

Equity MFs saw record inflow of ₹20,000 crore in August

Assets under management of the industry increased to ₹20.6 lakh crore

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Equity mutual funds (MFs) received ₹20,000 crore in net investor flow in August, while overall assets under management (AUM) topped the ₹20-lakh-crore mark. These are highest-ever figures. The equity inflow in August was 2.4 times the average monthly inflow for the previous seven months.

The record flows have cemented the belief that the sector is going through a structural uptrend, due to improvement in financial sav-

ings and dimming appeal of traditional asset classes such as gold and real estate.

The market went through a volatile period in August, with several bouts of correction, prompting investors to increase allocation to equities amid a decline in stock prices. Diversified equity funds got net flows of ₹19,515 crore, while tax-saving equity schemes netted another ₹847 crore. The industry AUM increased to ₹20.6 lakh crore, from ₹19.96 lakh crore in July.

The higher flows helped money managers deploy more capital in the markets. **Turn to Page 18 ▶**

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Net inflows in equity schemes and the MF industry so far in 2017

Month	Net inflow in equity* MFs (₹ cr)	Total net inflows in MFs (₹ cr)	Total industry AUM# (₹ cr)
January	4,880	53,817	17,37,087
February	6,462	30,273	17,89,047
March	8,216	-54,883	17,54,619
April	9,429	1,50,703	19,26,302
May	10,739	-40,711	19,03,975
June	8,164	-16,592	18,96,291
July	12,727	63,504	19,96,905
August	20,362	61,701	20,59,289
Total	80,979	2,47,812	

*Includes ELSS; #As on month-end
 Source: Association of Mutual Funds in India

Equity MFs see...

Last month, net buying by MFs was around ₹16,000 crore, even as FIIs took out a little more than ₹10,000 crore. “The Indian investor has been underweight on equities. The falling interest rates on bank deposits have been helping the surge in flows to mutual funds. Recent cuts by banks have been a big trigger. I expect more and more money will flow into equity funds,” said A Balasubramanian, CEO at Aditya Birla Sun Life MF.

With the latest inflow, overall equity AUM has comfortably surpassed ₹7 lakh crore. This excludes assets under exchange-traded funds, which are also quickly gaining popularity. About

15 million SIPs are registered, mostly equity-oriented. Monthly SIP inflow is ₹5,000 crore. “More and more investors are finding no alternative but equity MFs. With the latest cuts in bank deposits, the investor, which so far was happy with banks’ return, is not minding taking a little bit of risk and coming to stock markets through equity schemes. It’s a great sign that domestic investors are investing in the country’s capital market, riding MF schemes. It has not been possible without collective measures taken by all stakeholders of the sector, from AMCs to every single fund distributor,” said Sundeep Sikka, CEO at Reliance Nippon MF.

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