

SENSEX	NIFTY	USD	GOLD (10 grams)	CRUDE
59744.65	17812.70	74.30	47583.00	5584.00

## Indian markets to attract more high-value investors through next few years

The start of a new year is the time to review the year gone by and draw up the blueprint for the year ahead.

A review of the year just passed shows that the equity markets continued to put up a strong show since April 2020 and throughout 2021. This was aided by the ultra-loose monetary policies of global central banks and abundant global liquidity.

The Nifty was up over 20 percent in 2021 and the rally was broad-based. The year 2021 will also be remembered for a host of new-age companies tapping the capital market with their public issues and drawing record subscriptions. Inflation has been benign for most part of 2021. Low interest rates in the economy and the low prevailing yields for high-quality debt funds made high net-worth individual (HNI) investors increase their investments in the direct debt and structured products which offer relatively attractive returns.

But the run-up in equities through the last 20-odd months has left little valuation comfort. Investors will need to be a lot more circumspect with respect to where to invest going forward. They should stick to their asset allocation and also moderate return expectations from equities in 2022. One needs to consider the nature of the business, quality of management and valuation while deciding which company to invest into. Investing a portion of the portfolio in international equities from a diversification perspective is also recommended.

Given the prospect of a further pick-up in inflation and recovery gathering momentum, there are chances that the RBI and global central banks may raise interest rates from early 2022.

Liquidity may also be reined in by the central banks. Due attention will need to be given to fixed income investment avenues so that there is a minimal mark-to-market impact on the portfolio while earning a reasonable yield. Products such as Real Estate Investment Trust (REIT) and Infrastructure Investment Trust (InvIT) are likely to attract higher investor interest in such an environment. Both REITs and InvITs provide regular income in the form of dividend, interest payments and/or return of capital (amortization of debt).

Investments in long or short funds which follow an absolute return strategy and seek to provide capital appreciation with low volatility may also see increasing participation.

From a wealth management industry perspective, we have seen a significant rise in the number of HNIs and UHNIs (ultra-high net-worth individuals) in India over the last few years driven by factors such as a booming start-up ecosystem, an increasing number of unicorns and a rising share of organised sector in the economy. We expect this trend to continue for the next several years. We also believe that digitisation will ensure the ease of access to information and financial products which, in turn, will broaden the investor base and allow HNIs based in Tier II and Tier III locations to access capital markets.

## Mindtree, IRCTC and Zomato among 13 new entrants in Largecap space: AMFI

AMFI has introduced 13 new names in the large-cap category in the latest reclassification exercise. The companies which have moved from mid-cap to large-cap bucket include Mindtree, SRF, IRCTC, Tata Power, Mphasis, Godrej Properties, Macrotech Developers, Bharat Electronics and JSW Energy.

Among the fresh listings in stock exchanges in the past six months, Zomato, Nykaa, Paytm and Policy Bazaar made it to the large-cap category.

The cut-off to qualify as a large-cap company increased to Rs. 47,600 crores from Rs. 37,746 crores during the previous reclassification in July 2021. The cut-off for mid-cap companies rose from Rs. 11,820 crores to Rs. 16,200 crores.

Companies which were demoted from large-cap to mid-cap category include Bandhan Bank, Bosch, Cholamandalam Invest, P&G Hygiene, Aurobindo Pharma, among others.

Star Health, Clean Science and Aditya Birla Sun Life AMC were among the fresh listings to enter the mid-cap space.

Among the ones to be elevated from small-cap to mid-cap category are Gujarat Fluorochemicals, Happiest Minds, Central Bank of India, India Energy Exchange, among others.

<b>Midcap to Largecap</b>	<b>Largecap to Midcap</b>
Mindtree	Bandhan Bank
SRF	Bosch
IRCTC	Cholamandalam Invest
Tata Power	P&G Hygiene & Health
Mphasis	Aurobindo Pharma
Godrej Properties	NMDC
Macrotech Developers	Lupin
Bharat Electronics	Bank of Baroda
JSW Energy	Biocon
	Colgate
<b>New Listings</b>	Punjab National Bank
Zomato	Honeywell Automation India
Nykaa	YES bank
PayTm	

## Latest MF rankings: SBI, ICICI Prudential cement top spots with over 5% AUM growth

YES, Quant, PPFAS and PGIM India witness fastest AUM growth in the third quarter of FY 2021-2022. The continued high inflows in mutual fund schemes helped the industry post healthy growth in AUM in the last quarter despite subdued performance of key market indices.

The top mutual fund player SBI MF recorded a 9% growth in AUM in the previous quarter. This led to its AUM rising to Rs.6.28 lakh crore from Rs.5.78 lakh crore in the September quarter.

Second-ranked ICICI Prudential MF registered an AUM growth of 5%. Its assets surged by Rs. 20,343 crores to Rs. 4.67 lakh crore in the previous quarter.

The rankings saw the addition of one new player — NJ Mutual Fund. Principal MF was missing from the list due to acquisition by Sundaram MF.

### **MF rankings as per AUM (Third quarter of FY 2021-2022):**

Mutual Fund	Average AUM (Dec Qtr)	Average AUM (Sep Qtr)	Change	%Change
SBI	6,27,589	5,78,166	49,423	9%
ICICI Prudential	4,67,461	4,47,118	20,343	5%
HDFC	4,47,089	4,38,926	8,163	2%
Aditya Birla Sun Life	2,98,763	2,98,898	-135	0%
Kotak Mahindra	2,85,260	2,69,234	16,026	6%
Nippon India	2,80,601	2,65,459	15,142	6%
Axis	2,53,450	2,38,177	15,273	6%
UTI	2,24,671	2,08,971	15,700	8%
IDFC Mutual Fund	1,25,141	1,26,357	-1,216	-1%
DSP Mutual Fund	1,10,614	1,07,290	3,324	3%
Mirae Asset Mutual Fund	99,533	90,690	8,843	10%
Tata Mutual Fund	83,554	77,010	6,544	8%
L&T Mutual Fund	79,550	78,273	1,277	2%
Edelweiss Mutual Fund	70,434	61,282	9,152	15%
Franklin Templeton Mutual Fund	65710.04	63,345	2,365	4%
Invesco Mutual Fund	45,106	42,881	2,225	5%
Canara Robeco Mutual Fund	45,049	39,344	5,705	15%
Sundaram Mutual Fund	34362.09	33,377	985	3%
Motilal Oswal Mutual Fund	31,418	30,012	1,406	5%
PPFAS Mutual Fund	21,684	15,943	5,741	36%
LIC Mutual Fund	19,354	18,040	1,314	7%
PGIM India Mutual Fund	14,702	11,185	3,517	31%
Baroda Mutual Fund	12,769	11,953	816	7%

**(Cont.)**

Mutual Fund	Average AUM (Dec Qtr)	Average AUM (Sep Qtr)	Change	%Change
HSBC Mutual Fund	12,449	11,314	1,135	10%
BNP Paribas Mutual Fund	9,117	8,745	372	4%
Union Mutual Fund	8,100	7,300	800	11%
Mahindra Manulife Mutual Fund	7,911	6,687	1,224	18%
Quant Mutual Fund	4,664	3,301	1,363	41%
IDBI Mutual Fund	4,433	4,344	89	2%
IIFL Mutual Fund	3,750	3,128	622	20%
NJ Mutual Fund	3,697	—	—	—
BOI AXA Mutual Fund	2,727	2,494	233	9%
ITI Mutual Fund	2,407	1,983	424	21%
JM Financial Mutual Fund	2,020	2,089	-69	-3%
Quantum Mutual Fund	1,858	1,829	29	2%
IL&FS Mutual Fund (IDF)	1,280	1,385	-105	-8%
Trust Mutual Fund	1,137	1,033	104	10%
Navi Mutual Fund	930	867	63	7%
Indiabulls Mutual Fund	653	655	-2	0%
IIFCL Mutual Fund (IDF)	618	612	6	1%
Taurus Mutual Fund	538	539	-1	0%
Shriram Mutual Fund	227	217	10	5%
YES Mutual Fund	139	46	93	202%

*\*All numbers are in Rs crore*

## Sundaram MF acquires Principal MF, appoints Ravi Gopalakrishnan as CIO-Equity

Sundaram Mutual Fund has completed the acquisition of Principal Mutual Fund and appointed Ravi Gopalakrishnan as Chief Investment Officer - Equity.

In a press release, Harsha Viji, Executive Vice Chairman, Sundaram Finance said, "We are delighted to have Ravi on board. He is a strong cultural fit with a down-to-earth and process-based approach to managing funds as well as teams. I am sure his induction will aid our aspiration to deliver superior customer delight through consistency of performance and wealth creation."

Sunil Subramaniam, Managing Director, Sundaram Mutual said, "Sundaram Mutual has a strong equities-oriented franchise, a solid geographic and distribution footprint which has been significantly enhanced by the Principal MF's acquisition. I am confident that Ravi, with his dozen years of experience in leading equity investment teams and with a good recall in the distribution fraternity will help our institution scale greater heights."

## Mutual fund disclaimers should flow at same speed as rest of ad:

### Piyush Goyal

Peeved at [mutual funds](#) rushing through disclaimers in television commercials, [Union Minister Piyush Goyal](#) on Wednesday said the critical information should flow at the same speed as the rest of the advertisement.

The [commerce minister](#), who also holds the consumer affairs portfolio, added that he is willing to change the regulations if needed to ensure that the over Rs 37 lakh crore MF industry falls in line.

"They (the ads) read out the disclaimer very, very fast which you can't even understand. The disclaimer should be prominent and at the same tone or speed as the rest of the advertisement. You can't rush through a disclaimer, it loses the purpose of the disclaimer," Goyal said while addressing an NSE event.

"If you need any help, I am happy to arrange for it through consumer protection rules from the consumer affairs ministry or the consumer protection laws," he said.

"But it is imperative that investors should know or invest with their eyes open when they are coming into the exchange or any (financial) product," the minister added.

Earlier, he asked the stock exchanges to evolve a common know your customer (KYC) platform which can be used by a variety of financial entities and can ensure swifter entry of an investor or participant on to a platform.

## The year Indians swore faith to mutual funds

Patience pays, and more and more retail investors like you and me seem to be following this mantra now. The practice of staying invested in equity mutual funds (MFs) for more than two years has become more cemented during the pandemic, data suggests. So much so that retail investors are holding onto their nerves even amidst a wobbly stock market of late.

Nearly 55% of the retail equity MF holdings as of September 2021 had stayed in the market for more than two years, shows latest available data from Association of Mutual Funds in India. This is a considerable improvement from a 46.7% share in September 2019. The share for high-net-worth individuals has also risen sharply from 32% in September 2019. Even after a dip of late, it was 43% in September 2021.

Sahil Kapoor, head of products and market strategist at DSP Mutual Fund, attributed this to a combination of factors. "One, with the rise in the market, the assets under management (AUM) would have itself increased without even more participation," he said. "Second is the lack of attractiveness of alternative assets."

The discipline has helped investors excellent returns amidst the surging markets since 2020. All the equity scheme categories have given a double-digit return in the last two to three years, with some delivering up to an annualized 40%. "Investors need to acknowledge that equity investing is a long-term approach, there will be periods of superlative returns which could be followed by periods of flattish or volatile markets," said Kavitha Krishnan, senior research analyst, Morningstar India.



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## New Fund Offer(NFO)

Scheme Name	Axis Nifty Next 50 Index Fund	Mirae Asset Nifty India Manufacturing ETF Fund of Fund
<b>Objective of Scheme</b>	To provide returns before expenses that closely corresponds to the total returns of the NIFTY NEXT 50 subject to tracking errors. However, there can be no assurance that the investment objective of the Scheme will be achieved.	The investment objective of the scheme is to provide long-term capital appreciation from a portfolio investing predominantly in units of Mirae Asset Nifty India Manufacturing ETF. There is no assurance that the investment objective of the Scheme will be realized.
<b>Scheme Type</b>	Open Ended	Open Ended
<b>Scheme Category</b>	Other Scheme - Index Funds	Other Scheme - FoF Domestic
<b>NFO Period</b>	07/01/2022 - 21/01/2022	10/01/2022 - 24/01/2022
<b>Minimum Subscription Amount</b>	Rs. 5,000 and in multiples of Re. 1/- thereafter	Rs. 5,000 and in multiples of Re. 1/- thereafter

(Source: - AMFIindia, Moneycontrol, Economicstimes, IBJArates, Cafemutual, Livemint, etc.)