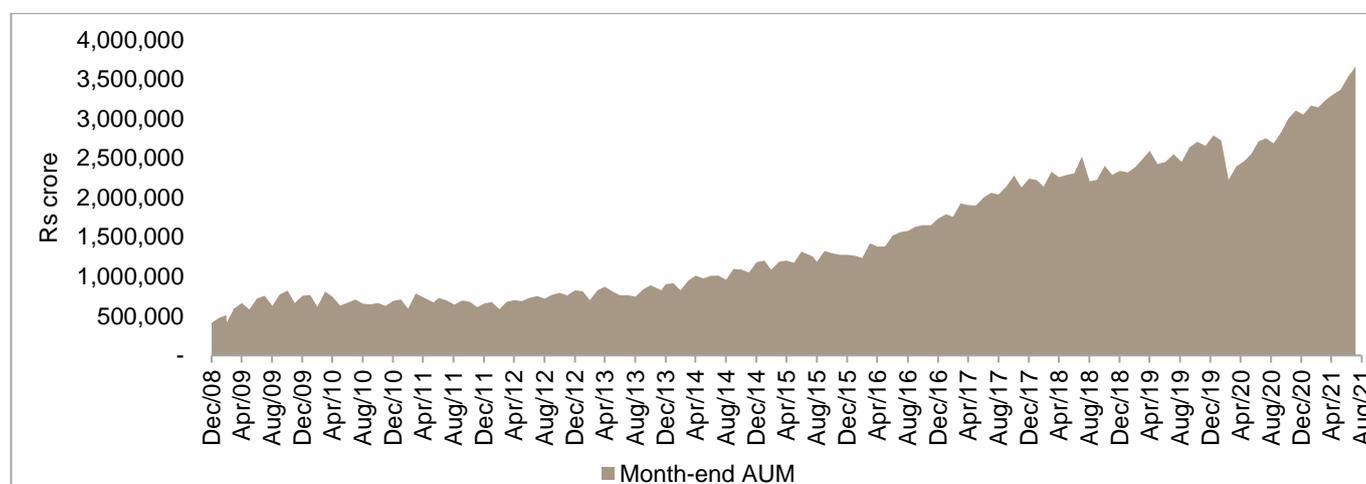


Mutual fund AUM hits a new high in August, crosses Rs 36.5 lakh crore

Industry AUM rose ~4%, led by equity market gains and inflows across categories

The domestic mutual fund industry's asset base hit a record high in August on the back of mark-to-market (MTM) gains in equity-oriented assets and net inflows across open-ended schemes. At an aggregate level, industry assets under management (AUM) settled at Rs 36.59 lakh crore at August-end (excluding domestic fund of funds or FoFs), up 3.6% on-month. In absolute terms, the asset base rose by ~Rs 1.28 lakh crore, a rise of over Rs 1 lakh crore for the second straight month. Overall net inflows in August were Rs 32,976 crore, as compared with ~Rs 1.14 lakh crore in July. Gains were, however, limited by redemptions in close-ended debt schemes.

Industry assets cross Rs 36.5 lakh crore



Note: Excludes domestic FoFs

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

- **Equity fund AUM breaches the Rs 12 lakh crore threshold, aided by MTM gains**

Equity-oriented mutual fund assets rose by ~5.3% or Rs 62,342 crore to hit a new high of Rs 12.33 lakh crore at August-end, primarily led by MTM gains in the underlying asset class. The domestic equity benchmarks, i.e., the Nifty 50 and S&P BSE Sensex advanced ~9% each on-month to close near record highs. August was the seventh consecutive month of growth in the category's asset base.

The category also benefitted from net inflows for the sixth straight month in August at ~Rs 8,667 crore, although sharply lower than July's ~Rs 22,584 crore. The previous sharp rise in inflows was also led by inflows in new fund offers (NFOs) in the category.

Systematic investment plans (SIPs) remained in favour as an investment mode, with the monthly contribution via this route rising to Rs 9,923 crore in August from Rs 9,609 crore in July. August's SIP collection figure was the highest since the Association of Mutual Funds in India (AMFI) began disseminating this data in April 2016. The number of outstanding SIP folios also rose to 4.32 crore in August from 4.17 crore in July.

Within the category, flexi cap funds recorded the highest net inflows for the second consecutive month in August at ~Rs 4741 crore, as compared with July's Rs 11,508 crore. Focused schemes that can invest in up to 30 stocks registered the highest monthly net inflows in August (at ~Rs 3,073 crore) since the AMFI changed its dissemination format in April 2019.

Equity-linked savings schemes (ELSS) registered a fifth consecutive month of outflows at ~Rs 779 crore in August. Investors also continued to exit value / contra funds, with the category recording net outflows for the third straight month at ~Rs 613 crore in August.

- **NFO inflows boost hybrid schemes AUM to record high**

Hybrid schemes recorded net inflows for the eighth consecutive month, clocking Rs 18,706 crore in August, marginally lower than July's Rs 19,481 crore.

The category benefitted from the highest monthly net inflows on record in the balanced advantage fund category since April 2019 as investors showed strong interest in new funds launched by asset management companies during the month. For August, net inflows for balanced advantage funds stood at ~Rs 16,571 crore, sharply higher than July's Rs 2,454 crore.

Among other categories, arbitrage funds garnered net inflows for the eighth month in a row at Rs 1793 crore in August, down from Rs 14,924 crore in July.

Meanwhile, the fund flow trend for aggressive hybrid funds turned negative again in August, with the category recording net outflows of Rs 561 crore after having recorded net inflows of Rs 741 crore in July. Prior to July 2021, the category last witnessed net inflows of ~Rs 674 crore in July 2019.

Overall, the asset base of hybrid funds rose for the seventh straight month in August, up ~6.4% or Rs 26,213 crore on-month to a record high of ~Rs 4.38 lakh crore.

- **Passive investing picks up steam**

Consistent inflows into schemes that espouse passive investing, namely equity exchange-traded funds (ETFs), index funds, and gold ETFs, contributed to a sharp rise in the asset bases of these categories. The aggregate AUM of these categories stood at ~Rs 3.91 lakh crore in August, up from Rs 3.57 lakh crore in July. Meanwhile, the asset base of FoFs investing overseas settled at ~Rs 21,441 crore at month-end, as compared with ~Rs 20,331 crore at July-end.

Net inflows in ETFs (equity and gold) and index funds cumulatively stood at Rs 10,506 crore in August, the highest since July 2020 which saw net inflows of ~Rs 13,865 crore, and higher than July's net inflows of ~Rs 7,594 crore. FoFs that invest in overseas markets garnered net inflows of Rs 1,085 crore during the month, as compared with Rs 2,490 crore in July.

- **Open-ended debt funds' AUM inches higher**

Floater funds recorded the highest monthly net inflows within the category at ~Rs 9,991 crore in August, the sixth straight month of net inflows, up from ~Rs 7,424 crore in July. The category has gained traction among investors

over the past six months as it tends to fare better than comparable categories in rising or flat interest rate scenarios.

Among short-maturity and money market fund categories, overnight funds saw the highest monthly net outflows within the category at ~Rs 11,808 crore, while low duration funds also recorded net outflows of ~Rs 7,408 crore. Among the gainers, ultra-short duration funds and money market funds saw net inflows of Rs 1,889 crore and Rs 2,048 crore, respectively.

In the medium to long maturity debt category, corporate bond funds, medium to long duration funds and banking & PSU funds saw net inflows of Rs 3,064 crore, Rs 1,226 crore and Rs 1,021 crore, respectively.

In the closed-ended debt category, fixed-term plans saw redemptions totalling ~Rs 6,480 crore in August, down from ~Rs 9,779 crore in July.

Open-ended debt schemes garnered an aggregate net inflow of ~Rs 1,074 crore in August, sharply lower than ~Rs 73,694 crore in July. The category AUM rose ~0.6% on-month to settle at a fresh high of ~Rs 14.75 lakh crore.

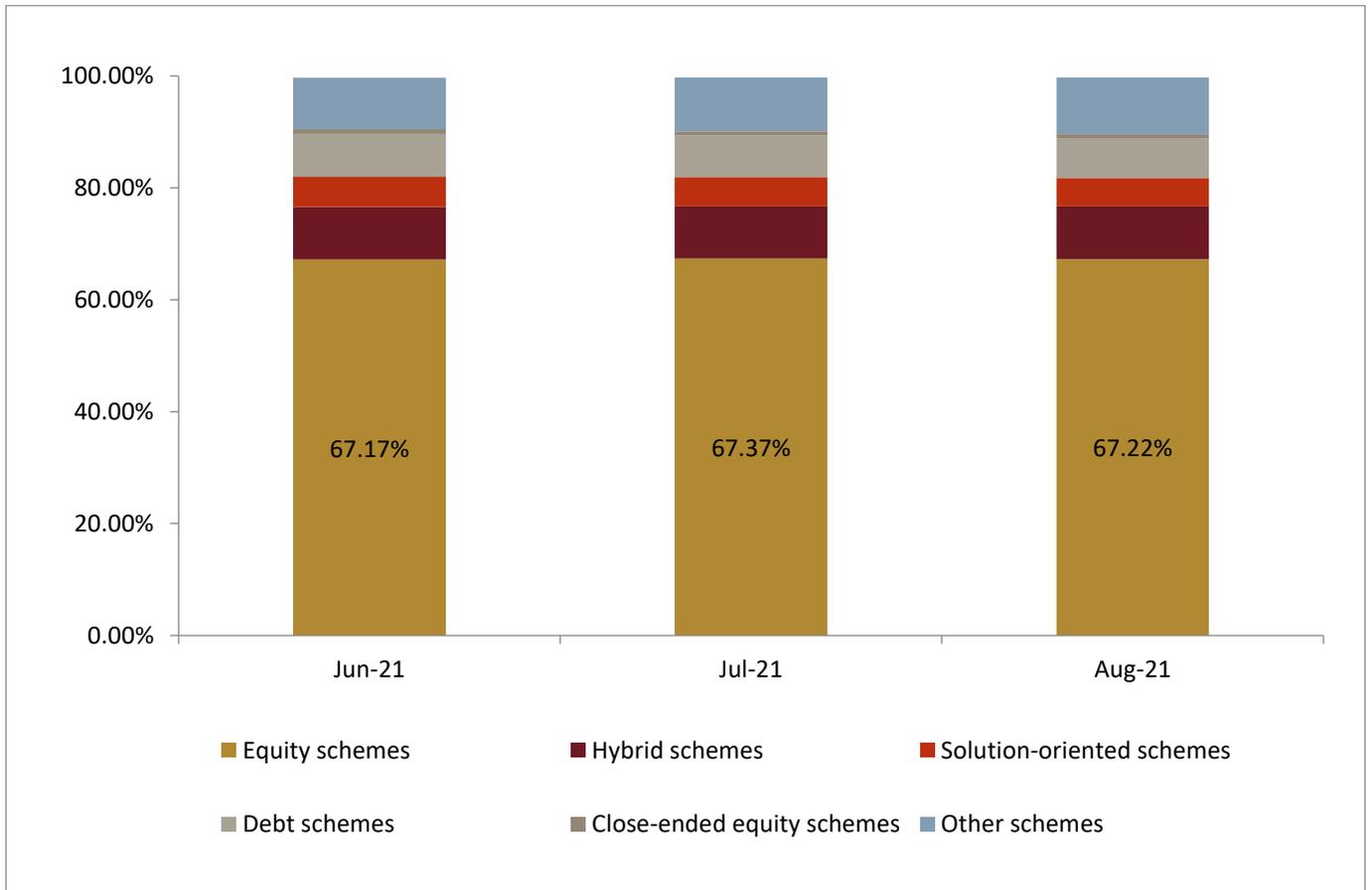
Category-wise inflow/outflow and industry AUM (Rs crore)

Categories	Net inflow		Month-end AUM		
	Aug-21	Jul-21	Aug-21	Jul-21	Change
A – Open-ended schemes					
Debt-oriented schemes	1,074	73,694	1,474,691	1,466,223	8,468
Equity-oriented schemes	8,667	22,584	1,233,142	1,170,800	62,342
Hybrid schemes	18,706	19,481	438,114	411,902	26,213
Solution-oriented schemes	30	78	28,217	27,235	982
Other schemes	11,592	10,084	412,134	377,474	34,660
B – Closed-ended schemes					
Debt-oriented schemes	-6480	-9824	57,054	62,126	-5,072
Equity-oriented schemes	-610	-1841	15,974	15,973	1
C – Interval schemes					
Debt-oriented schemes	-3	-1	118	120	-2
Equity-oriented schemes	0	0	0	0	0
Total (A + B + C)	32976	114255	3659445	3531853	127592

Note: Excludes domestic FoFs

Source: AMFI

Folio share of schemes



Note: Excludes domestic FoFs

Source: AMFI

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