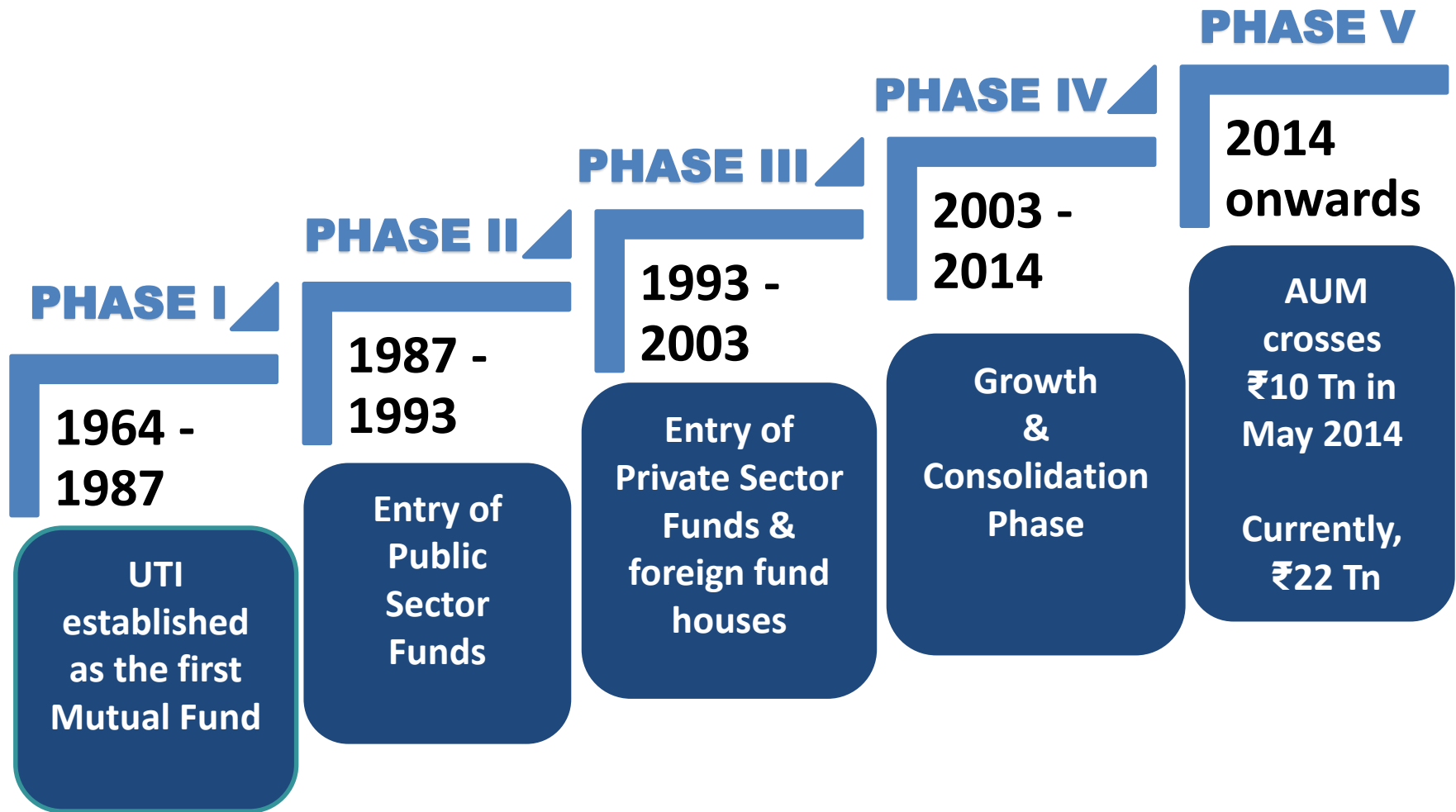




Mutual Funds in India ...a Perspective

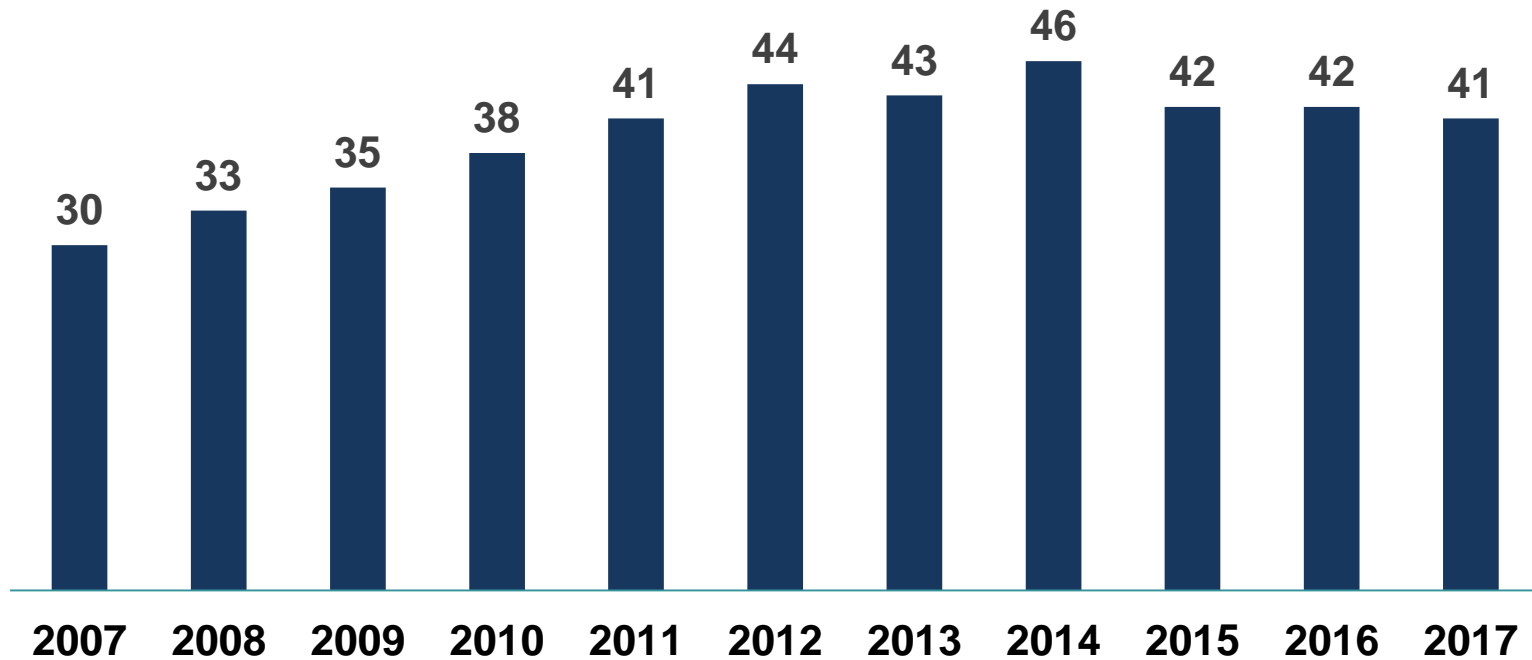
Indian Mutual Fund Industry Over the Years



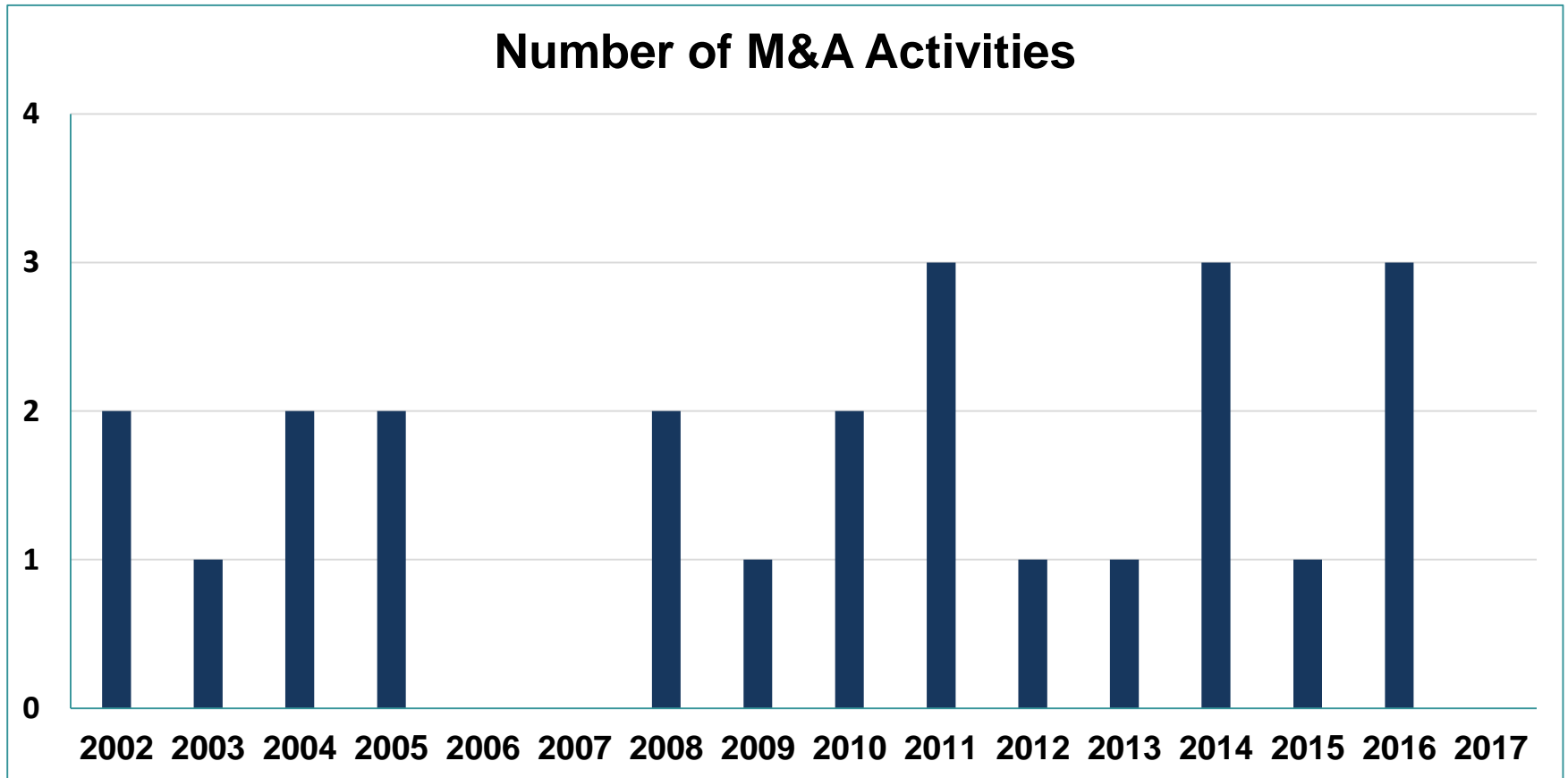
Industry Growth Trends - AMCs



Number of AMCs over the years



Industry Consolidation – M&A – Trends



24 AMCs have exited since 2002 (9 AMCs in the last 5 years)

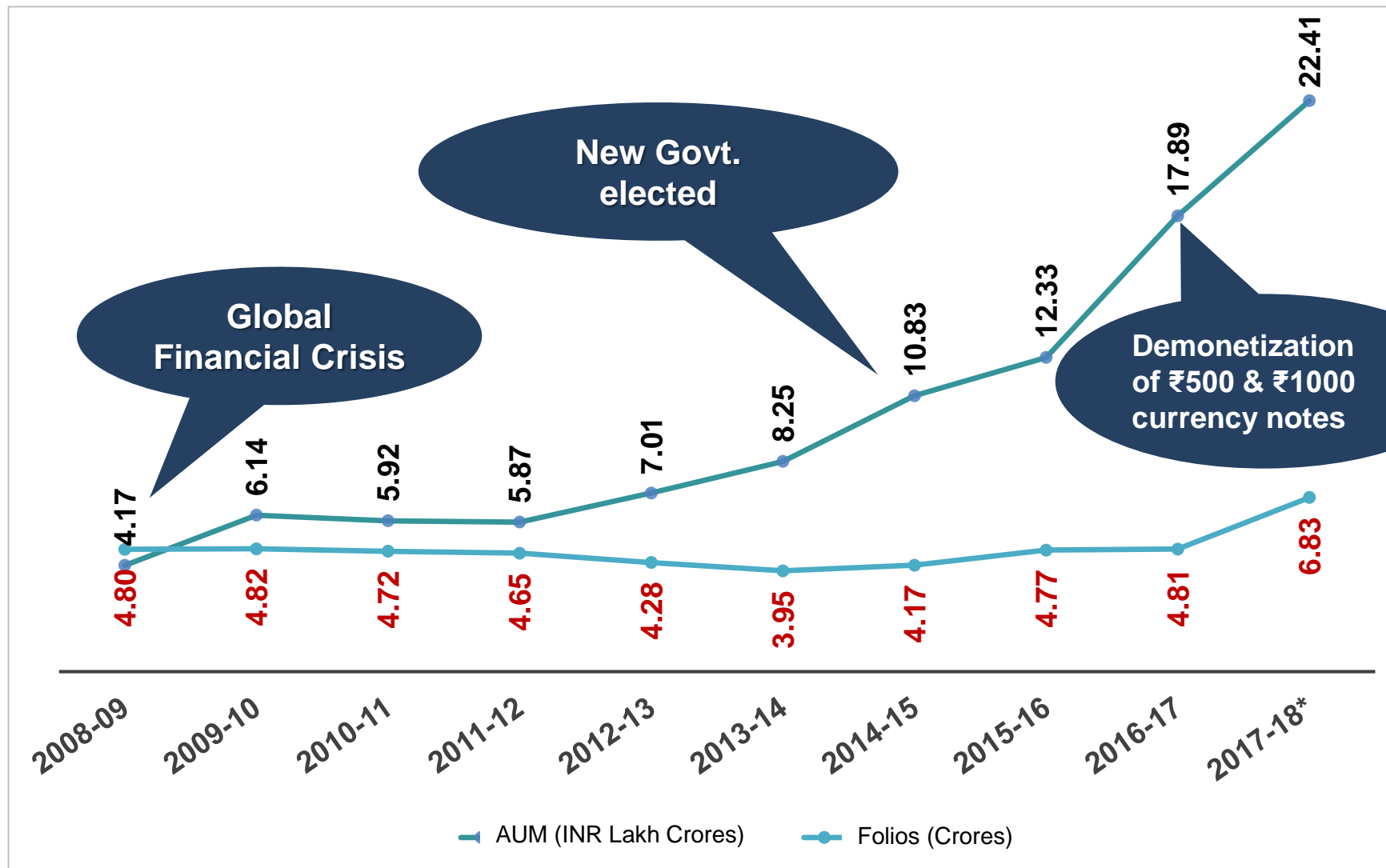
Break-up of Current Number of Schemes



Present Number of Schemes : 1,951

Open Ended Schemes	Close Ended Schemes	Interval Schemes
837	1,040	33
252 Debt Schemes 325 Equity Schemes 44 ELSS 30 Balanced Schemes 52 Liquid Schemes 39 Gilt Schemes 12 Gold ETFs 55 Other ETFs 41 FoF - Domestic 28 FoF - Investing overseas	895 Debt Schemes 113 Equity Schemes 24 ELSS 8 Infrastructure Debt Funds	(All under debt category) As on January 31, 2018

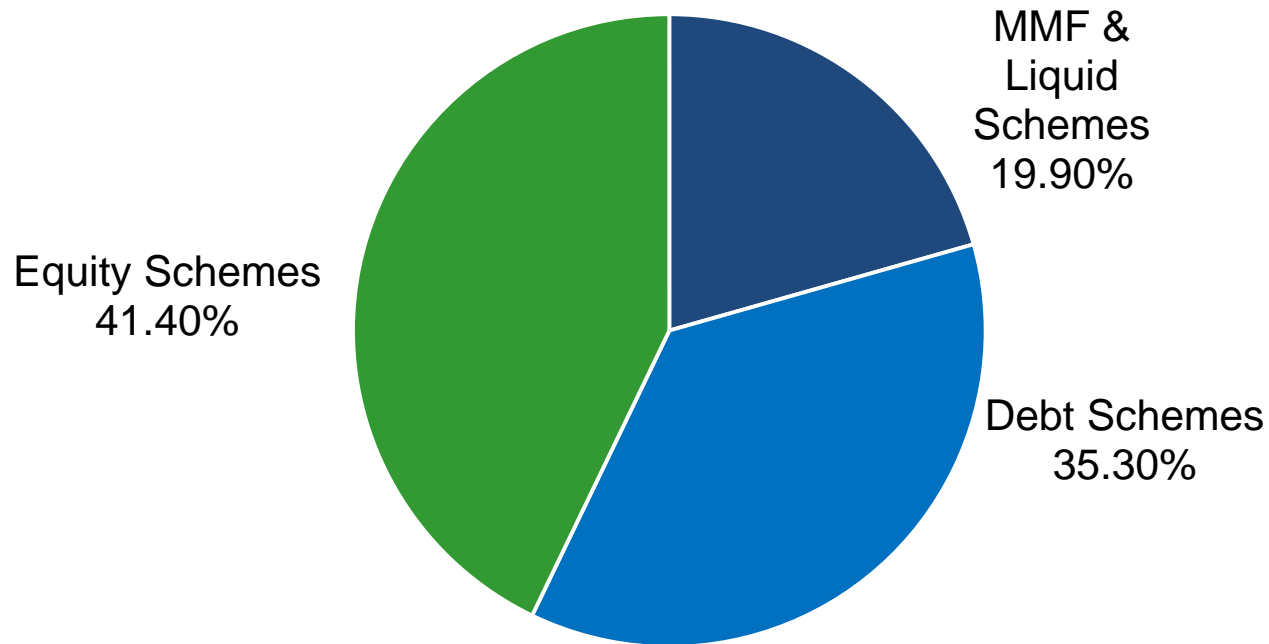
AUM & Folios - Growth Trend



Composition of Assets under Management



AUM Composition

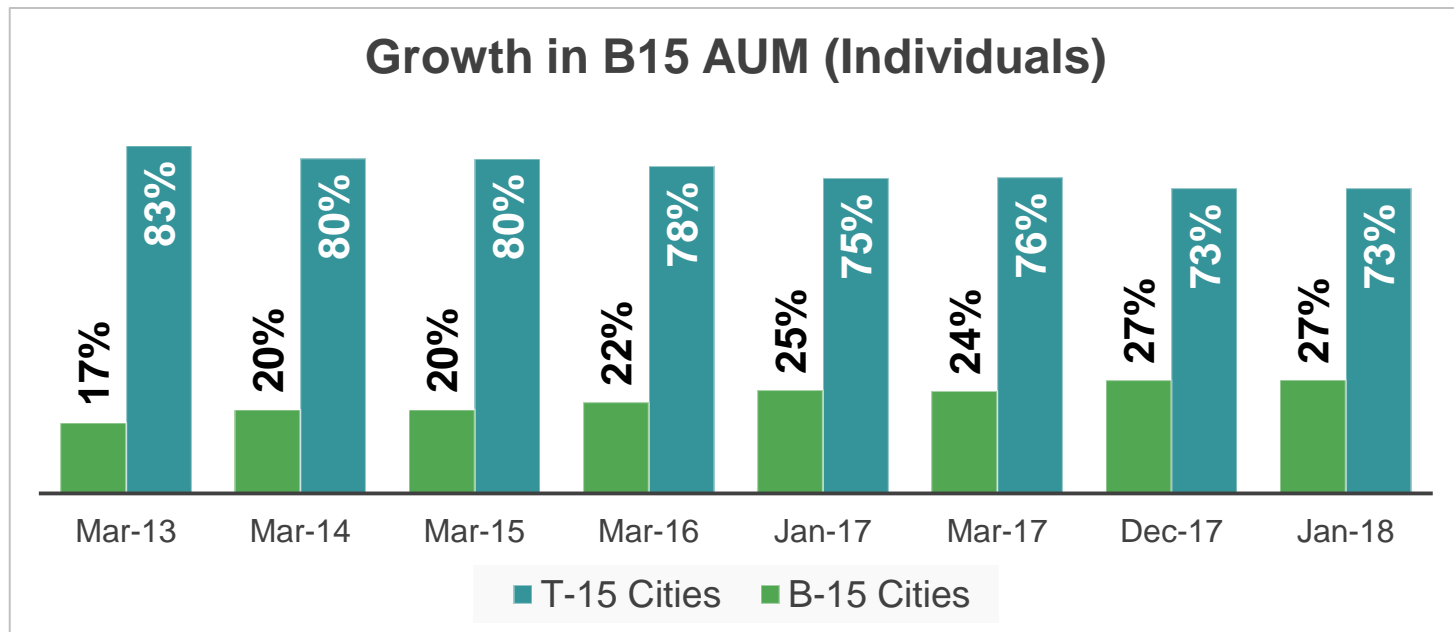


- MMF & Liquid Schemes
- Debt Schemes
- Equity Schemes

Equity-oriented schemes include equity hybrid funds.

Penetration Beyond the Top 15 Cities

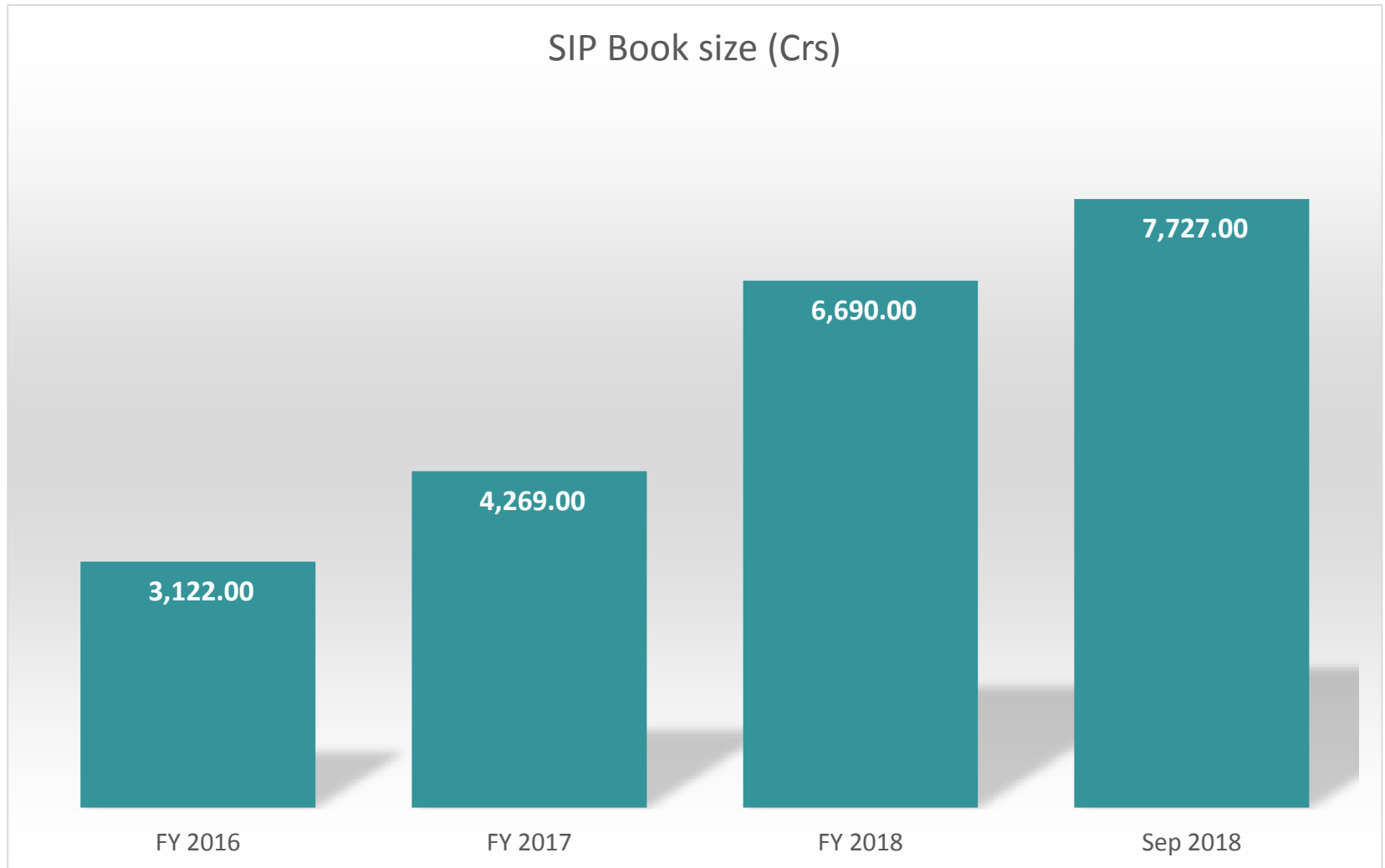
- To improve the reach of mutual funds in smaller cities/ towns, in September 2012, SEBI allowed AMC's to charge additional expense ratio upto 30 bps on daily net assets for inflows beyond top 15 cities (subject to fulfilling of certain conditions).
- Currently, over 27% of the AUM in respect of individuals from comes from beyond the Top 15 cities



T15 → Top 15 cities

B15 → Cities Beyond the Top 15 cities.

SIP Contributions– Growing Steadily



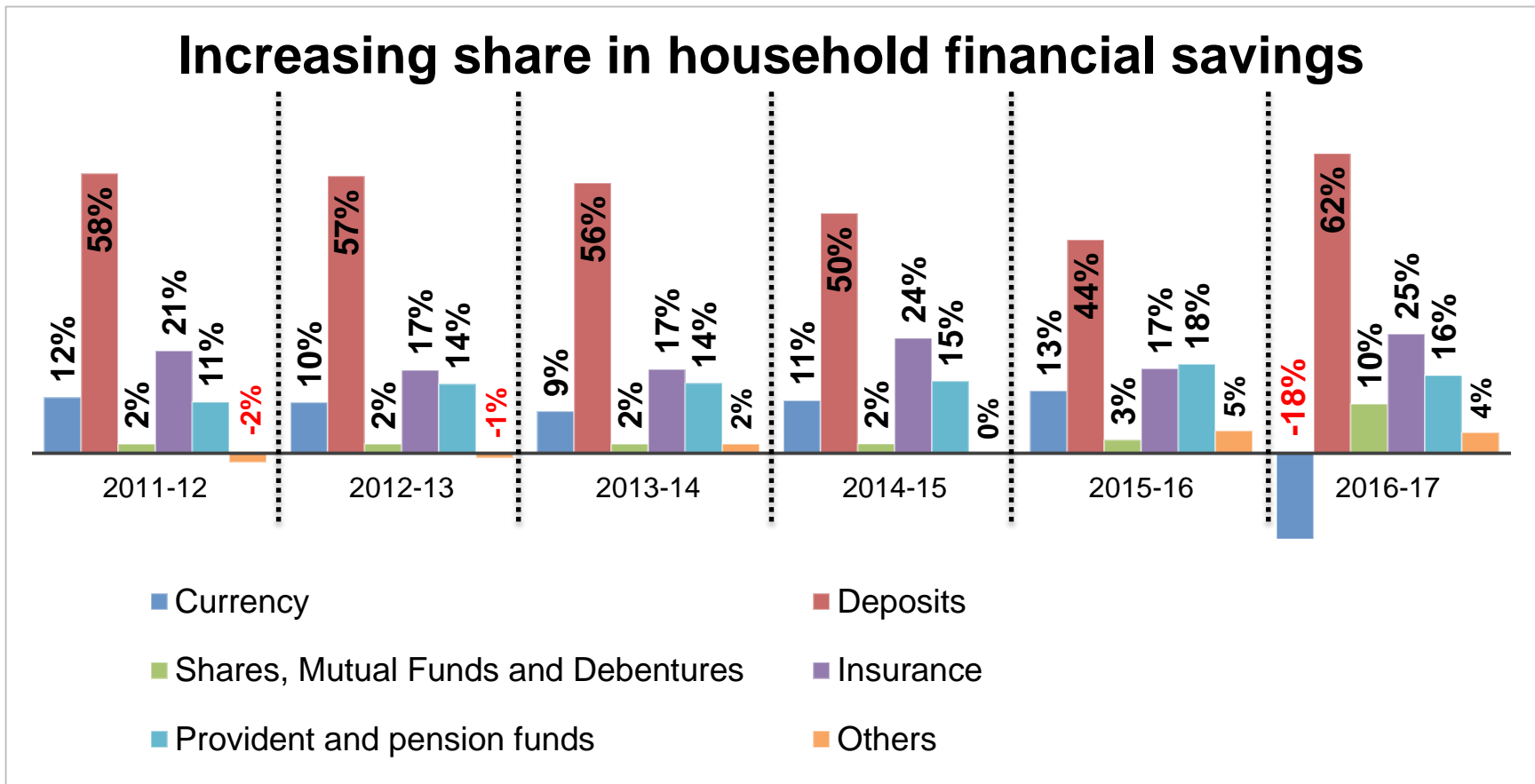


Still a Long Way To Go

- Population of India : 1.34 Billion+
- No. of people having Bank Account : 750 Million+
- No. of people having Insurance : 350 Million+
- No. of people having Income Tax Number: 290 Million+
- Number of Mutual Fund accounts : ~ 66 Million
- **Number of unique Mutual Fund investors : ~20 Million**

Less than 1.5% of India's population invests in MFs

Share of Mutual Funds in Financial Savings



Share of Mutual Funds, stocks & bonds has improved over the years, but is still much lesser than Insurance and Deposits

REGULATORY UPDATES

- **Categorization and Rationalization of Mutual Fund Schemes**
 - To bring in uniformity in the characteristics of similar type of schemes launched by different Mutual Funds, there was a need to standardize the scheme categories and characteristics of each category.
 - The Schemes would be broadly classified in the following groups:
 - Equity Schemes
 - Debt Schemes
 - Hybrid Schemes
 - Solution Oriented Schemes
 - Other Schemes

Enhancing fund governance for Mutual Funds

- Cap on tenure of independent trustees, independent directors of AMCs and auditors.

Benchmarking of Scheme's performance to Total Return Index

- Selection of a benchmark for the scheme of a mutual fund shall be in alignment with the investment objective, asset allocation pattern and investment strategy of the scheme.
- The performance of the schemes of a mutual fund shall be benchmarked to the Total Return variant of the Index chosen as a benchmark

Additional expenses of up to 0.30% in respect of B15 cities

- From 1-Apr-2018, additional TER of 30 bps allowed for inflows from beyond top 30 (B30) cities, instead of beyond top 15 (B15) cities.



Regulatory Updates

Prudential Limits on portfolio concentration risk in Debt Oriented Mutual Funds

Single Issuer Limit

(i.e., investment limit in bonds of a single company) has been **reduced from 15% to 10%** of the net asset value, or NAV extendable up to 12% of NAV with the prior approval of the Trustees.

Sector exposure Limit

Exposure limits to a single sector reduced from 30% to 25% of NAV
Additional exposure limits to HFC increased from 10% to 15% of NAV

Group exposure Limit

Total exposure to bonds in a Group of the NAV of the fund (excluding investments in securities issued by Public Sector undertakings, Public Financial Institutions and Public Sector Banks) **not to exceed 20%**.

Re-classification of Schemes : Uniformity across Industry

Revision TER Slab structure : Abolition of Upfront commission model. Reduced the maximum chargeable TER by 25 bps.

Investor Friendly Regulatory Measures ...

Mandatory Disclosures on MF website



- Mandatory disclosure of Monthly Portfolio on mutual fund website
- Performance dashboard of each scheme, including scheme's AUM, investment objective, expense ratios, portfolio details, scheme's past performance etc. in a comparable, downloadable format
- Disclosure of Investment Valuation policy
- Proxy Voting policy of the AMC and details of votes cast
- Disclosure of commission paid to top distributors
- Disclosure of unclaimed redemption & dividend amounts
- Disclosure of investor complaints in prescribed format
- Daily Disclosure of Total Expense Ratio on mutual fund website



Investor Friendly Measures

- Limits on fees and expenses charged to scheme (Cost of investment under control)
- **Separate ‘Direct Plan’ with lower expense ratio. (Unique to MF industry)**
- Mandatory listing of close ended mutual fund schemes within stipulated time (Protection from illiquidity)
- **Mandatory creation of investor education fund (2 bps of daily net assets). Half the amount is now pooled with AMFI for Industry level initiatives – Mutual Fund Sahi Hai**
- Product Labelling of Mutual Funds using “Riskometer” for easy understanding of risk level
- Issue Monthly / Half-Yearly **Consolidated Account Statement (CAS)** to investors, with details of each security / MF scheme units across securities market, including name/ISIN, number of shares/bonds/units held, purchase cost and current market value etc. In addition, MFs need to disclose Distributors’ commission & TER in Half Yearly CAS

Geographical Spread

- AUM Concentrated in top 15 - 20 cities
- Top five states account for 70% of total MF industry AUM

	Folios	AUM
Top 5 Cities	43%	70%
Top 10 Cities	54%	80%
Top 20 Cities	64%	85%
Top 30 Cities	70%	88%

State	AAUM as on Jan 2018 (INR Crores)	% Share
Maharashtra	9,54,167.33	41.03%
New Delhi	2,27,542.46	9.79%
Karnataka	1,68,274.19	7.24%
Gujarat	1,54,206.07	6.63%
West Bengal	1,25,227.17	5.39%
Others	6,95,958.53	29.93%
Total	23,25,375.75	100%

Challenge of Reaching out

MF
Distributors
1 Lakh

Insurance Agents

2.1 Million

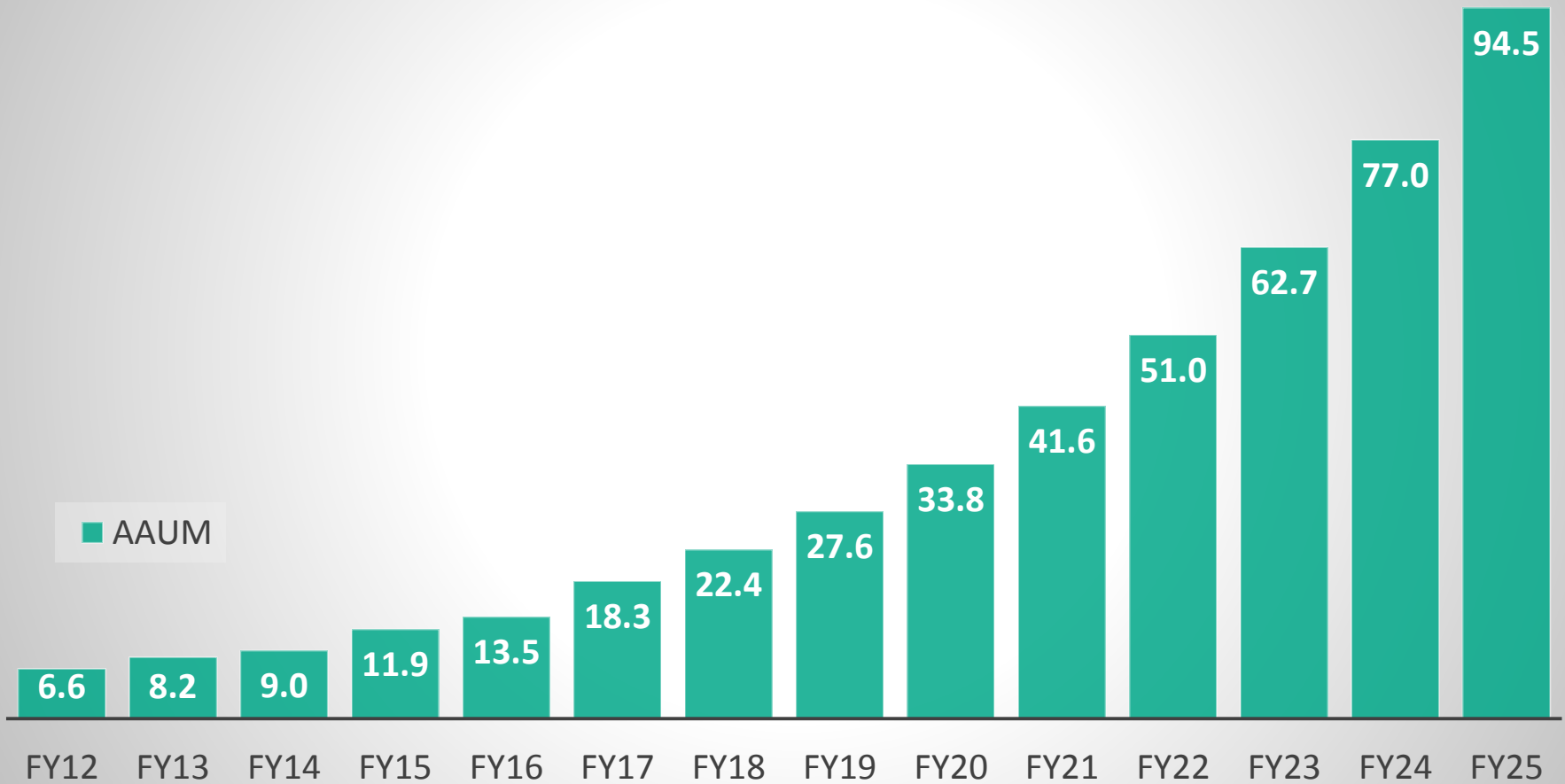
RIAs
835

Commission Earned During 2016-17	No. of Distributors
> INR20,00,000	2,865
> INR5,00,000 and < INR20,00,000	7,095
> INR50,000 and < INR5,00,000	16,807
> INR10,000 and INR50,000	9,431
≥ INR500 and < INR10,000	7,776
< INR500	2,312
Total	46,286



Potential growth of Mutual Fund Industry

Forecasted AAUM Based on past 5 years average growth





All of us do not have equal talent,
But all of us have an equal opportunity
to develop our talents
- Dr. A.P.J. Abdul Kalam

Thank You