

SENSEX 49591.32	NIFTY 14834.85	USD 75.46	GOLD (10 grams) 46375.00	CRUDE 4506.00
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NEWS

Mutual fund assets soar 41% to Rs 31.43 lakh cr in FY'21

Assets under management with the mutual fund industry jumped a whopping 41 per cent in fiscal 2021 to Rs 31.43 lakh crore, despite a minor 1 per cent decline in March, says a report. The 1 per cent decline in assets on monthly basis in March was because of net outflows from open-ended debt funds, even though open-ended equity funds for the first time in June 2020 recorded net inflows, according to the industry data collated by CRISIL on Friday.

SBI Mutual Fund asset base crosses Rs 5 lakh crore mark

SBI Mutual Fund (MF) on Thursday said its asset base has crossed Rs 5 lakh crore mark in the March quarter, becoming the first fund house in the country to achieve such a feat. The fund house's average asset under management (AAUM) rose to Rs 5.04 lakh crore in 2020-21 from Rs 3.73 lakh crore in the preceding fiscal, recording a growth of 35 per cent, SBI MF said in a statement.

Equity mutual funds record first net inflows in nine months

Inflows amounted to ₹9,115 crore in March, driven by categories like ELSS, sectoral, focus and flexi-cap funds. Collections through systematic investment plans (SIPs) rose to ₹9,182 crore, from ₹7,528 crore in February, though industry attributes about ₹500 crore as spill over from February due to a short month.

Debt funds saw outflows of ₹52,528 crore, as corporate investors withdrew money to pay advance tax and make other year-end balance sheet adjustments, taking average assets under management (AUM) to ₹32.17 lakh crore. That's marginally lower than previous month's ₹32.29 lakh crore.

NEWS

Investors in shut Franklin MF debt schemes to get Rs 2,962 crore more

SBI Funds Management (SBI MF) will distribute the next tranche of Rs 2,962 crore to unitholders of Franklin Templeton Mutual Fund's six shuttered schemes during the coming week.

SBI MF has already distributed Rs 9,122 crore to investors as directed by the Supreme Court earlier. SBI MF would be distributing the next tranche of Rs 2,962 crore to unitholders across all six schemes. "The payment to all investors whose accounts are KYC compliant with all details available will be made during the week of April 12, 2021," a Franklin Templeton MF spokesperson said on Sunday. The amount to be paid to unitholders will be paid by extinguishing proportionate units at the net asset value dated April 9, he added. The payment will be made electronically to all eligible unitholders by SBI MF, which has been appointed as the liquidator for the schemes under winding up by the Supreme Court.

Monthly gross SIP inflows now at Rs.9200 crore

The financial year 2021 ended on a positive for the Rs.32 lakh crore MF industry. In March 2021, the MF industry has recorded gross monthly SIP inflows of close to Rs.9200 crore. In addition, after witnessing net outflows for nine consecutive months, equity funds have finally seen net inflows of Rs.9,115 crore last month.

NS Venkatesh, AMFI, CEO said, "On debt side, quarter end phenomenon has played out with corporates redeeming their allocations to fulfil their tax mandates. However, corporate bond fund, dynamic bond and floater fund have seen positive flows owing to investors preferring to take advantage of the flexibility offered by the duration strategy, and RBI preferring accommodative stance to help pursue growth over inflation. On the retail equity-oriented schemes, arbitrage and dynamic asset allocation strategy along with mid-cap have witnessed maximum flows, reflective of smart distribution and diversification of their long-term savings."

SIP trend

Gross monthly inflows through SIP are now Rs.9,182 crore. It has increased from Rs.7,528 crore inflows in February and Rs.8,023 crore in January. In addition, SIP folios have grown to 3.72 crore in March from 3.63 crore in February. Overall, SIP AUM has increased to Rs.4.27 lakh crore in March as against Rs.4.21 lakh crore in February 2021.

Dynamic Asset Allocation Funds

The stock market staged a big turnaround after the big crash in March of 2020. The market (Sensex / Nifty) is now trading near its all-time high. Many investors may be wondering what do now. Asset allocation helps investors balance risk and returns. Research has shown that asset allocation is one of the most important factors in portfolio performance.

There are broadly two types of asset allocation strategies: -

Static asset allocation: In this strategy, asset allocation (i.e., equity and fixed income allocations) is maintained within certain ranges irrespective of market movements. Hybrid funds which follow this strategy specify the ranges of equity and fixed income allocations in their Scheme Information Document (SID). For example, an aggressive hybrid fund may maintain equity allocation between 65 – 80% and fixed income allocation between 20 – 35% (please refer to the SIDs to know about the asset allocation ranges of different hybrid funds).

Dynamic asset allocation: In this asset allocation strategy, you continuously adjust your asset allocation mix depending on market conditions i.e., you will increase or decrease your allocations to equity and fixed income on an on-going basis depending on market movements using some models which have been back-tested to check their performance in different market conditions. Funds which follow this strategy are called dynamic asset allocation or balanced advantage or dynamic equity funds.

Benefits of dynamic asset allocation funds

Dynamic asset allocation is based on a set of rules (mathematical models) which changes asset allocation based on market conditions instead of relying on human judgement.

Dynamic asset allocation is aimed at reducing risk depending on market conditions e.g., a dynamic asset allocation fund may reduce equity exposure when the market is high.

Dynamic asset allocation funds aim at providing stability across different market conditions – they change their risk profile depending on market conditions. It is done with the view of optimizing risk and return over sufficiently long investment horizons.

(Cont.)

Dynamic asset allocation funds usually enjoy equity taxation since they use hedging / arbitrage to reduce active (net) equity exposure depending on market conditions. However, investors should consult with their financial advisors to know the taxation of hybrid funds before investing.

Asset Allocation

Equity: Dynamic asset allocation funds usually try to maintain minimum 65% gross equity exposure to ensure equity taxation. Net equity allocation is determined by the dynamic asset allocation model of the scheme. The difference between gross and net equity exposures is covered by hedging.

Fixed income: Fixed income allocation is determined by the asset allocation model. In order to ensure equity taxation, these schemes usually cap fixed income allocation at 35%.

Arbitrage: The hedged portion of the portfolio has three objectives. (1) Reduce risk (net equity exposure), (2) ensure equity taxation and (3) generate arbitrage (risk free) profits by exploiting price differences of the same underlying asset in different market segments e.g., cash and derivatives segments.

Types of dynamic asset allocation models

Counter-cyclical dynamic asset allocation: Hybrid schemes using this strategy gradually reduce equity exposure when valuations increase and vice versa. These schemes essentially follow the age-old investment wisdom of buying low and selling high.

Pro-cyclical dynamic asset allocation: A few hybrid schemes using this strategy usually follow the market trend. They increase equity exposure when market is rising and reduce it when markets are falling. Pro-cyclical funds aim to benefit from momentum.

Most dynamic asset allocation hybrid funds follow the counter-cyclical approach. Some schemes may have a combined approach, where they use valuation-based counter-cyclical asset allocation as part of their core approach and pro-cyclical asset allocation as a tactical approach.

(Cont.)

Top performing Dynamic Asset Allocation Funds: -

Fund Name	NAV	6Mth	9Mth	1Yr	3Yr	5Yr	SI
HDFC BalanceAdva RP (G)	236.391	32.67%	34.83%	55.79%	8.95%	13.93%	16.60%
NIPPON INDIA Bal Adv (G)	109.672	15.76%	22.53%	37.59%	9.08%	12.50%	15.71%
Edelweiss BalAdv (G)	31.8	17.47%	25.15%	40.08%	12.29%	12.00%	10.45%
AdityaBSL Bal Adv (G)	66.06	15.73%	22.08%	41.26%	9.39%	11.89%	9.37%
ICICI Pru BalanceAdv (G)	44.37	14.21%	21.86%	43.50%	9.70%	11.79%	10.99%
InvescoInd DynEq (G)	33.39	10.75%	15.98%	30.90%	5.07%	10.47%	9.33%

Asset Allocation is the *KEY*

NFO Period :
April 16, 2021 to
April 30, 2021

HDFC
MUTUAL FUND
BHAROSA APNO KA

HDFC Asset Allocator Fund of Funds

New Fund Offer

Scheme Name	Scheme Type	Scheme Category	Launch Date	Closure Date	Minimum Subscription Amount
Aditya Birla Sun Life Fixed Term Plan - Series TE (1095 days)	Close Ended	Income	12-Apr-2021	19-Apr-21	Rs. 1,000/-
TRUSTMF Liquid Fund	Open Ended	Debt Scheme - Liquid Fund	08-Apr-21	22-Apr-21	Rs. 1,000/-

(Source: - [Economicstimes](#), [Moneycontrol](#), [IBJA\(Gold\)](#), [AMFI](#), [Livemint](#))

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