

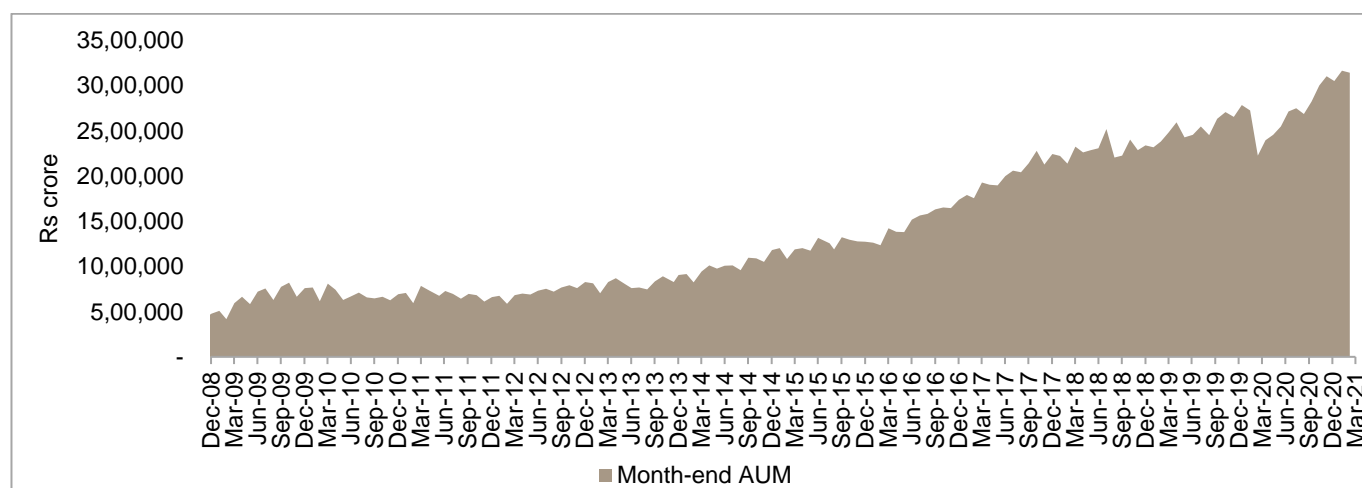
Mutual fund month-end assets gain ~41% in fiscal 2021...

... sharp rise seen after steep market correction and significant outflows seen in March 2020

The domestic mutual fund industry’s month-end assets under management (AUM) dipped ~1% on-month in March because of net outflows from open-ended debt funds. In contrast, open-ended equity funds recorded net inflows for the first time since June 2020. The last month of fiscal 2021 saw net outflows of ~Rs 29,745 crore and the industry’s asset base settled at Rs 31.43 lakh crore, coming off the record high of Rs 31.64 lakh crore the month before.

In fiscal 2021, month-end asset base expanded ~41% aided by sharp mark to market gains (MTM) in equity markets (Nifty 50 and S&P BSE Sensex were up ~70%) and inflows in the debt category.

Industry assets settled at Rs 31.4 lakh crore in March



Note: Excludes domestic fund of funds

Source: The Association of Mutual Funds in India (AMFI), CRISIL Research

Open-ended debt funds record highest on-year net outflows

The open-ended debt fund category saw net outflows of ~Rs 52,528 crore this March, the highest net outflow seen since ~Rs 1.95 lakh crore in March 2020. Money market fund categories bore the brunt of the outflow in the month as corporates and institutional investors redeemed their investments for paying taxes. Within the category, liquid funds witnessed the highest outflows of ~Rs 19,384 crore, followed by low duration funds’ Rs 15,847 crore.

On the other hand, overnight funds, which invest in underlying securities that mature in a single day, attracted the highest net inflows of ~Rs 5,027 crore. Floater funds also evinced investor interest, and net inflows amounted to Rs 3,229 crore in March.

In fiscal 2021, corporate bond funds, which invest in an underlying portfolio of top-rated papers, emerged as the biggest attraction in the category – net inflows over the 12 months ended March 2021 were Rs 69,305 crore. Credit risk funds saw the highest net outflows, at ~Rs 28,923 crore, over the same period.

At an aggregate level, open-ended debt funds' AUM ended 3.36% lower on-month at Rs 13.28 lakh crore. In fiscal 2021, the category's AUM advanced ~29% or by Rs 2.99 lakh crore primarily aided by net inflows of ~Rs 2.30 lakh crore during the period.

Equity funds see first net inflows in eight months, assets hit fresh high

Investor interest, based on long-term opportunities in the market, in open-ended equity funds in the last month of the fiscal translated to net inflows of Rs 9,115 crore following net outflows in the previous 8 months.

Last minute tax-saving investments also favoured equity funds, with equity linked savings scheme (ELSS) recording net inflows of Rs 1,552 crore in March - the second highest net inflows in the broad segment.

Sectoral/ thematic schemes witnessed the highest net inflows within the category, at Rs 2,009 crore in March, aided by new launches.

Multi-cap and value/contra funds were the only categories to log net outflows in the month, at a cumulative Rs 391 crore.

In fiscal 2021, sectoral/ thematic funds recorded the highest net inflows of Rs 9,801 crore, aided by new theme launches in the category, while large cap funds recorded the highest net outflows of Rs 10,587 crore, as investors fretted about costly valuation after the recent sharp run-up in the market.

Mark-to-market gains in the underlying equity market and net inflows helped the open-ended equity category's assets hit a fresh record high in March – AUM settled 1.66% or Rs 16,009 crore higher at Rs 9.79 lakh crore.

While the category witnessed net outflows of ~Rs 32,000 crore during the financial year, assets rose ~69% or by Rs 4.01 lakh crore helped by sharp rise in the underlying equity markets.

Equity funds also benefitted from continued inflows through systematic investment plans. The industry witnessed net flows of Rs 96,080 crore in fiscal 2021 compared with Rs 1 lakh crore of inflows in the previous fiscal.

Hybrid schemes get highest net inflows since May

Volatility in the underlying equity market propelled sharp net inflows into arbitrage funds and dynamic asset allocation funds worth a combined Rs 5,799 crore in March, increasing hybrid funds' assets by ~1.4% to Rs 3.43 lakh crore. The category's net inflows amounted to Rs 6,210 crore in the month, the highest since net inflows of Rs 8652 crore in May 2020.

In fiscal 2021, arbitrage funds, which exploit volatility in the equity market to generate returns, recorded the highest net inflows of Rs 26,908 crore, while aggressive hybrid schemes posted the highest net outflows of ~Rs 25,847 crore.

The asset base expanded ~31% or by ~Rs 80,807 crore in the fiscal.

Gold and equity ETFs attract firm inflows in March

In March, equity exchange-traded funds (ETFs) garnered net inflows for the fifth consecutive month, at ~Rs 3,632 crore, while gold ETFs saw net inflows for the fourth straight month at ~Rs 662 crore.

In the fiscal, equity ETF inflows were ~Rs 39,820 crore and gold ETF inflows ~Rs 6,919 crore. The two categories' AUM rose ~88% and 78%, respectively, over the one year ended March.

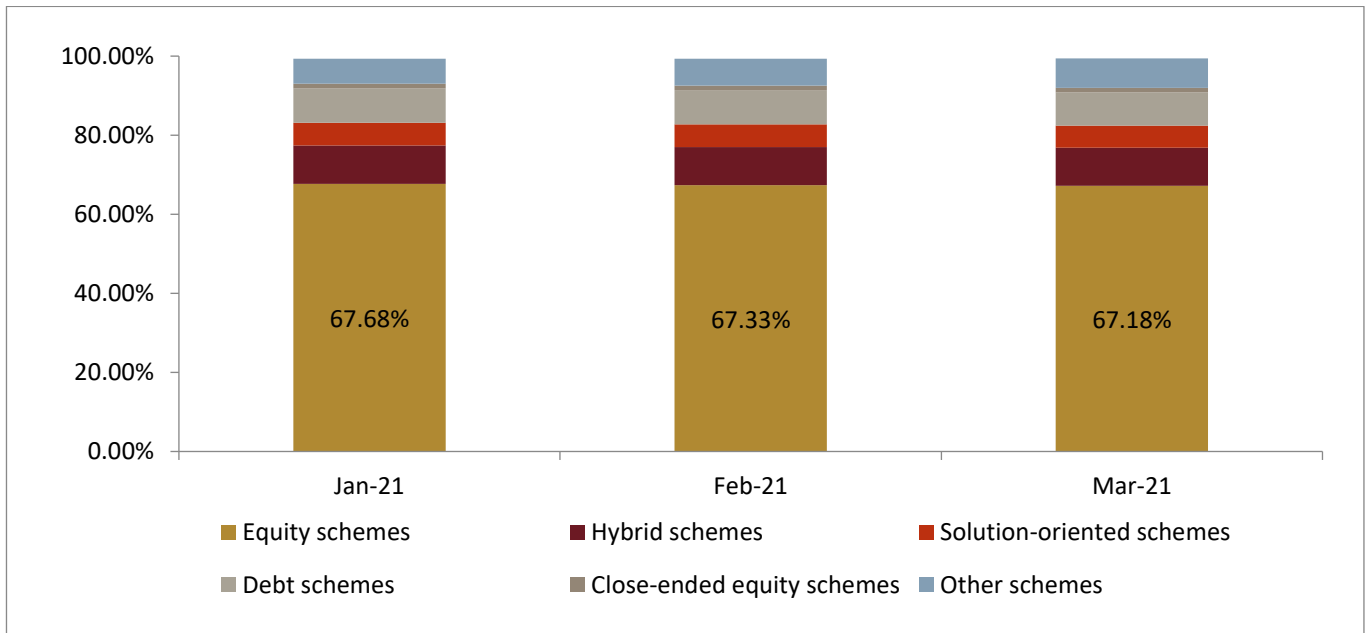
Category-wise inflows/outflows and industry AUM (Rs crore)

Categories	Net flow for the period		Month-end AUM		
	Mar-21	Feb-21	Mar-21	Feb-21	Change
A – Open-ended schemes					
Debt-oriented schemes	-52,528	1,735	1,328,226	1,374,384	-46,158
Equity-oriented schemes	9,115	-10,468	979,367	963,358	16,009
Hybrid schemes	6,210	4,703	342,957	338,215	4,742
Solution-oriented schemes	94	1,004	24,377	24,068	309
Other schemes	8,197	3,899	321,626	315,571	6,055
B – Closed-ended schemes					
Debt-oriented schemes	957	-183	124,336	125,032	-696
Equity-oriented schemes	-1739	-2354	21,754	23,284	-1,531
C – Interval schemes					
Debt-oriented schemes	-52	-178	122	202	-80
Equity-oriented schemes	0	0	0	0	0
Total (A + B + C)	-29745	-1844	3142764	3164114	-21350

Note: Excludes domestic fund of funds

Source: AMFI

Folio share of schemes



Note: Excludes domestic fund of funds

Source: AMFI

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