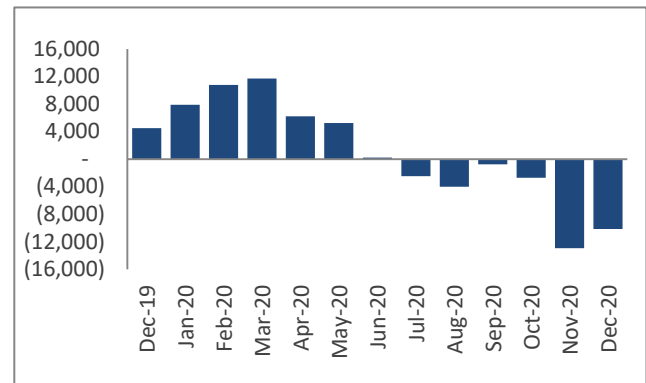
Out of net assets of Rs.9.4 lakh crores of equity mutual fund AUMs, the largest share continues to be of large cap and multi cap funds with a share of 18% each, followed by ELSS with 13% share. In December 2020, equity mutual fund witnessed the sixth straight month of outflows of Rs.10,147 crores compared with an outflow of Rs. 12,917 crores in the previous month. Total SIP accounts stood at 3.47 crores in December 2020 as against 3.12 crores accounts in March 2020. SIP contribution declined to Rs.71,347 crores during April 2020 to December 2020 as compared with Rs.74,398 crores during April 2019 to December 2019.

Figure 5: Composition of equity AUMs in December 2020



Source: AMFI

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



Source: AMFI

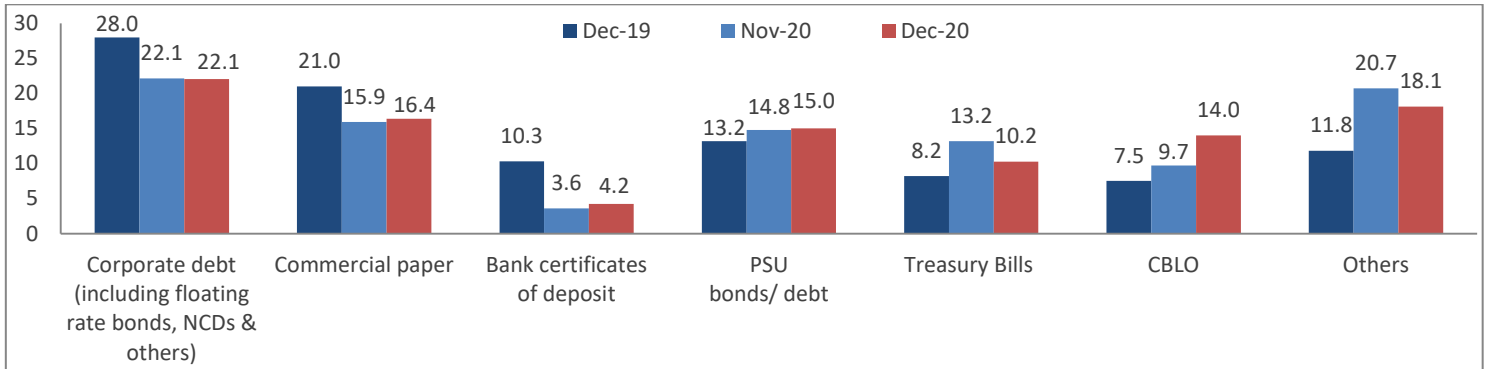
Deployment of Debt Funds

This section analyses the various products in which debt funds were deployed by MFs. The highest share (43.6%) of debt AUMs are in short-term instruments with maturity of less than 90 days, followed by a share of 40.6% in long duration instruments with maturity of 1 year and above, 9.3% in in 90-182 days and the balance 6.5% in 182 days to 1 year.

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

- In December 2020, the largest proportion of debt funds were invested in corporate debt papers worth Rs.3.68 lakh crores. This segment includes floating rate bonds, non-convertible debentures, etc. Compared with the previous month, assets in this category decreased by over Rs.2,000 crores; also in percentage terms, the share remained largely stable at ~22.1% of debt funds.
- The second highest category in which debt funds invested their money was Commercial Papers (CPs) with Rs.2.74 lakh crores. When compared with previous month, investment in this category increased in value terms as well as in percentage terms, whereas CPs decreased on y-o-y basis owing to decline in interest rates from 8.5% in December 2019 to 7.6% in December 2020.
- Funds deployed in bank certificates of deposit stood at Rs.0.7 lakh crores in December 2020 as compared with Rs 1.5 lakh crores in same month previous year. Concurrently, percentage share of investments in this category have also fallen sharply from 10.3% in December 2019 to 4.2% in December 2020. Further, it can be noted that the average rate of interest on CDs has fallen by 150 bps compared to previous year (3.9% in December 2020 compared with 5.4% in December 2019).
- Funds in PSU bonds/debt increased to Rs.2.51 lakh crores from Rs.2.47 lakh crores in November 2020, and in percentage terms the share increased to 15.0% compared with 13.2% in December 2019.
- Funds in CBLO increased to Rs.2.33 lakh crores in December 2020 from Rs.1.62 lakh crores in November 2020 and Rs.1.09 lakh crores in December 2019 and the percentage share increased to 14.0% compared with 9.7% in November 2020 and 7.5% in December 2019.
- Others category includes money market investments, CBLO, securitised debt, asset backed securities, mortgage backed securities, equity linked debentures/notes, bank FD, etc.

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



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

Exposure of Debt Funds to NBFCs

Overall exposure of Debt MFs to NBFCs stood at Rs.1.5 lakh crores in December 2020, slightly more than half of the September 2018 level (Rs.2.3 lakh crore) after which the NBFC crisis began. Accordingly, the percentage share also declined from 19.0% in July 2018 to 8.8% in November 2020.

As seen in Figure 8, investments in CPs of NBFCs had been on a consistent decline every month but had risen marginally in November 2020 compared with March 2020, but resumed their fall decreased in December 2020. The percentage share of funds deployed by MFs in CPs of NBFCs in December 2020 stood at 3.5% of debt AUMs (compared with 9.5% in September 2018) and the amount held stood at Rs.0.58 lakh crores (Rs.1.26 lakh crore in September 2018). The percentage share of funds deployed by MFs in corporate debt paper of NBFCs in December 2020 have moderated as compared to March 2020 of debt AUMs, while it remained stable on m-o-m basis (Rs.0.88 lakh crores in November 2020).

Figure 8: Exposure of MFs to CPs of NBFCs

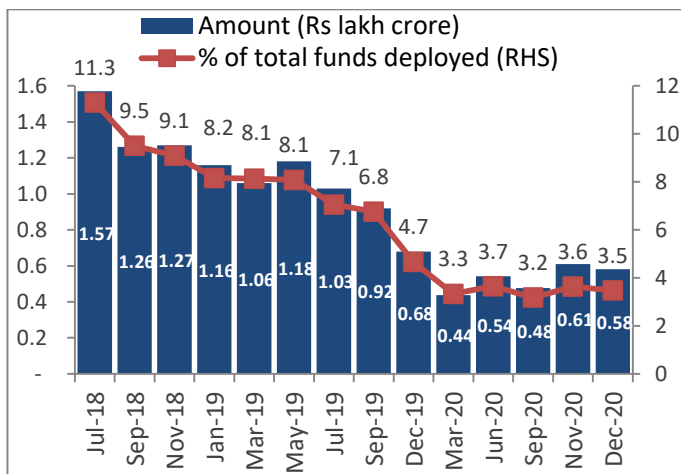
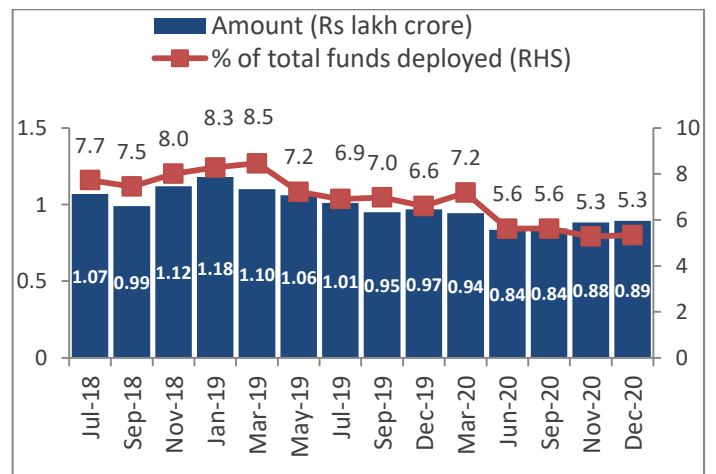


Figure 9: Exposure of MF to corporate debt paper of NBFCs

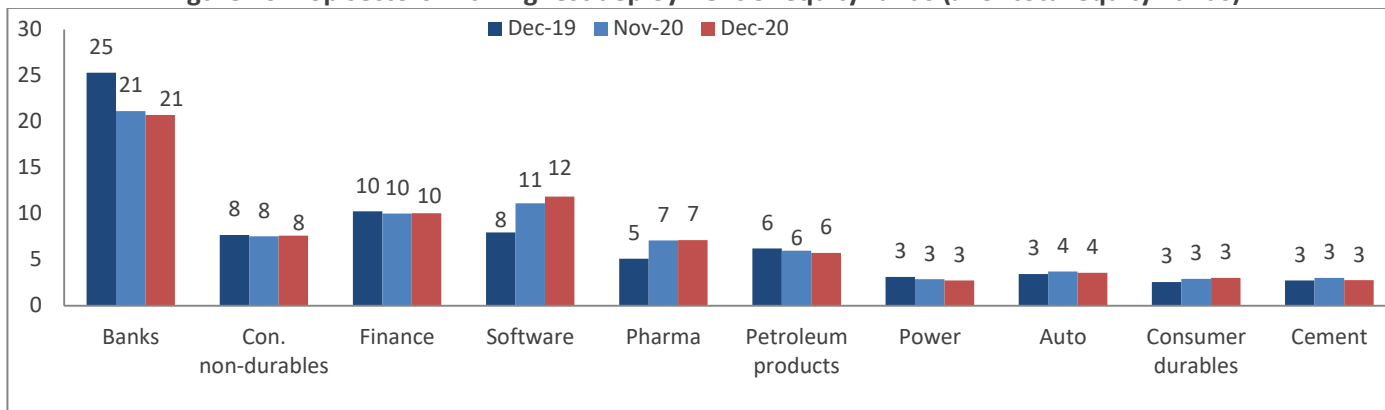


Source: SEBI

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 December 2020 and they cumulatively accounted for over 63.0% share of equity funds equivalent to Rs.8.7 lakh crores. Top 10 sectors where equity funds invested their money in December 2019, November 2020 and December 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.31.0 lakh crores in December 2020, increasing 16.7% over December 2019 and translating to an asset base addition of Rs.4.4 lakh crores on a yoy basis.
- AUMs of debt, equity and hybrid schemes in December 2020 accounted for 49.4%, 30.3% and 10.3% respectively of the overall AUMs, the balance 10.0% was contributed by solution oriented and other schemes.
- In December 2020, liquid funds witnessed inflows of Rs. 5,102 crores, after witnessing an outflow of Rs.8,415 crores in November 2020 (outflow of Rs.86,265 crores in December 2019).
- Outflows in equity mutual funds have continued during the month at Rs.10,147 crores, compared to outflows of Rs.12,917 crores in the previous month.
- The highest share (43.6%) of debt AUMs are in short-term instruments with maturity of less than 90 days, followed by a share of 40.6% in long duration instruments with maturity of 1 year and above, 9.3% in 90-182 days and 6.5% in 182 days to 1 year.
- Overall exposure of MFs to NBFCs stood at similar level registered in the previous month at Rs.1.5 lakh crores in December 2020 vs. Rs.1.7 lakh crores in December 2019 and was 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 MFs invested their funds till December 2020.