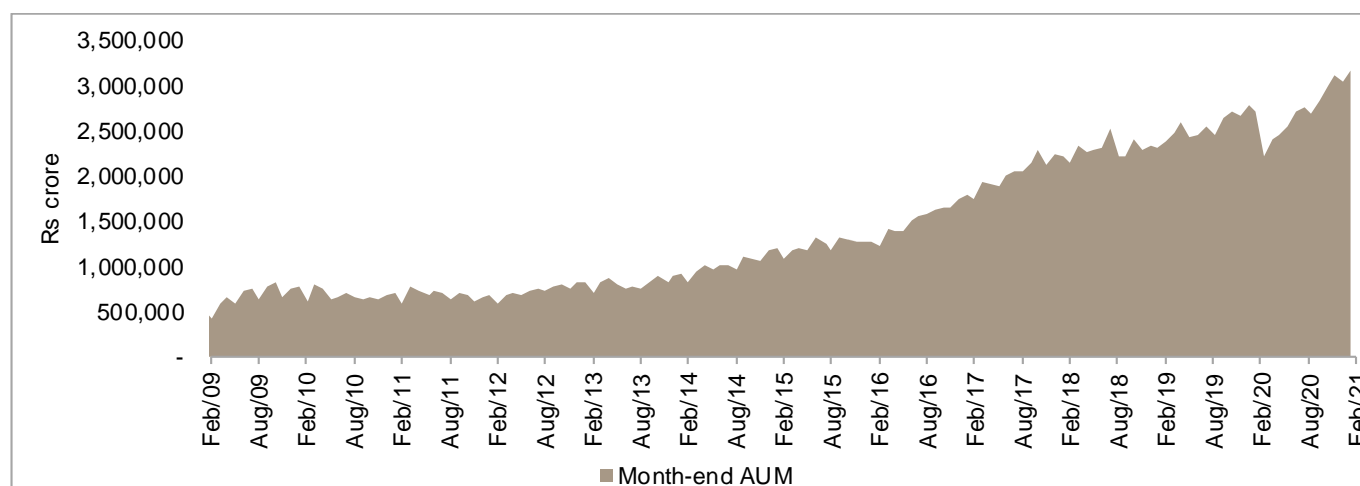


Mutual funds' assets touch record high

AUM rose ~4% in February

Bouncing back from the decline witnessed in January, assets under management (AUM) of the domestic mutual fund industry breached the Rs 31.5 lakh crore mark for the first time, settling 3.7% higher at Rs 31.6 lakh crore at end-February. The previous high recorded was at end-2020, when the asset base had settled at ~Rs 31.02 lakh crore. Inflows in the open-ended debt and hybrid categories, coupled with mark-to-market gains in the domestic equity market, were the main factor contributing to the rise in the asset base in February even as outflows from equity funds capped gains. Cumulatively, the industry's fund flows remained negative at ~Rs 1,844 crore.

Industry assets cross Rs 31.5 lakh crore



Note: Excludes domestic fund of funds

Source: AMFI, CRISIL Research

Equity market volatility attracts flows in asset allocation and arbitrage funds

Dynamic asset allocation schemes witnessed the highest net inflows for the category since April 2019 at ~Rs 2,006 crore in February, with investors attracted by the flexibility in asset allocation on offer. Interest in arbitrage schemes also remained firm, with net inflows at ~Rs 5,033 crore as market participants looked to take advantage of the volatility in the underlying equity market. Aided by the inflows, the hybrid category recorded net inflows of ~Rs 4,703 crore, higher than January's net inflows of Rs 2,142 crore.

The other hybrid categories, viz., aggressive hybrid, equity savings, and multi-asset allocation categories, however recorded persistent outflows in February, though they were cumulatively lower at ~Rs 2,481 crore compared with the previous month's ~Rs 3,823 crore.

At the aggregate level, the asset base of hybrid schemes advanced ~6.6%, or by Rs 20,971 crore, to Rs 3.38 lakh crore in February (the highest since February 2020's figure of Rs 3.43 lakh crore).

Open-ended debt funds recorded lowest net inflows since April 2019

The open-ended debt fund category recorded the lowest net inflows since the Association of Mutual Funds in India (AMFI) changed its format of dissemination in April 2019, at ~Rs 1,735 crore. Liquid funds witnessed reversal of outflows seen in January, with net inflows of ~Rs 17,302 crore in February and led the inflow tally among debt funds. Investors also evinced interest in low duration and money market schemes, which witnessed net inflows of Rs 2,844 crore and ~Rs 9,580 crore, respectively.

Nearly all other categories within the open-ended debt segment saw net outflows. Short duration funds recorded the highest net outflows within the category at ~Rs 10,286 crore, followed by corporate bond funds at ~Rs 6,752 crore. Ultra-short duration, dynamic bond, banking and PSU, and gilt schemes cumulatively recorded net outflows of ~Rs 7,956 crore.

At an aggregate level, the asset base of open-ended debt funds ended flat at ~Rs 13.74 lakh crore.

Equity funds assets reach record high in spite of eighth consecutive month of outflows

The trend in fund flows within the open-ended equity category showed no signs of abating, with net outflows in February at ~Rs 10,468 crore, higher than January's ~Rs 9,253 crore figure. Investors looked to book profits as the underlying domestic equity benchmarks hit record highs during the month – the S&P BSE Sensex and Nifty 50 advanced ~6.1% and 6.6% on month, respectively.

The introduction / recategorisation of flexi- and multi-cap funds had a major impact on flows in the category for the second consecutive month. The flexi-cap category recorded the highest net outflows within the category at ~Rs 10,431 crore, while multi-cap funds saw the highest net inflows of Rs 4,078 crore. As per AMFI disclosure, during February, nine multi-cap funds were recategorised as flexi-cap funds. As such, the funds mobilised and redemption figures of these funds were shown under flexi caps, resulting in negative funds mobilised and redemption figures under multi-cap funds.

Mark-to-market gains in the underlying equity market helped the open-ended equity category notch up gains of ~8.1%, or approximately Rs 71,959 crore, in February. Furthermore, investors continued to pour money into equities via the systematic investment plan; however, contributions in February were slightly low at ~Rs 7,528 crore compared with January's Rs 8,023 crore figure. The overall open-ended equity asset base settled at a fresh record high of Rs 9.63 lakh crore on-month.

Interest in ETFs remained firm

Equity exchange traded funds (ETFs) garnered net inflows of ~Rs 1,949 crore in February, although the figure was much lower than that seen in the previous two months. Investments in gold ETFs also remained persistent – February marked the third straight month of net inflows for the category at ~Rs 491 crore, despite fall in the underlying yellow metal prices in the domestic market during the month.

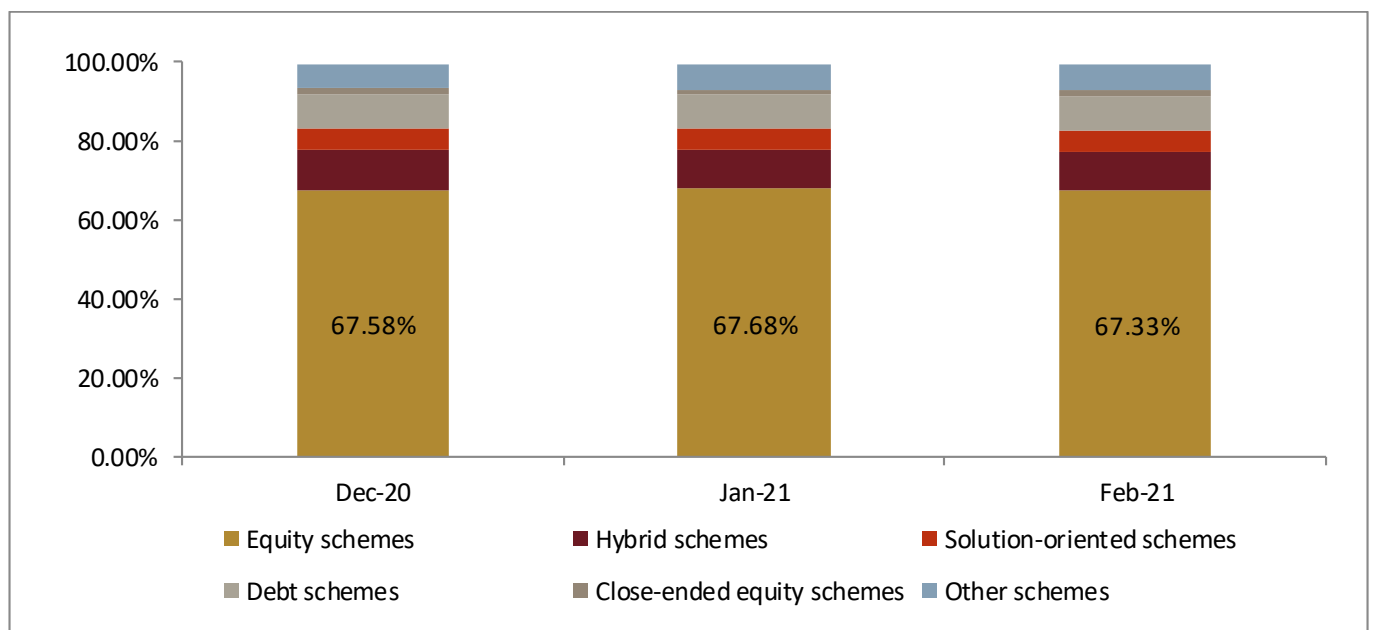
Category-wise inflow/outflow and industry AUM (Rs crore)

Categories	Net flow for the period		Month-end AUM		
A – Open-ended schemes					
	Feb-21	Jan-21	Feb-21	Jan-21	Change
Debt-oriented schemes	1,735	-33,409	1,374,384	1,374,117	267
Equity-oriented schemes	-10,468	-9,253	963,358	891,399	71,959
Hybrid schemes	4,703	2,142	338,215	317,244	20,971
Solution-oriented schemes	1,004	4	24,068	22,052	2,016
Other schemes	3,899	7,967	315,571	296,459	19,112
B – Closed-ended schemes					
Debt-oriented schemes	-183	-94	125,032	124,823	209
Equity-oriented schemes	-2354	-2,941	23,284	23,657	-373
C – Interval schemes					
Debt-oriented schemes	-178	-2	202	379	-177
Equity-oriented schemes	0	0	0	0	0
Total (A + B + C)	-1844	-35,587	3,164,114	3,050,130	113984

Note: Excludes domestic fund of funds

Source: AMFI

Folio share of mutual fund schemes



Note: Excludes domestic fund of funds

Source: AMFI

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