

Edelweiss Fund Insight: January 2014

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- * Did you know...
- * Trend in AUM
- * Flows into equity schemes
- * Cash levels
- * Sectoral ownership
- * Hot/Cold stocks
- * Nifty50 Stock-wise churn MoM

Key highlights

- * Total AUM at INR8.25tn, down ~INR640bn MoM.
- * Equity AUM at INR1.92tn, up ~INR79bn MoM.
- * Debt AUM at INR6.33tn, down ~INR719bn MoM.
- * Net inflow of ~INR15.5bn to mutual funds (net of NFOs + existing schemes – redemptions).
 - * NFOs worth ~INR8.5bn in equity schemes.
 - * Fund flow to existing schemes at ~INR53.55bn.
 - * Redemptions at ~INR46.51bn.
- * Mutual funds were net equity sellers at ~INR5.72bn.
- * Total cash balance across AMCs at ~INR44.5bn and accounts for ~2.5% of total corpus (~2.35% in November).

Note: Data is for the month of December 2013

Data Sources: AMFI, ACE MF and Edelweiss research

Did you know....

- * After a rather subdued November, markets witnessed brief rally fuelled by poll results in major states. Fund flow into equity schemes stayed positive (~INR 15.5bn). It has not been that often in the recent past that flow to equity mutual funds have stayed positive for two consecutive months. It will be interesting to see if the trend persists in ensuing months.
- * Overall, the funds **added** select **PSU banks, auto, IT** and **mid-caps**. On the **reduce** list, **defensives, cap goods, telecom** and **energy** stocks featured in December. Healthy participation by the mutual funds was seen in the **Power Grid FPO**. Major **large-cap additions** included **Axis Bank, Hero MotoCorp, Sesa Sterlite** and **Maruti**. **Mid-caps** like **Alstom T&D** and **Apollo Tyres** (hangover of Copper Tires' buyout now behind) were also added. **L&T topped** the list of **most sold stocks** followed by **Tech Mahindra, Reliance Inds** and **LIC Housing Finance**.
- * For the **second month in a row**, funds **added ICICI Bank, Infosys, ACC, Maruti and Bank of Baroda**. On the other hand, **L&T, Tech Mahindra, Reliance Inds** and **Zee** featured in the list of **sold stocks** for the **second straight** month.
- * **HDFC MF's** major additions in December included **SKF India** (INR0.81bn), **Alstom T&D India** (INR0.71bn) and **SBI** (~INR0.63bn), while reductions were **L&T** (INR2.15bn) and **Tata Steel** (~INR1.18bn). The fund continued to add mid-caps. After adding **Ashoka Buildcon** and **Kajaria Ceramics** last month, it added **SKF India** and **Alstom T&D India (new entry)** during the month. The fund reduced **L&T** for the second month in a row. The fund has been **reducing** exposure in **defensives**.
- * **Reliance MF's** major additions included **Sesa Sterlite** (INR1.32bn) and **Wipro** (INR0.76bn). Its major sells were **LIC Housing Finance** (INR1bn) and **Jindal Steel & Power** (~INR0.86bn). The fund has been adding **Bharti** for the past four months. The fund **reduced** exposure to the **energy pack (Reliance Inds, Oil India, Cairn India and HPCL)** and **capital goods (L&T, BHEL and Crompton Greaves)**.
- * **UTI MF's** major additions included **Tata Motors** (~INR 0.3bn) and **Bank of Baroda** (~INR0.24bn). Reductions included **HDFC** (~INR0.86bn) and **Tech Mahindra** (~INR0.58bn). The fund has shown **preference** for **Bharti** over **Idea**.
- * **ICICI Prudential MF's** major **additions** were **Power Grid** (~INR4bn) and **HDFC Bank** (~INR0.7bn), while major reductions included **Sesa Sterlite** (~INR1.07bn) and **Tech Mahindra** (~INR0.67bn). Unlike some of its counterparts, the fund increased exposure to **Reliance Inds** and **BHEL**. Stocks that featured in the list of new entries were **Gateway Distriparks** and **J&K Bank**.

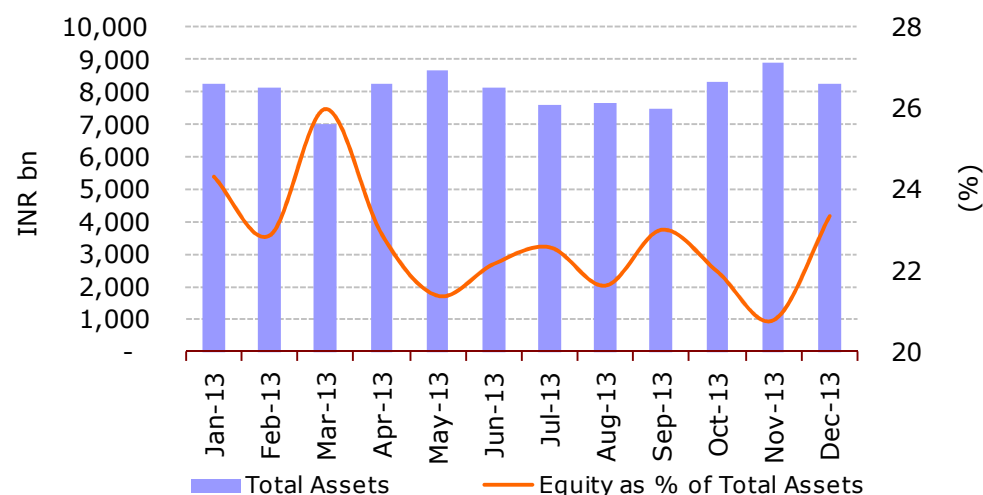
Did you know....

- * **DSP Blackrock's** major **additions** were **Axis Bank** (~INR1.42bn) and **Infosys** (~INR1bn). It **reduced** exposure in **IndusInd Bank** (~INR1.1bn) and **Bharti Airtel** (~INR1bn). **Preference** for **private banks (Axis Bank, ICICI Bank and HDFC Bank)** was seen during the month. **Tech Mahindra** featured in the **reduce** list for the **third month in a row**. **JSW Steel** and **PNB** were **new entries** during the month.
- * **Franklin Templeton MF's** major **additions** were **Hero MotoCorp** (~INR0.36bn) and **Cipla** (~INR0.33bn). It **reduced** exposure in **ICICI Bank** (~INR0.74bn) and **Torrent Pharma** (~INR0.34bn). **Apollo Tyres** was a new entry.
- * **SBI MF's** major **additions** were **Power Grid** (~INR0.51bn) and **United Spirits** (~INR0.50bn). It **reduced** exposure in **LIC Housing Finance** (~INR0.66bn) and **Idea Cellular** (~INR 0.28bn).
- * **Birla MF's** major **additions** were **Coal India** (~INR1.19bn) and **Power Grid** (~INR0.83bn). It **reduced** exposure in **Infosys** (~INR0.89bn) and **NTPC** (~INR 0.75bn).

Equity AUM increase in December

- * Equity AUM at ~INR1.92tn accounted for ~23.3% of the total AUM. Poll results saw an improvement in market sentiment.
- * Debt AUM stood at ~INR6.33tn. Over the previous month, debt AUM declined by ~10.2% (~INR719bn). Liquid and money market funds saw outflow of ~INR663bn in December.
- * Total AUM reduced by ~INR640bn over November. As at December end, it stood at ~INR8.25tn.

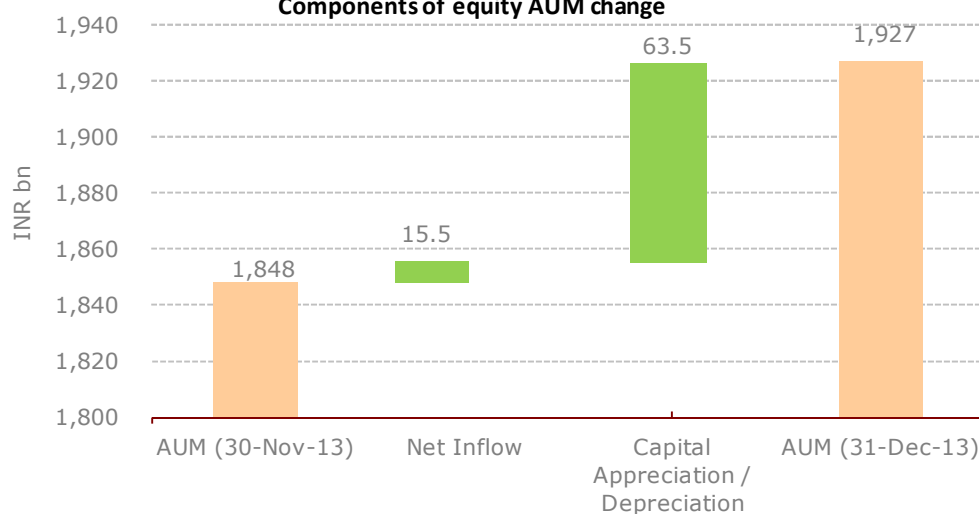
Equity as a percentage of total assets



Inflow continued in December

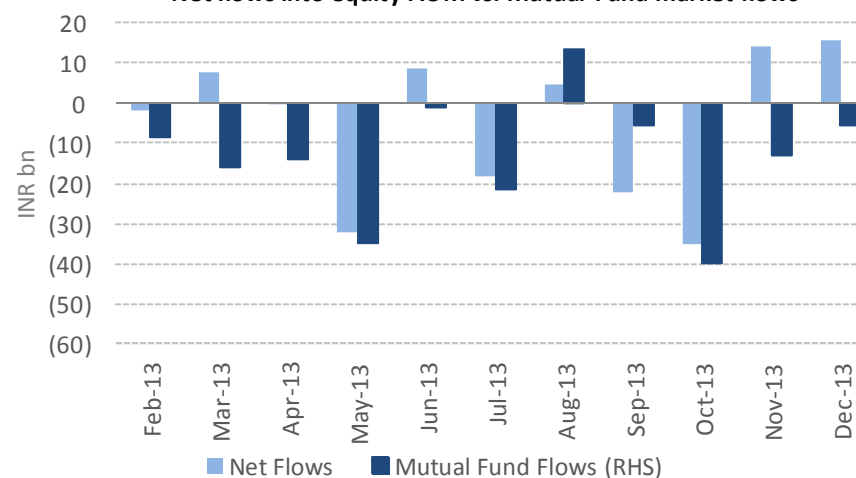
- * Inflow of ~INR15.5bn into equity schemes (net of NFOs + existing schemes – redemptions).
- * Fund flow into existing schemes stood at ~INR53.55bn, while redemptions were INR46.51bn.
- * Of the ~INR79bn increase in equity AUM, contribution from net inflows and market movement was ~INR15.5bn and ~INR63.5bn, respectively.

Components of equity AUM change



Source: AMFI, Edelweiss research

Net flows into equity AUM vs. Mutual Fund market flows



Note: Net flows = NFOs+ Flows into existing schemes - Redemptions

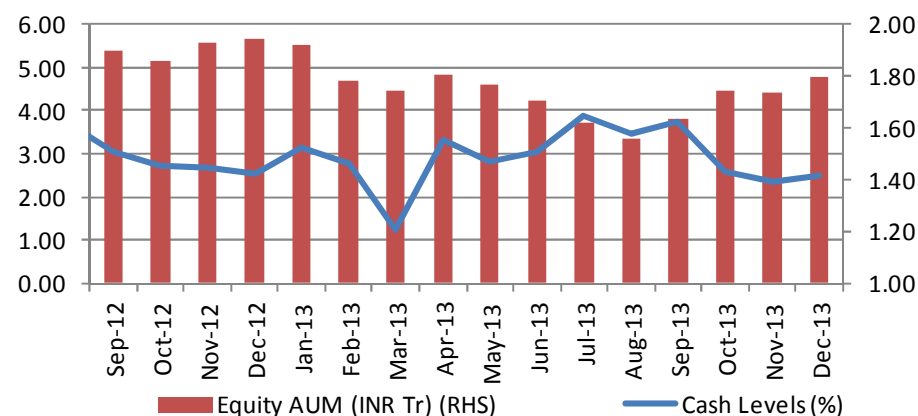
AMC-wise cash levels: Equity schemes

					INR bn				
AMC	AUM Dec-13	Equity allocation	Cash holding	Cash as a % of AUM	AMC	AUM Dec-13	Equity allocation	Cash holding	Cash as a % of AUM
HDFC MF	320.89	305.37	3.39	1.06	HSBC MF	12.55	10.83	0.46	3.63
Reliance MF	239.60	234.02	5.28	2.21	JP Morgan MF	9.41	3.14	0.19	2.04
UTI MF	193.05	187.83	4.79	2.48	Goldman Sachs MF	6.57	6.49	0.02	0.31
ICICI Pru MF	181.90	161.49	7.51	4.13	Mirae MF	5.83	5.01	0.28	4.88
Franklin Templeton MF	152.38	122.78	6.30	4.14	Religare Invesco MF	5.81	5.59	0.20	3.52
SBI MF	136.58	129.96	2.17	1.59	DWS MF	5.59	4.27	0.10	1.71
Birla SL MF	106.48	101.36	2.67	2.51	LIC Nomura MF	5.19	5.13	0.03	0.66
DSP BR MF	95.21	86.62	0.98	1.03	BNP Paribas MF	4.55	4.36	0.18	4.05
IDFC MF	63.39	59.80	2.62	4.14	JM MF	3.81	3.77	0.04	1.06
Sundaram MF	51.94	50.40	0.56	1.07	Taurus MF	3.25	3.21	0.04	1.18
L&T MF	45.68	42.69	1.12	2.46	PPFAS MF	3.23	2.25	0.37	11.40
Tata MF	34.94	32.42	0.99	2.82	Baroda Pioneer MF	3.18	3.12	0.06	1.76
Kotak MF	24.61	23.17	0.40	1.64	ING MF	3.06	1.83	0.04	1.24
Axis MF	20.21	18.13	1.84	9.09	Motilal Oswal MF	2.88	1.91	0.08	2.89
Canara Robeco MF	15.70	15.38	0.26	1.66	PineBridge MF	2.86	2.03	(0.01)	-0.30
Principal Pnb MF	14.88	14.25	0.30	2.03	Quantum MF	2.36	2.01	0.32	13.39
Morgan Stanley MF	14.07	13.86	0.20	1.41	IDBI MF	2.17	2.15	0.01	0.68

Source : ACE MF, Edelweiss research

Note : The data is sorted in descending order of AUM (Asset under management). Data is not exhaustive and includes only AMCs for which information is available

Total cash balance across AMCs was ~INR44.5bn, and accounted for ~2.5% of total corpus (~2.35% in November).



Sectoral ownership

- * The table below elaborates sectoral ownership of the top-10 fund houses on the basis of equity AUM.
- * Figures in green indicates over-ownership and those in red under-ownership in a particular sector compared with the BSE 100.

Industry	BSE100	HDFC MF	Reliance MF	UTI MF	ICICI Pru MF	SBI MF	Franklin Templeton	Birla SL MF	DSP BR MF	IDFC MF	Sundaram MF	(%)
Equity AUM (INR bn)		321	240	193	182	137	152	106	95	63	52	
Banking & Finance	24.75	27.27	19.45	20.87	22.58	19.84	26.76	25.38	22.71	9.80	21.72	
Oil & Gas	10.93	12.55	6.74	9.89	9.86	7.47	11.03	8.04	8.60	8.82	9.21	
IT	15.75	16.38	11.88	17.29	13.93	14.71	13.04	12.31	15.26	6.56	10.74	
Metals	5.35	4.34	3.53	3.49	7.23	2.72	3.12	5.14	5.19	0.59	2.17	
Cap Goods	5.08	10.11	14.01	8.54	9.95	10.08	4.72	8.16	7.51	10.00	12.75	
FMCG	14.11	9.15	11.99	11.59	7.74	18.53	4.90	14.51	12.38	38.76	16.78	
Cement & Construction	3.27	1.83	3.18	5.00	1.71	2.53	2.64	2.10	2.23	1.61	3.55	
Auto	7.88	4.35	6.12	7.14	5.67	4.96	6.06	8.23	6.96	6.40	7.72	
Power	3.35	2.46	2.18	2.28	5.09	3.05	3.15	2.20	2.53	5.05	2.09	
Pharma	5.73	6.60	12.39	7.08	7.25	10.18	10.35	8.62	5.49	3.42	6.80	
Telecom	2.46	2.14	3.32	3.19	4.08	2.71	7.15	2.41	4.78	2.22	2.71	
Diversified	0.89	1.05	2.66	2.37	3.32	1.55	3.90	1.24	3.30	1.53	0.67	
Chemicals	0.45	1.77	2.54	1.26	1.58	1.68	3.19	1.67	3.07	5.24	3.10	

Source: Edelweiss research, ACE MF

Please note: Red indicates underweight & green indicates overweight Vs BSE 100 as on 31-Dec-13

Hot/Cold stocks

Hot Stocks						Cold Stocks					
		Shares in Mn						Shares in Mn			
Big Ticker	Company Name	Dec-13	Nov-13	Change	Net Chg (INR Mn)	Big Ticker	Company Name	Dec-13	Nov-13	Change	Net Chg (INR Mn)
PWGR IN	Power Grid Corporation	118.83	57.14	61.69	6,159	LT IN	Larsen & Toubro Ltd.	48.15	51.24	-3.09	-3,302
ATD IN	Alstom T&D India Ltd.	24.03	16.18	7.85	1,586	TECHM IN	Tech Mahindra Ltd.	8.86	9.87	-1.01	-1,858
AXSB IN	Axis Bank Ltd.	20.45	19.32	1.13	1,468	RIL IN	Reliance Industries Ltd.	71.97	73.83	-1.86	-1,664
HMCL IN	Hero MotoCorp Ltd.	4.95	4.30	0.65	1,349	LICHF IN	LIC Housing Finance Ltd.	24.24	30.68	-6.44	-1,413
SSLT IN	Sesa Sterlite Ltd.	98.99	92.45	6.54	1,321	TATA IN	Tata Steel Ltd.	29.82	33.08	-3.26	-1,381
MSIL IN	Maruti Suzuki India Ltd.	16.37	15.76	0.61	1,078	ITC IN	ITC Ltd.	156.76	160.32	-3.56	-1,145
WPRO IN	Wipro Ltd.	41.74	39.88	1.86	1,040	BHARTI IN	Bharti Airtel Ltd.	145.64	148.85	-3.22	-1,063
HCLT IN	HCL Technologies Ltd.	19.60	18.87	0.73	916	IDEA IN	Idea Cellular Ltd.	36.11	42.31	-6.20	-1,034
OBC IN	Oriental Bank Of Comme	29.92	25.99	3.92	897	ONGC IN	Oil & Natural Gas Corporation Ltd	74.33	77.88	-3.55	-1,025
CBK IN	Canara Bank	23.17	20.01	3.16	893	DRRD IN	Dr Reddys Laboratories Ltd.	9.19	9.59	-0.40	-1,019
SBIN IN	State Bank Of India	19.81	19.31	0.49	871	JSP IN	Jindal Steel & Power Ltd.	19.01	22.57	-3.56	-929
SKF IN	SKF India Ltd.	7.58	6.29	1.29	859	OFSS IN	Oracle Financial Services Softwar	1.56	1.84	-0.28	-913
PNB IN	Punjab National Bank	9.78	8.44	1.34	840	ARBP IN	Aurobindo Pharma Ltd.	29.60	31.56	-1.96	-770
TCS IN	Tata Consultancy Service	22.51	22.15	0.36	784	HDFC IN	Housing Development Finance Co	40.50	41.42	-0.93	-738
APTY IN	Apollo Tyres Ltd.	21.94	14.76	7.18	769	Z IN	Zee Entertainment Enterprises Ltd	37.97	40.64	-2.66	-737
ACC IN	ACC Ltd.	5.78	5.16	0.63	693	IIB IN	IndusInd Bank Ltd.	22.98	24.67	-1.69	-710
BOB IN	Bank Of Baroda	29.61	28.58	1.03	665	NMDC IN	NMDC Ltd	50.89	55.83	-4.94	-702
TTAN IN	Titan Company Ltd.	11.90	9.09	2.81	646	MSS IN	Motherson Sumi Systems Ltd.	66.21	69.72	-3.50	-639
INFO IN	Infosys Ltd.	30.98	30.80	0.18	623	MMFS IN	Mahindra & Mahindra Financial Se	9.43	11.30	-1.87	-599
IDFC IN	IDFC Ltd.	53.97	48.76	5.21	571	OINL IN	Oil India Ltd.	30.69	31.89	-1.20	-585
FB IN	The Federal Bank Ltd.	138.91	132.42	6.49	545	NTPC IN	NTPC Ltd.	92.77	96.84	-4.07	-557
CIPLA IN	Cipla Ltd.	31.49	30.15	1.33	535	INFTC IN	Infotech Enterprises Ltd.	9.51	11.00	-1.50	-510
SIEM IN	Siemens Ltd.	6.47	5.70	0.77	513	BJAUT IN	Bajaj Auto Ltd	2.69	2.95	-0.27	-508
COAL IN	Coal India Ltd.	31.19	29.47	1.72	499	STR IN	Strides Arcolab Ltd.	0.88	2.24	-1.36	-489
JSTL IN	JSW Steel Ltd.	1.46	0.98	0.48	483	TRP IN	Torrent Pharmaceuticals Ltd.	13.67	14.62	-0.95	-449
JKBK IN	The Jammu & Kashmir B.	1.95	1.63	0.32	463	PIDI IN	Pidilite Industries Ltd.	13.34	14.81	-1.47	-420
EXID IN	Exide Industries Ltd.	23.78	20.06	3.72	458	BDE IN	Blue Dart Express Ltd.	1.67	1.80	-0.12	-416
ICICIBC IN	ICICI Bank Ltd.	88.04	87.63	0.41	452	JUST IN	Just Dial Ltd	0.62	0.90	-0.28	-402
LPC IN	Lupin Ltd.	20.24	19.79	0.46	414	UNSP IN	United Spirits Ltd.	6.93	7.08	-0.15	-389
TTMT IN	Tata Motors Ltd.	16.00	14.95	1.06	397	AMRJ IN	Amara Raja Batteries Ltd.	21.25	22.39	-1.13	-381

Source: ACE MF, Edelweiss research

Note: Sorted terms of ascending and descending value change

Nifty50 Stock-wise churn MoM

	INR bn	HDFC	Reliance	UTI	ICICI Pru	Franklin	SBI	Birla	DSP	IDFC	Sundaram
Top 10 Fund Nifty Chg	0.58	(5.48)	(0.42)	(1.63)	6.55	0.01	(0.20)	0.99	(0.20)	1.04	(0.08)
ACC	0.68	▲	▲	▼	▲	▲	▼	▼		▲	
Ambuja Cements	(0.07)	▲	▼	▼	▼	▼	▼	▼	◀▶	▲	◀▶
Asian Paints	(0.01)	▲	▼	▼	▼	▼	▼	▲		▲	▲
Axis Bank	0.81	▼	▼	▼	▲	▼	▲	▲	▲	▼	▲
Bajaj Auto Ltd	(0.19)	▲	▼	▲	▼	▼	▼	▼	◀▶	▼	▲
Bank Of Baroda	0.42	▲	▼	▲	▲	▼	▼	▲	▲	▲	◀▶
Bharti Airtel	(1.28)	▼	▲	▲	▼	▲	▲	▼	▼	▲	▲
BHEL	0.23	▲	▼	▼	▲	▼	▼	▼		▲	
BPCL	(0.22)	▼	▼	▼	▲	▼	▼	▼	▼	▲	▲
Cairn India	(0.12)	▲	▼	▼	▲	▼	▼	▼	▼	▼	▲
Cipla	0.50	▲	▲	▼	▼	▲	▲	▼		▲	▼
Coal India	0.46	▼	▼	▼	▼	▼	▼	▲	▼	▲	▲
DLF	0.00	▲	▼	▲	▼	▼	▼	▼		▲	
Dr Reddys	(0.95)	▼	▼	▼	▼	▲	▲	▼	▼	▲	▲
GAIL (India)	(0.09)	▼	▼	▲	▼	▼	▼	▼	▲	▼	▼
Grasim Industries	(0.29)	▲	▼	▼	▲	▼	▼	▼	▼	▲	
HCL Technologies	0.92	▲	▲	▲	▼	▲	▼	▼	▲	▼	▲
HDFC Ltd	(0.47)	▲	▲	▼	▼	▼	▼	▲	▲	▲	▼
HDFC Bank	0.18	▼	▼	▼	▲	▲	▼	▲	▲	▼	▼
Hero MotoCorp	0.94	▲	▲	▲	▼	▲	▼	▲	▼	▲	
Hindalco	(0.25)	▼	▼	▼	▲	▼	▼	▼	▼	▲	◀▶
Hindustan Unilever	(0.10)	▼	▼	▼	▼	▼	▼	▼		▼	◀▶
ICICI Bank	0.10	▼	▼	▲	▲	▼	▲	▲	▲	▲	▼
IDFC	0.05	▼	▼	▲	▼	▼	▼	▼	▲	▲	▲
IndusInd Bank	(0.97)	▲	▼	▲	▼	▲	▼	▲	▼	▲	▼
Infosys	(0.05)	▼	▼	▼	▲	▲	▼	▼	▲	▲	▲
ITC	(0.86)	▼	▼	▼	▲	▼	▲	▼	▼	▲	▼
Jindal Steel & Power	(1.09)	▼	▼	▼	▼	▼	▼	▼		▲	
JP Associates	(0.11)	▼	▼	▲	▼	▼	▼	▼	▲	▲	
Kotak Mahindra Bk	(0.20)	▲	▼	▲	▼	▼	▲	▼	▲	▲	
Larsen & Toubro	(3.23)	▼	▼	▼	▼	▼	▼	▲	▲	▼	▼

Nifty50 Stock-wise churn MoM

	INR bn	HDFC	Reliance	UTI	ICICI Pru	Franklin	SBI	Birla	DSP	IDFC	Sundaram
Top 10 Fund Nifty Chg	0.58	(5.48)	(0.42)	(1.63)	6.55	0.01	(0.20)	0.99	(0.20)	1.04	(0.08)
Lupin	(0.09)	▼	▲	▲	▲	▼	▲	▲	▼	▼	▼
M&M	0.06	▲	▼	▲	▼	▲	▼	▼	▲	▲	▲
Maruti Suzuki	0.92	▲	▲	▲	▼	▲	▼	▼	▲	▲	▲
NMDC Ltd	(0.71)	▼	▼	▼	▼	▼	▼	▼	▼	▼	◀▶
NTPC	(0.54)	▲	▼	▼	▲	▼	▼	▼	▲	▼	▼
ONGC	(0.99)	▼	▲	▼	▲	▼	▼	▼	▼	▼	▼
PNB	0.53	▲	▼	▲	▼	▼	▼	▲	▲	▲	▼
Power Grid	5.87	▲	▲	▼	▲	▲	▲	▲	▼	▲	▲
Ranbaxy Lab	(0.03)	▲	▼	▲	▼	▼	▼	▼	▼	▲	▲
Reliance Inds	(1.82)	▼	▼	▲	▲	▼	▼	▲	▼	▼	▼
SBI	0.85	▲	▲	▼	▲	▼	▼	▲	▼	▲	▼
Sesa Sterlite	1.24	▲	▲	▲	▼	▼	▲	▲	▲	▼	▲
Sun Pharmaceutical	0.11	▼	▼	▲	▲	▼	▲	▼	▼	▲	▼
Tata Motors	0.42	▼	▼	▲	▲	▼	▼	▲	◀▶	▲	▲
Tata Power Co	(0.06)	▼	▼	▲	▼	▼	▼	▲	▲	▲	◀▶
Tata Steel	(1.34)	▼	▼	▲	▼	▼	▼	▼	▼	▲	▲
TCS	0.62	▲	▲	▼	▲	▼	▼	▲	▼	▲	▲
Ultratech Cement	(0.04)	▲	▼	▼	▲	▼	▼	▼		▲	◀▶
Wipro	0.80	▼	▲	▲	▲	▼	▼	▼	▼	▼	▲

Note

The table above illustrates the churning done by the Top 10 AMCs (sorted by equity AUM) in Nifty50 stocks during the month

- ▲ Addition during the month
- ▼ Reduction during the month
- ◀▶ No Change
- Blank No exposure

INR 0.58 indicates overall churn in Nifty50 by the Top10fundsMoM
Wipro INR 0.8bn indicates the Top10 funds have added Wipro MoM.

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