SENSEX	NIFTY	USD	GOLD (10 grams)	CRUDE
58014.17	17339.85	75.32	47915.00	6543.00

Market may witness high volatility this week amid Budget, PMI data, auto sales numbers

In the week gone by, market extended profit booking for the second straight losing another 3 percent amid high volatility as investors remained cautious on hawkish US Fed, rising crude oil prices, Russia-Ukraine tensions and persistent FII selling. The BSE Sensex declined 1,836.95 points (3.11 percent) to end at 57,200.23, while the Nifty50 lost 515.2 points (2.92 percent) to close at 17,101.95 levels in the past week.

Since the global market event of US FED policy and the monthly expiry for our markets is over, the focus would now solely be on the Budget 2022 which is likely to dictate short-term trend. Now ahead of this event, our markets have already seen a corrective phase and hence, much of the negativity related to the events already seems to have been factored in. Hence, any positivity hereon could lead to short covering of positions and could lead the markets higher. Thus, the risk reward ratio is favourable for traders to take contra bets and look for buying opportunities here. The immediate supports for Nifty are placed around 16800 followed by the '200 DEMA' level which is at 16600, while on the flipside 17400-17500 is the immediate zone to watch out for in the coming week.

This week is going to be very important and extremely volatile on the back of the Union budget however the good part this time is that the market is heading to the budget on a very light note and there is a high probability of a post-budget rally. A similar trend was visible last year where the market witnessed a pre-budget sell-off and then there was a post-budget rally. Other than the budget, global cues will be very important where global markets are trying to digest rising interest rate scenario but geopolitical uncertainties is another major concern. The rising dollar index and rising crude oil prices are other issues for emerging markets like India. We are in the middle of the Q3 earning session and so far, earning session remains good while we have lots of important earnings lined up next week. Technically, Nifty is respecting a very strong demand zone of 16800-16600 where 200-DMA is currently placed at 16640 level however 17400-17800 is a critical supply zone as a cluster of important moving averages while a move above 17800 can lead to a big short-covering rally in the market for a move towards fresh all-time highs. There is a high probability that 16800-16600 has become floor for the Nifty for time being and the market is ready to move higher but if Nifty slips below 16600 level, then things can become ugly.

Swati Kulkarni, Executive Vice President & Fund Manager, Equity, UTI AMC, says the expansionary approach that last year's budget took will continue with the objective of supporting growth by focussing on large employment-generating infrastructure spends as well as incentives to boost localisation.

For a few years now, policy announcements have been made throughout the year and not reserved for Budget Day. "In that sense we do not expect the Budget to have thrown any major surprises. The roadmap on budgeted capex and next year's capex will be important to watch out for as the key catalyst for a multiplier effect on economic growth."

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MF body asks fund houses to freeze foreign investments

The Association of Mutual Funds in India (AMFI) on Sunday asked all fund houses to stop any incremental investments abroad, effective February 2. The move came after Indian fund houses together reached the Sebi-imposed $7-billion overall limit for such investments. Some of the fund houses have already restricted inflows into schemes that invest abroad. Industry players, however, said that there are enough indications that the issue would soon be resolved, unless the RBI is unwilling to let Indians invest abroad through this route.

According to A Balasubramanian, chairman of the MF industry trade body AMFI, it is understood that the government has increased this limit to $15 billion. This may get notified soon, both by the government and the RBI. "Once it is notified, it will be business as usual. Hence, one has to wait for the clarity on this issue," Balasubramanian, who's also the MD & CEO of Aditya Birla MF, said.

According to an industry source, last week Sebi inspected the total investment positions of MFs in overseas assets and found that the limit was fully utilised. Subsequently, it asked fund houses to restrict incremental investments abroad, which led to the AMFI directive. The $7-billion limit was set in June 2021 with the individual fund house limit set at $1 billion.

Sources further said that the government has already proposed to more than double the $7-billion limit to $15 billion, but the enhancement would be spaced out over a few years. The enhanced limit will be applicable only after the RBI issues a circular. "Sebi officials felt till such a circular is issued, fund houses should not make any incremental investments abroad," the source said. A statement from the government could also come during the finance minister's Budget speech on Tuesday, the source said.

SBI, HDFC, ICICI Prudential are the most popular MF companies among B30 investors

As on Dec 2021, B30 i.e., beyond 30 geographic locations contribute 16% of the total AAUM, shows an analysis of average Assets Under Management (AAUM) of the top 25 fund houses. Of their total AAUM of Rs. 37.42 lakh crore, these locations account for assets worth Rs. 6.17 lakh crore.

Of these, SBI MF, HDFC MF and ICICI Prudential MF manage Rs. 1.31 lakh crore, Rs. 68,854 crore and Rs. 67,973 crores of B30 assets respectively. UTI MF and Nippon India MF manage the next big share of Rs. 52,091 crore and Rs. 48,839 crores respectively.

Evaluation of the percentage contribution of B30 assets in the total AAUM shows that Baroda MF, Sundaram MF, UTI MF, Canara Robeco MF and SBI MF take the lead. They secure more than 20% of their assets from these locations.

Analysis of the asset classes shows that SBI MF enjoys the largest share in B30 markets. The fund house manages Rs. 48,507 crore and Rs. 48,076 crores of equity and debt assets respectively.

(Cont.)

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This is how the top 25 fund houses are placed in B30 locations. The figures mentioned are in crore.

Fund house	Monthly AAUM	Total B30 AAUM	B30 AAUM as % of Total AAUM
SBI MF	6,26,838	1,30,948	21%
ICICI Prudential MF	4,60,651	67,973	15%
HDFC MF	4,41,267	68,854	16%
Aditya Birla Sun Life MF	2,95,573	46,925	16%
Kotak Mahindra MF	2,83,607	26,594	9%
Nippon India MF	2,78,728	48,839	18%
Axis MF	2,52,120	47,648	19%
UTI MF	2,18,648	52,091	24%
IDFC MF	1,22,122	9,050	7%
DSP MF	1,08,632	16,123	15%
Mirae Asset MF	99,268	15,144	15%
Tata MF	84,302	13,208	16%
L&T MF	77,293	9,493	12%
Edelweiss MF	74,752	3,653	5%
Franklin Templeton MF	64,319	12,495	19%
Canara Robeco MF	45,587	10,784	24%
Invesco MF	44,294	5,598	13%
Sundaram MF	43,713	11,950	27%
Motilal Oswal MF	31,437	4,168	13%
PPFAS	21,639	4,244	20%
LIC MF	18,799	3,511	19%
PGIM India MF	15,326	2,246	15%
HSBC MF	12,359	819	7%
Baroda MF	11,968	3,346	28%
BNP Paribas MF	8,892	1,257	14%

Three Indian fund houses bag Asia Asset Management Awards

Asia Asset Management (AAM) has announced the winners of the '2022 Best of the Best Awards'.
AAM holds Best of Best Awards every year to recognise the exceptional performance of financial institutions and pension funds for the past calendar year. AAM rewards four broad categories - performance, country, regional awards and ASEAN awards.
Nippon Life India Asset Management records a big win with four awards - 'Best Fund House', 'ETF Manager of the Year', 'Most Innovative Product' and 'CEO of the Year' which was awarded to Sundeep Sikka. Meanwhile, Mahindra Manulife Investment Management has won the 'Best Equity Manager' award. In addition, Aditya Birla Sun Life Asset Management has bagged the 'Best Investor Education' and 'Fintech Innovation in Asset Management' awards. This is the fifth time and the fourth in a row that the fund house has won this award for investor education.

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Why is the market falling and what should investors do?

The Indian market is in a volatile phase for the past two weeks. In the last seven sessions, market indices Sensex and Nifty have registered a decline in six of them. Overall, both the major indices are down over 6% in the last seven sessions. Equity fund managers believe that volatility in the market is a result of several factors with US Fed's signal that it will raise rates from March being the biggest trigger. The other major reasons are high valuations and rising oil prices.

"The current market slide is due to two macro factors. One is valuation concern (which has been present for some time now but the markets were not reacting earlier). The other reason is change in interest rate expectations due to what US Fed has said," said Sachin Relekar, Senior Fund Manager, IDFC MF. "There are several reasons that have come together. One, the Fed has indicated that liquidity will be sucked out. Secondly, oil prices are on a boil. As a result, companies are facing cost pressure, leading to erosion of margins," said Sonam H Udasi, Senior Fund Manager, Tata MF.

In its latest policy update on Wednesday, the US Federal Reserve indicated it is likely to raise US interest rates in March, as has been widely expected and reaffirmed plans to end its bond purchases that month before launching a significant reduction in its asset holdings.

Will the markets fall further?

Fund managers say a lot will depend on movement in oil prices, Budget announcements, inflation, change in interest rates among other factors.

"Our assessment says volatility will continue till we have clarity on both the fronts — downside to weakness in economy and the speed with which the Fed will withdraw liquidity," said Neelotpal Sahai, Head of Equities, HSBC AMC. However, all fund managers are positive on India's medium-term outlook.

"Based on our analysis of capex intentions of corporate sector, combined with decade-low interest rates, we believe, India could witness a strong capex cycle over next 2-3 years, something that we haven't seen since demonetisation times," said Trideep Bhattacharya, CIO-Equities, Edelweiss MF.

"In the next two-three-year time frame, I am positive. Indian economy is already doing better and if the oil prices will start going down then India will have the best of both worlds. And this is likely to happen in the next 2-3 years as oil is facing pressure from electric vehicles," Sonam H Udasi said, adding that all sectors are now looking healthy, whether its consumer, cement, commodity, metals or banking.

What should equity fund investors do?

Bhattacharya feels that investors can leverage the volatility by using the 'buy on dips' strategy with a 2–3 year investment perspective.

Sahai recommends a staggered investment approach. "Given, the expected volatility in the near term, it may be better to stagger one's equity investments to take advantage of the expected volatility in the near term (through SIP or otherwise)," he said.

Relekar and Udasi say that the correction is not big enough to warrant a change in investment strategy and that investors should continue with their existing investment plan.

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Flipkart backed PhonePe applies for MF license

Flipkart-Walmart backed digital payment service provider PhonePe has recently applied for mutual fund license with SEBI.

The Bangalore based company is already into distribution of financial products like mutual funds and insurance.

With this, eight companies are waiting for SEBI's approval to start mutual fund business. The other applicants are Frontline Capital, Wizemarkets Analytics, Unifi Capital, Alchemy Capital, Helios Capital, Old Bridge and Angel One.

This year, SEBI has granted in-principle approval to two players — Bajaj Finserv and Zerodha Broking. The regulator has also given its final go-ahead to two companies this year - NJ India and Samco Securities.

Experts believe that multiple factors have resulted in the enhanced interest in the mutual fund business in the past few years. One obvious reason is the projections of huge growth in the future given the under-penetration at present.

Budget 2022 | Focus will be on double engine – strong growth and balanced fiscal

Centre's capex spend is expected to focus on strengthening the core infrastructure viz. roads, railways and ports, green energy, and defense, according to the experts.

India Budget 2022 is perhaps one of the most anticipated budgets of the decade, coming after two years of pandemic disruption. This budget will likely put the interruption behind and focus on growth. What can we expect here?

First, there will be no hurry to bring down the fiscal deficit sharply. We expect the fiscal deficit to GDP ratio to come down gradually, with the emphasis on quality spending, especially towards capital expenditure. This year could come within budget expectations, while next year will come around 5.7 percent. Glide path will be a gradual reduction of 50 -75 bp each year.

Next, on the revenue side, expect tax buoyancy to continue. One can expect mid double-digit growth on tax revenues. On the non-tax side, while one cannot expect any surge in dividends or spectrum collections, the much-anticipated divestment program will kick start this year. In the recent past, large disinvestment proceeds were driven by PSU entities buying the assets or ETF (exchange traded funds) sales while actual IPOs in the PSU space have been few. LIC IPO will be a gamechanger which should pave the way for future divestments and asset monetization to provide much needed capital to spend.

In summary, we can say that it is now the time to execute. One of the key pillars to execution will include faster clearances of payments by government. While government has taken the lead in the last two budget in clearing all overdue subsidies and payments, they should move towards the path of on-time payment, which will not only enable project competition but deliver the promised return to the stakeholders.

Budget will have to play the fine balance of spending in areas where it matters most which will fuel the growth. The focus of the budget will be on the 'Double Engine' – Strong growth and Balanced Fiscal!

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Scheme Name	Aditya Birla Sun Life Nifty Next 50 Index Fund	DSP Global Innovation Fund of Fund
Objective of Scheme	The investment objective of the Scheme is to provide returns that closely track the total returns of securities as represented by Nifty Next 50 Index, subject to tracking errors.	The primary investment objective of the scheme is to seek capital appreciation by investing in global mutual funds schemes and ETFs that primarily invest in companies with innovation theme having potential for higher revenue and earnings growth.
Scheme Type	Open Ended	Open Ended
Scheme Category	Other Scheme - Index Funds	Other Scheme - FoF Overseas
NFO Period	31-Jan-2022 - 14-Feb-2022	24-Jan-2022 - 07-Feb-2022
Minimum Subscription Amount	Rs.100	Rs. 500/- and any amount thereafter

Scheme Name	Invesco India Flexi Cap Fund	Motilal Oswal Nifty 200 Momentum 30 Index Fund
Objective of Scheme	To generate capital appreciation by dynamically investing in a mix of equity and equity related instruments across market capitalization i.e., large, mid and small cap stocks.	The investment objective of the scheme is to provide returns that, before expenses, closely correspond to the performance of Nifty 200 Momentum 30 Total Return Index, subject to tracking error.
Scheme Type	Open Ended	Open Ended
Scheme Category	Equity Scheme - Flexi Cap Fund	Other Scheme - Index Funds
NFO Period	24-Jan-2022 - 07-Feb-2022	21-Jan-2022 - 04-Feb-2022
Minimum Subscription Amount	Rs. 1,000/- per app and in multiples of Re. 1	Rs. 500/- and in multiples of Re. 1/- thereafter.

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

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