Business Line

Thu, 08 Feb-18; Business Line - Chennai; Size : 231 sq.cm.;
Circulation:121518; Page : 12

Inflow of ₹1-lakh cr pushes MF AUM to all-time high

OUR BUREAU
Mumbai, February 7

Notwithstanding the concern over the prospect of mutual fund returns post the recent bloodbath in equity markets, the asset under management of mutual funds increased to an all-time high of ₹22.41 lakh crore in January from ₹21.26 lakh crore logged in December.

Investors pumped in over ₹1 lakh crore into MF schemes last month, largely through systematic investment plans, according to data released by the Association of Mutual Funds in India on Wednesday.

Interestingly, MF investors have pulled out ₹1.75 lakh crore in December.

Liquid funds logged an inflow of ₹96,552 crore last month against a net outflow of ₹1.38 lakh crore in December. However, investment in equity schemes was down at ₹13,404 crore (₹14,921 crore) last month. Income funds continued to see outflow at ₹9,871 crore against outflow of ₹60,150 crore in December.

Sundeep Sikka , ED & CEO, Reliance Nippon Life AMC said most of the money which had gone out of mutual funds in December has been redeployed in January.

The present correction in equity market is a healthy sign and investors who were sitting on the sidelines waiting for a correction will now start investing, he added.

The arbitrage between dividend and growth options has now diminished and long-term investors should not be much worried about the Budget proposals, he said.

Investors should understand that equity is a high-risk product and expectations should be toned down. Even with the recent fall in the capital market, equity schemes have delivered 25 per cent return which in no sense is a mean task, said Sikka.

In fact, Reliance MF recorded the highest number of transactions on Tuesday when the markets tanked, he said. G Pradeepkumar, CEO, Union MF, said investment of about ₹6,400 crore a month through SIPs still continues and investors have not panicked to stop them. Investors in income funds have to wait for about 18 months for revival of returns as the fiscal deficit has widened from 3.2 per cent to 3.5 per cent and the bond market may remain volatile in the coming days.