

## Financial Services

UTI AMC (BUY)

HDFC AMC (BUY)

Nippon Life India AMC (ADD)

CAMS (ADD)

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## Asset Management Companies

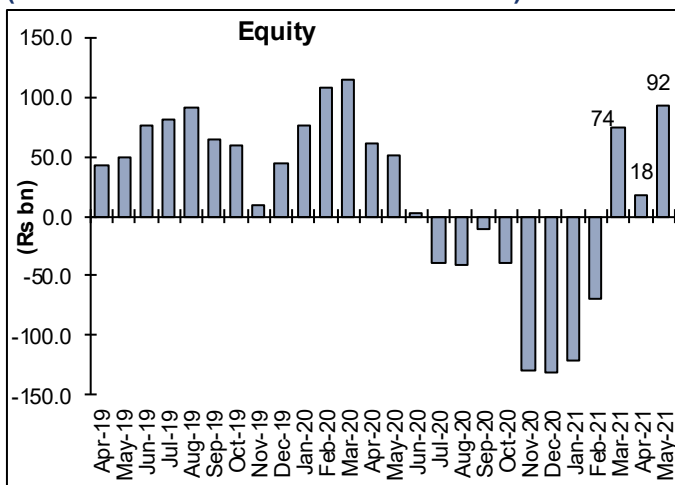
### Positive trends to support earnings

The overall trends have remained positive for the asset management industry in FY22 thus far. There have been positive flows in equity, passive and hybrid funds with increase in systematic investment (SIP) flows as well as folios. New fund offerings (NFOs) have also been healthy especially in multi-cap, sector/ thematic and fund of funds segments.

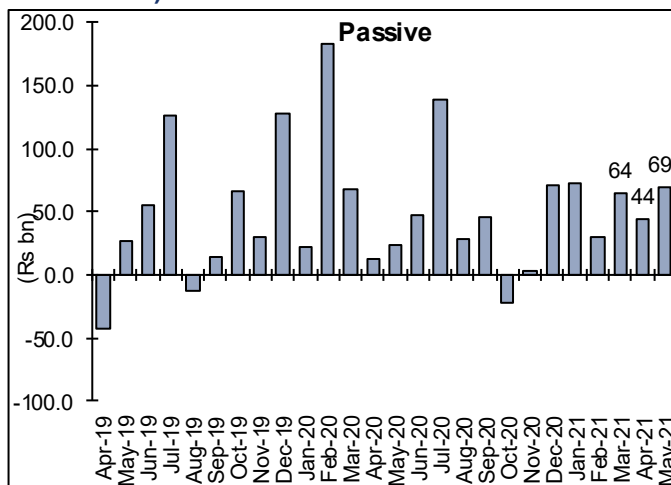
- ▶ **Retail equity sentiment continues to remain positive:** Overall flows into mutual fund schemes turned negative in May'21 (Rs386bn) due to outflows in liquid funds (Rs527bn offset by positive flows into equity/hybrid/passive of Rs92bn/86bn/69bn). However, retail sentiment continued to remain positive as flows into equity schemes came in at Rs92bn in May'21 (ex-Index funds & other ETFs) and have been positive for third consecutive month and highest in past 14 months. Flows into hybrid schemes (Rs86bn in May'21) continue to see growth momentum while flows in passive funds improved sequentially to Rs69bn.
- ▶ **NFOs have been healthy in 2021:** Between Jan'21 & May'21, MFs have been able to garner Rs183bn through NFOs of which equity / debt / fund of funds / index fund schemes contributed Rs81bn / Rs39bn / Rs31bn / Rs9bn, respectively. Fund of funds category includes funds that offer international exposure to domestic investors. Within equity, multi cap (Rs19bn) and sectoral/thematic (Rs48bn) saw maximum fund mobilisation.
- ▶ **SIP flows came in at Rs88bn in May'21:** SIP net flows have improved from Rs73bn in Nov'20 to Rs88bn in May'21. This has taken the overall SIP AUM to Rs4.7trn as of May'21. The number of SIP accounts has increased from 31mn in March 20 to 37.3mn in March 21 to 38.8mn in May 21. The average ticket size of SIPs stood at Rs2,457 in FY22-TD compared to Rs2,532 in Mar'21.
- ▶ **Possible changes that can make NPS more attractive:** Based on the media report ([link1](#)), there are ongoing deliberations to make NPS scheme more investor-friendly. These include changes in tax regime, launching systematic withdrawal plans and indexing annuities to inflation to offer higher returns. There have also been suggestions to increase annual tax benefit to Rs100,000 vs current limit of Rs50,000 per annum. As per another media article ([link2](#)), PFRDA has allowed NPS subscribers with savings up to Rs5,00,000 to take the entire amount at retirement without mandating any investment in annuities. Earlier this facility (without annuity rider) was available only for withdrawal of NPS corpus of up to Rs2,00,000. PFRDA has also revised the premature withdrawal limit on a lump sum basis from Rs1,00,000 to Rs2,50,000. Maximum entry age to avail the benefit has also been risen to 70yrs against 65yrs earlier. Positive changes in NPS scheme can benefit UTI the most (Rs1.76trn AUM).
- ▶ **Market share declines marginally for HDFC AMC and UTI AMC; NAM witnesses marginal gain:** Based on ending AUM and compared to FY21 levels, HDFC AMC's overall market share as on May'21 dipped marginally to 12.5% vs 12.8% as on Mar'21, Similarly UTI AMC's market share has declined from 5.8% to 5.6%. NAM's overall market share improved from 7.2% as on Mar'21 to 7.3% as on May'21. In terms of equity market share, HDFC AMC's market share dipped 28bps to 12.8% while NAM and UTI AMC market share remained stable at 6.9% and 4.7%, respectively. In terms of debt market share, NAM's market share improved from 6.7% in Mar'21 to 7.2%, while HDFC AMC's market share remained stable at 14.2% and UTI AMC's market share declined from 4% to 3.8%. CAMS market share stood at 69% in May'21 (70.8% including Franklin Templeton MF).

## Flows summary

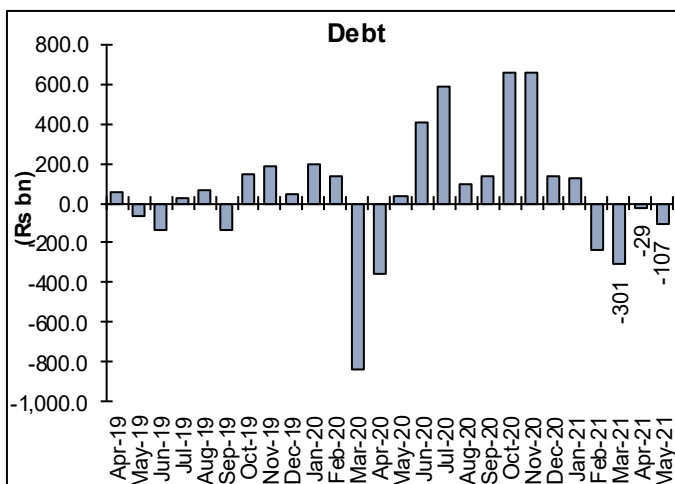
**Chart 1: Flows into equity-oriented schemes have remained positive in the past three months (excludes flows from Index fund flows)**



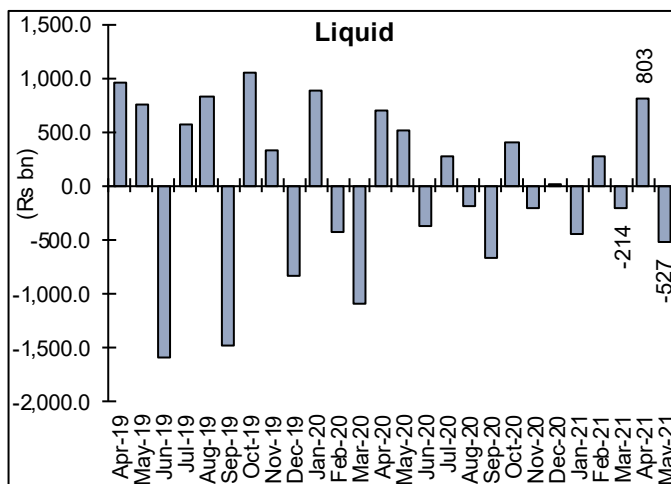
**Chart 2: Flows into passive funds remained consistent (includes index funds, Gold ETFs and other ETFs)**



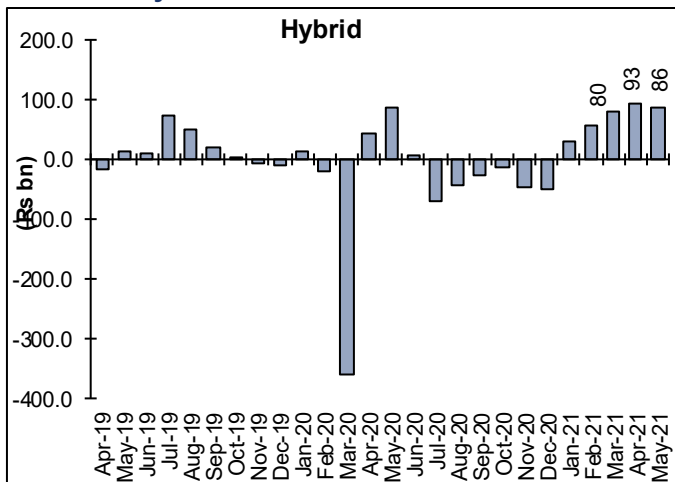
**Chart 3: Debt flows are negative in past three months**



**Chart 4: Liquid funds saw an outflow in May'21**



**Chart 5: Flow in hybrid funds have grown consistently**

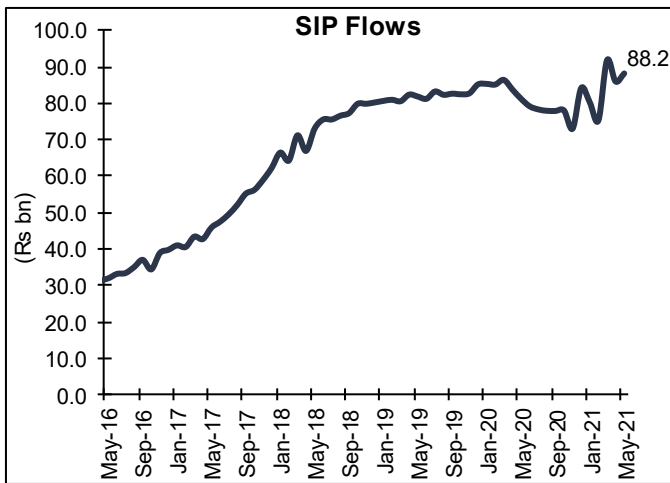


The pickup in equity flows and consistent healthy inflows in hybrid and passive funds point to the overall positive momentum in the AMC industry.

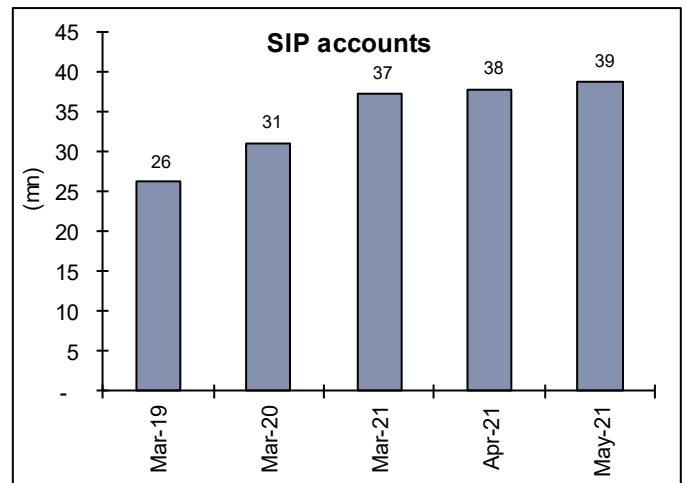
Source: CEIC, AMFI, I-Sec research

## SIP snapshot

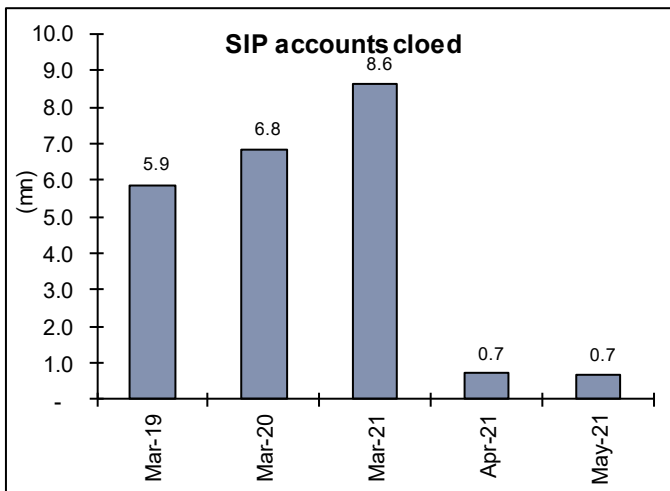
**Chart 6: SIP flows have risen from Rs73bn in Nov'20 to Rs88bn in May'21**



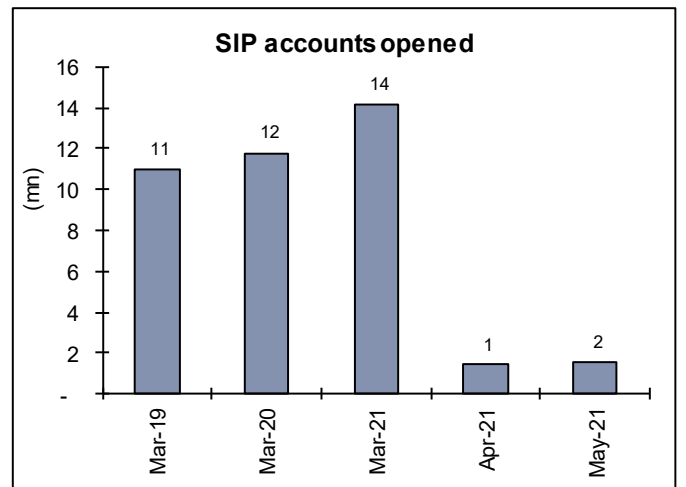
**Chart 7: SIP accounts continue to increase**



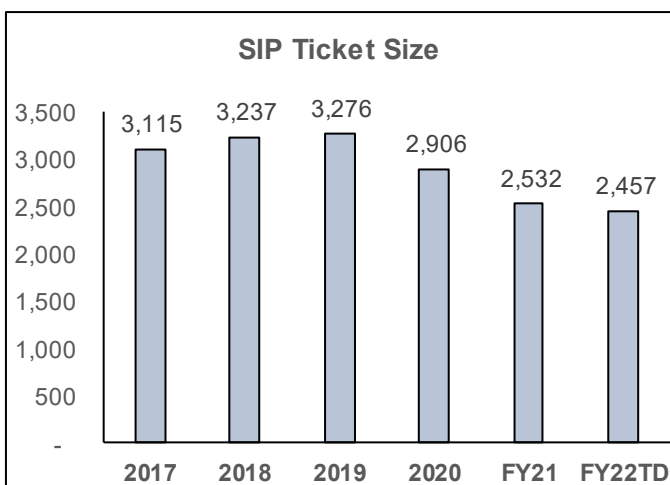
**Chart 8: Trend of closure in SIP accounts**



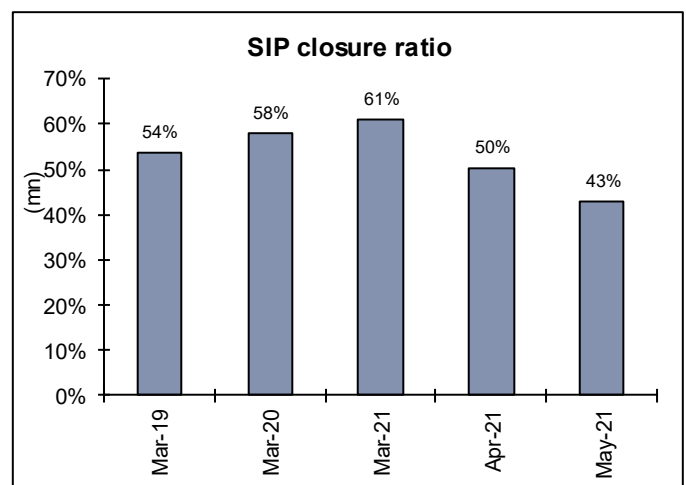
**Chart 9: Trend of addition in SIP accounts**



**Chart 10: SIP ticket size**



**Chart 11: SIP closure ratio has improved**



Source: AMFI, I-Sec Research

Note: Closure ratio=No of SIPs discontinued / No of new SIPs registered

Table 1: New fund offering summary in 2021

Between Jan'21 and May'21, sectoral, fund of funds and multi-cap funds garnered maximum flows.

Fund	Category of fund	Number of schemes	Amount raised (Rs bn)
Index Funds	ETFs	4	9
Dividend Yield Fund	Growth/ Equity Oriented Schemes	1	5
Focused Fund	Growth/ Equity Oriented Schemes	1	7
Mid Cap Fund	Growth/ Equity Oriented Schemes	1	2
Multi Cap Fund	Growth/ Equity Oriented Schemes	1	19
Sectoral/Thematic Funds	Growth/ Equity Oriented Schemes	3	48
Balanced Advantage Fund	Hybrid Schemes	1	4
Conservative Hybrid Fund	Hybrid Schemes	1	2
Banking and PSU Fund	Income/Debt Oriented Schemes	1	6
Corporate Bond Fund	Income/Debt Oriented Schemes	1	1
Fixed Term Plan	Income/Debt Oriented Schemes	2	12
Floater Fund	Income/Debt Oriented Schemes	2	13
Liquid Fund	Income/Debt Oriented Schemes	1	3
Short Duration Fund	Income/Debt Oriented Schemes	1	2
Ultra Short Duration Fund	Income/Debt Oriented Schemes	1	2
Fund of funds investing overseas	Other ETFs	3	31
Other ETFs	Others	3	7
Retirement Fund	Solution Oriented Schemes	1	10

Source: AMFI

Table 2: Fund-wise NFO summary

	No. of Schemes	Funds mobilized	Launched by
<b>Jan-21</b>			
<b>Growth/ Equity Oriented Schemes</b>			
Sectoral/Thematic Funds	1	42	ICICI Prudential Business Cycle Fund
<b>Feb-21</b>			
<b>A. Income/Debt Oriented Schemes</b>			
Short Duration Fund	1	2	Mahindra Manulife Short Term Fund
Banking and PSU Fund	1	6	TRUSTMF Banking & PSU Debt Fund
Floater Fund	1	7	IDFC Floating Rate Fund
<b>Subtotal "A"</b>	3	14	
<b>B. Hybrid Schemes</b>			
Balanced Advantage Fund	1	4	PGIM India Balanced Advantage Fund
<b>Subtotal "B"</b>	1	4	
<b>C. Solution Oriented Schemes</b>			
Retirement Fund	4	10	SBI Retirement Benefit Fund Aggressive Plan, Aggressive Hybrid Plan, Conservative Hybrid and Conservative Plan
<b>Subtotal "C"</b>	4	10	
<b>D. Other Schemes</b>			
Index Funds	2	0	NIPPON INDIA NIFTY MIDCAP 150 INDEX FUND and NIPPON INDIANIFTY 50 VALUE 20 INDEX FUND
Fund of funds investing overseas	2	3	Axis Greater China Equity Fund of Fund and Kotak NASDAQ 100 Fund of Fund
<b>Subtotal "D"</b>	4	3	
<b>Total A + B +C+D</b>	12	31	
<b>Mar-21</b>			
<b>A. Income/Debt Oriented Schemes</b>			
Fixed Term Plan	2	11	SBI Fixed Maturity Plan(FMP)-Series 41 (1498 Days); SBI Fixed Maturity Plan(FMP)-Series 42 (1857 Days)
Corporate Bond Fund	1	1	Mirae Asset Corporate Bond Fund
Floater Fund	1	6	DSP Floater Fund
<b>Subtotal "A"</b>	4	18	
<b>B. Growth/ Equity Oriented Schemes</b>			
Sectoral/Thematic Funds	1	6	Invesco India ESG Equity Fund
Mid Cap Fund	1	2	ITI Mid Cap Fund
<b>Subtotal "B"</b>	2	8	
<b>C. Other Schemes</b>			
Index Funds	5	6	EDELWEISS NIFTY PSU BOND PLUS SDL INDEX FUND – 2026;IDFC Gilt 2027 Index Fund; IDFC Gilt 2028 Index Fund; Kotak Nifty Next 50 Index Fund; UTI Nifty200 Momentum 30 Index Fund
Other ETFs	3	2	Axis Technology ETF; Kotak IT ETF; NIPPON INDIA ETF NIFTY SDL - 2026 MATURITY
Fund of funds investing overseas	2	12	HSBC Global Equity Climate Change Fund of Fund; SBI International Access- US Equity FoF
<b>Subtotal "C"</b>	10	20	
<b>Total A + B +C</b>	16	45	

	No. of Schemes	Funds mobilized	Launched by
<b>Apr-21</b>			
<b>A. Income/Debt Oriented Schemes</b>			
Liquid Fund	1	3	TRUSTMF Liquid Fund
Fixed Term Plan	1	1	SBI Fixed Maturity Plan(FMP)-Series 43 (1616 Days)
<b>Subtotal "A"</b>	2	4.2	
<b>B. Growth/ Equity Oriented Schemes</b>			
Sectoral/Thematic Funds	1	0	quant Quantamental Fund
<b>Subtotal "B"</b>	1	0.4	
<b>C. Other Schemes</b>			
Index Funds	2	1	Aditya Birla Sun Life Nifty Midcap 150 Index Fund, Aditya Birla Sun Life Nifty Smallcap 50 Index Fund
Other ETFs	1	0	NIPPON INDIA ETF 5 YEAR GILT
<b>Subtotal "C"</b>	3	0.8	
<b>Total A + B + C</b>	6	5.4	
<b>May-21</b>			
<b>A. Income/Debt Oriented Schemes</b>			
Ultra Short Duration Fund	1	2	ITI Ultra Short Duration Fund
<b>Subtotal "A"</b>	1	2	
<b>B. Growth/ Equity Oriented Schemes</b>			
Multi Cap Fund	1	19	Aditya Birla Sun Life Multi-Cap Fund
Dividend Yield Fund	1	5	Tata Dividend Yield Fund
Focused Fund	1	7	Canara Robeco Focused Equity Fund
<b>Subtotal "B"</b>	3	31	
<b>C. Hybrid Schemes</b>			
Conservative Hybrid Fund	1	2	Parag Parikh Conservative Hybrid Fund
<b>Subtotal "C"</b>	1	2	
<b>D. Other Schemes</b>			
Index Funds	1	2	SBI Nifty Next 50 Index Fund
Other ETFs	4	4	Axis AAA Bond Plus SDL ETF - 2026 Maturity; Axis Healthcare ETF; ICICI Prudential Healthcare ETF; Mirae Asset NYSE FANG+ ETF
Fund of funds investing overseas	2	17	Axis Global Innovation Fund of Fund; BNP PARIBAS FUNDS AQUA FUND OF FUND
<b>Subtotal "D"</b>	7	24	
<b>Total A + B +C+D</b>	12	59	

Source: AMFI

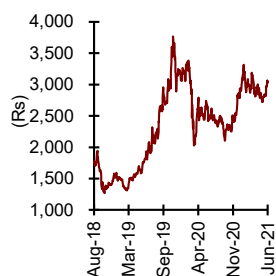
**Table 3: AUM managed by pension funds**

	(Rs bn)
SBI Pension Funds Pvt. Ltd	2,377
UTI Retirement Solutions Ltd.	1,764
LIC Pension Fund Ltd.	1,738
HDFC Pension Management Co. Ltd.	186
ICICI Pru. Pension Fund Mgmt Co. Ltd.	84
Kotak Mahindra Pension Fund Ltd.	17
Aditya Birla Sun Life Pension Management Ltd.	3

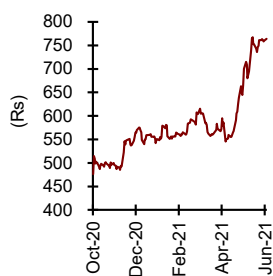
Source: PFRDA

**Price charts**

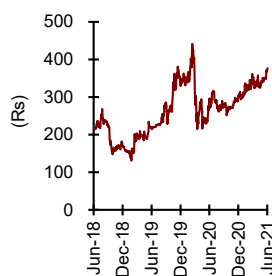
**HDFC AMC**



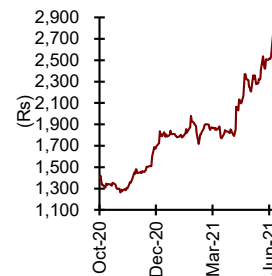
**UTI AMC**



**Nippon Life**



**CAMS**



Source: Bloomberg

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