

SENSEX	NIFTY	USD	GOLD	CRUDEOIL
52846.70	15774.40	78.60	51435.00	9399.00

Inflation data, Fed rate decision, rupee movement to keep market volatile this week: Experts

It was a crazy Friday for Indian markets on June 10 as fear of stagflation in the global economy dented investor sentiment resulting in a nearly 2 percent drop in the benchmark indices. At close, the 30-pack BSE Sensex stood at 54,303, down 1,017 points or 1.84 percent, while the Nifty ended the day with a loss of 276.3 points or 1.68 percent at 16,2018.

We expect volatility to remain high next week as well, based on a list of important data and events. Participants will first react to the US inflation hitting a new 40-year high and also to the IIP data, which came in after the market hours on Friday. Going ahead, we have CPI and WPI inflation scheduled on June 13 and June 14. On the global front, the outcome of the US Fed meet will be out on June 15. Markets are again reeling under tremendous pressure across the globe because of sticky inflation which could prompt swift actions by the apex banks ahead. Indications show that the prevailing negativity will continue, however, bargain hunting in select index heavyweights could cap the damage. Despite the prevailing negativity, stocks from the auto and oil and gas space are doing well and are likely to maintain the bias. On the other hand, metals and PSU banks may offer fresh opportunities to create shorts. We advise aligning positions accordingly and suggest preferring hedged bets.

Investors would also look forward to upcoming Fed meeting scheduled on June 14 and 15. On the domestic side, a depreciating rupee, high crude oil prices and consistent FII selling remain key negatives. The market is stuck in a broader range for the last one month, which is expected to continue until any clear direction emerges on either side. While declines are being bought into, support is missing at higher levels. We expect limited stock and sector-specific action. Energy, auto, auto ancillary, select banks, retail, QSR and defence sectors are likely to be in focus.

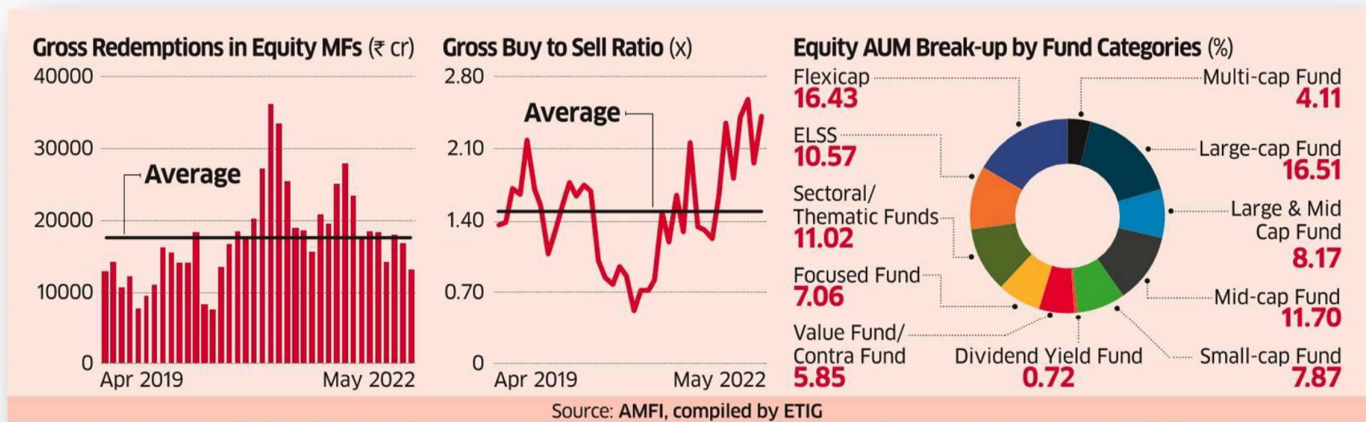
Globally, Fed's interest rate decision as well as the volatility in crude price will keep the market anxious. Back home, the CPI and WPI inflation print will be the main headliner next week. Markets participants will keenly analyse whether the import duty restrictions and rate hikes have had a positive impact on the inflation numbers. Statistics on India's trade balance will also be closely monitored as it clocked a record high in May. The movement of the rupee against the dollar will also be watched. Amid increasing macro uncertainties, investors are advised to exercise extreme caution till market decisively find its direction.

The market is unable to show any kind of strength at higher levels. We are still not getting convinced with the weakness. The pragmatic strategy would be to stay light on positions and stock specific also, we are seeing a lot of whipsaws on either side. In fact, it has become a nightmare in trading stocks in the last couple of weeks. Let's see how things pan out going ahead and we are still hopeful of some recovery in the coming days. If this has to happen, US markets need to provide that much-needed relief.

Low equity mutual fund redemptions in May could be a sign of rising investor confidence

Mutual fund redemptions fell in May even as the market remained volatile, an indication that investors remained optimistic about equities despite a 10% plunge from the record highs.

Equity MFs saw redemptions fall to ₹13,089 crore in May, the lowest in the past 25 months, showed data from the Association of Mutual Funds in India (AMFI). This pushed the gross buy-to-sell ratio of equity MFs to 2.42 times in May, compared with the long-term average of 1.48. It is the second-highest reading since data became available with the AMFI.



The net inflow of equity MFs of ₹18,529 crore in May was primarily driven by lower redemptions as the gross inflow of ₹31,619 crore was the lowest in six months. Large-cap equity funds, the largest fund category in terms of assets under management (AUM), saw gross sales of ₹1,936 crore, the lowest since May 2020, followed by equity-linked savings schemes (ELSS) funds, where redemptions dropped to the July 2020 level. Multi-cap funds saw gross redemptions of ₹433 crore in May propelled the gross buy-to-sell ratio to 3.92, the highest among all categories.

SEBI asks AMCs to report cyber-attacks within 6 hours

Market regulator the Securities and Exchange Board of India (Sebi) has asked mutual fund houses to report all cyber-attacks, threats, cyber-incidents, and breaches within six hours of noticing such incidents. In a circular issued on Thursday, Sebi has also asked the AMCs to employ only Indian Computer Emergency Response Team-empowered firms for undertaking cyber audits.

"All cyber-attacks, threats, cyber-incidents, and breaches experienced by Mutual Funds/ AMCs shall be reported to SEBI within 6 hours of noticing/ detecting such incidents," said Sebi in the circular. "The incident shall also be reported to CERT-In in accordance with the guidelines / directions issued by CERT-In from time to time."

Until now there were no uniform standards for reporting as fund houses were required to come up with a cyber threat assessment based on their vulnerabilities, but now the regulator has introduced uniform code.

SIP contribution bounces back to Rs. 12,300 crores in May

Despite heightened volatility in both equity and debt market in May, the MF industry continued to witness healthy inflows in equity schemes especially through SIPs.

Monthly SIP contribution rose back to the Rs. 12,000 crore mark after falling a bit in April. SIP registrations and folio counts also registered a decent growth. While SIP registrations stood at 19.74 lakh in May, the retail folio count rose to 10.6 crore.

Here are the key highlights of May 2022:

SIP and AUM

- The average AUM in May declined to Rs. 37.4 lakh crore from Rs. 38.9 lakh crore in April
- Folio count reached a new all-time high of 13.33 crore in May. A year ago, the count stood at 10 crores
- The industry recorded a monthly SIP contribution of Rs. 12,286 crores in May, which was Rs. 423 crores higher than the contribution in April
- The number of SIP accounts reached 5.48 crore and SIP AUM stood at Rs. 5.65 lakh crore

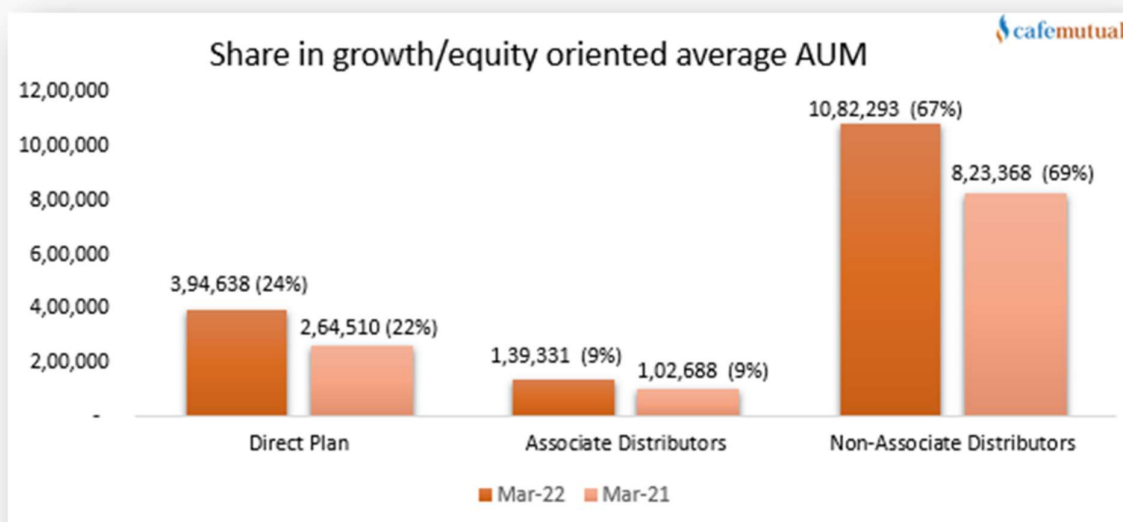
Equity funds

Equity funds received a net inflow of Rs. 18,500 crores in May compared to Rs. 15,890 crores in April. All schemes posted positive net inflows with flex cap funds receiving the highest net inflow at Rs. 2,900 crores. Thematic funds, large cap funds and large & midcap funds also posted a net inflow of above Rs. 2,000 crores.

Hybrid funds

Balanced advantage funds, aggressive hybrid funds and arbitrage funds received highest net inflows in the hybrid category. While balanced advantage received net inflow of over Rs. 2,000 crore, aggressive hybrid and arbitrage recorded a net inflow of over Rs. 1,000 crores.

MFDs and NDs account for 67% of equity assets



(Cont.)

Non-associate distributors like MFDs and NDs account for 67% of growth/equity-oriented average AUM, shows an analysis of monthly average AUM data of the top 30 fund houses done by Cafemutual.

Of the total equity assets of Rs.16.16 lakh crore of the top 30 fund houses, MFDs and NDs bring in equity assets of Rs.10.82 lakh crore.

On the other hand, direct plans account for 24% or Rs. 3.95 lakh crore and associate distributors have a modest share of 9% or Rs. 1.39 lakh crore in the total equity assets.

In March 2021, non-associate distributors, direct plans and associate distributors account for 69%, 22% and 9% of the total equity AAUM, respectively. This indicates that the share of direct plans has increased in a year.

Fund house wise details

As on March 2022, 8 fund houses receive over 80% of their equity assets from MFDs and NDs. These include Mahindra Manulife MF (96%), Sundaram MF (86%), LIC MF (84%), Franklin Templeton MF (82%), IDFC MF (82%), Nippon India MF (82%), L&T MF (81%) and Invesco MF (80%).

In absolute terms, ICICI Prudential MF (Rs. 1.30 lakh crore), HDFC MF (Rs. 95,870 crore), Nippon India (Rs. 92,537 crore), Kotak Mahindra MF (Rs. 89,074 crore), Axis MF (Rs. 83,579 crore), Aditya Birla Sun Life MF (Rs. 76,559 crore), SBI MF (Rs. 70,494 crore) and UTI (Rs. 64,234 crore) receive the highest contribution from MFDs and NDs.

Rank	% terms				Absolute terms			
	Fund House	Total Equity AAUM	Non- Associate Share	% Share	Fund House	Total Equity AAUM	Non- Associate Share	% Share
1	Mahindra Manulife	4,965	4,755	96%	ICICI Prudential	2,10,312	1,29,807	62%
2	Sundaram	30,813	26,415	86%	HDFC	1,44,343	95,870	66%
3	LIC	4,865	4,108	84%	Nippon India	1,13,039	92,537	82%
4	Franklin Templeton	51,298	42,253	82%	Kotak Mahindra	1,28,940	89,074	69%
5	IDFC	29,690	24,310	82%	Axis	1,52,871	83,579	55%
6	Nippon India	1,13,039	92,537	82%	Aditya Birla Sun Life	1,03,258	76,559	74%
7	L&T	43,648	35,332	81%	SBI	1,48,262	70,494	48%
8	Invesco	26,075	20,989	80%	UTI	84,021	64,234	76%

* Figures mentioned above are Rs in crore

TDS on mutual fund investment: 5 things to know

1. Mutual fund dividends are subject to TDS at the rate of 7.5% for dividends in excess of Rs.5,000.
2. TDS is applicable on dividend pay-out, dividend reinvestment and dividend transfer plan.
3. Capital gains are not subject to TDS for domestic investors.
4. Capital gains for NRIs are subject to TDS of 30% for STCG and 20% with indexation for LTCG.
5. Forms 15G /15H, wherever applicable, can be submitted to avoid TDS.

BSE StAR MF registers 20.4 mn transactions worth Rs 38,370 cr in May

Leading stock exchange BSE on Tuesday said its mutual fund distribution platform StAR MF has processed a record 2.04 crore transactions worth Rs 38,370 crore in May.

It surpassed its all-time highest monthly record of 1.96 crore transactions achieved in March, while number of such transactions was 1.94 crore in April, the exchange said in a statement.

Overall, the platform achieved 18.47 crore transactions in the financial year 2021-22 as compared to 9.38 crore transactions in the entire 2020-21.

Besides, the platform registered 9.81 lakh new Systematic Investment Plans (SIPs) amounting to Rs 243 crore in this month, the exchange added.

The exchange had launched BSE StAR MF app to help distributors and independent financial advisors to register clients on a real-time basis.

PGIM India Mutual Fund files offer document for Focused Equity Fund

PGIM India Mutual Fund has filed an offer document with Sebi to launch an open-ended equity fund PGIM India Focused Equity Fund that will invest in equity and equity-related instruments of a maximum of 30 companies across the market capitalization.

The investment objective of the scheme is to generate long-term capital growth from a diversified portfolio of equity and equity-related securities.

If the scheme decides to invest in foreign securities including overseas exchange-traded funds, it will not exceed 25% of the net assets of the scheme.

In terms of investment strategy, "the scheme shall primarily use a bottom-up approach to identify companies with sound management and good growth prospects and a top-down approach for macro and thematic analysis. The portfolio manager would select companies with stable or high growth with due consideration to valuation," according to the scheme information document filed with Sebi.

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)
LARGE-CAP			
UTI Nifty Index Fund - Growth	12.81	12.48	6,852
HDFC Index Fund - Nifty 50 Plan	12.54	12.28	5,721
Category average	12.36	11.92	
EQUITY FLEXICAP			
Canara Robeco Flexi Cap	14.87	13.05	7,285
Parag Parikh Flexi Cap	22.80	17.46	21,907
Category average	13.58	10.92	
EQUITY SMALL AND MIDCAP			
Axis Midcap	18.87	16.56	17,679
SBI Small Cap	24.27	18.59	12,098
Category average Midcap	17.84	11.45	
Category average Smallcap	21.00	12.99	
EQUITY (TAXSAVER)			
Canara Robeco Equity Tax Saver	16.65	14.22	3,629
Mirae Asset Tax Saver	17.29	14.72	11,963
Category average	13.03	10.38	
HYBRID			
BALANCED ADVANTAGE			
Edelweiss Balanced Advantage	12.80	10.36	8,008
ICICI Prudential Balanced Advantage	10.97	9.71	39,761
Category average	9.13	8.15	
ARBITRAGE			
Kotak Equity Arbitrage	4.38	5.16	24,648
Tata Arbitrage	4.44	NA	10,059
Category average	4.08	4.77	
DEBT	1-year return* (%)	3-years return (%)	Corpus (₹ cr)
SHORT TERM			
HDFC Corporate Bond	1.83	6.64	22,737
IDFC Corporate Bond	1.71	6.28	17,597
Category average	2.25	6.56	
CREDIT RISK			
HDFC Credit Risk Debt	3.51	7.53	8,925
ICICI Prudential Credit Risk	4.42	7.61	8,317
Category average	6.31	4.89	
DEBT (LESS THAN 1 YEAR)	6-month return* (%)	1-year return* (%)	Corpus (₹ cr)
HDFC Money Market	1.70	3.61	14,052
Kotak Money Market	1.82	3.72	15,402
Category average money market	1.56	3.38	
OUT OF THE BOX	Returns since launch	Date of launch	Corpus (₹ cr)
BHARAT Bond ETF - April 2031	2.17	23 Jul 2020	10,577
Motilal Oswal S&P 500 Index Fund	18.42	28 April 2020	2,530

*Absolute Returns

Returns as on 6 June 2022; Corpus data as of April 2022; Growth option in regular plans has been used

Data and analysis by CRISIL Research

Compiled by Neil Borate

(Equity and Hybrid Schemes only)

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

Disclaimer: Property of SakthiFinance Financial Services Limited. For internal circulation only. Strictly Private & Confidential. Mutual Fund investments are subject to market risks, read all scheme related documents carefully, the past performance of the mutual funds is not necessarily indicative of future performance of the schemes.