

Mutual Funds Monthly Tracker: FY21 MF AuM held up by rise in valuations

April 20, 2021 | BFSI Research

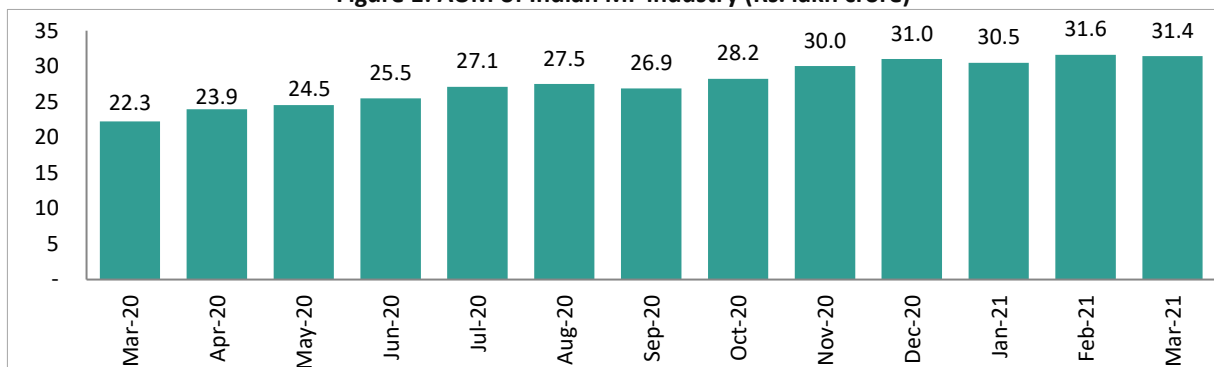
Key Highlights

- Assets under Management (AUMs) of the Indian Mutual Fund industry decreased by 0.5% m-o-m to Rs.31.4 lakh crore in March 2021, while on y-o-y basis it increased by a significant growth rate of 41.2% y-o-y translating to an annual asset base addition of Rs.9.1 lakh crore.
- The overall net outflows stood at Rs.29,745 crore in March 2021 as compared with a net outflow of Rs.217,737 crore in March 2020.
- The equity schemes had witnessed continuous net outflow since July 2020 to February 2021, which can be primarily attributed to profit booking, however, in March 2021, open ended equity schemes have witnessed net inflows of Rs.9,115 crore owing to fall in markets further supported by tax-saving investments.
- The debt mutual funds witnessed an outflow of Rs.52,528 crore in March 2021 as compared with an outflow of Rs.194,915 crore in March 2020 (inflow of Rs.1,735 crore in February 2021).
- Of that, Liquid funds witnessed outflows of Rs.19,384 crore in March 2021 (outflows of Rs.110,037 crore in March 2020).

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)

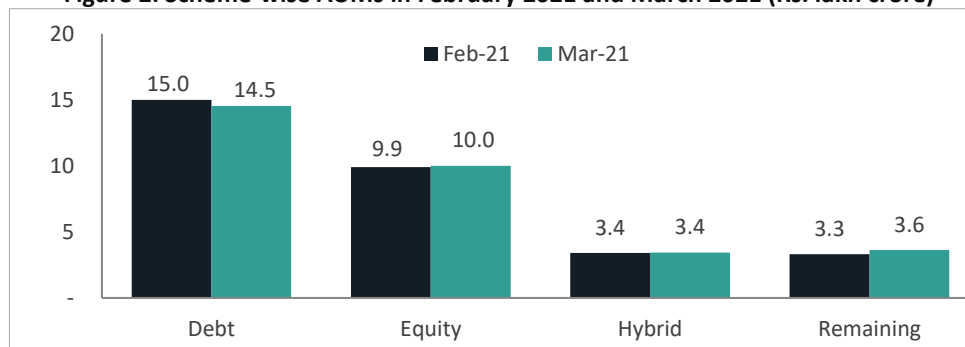


Source: AMFI

Equity schemes have the largest number of folios at approximately 658 lakhs which constitutes nearly 67.2% share of the total number of folios. This is followed by hybrid schemes with 94.2 lakh folios (9.6% share) and debt schemes with 82.46 lakh folios (8.4% share). Solution-oriented and other schemes account for the balance folios.

Schemes-wise AUMs

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



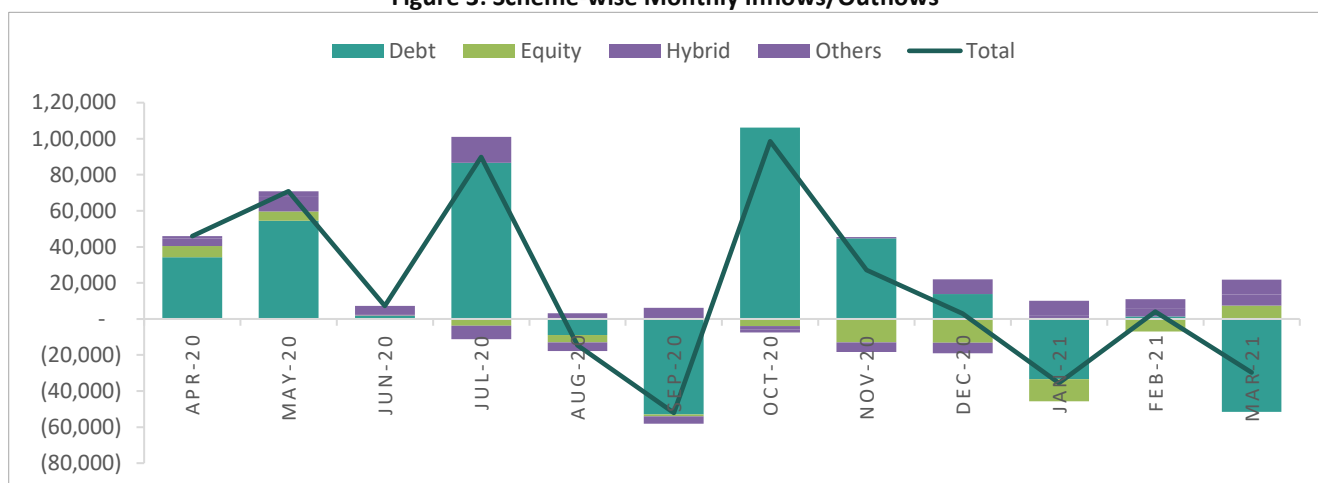
Note: Remaining includes solution-oriented and other schemes

Source: AMFI

Debt schemes accounted for the largest share of AUMs at 46.2% (vs. 53.2% in March 2020), followed by equity schemes with 31.7% (vs. 27.0% in March 2020) and hybrid schemes with 10.8% (vs. 11.7% in March 2020). The balance 11.4% (vs. 8.1% March 2020) is accounted by solution-oriented and other schemes.

Monthly Inflows/Outflows

Figure 3: Scheme-wise Monthly Inflows/Outflows



Source: AMFI

During FY21, 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.

Figure 4: Annual Inflow/Outflow

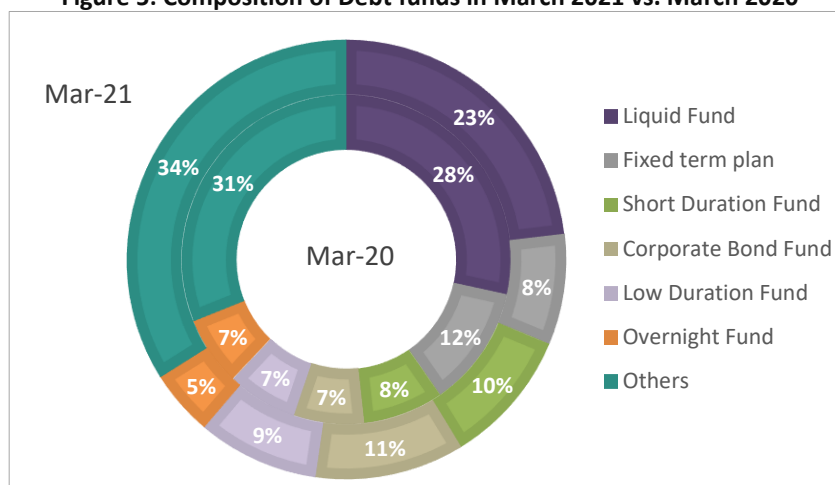
Rs lakh crore	As on March 31, 2020	As on March 31, 2021	Change	% change	Inflow (+) /Outflow (-)
Debt	11.8	14.5	2.7	22.9%	2.0
Equity	6.0	10.0	4.0	66.7%	-0.4
Total	22.3	31.4	9.1	40.8%	2.1

Source: AMFI

As can be seen in the above figure, in FY21, the MF industry received overall inflows of approximately Rs 2.1 lakh crores. However, a diverging trend can be witnessed in debt and equity. While debt received inflows of close to Rs 2 lakh crore, equity funds witnessed an outflow of Rs 0.4 lakh crore, despite receiving gross SIP of nearly Rs 1 lakh crore during the year. On the other hand, debt AuMs changed by Rs 2.7 lakh crore (an increase of 22.9%), while equity AuMs increased by Rs 4 lakh crore (a rise of 66.7%). In FY21, the Sensex witnessed a growth of 68%.

Composition of Debt Mutual Funds

Figure 5: Composition of Debt funds in March 2021 vs. March 2020

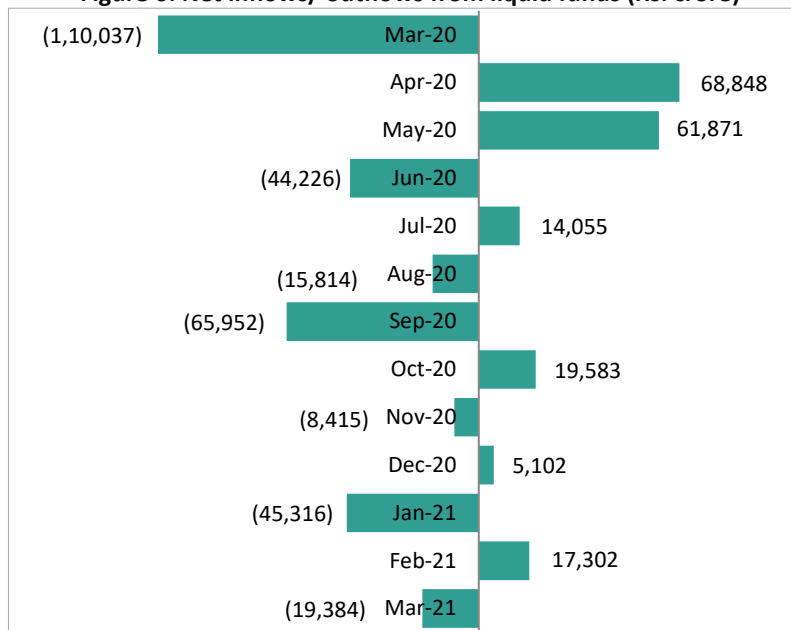


Source: AMFI

Out of the net assets of Rs.14.5 lakh crore of the debt mutual fund AUMs as of March 31, 2021, liquid funds continue to have the largest share at 23% (share in March 2020: 28.0%), followed by Corporate Bond Fund at 11%, Short Duration

Fund at 10%, Low Duration Fund at 11%, and Fixed term plan at 8%. 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 outflow of Rs.52,528 crore in March 2021 as compared with a net outflow of Rs.217,737 crore in March 2020 (inflows of Rs.1,735 crore in February 2021).

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

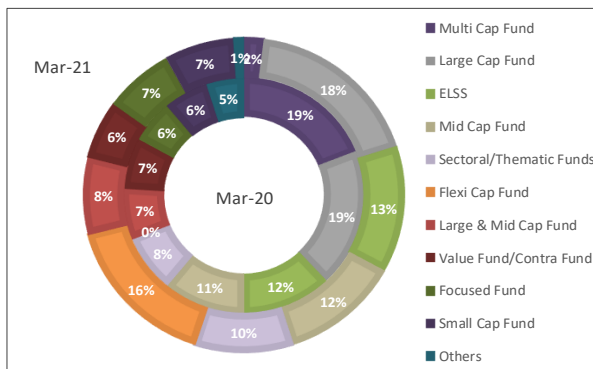


Source: AMFI

Figure 6 depicts the net inflows/ outflows from liquid funds during March 2020 to March 2021 on monthly basis. The liquid funds witnessed an outflow of Rs.19,384 crore in March 2021, a significantly lower level compared with the Rs.110,037 crore outflow in March 2020.

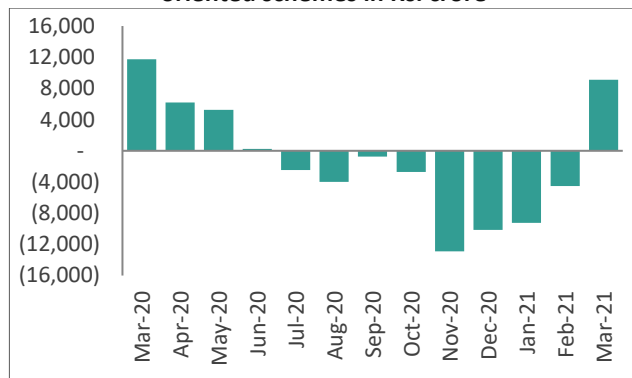
Composition of Equity Mutual Funds

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



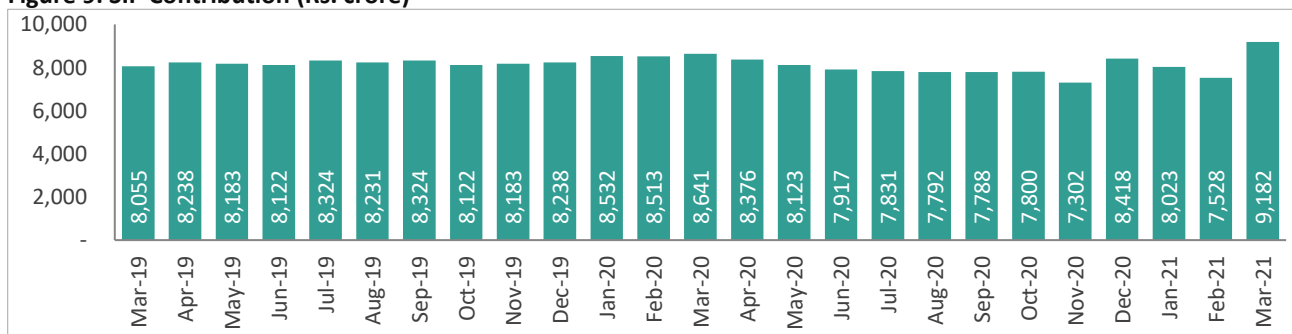
Source: AMFI

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



Out of the net assets of Rs.10 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%; ELSS with a 13% share and mid cap fund with a share of 12%. In March 2021, contrary to the eight consecutive monthly outflows, the open-ended equity schemes have witnessed a net inflow of Rs.9,115 crores.

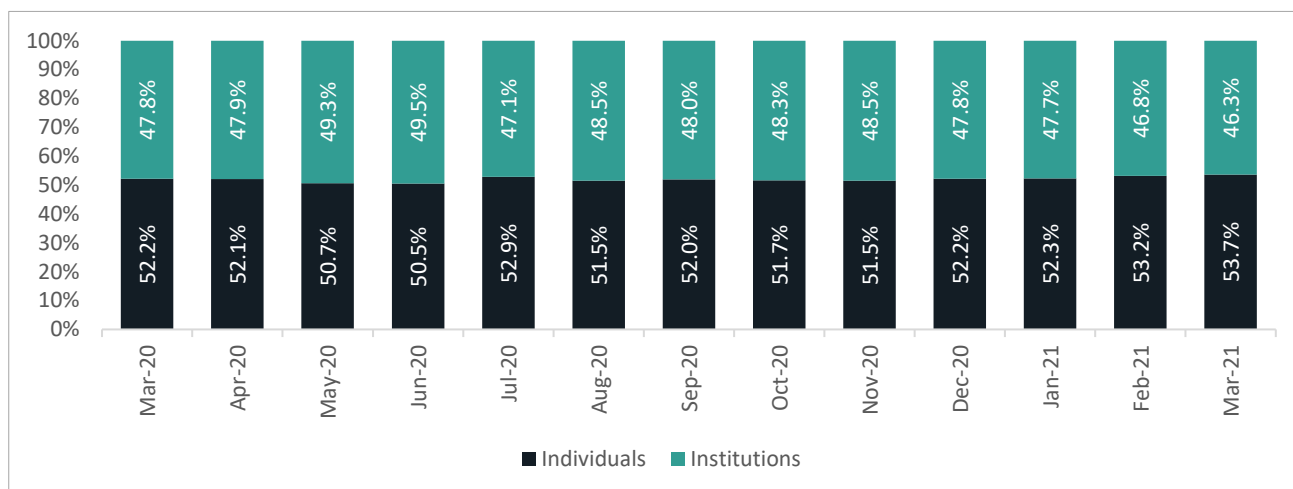
Figure 9: SIP Contribution (Rs. crore)



Source: AMFI

Total SIP accounts stood at 3.73 crore in March 2021 as against 3.12 crore in March 2020. SIP contribution declined to Rs.88,057 crore during April 2020 to March 2021 as compared with Rs.1,00,084 crore during April 2019 to March 2020. On m-o-m basis the SIP contribution has increased by Rs.1,654 crore to Rs.9,182 crore in March 2021 compared with Rs.7,528 crore in February 2021.

Figure 10: Investor Type-wise Composition of Mutual Fund Assets



Source: AMFI

As per AMFI, equity-oriented schemes derive majority of their assets from individual investors (Retail plus HNI), while institutional investors hold a majority stake in liquid as well as debt-oriented schemes. As can be seen in the above figure, individual investors hold a marginally higher share in overall industry assets, i.e., 53.7% in March 2021 compared with 52.2% in March 2020, whereas institutional investors account for 46.3% of the total assets, of which corporates account for over 90%; and the balance investors include Indian and foreign institutions or banks.

Concluding remarks

- The Indian Mutual Fund industry significantly recovered to the level of Rs.31.4 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, equity-oriented schemes have witnessed inflows, however, given the stellar market performance, investors have taken the opportunity to book profits and the category has witnessed redemptions/outflows in FY21. On the other hand, debt-oriented funds have received net inflows of which the corporate bond fund and short duration fund categories have received the maximum inflows.

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