

DIVERSIFIED FINANCIALS

19 April 2023

Equity MFs continued to outshine debt funds in FY23

- MF industry MAAUM grew 6% in FY23 driven by equity and passive funds while debt outflows continued
- Clear preference for equities in the individual category which outshone the institutional segment
- Top 10 AMCs maintained ~80% MAAUM market share helmed by SBI AMC; close competition in the equity space

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Equity funds remain in the lead: India's mutual fund industry MAAUM grew at 6% YoY in FY23, closing the year at Rs 40tn (12% CAGR FY18-FY23). Equity remained the silver lining with 12% YoY growth (17% CAGR), forming 52% of MAAUM vs. 41% in FY18 (49% in FY22). SIP was a key growth engine for equities, with 10.8mn SIP accounts being added in FY23 alone for a total of 64mn. SIP AUM swelled to Rs 6.8tn, forming 33% of equity assets. Debt continued to disappoint as higher interest rates and inflation dampened sentiments. Passive funds stayed in focus, advancing 19% YoY (47% CAGR off a low base) to exit FY23 at Rs 5.2tn or 13% of MAAUM.

Individual investments rising at a brisk clip: Individual MAAUM share rose from 51% in FY18 to 58% in FY23 (55% in FY22), clocking a brisk 15% CAGR vs. 9% for the institutional segment. Within the individual category, equity-based MAAUM grew 13% YoY to Rs 18.4tn (18% CAGR FY18-FY23), constituting 79% of the total. Debt and liquid funds together made up the biggest chunk for the institutional category at 59% in FY23, but have seen a steady decline over FY18-FY23. Within individuals (defined as retail plus HNIs), retail investor share in MAAUM has risen by ~125bps over FY18-FY23 to 25% whereas that of HNIs has soared ~550bps to 33%.

Top 10 AMCs continue to dominate: The top 10 players have been able to maintain ~80% market share consistently over FY18-FY23. SBI AMC remains the market leader with 17.6% share followed by IPRU AMC at 12.3%. Drilling down to the equity space, the battle is closer with IPRU AMC at 13% followed by SBI AMC at 12.6% and HDFC AMC at 12.2%. The top 10 have lost some ground in the equity segment, commanding 73% market share at end-FY23 vs. 77% at end-FY18.

Within the listed space, MAAUM market share remained largely intact YoY in FY23 for HDFC AMC (maintained #3 rank), Nippon AMC (up one place to #4), and UTI AMC (maintained #8 rank). ABSL AMC, however, shed 100bps and dropped two spots to #6. In the equity segment, the ranking trend was similar except that HDFC AMC upped its market share from 11.4% to 12.2%. For a detailed analysis of sector and company performance, see our Jan'23 report: [Mutual fund industry – Onward and upward](#).

Recommendation snapshot

Ticker	Price	Target	Rating
ABSLAMC IN	348	488	HOLD
HDFCAMC IN	1,769	2,310	BUY
NAM IN	232	347	BUY
UTIAM IN	675	983	BUY

Price & Target in Rupees | Price as of 19 Apr 2023



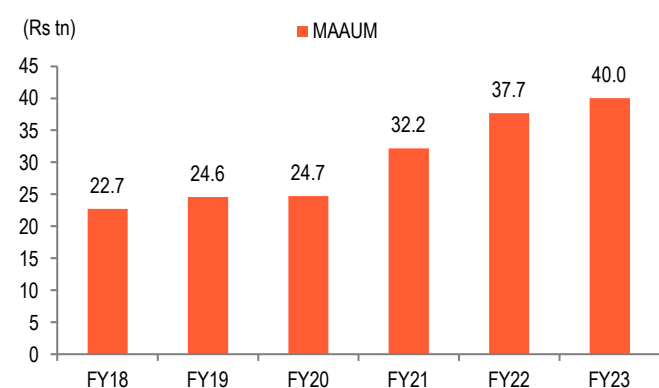
Muted growth in FY23

Single-digit MAAUM growth for the industry; equities preferred

India's mutual fund industry MAAUM grew at 6% YoY in FY23, closing the year at Rs 40tn (12% CAGR FY18-FY23). Equity was the silver lining with its share increasing from 41% of MAAUM in FY18 to 49% in FY22 and 52% in FY23. Debt, however, has seen outflows owing to northbound interest rates and high inflation. Key growth trends:

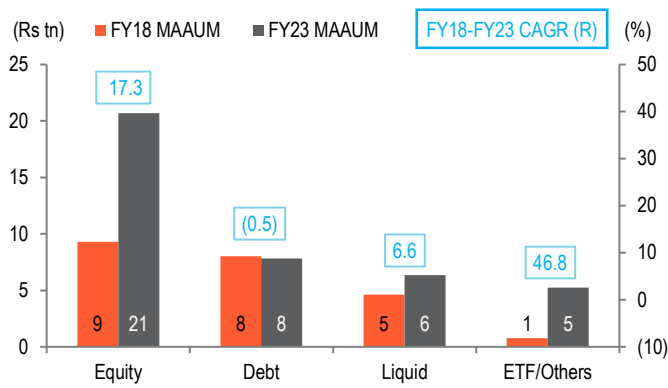
- **Healthy traction in SIPs:** Average monthly inflows into mutual funds through the SIP route have increased from Rs 56bn in FY18 to Rs 130bn in FY23 (crossing the Rs 140bn mark for the first time in March). SIP AUM has swelled to Rs 6.8tn in FY23, forming 33% of equity assets. The sector also added 10.8mn SIP accounts during the year, a 20% YoY increase.
- **Passive schemes finding takers; direct plans steady:** Passive schemes are fast gaining traction in India – from 3.4% of total MAAUM as of FY18 to 13.1% or Rs 5.2tn in FY23. In terms of distribution, direct mutual fund plans have advanced from 41% of MAAUM in FY18 to 45% in FY23 (46% in FY22), although this share has been stable over the last four years. In the equity/debt segments, 66%/35% of MAAUM is distributed through non-associate distributors, but this proportion has been on the decline over FY18-FY23.
- **Individual investors on the rise:** The share of individuals in MAAUM has increased from 55% in FY22 to 58% in FY23. Institutional MAAUM registered a 9% CAGR over FY18-FY23 vs. a much brisker 15% for individual assets, with investor interest focused largely on equity funds. Within individuals (defined as retail plus HNIs), retail investor share in MAAUM has risen 150bps YoY in FY23 to 25% whereas that of HNIs has soared 140bps YoY to 33%. Individual equity-based MAAUM grew 13% YoY to Rs 18.4tn in FY23, constituting 79% of total category assets and ~89% of total equity assets.
- **Top 30 cities maintain 80% share:** MAAUM for the T30 (Top 30) markets logged a 12% CAGR over FY19-FY23 to Rs 33.2tn, forming 83% of total MAAUM vs. 85% in FY19. Within T30, 46% of MAAUM was in equity during FY23, an increase of 250bps YoY.

Fig 1 – MAAUM logged a 12% CAGR over FY18-FY23



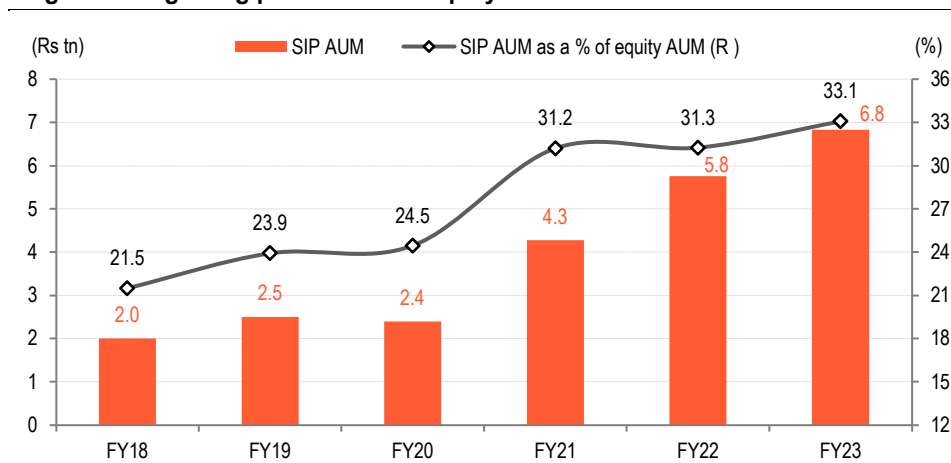
Source: AMFI, BOBCAPS Research

Fig 2 – Equity and ETF segments saw the biggest rise



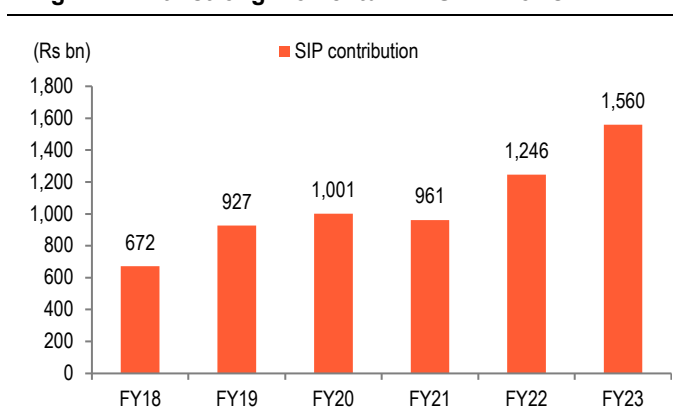
Source: AMFI, BOBCAPS Research

Fig 3 – SIPs gaining prominence in equity funds...



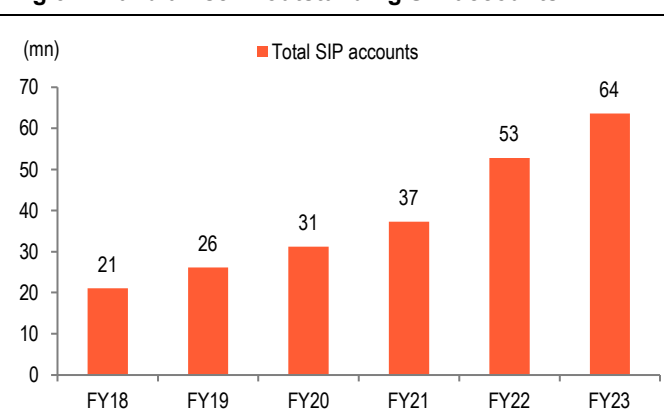
Source: AMFI, BOBCAPS Research

Fig 4 – ...with strong momentum in SIP inflows...



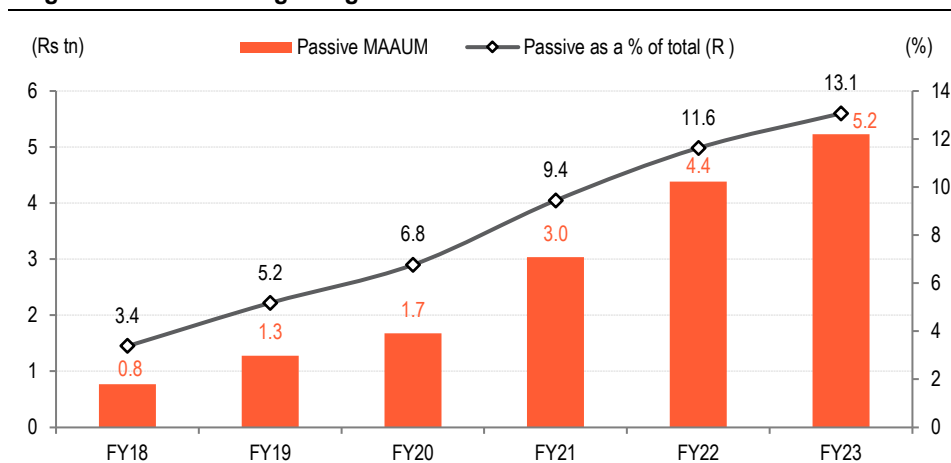
Source: AMFI, BOBCAPS Research

Fig 5 – ...and a rise in outstanding SIP accounts



Source: AMFI, BOBCAPS Research

Fig 6 – Passive funds gaining traction



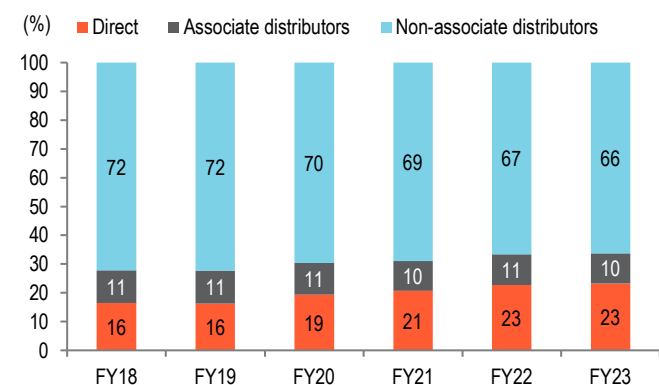
Source: AMFI, BOBCAPS Research

Fig 7 – Share of direct mutual fund plans in AUM remains stable

(%)	FY18	FY19	FY20	FY21	FY22	FY23
Direct	40.7	41.1	45.4	45.4	45.6	44.8
Associate distributors	8.1	8.2	7.8	7.3	7.2	7.2
Non-associate distributors	51.2	50.8	46.8	47.3	47.2	48.0

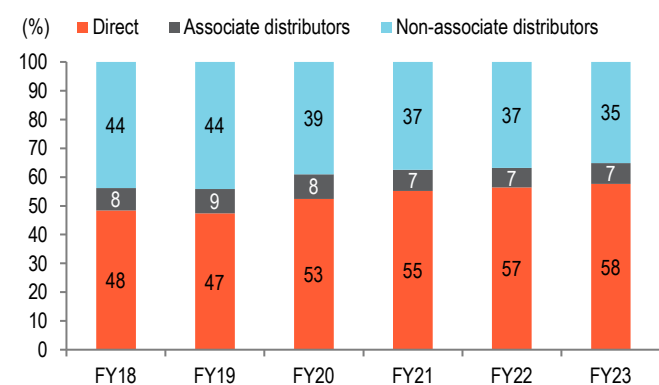
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 8 – Share of non-associate distributors in equity AUM on the decline



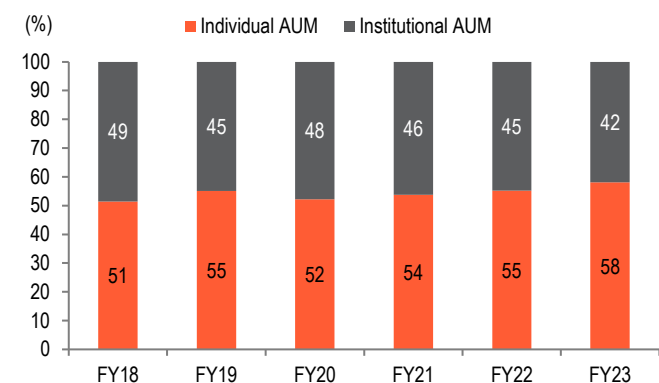
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 9 – Rising share of direct channels in debt AUM



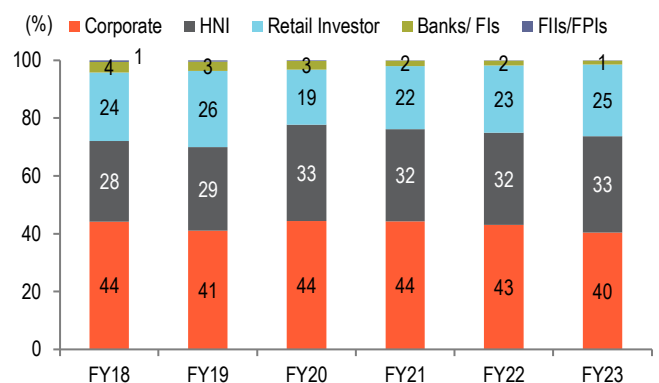
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 10 – Individual investors continue to form a larger chunk of the AUM pie



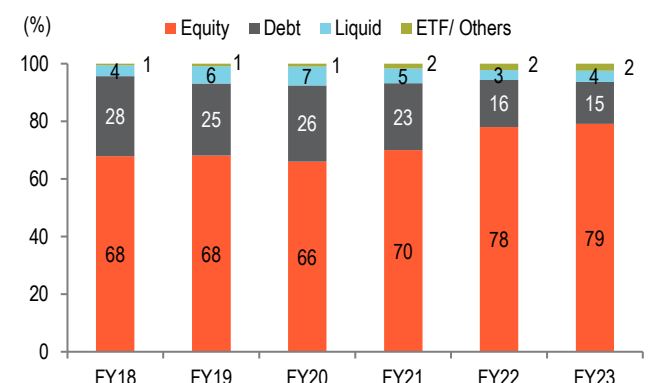
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 11 – HNI AUM share the most impressive in the individual category



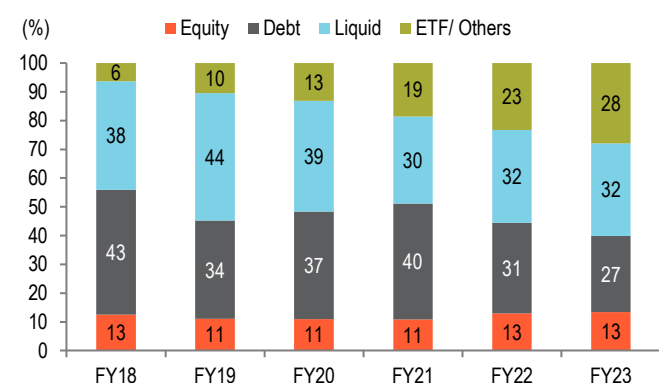
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 12 – Individual AUM – Equity dominates the investment mix



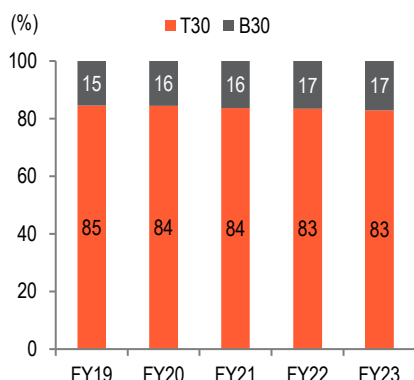
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 13 – Institutional AUM – ETFs score big; debt and liquid funds have a high share but are ceding ground



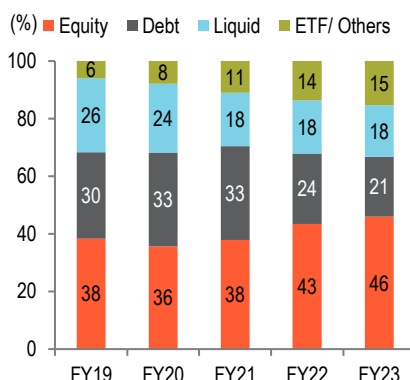
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 14 – T30 AUM share >80%



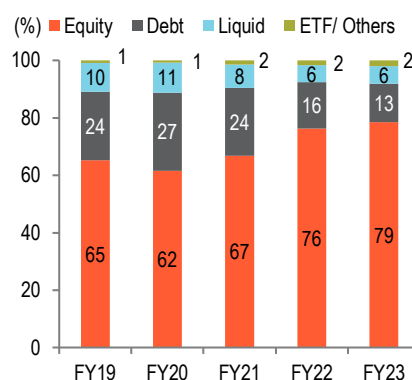
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 15 – T30 equity AUM share increasing...



Source: Company, BOBCAPS Research | Note: AUM = MAAUM

Fig 16 – ...with the same trend in B30 mix



Source: Company, BOBCAPS Research | Note: AUM = MAAUM

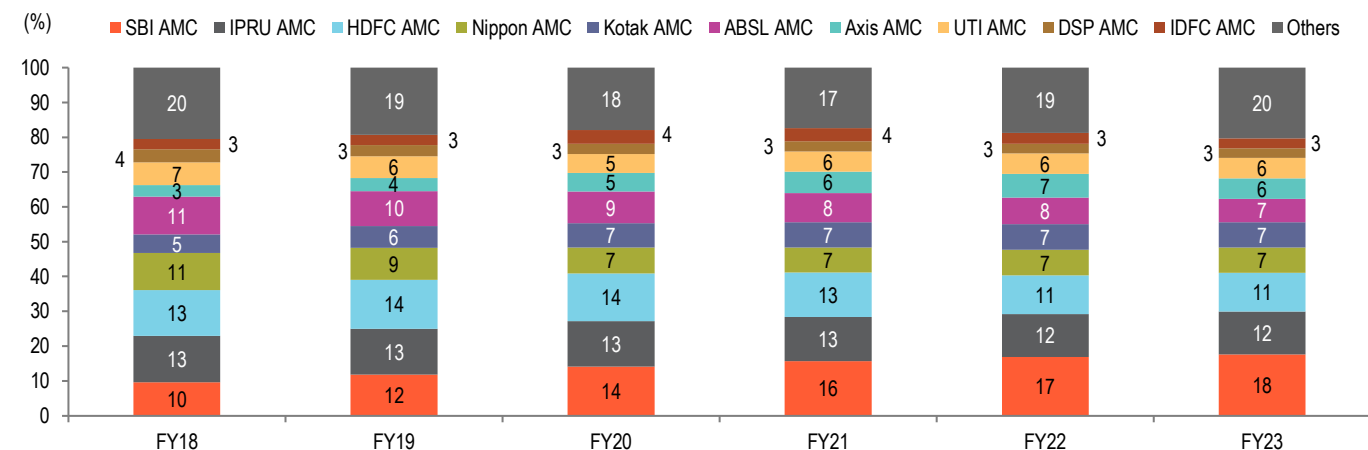
Top 10 players continue to dominate

Top 10 players command ~80% of industry assets; of these, only 3 grew market share over FY18-FY23

India's mutual fund industry is dominated by 10 players who collectively command ~80% of industry assets (MAAUM). The top 3 – SBI AMC, IPRU AMC and HDFC AMC – together constitute ~40% share, each supported or backed by a bank. Of the top 10, only three players have been able to expand market share over FY18-FY23 – SBI AMC, Axis AMC and Kotak AMC. In FY23, UTI AMC posted flat market share YoY at 6% as did HDFC AMC at 11%, whereas ABSL AMC shed 100bps to 6.7%.

- Equity – Strong investor interest:** Over FY18-FY23, industry MAAUM logged a 12% CAGR to Rs 40tn. Of this, equity assets grew at a faster 17% CAGR to Rs 20.6tn, constituting 52% of the total in FY23. Among the listed players, HDFC AMC posted a YoY increase in category market share from 11.4% in FY22 to 12.2% in FY23 and Nippon AMC held its ground, whereas UTI AMC lost some share and ABSL AMC was the biggest loser. If we look at the past four years (FY20-FY23), HDFC AMC has suffered the largest market share loss (of 225bps to 12.2%) followed by ABSL AMC (of 220bps to 5.5%), while Nippon AMC has ceded 100bps and UTI AMC was flat.
- Debt – Downtrend continues:** The proportion of debt in MAAUM has dropped from 35% in FY18 to 20% in FY23 (-300bps YoY). On an annual basis, UTI AMC's market share in the category has remained flat while the other three listed players contracted 30-110bps. In contrast, SBI AMC's share has advanced from 8.1% in FY18 to 13.6% in FY23, with a 120bps gain YoY.
- Liquid funds flat YoY:** Liquid MAAUM constituted 16% of total MAAUM in FY23 (similar to FY22), down from 20% in FY18. Among the listed entities, HDFC AMC and UTI AMC's market share has moved up during FY18-FY23 whereas Nippon AMC and ABSL AMC have faltered. On a YoY basis, Nippon and HDFC AMC gained 20bps, ABSL AMC shed 140bps, and UTI AMC remained flattish.
- ETFs growing fast but top 10 losing ground:** ETF/Others constituted 13% of total MAAUM in FY23, rising from 3% in FY18. Within this, the share of the top 10 players has fallen from 97% in FY18 to 85% in FY23. However, except Nippon AMC, all the listed entities increased market share over FY18-FY23, with all four gaining on a YoY basis by 30-60bps in FY23.

Fig 17 – Leader SBI AMC has gained market share in AUM



Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 18 – Top 10 maintained AUM market share at ~80% over FY18-FY23



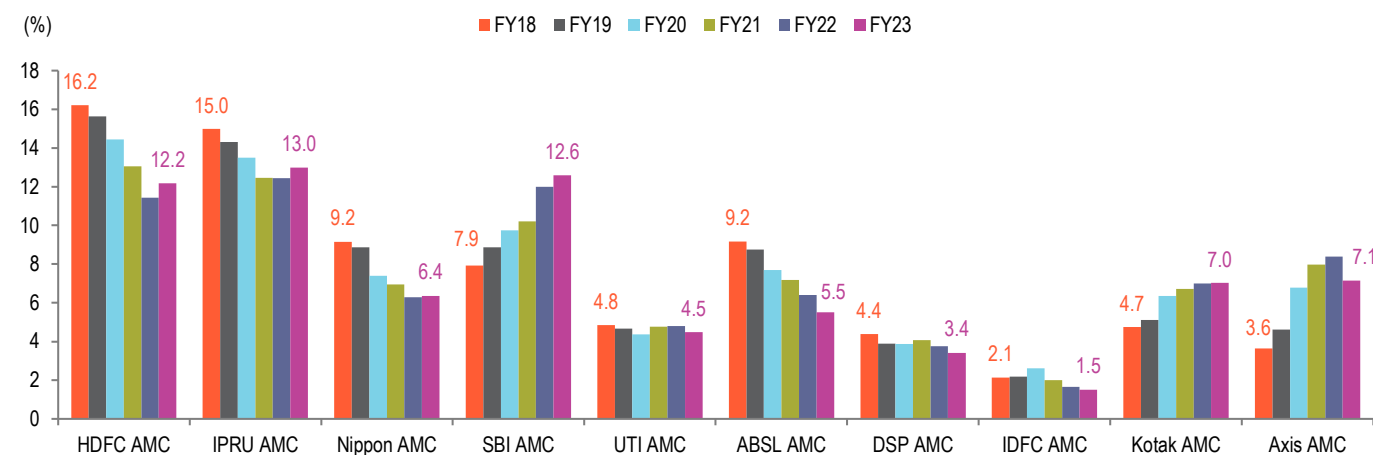
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 19 – Equity AUM: Top 10 player market share has fallen over FY18-FY23



Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 20 – Equity AUM: SBI AMC marched ahead; Kotak AMC and Axis AMC also gain market share



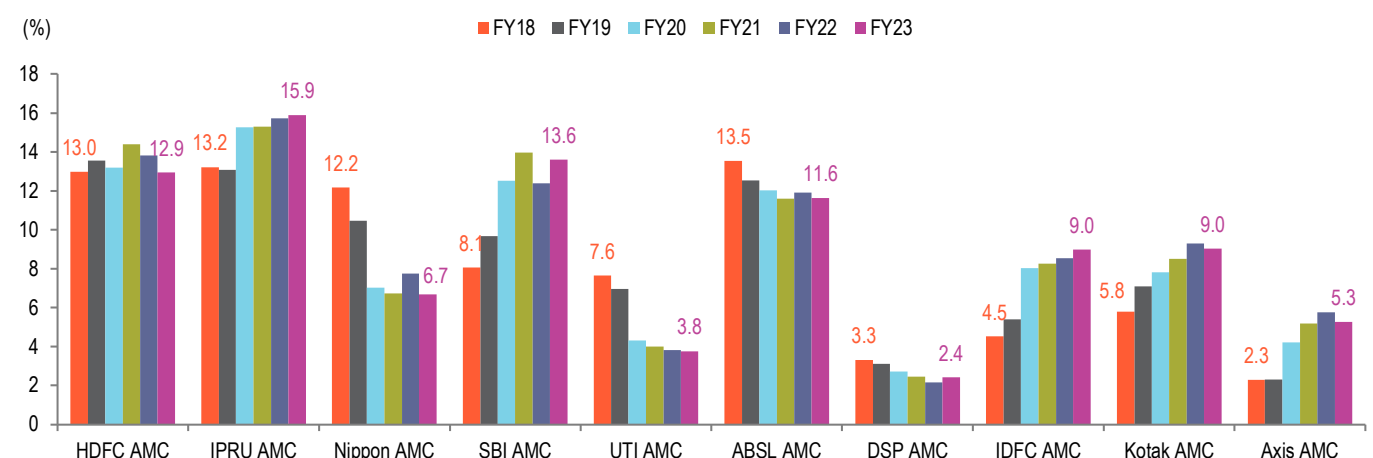
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 21 – Debt AUM: Top 10 players expanded market share over FY18-FY23



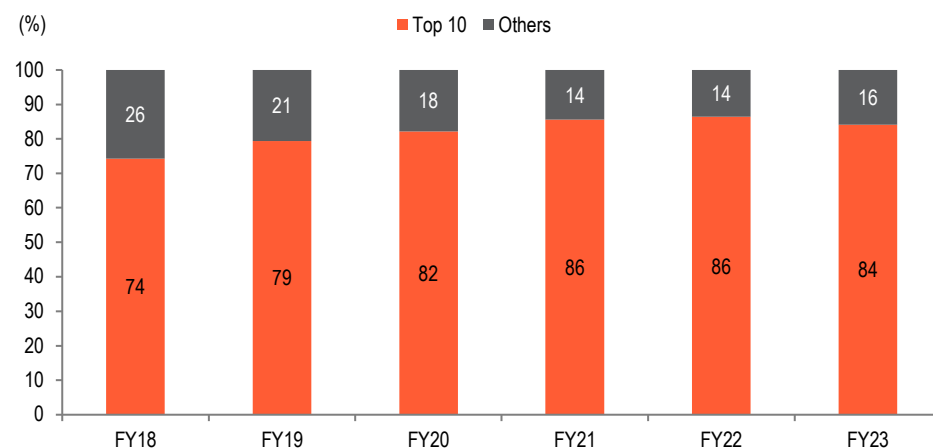
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 22 – All listed players lost ground in debt MF segment



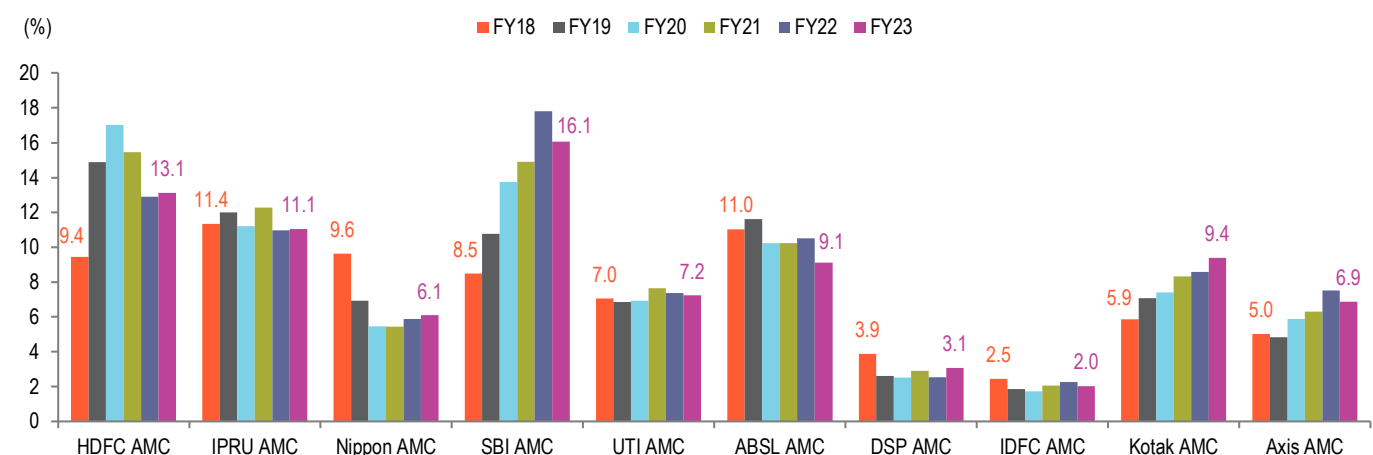
Source: AMFI, BOBCAPS Research

Fig 23 – Liquid AUM: Top 10 strengthened market share over FY18-FY23



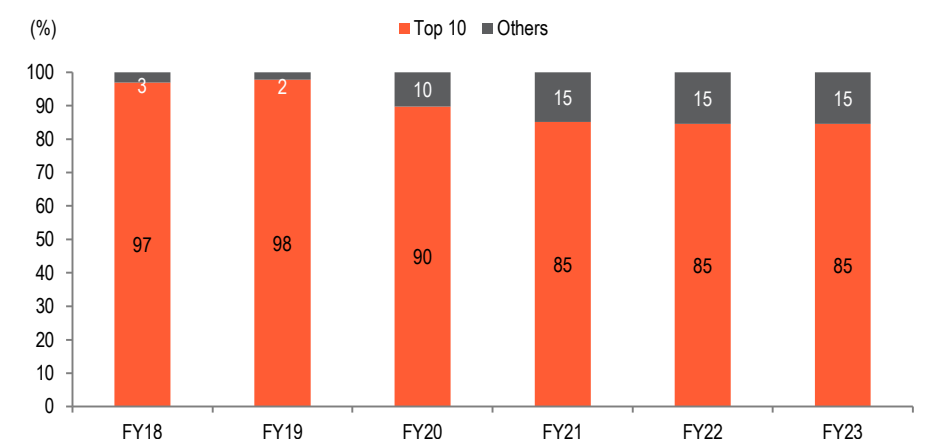
Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 24 – Liquid AUM: SBI AMC has strengthened its position over FY18-FY23 but lost ground YoY

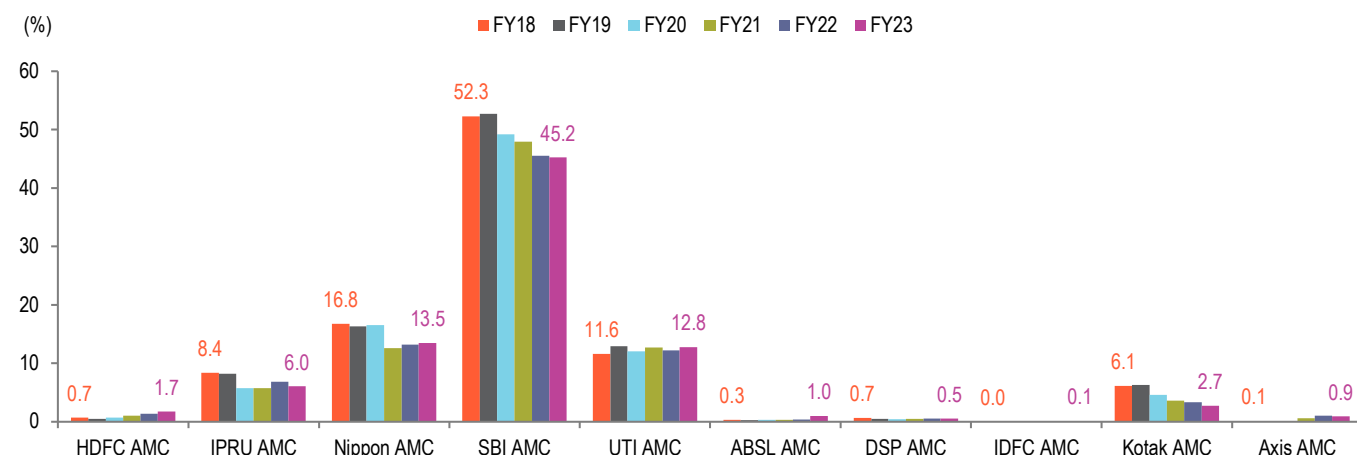


Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 25 – ETF/Others AUM: Top 10 players losing market share



Source: AMFI, BOBCAPS Research | Note: AUM = MAAUM

Fig 26 – ETF/Others AUM: SBI AMC remains the biggest player but is losing market share

Source: AMFI, BOBCAPS Research | Note: AUM = MAUM

Scheme performance mixed

We have compared fund performance of listed players over one-year, three-year and five-year periods across three verticals: equity small-cap, equity mid-cap and equity large-cap. Our analysis shows a mixed performance across the four players.

Fig 27 – Equity large-cap – Nippon in top gear; HDFC AMC and UTI AMC in second quartile for long-term performance

Quartile	1Y performance				3Y performance				5Y performance			
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-22	Sep-22	Dec-22	Mar-23	Jun-22	Sep-22	Dec-22	Mar-23
HDFC AMC	Q1	Q1	Q1	Q1	Q4	Q3	Q2	Q1	Q2	Q2	Q3	Q2
Nippon AMC	Q1	Q1	Q1	Q1	Q3	Q1	Q1	Q1	Q2	Q1	Q2	Q1
ABSL AMC	Q1	Q1	Q2	Q2	Q2	Q1	Q1	Q1	Q3	Q3	Q3	Q3
UTI AMC	Q3	Q3	Q4	Q4	Q1	Q1	Q1	Q2	Q1	Q1	Q2	Q2

Source: AMFI, BOBCAPS Research | Note: Q1 - First Quartile, Q2 - Second Quartile, Q3 - Third Quartile, Q4 - Fourth Quartile | Note: The schemes under consideration comprise HDFC Top 100 Fund, Nippon India Large Cap Fund, Aditya Birla Sun Life Frontline Equity Fund and UTI Mastershare Fund

Fig 28 – Equity mid-cap: HDFC AMC's short-term performance in top quartile; ABSL AMC lags

Quartile	1Y performance				3Y performance				5Y performance			
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-22	Sep-22	Dec-22	Mar-23	Jun-22	Sep-22	Dec-22	Mar-23
HDFC AMC	Q2	Q1	Q1	Q1	Q3	Q2	Q1	Q1	Q3	Q2	Q2	Q2
Nippon AMC	Q1	Q2	Q1	Q2	Q2	Q2	Q2	Q2	Q1	Q2	Q2	Q1
ABSL AMC	Q1	Q3	Q4	Q4	Q3	Q3	Q4	Q3	Q4	Q4	Q4	Q4
UTI AMC	Q2	Q2	Q3	Q4	Q2	Q2	Q2	Q2	Q2	Q2	Q3	Q3

Source: AMFI, BOBCAPS Research | Note: Q1 - First Quartile, Q2 - Second Quartile, Q3 - Third Quartile, Q4 - Fourth Quartile | Note: The schemes under consideration comprise HDFC Mid-Cap Opportunities Fund, Nippon India Growth Fund, Aditya Birla Sun Life Mid Cap Fund and UTI Mid Cap Fund

Fig 29 – Equity small-cap: Nippon AMC's performance comparatively better in small-cap space

Quartile	1Y performance				3Y performance				5Y performance			
	Jun-22	Sep-22	Dec-22	Mar-23	Jun-22	Sep-22	Dec-22	Mar-23	Jun-22	Sep-22	Dec-22	Mar-23
HDFC AMC	Q4	Q3	Q2	Q1	Q4	Q4	Q3	Q1	Q2	Q2	Q2	Q2
Nippon AMC	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1	Q1
ABSL AMC	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4
UTI AMC	Q2	Q1	Q3	Q3	NA	NA	NA	NA	NA	NA	NA	NA

Source: Company, BOBCAPS Research | Note: Q1 - First Quartile, Q2 - Second Quartile, Q3 - Third Quartile, Q4 - Fourth Quartile | Note: The schemes under consideration comprise HDFC Small Cap Fund, Nippon India Small Cap, Aditya Birla Sun Life Small Cap Fund and UTI Small Cap Fund

Fig 30 – Size of the fund for listed entities

Fund	AUM as of Mar'23 (Rs bn)
Large-cap	
HDFC Top 100 Fund	223
Nippon India Large Cap Fund	127
Aditya Birla Sun Life Frontline Equity Fund	211
UTI Mastershare Fund	103
Mid-cap	
HDFC Mid-Cap Opportunities Fund	352
Nippon India Growth Fund	134
Aditya Birla Sun Life Mid Cap Fund	34
UTI Mid Cap Fund	70
Small-cap	
HDFC Small Cap Fund	150
Nippon India Small Cap	245
Aditya Birla Sun Life Small Cap Fund	29
UTI Small Cap Fund	23

Source: AMFI, BOBCAPS Research

Net flows

Fig 31 – Net flows segment-wise

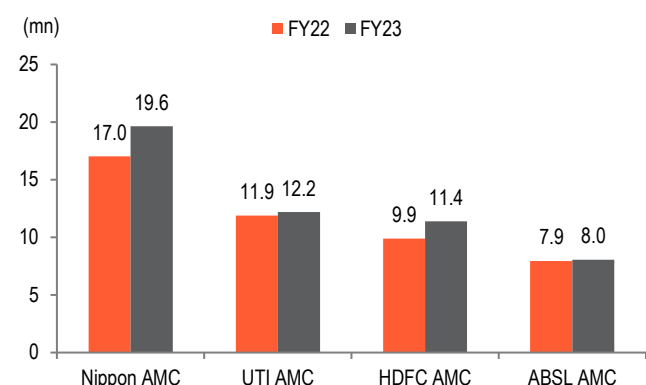
(Rs bn)	FY23 Net Inflow (+ve)/ Outflow (-ve)	FY22 Net Inflow (+ve)/ Outflow (-ve)
OPEN ENDED		
Income/Debt Oriented Schemes		
Overnight Fund	(144)	286
Liquid Fund	(366)	(36)
Ultra Short Duration Fund	(137)	(25)
Low Duration Fund	(311)	(218)
Money Market Fund	(127)	200
Short Duration Fund	(289)	(300)
Medium Duration Fund	(72)	15
Medium to Long Duration Fund	(15)	(8)
Long Duration Fund	61	(1)
Dynamic Bond Fund	29	(18)
Corporate Bond Fund	(34)	(372)
Credit Risk Fund	(41)	6
Banking and PSU Fund	(162)	(305)
Gilt Fund	55	(17)
Gilt Fund with 10-year constant duration	24	(3)
Floater Fund	(307)	114
Total	(1,836)	(684)
Growth/Equity Oriented Schemes		
Multi Cap Fund	114	282
Large Cap Fund	84	135
Large & Mid Cap Fund	182	147
Mid Cap Fund	202	163
Small Cap Fund	221	101
Dividend Yield Fund	39	11

(Rs bn)	FY23 Net Inflow (+ve)/ Outflow (-ve)	FY22 Net Inflow (+ve)/ Outflow (-ve)
Value Fund/Contra Fund	77	(0)
Focused Fund	64	160
Sectoral/Thematic Funds	237	271
ELSS	77	15
Flexi Cap Fund	170	359
Total	1,468	1,644
Hybrid Schemes		
Conservative Hybrid Fund	12	46
Balanced Hybrid Fund/Aggressive Hybrid Fund	57	34
Dynamic Asset Allocation/Balanced Advantage Fund	45	570
Multi Asset Allocation Fund	61	15
Arbitrage Fund	(352)	228
Equity Savings Fund	(11)	59
Sub Total	(188)	952
Solution Oriented Schemes		
Retirement Fund	11	8
Childrens Fund	7	5
Total	18	13
Other Schemes		
Index Funds	957	448
GOLD ETF	7	25
Other ETFs	595	808
Fund of funds investing overseas	16	107
Total	1,575	1,388
Total Open-ended Schemes	1,037	3,314
CLOSE ENDED		
Income/Debt Oriented Schemes		
Fixed Term Plan	(246)	(726)
Capital Protection Oriented Schemes	(10)	(11)
Infrastructure Debt Fund	(2)	(3)
Other Debt Scheme	(1)	(7)
Total	(259)	(747)
Growth/Equity Oriented Schemes		
ELSS	(3)	(11)
Other Equity Schemes	(17)	(92)
Total	(20)	(103)
Other Schemes	-	-
Total Close ended Schemes	(278)	(850)
Interval Schemes		
Income/Debt Oriented Schemes	4	4
Growth/Equity Oriented Schemes	-	-
Other Schemes	-	-
Total Interval Schemes	4	4
Grand Total	762	2,467

Source: AMFI, BOBCAPS Research | Note: Funds of Funds are excluded in the above calculation

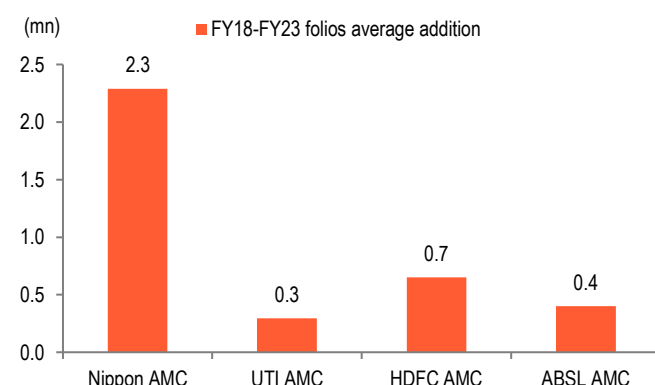
Folios

Fig 32 – Nippon AMC had the highest number of folios...



Source: AMFI, BOBCAPS Research

Fig 33 – ...and even tops in incremental growth



Source: AMFI, BOBCAPS Research

Glossary

Glossary of Abbreviations

AMC	Asset Management Company	HNI	High Network Individual
AUM	Assets Under Management	MAAUM	Monthly Average Assets Under Management
B30	Beyond the Top 30 cities	MF	Mutual Fund
EPFO	Employees' Provident Fund Organization	MFD	Mutual Fund Distributor
ETF	Exchange Traded Funds	QAAUM	Quarterly Average Assets Under Management
FoF	Fund of Funds	SIP	Systematic Investment Plan
FPI	Foreign Portfolio Investment	T30	Top 30 cities

Source: BOBCAPS Research

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Disclaimer

Recommendation scale: Recommendations and Absolute returns (%) over 12 months

BUY – Expected return >+15%

HOLD – Expected return from -6% to +15%

SELL – Expected return <-6%

Note: Recommendation structure changed with effect from 21 June 2021

Our recommendation scale does not factor in short-term stock price volatility related to market fluctuations. Thus, our recommendations may not always be strictly in line with the recommendation scale as shown above.

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