

WEEKLY UPDATE

23rd August 2024**Version:- 24.25.14****SENSEX****81,086.21****↑0.81%****NIFTY****24,823.15****↑1.00%**

Key Highlights

- Large, mid-cap funds' AUM soars 5x in 5 years, likely to see increased activity amid market volatility: ICRA Analytics
- Top 10 states in equity, debt and hybrid assets
- Nippon India, ICICI Prudential, HDFC command highest number of MF folios
- Where do fund managers deploy investors' money?
- Top Indian cities based on their MF AUM
- Hinduja Group receives RBI's go ahead to start MF business
- AMCs should follow ethical standards while selling MFs: SEBI
- Magic of compounding: An SIP of ₹10K in this mutual fund would have swelled to a whopping ₹2.67 crore in 22 years

30 years of wealth creation: How SIPs empowered mutual fund investors

The equity market has never failed patient long-term investors. Well-managed mutual fund (MF) schemes have proved with their long-term track records that wealth can be built over the long term. The power of compounding works in favour of long-term investments.

Systematic Investment Plans (SIPs) are one of the most popular ways to invest in MFs. SIPs help inculcate financial discipline and build wealth over the long run. It helps to take advantage of market volatility through rupee-cost averaging. Franklin Templeton Mutual Fund (formerly known as Kothari Pioneer) introduced the first SIP in India in 1993.

There are 14 equity-oriented schemes (including equity-linked savings schemes, or ELSS, and balanced funds) that have completed 30 years in the Rs 65 lakh crore Indian MF industry.

Here is the list of equity diversified funds that multiplied investors' money through SIPs over the last 30 years. Schemes that are approaching their 30-year mark, like ICICI Pru Multi-cap and Franklin India Flexi Cap, are also taken into consideration. Tata Large & Midcap, Tata Midcap growth and Taurus Flexicap are excluded as their NAV history is available only from 1996.

WEEKLY UPDATE

23rd August 2024

Version:- 24.25.14

₹ 1000 invested every month starting 30 years ago, Total Amount Invested - ₹ 3.60 Lakh

Scheme Name	Inception Date	Scheme Category	Current Value ₹	Return (XIRR) %
Franklin India Prima Fund	01-Dec-93	Mid Cap Fund	2.10 Crore	21.40
Franklin India Flexi Cap Fund	29-Sep-94	Flexi Cap	1.70 Crore	20.50
SBI Long-Term Equity Fund	31-Mar-93	ELSS	1.37 Crore	19.30
Franklin India Bluechip Fund	01-Dec-93	Large-Cap	1.20 Crore	18.60
ICICI Prudential Multicap Fund	01-Oct-94	Multi Cap	1.06 Crore	18.00
HDFC Capital Builder Value Fund	01-Feb-94	Value Fund	1.06 Crore	18.00
SBI Large & Midcap Fund	28-Feb-93	Large & Mid Cap	93.00 Lakh	17.40
Canara Robeco ELSS Tax Saver	31-Mar-93	ELSS	73.40 Lakh	16.20
SBI ESG Exclusionary Strategy Fund	01-Jan-91	ESG - Thematic	66.00 Lakh	15.70
HDFC Large & Mid Cap Fund	18-Feb-94	Large & Mid Cap	59.30 Lakh	15.20
UTI Flexi Cap Fund	18-May-92	Flexi Cap	56.50 Lakh	15.00
UTI Large Cap Fund	15-Oct-86	Large Cap	42.00 Lakh	13.50

Performance of these schemes cannot be compared as they each use a distinct investment strategy.

Data source: ACEMF

Large, mid-cap funds' AUM soars 5x in 5 years, likely to see increased activity amid market volatility: ICRA Analytics

As domestic markets grapple with heightened volatility due to escalating geopolitical risks and global uncertainties, large and mid-cap funds are expected to attract significant investor interest, according to ICRA Analytics. These funds offer the dual advantage of portfolio diversification and the potential for attractive returns, making them appealing amidst the current market turbulence.

Over the past five years, large and mid-cap funds have experienced remarkable growth, with Assets Under Management (AUM) surging over five-fold from ₹0.50 lakh crore in July 2019 to ₹2.57 lakh crore in July 2024. This more than five-fold increase highlights the increasing appeal of these funds amidst heightened market volatility driven by escalating geopolitical risks and global uncertainties, according to ICRA Analytics.

These funds are attracting investors due to their ability to offer a diversified portfolio and promising returns. For example, the compound annualized returns for large and mid-cap funds are 44.07 percent for one year, 21.85 percent for three years, 23.67 percent for five years, and 16.40 percent for seven years, ICRA pointed out.

The surge in the number of folios, which has increased by 126 percent to 100.78 lakhs in July 2024 from 44.55 lakhs in July 2019, further underscores the growing investor interest.

WEEKLY UPDATE

23rd August 2024

Version:- 24.25.14

Top 10 states in equity, debt and hybrid assets

An analysis of AUM data released by AMFI shows that Maharashtra has the highest AUM across all fund categories, be it equity, debt or hybrid.

Let us look at the ranking of top 10 states across fund categories.

State wise equity AUM

Maharashtra, Gujarat and Karnataka are the top three states in terms of highest equity assets as on June 2024. Of the total Rs.33 lakh crore in equity AAUM, Rs. 9.50 lakh crore or 29% of the total equity assets come from Maharashtra. Gujarat, Karnataka and New Delhi occupy the next three spots with equity AUM of Rs.2.75 lakh crore, Rs.2.67 lakh crore and Rs.2.57 lakh crore, respectively. These three states contribute 8% each to the total equity AUM.

Interestingly, Uttar Pradesh comes fifth with equity AUM of Rs.2.15 lakh crore.

The top 5 states contribute 60% to the total equity AUM kitty. Other states in the top 10 list are West Bengal, Tamil Nadu, Haryana, Rajasthan and Madhya Pradesh. Collectively, these top 10 states contribute approximately Rs.26 lakh crore, representing 79% of the total equity AAUM of Rs.33 lakh crore. Let's look at the table.

States/Union Territories	Equity schemes AUM in Rs.crore	Proportion of assets to the total equity assets
Maharashtra	950289	29
Gujarat	275658	8
Karnataka	267033	8
New Delhi	256504	8
Uttar Pradesh	215625	7
West Bengal	195968	6
Tamil Nadu	161269	5
Haryana	113140	3
Rajasthan	89729	3
Madhya Pradesh	71416	2
Total Equity AAUM of all states	3304203	

WEEKLY UPDATE

23rd August 2024
Version:- 24.25.14

Nippon India, ICICI Prudential, HDFC command highest number of MF folios

An analysis of industry data by Cafemutual shows that Nippon India MF, ICICI Prudential MF and HDFC MF have the highest number of folios in July 2024. These three fund houses collectively manage 6.90 crore folios or 35% of the total 19.73 crore folios in the MF fold in July 2024.

Nippon India MF leads the pack with 2.71 crore folios. The fund house added 67 lakh folios in the last one year.

Next in the list are ICICI Prudential MF and HDFC MF. Both the fund houses have a folio count of 2.22 crore and 1.95 crore, respectively. While ICICI MF added 49 lakh folio, HDFC MF added 70 lakh folios in one year. Apart from these three, SBI MF, UTI MF and Axis MF manage more than one crore folios each.

In absolute terms, HDFC MF, Nippon India MF and ICICI Prudential MF added the highest number of folios between July 2023 and July 2024. Further, Bajaj Finserv MF, Trust MF and Groww MF reported the highest growth in percentage growth. On the other hand, PGIM MF and Axis MF saw reduction in their folio count.

Overall, the MF industry witnessed an increase in folio count to 19.73 crore in July 2024 from 15.16 crore, a growth of 30%.

Let's look at fund house wise folio count (Top 15 AMCs):

S.no	Fund house	Folio count July 2024	Folio count July 2023	Folios added in 1 year	Folio %
1	Nippon India	2,71,56,121	2,04,59,636	66,96,485	33%
2	ICICI Prudential	2,22,79,369	1,74,16,587	48,62,782	28%
3	HDFC	1,95,94,156	1,26,07,441	69,86,715	55%
4	SBI	1,63,95,921	1,27,06,895	36,89,026	29%
5	UTI	1,26,35,112	1,21,53,509	4,81,603	4%
6	Axis	1,24,69,451	1,25,56,164	-86,713	-1%
7	Aditya Birla Sun Life	97,15,735	78,94,398	18,21,337	23%
8	Kotak	84,67,095	67,67,840	16,99,255	25%
9	DSP	84,60,662	76,24,720	8,35,942	11%
10	Quant	79,64,276	32,50,378	47,13,898	145%
11	Mirae Asset	64,18,050	57,16,702	7,01,348	12%
12	Tata	61,76,057	44,46,430	17,29,627	39%
13	Canara Robeco	47,77,986	44,89,089	2,88,897	6%
14	Motilal Oswal	44,58,013	20,37,130	24,20,883	119%
15	PPFAS	38,98,329	25,17,856	13,80,473	55%

WEEKLY UPDATE

23rd August 2024

Version:- 24.25.14

Where do fund managers deploy investors' money?

SEBI data shows the MF industry has the highest exposure to two sectors – ‘others’, which includes infrastructure, defense, aviation and so on and banking.

These two sectors account for 20.47% and 19.85% of the total equity AUM, respectively. While the AUM of ‘others’ sector was Rs. 8.18 lakh crore, the banking sector AUM is Rs 7.94 lakh crore in June 2024.

The finance sector which includes NBFC, insurance and AMCs occupy the third spot in the list of sectoral exposure. Its AUM stood at Rs. 2.63 lakh crore and accounts for 6% of the total equity AUM.

Software and petroleum products occupy the next two spots with 5% exposure of the total equity AUM.

Other sectors in the top 10 lists are construction, pharma, power and consumer durables.

Overall, the equity AUM of the MF industry stands at Rs. 40 lakh crore.

Let us look at the tabular data to know more.

Sectors	Amount (in Rs.crore)	Proportion of sector in the total equity AUM
Others (Infrastructure, defense, aviation)	818435	20
Banks	793642	20
Finance	262594	7
Software	217425	5
Petroleum products	192619	5
Construction	155881	4
Pharmaceuticals	144162	4
Power	141711	4
Consumer durables	137450	3
Industrial products	131922	3
Auto	131111	3
Telecom - services	127809	3
Consumer non-durables	102033	3
Retailing	93771	2
Auto ancillaries	78648	2

WEEKLY UPDATE

23rd August 2024

Version:- 24.25.14

Here are the top Indian cities based on their MF AUM

AMFI data shows that Mumbai, Delhi NCR, Bengaluru, Pune and Kolkata are the top five cities in India based on their MF AUM.

Mumbai is the leader with MF AUM of Rs. 16.58 lakh crore in June 2024. The commercial capital accounts for 27% of India's MF AUM.

Delhi NCR holds the second spot with Rs. 7.44 lakh crore and 12% contribution in the industry's total AUM while Bengaluru stands third with Rs. 3.36 lakh crore AUM by contributing 5% to the total MF AUM.

Other cities that have a high contribution include Pune, Kolkata, Chennai, Ahmedabad and Hyderabad. These 8 cities each contribute more than 2% to the MF AUM.

Vadodara and Jaipur complete the list of top 10 cities in terms of MF assets. However, both the cities contribute less than 1% to the total MF AUM kitty.

In terms of states, Maharashtra has 19 cities in the list while 16 cities in Gujarat made it to the list of top 110 cities. Uttar Pradesh is third in the list with 12 cities.

Let us look at the table to know the AUM of top 20 cities

Sr. No.	Locations	State	AUM (in Rs. crore)	Percentage of AUM
1	Mumbai	Maharashtra	16,58,425	27.04
2	Delhi NCR	New Delhi	7,43,960	12.13
3	Bengaluru	Karnataka	3,35,488	5.47
4	Pune	Maharashtra	2,49,622	4.07
5	Kolkata	West Bengal	2,17,116	3.54
6	Chennai	Tamil Nadu	1,83,383	2.99
7	Ahmedabad	Gujarat	1,81,544	2.96
8	Hyderabad	Andhra Pradesh	1,29,411	2.11
9	Vadodara	Gujarat	55,812	0.91
10	Jaipur	Rajasthan	51,519	0.84
11	Surat	Gujarat	47,226	0.77
12	Lucknow	Uttar Pradesh	42,933	0.70
13	Nagpur	Maharashtra	34,959	0.57
14	Kanpur	Uttar Pradesh	31,893	0.52
15	Indore	Madhya Pradesh	26,373	0.43
16	Nasik	Maharashtra	23,920	0.39
17	Patna	Bihar	23,306	0.38
18	Bhopal	Madhya Pradesh	22,693	0.37
19	Chandigarh	Chandigarh	22,080	0.36
20	Coimbatore	Tamil Nadu	22,080	0.36

(Cont.)

WEEKLY UPDATE

23rd August 2024

Version:- 24.25.14

MF AUM of the top cities in Tamilnadu

Sr. No.	Locations	AUM (in Rs. crore)	Percentage of AUM
1	Chennai	1,83,383	2.99
2	Coimbatore	22,080	0.36
3	Madurai	6,133	0.10
4	Tiruchirapalli	4,907	0.08
5	Salem	4,293	0.07
6	Hosur	3,067	0.05
7	Tirupur	3,067	0.05

Hinduja Group receives RBI's go ahead to start MF business

Hinduja Group's IndusInd Bank has received RBI's nod to start mutual fund business through a different subsidiary.

In a regulatory filing, the bank said, "This is to inform that the Reserve Bank of India vide letter dated August 19, 2024, has accorded its approval to the Bank for setting up a wholly owned subsidiary to undertake asset management business of mutual fund along with infusing equity capital in the said asset management subsidiary, subject to the additional conditions as set out in the said letter."

In April, Hinduja Group's IndusInd International Holdings (IIHL) entered the MF space by acquiring 60% stake in Invesco India Mutual Fund.

Invesco will retain a 40% stake in the joint venture and both IIHL and Invesco will have sponsor status. Saurabh Nanavati, CEO, Invesco MF (India) will lead the new JV along with the existing management team, said the company press release.

The fund house manages AUM of Rs.83600 crore in June 2024.

AMCs should follow ethical standards while selling MFs: SEBI

SEBI's Whole Time Member Amarjeet Singh has directed fund houses to follow ethical standards in selling, advertising and marketing their schemes and focus on reducing instances of mis-selling. He also asked fund houses to segregate their other business activities like PMS and advisory from mutual funds.

Singh was speaking at the Moneycontrol MF Summit held today in Mumbai.

Singh also said that SEBI has directed AMCs to put in place a mechanism to curb instances of front running and fraudulent transactions in execution of trades. In fact, AMFI in consultation with SEBI has specified detailed standards to set up such an institutional mechanism.

WEEKLY UPDATE

23rd August 2024

Version:- 24.25.14

Magic of compounding: An SIP of ₹10K in this mutual fund would have swelled to a whopping ₹2.67 crore in 22 years

Continuing to invest in a mutual fund on a regular basis can reap great dividends over a period of time. Notably, the returns delivered in the later years deliver returns at a faster pace than in the earlier years.

The difference could sometimes be so massive that this 'compounding' is referred to as nothing short of 'magic'. Here, we zero in on a mutual fund scheme i.e. ICICI Prudential Multi Asset Fund to demonstrate how the returns have grown in the past few years. This scheme by ICICI Prudential Mutual Fund was launched on Oct 31, 2002.

Growth of SIP

This, however, does not tell the entire story. The massive returns are pocketed when investment is made in regular doses via systematic investment plans i.e., SIPs.

Suppose an investor had decided to invest ₹10,000 every month in this mutual fund scheme via SIP, the investment would have grown to ₹1.39 lakh in one year by making an investment of only ₹1.2 lakh. Now, had the investor been disciplined enough to continue this SIP for 3 years, the investment would have grown to ₹5.13 lakh by making an investment of only ₹3.6 lakh.

Likewise, in five years, one would have accumulated ₹11.12 lakh by investing only ₹6 lakh. In seven years, this investment would have grown to ₹17.52 lakh by making an investment of ₹8.4 lakh.

Year	Investment ₹ Lakhs	Return ₹ Lakhs	CAGR (%)
1	1.20	1.39	32.32
3	3.60	5.13	24.60
5	6.00	11.12	25.02
7	8.40	17.52	20.68
10	12.00	30.32	17.70
15	18.00	69.37	16.36
Since Inception	26.10	2.67 Crore	18.21

Long-term investment

As mentioned earlier, longer the tenure, the higher the returns. What if the SIP were continued for a decade i.e., 10 years? Then the investment would have grown to ₹30.32 lakh. And in 15 years' time, the investment would have swelled to ₹69.37 lakh by making an investment of ₹18 lakh via SIPs.

If an investor were investing ₹10,000 regularly via SIP since the inception of scheme in Oct 2002, the total investment would have accumulated to ₹2.67 crore by investing only ₹26.10 lakh.

WEEKLY UPDATE

23rd August 2024

Version:- 24.25.14

New Fund Offer (NFO)

India's consumer market is set to reach \$4 trillion by 2030*

Grab the chance to invest in companies driving the world's fastest-growing consumer market#



AXIS CONSUMPTION FUND

NFO PERIOD: 23rd Aug to 06th Sep 2024

Axis Consumption Fund
(An Open Ended Equity Scheme Following Consumption theme)
Benchmark: Nifty India Consumption TRI
This product is suitable for investors who are seeking:
• Capital appreciation over long term.
• An equity scheme investing in equity & equity related securities of companies engaged in consumption and consumption related sectors or allied sectors.

NOTE to directors for Sakthi Ind...

AXIS MUTUAL FUND

PGIM
India Mutual Fund

One for All

Introducing

PGIM INDIA

MULTI CAP FUND

(An open ended equity scheme investing across large cap, mid cap, small cap stocks)

NFO Opens: 22nd August, 2024

NFO Closes: 5th September, 2024

Sources:- [Economicstimes](#), [Moneycontrol](#), [SEBI](#), [AMFI](#), [Cafemutual](#), [Livemint](#), etc.

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