Sakthi Financial Services

Weekly Update

13th December 2021

Vol: - 21.22.32

SENSEX	NIFTY	USD	GOLD (10 grams)	CRUDE
58786.67	17511.30	75.76	47544.00	5375.00

Market to react domestic data, global central bank's policy outcome: Experts

Indian benchmark indices ended with nearly 2 percent gain during the week ended December 10 on supportive global markets and easing omicron fears, while in-line RBI policy outcome also boosted the investors' sentiments. In the last week, BSE Sensex added 1,090.21 points (1.88 percent) to close at 58,786.67, while the Nifty50 rose 314.6 points (1.82 percent) to end at 17,511.3 levels.

The coming week is going to be critical for the markets as we have some important data and events are lined up. First, participants will react to the IIP data on Monday. Both CPI and WPI inflation data are also scheduled in the following sessions. The primary market will see 3 IPOs, HP Adhesives, Data Patterns, Medplus Health Services, opening for subscription next week. Importantly, we have the US Fed meet also scheduled and they will announce the outcome on December 15. Apart from these data, the updates on the global COVID situation will remain on participants' radar. Though the fear about the new COVID variant has subsided, we're still seeing volatility across the globe and expect the trend to continue next week as well. Going ahead, we feel the recovery would remain uneven thus recommend continuing with a positive yet cautious approach. On the index front, Nifty would face resistance around 17,600 and 17,800 zone while on the downside 17,300-17,150 zone would act as a cushion in case of any dip. Since we're seeing a mixed trend across sectors, the focus should be on stock selection. Domestic inflation data and the FOMC meeting will be crucial events that will dominate movements in the Indian benchmark indices. Because the RBI provided no guidance on the rate hike timeline, all eyes will be on the stand FOMC adopts on tapering and interest rate hike trajectory. While it is widely expected that the FED will consider the intensity of the Omicron variant before aggressively preponing tapering plans, any surprises in the announcements can cause choppy movements. Thus, investors should remain cautious and consider value investing till the markets continue to let off steam from excess valuations.

The market will remain busy this week to deal with outcomes of the policy of global central banks where the decision of the US Fed will be the most important that is scheduled on 15th December. European Central Bank, Bank of England, Swiss National Bank, and Bank of Japan will also come out with their monetary policies next week. The recently announced US inflation numbers are in line with expectations and it was not as bad as there was fear therefore the market is not expecting any negative surprise from the US Fed. Technically, Nifty slips below the 16900 level two times but managed to close above this level, and it created a kind of double bottom formation around that level however 17500-17615 is a critical resistance zone; above this, we can expect a move towards the next important resistance zone of 17750-17950; above this zone, bulls will be in full confidence while bears will be on backfoot. On the downside, 17300-17250 will act as an immediate and strong support zone at any pullback while a move below this, may lead to selling pressure towards the 17000-16900 zone.

Equity mutual fund inflows rise to Rs 11,615 crore; Flexicap funds remain investor favourites

Inflows into equity mutual funds rose to Rs 11,615 crore in November, shows the monthly data released by AMFI. The inflows can be attributed to the slight correction in the market recently. Equity mutual funds have been witnessing inflows since March this year on the back of a strong rally in the market. Some mutual fund experts believe that the correction has been an opportunity to invest for many investors.

"Correction in the equity markets in the month of November provided investors a good investment opportunity. This was the 9th consecutive month of net inflows. Since March this year, equity-oriented funds have received net inflows of INR 85,381 crores. Before that, equity-oriented funds witnessed net outflows for eight consecutive months from July 2020 to Feb 2021 losing INR 46,791 crores. Clearly the trend has now reversed," said Himanshu Srivastava, Associate Director – Manager Research, Morningstar India.

Most of the investors found the correction in the market as good entry point and many preferred to stay invested which is evident from the low redemption numbers of INR 17,476 crores compared to INR 23,456 crores in October, thus highlighting the positive sentiments among investors.

The mutual fund industry registered net inflows of Rs 46,165 crore in November pushing the assets under management of the industry to an all-time high of Rs 38 lakh crore at November-end. Within the equity segment, flexi cap funds saw highest net inflow worth Rs 2,660 crore. Flexi cap has been garnering big inflows in the past few months. The number of SIP accounts rose to 4.78 crore as on November 30 from 4.64 crore on October 31, while the monthly SIP contribution breached the Rs 11,000-mark for the first time ever, ending at Rs 11,004.94 crore.

"Despite rising uncertainty owing to feared third wave of the pandemic, and extreme equity market volatility, retail investors continue to benefit and hence also stick to displaying trust on the disciplined SIP mode of savings in mutual funds. On the back of accommodative RBI policy stance, with focus on economic revival and growth and keeping inflation within target, we expect MF industry to continue to report robust growth, and deliver value to its investors beyond 2021, in the years to come, " said NS Venkatesh, AMFI Chief Executive.

The debt mutual fund segment saw net inflows of Rs 14,893 crore in November. Liquid funds, medium to long duration funds, short duration funds and credit risk funds saw net inflows in November. Hybrid mutual fund category also saw net inflows of Rs 9,422 crore. Passively managed funds continued to attract significant investor interest. During the month 2 index funds and 1 Other ETFs funds were launched which cumulatively accumulated Rs 359 crores. However, existing funds continue to witness strong net inflows. In November, Index Funds and Other ETFs category received net inflow of INR 3,521 crores and INR 6,483 cores respectively.

SEBI issues guidelines on usage of pool funds by mutual funds

The Securities and Exchange Board of India (SEBI) on Friday clarified on usage of pool funds by mutual funds. The regulator said these asset managers should have internal policies approved by its board and trustees to ensure that adequate operational processes and internal controls are in place to segregate and ring-fence the assets and liabilities of each scheme along with segregation and ring-fencing of securities and bank accounts.

At present, fund houses are allowed to use pool accounts only for transactions that are executed at the mutual fund level owing to operational and regulatory requirements with certain conditions.

SEBI said, at the end of day, the assets and liabilities of each scheme shall be segregated and ring-fenced from other schemes of the mutual fund and bank accounts and securities accounts of each scheme shall be segregated and ring-fenced.

The pool accounts for both securities and funds should have nil balance at end of the day. Also, if the funds lying in the pool bank account of the mutual fund are not identified, due to the reasons beyond the control of the AMC, the same should be transferred to the respective scheme account, SEBI said.

SEBI asks mutual funds, alternate investment funds, portfolio managers to disclose investors charter, complaint data

Markets regulator Sebi on Friday asked mutual funds, portfolio managers and alternate investment funds (AIFs) to disclose investors' charter as well as data pertaining to complaints they received.

For mutual funds and portfolio managers, Sebi said they are advised to disclose the investor charter on their websites, as per separate circulars.

For AIFs, Sebi said they should bring investor charter to the notice of investors through private placement memorandum(PPM) in case of new schemes and for existing schemes, as a one-time measure, they should disclose it to the investors on their registered e-mail.

In addition, mutual funds are required to disclose the details of investor complaints on their respective websites as well as on the AMFI website on a monthly basis in the prescribed format.

Further, mutual funds are advised to display links/options to lodge complaints with them directly on their websites and mobile apps. Additionally, the link to SCORES website and the link to download the mobile application shall also be provided on their website. Portfolio managers also need to disclose the data on their websites pertaining to complaints including SCORES complaints, on monthly basis.

The data needs to be disclosed latest by the seventh of the succeeding month, Sebi said in separate circulars.

In case of AIFs, they have to disclose investors' complaints data as a separate chapter in the PPM, for new schemes. For existing schemes, such data needs to be disclosed by way of updating the PPM within one month of the end of each financial year.

"For effective monitoring, AIFs shall maintain data on investor complaints ...as which shall be compiled latest within 7 days from the end of the quarter," Sebi said.

(Cont.)

Disclosures have to be made in formats prescribed by the regulator. The move is aimed at bringing further transparency to the investor grievance redressal mechanism. These disclosure requirements are in addition to those already mandated by Sebi. The circulars will come into effect from January 1, 2022.

Mutual funds: SEBI extends deadline for risk management framework implementation till April 2022

Sebi on Friday extended the deadline till April 1 next year for implementing the risk management framework for mutual funds as well as the two-tier structure for benchmarking of certain categories of schemes. The implementation was to come into force from January 1, 2022.

Meanwhile, the watchdog has come out with guidelines on the usage of pool accounts by mutual funds as well as norms for investment in Bills Re Discounting Scheme (BRDS).

All these decisions have been taken after receiving representations from the Association of Mutual Funds in India (AMFI).

As per the rules, trustees and Asset Management Companies (AMCs) will have to ensure that the assets and liabilities of each scheme are segregated and ring-fenced from other schemes of a mutual fund. Also, bank accounts and securities accounts of each scheme should be segregated and ring-fenced.

However, the securities or funds held in the pool accounts at the mutual fund level are duly segregated scheme-wise and are appropriately reflected in the books of the respective schemes at the end of the day.

The pool accounts for both securities and funds should have a nil balance at end of the day.

The risk management framework for the mutual funds, whose implementation has now been extended till April 1, 2022, has certain mandatory and recommendatory elements. AMCs need to perform a self-assessment of their risk management framework and practices and submit a report to Sebi along with the roadmap for its implementation.

With regard to the two-tier structure for benchmarking certain categories of schemes, Sebi had said the first tier benchmark will be reflective of the category of the scheme and the second tier benchmark will be demonstrative of the investment style/strategy of the fund manager within the category.

The second tier benchmark is optional and will be decided by the AMCs according to the investment style/strategy of the index.

The implementation of the benchmarking requirements has also been extended till April 1, 2022.

The new benchmarking guidelines will be applicable for schemes like debt-oriented, equity-oriented, hybrid and solution, thematic, index funds and exchange-traded funds (ETFs) and Fund of Funds Schemes (FoFs).

SBI MF to distribute Rs 985 crore to Franklin unitholders this week

SBI Mutual Fund will distribute the eighth tranche of Rs 985 crore to unitholders of Franklin Templeton Mutual Fund's six shuttered schemes, from Monday. After the payout, the schemes would have returned Rs 26,098.19 crore to unitholders amounting to 103.50% of the AUM as on April 23, 2020, said a statement by Franklin Templeton Mutual Fund.

Here's how the eighth tranche will be distributed among the unit holders of various schemes:

Scheme	Cash available for distribution as on 10 December 2021 (INR cr)*	AUM (INR cr) as of 10 December 2021	Distributable Amount as a % of AUM	Total distribution as a % to 23 April 2020 AUM
	A	B	C = A / B	D
Franklin India Ultra Short Bond Fund (FIUBF)	478.15	757.69	63.11%	105.41%
Franklin India Low Duration Fund (FILDF)	22.10	65.11	33.94%	110.29%
Franklin India Short Term Income Plan (FISTIP)	178.55	725.26	24.62%	96.33%
Franklin India Income Opportunities Fund (FIIOF)	163.51**	163.51**	100%	107.60%
Franklin India Credit Risk Fund (FICRF)	52.60	374.36	14.05%	103.27%
Franklin India Dynamic Accrual Fund (FIDA)	88.90	173.82	51.14%	103.17%
Total	**983.81**	**2259.75**	**44%**	**103.50%**

**NRI investors will receive their payment after deduction of TDS*
*** based on NAV of 12 December 2021*

CAMS has said that the payment will be made electronically to all eligible unitholders by SBI MF. In case the unitholders' bank account is not eligible for an electronic payment, a cheque/demand draft will be issued and sent to their registered address by SBI MF. Further, unitholders whose distributable amounts are less than Re.1 will not receive any payments. An account statement will be sent to all unitholders showing details of units extinguished and payment made.

However, unitholders holding units in a demat account may contact their Depository Participant (DP) for a transaction statement. For capital gains statement, unitholders may request the same via CAMS/FT website, call centre or from their registered email ID.

The payment to all investors whose accounts are KYC compliant with all details available will commence from 14 December 2021. The distribution for the unitholders, whose PAN/KYC, FATCA/UBO, minor through guardian or Transmission details / documentation are not available/ invalid, will be made after completion of the regulatory/ compliance requirements.

Gold ETFs attract Rs 683 crore in November on emergence of Omicron - Gold exchange traded funds (ETFs) continue to attract investor attention and have garnered net assets worth Rs 683 crore in November, as correction in the prices of the yellow metal and Omicron worries pushed investors towards safe haven assets.

NEW FUND OFFER (NFO)

ICICI Prudential Midcap 150 Index Fund

New Fund Launch Date	03-Dec-2021
New Fund Offer Closure Date	17-Dec-2021
Objective of Scheme	The investment objective of the scheme is to provide investment returns closely corresponding to the total returns of the securities as represented by the Nifty Midcap 150 Index before expenses, subject to tracking errors. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved.
Scheme Type	Open Ended
Scheme Category	Equity Scheme - Mid Cap Fund

Mahindra Manulife Balanced Advantage Yojana

New Fund Launch Date	09-Dec-2021
New Fund Offer Closure Date	23-Dec-2021
Objective of Scheme	The investment objective of the Scheme is to provide capital appreciation and generate income through a dynamic mix of equity, debt and money market instruments. The Scheme seeks to reduce the volatility by diversifying the assets across equity, debt and money market instruments. However, there can be no assurance that the investment objective of the Scheme will be achieved.
Scheme Type	Open Ended
Scheme Category	Hybrid Scheme - Dynamic Asset Allocation or Balanced Advantage

(Source:- Economictimes, Moneycontrol, Livemint, Cafemutual, IBJArates, AMFI,etc.)