



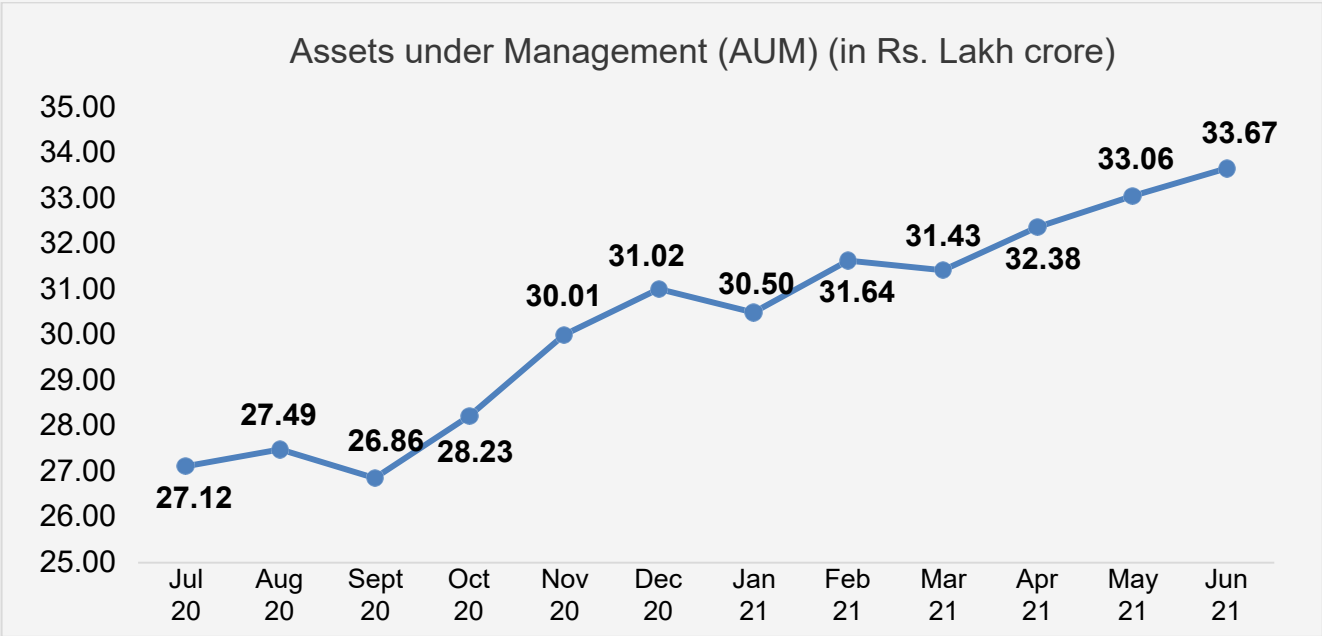
FOUNDATION

OF INDEPENDENT FINANCIAL ADVISORS

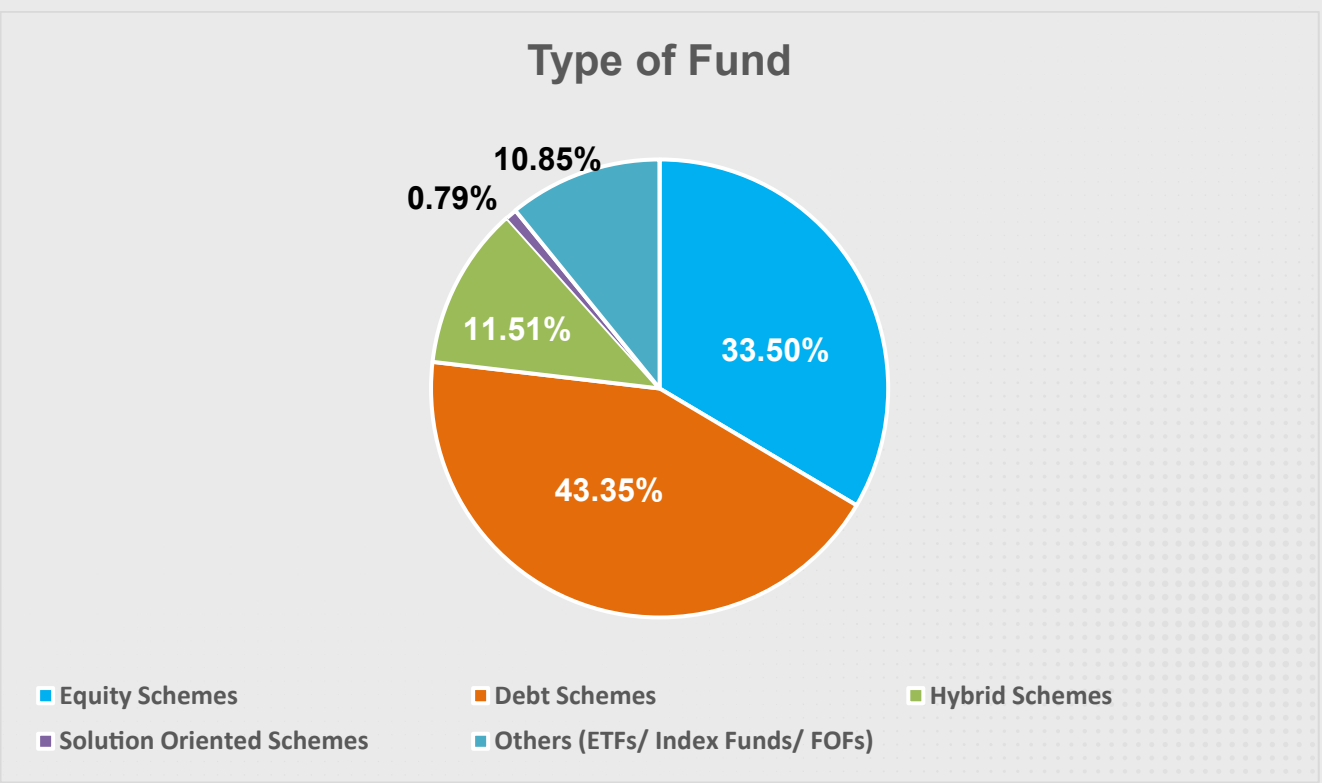
JUNE 2021

What's New?

AUM Movement over the last 12 months



AUM Composition as at 31st May 2021



How has the AUM changed over the last month?

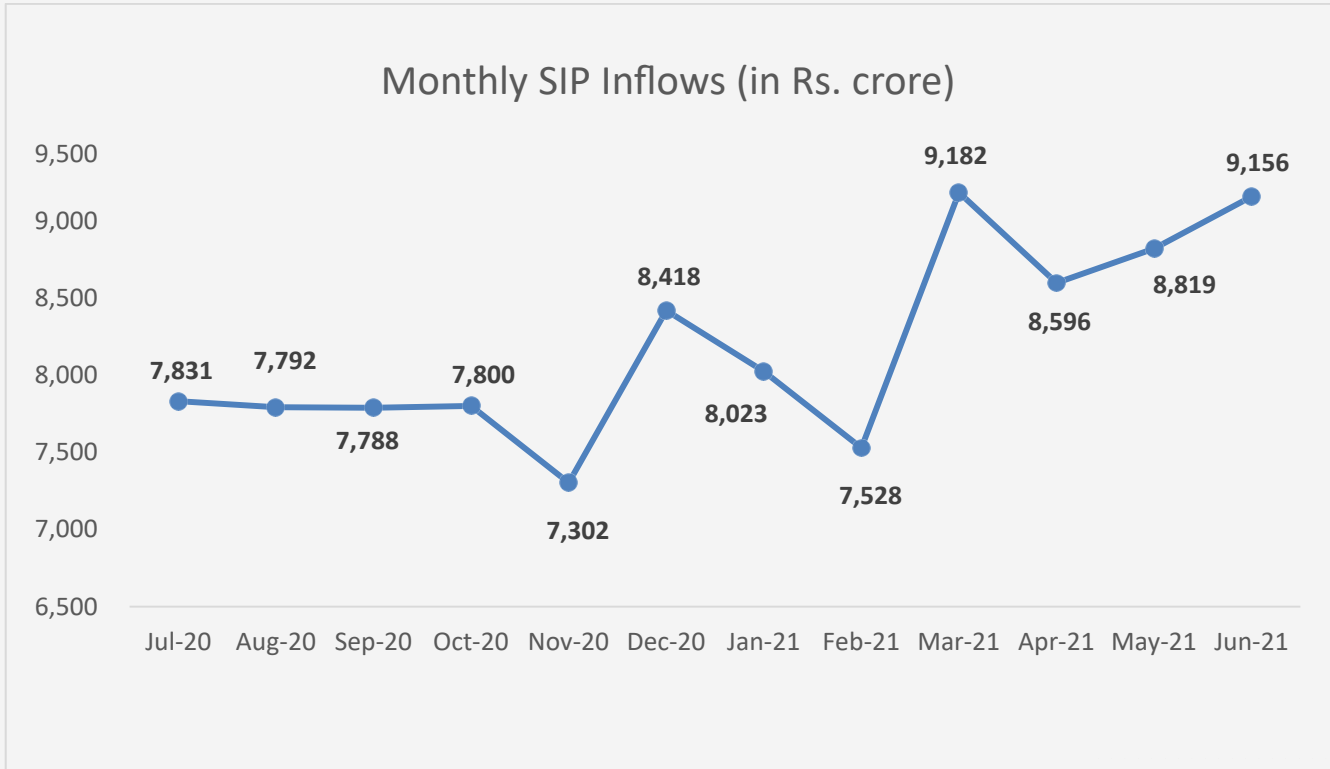
(All figures in Rs. Crore)

Particulars	AUM as at 31-May-21	Net Inflows/ (Outflows)	Increase/ (Decrease) due to market movements	AUM as at 30-Jun-21
Equity Schemes	10,88,602	4,609	34,609	11,27,820
Debt Schemes	14,64,749	(7,597)	2,424	14,59,576
Hybrid Schemes	3,71,105	12,361	4,128	3,87,594
Solution Oriented Schemes	25,866	96	570	26,532
ETF/ FOF/ Others	3,55,337	5,850	4,168	3,65,355
Total	33,05,659	15,319	45,899	33,66,877

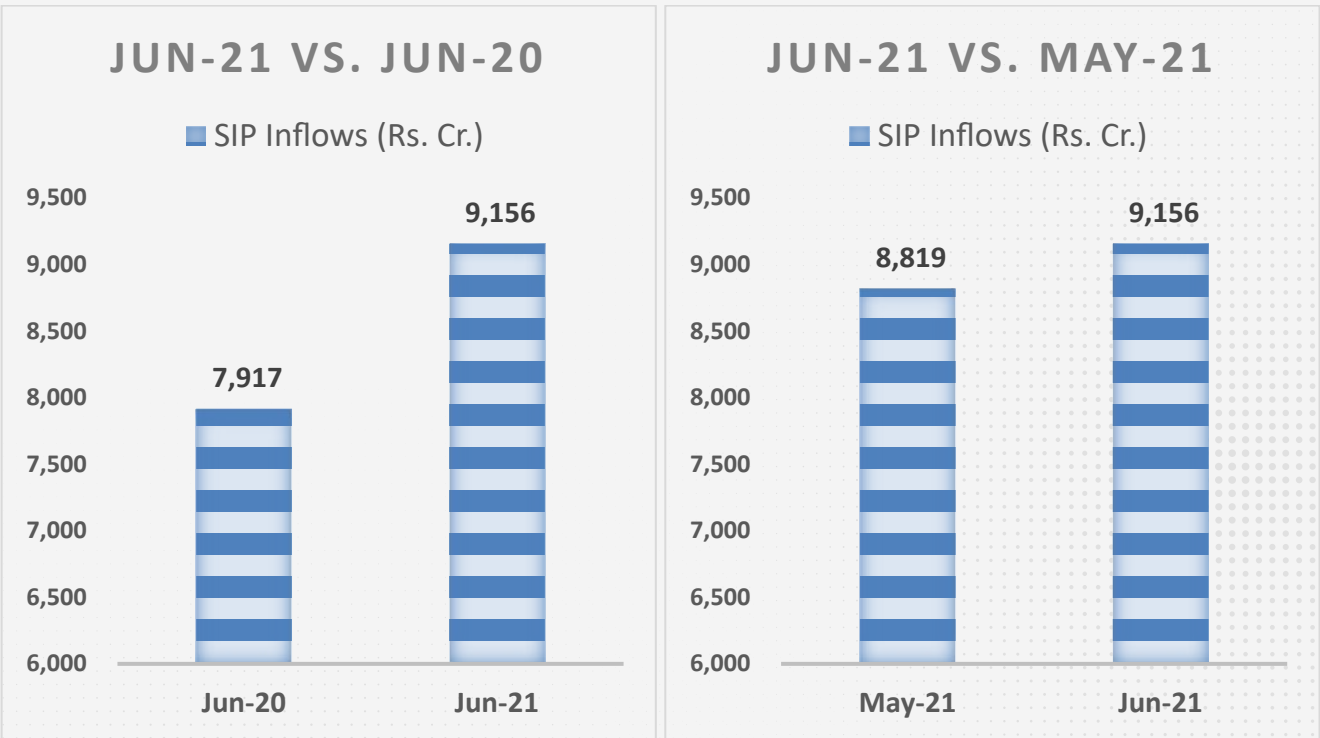
Source – Association of Mutual Funds in India (AMFI)

What's New?

SIP Trends



AUM Composition as at 30th June 2021

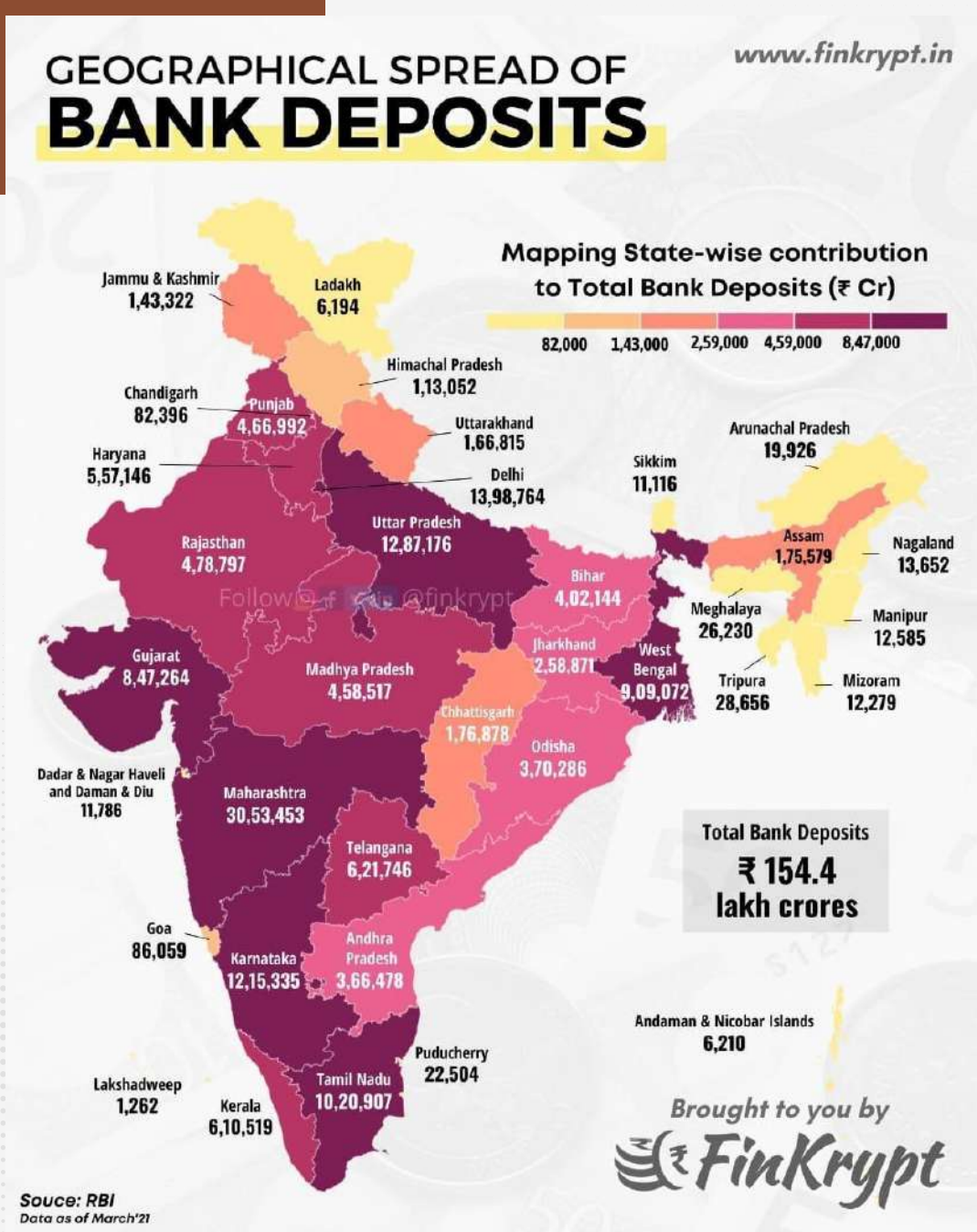
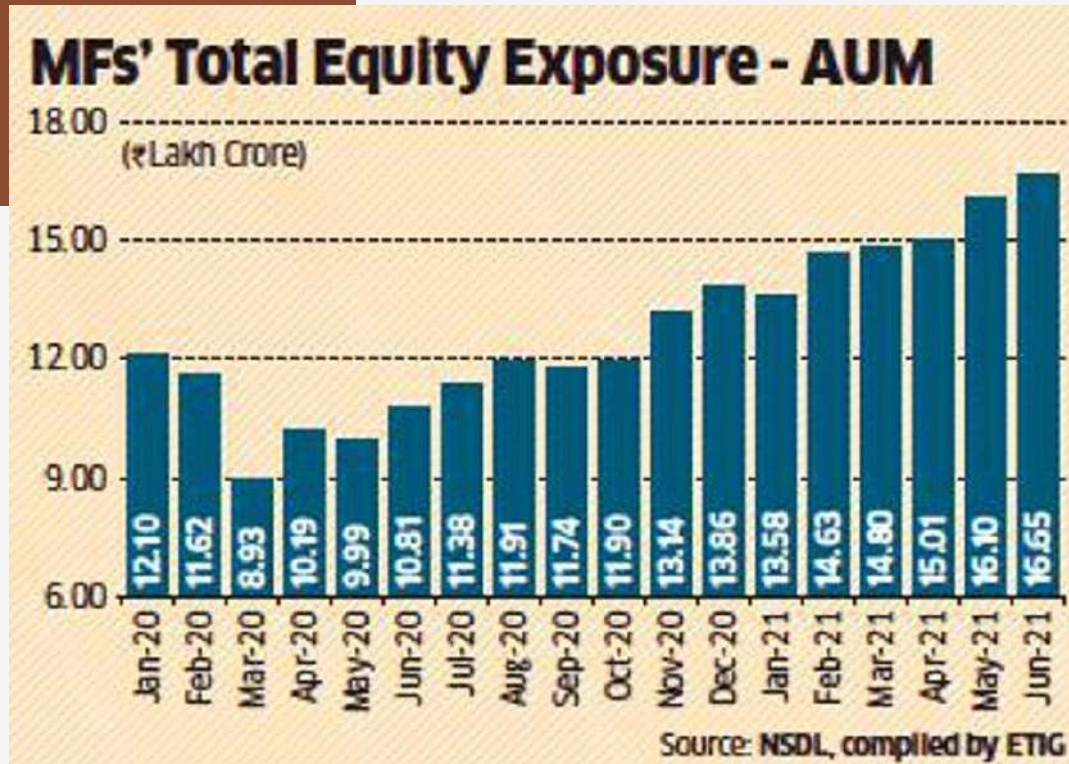


#MutualFunds #Equity AUM now stands at ₹16.65 lakh crore...

This is 7.6% of the total market capitalisation of the Indian Stock Market...

Over a period of time domestic funds have grown in stature and will continue growing due to preferences shift towards financial savings

What's New?



FIFA Welcomes New Members

Member Category	Member No.	Type	Organisation	Member Name	Location
General	02337	N. Indv	Value Wealth	Rajesh Karhade Nitin Patil	Thane Thane
General	02338	N. Indv	Arthchakra Capital Pvt. Ltd.	Shyam Lal Sutrave Gitanjali Sutrave	Hyderabad Hyderabad

On 25th June, 2021, FIFA had conducted zoom session.

Topic : The “Power of Compounding” In The MFD Business

Speaker : Mr. Gajendra Kothari

This session was attended by more than 213 IFA’s.

Recording of the webinar has been uploaded on the FIFA Website.

Please find the link / path of the recording.

<https://www.fifaindia.org/uploads/audios/member/Gajendra-Kothari-session-on-25th-June-2021-THE-POWER-OF-COMPOUNDING-IN-THE-MFD-BUSINESS.mp3>

On 25th June 2021, FIFA had sent letter to Mr. Sanjay Sapre of “Franklin Templeton Asset Management India Pvt Ltd” requesting to release the payout of distribution commission due to MFD’s under the six wound up schemes of Franklin Templeton.

Fund flow

Source : www.amfiindia.com	Quarterly Average AUM		Change	Rank		
Mutual Fund Name	Mar-21	Jun-21	QoQ	Mar-21	Jun-21	Change
SBI Mutual Fund	5,04,455	5,23,198	4%	1	1	0
HDFC Mutual Fund	4,15,566	4,16,950	0%	2	2	0
ICICI Prudential MF	4,05,406	4,16,701	3%	3	3	0
Aditya Birla Sun Life MF	2,69,278	2,75,454	2%	4	4	0
Kotak Mahindra MF	2,33,780	2,46,584	5%	5	5	0
Nippon India MF	2,28,586	2,40,364	5%	6	6	0
Axis Mutual Fund	1,96,549	2,08,143	6%	7	7	0
UTI Mutual Fund	1,82,853	1,87,210	2%	8	8	0
IDFC Mutual Fund	1,22,131	1,26,070	3%	9	9	0
DSP Mutual Fund	97,386	1,04,026	7%	10	10	0
Mirae Asset Mutual Fund	69,598	77,674	12%	13	11	2
L&T Mutual Fund	72,728	75,531	4%	12	12	0
Tata Mutual Fund	62,078	66,999	8%	14	13	1
Franklin Templeton MF	82,553	60,525	-27%	11	14	-3
Edelweiss Mutual Fund	46,849	54,406	16%	15	15	0
Invesco Mutual Fund	36,795	38,967	6%	16	16	0
Canara Robeco MF	28,273	32,541	15%	18	17	1
Sundaram Mutual Fund	32,052	32,151	0%	17	18	-1
Motilal Oswal MF	25,763	26,780	4%	19	19	0
LIC Mutual Fund	16,927	17,642	4%	20	20	0
PPFAS Mutual Fund	8,720	11,343	30%	23	21	2
HSBC Mutual Fund	10,385	10,657	3%	21	22	-1
Baroda Mutual Fund	9,641	10,645	10%	22	23	-1
BNP Paribas Mutual Fund	7,837	8,122	4%	24	24	0
PGIM India Mutual Fund	6,527	8,110	24%	26	25	1
Principal Mutual Fund	7,768	8,038	3%	25	26	-1
Union Mutual Fund	5,240	5,916	13%	28	27	1
Mahindra Manulife MF	5,271	5,664	7%	27	28	-1
IDBI Mutual Fund	4,120	4,255	3%	29	29	0
IIFL Mutual Fund	2,370	2,591	9%	31	30	1
BOI AXA Mutual Fund	2,289	2,211	-3%	32	31	1
JM Financial MF	2,389	2,135	-11%	30	32	-2
Quantum Mutual Fund	1,786	1,779	0%	33	33	0
Quant Mutual Fund	722	1,642	127%	36	34	2
ITI Mutual Fund	1,179	1,562	33%	35	35	0
IL&FS Mutual Fund (IDF)	1,679	1,355	-19%	34	36	-2
Trust Mutual Fund	625	858	NA	39	37	2
Navi Mutual Fund	698	728	4%	37	38	-1
Indiabulls Mutual Fund	664	632	-5%	38	39	-1
IIFCL Mutual Fund (IDF)	588	596	1%	40	40	0
Taurus Mutual Fund	475	496	4%	41	41	0
Shriram Mutual Fund	203	208	2%	42	42	0
YES Mutual Fund	110	81	-26%	43	43	0
Grand Total	32,10,892	33,17,541	3%			

Market Update – June 2021

Equity Markets Update

On the back of sustained progress in the Covid vaccination program and steady fall in the Covid positivity rate, both the National Stock indices, S&P BSE Sensex 30, and NSE Nifty50 generated around 1% returns during the month. The uptrend was supported with the announcement of further relief measures for Covid-impacted sectors by the Govt. coupled with positive global cues. However, the impending impact of the second wave of Covid-19 on the economic growth and the RBI lowering the growth projections dampened the investor sentiments. In the coming times, the key triggers would be the rising crude oil prices putting pressure on the Indian currency and rising inflation projections domestically.

Debt Market Update

The benchmark yields continued to be range-bound during the month, as it ended the month at 6.05% on June 2021 end, as against 6.02% as of May 31, 2021. While the Central Bank continued to support the long-term yields through Open Market Operations, the inflation data continued to exert pressures on the yields. As of June 30, 2021, the credit spreads for an AAA-rated issuer for a 10-year tenor are 77 bps over the benchmark G-sec yields. The markets will take cues from the fiscal deficit numbers and progress on the disinvestment front to estimate the further Govt. borrowing and decide the way ahead for the yields.

Mutual Fund Industry Update

The mutual fund industry closed the month of June 2021 at yet another record high, as the Industry Assets Under Management (AUM) ended at Rs. 33.67 lakh crores on June 30, 2021. While equity funds continued to attract net inflows, debt schemes saw net outflows. Such outflows have often been seen during the last month of the quarter as the Corporates liquidate such investments for advance tax obligations. The increase in AUM was further led by the MTM gains under the equity schemes. With the risk-reward trade-offs currently low for the investors, Arbitrage schemes saw the highest inflows of Rs. 9,060 crores during the month. The monthly SIP inflows increased from Rs. 8,819 crores in May 2021 to Rs. 9,156 crores in June 2021. June month saw fresh registrations of 21.29 lakh SIPs with 7.62 lakh SIPs discontinued/ stopped/ tenure completed. As of June 30, 2021, the total SIP AUM is Rs. 4.84 lakh crores.

Currency Update

Echoing the global currency movements amidst USD strength, Indian Rupee closed at Rs. 74.35 per USD as at June 2021 end, as against Rs. 72.62 per USD as of May 2021 end. The dollar gained strength against all the major currencies during the month on the back of strong growth data and FOMC (Federal Open Market Committee) intentions to prepone the rate hike cycle.

Taxation

Taxation of Mutual Fund Returns

It is the month of July when most of the taxpayers are busy collecting details for filing Income Tax Returns. This year, it has been slightly different, as the Govt. extended the ITR filing deadlines by a couple of months. The due date for filing the ITR for salaried taxpayers for the year 2020-21 has been extended from 31 July 2021 to 30 September 2021. However, this time around, it will be the first time when the taxpayers would need to disclose dividend income as taxable. This may require scrutinizing the bank statements to identify any dividend received from equity shares or mutual funds. Similarly, the Finance Minister also mentioned in her Budget speech that the ITR forms may provide pre-filled details about dividend income and capital gains, and the new Income Tax Portal seems to be gearing for that. However, it might be another challenge to verify the existing information with the actuals.

As such, let us summarise the income tax provisions for mutual fund returns, which may be handy for the investors filing their ITRs for the year 2020-21.

Dividend Income

Dividend income was earlier considered exempt for the investors. However, from the current year, the same has been made taxable. The investors should review their bank statements for the dividend income received and review their Form 26AS for any TDS deducted on such dividend income. As per the Income tax rules, companies and mutual fund houses must deduct TDS @ 10% if the dividend income exceeds Rs. 5,000 in a year. Such TDS rate was 7.5% for some part of the last year as a Covid-19 relief measure.

Capital Gains from Mutual Funds

The appreciation in the value of investments is taxed as Capital Gains when the investor has redeemed the mutual fund units and realized the profits. The tax rates on capital gains also depend upon the type of mutual fund scheme the investor has invested in and the holding period for such mutual fund units. For tax purposes, mutual funds are classified into two categories - equity-oriented mutual funds and other funds. Equity-oriented mutual funds are such schemes investing 65% or more of their net assets in listed equity securities of domestic companies. All the mutual fund schemes other than equity-oriented funds are classified under the residual category of other schemes.

Taxation

Further, capital gains can be classified into two categories, viz. Short Term Capital Gains (STCG) and Long Term Capital Gains (LTCG). Here is a summary of the tax rates applicable for capita gains from mutual fund investments:

Particulars	Equity-oriented Funds	Other Funds
Short Term Capital Gains		
Holding Period	Less than 12 months	Less than 36 months
Tax rate	15%	As per the tax rate applicable to the investor
Long Term Capital Gains		
Holding Period	12 months or more	36 months or more
Tax rate	0% till LTCG of Rs. 1 lakh, 10% post such amount	20%
Indexation benefit allowed	No	Yes

Disclaimer – Tax provisions mentioned in the article above are for illustrative purposes only. The investors may contact tax professionals for personalized tax assistance.

Did You Know?

Sensex at 53000 or at 80000 or much much higher!

Just see for the first time ever amazing data about Indian Equity Markets.

1. BSE completed 40 years.
2. There were around 10,000 trading days in last 40 years.
3. Observations on regular basis and positive and negative returns occurrences.

Frequency	Positive	Negative
Daily	53% time	47% time
Weekly	56% time	44% time
Monthly	61% time	39% time
Quarterly	64% time	36% time
Yearly	72% time	28% time
3 years	89% time	11% time
5 years	96% time	4% time
10 years	100% time	

4. Bse Sensex delivered 15.5% CAGR returns over last 40 years.
5. Decadal returns dispersion

Period	CAGR
1980-1990	21.6%
1990-2000	14.3%
2000-2010	17.8%
2010-2020	8.8%

6. BSE Sensex returns 15.5%. Add 1.4% average dividend yield of 1.4% of last 40 years. At 16.9% compounding the value of BSE is actually around 80,000 level.
7. Longest period without returns was from 1994 till 2003. 9 years in total.
8. Since 2002 in last 18 years NO single 7 years rolling returns were without returns. This means since 2002 if you ever invested and kept money for minimum period of 7 years then you would have never lost money.

Did You Know?



9. But what is most surprising and rewarding has been the performance of actively managed equity funds. Here are the data:

Category	20 years CAGR	25 years CAGR
Hybrid	17%	15.96%
Hybrid - ex*	16.37%	16.74%
Diversified	18.11%	16.25%
Diversified-ex*	19.89%	18.10%
ELSS	18.45%	18.20%
ELSS-ex*	19.66%	21.47%
All Funds	17.52%	16.41%
All Funds-ex*	18.73%	18%

*excluding LIC/JM/Taurus/Quant MF schemes. This mean schemes of HDFC/ Nippon (earlier Reliance)/ Birla/ ICICI Pru/ SBI/ Principal/ Canara Rebecco/ Franklin etc.)

10. BSE Sensex was at 3800 in June 1996 (25 years back). In last 25 years average-ex* MF delivered 18% CAGR. Had BSE Sensex delivered as much as average MF schemes then the value of BSE Sensex should have been:

At 16.4% CAGR, BSE Sensex should be around 1,70,000 levels

At 18% CAGR, BSE Sensex should be around 2,38,000 levels.



Q1 – An equity fund cannot invest directly in international equity stocks.

a) True (b) False

Q2 – Mutual funds can invest in perpetual bonds only for hybrid funds.

a) True (b) False

Q3 – A Credit Risk fund cannot invest in a AAA-rated security.

a) True (b) False

Q4 – Mutual funds must deduct TDS @ 10% on dividend income exceeding Rs. _____ in a year.

- (a) 2,500
- (b) 5,000
- (c) 10,000
- (d) 25,000

Q5 – Minimum investment period for classification of gains as Long Term Capital Gains is 12 months for equity funds.

a) True (b) False

Answers: Q1: B, Q2: B, Q3: B, Q4: B, Q5: A