



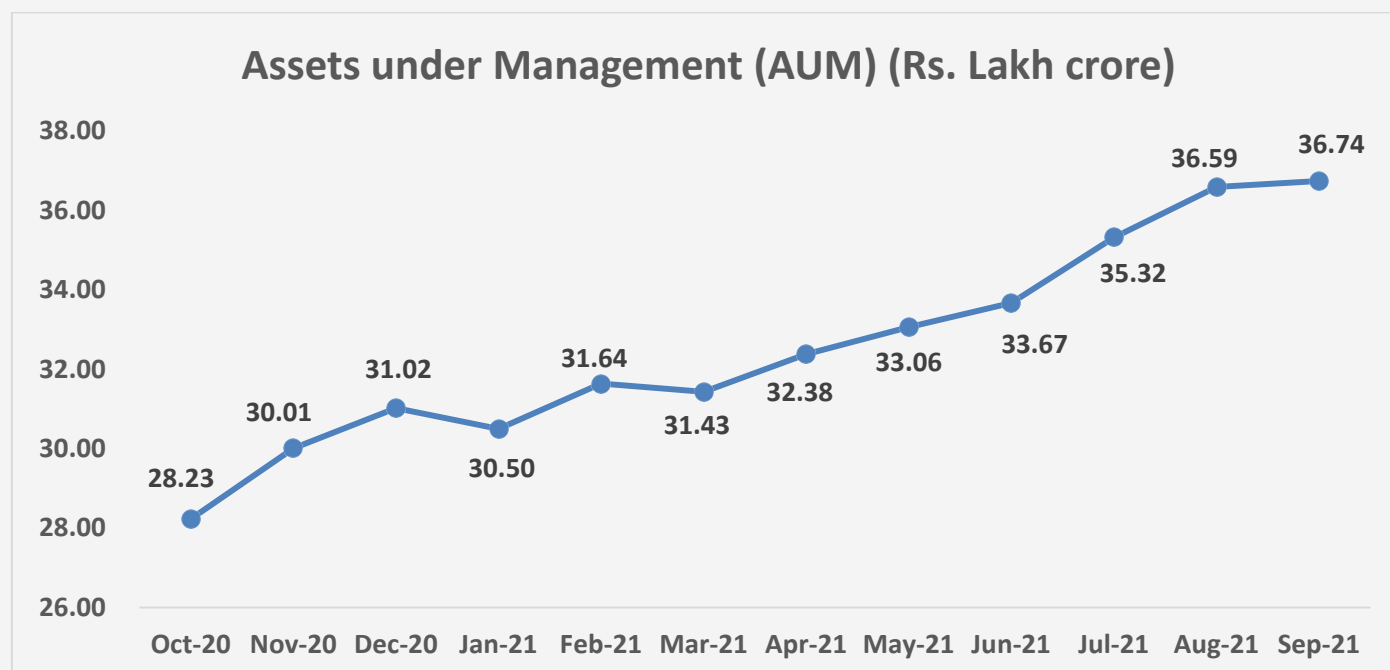
FOUNDATION

OF INDEPENDENT FINANCIAL ADVISORS

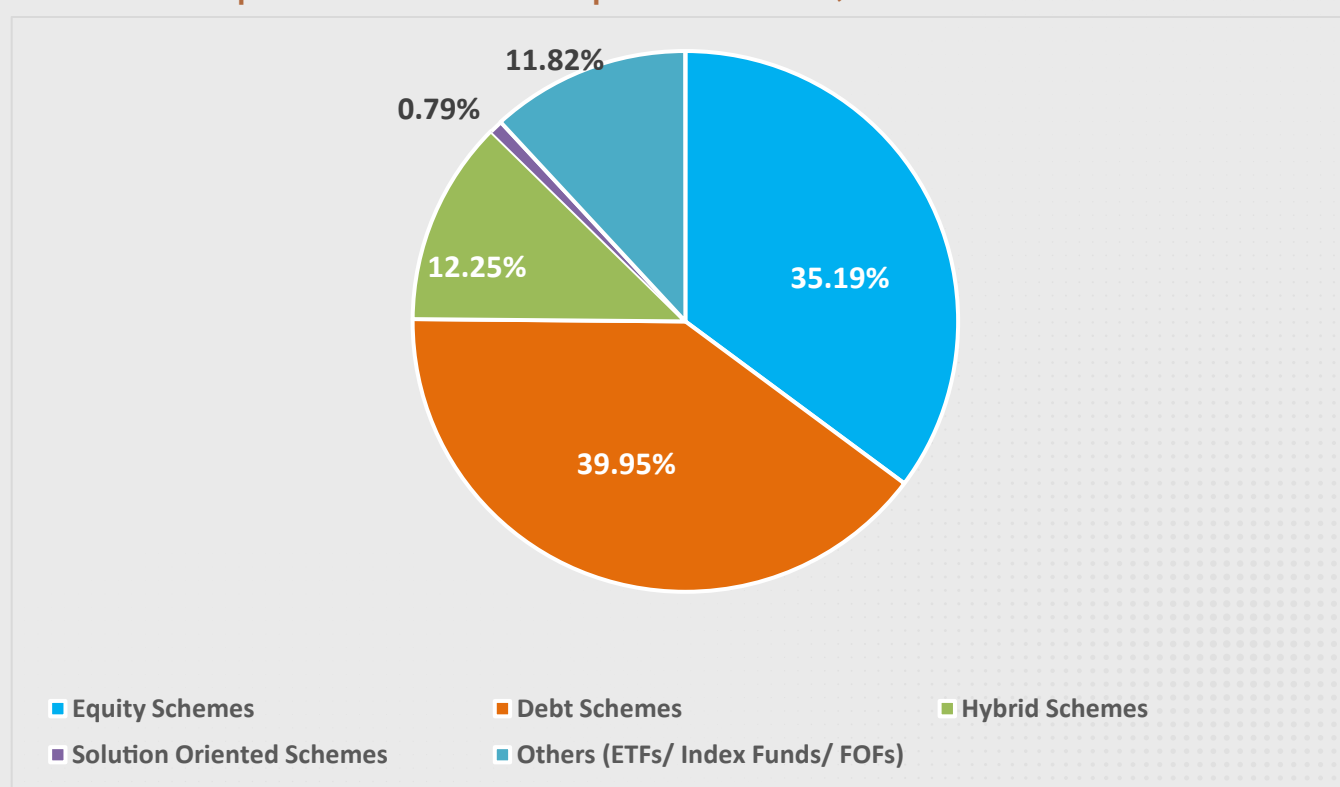
SEPTEMBER 2021

What's New?

AUM Movement over the last 12 months



AUM Composition as at September 30, 2021



How has the AUM changed over the last month?

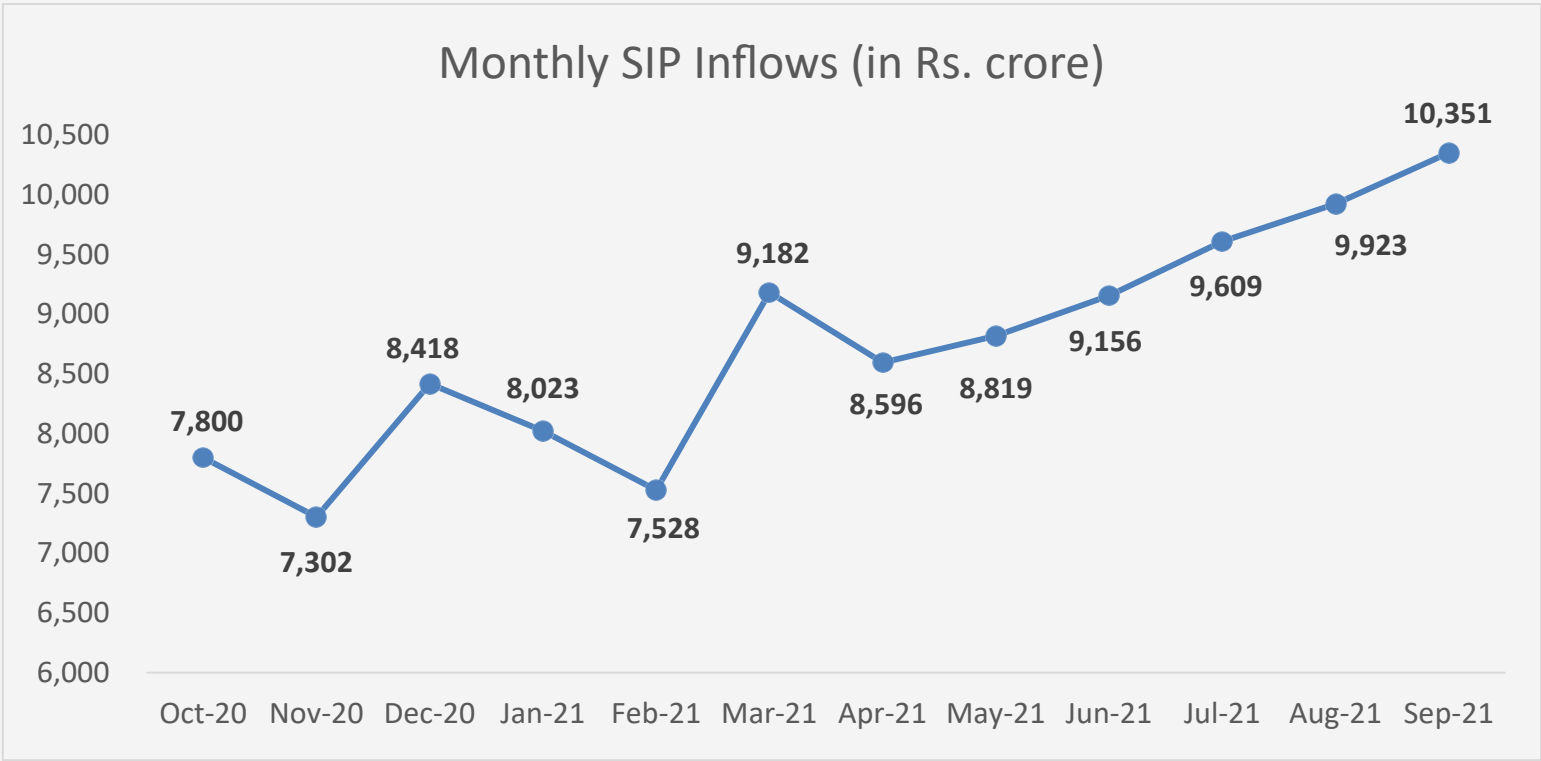
(All figures in Rs. Crore)

Particulars	AUM as at 31-Aug-21	Net Inflows/ (Outflows)	Increase/ (Decrease) due to market movements	AUM as at 30-Sep-21
Equity Schemes	12,49,117	6,456	37,361	12,92,934
Debt Schemes	15,31,863	(69,003)	4,759	14,67,619
Hybrid Schemes	4,38,114	3,587	8,464	4,50,165
Solution Oriented Schemes	28,217	81	652	28,950
ETF/ FOF/ Others	4,12,134	11,620	10,471	4,34,225
Total	36,59,445	(47,259)	61,707	36,73,893

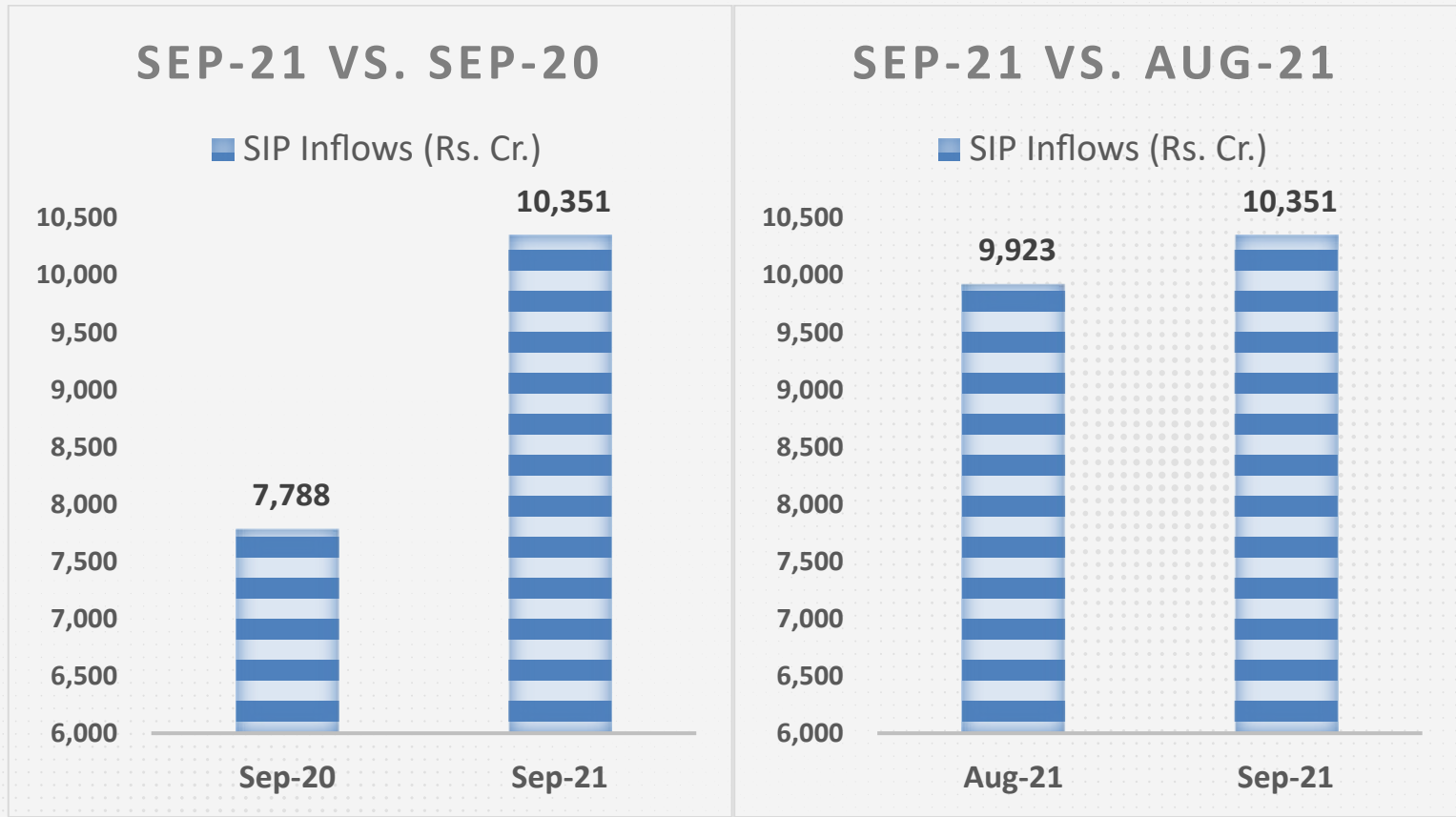
Source – Association of Mutual Funds in India (AMFI)

What's New?

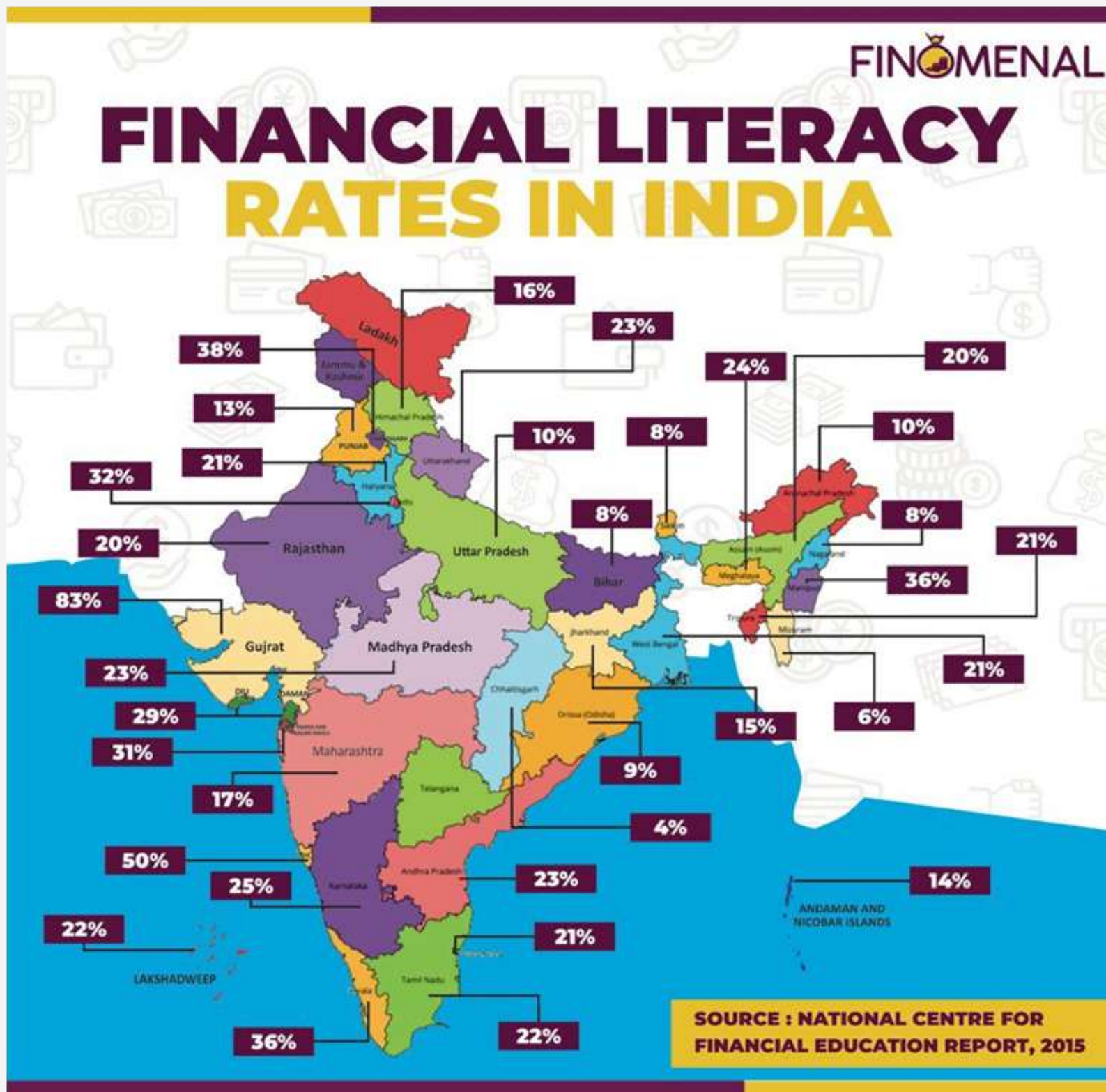
SIP Trends



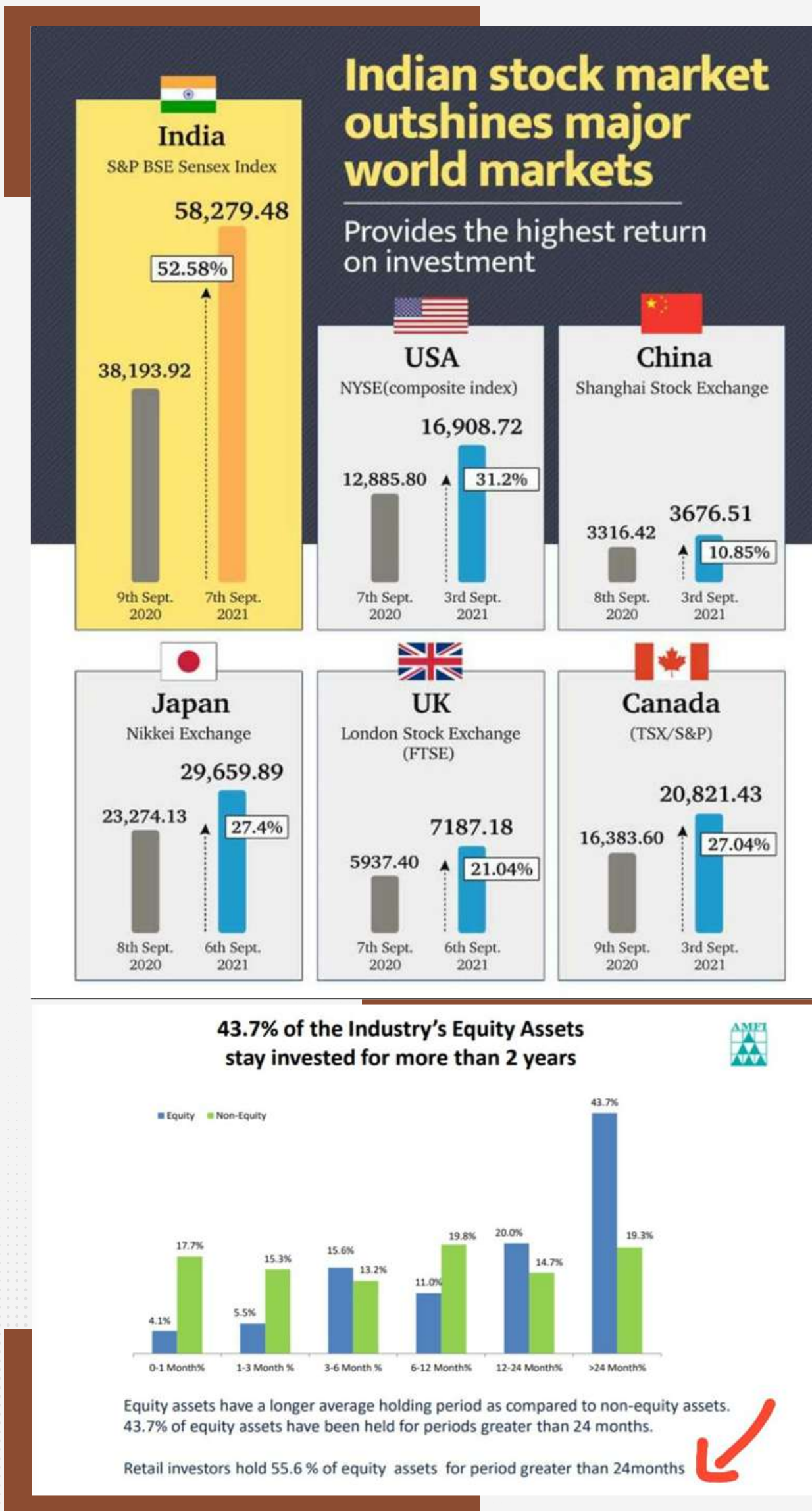
Growth in SIP Inflows



What's New?



What's New?



India has recorded highest GDP growth from lowest Q2 2020 vs Q2 2021.

Source : @charliebilello

FIFA Welcomes New Members

Member Category	Member No.	Type	Organisation	Member Name	Location
General	O2344	Ind	Manish Aggarwal	Manish Aggarwal	Rewari

On 24th September 2021, FIFA had conducted knowledge sharing session through zoom.
Topic : "Segment You Way To Success"
Speaker : Mr. Babu Krishnamoorthy
 This session was attended by more than 76 IFA's

Recording of the webinar has been uploaded on the FIFA Website : www.fifaindia.org
 Please find the link / path of the recording.
 Audio recording Link [https://www.fifaindia.org/uploads/audios/member/Audio%20recording%20Babu%20Krishnamoorthy%2024th%20Sept%202021%20\(1\).m4a](https://www.fifaindia.org/uploads/audios/member/Audio%20recording%20Babu%20Krishnamoorthy%2024th%20Sept%202021%20(1).m4a)

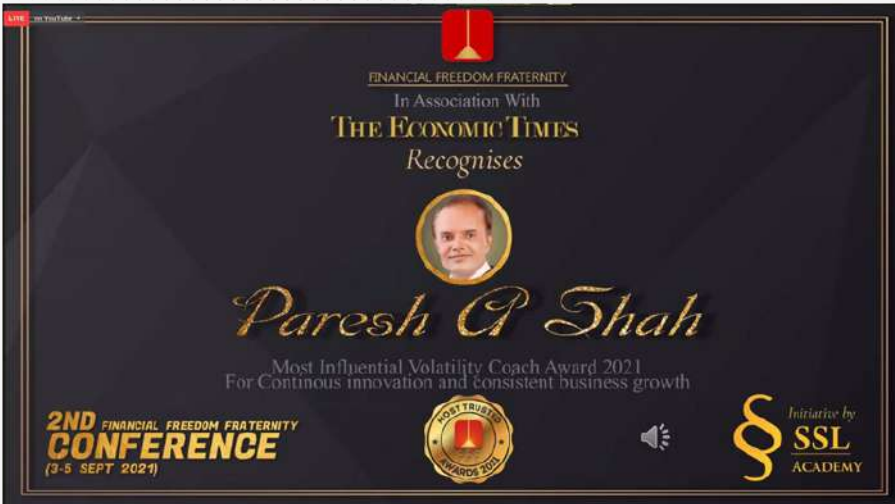
Video recording Link :
<https://youtu.be/M9rQgjX7AXg>

On 29th Sept 2021, FIFA had conducted its 10th AGM through zoom webinar
 This session was attended by 22 members.
 Notices and Annual Report has been uploaded on the FIFA website : www.fifaindia.org

2nd Conference of the Financial Freedom Fraternity Award was held on 3rd – 5th Sept 2021. FIFA was awarded as the most influential MFD in the country.



Mr. Paresh Arvindkumar Shah, member of FIFA was awarded as the “Most Influential Volatility Coach Award 2021, For Continuous Innovation And Consistent Business Growth in the 2nd Conference Financial Fraternity Award Ceremony held on 3rd – 5th Sept 2021.



Equity Markets Update

Equity markets sustained their uptrend in September 2021 to touch fresh all-time highs. The benchmark indices, S&P BSE Sensex and NSE Nifty50 generated around 3% returns during the month. The markets were cheered with the healthy GDP growth numbers during the first quarter of the year 2021-22, further fueled by the continued reform measures announced by the Govt. in the telecom and auto sectors. However, the bullish sentiments were moderated due to the increased expectations of rate hikes in the US shortly. With real estate demand in revival mode, S&P BSE Realty Index outperformed the markets significantly with 33% returns during the month, closely followed by S&P BSE Consumer Durables Index giving 11% returns.

Debt Market Update

The debt markets continued with their stability in September 2021, as the 10-year benchmark yields traded in a narrow range and ended the month at 6.22%, which is the same as on August 2021 end. The credit spreads for AAA-Corporate issuers further moderated to 52 bps as of September 30, 2021, as against 58 bps as of August 31, 2021. However, the yields are expected to harden, as the Central Bank gave its first indications for plugging the surplus liquidity by halting the bond-buying under G-Sec Acquisition Programme (GSAP) post its MPC Meeting in the first week of October 2021. With the given rate outlook, the investors may consider investing in floater funds, dynamic bond funds, or short-duration funds to mitigate interest rate risk from the investment portfolio.

Mutual Fund Industry Update

The Mutual Fund AUM (Assets Under Management) continued to touch fresh peaks as the month ended with the AUM of Rs. 36.74 lakh crores. This comprises around 40% in debt schemes, 35% in equity schemes, 12% in hybrid schemes, and 13% in other schemes, including ETFs, index funds/ Fund of Funds, etc. The mutual fund industry saw net outflows of Rs. 47,259 crores during the month, primarily in the debt schemes for around Rs. 69,003 crores. Such outflows, especially from liquid funds, are also cyclical in the last month of the quarter, as the Corporates liquidate their investments for advance tax payments. The monthly SIP inflows also touched Rs. 10,000 crore mark for the first time, as the month saw SIP inflows of Rs. 10,351 crores. SIP AUM stood at Rs. 5.45 lakh crores as of September 30, 2021, as the industry witnessed around 27 lakh fresh SIP registrations. [Data source: Association of Mutual Funds in India – AMFI]

Currency Update

With crude oil prices going higher and rate hike fears in the US getting closer, the Indian Rupee depreciated against the Greenback US Dollar during the month, as the month ended at Rs. 74.26 per USD, as against Rs. 73.15 per USD as of August 31, 2021. However, the markets will continue to keenly watch the US employment data and inflation data for further indications on the future movements in the US Dollar against the Indian Rupee.

What is a Floater Fund?

A floater fund is a debt scheme that must invest at least 65% of its net assets in floating rate instruments. Floating rate instruments are securities that carry a coupon rate that is reset periodically and linked with external benchmarks, e.g., Repo rate, MIBOR (Mumbai Inter-Bank Offer Rate), G-sec yields, etc. With the interest rates getting reset periodically in line with the movement in the external benchmarks, the modified duration of such securities is also lesser, resulting in a minimal impact of the interest rate movements on their valuation. Such floating rate exposure in the mutual fund scheme may be through vanilla floating rate securities or fixed-rate securities swapped to floating interest rates through interest rate swaps.

With rate hikes imminent in the near future, floater funds have been reasonably popular with the investors. During September 2021, such funds attracted the third-highest net inflows of Rs. 5,871 crores across all the mutual fund categories, only after overnight funds and ETFs. With overall Assets Under Management (AUM) of Rs. 1.01 lakh crores as of September 30, 2021, floater funds occupy around 7% share amongst all the open-ended debt schemes. (Source: Association of Mutual Funds in India – AMFI)

the investment.

Returns from Floater Funds

Floater funds will aim to generate returns through the interest income primarily. Since the interest rates will be reset periodically, the portfolio yield of such funds will increase in a similar manner to the interest rate movements. While the impact of interest rate movements is minimal on the portfolio valuation, the portfolio returns may be favorable if any issuer companies' credit rating improves, resulting in favorable movements in the MTM (Mark-to-Market) valuations.

Taxation of Returns from Floater Funds

The dividend income and Short Term Capital Gains (STCG) are taxable at the regular tax rates applicable to the investors. The gains from Floater Funds are classified as STCG if the holding period of mutual fund units in such schemes is less than 36 months. Further, if the investor has held the units for 36 months or more, the gains are classified as LTCG (Long Term Capital Gains) taxable at 20% after the indexation benefit. The benefit of indexation increases the investment cost for tax purposes, which effectively lowers the tax liability for the investors. Further, the mutual funds must deduct TDS @ 10% from the dividend distributed to the investors out of the realized profits in the mutual fund scheme, if such dividend income exceeds Rs. 5,000 in a year. The tax so deducted from the dividend income can be claimed to be set off against tax liability in the Income Tax Return (ITR).



Q1 – The cheque payments from investors for fresh investment transactions should be in the name of the Mutual Fund scheme.

a) True (b) False

Q2 – Dividend yield funds must invest in companies with dividend yield of at least 2.00%.

a) True (b) False

Q3 – An arbitrage fund is taxed as an equity-oriented fund under the Income Tax Laws.

a) True (b) False

Q4 – The designated employees shall be mandatorily required to invest ____ of their Gross Annual CTC (Cost of Company) in the mutual fund schemes in which they have a role/ oversight.

- (a) 10%
- (b) 15%
- (c) 20%
- (d) 25%

Q5 – A Systematic Investment Plan (SIP) needs to be registered for a minimum period of 12 months.

a) True (b) False

All Members are requested to update their email IDs and cell numbers on telegram and database. Also, please provide the GST Number. All those Members who have not paid the Annual Fee are requested to do so at the earliest.

Your contributions for our monthly newsletter is requested. Please share any stories/original articles/events that you may be conducting. Our readers will be very motivated to hear about fellow MFDs and RIAs onward journey especially during 2021.

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