

Time for a fierce fillip: India's asset management industry

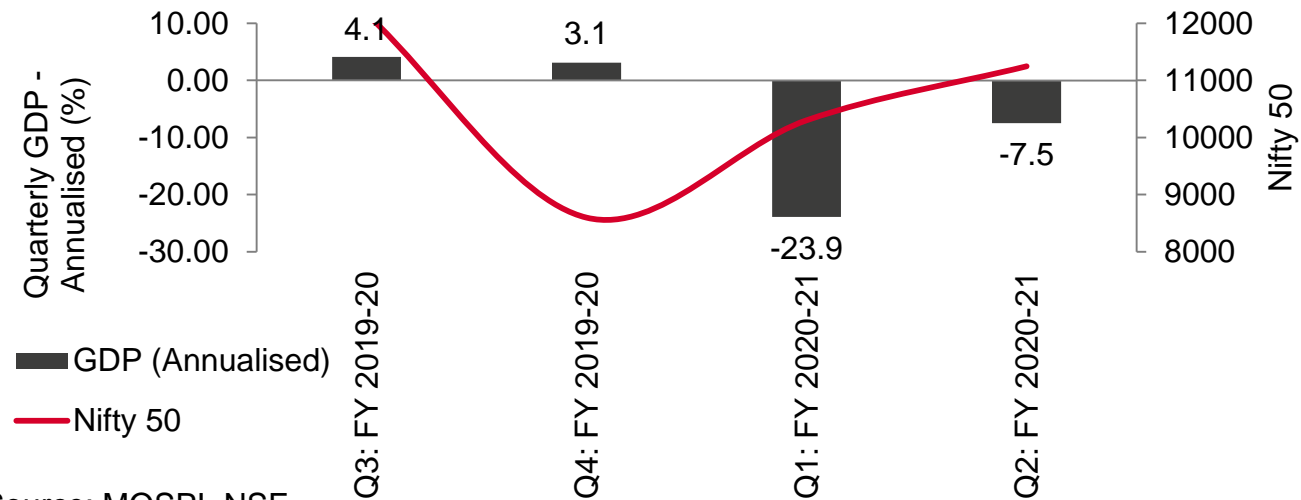
Ashu Suyash
MD & CEO
CRISIL Ltd



Tough year for the economy and the financial markets...

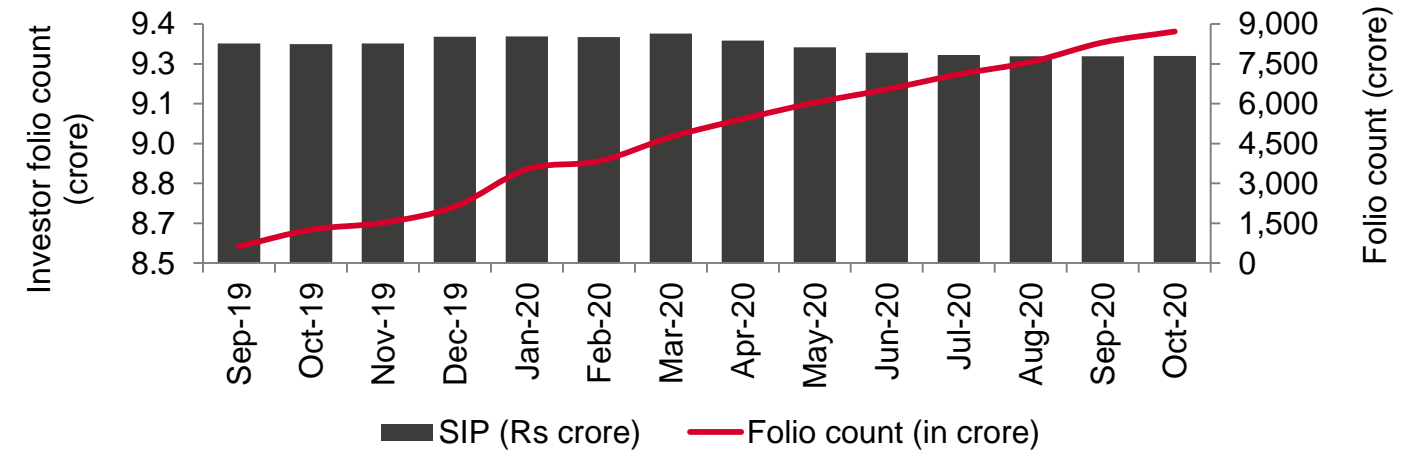
... but participation in the capital market continues to increase

Economy de-grows, equity market faces turmoil amid pandemic



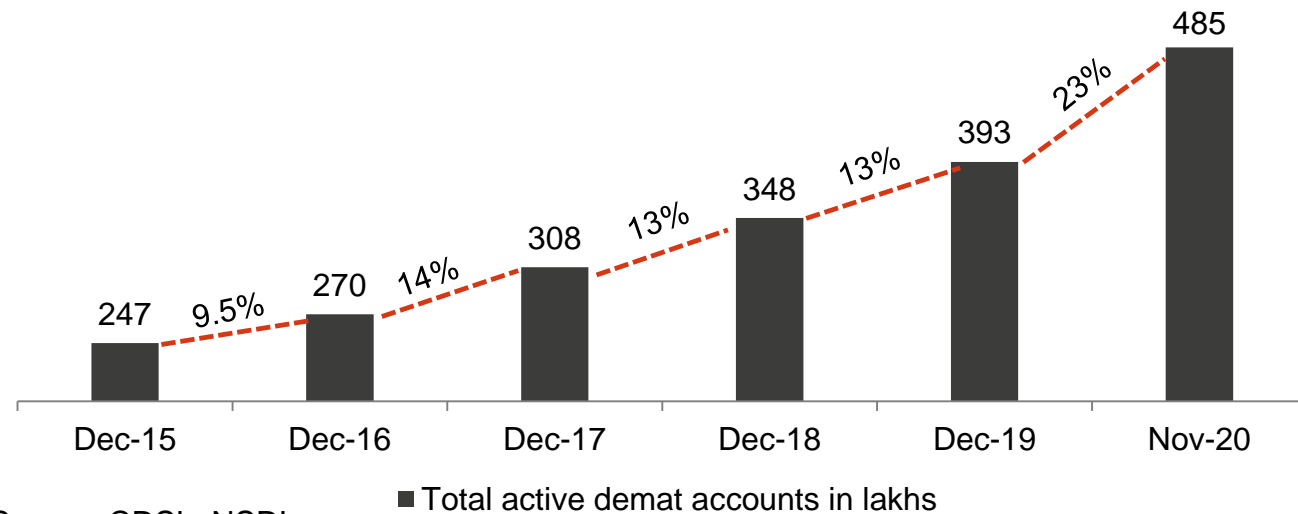
Source: MOSPI, NSE

Individual participation in MFs through SIPs holds steady



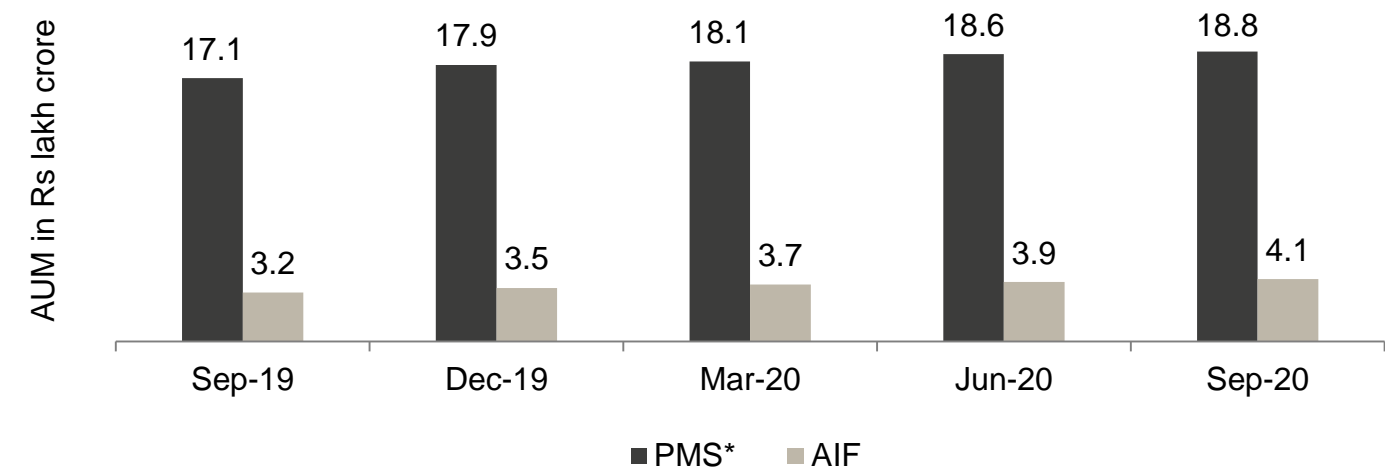
Source: AMFI

Direct equity participation surges



Source: CDSL, NSDL

Alternative investment assets continue to trend up

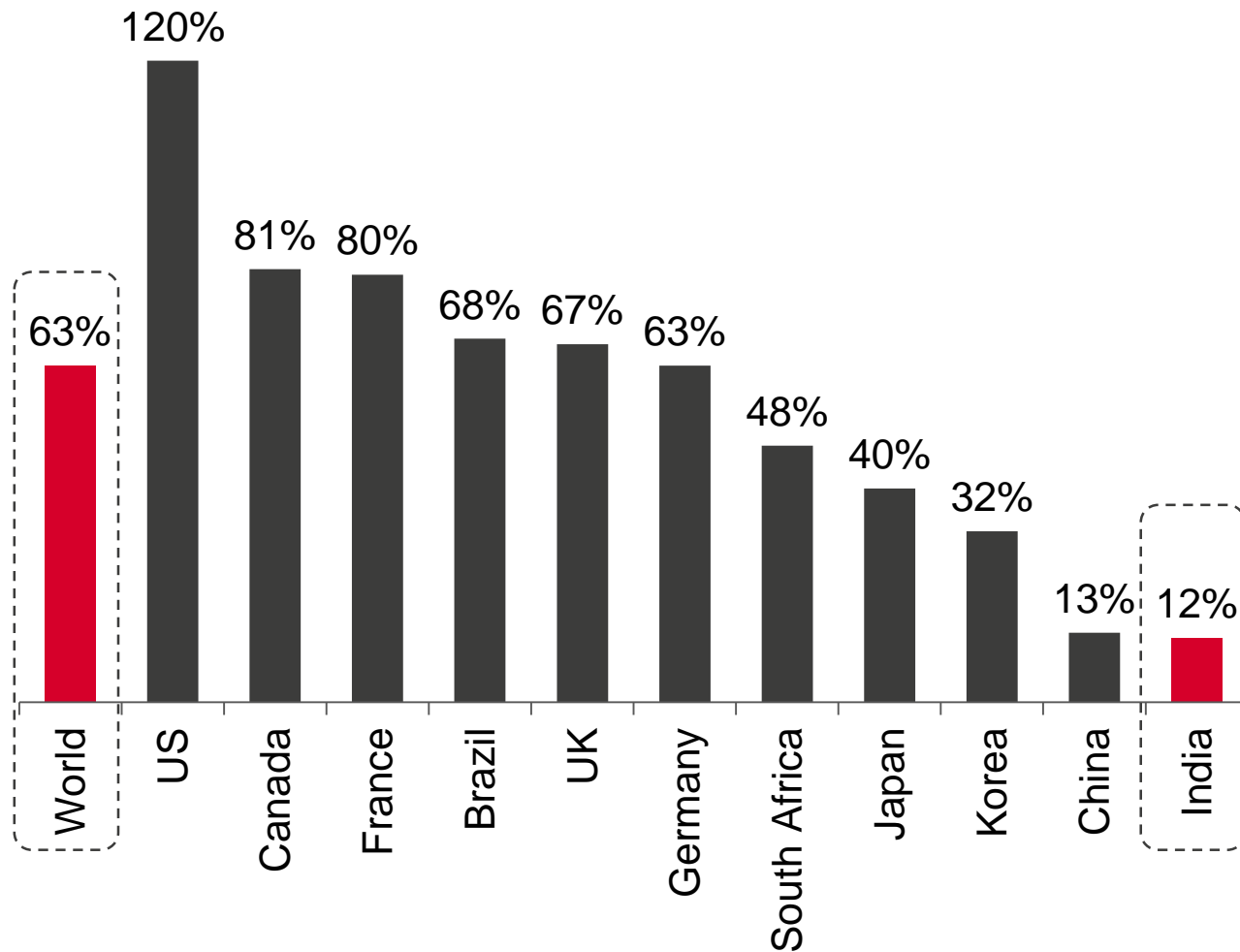


Source: Sebi

However, mutual fund penetration is a long way off global levels...

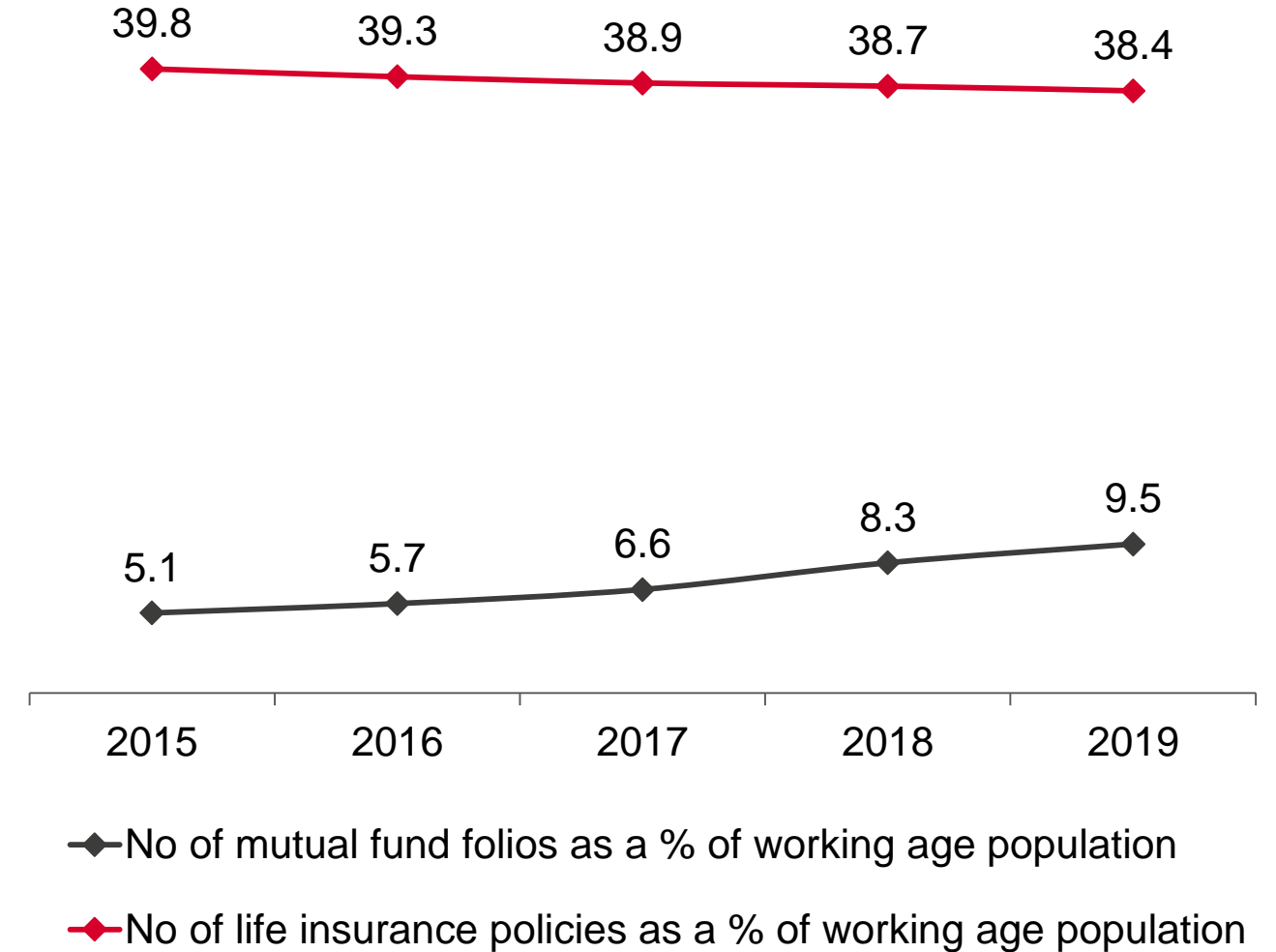
Low mutual fund penetration in India

AUM to GDP



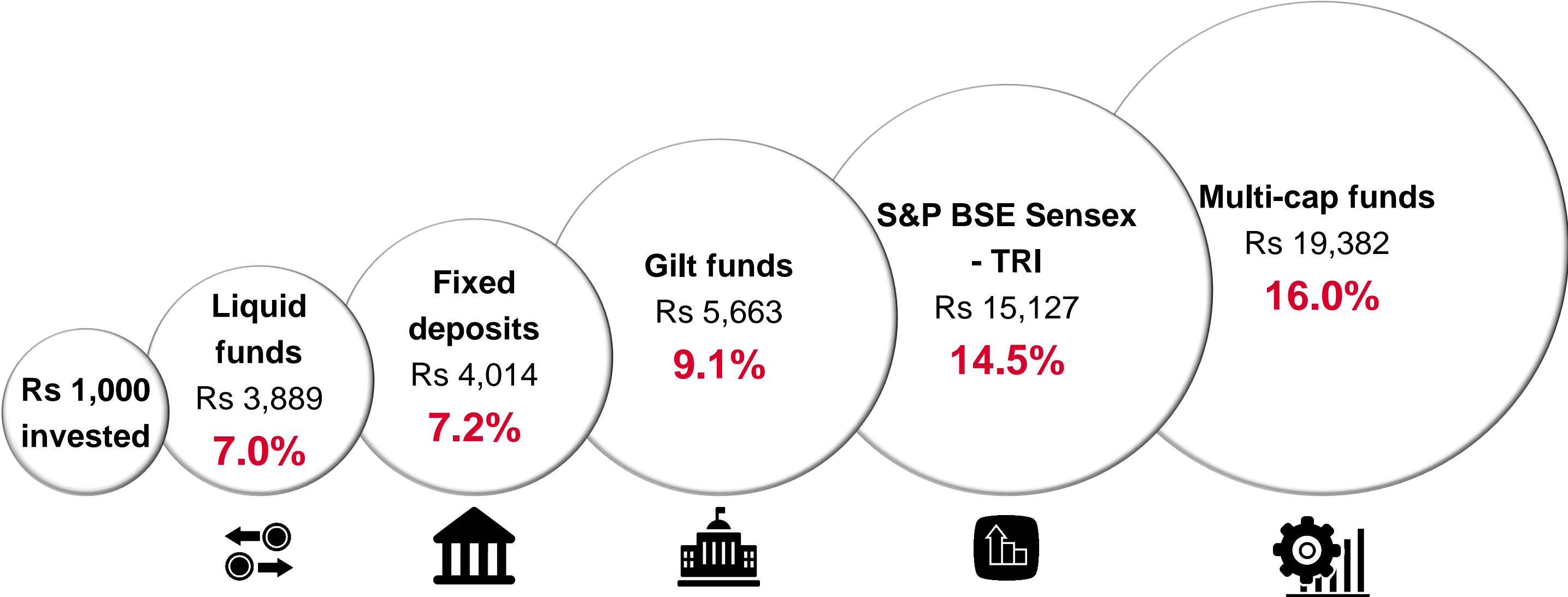
Source: IIFA, IMF

Low penetration of MF investors versus life insurance policies



Source: IRDAI, AMFI

Long term horizon offers potential to capitalise financial savings

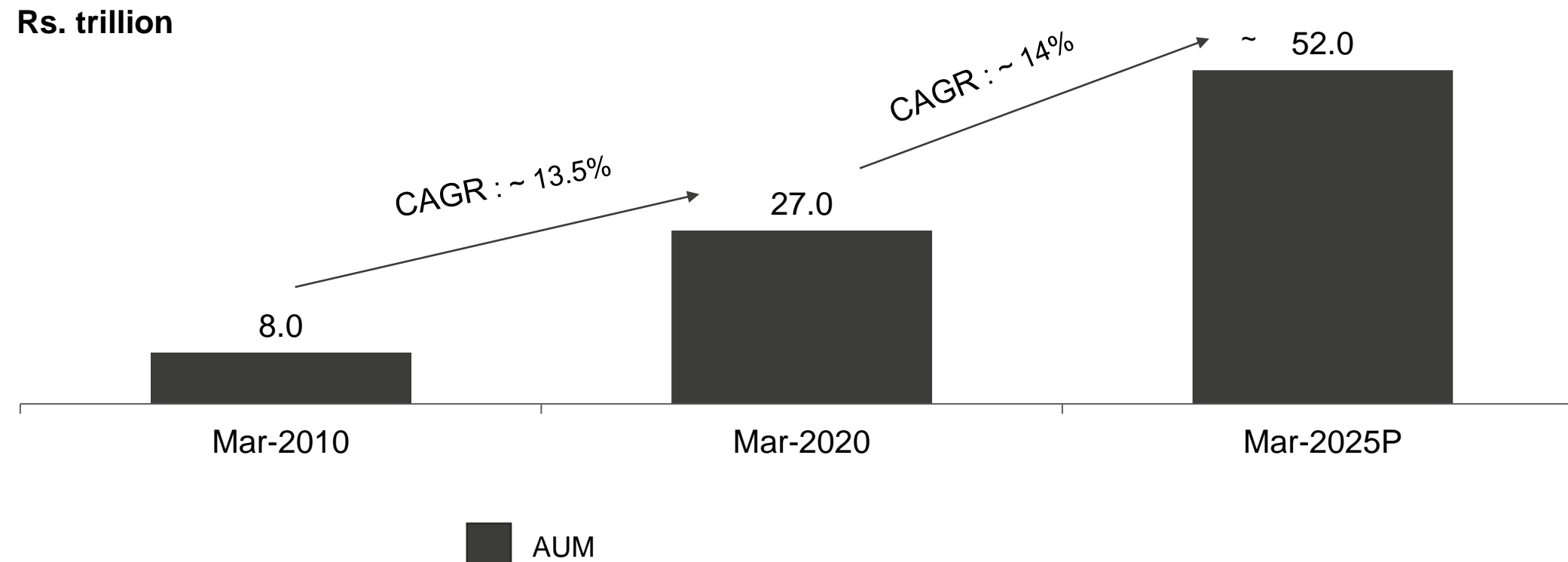


From November 2000 to November 2020 - Investment of Rs 1,000 has grown exponentially

Source: RBI, CRISIL Research, BSE

Note: Fund categories represent aggregate asset-weighted performance of schemes under the respective categories of CMFR.

Mutual fund industry expected to channelise individual savings

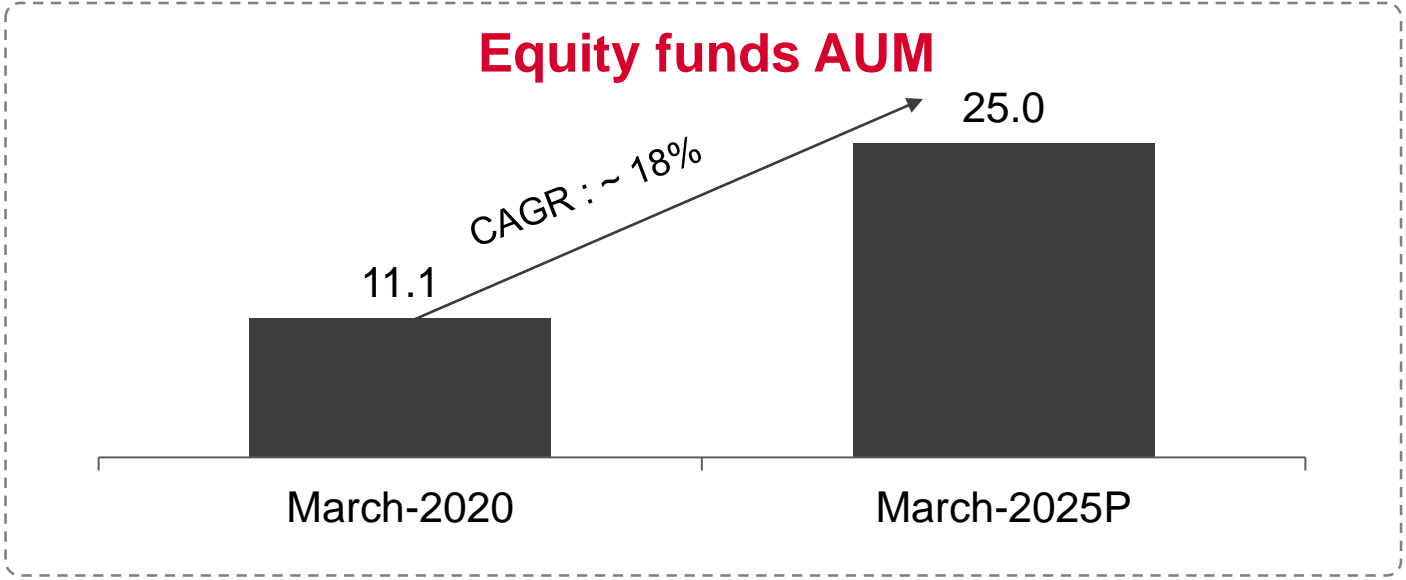
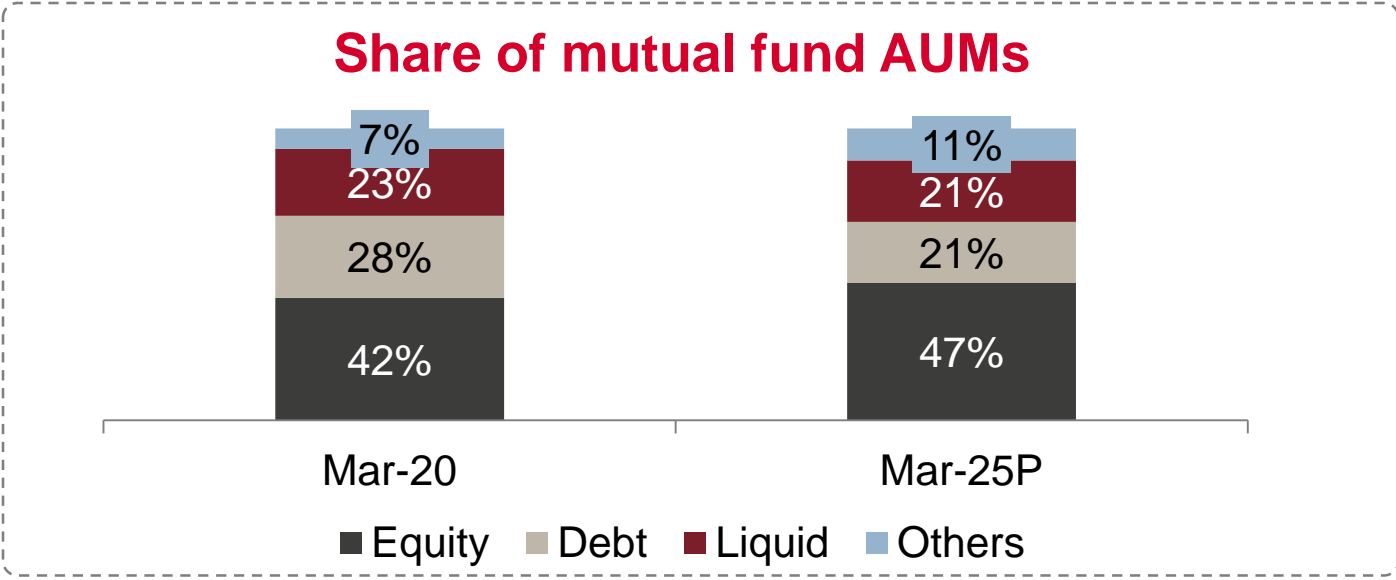


Note: AUM is the average of the last quarter for each fiscal; P – projected

Source: AMFI, CRISIL Research

- Growth drivers include anticipated pick-up in economy, growing investor base, higher disposable incomes, greater investable surplus and deeper geographical penetration
- Better awareness, ease of investing through digitalisation and a gradual pick-up in corporate earnings expected to support growth

Needs of younger demography to drive greater share of equity funds



Source: AMFI, CRISIL Research

Growth drivers

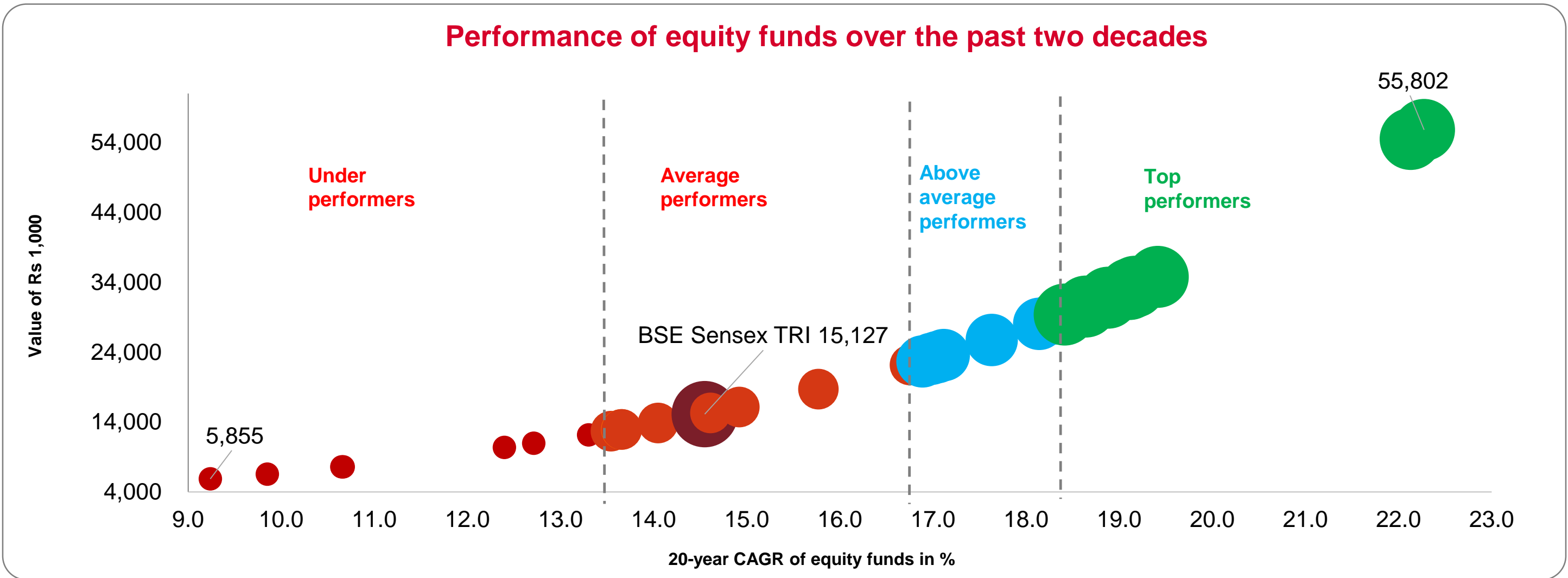
- Demographic dividend coupled with rise in disposable income
- Inflation targeting
- Increasing share of passive funds
- Retirement funds – an untapped market
- Growing digital footprint along with investor education

Note: As per quarterly average AUM; equity funds include growth/ equity-oriented schemes (other than ELSS), ELSS funds, hybrid and solution-oriented schemes; debt funds include gilt funds/ gilt funds with 10-year constant duration, and the remaining income/ debt-oriented schemes; liquid/ money market schemes include liquid/ money market/ floater/ overnight funds. Others include index funds, gold ETFs, other ETFs and fund of fund investing overseas; P - projected

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Selection of the right fund is the key to wealth creation

Performance of equity funds over the past two decades



31 Equity funds (growth option), that have completed 20 years as on November 30, 2020 considered. Thematic and hybrid funds have been excluded. Funds have been classified based on quartile analysis

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A black and white photograph of a rugged coastline. In the foreground, a dark, silhouetted cliffside slopes down towards the ocean. The ocean is filled with white-capped waves crashing against dark, jagged rocks. The background shows a vast, hazy expanse of water and distant, misty mountains or hills under a pale sky. The overall mood is serene and powerful.

Long-term consistency
trumps short-term intensity.

Bruce Lee

Thank You

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