

SENSEX
59500.41

NIFTY 50
17648.95

GOLD
57288.00

USDINR
81.50

CRUDEOIL
6506.00

Equity mutual fund to shift to T+2 settlement cycle from Feb 1

Asset management companies (AMCs) will move to a shorter redemption payment cycle of T+2 for equity schemes from February 1. At present, funds are transferred to the investor's bank account within 3 days after the completion of the redemption process. The move is in line with the T+1 settlement cycle of equity markets to benefit mutual fund investors.

From Friday, Indian equity markets moved to a T+1 settlement cycle for all stocks, shortening the settlement cycle by a day and making the availability of funds a day sooner than at present.

"We want to pass on the benefit to our mutual fund investors and hence we are proactively adopting a T+2 redemption payment cycle for equity funds," Aditya Birla Mutual Fund MD and CEO and AMFI Chairman A Balasubramanian said.

To pass on this benefit to mutual fund investors, it has been decided all AMCs will move to the T+2 redemption payment cycle for equity schemes, and implement this uniformly with effect from February 1, 2023, after allowing a couple of days for the settlement cycle to stabilise, Association of Mutual Funds in India (AMFI) said in a statement. Since the day, Sebi announced the phased movement of equity markets to the T+1 settlement cycle, the industry has been preparing to shorten the redemption payment cycle, AMFI Chief Executive NS Venkatesh said. From January 27, all securities -- equity shares, including SME shares, exchange-traded funds (ETFs), Real Estate Investment Trusts (REITs), Infrastructure Investment Trusts (InvITs), Sovereign Gold Bond (SGB), Government Bonds and Corporate Bonds trading in the equity segment will now be settled only on T+1 basis.

Globally most stock exchanges in developed as well as emerging markets follow the T+2 settlement system.

What is your state/UT's contribution to the industry's average AUM?

Maharashtra, New Delhi and Gujarat contribute 57% to total MF assets, shows AMFI data. Of the total average AUM of Rs. 40.76 lakh crore as on December 2022, these states individually contribute Rs. 17.04 lakh crore (42%), Rs. 3.45 lakh crore (8%) and Rs. 2.81 lakh crore (7%).

Further, Maharashtra's humungous contribution also gives western India a lead over other regions. While the western region constitutes 51% of industry assets, northern and southern India form 19% and 15% respectively. The contribution of other regions is less than 10%.

Total Industry average AUM as on Dec 2022 is Rs. 40.76 lakh crore

Region	AAUM (Rs. in crore)	% share in Industry AAUM
West	20,79,600	51.02%
North	7,64,500	18.76%
South	6,20,300	15.22%
East	3,29,700	8.09%
Central	82,000	2.01%
North East	30,900	0.76%

(Cont.)

West (51.02%) - After Maharashtra (41.81%), Gujarat, Rajasthan and Goa contribute the next highest share of 6.89%, 1.74% and 0.58%, respectively.

North (18.76%) - With a share of 8.47% in total assets, New Delhi takes the lead here. Other states - Uttar Pradesh, Haryana, Punjab, Uttarakhand, Himachal Pradesh and Jammu Kashmir manage 4.35%, 4.00%, 1.16%, 0.42%, 0.23% and 0.13%, respectively.

South (15.22%) - Karnataka, Tamil Nadu, Telangana, Andhra Pradesh, Kerala and Andaman and Nicobar Island manage 6.82%, 4.53%, 1.41%, 1.26%, 1.18% and 0.01% of industry assets.

East (8.09%) - West Bengal, Jharkhand, Orissa and Bihar account for 5.24%, 1.03%, 0.91% and 0.91% respectively.

Central (2.01%) - Madhya Pradesh and Chhattisgarh contribute 1.44% and 0.57% to the total assets, respectively.

North East (0.76%) - The state-wise contribution here is less than 1% - Assam (0.52%), Meghalaya (0.07%), Nagaland (0.04%), Tripura (0.04%), Sikkim (0.03%), Arunachal Pradesh (0.02%), Manipur (0.02%) and Mizoram (0.02%).

State-wise Average AUM

State/UT	AAUM (Rs. in crore)	% share in Industry AAUM
Maharashtra	17,04,200	41.81%
New Delhi	3,45,300	8.47%
Gujarat	2,80,900	6.89%
Karnataka	2,78,100	6.82%
West Bengal	2,13,600	5.24%
Tamil Nadu	1,84,800	4.53%
Uttar Pradesh	1,77,500	4.35%
Haryana	1,62,900	4.00%
Rajasthan	70,900	1.74%
Madhya Pradesh	58,800	1.44%
Telangana	57,300	1.41%
Andhra Pradesh	51,300	1.26%
Kerala	48,200	1.18%
Punjab	47,200	1.16%
Jharkhand	42,000	1.03%
Orissa	37,200	0.91%
Bihar	36,900	0.91%
Goa	23,600	0.58%
Chhattisgarh	23,200	0.57%
Assam	21,200	0.52%
Uttarakhand	17,200	0.42%
Himachal Pradesh	9,300	0.23%
Jammu and Kashmir	5,100	0.13%
Meghalaya	3,000	0.07%
Nagaland	1,500	0.04%
Tripura	1,500	0.04%
Sikkim	1,400	0.03%
Arunachal Pradesh	900	0.02%
Manipur	700	0.02%
Mizoram	700	0.02%
Andaman and Nicobar Island	600	0.01%

23% of SIP AUM is active for over 5 years

23% or Rs. 1.58 lakh crore of total SIP AUM of Rs. 6.75 lakh crore has remained invested for over 5 years, shows AMFI latest data.

In terms of SIP accounts, 11% (64.89 lakh) of total SIP accounts of 6.12 crore has stayed active for over 5 years. However, a major chunk (39% or 2.39 crore) of the total accounts were active for less than a year. This simply indicates the rising interest in SIP investing as investors opened a fairly large number of SIP accounts last year.

Age-wise analysis of SIP Accounts as on December 31, 2022				
SIP accounts continuing for	No of SIP Accounts	%	AUM (Rs. in crore)	%
> 5 years	64,89,076	11%	1,57,719	23%
> 4 years up to 5 years	51,82,138	8%	73,336	11%
> 3 years up to 4 years	48,38,025	8%	84,360	13%
> 2 years up to 3 years	65,41,816	11%	1,00,037	15%
> 1 year up to 2 years	1,43,04,269	23%	1,10,120	16%
Less than <1 year	2,38,87,207	39%	1,49,094	22%
Total	6,12,42,531	100%	6,74,666	100%

25% of regular AUM stays invested for over 5 years, as against 13% of direct AUM

Of the total SIP AUM, regular plans/distributors contributed a humongous share of 83% or Rs. 5.62 lakh crore whereas, direct plans formed the balance of 17% or Rs. 1.13 lakh crore. These numbers reiterate investors' comfort in investing through distributors.

The data further reveals that 25% of regular AUM stayed invested for over 5 years, as against only 13% of direct AUM. This hints at distributors' role in guiding investors to remain patient and disciplined.

Age-wise analysis of SIP Accounts as on December 31, 2022				
SIP accounts continuing for	Total Regular		Total Direct	
	AUM (Rs. in crore)	%	AUM (Rs. in crore)	%
> 5 years	1,42,969	25%	14,750	13%
> 4 years up to 5 years	62,679	11%	10,657	9%
> 3 years up to 4 years	70,301	13%	14,059	12%
> 2 years up to 3 years	82,279	15%	17,758	16%
> 1 year up to 2 years	87,876	16%	22,244	20%
Less than <1 year	1,15,855	21%	33,239	29%
Total	5,61,959	100%	1,12,707	100%

A similar part of T-30 (24%) and B-30 (23%) AUM remains invested for more than 5 years

T-30 cities and B-30 cities individually contributed 66% (Rs. 4.44 lakh crore) and 34% (Rs. 2.30 lakh crore) to the total SIP AUM. Notably, a similar portion of T-30 (24%) and B-30 (23%) assets remained invested for over five years. In fact, the portion of assets held across other time horizons was also more or less the same.

(Cont.)

Age-wise analysis of SIP Accounts as on December 31, 2022				
SIP accounts continuing for	T-30 cities		B-30 cities	
	AUM (Rs. in crore)	%	AUM (Rs. in crore)	%
> 5 years	1,05,056	24%	52,664	23%
> 4 years up to 5 years	48,186	11%	25,151	11%
> 3 years up to 4 years	56,156	13%	28,203	12%
> 2 years up to 3 years	65,714	15%	34,322	15%
> 1 year up to 2 years	72,269	16%	37,851	16%
Less than <1 year	97,022	22%	52,072	23%
Total	4,44,403	100%	2,30,263	100%

Multi asset allocation funds attract large inflows. Are they worth your money?

Multi asset allocation funds are back in vogue. Fund managers are busy recommending these schemes to investors who want to proceed cautiously. Many mutual fund advisors are also promoting these schemes saying they can offer better returns than debt schemes. Reflecting the new found enthusiasm for multi asset schemes, these schemes also attracted whopping inflows in December. Many fund houses launched multi asset funds recently and some more are in the pipeline. In this scenario, the question is- are multi asset allocation funds really worth the hype?

Multi asset allocation funds invest in three asset classes- equity, debt and one more asset class like gold, real estate, silver etc. These are hybrid schemes that are mandated to have a minimum of 10% in each of the three asset classes. According to AMFI data, multi asset allocation funds saw the highest inflows worth Rs 1,711.42 crore in December. The number was greater than most equity and debt categories put together. Only small cap funds, mid cap funds and ultra-short duration funds were ahead of multi asset allocation funds in terms of inflows. However, the inflows were largely helped by an NFO, which was responsible for 70 % of the net inflows into the category.

Whenever equity returns slow down, the interest in most asset allocation products increases. However, most of these funds still have the highest allocation (read more than 65 %) in equities, making their eventual performance largely a function of equity markets. Having said that, they do deliver decent inflation adjusted returns with lower volatility. It's therefore important for investors to evaluate them over a complete market cycle and appreciate the lower volatility they offer.

On the returns front, the category has had a decent record. In the last one year, some schemes in the category have offered returns between 9-12%. ICICI Prudential Multi Asset Fund is topping the category with 12.51% in one year followed by Kotak Multi Asset FOF with 10.28% and Quant Multi Asset Fund with 9.28%.

Fund managers and mutual fund advisors agree that this product is best suited for those investors who do not or cannot manage their asset allocation mix. Investors starting with a small amount and seeking diversification in one product can start with these funds. However, an informed investor, or someone with help of a financial planner or an investor with a decent-sized portfolio should look at diversifying according to her risk profile and investment strategy.

'Improving standard of living is the top priority of Indian investors'

Improving the standard of living is the top investment goal of Indian investors, shows the finding of DSP MF's survey 'Winvestor Pulse 22 Report'. The survey also highlights the difference in attitude between women and men in prioritising goals/dreams.

Notably, women are more desirous of upgrading their lifestyle as 52% of women have put it at the top of their list. 50% men aspire to improve their lifestyle.

This is followed by saving for retirement. The sentiment here is more or less the same amongst both the genders. 48% of women and 49% of men want to save enough for their retired life.

However, the next three goals in the list of top 5 priorities have varying importance.

Providing for children's education (45%), exploring the world/ travel (41%) and creating enough cover for medical emergencies (40%) are the next three top goals of women investors.

For men investors, creating enough cover for medical emergencies (41%), providing for children's education (40%) and exploring the world/ travel (38%) are the next three priorities.

The online survey covered over 4,000 men and women in the age group 25-60 across 4 metros (Mumbai, Delhi, Kolkata, Bangalore) and 6 mini-metros (Indore, Kochi, Patna, Chandigarh, Ludhiana and Amritsar). The respondents indicated their top 5 priorities in this survey.

Here is how the goal prioritisation differs for both genders.

Top Goals/Dreams	% of Women Respondents	% of Men Respondents
Improve my standard of living	52	50
Save enough for retirement	48	49
Provide for my child's education	45	40
Have enough to cover medical emergencies	40	41
Explore the world/ travel	41	38
Have enough to live debt-free	33	38
Buy my dream home	36	34
Start my own venture	23	26
Buy my dream car	24	24
Provide for my child's marriage	23	24
Fund my own higher education	13	12

NEWS IN BRIEF

Budget 2023 | Mutual Fund industry body demands units to be classified as specified long term assets

Ahead of the Union Budget, the Association of Mutual Funds in India (AMFI) has proposed that mutual fund schemes (whether equity or debt-oriented) wherein the underlying investments are made into specified 'infrastructure sub-sector', as notified by the Government of India, should be included in the list of specified long-term assets under Section 54EC. Such investments can have a lock-in period of three years to be eligible for exemption from long-term capital gains under Section 54EC, the mutual fund body said.

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17,000 new individuals enter MF distribution business in nine months

AMFI data shows that close to 17,000 new individuals enter the MF distribution industry in the first nine of the months the current financial year. The MF industry added 16,813 new MFDs during April-December 2022 as against 14,735 in the corresponding period last financial year. 45,758 distributors renewed their ARN during the first nine months of FY 22-23, as against 38,610 the last financial year. ARN renewals in FY 22-23 comprised 23,560 individuals, 1 new cadre, 1,283 corporates, 20,896 corporate employees and 18 individual MFD employees.

NISM will no longer conduct certification examination 'online'

NISM has discontinued facilitating online examination for certification examination like NISM Series VA: Mutual Fund Distributors Certification Examination. In October 2020, NISM launched remote proctored examination or online examination that enabled candidates to appear for NISM examination from the comfort of your home or office. In a communication, NISM said, "During the Covid-19 restrictions, NISM has provided an additional facility to candidates in the form of Remote Proctored Examinations to appear for NISM's Certification Examinations. As all the NISM's test centres are fully functional now, it is decided to discontinue the remote proctored mode of exam delivery."

MF Utilities revokes suspension of new investments into Quant MF schemes

Mutual Fund Utilities (MFU) has now revoked its decision to suspend new investments into Quant Mutual Fund schemes via its platform. MFU had announced the suspension earlier this evening, and this was to take effect from February 1. MFU is a platform that investors, distributors and other intermediaries can use for mutual fund transactions. According to sources, pending dues from Quant MF had triggered the move. As per the latest communication from MFU, "the issue between Quant Mutual Fund and MFU has been resolved".

New Fund Offer(NFO)



AXIS MUTUAL FUND

STRIKE YOUR FINANCIAL GOALS

Be in the **Right Place**
at the **Right Time**

Presenting
AXIS BUSINESS CYCLES FUND
(An open ended equity scheme following business cycles based investing theme)

NFO Opens: February 02nd, 2023
NFO Closes: February 16th, 2023

(Source- Econoictimes, Moneycontrol, AMFI, IBJARates, Cafemutual, Livemint, Financial Express etc.)

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