

Franklin Fiasco sees a lot of redemption pressure on debt funds

Key Highlights:

- ❑ Amidst the covid-19 pandemic ,Franklin Templeton in the month of April had decided to wind up 6 of its schemes due to poor liquidity in the funds. This caused huge panic in the debt market. A lot of credit risk funds and ultra short duration funds saw redemption pressure . Investors who wanted to stay out of the risky zone redeemed from here and moved the money towards safer liquid funds.
- ❑ The SIP inflows saw a month on month decline in the month of April but saw steady inflows to the tune of Rs. 8376 crores.
- ❑ Such SIP numbers suggest the strong will of the domestic investors who have not just protected their AUM but have also increased their contribution in such tough times.
- ❑ The mutual fund's equity segment has seen a broader based buying in terms of the category and every category except for dividend yield funds saw positive inflows.
- ❑ Large & Multi Cap funds saw the highest inflows to the tune of Rs 1691 and Rs 1240 crores respectively.
- ❑ Credit Risk Funds saw outflows of Rs.19238 crores in the month of April on account of winding up of the funds. Alongside Ultra short duration funds and low duration funds saw outflow of Rs.3419 crores and Rs. 6841 crores.
- ❑ Liquid Funds and Banking & PSU funds saw the highest inflows on the back of higher credit quality and reliability in tough times. These funds also provide sufficient liquidity to investors.
- ❑ Under the hybrid funds only arbitrage funds have seen inflows to the tune of Rs.6587 crores. Other hybrid funds have witnessed outflows on weak market sentiments
- ❑ Inflows into Index Funds saw decent figures at Rs. 634 crores.Gold ETFs also saw high inflows to the tune of 730 crores on high safe haven demand.
- ❑ Net Equity outflows by FII in April 2020 has been at Rs. 6884 crores. whereas outflows from Indian debt papers were at Rs 12552 crores.

Research Analyst

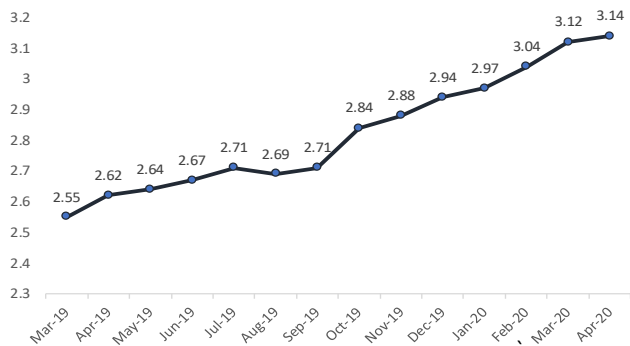
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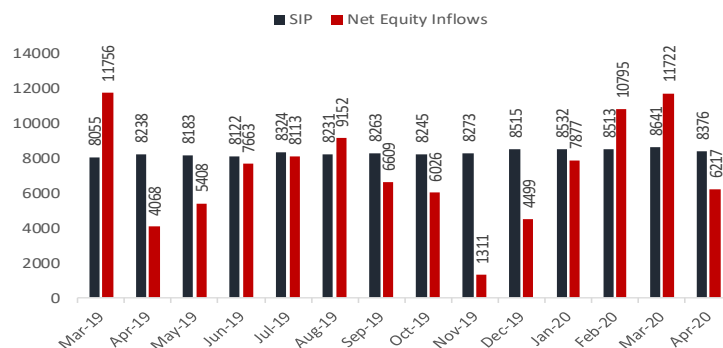
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Exhibit 1: Growth in SIP folios



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Exhibit 2: Growth in investments through SIP

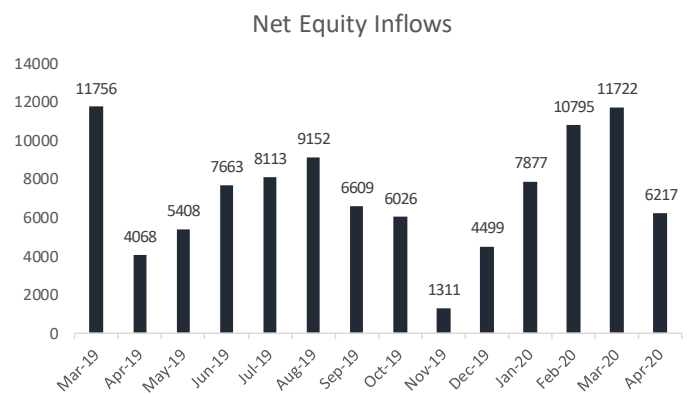


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Exhibit 3: Equity mutual funds inflow

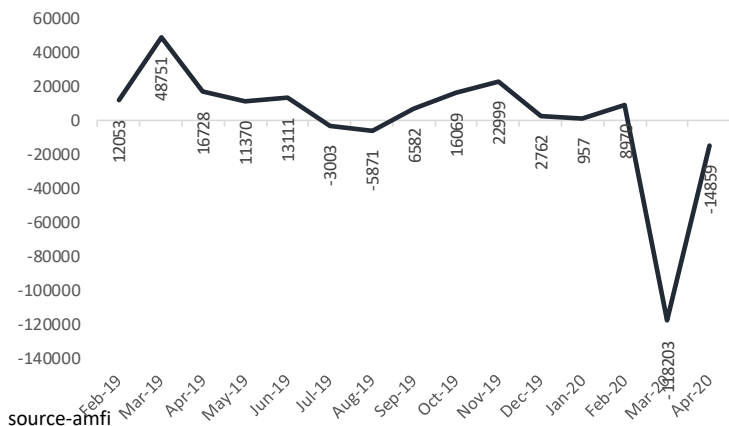
Equity funds in April'20 fell after 4 months of MoM growth



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Exhibit 4: FPI Net inflows

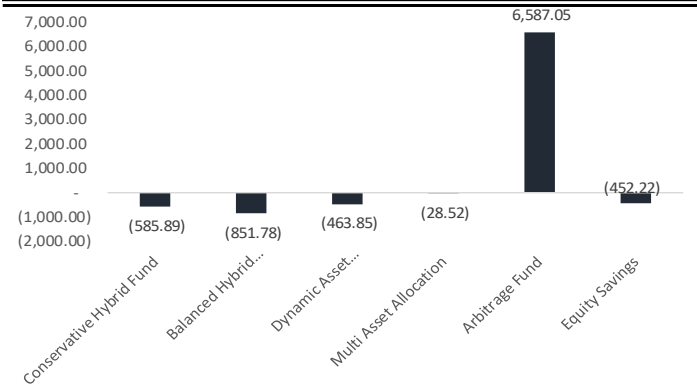
FPI's redemption slowed down in the month of April 2020



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Exhibit 5: Hybrid Fund

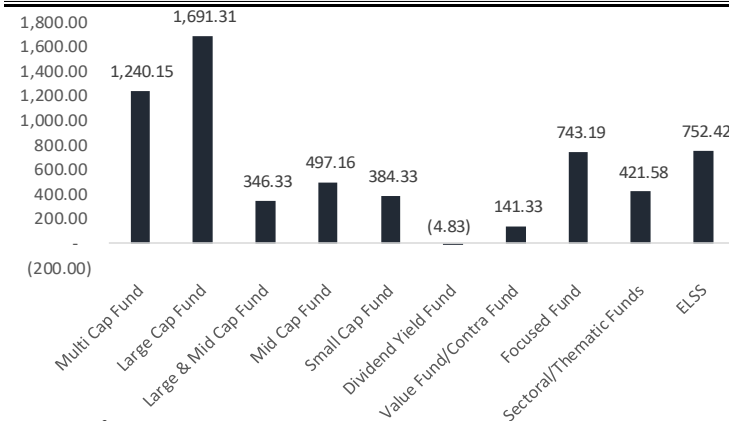
Arbitrage Funds saw the highest inflows



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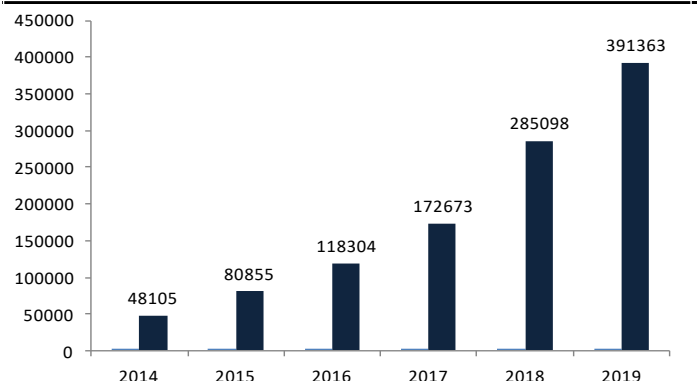
Exhibit 6: Equity funds segregation

Highest inflows in Large Cap Funds



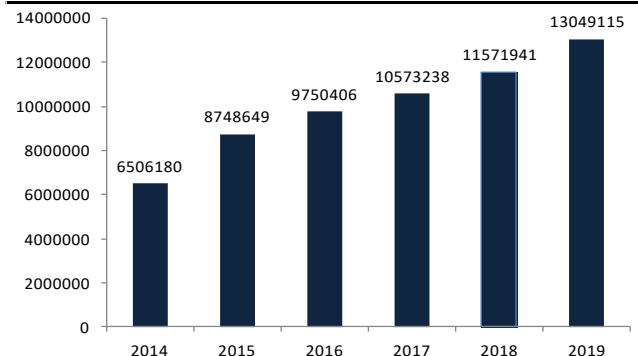
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Exhibit 7: Average AUM in NPS trust



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Exhibit 8: Subscriber base of NPS trust



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