SNAPSHOT 2018-19

Overall Highlights

- Introduction of Long Term Capital Gain Tax
- Increasing crude oil prices and dwindling rupee
- Reduction in expense ratio of funds
- Reclassification of funds by SEBI
- Liquidity issues in NBFCs
- Geopolitical tension: US-China trade war, Indo-Pak conflicts

The AUM grew by 11% in FY 19
Consistent inflows primarily through SIP route resulted in Quarterly Average AUM growing by 6.00%

26% increase in SIP contribution in MFs
over FY 2018-19 (Rs 1,400 Cr vs Rs 7,300 Cr)

Equity

Equity constituted 46% of the total industry assets with a major contribution from individual investors. This year marked the growing patience and a higher risk appetite amongst investors. Investors are moving away from the more traditional tax-saving vehicles towards ELSS, as the net inflow into ELSS fell by 10.8%.

Also, the net inflow into pure equity (excluding ELSS) slipped by 27%.

Fixed income

The NBFC debt crisis might have dampened the investors’ vigour but debt funds are slowly bouncing back. With a majority of debt fund redemption coming from institutional investors, we wait for a silver lining and the vicious debt cycle to end.

Road Ahead

Going forward, there could be intermittent volatility due to general elections, global developments such as Brexit, central banks’ policy decisions and oil prices, however, markets are likely to maintain their upward trajectory. We believe India’s growth is likely to remain robust led by recovery in corporate earnings aided by lower rates and better liquidity. Investors are advised to choose funds (equity or fixed income) as per their financial goals.