

Edelweiss Fund Insight: November 2013

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

Key highlights

- * Total AUM at INR8.34tn, up ~INR880bn MoM.
- * Equity AUM at INR1.83tn, up ~INR116bn MoM.
- * Debt AUM at INR6.5tn, up ~INR764bn MoM.
- * Net outflow of ~INR35.24bn in mutual funds (net of NFOs + existing schemes – redemptions) in October.
 - * No new NFOs in equity schemes in October.
 - * Fund flows in existing schemes at ~INR25.97bn.
 - * Redemptions stood at ~INR61.39bn.
- * Mutual funds were net equity sellers at ~INR40.18bn in October.
- * Total cash balances across AMCs currently at ~INR47.47bn, which accounts for ~2.9% of total corpus (~5.9% in September).

Note: Data is for the month of October 2013

Data Sources: AMFI, ACE MF and Edelweiss research

Did you know....

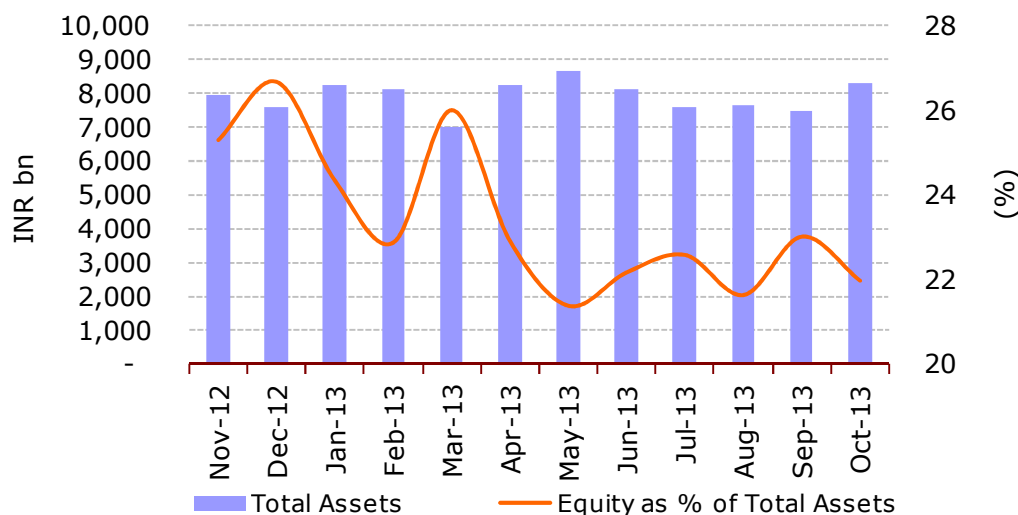
- * With markets flirting with all time highs in October, mutual funds showed inclination to ride the momentum with high beta and reducing exposure in defensives.
- * After being in the reduce list for the past few months, mutual funds have started adding select private banks (**ICICI Bank, Axis Bank, Indusind Bank** and **Yes Bank**) to their portfolios. Other large-cap additions include **Maruti, Infosys, Bharti** and **L&T**. Another interesting trend was evident in **IT** where funds have preferred **Infosys** over **TCS** and **HCL Tech**. **Reliance Inds, ITC, Tech Mahindra, TCS** and **HDFC** featured in mutual funds' reduce list.
- * In the **telecom** pack, funds preferred **Bharti** over **Idea**. In the **pharma space**, funds have trimmed exposure in **Lupin, Sun Pharma, Cipla** and **Cadila Healthcare**.
- * **HDFC MF's** major additions in October were **Maruti** (INR1.75bn), **ICICI Bank** (INR 1.52bn) and **HDFC Bank** (~INR0.66bn) while reductions included **defensives** like **TCS** (INR2.7bn) and **ITC** (~INR2bn). The fund has **added metals (Sesa Sterlite, Tata Steel and SAIL), auto (Maruti, M&M, Hero MotoCorp and Tata Motors)** in October. Exposure in select **IT (TCS and Wipro)** and **pharma (Lupin, IPCA Labs, Glenmark Pharma, Dr Reddy's Labs and Divi's Labs)** stocks was **reduced**. **Siemens** was a **new entry** in the portfolio, while **complete exits** included **Glenmark Pharma** and **Zydus Wellness**.
- * **Reliance MF's** major additions in October were **Bharti** (INR0.9bn) and **ACC** (INR1.18bn). **Bharti** was among the top picks last month as well. Its major sells were **HDFC** (INR1bn) and **Jindal Steel & Power** (~INR0.8bn). In the **IT** space, the fund has added **Infosys** (~INR0.34bn) and reduced **TCS** (~INR0.42bn) and **Tech Mahindra** (~INR0.19bn). Preference was also seen for **private banks (ING Vysya, Axis Bank, Yes Bank and ICICI Bank)**.
- * **UTI MF's** major additions were **Axis Bank** (~INR0.48bn) and **Bharat Forge** (~INR0.34bn). Reductions included **SBI** (~INR0.7bn) and **HDFC** (~INR0.4bn). The fund has shown preference for commodity-centric stocks (**Cairn India, Hindalco, Tata Steel, NMDC** and **Sesa Sterlite**). Marico was completely exited in October.

- * **ICICI Prudential MF's** major **additions** in October were **Wipro** (~INR0.8bn) and **Maruti** (~INR0.47bn), while major reductions included **Tech Mahindra** (~INR0.93bn) and **NTPC** (~INR0.87bn). Exposure to **banks** was **lightened (ICICI Bank, HDFC Bank, Axis Bank and Bank of Baroda)** in October. Exposure to **oil & gas (Reliance Industries, Cairn India and ONGC)** was also **reduced**. **Hexaware** was a **complete exit (open offer)**.
- * **DSP Blackrock's** major **additions** in October were **Axis Bank** (~INR1.87bn) and **ICICI Bank** (~INR1.52bn). It **reduced** exposure in **Reliance Inds** (~INR2bn) and **Tech Mahindra** (~INR1.31bn). On the **IT** front, the fund **added TCS** and **Wipro** and **reduced Tech Mahindra, Infosys** and **HCL Tech**. Notable **exits** were **Dish TV** and **Tata Chemicals**.

Robust sentiments drive equity AUM in October

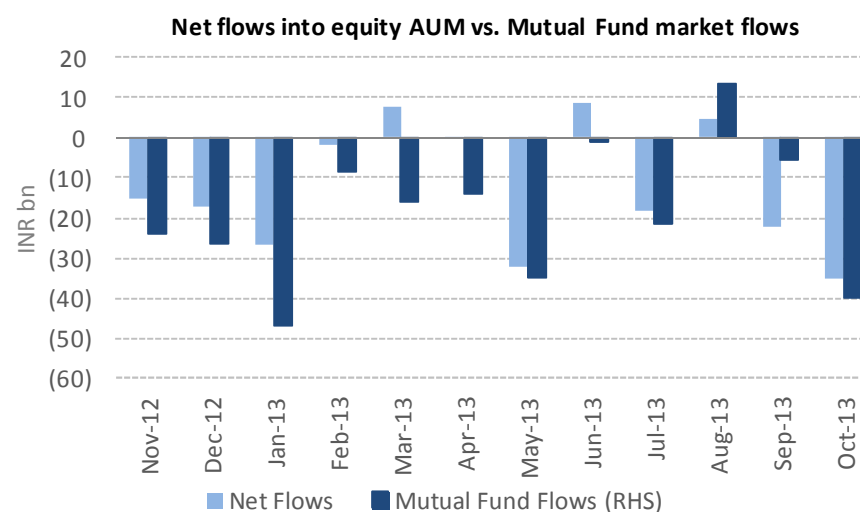
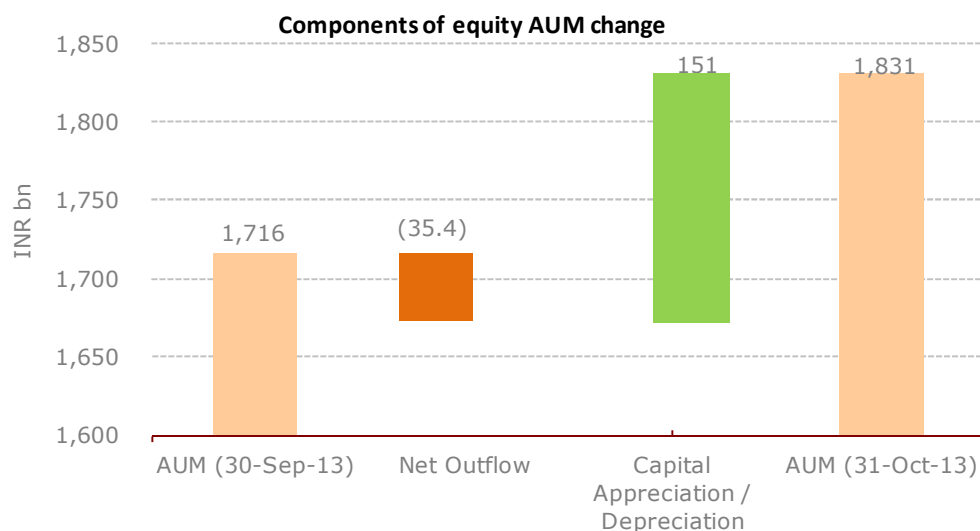
- * Bullish sentiments boosted equity AUMs in October; they increased by ~INR116bn in October.
- * Equity AUM at ~INR1.83tn account for ~22% of total AUM. Though market rally came as a relief for equities, redemption still remains a major concern.
- * Debt AUM stand at ~INR6.5tn. Debt AUM has been sensitive to the volatility in rate environment. RBI's efforts to unwind exceptional liquidity tightening measures can be one of the key reasons that has attracted flows into debt funds.
- * Helped by increase in both equity and debt AUM, total AUM rose by ~INR880bn over the previous month. As at October end, it stood at ~INR8.34tn.

Equity as a percentage of total assets



Equity-scheme outflows in October

- * Outflows of ~INR35.4bn in equity schemes (net of NFOs + existing schemes – redemptions).
- * Fund flows into existing schemes were INR25.97bn, while redemptions were INR61.39bn.
- * Of the increase in equity AUM of ~INR116bn, contributions from net outflows and market movement were ~INR35.4bn and ~INR151bn, respectively.



Source: AMFI, Edelweiss research

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

AMC-wise cash levels: Equity schemes

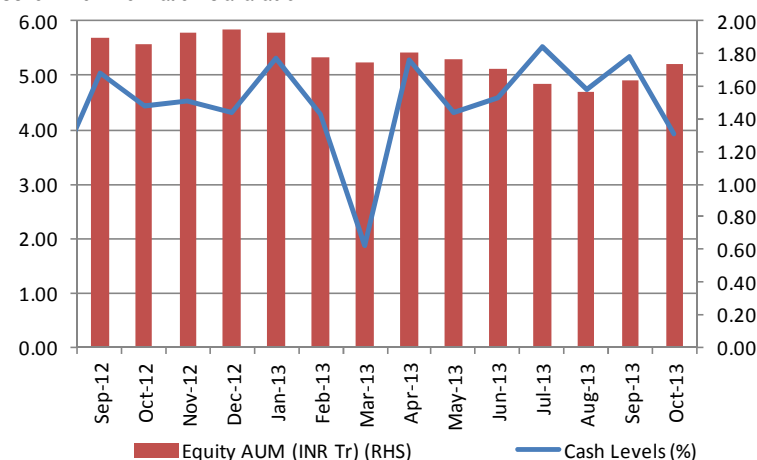
INR bn

AMC	AUM Oct-13	Equity allocation	Cash holding	Cash as a % of AUM	AMC	AUM Oct-13	Equity allocation	Cash holding	Cash as a % of AUM
HDFC MF	309.79	297.00	3.26	1.05	HSBC MF	11.10	11.07	0.32	2.92
Reliance MF	219.85	219.85	7.61	3.46	Goldman Sachs MF	6.90	6.78	0.04	0.56
UTI MF	186.80	186.33	5.97	3.20	LIC Nomura MF	5.38	5.35	0.05	0.93
ICICI Pru MF	151.03	149.51	5.59	3.70	Religare Invesco MF	5.12	5.12	0.17	3.36
SBI MF	129.52	126.14	4.86	3.75	Mirae MF	4.74	4.49	0.06	1.25
Franklin Templeton MF	129.12	122.25	6.39	4.95	JM MF	3.83	3.83	0.05	1.44
Birla SL MF	99.41	97.08	2.57	2.58	BNP Paribas MF	3.55	3.55	0.23	6.49
DSP BR MF	86.60	86.37	1.64	1.90	Taurus MF	3.20	3.20	0.04	1.23
IDFC MF	50.03	50.03	1.74	3.47	JP Morgan MF	3.09	3.09	0.13	4.16
Sundaram MF	49.89	49.55	0.81	1.63	PPFAS MF	2.58	2.11	0.45	17.43
L&T MF	43.13	43.01	1.35	3.14	Motilal Oswal MF	2.52	1.69	0.01	0.54
Tata MF	33.34	32.87	0.92	2.75	IDBI MF	2.05	2.05	0.03	1.58
Kotak MF	23.98	23.87	0.63	2.63	Quantum MF	2.00	2.00	0.18	8.81
Axis MF	16.58	16.43	0.49	2.94	PineBridge MF	1.99	1.99	0.11	5.51
Canara Robeco MF	15.33	15.31	0.47	3.04	ING MF	1.87	1.81	0.08	4.03
Principal Pnb MF	14.38	14.34	0.26	1.80	Union KBC MF	1.69	1.69	0.10	5.78
Morgan Stanley MF	13.90	13.90	0.58	4.21	DWS MF	1.58	1.58	0.02	1.10

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 balances across AMCs currently at ~INR47.47bn which account for ~2.9% of total corpus (~5.9% in September).



Sectoral ownership

- * The table below elaborates sectoral ownership of the top 10 fund houses on the basis of equity AUM.
- * Figures in green indicate over-ownership and those in red indicate 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)		310	220	187	151	130	129	99	87	50	50
Banking & Finance	25.44	26.53	20.68	21.13	23.64	20.66	28.41	22.89	22.60	10.44	21.51
Oil & Gas	11.25	12.95	8.04	10.10	9.19	8.54	11.20	8.31	9.98	10.31	10.03
IT	14.92	16.16	11.59	16.87	14.36	14.23	11.85	13.63	12.70	6.15	11.40
Metals	5.00	4.33	3.73	3.30	8.31	2.65	3.73	4.34	4.66	0.32	1.68
Cap Goods	4.59	10.56	12.86	7.87	8.74	9.84	4.36	8.10	6.08	9.42	12.96
FMCG	15.02	10.36	11.78	12.14	7.40	17.95	4.61	15.47	14.70	38.34	16.15
Cement & Construction	3.33	0.73	3.42	5.25	1.38	2.44	2.45	2.01	1.31	1.70	3.54
Auto	7.75	4.41	5.34	6.39	5.93	4.97	5.15	7.77	5.53	5.45	6.89
Power	3.18	2.32	2.07	2.42	2.31	2.69	3.15	2.53	2.75	4.69	2.56
Pharma	5.84	5.95	11.61	7.31	7.14	9.64	9.83	8.73	5.87	3.38	7.26
Telecom	2.73	2.49	3.61	3.53	5.41	2.99	8.00	2.83	7.15	2.53	2.36
Diversified	0.53	1.09	2.56	2.41	4.55	1.89	4.09	1.45	3.39	2.27	0.63
Chemicals	0.41	2.10	2.72	1.27	1.65	1.51	3.17	1.91	3.27	4.99	3.03

Source: Edelweiss research, ACE MF

Please note: The data is not exhaustive and includes the AMC's with portfolio details for October 2013)

Red indicates underweight & green indicates overweight Vs BSE 100 as on 31-Oct-13

Hot/Cold stocks

Hot Stocks		Shares in Mn				Cold Stocks		Shares in Mn			
Blg Ticker	Company Name	Oct-13	Sep-13	Change	Net Chg (INR Mn)	Blg Ticker	Company Name	Oct-13	Sep-13	Change	Net Chg (INR Mn)
ICICIB IN	ICICI Bank Ltd.	84.34	80.99	3.35	3,753	RIL IN	Reliance Industries Ltd.	75.34	80.59	-5.25	-4,802
AXSB IN	Axis Bank Ltd.	18.68	16.45	2.23	2,728	ITC IN	ITC Ltd.	161.10	173.85	-12.76	-4,272
MSIL IN	Maruti Suzuki India Ltd.	15.09	13.71	1.39	2,273	TECHM IN	Tech Mahindra Ltd.	13.55	15.83	-2.28	-3,536
INFO IN	Infosys Ltd.	30.08	29.54	0.54	1,799	HDFC IN	Housing Development Finance Co	40.98	44.84	-3.86	-3,294
BHARTI IN	Bharti Airtel Ltd.	143.75	139.39	4.35	1,595	TCS IN	Tata Consultancy Services Ltd.	22.89	24.43	-1.53	-3,237
LT IN	Larsen & Toubro Ltd.	53.40	52.68	0.72	702	NMDC IN	NMDC Ltd	60.46	75.97	-15.52	-2,151
GAIL IN	GAIL (India) Ltd.	14.06	12.18	1.87	663	Z IN	Zee Entertainment Enterprises Ltd	45.78	52.55	-6.77	-1,802
ACC IN	ACC Ltd.	4.09	3.54	0.55	626	COAL IN	Coal India Ltd.	26.09	31.77	-5.67	-1,631
TATA IN	Tata Steel Ltd.	32.39	30.63	1.76	589	PLNG IN	Petronet LNG Ltd.	36.11	48.01	-11.90	-1,480
SSLT IN	Sesa Sterlite Ltd.	90.33	87.71	2.63	530	IDEA IN	Idea Cellular Ltd.	45.51	53.31	-7.79	-1,346
VYSB IN	ING Vysya Bank Ltd.	24.10	23.28	0.82	483	BJAUT IN	Bajaj Auto Ltd	3.12	3.74	-0.62	-1,328
WDL IN	Westlife Development Ltd	1.00	0.00	1.00	386	CAIR IN	Cairn India Ltd.	37.71	41.71	-3.99	-1,263
IIB IN	IndusInd Bank Ltd.	25.48	24.68	0.80	357	LPC IN	Lupin Ltd.	20.03	21.41	-1.38	-1,225
BPCL IN	Bharat Petroleum Corpor	66.38	65.40	0.99	354	JSP IN	Jindal Steel & Power Ltd.	25.00	29.30	-4.30	-1,033
BHIN IN	Bharti Infratel Ltd.	5.32	3.28	2.05	336	NTPC IN	NTPC Ltd.	94.99	101.38	-6.39	-951
VOLT IN	Voltas Ltd.	29.86	26.16	3.70	330	HCLT IN	HCL Technologies Ltd.	18.66	19.52	-0.87	-948
SIEM IN	Siemens Ltd.	5.09	4.54	0.55	321	PIDI IN	Pidilite Industries Ltd.	18.29	21.23	-2.94	-849
GPPV IN	Gujarat Pipavav Port Ltd.	52.39	46.09	6.30	316	HEXW IN	Hexaware Technologies Ltd.	7.14	13.39	-6.25	-830
MRF IN	MRF Ltd.	0.31	0.29	0.02	312	SBIN IN	State Bank Of India	19.56	20.02	-0.46	-821
UNSP IN	United Spirits Ltd.	7.19	7.09	0.11	277	PWGR IN	Power Grid Corporation Of India L	55.46	63.24	-7.78	-787
HMCL IN	Hero MotoCorp Ltd.	3.96	3.83	0.13	265	HDFCB IN	HDFC Bank Ltd.	101.26	102.28	-1.03	-701
GESCO IN	Great Eastern Shipping C	14.44	13.54	0.90	250	ONGC IN	Oil & Natural Gas Corporation Ltd	76.97	79.36	-2.39	-700
KMB IN	Kotak Mahindra Bank Ltd	10.47	10.16	0.31	235	SUNP IN	Sun Pharmaceutical Industries Ltd	20.65	21.77	-1.12	-680
BOI IN	Bank Of India	3.24	2.14	1.10	232	CIPLA IN	Cipla Ltd.	30.94	32.31	-1.36	-563
OBC IN	Oriental Bank Of Comme	24.46	23.19	1.27	230	LICF IN	LIC Housing Finance Ltd.	32.39	34.88	-2.50	-561
YES IN	Yes Bank Ltd.	22.53	21.93	0.59	219	CLGT IN	Colgate-Palmolive (India) Ltd.	2.01	2.46	-0.45	-551
HTML IN	HT Media Ltd.	15.29	12.85	2.45	203	CDH IN	Cadila Healthcare Ltd.	6.25	7.05	-0.80	-532
PEPL IN	Prestige Estate Projects I	23.14	22.02	1.12	160	HNDL IN	Hindalco Industries Ltd.	18.68	23.21	-4.53	-522
MM IN	Mahindra & Mahindra Ltd	6.93	6.76	0.17	152	EXID IN	Exide Industries Ltd.	17.59	21.68	-4.09	-511
FB IN	The Federal Bank Ltd.	133.65	131.83	1.82	150	UTCEM IN	Ultratech Cement Ltd.	2.66	2.91	-0.25	-494

Source: ACE MF, Edelweiss research

Note: Sorted terms of ascending and descending value change

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