

Investors line up for high rated debt funds, and redeem profits in equity funds

Key Highlights

- **Equity Mutual Funds inflow decline for a 5th consecutive month in July-20. The Equity Mutual Funds saw highest net outflow in 6 years. Outflow for the month of July stacked up at -2480 crores.**
- **With a sudden rally in the market post covid the investors have rushed to book profits which has led to such high redemptions in the equity mutual funds. Net redemptions in equity mutual funds rose to a 4-month high of Rs. 16622 crores up 22.9% from Rs.13520 crores in June.**
- **The Systematic Investment plans have also been badly impacted in the current pandemic due to restricted cash flows for a number of households. The SIP inflows for July stood at Rs.7830 crores after reporting Rs 7927 crores in June.**
- SIP flows have succumbed to job loss pressures and poo market outlook and clarity.
- **Among the equity mutual fund category, the only positive inflows could be seen towards focused funds at Rs. 534 crores.**
- **Multi Cap and Mid Cap Funds saw the highest outflow at Rs 1033 crores and Rs 579 crores respectively.**
- Net Inflows from Debt Funds stood at Rs.91391 crores. The number has been unusually positive given the market sentiments towards debt funds a few months ago.
- Noticeably high investments have been garnered by Corporate Bond Funds and banking & PSU funds who enjoy a high credit rating and invest in AAA & secure assets. Corporate Bond Funds and Banking & PSU Funds have seen the inflows at Rs. 11910 crores and Rs.6323 crores respectively.
- **The Hybrid Category as a whole saw outflows worth 7301 crores. None of the categories witnessed positive net inflows.**
- **Index Funds and ETFs have caught up as a category with decent inflows towards the schemes. Bharat Bond ETF subscription helped the cause.**
- **The FII inflows have been in an uptrend in the month of June. FIIs put in Rs. 7563 crores towards Indian equities while redeemed Rs. 2476 crores worth of Debt papers.**

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Exhibit 1: Growth in SIP folios

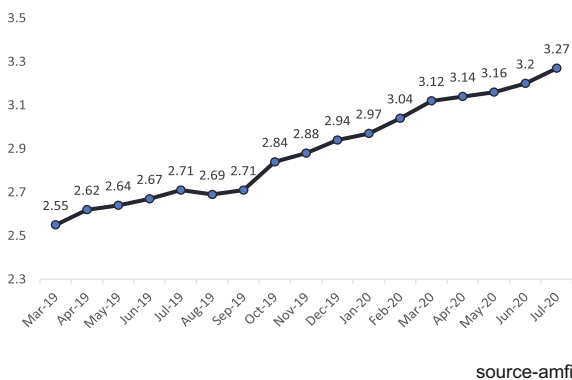
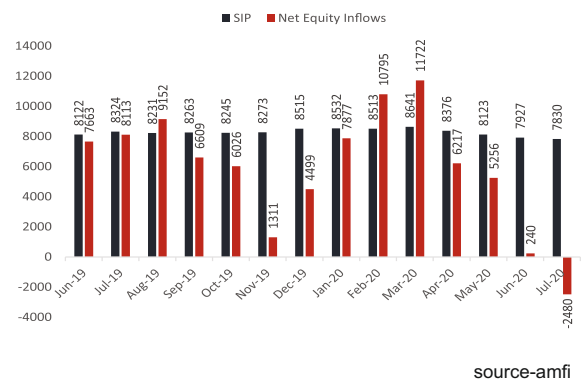


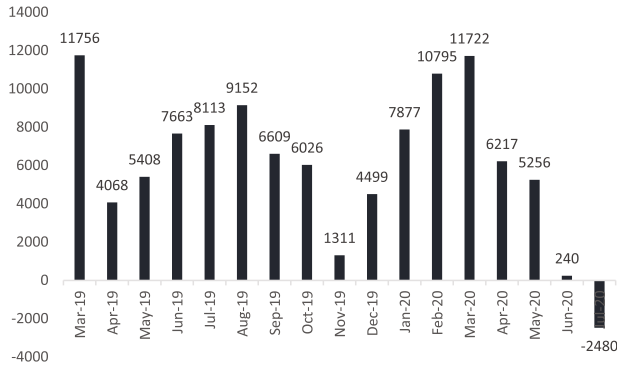
Exhibit 2: Growth in investments through SIP



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Exhibit 3: Equity mutual funds inflow

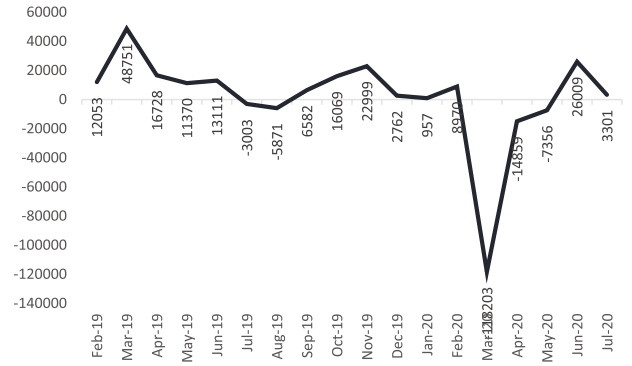
Equity funds in July turned to negative territory



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Exhibit 4: FPI Net inflows

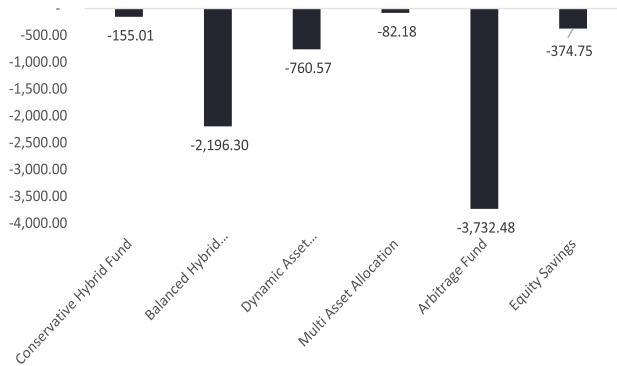
FPI's inflow remained largely muted



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Exhibit 5: Hybrid Fund

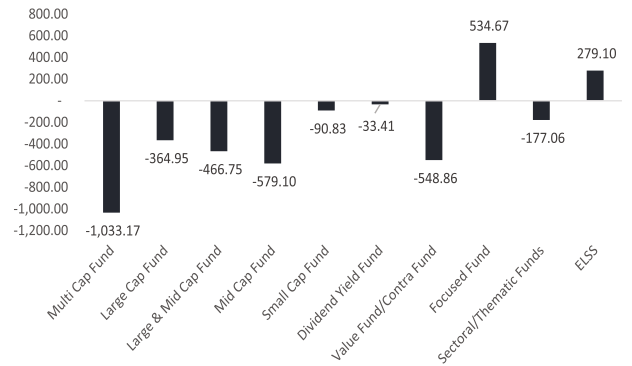
All Hybrid Funds witnessed outflows



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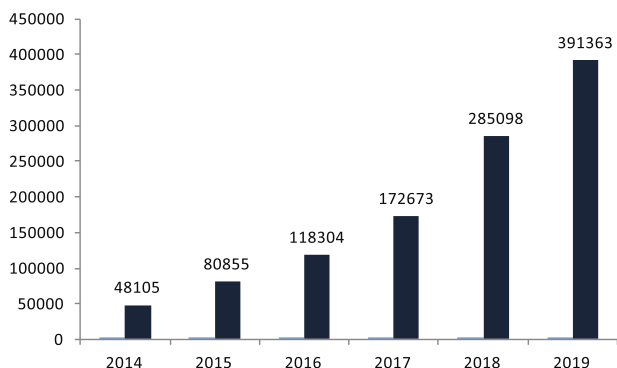
Exhibit 6: Equity funds segregation

Highest inflows in Focused Funds



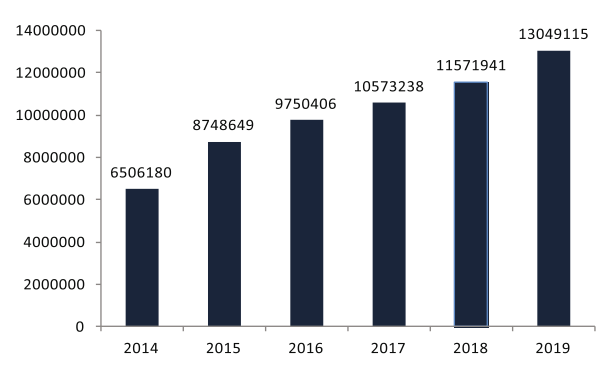
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Exhibit 7: Average AUM in NPS trust



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Exhibit 8: Subscriber base of NPS trust



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