

**SENSEX**  
**59959.85**
**NIFTY 50**  
**17786.80**
**GOLD**  
**50502.00**
**USDINR**  
**82.85**
**CRUDEOIL**  
**7213.00**

## MF Industry inches Rs. 40 lakh crores, adds over 16 lakh folios

The MF industry moved closer to the Rs. 40 lakh crore mark and reported an average AUM of Rs. 39.88 lakh crore, recording 7% annual growth.

Here are the other key events that shaped the MF industry in September 2022.

### **2.74 lakh investors added**

The MF industry added 2.74 lakh investors in the last month, thereby increasing the total investor count to 3.60 crore. Of these, 3.56 crore are unique PANs and close to 5 lakhs are unique PEKRNs (PAN-exempt KYC reference numbers).

### **16.13 lakh folios registered**

With 16.13 lakh new folio registrations, the aggregate folio count increased to 13.81 crore in Sep 2022. Of these, 56% or 7.75 crore folios are from T-30 cities and the balance 44% or 6.06 crore are from B-30 cities.

### **T-30 cities contributed 82% to the total AUM**

Of the total industry assets of Rs. 38.42 lakh crore, T-30 cities contributed 82% and the balance 18% represented the share of B-30 cities.

While the percentage contribution remained more or less the same, T-30 AUM recorded a monthly decline in absolute terms. It dipped from Rs.32.29 lakh crore to Rs.31.84 lakh crore in September 2022. Likewise, B-30 AUM also declined from Rs. 7.05 lakh crore to Rs.6.94 lakh crore.

### **Average retail ticket size declined**

The combined average ticket size of the retail segment for T30+B30 cities was Rs. 1.64 lakh in September 2022 as against Rs. 1.68 lakh in August 2022. Location-wise, the retail average ticket size was Rs. 2.18 lakh in T-30 cities and Rs. 0.95 lakh in B-30 cities.

Notably, the average ticket size of the industry as a whole i.e., retail and corporate was Rs. 2.78 lakh.

### **12.16 lakh net SIP accounts added**

The total number of outstanding SIP accounts increased from 5.72 crore in August 2022 to 5.84 crore in September 2022. During the month, while investors registered 23.66 lakh SIP accounts, 11.50 lakh SIPs matured/were paused or discounted. This resulted in a net SIP count of 12.16 lakh.

### **Here is the break-up of live SIP accounts -**

Category	No of SIP Accounts	%
Growth/Equity	4,94,34,798	85%
Income/Debt	12,97,460	2%
Liquid/Overnight	6,82,271	1%
Hybrid	34,45,503	6%
Solution	5,62,825	1%
Index	16,51,199	3%
Others	13,03,628	2%
<b>Total</b>	<b>5,83,77,684</b>	<b>100%</b>

(Cont.)

Total monthly SIP contribution in September 2022 was Rs. 12,976 crores of which regular plans/distributors contributed 77% or Rs. 9,960 crores. The balance of 23% or Rs. 3,016 crore was routed through direct plans.

## **4,962 new ARN/EUIN registered**

The MF industry reported 4,962 new ARN/EUIN registrations. Here is the break-up:

Category	Number
Individual	2,056
Overseas Distributors	1
Corporate	70
Corporate Employees	2,832
Individual MFD Employees	3
<b>Total</b>	<b>4962</b>

State-wise registrations show Maharashtra, Gujarat and Uttar Pradesh collectively account for close to 51% of the total ARN/EUIN registrations. They individually contribute 32.93%, 9.55% and 8.36% respectively.

In terms of renewals, 4,416 ARNs were renewed in September 2022. This is the break-up:

Category	Number
Individual	2,400
Corporate	147
Corporate Employees	1,867
Individual MFD Employees	2
<b>Total</b>	<b>4416</b>

## **SEBI fines 6 entities in Deutsche Mutual Fund front-running case**

Capital markets regulator Sebi has imposed penalties totalling Rs 15 lakh on six entities in a case pertaining to front-running the trades of Deutsche Mutual Fund, which is now known as DHFL Pramerica Mutual Fund. Those penalised by Sebi are -- Kanchan Jena, Hemlata Dei Jena, Malati Lata Jena, Jayant Chhaparia, Abhishek Chhaparia and Progressive Share Brokers. They have been directed to pay the fine within 45 days, according to two separate orders passed by Securities and Board of India (Sebi) on Friday.

Sebi found that the Fund Manager (FM) of Deutsche Mutual Fund (DMF) and his parents had employed a scheme to 'front run' the orders of the DMF and also were involved in every step that led to the fruition of the scheme, from the beginning till the withdrawal of the wrongful gain of the front running trades. In December 2021, the fund manager of Deutsche Mutual Fund and his parents settled the case with Sebi after paying nearly Rs 5 crore.

These orders came after the regulator had conducted an investigation to examine suspected front running of sell/buy trades of Deutsche Mutual Fund in the scrip of various companies by certain entities during September 2014 to May 2015.

## When will Sensex hit 1-lakh magic figure?

While traders are busy debating over whether Sensex will rally another 2,700 points anytime this year to zoom past its all-time record high of 62,245.43 touched in the autumn of last year, long-term investors are doing back-of-the-envelope calculations on when will the index hit the magic 1-lakh mark. Earlier this year, Jefferies' global head of equity strategy Christopher Wood had said that a target of Sensex at 1 lakh is eminently achievable by FY27 and now Dalal Street's veteran fund manager Hiren Ved has said it is possible even earlier by 2025. Other market experts too do not see the magic figure being too far away.

"We believe Sensex can hit 1,00,000 by April 2024. Sensex goes through greed and fear cycles every 8 years. It's in the greed cycle which will end in April 2024," Apurva Sheth, Head of Research, Samco Securities, told ETMarkets. Now let's have a look at the history of the Sensex. Two decades ago, the index was trading at less than 3,000 points in October 2002. After 10 years, in October 2012, the Sensex itself gave multibagger returns and crossed the 19,000-mark. Four years ago, in October 2018, the index was at 34,000 and today it is hovering close to the 60,000-mark.

"In the last 20 years, the Sensex has multiplied from 3,000 to 60,000. If the market compounds at the rate of 15%, which is likely, then the Sensex will cross the magic mark of 1 lakh in less than 4 years from now," said Kamlesh Shah, President, Association of National Exchanges Members of India (ANMI).

He said once global macro worries related to inflation and interest rates stabilise, India will become the preferred investment destination as it is the fastest growing major economy and intends to become a \$5 trillion economy by 2025-26.

Last year, famous value investor Raamdeo Agrawal of Motilal Oswal Financial Services had predicted that if Sensex keeps compounding at an annual growth rate of 15% it can hit the 2 lakh mark within a decade.

Tracking 15-16% corporate profit growth of India Inc, if the Sensex grows at 15%, it will double every five years. Chris Wood too had shown a similar calculation earlier in the year to predict that the Sensex will hit 1,00,000 during FY27 or sometime in late 2026 amid 15% EPS growth and an earnings multiple of 19.4, which is also a five-year average. Despite all the ups and downs seen in 2022, the Indian stock market has been one of the rare oases of peace in global markets. "I think India is transiting from being part of global emerging markets to becoming a single country allocation. We will get money on our fundamentals and earnings growth," says Nilesh Shah of Kotak Mahindra AMC.

## Individual investors now account for 57% of the total industry's assets

The share of individual assets in the overall asset composition of the MF industry has been growing steadily. AMFI data shows that the proportion of individual investors which include retail investors and HNIs has increased from 54.5% in September 2021 to 57.1% in September 2022, an increase of 2.5%.

Interestingly, despite 3% decline in key indices, the share of individual investors in mutual fund assets grew from Rs.20.39 lakh crore in September 2021 to Rs.22.75 lakh crore in September 2022, a growth of 12%.

Further, the data shows that individual investors primarily hold equity-oriented schemes. Over 80% of individual investors assets is held in equity funds. Also, 14% of the total assets of individual investors is in debt funds, 4% in ETFs/FoFs and 2% in liquid funds. Overall, the industry's assets increased from Rs. 37.41 lakh crore in Sept 2021 to Rs. 39.88 lakh crore in September 2022. Of this, equity-oriented schemes account for 51% of total industry assets. The share of equity schemes increased from 47% in September 2021 to 51% in September 2022, a growth of 9.



## **Regulator grants second extension, Rs. 25 crore threshold for direct ETF transactions to now be effective from May 1, 2023**

SEBI has extended the timeline for implementation of the Rs. 25 crore thresholds for direct ETF transactions. To enhance liquidity in ETFs on stock exchange platforms, the Regulator had introduced a threshold of greater than Rs. 25 crores for direct trade with AMCs through circular dated May 23, 2022. This threshold doesn't apply to market makers.

AMCs were asked not to allow direct ETF transactions of less than Rs. 25 crores from July 1, 2022. However, acknowledging the challenges with respect to its implementation, the regulator had extended its implementation to November 1, 2022. On similar grounds, SEBI has granted the second extension and the implementation will now be applicable from May 1, 2023. The latest circular read, "Based on further feedback received from stakeholders, it has been decided that the clause 2(IV)(A) of the circular shall be applicable with effect from May 01, 2023."

## **'Savings for emergency still top priority for Indians'**

Savings continue to be important to Indian households with 1 out of 2 Indians putting aside between 10-30% of their income on a regular basis towards building an emergency corpus, reveals a survey done by online investment platform, Scripbox.

The survey shows that 30% respondents chose building an emergency fund amongst their top 2 financial goals this year, similar to 2021. This is followed by retirement planning and children's education at 27% each. The survey also highlights the difference in the way men and women choose financial goals. Saving for children's education has emerged as one of the top two priorities for 36% women. While men continue to invest more than women, the survey shows that the amount invested by women has doubled in the last 4 years. Interestingly, men are starting to focus more on retirement planning (42%) over children's education (28%). Nearly 27% of the survey respondents claim that they have reduced their spends in the last year. 50% are saving between 10% and 30%. In terms of investments, 23% of respondents have started actively investing in the last year and 20% of existing investors have made further increments.

Mutual funds have emerged as the #1 financial investment instrument in the country, says the survey. Overall, Scripbox has covered over 620 adults across the country for this survey.

## **Are mutual funds preferred to bank deposits?**

Bank deposits are likely to face competition from Indian mutual funds as households get more market savvy and are willing to take their chances in the capital market, according to a report by Bank of Baroda.

Quoting RBI's data, the report said that financial assets of Indian households show that there has been a shift in pattern, where mutual funds and equity witnessed sharp increase in FY22 with shares of 6.3% and 1.9% in overall financial assets, respectively (ratio was 2.6% and 1.1% in FY20), while share of bank deposits declined to 25.5% in FY22 from 34.4% in FY20.

To be sure, the quantum of bank deposits is much larger, about 4.1 times than that of mutual funds denoted by AUM (assets under management).

In the report, Bank of Baroda examined whether there has been any substitution between bank deposits, mutual funds- debt and equity in the past 6 years.

The report found that since the financial year 2016 (till Sep-22), total bank deposits have shown an accretion of ₹77 lakh crore. Within that, term deposits have increased by ₹66 lakh crore.

**(Cont.)**



“A secure interest rate regime and risk averse sentiment have worked in favour of garnering bank deposits at a faster pace, “the report said.

On the other hand, net AUM of mutual funds rose by ₹26.1 lakh crore, in the same period, which is just about one-third of the pace of accretion in bank deposits.

Most of the mobilization was in equity funds, which increased by ₹10.8 lakh crore. Debt funds rose at a much slower pace of ₹4.8 lakh crore. The balance was from ‘others’ component which comprises hybrid schemes among others.

**Table 1. How Bank deposits and MFs have moved?**

Growth rates (YoY)	O/S Bank Deposits	w/w Term Deposits	AUM-MF (Debt)	AUM-MF (Equity)	Others	Total AUM	Sensex	WAD TDR
Mar-17	15.3%	12.3%	37.3%	40.7%	114.8%	42.3%	16.9%	6.97%
Mar-18	6.2%	6.1%	5.6%	37.9%	84.2%	21.7%	11.3%	6.67%
Mar-19	10.0%	10.0%	2.7%	19.0%	28.0%	11.4%	17.3%	6.89%
Mar-20	7.9%	8.0%	1.2%	-32.4%	37.8%	-6.4%	-23.8%	6.38%
Mar-21	11.4%	10.9%	23.1%	66.0%	55.5%	41.2%	68.0%	5.28%
Mar-22	8.9%	8.6%	-7.0%	37.2%	49.7%	19.5%	18.3%	5.03%
FYTD23	2.5%	2.9%	-14.1%	13.8%	21.7%	4.6%	0.6%	5.29%

Source: SEBI, Bank of Baroda Research, Note: FYTD: Apr-Sep, \*: As on Aug-22 WADTDR: weighted average domestic term deposit rates

As per the report, the table shows that, bank deposits have grown at a double-digit rate in three out of the six years. In these years (except March 2021), interest rates on term deposits (weighted average domestic term deposit rate-WADTR) remained favourable in the range of 6.89-6.97%.

Further, equity mutual funds have also shown steady growth and the movements corroborate with those in Sensex.

For example, in FY20 when Sensex fell sharply by 23.8%, AUM-MF (equity) also declined by 32.4%. In FY21, as Sensex rose by 68%, AUM-MF (equity) also picked up by 66%.

In FY23 however, while the Sensex has moved up marginally equity funds have witnessed high growth of 13.8% as risk appetite has increased in a regime of low interest rates. Interestingly, the WADTDR has increased during this period though low at 5.29%.

In case of debt mutual funds, growth was in double digits for only two years where even bank deposits grew at a similar rate. In FY21 as consumption was restricted, savings increased in all the three avenues i.e. deposits, debt funds and equity funds.

The data showed that growth in AUM has been higher than that of deposits in all the year barring FY20 which was affected by the month-end panic caused by the announcement of the lockdown. This was due to both a lower base as well as increasing interest of households in mutual funds. As per the report, mutual funds provide a safer way by pooling resources and investing the same based on professional judgment. However, within various mutual funds schemes, debt funds have still not caught on relative to equity and hybrid ones. A rather under developed secondary market and a more complex market to understand could be the reasons behind this phenomenon, said the report.



# MINT 20 MUTUAL FUND SCHEMES TO INVEST IN



We have hand-picked 20 mutual funds for your portfolio that have jumped through hoops of good returns, low risk, good portfolio hygiene and our own qualitative research. We have restricted the choice universe to 10 categories out of the total 37 and given you at least two options to pick from each.

EQUITY	3-years return (%)	5-years return (%)	Corpus (₹ cr)
<b>LARGE-CAP</b>			
UTI Nifty Index Fund - Growth	<div><div></div></div> 15.49	<div><div></div></div> 12.45	8,354
HDFC Index Fund - Nifty 50 Plan	<div><div></div></div> 15.23	<div><div></div></div> 12.26	6,776
<b>Category average</b>	<div><div></div></div> 15.02	<div><div></div></div> 12.11	
<b>EQUITY FLEXICAP</b>			
Canara Robeco Flexi Cap	<div><div></div></div> 17.48	<div><div></div></div> 13.22	8,243
Parag Parikh Flexi Cap	<div><div></div></div> 22.87	<div><div></div></div> 16.66	26,033
<b>Category average</b>	<div><div></div></div> 16.63	<div><div></div></div> 11.31	
<b>EQUITY SMALL AND MIDCAP</b>			
Axis Midcap	<div><div></div></div> 20.53	<div><div></div></div> 16.30	19,462
SBI Small Cap	<div><div></div></div> 29.78	<div><div></div></div> 17.22	14,494
<b>Category average Midcap</b>	<div><div></div></div> 23.56	<div><div></div></div> 12.72	
<b>Category average Smallcap</b>	<div><div></div></div> 28.06	<div><div></div></div> 13.88	
<b>EQUITY (TAXSAVER)</b>			
Canara Robeco Equity Tax Saver	<div><div></div></div> 20.46	<div><div></div></div> 15.38	4,176
Mirae Asset Tax Saver	<div><div></div></div> 19.52	<div><div></div></div> 14.03	12,925
<b>Category average</b>	<div><div></div></div> 16.45	<div><div></div></div> 10.71	
<b>HYBRID</b>			
<b>BALANCED ADVANTAGE</b>			
Edelweiss Balanced Advantage	<div><div></div></div> 14.43	<div><div></div></div> 10.44	8,683
ICICI Prudential Balanced Advantage	<div><div></div></div> 12.14	<div><div></div></div> 9.97	42,989
<b>Category average</b>	<div><div></div></div> 10.56	<div><div></div></div> 8.26	
<b>ARBITRAGE</b>			
Kotak Equity Arbitrage	<div><div></div></div> 4.16	<div><div></div></div> 5.03	22,408
Tata Arbitrage	<div><div></div></div> 4.17	NA	6,975
<b>Category average</b>	<div><div></div></div> 3.88	<div><div></div></div> 4.79	

(Equity and Hybrid Schemes only)

(Source:- [Economicstimes](#), [Moneycontrol](#), [Livemint](#), [Cafemutual](#), [IBJARates](#), [AMFI](#) Etc.)