

**SENSEX**  
61223.03

**NIFTY**  
18255.80

**USD**  
74.15

**GOLD (10 grams)**  
48135.00

**CRUDE**  
6100.00

## Equity-oriented funds drive MF assets to record high at ₹37.7 lakh cr: Report

Driven by a surge in inflows into equity-oriented funds, assets under management (AUM) of mutual funds surged to a record high of ₹37.73 lakh crore in 2021, up 22 per cent from that in the previous year, says a report by CRISIL.

Moreover, the net incremental inflow of ₹6.70 lakh crore in 2021 is also a record over the previous peak of ₹4.80 lakh crore in 2017, and ₹4.5 lakh crore in 2020.

In percentage terms, the AUM rose as much as 22 per cent compared to 17 per cent in 2020, says the report which attributes the record numbers to the inflows into equity-oriented funds which hogged the lion's share in the year, unlike in the previous year when it saw net outflows.

According to the report, while net flows in the past two years -- when the markets were on a song after the pandemic induced bloodbath in the first half 2020--were similar at around ₹1.81 lakh crore each, the plot lines were starkly different with 2020 seeing sharp inflows into debt-oriented funds, and 2021 seeing equity-oriented funds cornering the bulk of inflows.

Hybrid funds also took a beating with over ₹53,000 crore outflows. However, passive funds continued to garner money, lapping up ₹62,000 crore, led by inflows from institutional investors like the Employees' Provident Fund.

In contrast, 2021 saw investors put a larger amount of their money in equity-oriented funds, drawn by the strong gains in the underlying equity markets.

While equity funds got net inflows of ₹91,000 crore, passive funds saw ₹1.14 lakh crore coming in and hybrid funds ₹1.02 lakh crore, with the latter two boosted by a spate of new fund offers, at 41 and 8 funds, respectively.

However, underperformance of actively managed funds, especially in the large-cap space whetted investor interest in the passives.

Meanwhile, SIPs logged net inflows of ₹1.14 lakh crore in 2021, crossing the ₹1 lakh crore mark for the first time since AMFI started declaring this data.

The year also saw ETFs becoming the largest MF category, while liquid funds lost sheen, benefitting from strong inflows from the EPFO and other pension trusts.

Together with new launches and individual investor interest, ETF assets overtook liquid funds as the largest MF category in 2021 closing with an AUM of ₹3.84 lakh crore, as against ₹3.61 lakh crore for liquid funds.

Debt funds, at the other end, saw net outflows of ₹35,000 crore in 2021 as investors shied away amid a fall in returns or waited on the side lines expecting interest hikes by the Reserve Bank, which never happened.

## Equity mutual funds get a record inflow in December

Fear of missing out, lack of alternate investment options and a trend of buying on every correction led to investors allocating ₹25,077 crore to equity mutual funds in December, the highest monthly net inflow into such funds yet. In November, the net inflow into equity MFs stood at ₹11,614 crore. Collections through systematic investment plans rose to ₹11,306 crore last month from ₹11,005 crore in November.

However, redemptions of ₹49,154 crore from debt funds saw the industry's assets under management (AUM) dip marginally to ₹37.92 lakh crore in December from ₹38.45 lakh crore in the previous month. All categories of equity funds got inflows, with the bulk of the money coming into multi-cap funds of ₹10,516 crore due to new fund offers (NFOs) of Axis Multicap, HDFC Multicap and IDFC Multicap fund. Investors also allocated ₹2,408 crore to flexi-cap and ₹1,578 crore to large-cap categories.

Amid high valuations, fund houses have been recommending these categories as the impact of a correction would be lower on large companies.

Within hybrid funds, investors continued to allocate to balanced advantage fund categories that are conservatively managed and allocate lower amounts to equity when valuations are steep. Amongst hybrid categories, balanced advantage funds saw highest inflows of 3,793 crore. Equity savings funds and conservative hybrid funds that allocate 10-40% to equities saw inflows of 285 crore and 305 crores, respectively.

## Strong retail flow helps domestic mutual funds improve share in Institutional AUM

The share of the domestic mutual funds in the total institutional equity portfolio value reached a multi-year high of 17% at the end of December 2021, the data from the NSDL show. Helped by a rising appetite of Indian households for equities amid lack of other lucrative investment alternatives, a higher share of domestic funds augurs well at a time when fund flow by foreign portfolio investors (FPIs) shows a greater volatility.

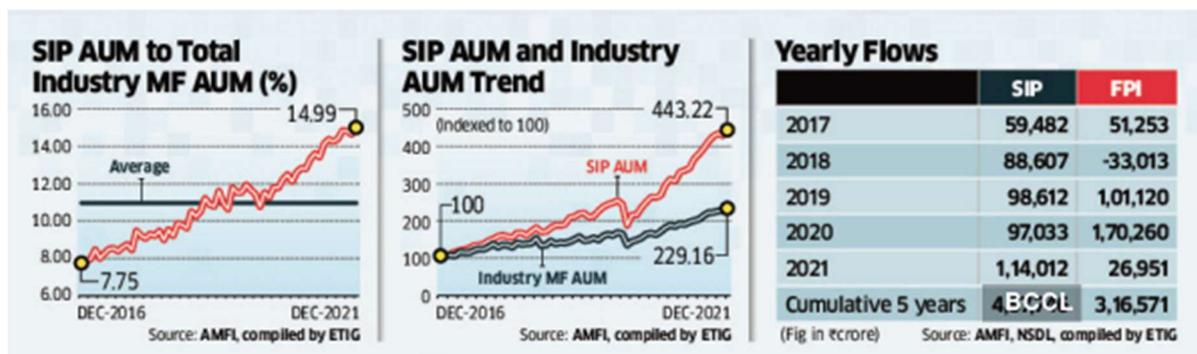
The equity assets under management (AUM) of domestic mutual funds (MFs) grew by 50% year-on-year to Rs 19.8 lakh crore at the end of 2021, faster than 41% growth in overall institutional equity AUM. The AUM of domestic funds grew at a faster clip than the total institutional AUM in each of the six months to December.

The MF equity exposure includes equity funds, balanced funds, solutions-oriented schemes and exchange traded funds (ETFs). The total equity portfolio of institutional funds includes investment by FPIs, MF, insurance companies, banks, alternative investment funds, and corporates. It was Rs 116 lakh crore in 2021, equivalent to around 45% of the total market capitalization of Indian equities.

## AUM share of SIP linked mutual funds at a record high in December

The share of assets under management (AUM) of the funds linked to the systematic investment plans (SIPs) reached a record 15% of the AUM of the mutual fund (MF) industry in December 2021, the data from the Association of Mutual Funds in India (AMFI) shows. The SIP AUM grew by 34.6% annually in the past five years compared with the 18% growth in the total MF AUM.

At Rs 5.6 lakh crore, the SIP AUM was nearly a quarter of the AUM of equity MFs and 2% of the total market capitalisation of Indian equities. According to industry estimates, nearly 90% of SIP inflows are deployed in the equity funds.



In 2021, the SIP linked funds saw an inflow of Rs 1.1 lakh crore. The SIP monthly book size expanded in each of the eight months to December. In the past five years, the cumulative SIP inflow was Rs 4.9 lakh crore, 1.6 times higher than the flow of foreign portfolio investors (FPIs). Average ticket size of a SIP investor was Rs 2,303 per account and its portfolio value was about Rs 1.2 lakh at the end of December 2021.

The equity MFs had a strong inflow of Rs 41,906 crore in the December 2021 quarter. Of this, 30% was mopped by new fund offerings. Consequently, the retail AUM including equity, hybrid and solution-oriented funds, touched Rs 18.3 lakh crore.

## ICICI Mutual Fund joins hands with US-based First Trust

ICICI Prudential Asset Management Company is joining hands with US-based First Trust, one of the world's leading managers of exchange traded funds and mutual funds, in what would be India's first overseas venture in the mutual fund industry since outbreak of the Covid pandemic two years ago.

The arrangement will allow individual investors from India to invest in offshore funds through the ICICI Prudential Mutual Fund feeder.

India's largest fund house manages about Rs 4.7 lakh crore (\$63.71 billion) of assets in the local market. First Trust is an international provider of enhanced index and actively managed ETFs. It also manages about \$147 billion of assets.

## 'Mutual fund, not cryptocurrency, is the preferred option of young investors'

Amid reports that cryptocurrencies are much more popular than mutual funds in India, a recent survey indicates that the situation may actually be other way around.

A study conducted by neo bank Dinero found that 59% of India's young population prefers investing in mutual funds rather than cryptocurrencies.

"59% of the respondents said they would prefer sticking to mutual funds as an investment option rather than opting for cryptocurrencies," the report said.

The survey saw participation from 500 investors aged between 19-30 years.

'Young investors seek guidance'

There's another finding in the survey that is contrary to the popular opinion that newer generation of investors prefer digital modes of investment and that they do not need investment guidance.

The study noted, "Irrespective of the growing digital adoption, young Indians are habituated to seeking advice, guidance and require the human touch when it comes to investing."

'Unsure of what to trust'

The study revealed that 64% of young Indians are unsure of what to trust when it comes to investing.

"Due to the absence of definite knowledge, complicated jargons and overload of information they lack the trust to make a decision,".

## New Fund Offer(NFO)

Scheme Name	<u>Axis Nifty Next 50 Index Fund</u>	<u>Mirae Asset Nifty India Manufacturing ETF Fund of Fund</u>
<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

**(Cont.)**

<b>Scheme Name</b>	<b><u>Nippon India Silver ETF FOF</u></b>	<b><u>ICICI PRUDENTIAL SILVER ETF FUND OF FUND</u></b>
<b><u>Objective of Scheme</u></b>	The investment objective of the Scheme is to seek to provide returns that closely correspond to returns provided by Nippon India Silver ETF by investing in units of Nippon India Silver ETF. However, there can be no assurance or guarantee that the investment objective of the Scheme will be achieved.	ICICI Prudential Silver ETF Fund of Fund (the Scheme) is a fund of fund scheme with the primary objective to generate returns by investing in units of ICICI Prudential Silver ETF.
<b><u>Scheme Type</u></b>	Open Ended	Open Ended
<b><u>Scheme Category</u></b>	Other Scheme - FoF Domestic	Other Scheme - FoF Domestic
<b><u>NFO Period</u></b>	13-Jan-2022 - 27-Jan-2022	13-Jan-2022 - 27-Jan-2022
<b><u>Minimum Subscription Amount</u></b>	Rs.100/- & in multiples of Re. 1 thereafter	Rs.100/- & in multiples of Re. 1 thereafter

<b>Scheme Name</b>	<b><u>ICICI Prudential Strategic Metal and Energy Equity Fund of Fund</u></b>
<b><u>Objective of Scheme</u></b>	ICICI Prudential Strategic Metal and Energy Equity Fund of Fund (the Scheme) is an open-ended fund of fund scheme that invests in the units/shares of First Trust Strategic Metal and Energy Equity UCITS Fund.
<b><u>Scheme Type</u></b>	Open Ended
<b><u>Scheme Category</u></b>	Other Scheme - FoF Domestic
<b><u>NFO Period</u></b>	17-Jan-2022 - 31-Jan-2022
<b><u>Minimum Subscription Amount</u></b>	Rs.1000

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