

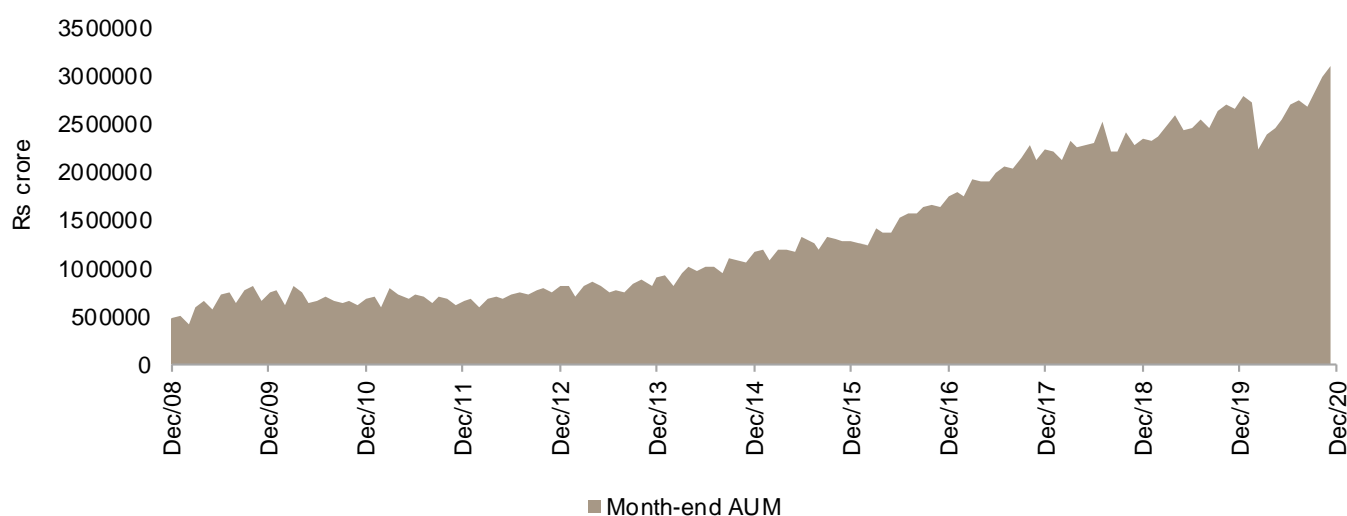
## MF assets spurt ~17% in 2020 to a new peak

Industry AUM closes above Rs 31 lakh crore with a 3% rise in December

A buoyant run-up in the underlying equity market and firm inflows in open-ended debt funds and equity exchange traded funds (ETFs) helped take assets under management (AUM) of the Indian mutual fund industry past the Rs 31 lakh crore mark for the first time ever in December.

The industry not only recovered the losses incurred in March due to a sharp erosion in the equity market and outflows from debt funds, but also added a whopping Rs 4.5 lakh crore over the rest of the year to close at Rs 31.02 lakh crore.

### Mutual fund assets back to growing ways



*Note: Excludes domestic fund of funds*

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

### Equity funds see sixth straight month of outflows

Investors continued to pull out of open-ended equity funds in December, with the large-cap, multi-cap, and value/ contra schemes bleeding the most. Cumulative outflows for these categories stood at Rs 9,058 crore.

At the other end, dividend yield funds attracted firm inflows of Rs 1,490 crore. Coincidentally, December also saw the highest inflows for the dividend yield category since AMFI changed its format of dissemination in April 2019.

Sectoral/ thematic schemes also attracted strong inflows of Rs 3,412 crore, which is the highest for the category since April 2019.

At the aggregate level, open-ended equity schemes recorded net outflows of Rs 10,147 crore in December, only slightly lower than the previous month's net outflows of Rs 12,917 crore. Despite this, the open-ended equity fund

asset base advanced ~6% on-month to settle at a fresh record high of Rs 9.07 lakh crore, riding on mark-to-market (MTM) gains in the underlying equity asset class as stock benchmarks S&P BSE Sensex and Nifty 50 rallied ~8% each in December.

For the full year, the category saw net inflows of Rs 9,100 crore, aided primarily by market gains with the benchmark S&P BSE Sensex and Nifty 50 rallying ~15% each during 2020.

## **ETFs see strong traction in December and the year**

Equity ETFs saw inflows of Rs 6,832 crore in December, sharply higher than November's net inflows of Rs 641 crore. Gold ETFs, which track the price of the yellow metal, attracted net inflows of ~Rs 431 crore in December, reversing November's net outflows of Rs 141 crore, as investors looked to take advantage of rising gold prices.

For the full year, equity ETFs saw inflows of over Rs 51,000 crore, while gold ETFs saw net inflows of over Rs 6,600 crore, taking their asset tally to Rs 2.56 lakh crore and Rs 14,000 crore, respectively.

Inflows in equity ETFs have been led by underperformance of actively managed funds in recent year's coupled with launch of multiple funds in this segment.

## **Hybrid schemes saw net outflows for the sixth straight month**

Outflows in hybrid funds accelerated to Rs 5,932 crore in December, higher than November's outflow of Rs 5,249 crore. December's net outflows were the highest since July 2020, which saw the category witness net outflows of Rs 7,301 crore. The fund flow trend in December mirrored that of the previous month, with nearly all hybrid schemes recording outflows. While aggressive hybrid schemes recorded the highest net outflows within the category, conservative hybrid schemes attracted net inflows of ~Rs 82 crore.

Benefitting from the MTM gains of the underlying equity asset class, the asset base of hybrid schemes rose ~2.3% on month to settle at Rs 3.18 lakh crore, which is the third straight month of increase in AUM for the category. For the full year, hybrid schemes saw net outflows of Rs 53,200 crore, while the category assets declined ~11%.

## **Open-ended debt funds saw net inflows for the third consecutive month**

The corporate bond and overnight categories recorded the highest net inflows among open-ended debt schemes in December, at a cumulative Rs 16,020 crore. Even liquid schemes attracted net inflows of Rs 5,102 crore during the month, despite it being the quarter end. Interestingly, this is the first time the liquid fund category has seen net inflows in a quarter-end month since April 2019. Interest in short duration funds also remained firm – the category attracted net inflows for the eighth consecutive month at ~Rs 3,954 crore in December.

Money market funds, however, recorded the sharpest outflows within the category at Rs 11,896 crore. Sentiment for gilt funds also remained weak, with the category witnessing the highest net outflows since April 2019 at ~Rs 1,804 crore on market perception that interest rates have bottomed out. Gilt funds typically generate returns when held over a period of declining interest rates.

At an aggregate level, the asset base of open-ended debt funds rose ~Rs 18,913 crore on-month, or ~1.4%, to settle at a new record high of Rs 14.06 lakh crore. For the full year, the gains for the category were around Rs 2.77 lakh crore, or nearly 25% of year-end 2019 assets.

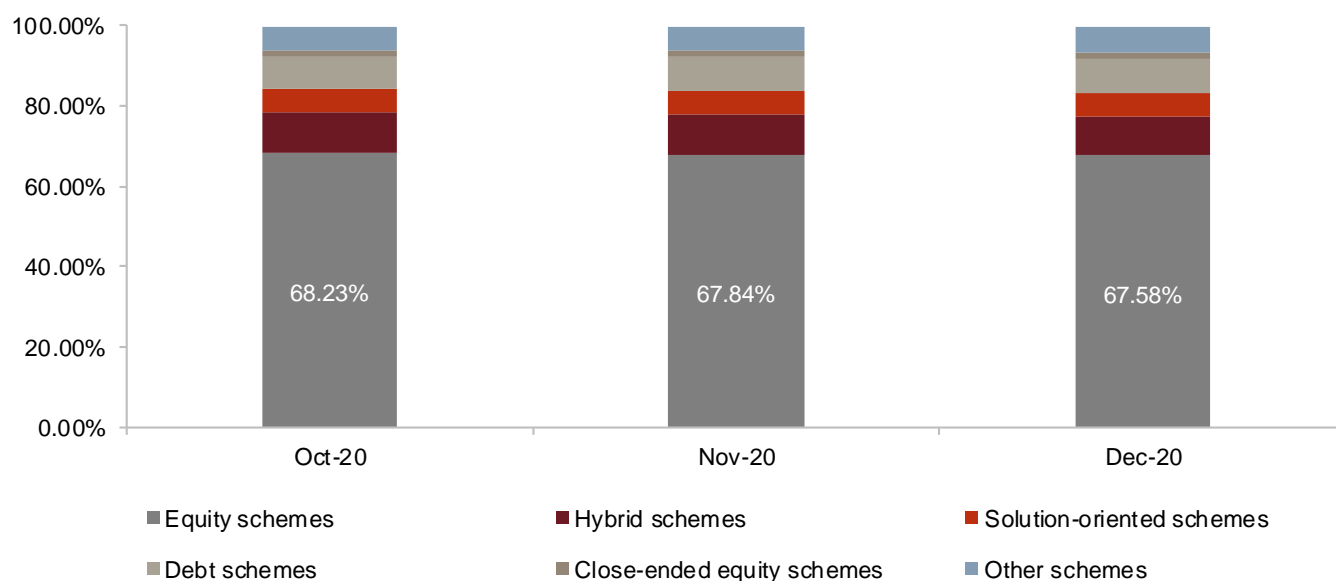
**Category-wise inflow/ outflow and industry AUM (Rs crore)**

Categories	Net flow for the period		Month-end AUM		
	Dec-20	Nov-20	Dec-20	Nov-20	Change
<b>A – Open-ended schemes</b>					
Debt-oriented schemes	13,863	44,984	1,406,042	1,387,129	18,913
Equity-oriented schemes	-10,147	-12,917	906,767	857,510	49,257
Hybrid schemes	-5,932	-5,249	317,572	310,572	7,000
Solution-oriented schemes	-28	15	22,283	21,274	1,009
Other schemes	8,209	689	2,94,732	2,68,852	25,881
<b>B – Closed-ended schemes</b>					
Debt-oriented schemes	-17	-235	124,660	1,24,195	465
Equity-oriented schemes	-2,974	-87	30,039	30,987	-948
<b>C– Interval schemes</b>					
Debt-oriented schemes	-6	-5	381	385	-5
Equity-oriented schemes	0	0	0	0	0
<b>Total (A + B + C)</b>	<b>2,968</b>	<b>27,194</b>	<b>31,02,476</b>	<b>30,00,904</b>	<b>1,01,571</b>

Note: Excludes domestic fund of funds

Source: AMFI

**Mutual fund schemes' folio share**



Note: Excludes domestic fund of funds

Source: AMFI

## Analytical contacts

### Piyush Gupta

Director, Fund Research  
piyush.gupta1@crisil.com

### Prahlad Salian

Manager, GIX  
prahlad.salian@crisil.com

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