

Equity inflows rise as investors bet on small and mid cap funds

Key Highlights -

- Inflows towards the equity oriented mutual funds for the month of May 2019 saw a slight uptick and stood at Rs. 5407 crores.
- Net Inflows to the mid cap and small cap category stood at Rs.1272 crores and Rs.1415 crores respectively, These 2 categories account for around half of the net inflows that took place in the month of May.
- Large Cap funds along with sectoral/thematic funds did not find favour with the investors in the month of May as both of them managed to garner a meager Rs. 53 crore and Rs 63 crore respectively.
- The retail participation through the SIP route has stayed strong with inflows to the tune of Rs.8183 crores in May.
- The equity inflows at Rs.5407 despite inflow of Rs.8183 crores through SIP suggest selling pressures from the HNI's in the market.
- **Selling pressure has continued in Balanced funds and Credit Risk Funds. Balanced funds saw a net outflow of Rs.2481 crores while Credit Risk funds have seen outflows of Rs.4155 crores**
- Credit Risk Funds have been hurt with the constant ratings downgrade and failure to make interest payments.
- **The Foreign Portfolio Investments towards Indian equity markets have shown total inflows of Rs 11371 crores out of which equity inflows stood at Rs. 7920 crores while the debt and hybrid investments stood at Rs. 1187 crores and 2264 crores respectively.**
- Long duration funds saw higher net inflows in the month of May as interest rates were falling low and June's policy rate cut was very well expected by the market.
- Key noticeable trends in the investment pattern has been a huge increase in the demand for arbitrage funds, as they saw net inflows of Rs.4554 crores.
- **The Mutual fund industry's average AUM has grown by 1% MoM in May to Rs25.43 lakh crores.**
- Index ETF's saw a rise in net inflows from 17 crore in April to 219 crores in May, while Gold ETF's continued their degrowth phase of net outflows.

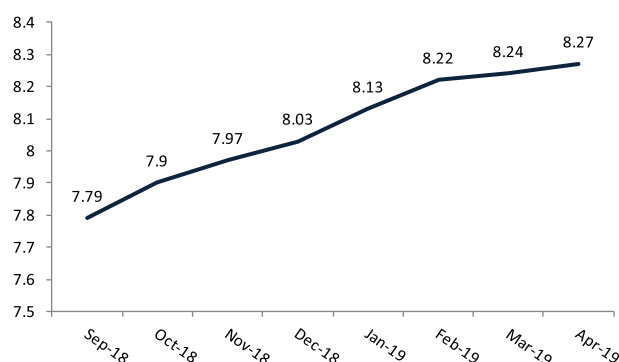
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Exhibit 1: Growth in MF folios

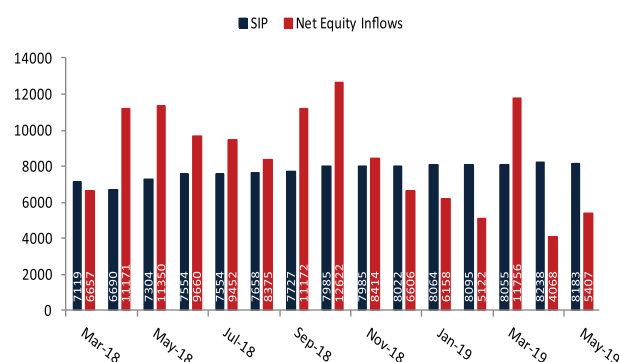
MF folios for March stood at 8.27 crores.



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Exhibit 2: Growth in investments through SIP

The investments through SIP saw a drop in May

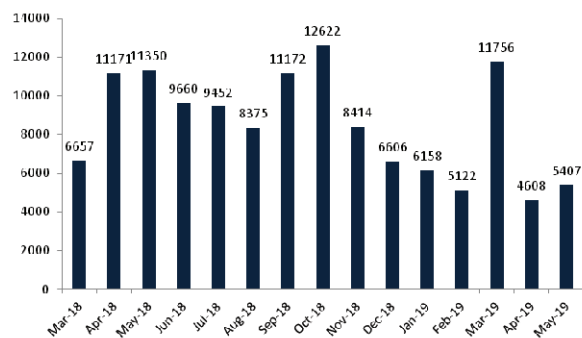


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Exhibit 3: Equity mutual funds inflow

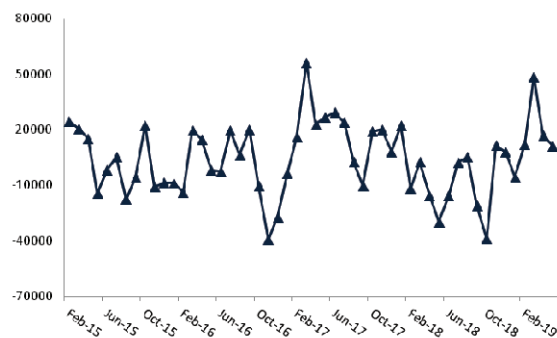
Equity funds in March saw increased inflows



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Exhibit 4: FPI Net inflows

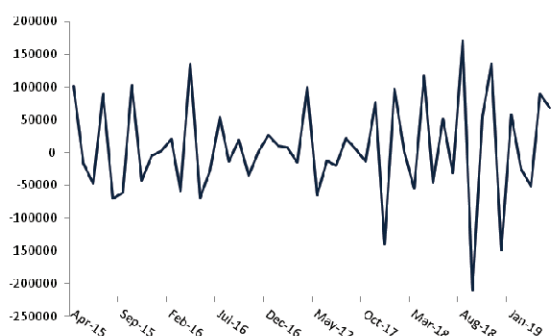
FPI's flow remained muted during the month



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Exhibit 5: Liquid funds

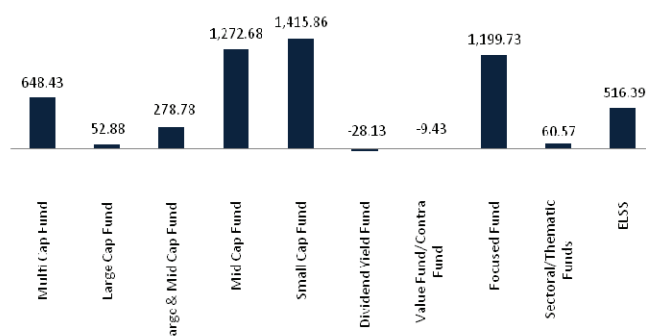
Liquid funds became an attractive prospect



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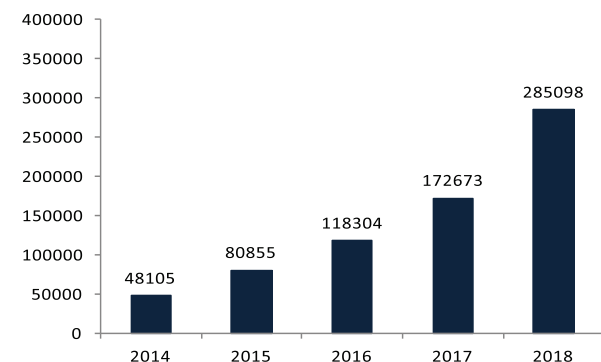
Exhibit 6: Equity funds segregation

Highest inflows in multi cap, mid cap and small cap funds



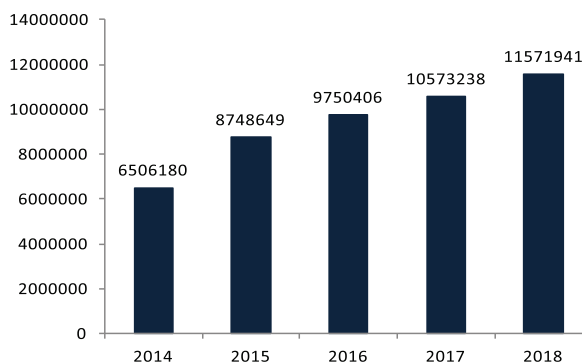
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Exhibit 7: Average AUM in NPS trust



source-NPS

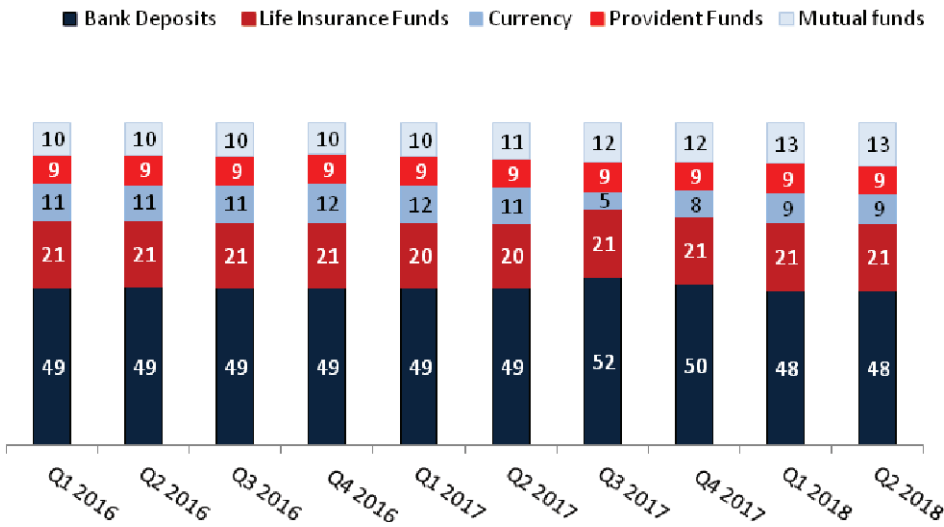
Exhibit 8: Subscriber base of NPS trust



source-NPS

Exhibit 9: Indian household savings pattern

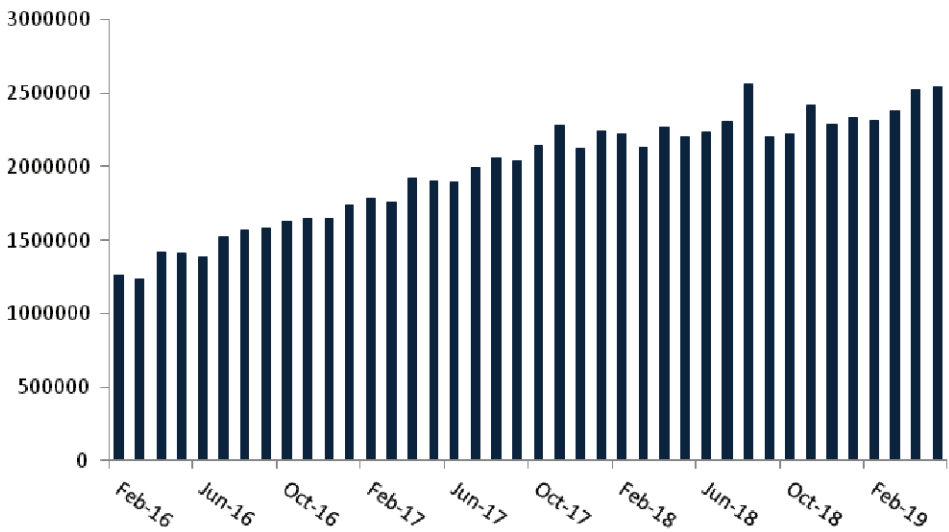
The Indian household's financial assets: Mutual funds gained 1% market share in the last 4 quarters while currency investment increased from 5 to 9%. The bank deposits have gradually depleted from 52% to 48%.



source-RBI

Exhibit 10: AUM Growth of Mutual funds

The AUM of mutual funds rose by 1% in May 2019



source-amfi

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