

Weekly Newsletter

VERSION 24.25.24 / DECEMBER 28 / 2024

 **78,699.07**
↑ **0.20%**

Headlines

 **23,813.40**
↑ **0.25%**

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Mutual fund planner for 2025: Spotting trends, insights and opportunities



The Indian mutual fund (MF) industry continues to be a cornerstone of the country's financial ecosystem, evolving with market dynamics, regulatory advancements, and shifting investor behaviour. Despite equity market fluctuations during 2024, the mutual fund industry achieved a remarkable milestone, with total assets under management (AUM) climbing to ₹68.08 lakh crore.

As we step into 2025, here's a closer look at the trends shaping mutual fund investments and the opportunities they present:

1. The SIP Surge Will Intensify

A key indicator of optimism is the consistent monthly inflows of Systematic Investment Plans (SIPs), that have become synonymous with disciplined wealth creation. With monthly SIP inflows breaching the ₹25,000 crore mark in 2024, the increasing participation of retail investors signals a transformative shift in how Indians are approaching their savings habits. This record growth underscores a shift toward long-term, goal-oriented investing, a trend that is expected to sustain as financial literacy deepens. The steady rise in SIP contributions also underscores a behavioural change, with investors adopting a disciplined approach, staying invested through market fluctuations to harness the power of compounding. Investors must therefore enter early and maintain SIPs through market cycles to maximize benefits.

(Cont.)

2. Rising Popularity of Passive Funds

Passive funds have gained traction for their ability to offer a simple, low-cost yet effective strategy for achieving market-linked returns. Witnessing robust growth, their share in total MF assets crossed 17% during the year. Even during periods of market volatility, the steady growth in the number of folios for passive funds demonstrates their increasing appeal among investors. This trend is expected to accelerate as more investors recognize the value of index funds and exchange-traded funds (ETFs) as a core component of a balanced portfolio.

3. Multi-Asset Investing Gaining Traction

With market volatility persisting through the second half of 2024, multi-asset funds emerged as a preferred choice for investors seeking diversification across equities, debt, commodities like gold and silver, and other alternative asset classes. Signalling this appeal, the assets under management (AUM) of multi-asset funds grew exponentially, reaching ₹1.02 lakh crore in September 2024, a substantial jump from ₹40,000 crore just a year ago.

The 'sweet spot' investment approach adopted by multi-asset allocation funds is particularly appealing during market fluctuations, where one asset class may be underperforming while others continue to yield positive returns.

4. Increased Adoption of Technology in Mutual Fund Investing

With increasing financial literacy and greater adoption of digital platforms, retail investors will continue driving growth. Tier 2 and Tier 3 cities are likely to contribute significantly, as mutual funds gain traction as an investment vehicle among the middle class. Digital platforms and tech-driven tools will dominate mutual fund distribution, making it easier for investors to select and manage portfolios. The rise of UPI-based transactions is set to further simplify onboarding and investments.

5. Sectors to Watch Out For in 2025

Looking ahead to 2025, several sectors are expected to offer strong growth opportunities. The technology sector, driven by advancements in AI, cloud computing, and digital transformation, remains a promising area for investment. Similarly, the global shift towards sustainability will continue to drive growth in renewable energy and the energy transition sector. The consumption sector, benefiting from a growing middle class and increased consumer spending, will likely see continued growth.

The banking and financial services sector will remain a key focus, supported by increasing credit growth and financial inclusion. Additionally, sectors like consumer durables, automobiles, and FMCG are expected to perform well due to rising disposable income and increased demand driven by festive seasons.

That said, overconcentration in a single sector can severely limit a portfolio's ability to weather market downturns. Hybrid and balanced funds, by design, help mitigate this risk, by providing exposure to both growth-oriented equities and more stable, income-generating debt instruments.

2025: A Year of Opportunity

For investors, the mutual fund industry's trajectory in 2025 is both promising and dynamic. The key is to stay informed, diversify wisely, and align your investments with your financial goals.

HDFC Mutual Fund announces change in name of Top 100 fund



**Get the titans
on your side.**

HDFC TOP 100 FUND

(An open ended equity scheme predominantly investing in large cap stocks)



HDFC Mutual Fund has announced the change in name of its large cap fund. The fund house announced that HDFC Top 100 Fund shall be renamed as HDFC Large Cap Fund.

The changes will be effective from January 1, 2025. The fund house informed about this to its unitholders through a notice - cum - addendum on December 24.

HDFC Top 100 Fund is an open ended equity scheme predominantly investing in large cap stocks.

The objective of the scheme is to provide long-term capital appreciation/income by investing predominantly in large-cap companies.

The scheme is benchmarked against NIFTY 100 Total Returns Index (TRI). The large cap scheme is managed by Rahul Bajjal and Dhruv Muchhal.

The scheme is suitable for investors who are seeking to generate long-term capital appreciation / income and want investments predominantly in large-cap companies.

The scheme allocates 80-100% in equity and equity related instruments of large cap companies, 0-20% in equity and equity related instruments other than large cap companies, 0-20% in debt securities (including securitised debt) and money market instruments, 0-10% in units issued by REITs and InvITs, and 0-10% in non-convertible preference shares.

The minimum amount for investment in this large cap fund is Rs 100 and any amount thereafter.

In the last one year, the scheme has offered 13.90% return. In the current calendar year, the fund has offered 11.75% return.

The scheme had an AUM of Rs 36,587.24 crore as on November 30, 2024. A monthly SIP of Rs 10,000 made in the scheme at the time of inception would have been Rs 8.83 crore now with an XIRR of 18.75%.

All other terms and conditions of the aforesaid scheme shall remain unchanged.

This addendum shall form an integral part of the SID/KIM of the aforesaid scheme and SAI of the fund as amended from time to time.

Mutual funds add 5.13 crore folios this year, sectoral & thematic funds lead

Equity Mutual Funds: Folios count in 2024

	No. of Folios as on November 30, 2024	No. of Folios as on January 31, 2024
Multi Cap Fund	8,577,112	5,627,683
Large Cap Fund	15,359,112	13,346,810
Large & Mid Cap Fund	11,115,277	8,880,611
Mid Cap Fund	18,956,532	13,316,071
Small Cap Fund	23,521,214	17,896,929
Dividend Yield Fund	1,157,125	836,896
Value Fund/Contra Fund	7,890,048	5,824,994
Focused Fund	5,147,705	5,093,488
Sectoral/Thematic Funds	28,951,310	16,137,536
ELSS	16,771,531	15,728,518
Flexi Cap Fund	16,707,838	13,776,248
Total	154,154,804	116,465,784

(Data as on January 31, 2024 and November 30, 2024)

Chart: ET Online • Source: AMFI

The open-ended mutual funds have added around 5.13 crore folios in 2024 taking the total folio count at 22.02 crore in November against 16.89 crore in January. According to the monthly data released by Association of Mutual Funds in India (AMFI), around 174 open-ended schemes were added in 2024 to the total number of schemes at 1,552 in November from 1,378 schemes in January.

Equity Mutual Funds

Equity mutual funds added the highest

number of folios of around 3.76 crore in 2024.

The folio count as on November 30 was recorded at 15.41 crore from 11.64 crore in January. Around 54 new schemes have been added during the current calendar year with total equity schemes to 481 in November.

Among the 11 equity mutual fund categories, sectoral and thematic funds have added the maximum folios of around 1.28 crore in 2024 to total folio count at 2.89 crore in November against 1.61 crore in January. Around 40 new sectoral and thematic schemes have been launched in the current calendar year.

Other Schemes

Other schemes, which includes index funds, gold ETFs, other ETFs, and fund of funds investing overseas funds, added 1.17 crore folios in 2024 taking the total number of folio count to 3.82 crore in November from 2.64 crore in January. Around 106 new schemes were added in this category.

The index funds added 55.22 lakh folios in November with total folio count at 1.22 crore in November. Other ETFs added 51.67 lakh folios in 2024, followed by gold ETFs which added 12.80 lakh folios in the same period. Fund of funds investing overseas saw a decline in folios by 1.77 lakh in the same period.

Hybrid Mutual Funds

Hybrid Mutual Funds added 19.42 lakh folios in 2024. The total number folios as on November 2024 stood at 1.50 crore against 1.31 crore in January. Around 11 new schemes were launched in this category.

Among six hybrid categories, multi asset allocation funds added 9.46 lakh folios in 2024 with a total folio count of 27.68 lakh. Dynamic asset allocation/balanced advantage funds added 5.09 lakh folios in 2024, followed by aggressive hybrid funds which added 3.17 lakh folios in the same period.

Solution Oriented Mutual Funds

Solution oriented mutual funds added 1.87 lakh folios in 2024 with the total folio count of 60.07 lakh folios in November against 58.19 lakh folios in January. Among the two categories, retirement funds added 1.26 lakh folios in 2024, followed by children's funds which added 61,364 folios in the same time period.

Some more clarity on the newly introduced Specialized Investment Fund

AMFI, in consultation with SEBI, is likely to allow fund houses to launch long and short equity funds, Option Based Portfolio Insurance (OBPI) and Constant Proportion Portfolio Insurance (CPPI) under the new Specialized Investment Fund (SIF) framework, said two people aware of the development.

One of the officials told Cafemutual that fund houses will start venturing into SIF through long and short equity funds. However, fund houses will not be allowed to do leverage to run a long and short strategy like Cat III AIFs. Further, shorting will not be allowed in a security held under long strategy, said the official.

Long and short funds is the oldest and most common hedge fund strategy. Similar to Category III AIFs, the long-short equity funds can take two positions – long (buying) and short (selling) simultaneously. For instance, if a fund manager is bullish on IT sector and bearish on banking sector, he can invest in IT sector by shorting stocks from banking sector. Simply put, long-short funds take a long position in undervalued stocks while selling short overpriced shares. By doing this the fund manager makes money irrespective of market movements. These funds are similar to hedge fund lite, which is available in US markets for retail investors.

Another official said that AMFI is exploring opportunities for fund houses to invest in derivatives via OBPI and CPPI. While OBPI is a set of strategies in which either a conventional put option (protective put) or a replicated put option (synthetic put) is used to insure a portfolio against unfavorable price movements, CPPI is portfolio insurance that sets a floor on the value of a portfolio and allocates assets accordingly.

Scheme information document will be available for public comments for 8 days



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

SEBI has reduced the timeline for which AMCs are required to keep their Scheme Information Document (SID) on the regulator's website from 21 days to 8 days.

The move will expedite the scheme launches and facilitate innovation.

In its latest circular, the regulator said, "Based on review and public consultation, henceforth, SID on which observations are issued by SEBI shall be uploaded on the SEBI website for at least 8 working days for receiving public comments on the adequacy of disclosures made in the document. Thereafter, AMC may file final offer documents (SID and KIM)."

The circular will come into effect immediately.

SBI Mutual Fund suspends fresh subscription in its international fund



SBI Mutual Fund has suspended fresh subscriptions to one of its international funds. The fund house informed that fresh subscriptions to the SBI International Access - US Equity FoF have been suspended in order to prevent breaching the industry-wide overseas investment limit permitted by the RBI.

The fund house informed its unitholders about this change through a notice-cum-addendum. The notice mentioned that subscriptions through lump sum investments (including additional purchases and switch-ins), as well as fresh registrations via SIP and STP for the transfer of IDCW, will be discontinued with effect from December 27. In other words, this suspension will be effective after the cut-off time on December 26.

Motilal Oswal Mutual Fund pause inflows from SIPs in two international funds



Motilal Oswal Mutual Fund has decided to pause inflows from existing systematic investment plans (SIPs) for its two international funds. The fund house has paused inflows in **Motilal Oswal S&P 500 Index Fund** and **Motilal Oswal Nasdaq 100 Fund of Fund**.

The changes will be effective from the end of day Sunday, January 5, 2025. The fund house informed about these changes to its unitholders through a notice-cum-addendum.

The fund house informed its investors that the above mentioned decision has been taken due to the exhaustion of exposure in overseas investment limits.

The notice-cum-addendum further stated that any inflows from existing registered SIPs for the above schemes after the cut-off time on January 5, 2025, will not be accepted or processed. However, these SIP registrations will remain active in the system and may be reactivated subject to changes in regulatory change or exposure limits, or for other applicable reasons.

This pause does not apply to redemption, switch-out, systematic withdrawal plan, and transfer out under the aforementioned schemes. This notice cum addendum forms an integral part of the SID and KIM of the designated schemes. All other contents remain unchanged.

Have you got an email asking you to download e-PAN card? It could be a scam, says govt, see how you can protect yourself



Has someone recently sent you an email promising to assist you in downloading your e-PAN card? Scammers are always changing ways to entice and trick their victims. Do not fall for such emails as they are fraudulent. The Press Information Bureau (PIB) Fact Check has identified a phishing scam in which phony emails purporting to be from the Income Tax Department trick users into downloading their e-PAN cards.

Phishers are using phony emails to deceive consumers by capitalizing on the excitement around the government's new PAN 2.0 project.

PIB Fact Check recently alerted people about this phishing fraud in a post published on X, "Have you also

received an email asking you to download e-PAN Card. PIBFactCheck: This is a Fake email. Never reply to calls, texts, emails, or links requesting sensitive or financial information."

Women investors double mutual fund participation in 2024; smaller cities lead growth: Groww

Women in India have increased their participation in mutual fund (MF) investments in 2024. Participation has more than doubled in the past year. Insights from Groww show over 100% year-on-year (YoY) growth in women's involvement. This marks a shift towards financial inclusion.

Tier IV cities outpace urban centers

Tier IV cities have seen the highest growth in mutual fund participation.

Their YoY growth exceeded 140%, narrowing the urban-rural gap. Metro and Tier I-III cities also recorded over 100% growth, Groww data showed.

Top cities for women investors

In metros, Delhi, Mumbai, and Kolkata lead in women mutual fund investors.

Non-metro cities like Pune, Lucknow, Nagpur, Ahmedabad, and Jaipur are emerging as strong contributors, Groww said.

Systematic Investment Plans (SIPs) see record growth

SIPs are becoming a popular choice for wealth creation. Women's contributions have shown growth:

Average ticket size: SIP amounts exceed ₹2,500, reflecting a focus on long-term goals.

Women's contributions: Contributions grew 10-15% YoY. They are also 25% higher than men's.

Participation: Women now make up 25% of SIP investors, compared to 20% last year.

Young women lead SIP adoption

Women under 30 are driving SIP growth. Their participation has more than doubled YoY.

Women aged 30-40 grew 2.5 times, while those over 40 recorded a twofold increase, Groww said.

A Groww spokesperson commented on the rising trend, "The rise in SIP investments showcases Indian investors' shift towards disciplined investing and the financialisation of their savings. This trend is driven by access to trustworthy platforms and a rising interest in financial literacy. Large-scale adoption of Aadhaar infrastructure and UPI Autopay has further simplified the experience for investors."

Stock broking firm Choice International gets SEBI's in-principle approval for MF business

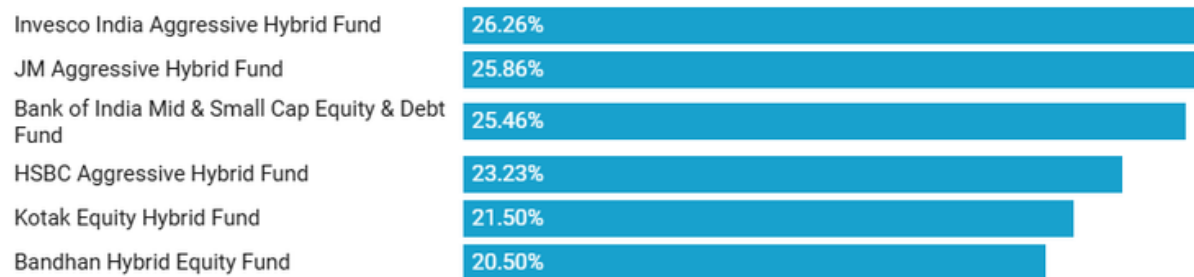
Choice International has received in-principle approval from SEBI to establish mutual fund business, said a company press release. In accordance with SEBI's approval, Choice International will set up an asset management company and a trustee company, adhering to all applicable regulations and legal requirements, said the company. This is the third company to receive in-principle approval from SEBI this year after Jio BlackRock and Capitalmind. Arun Poddar, CEO and Executive Director of Choice International, said, "This approval marks a significant step forward in our journey to becoming a comprehensive financial services provider. By entering the mutual fund industry, we aim to empower investors with tailored investment products and create value through disciplined and transparent fund management. We are deeply grateful for the trust SEBI has placed in us and are excited about the opportunities this presents for our stakeholders." The final approval for registration will be subject to the fulfilment of all requirements stipulated in the in-principle approval by SEBI.

Top 6 aggressive hybrid mutual funds offer over 20% return in 2024

The top six aggressive hybrid mutual funds have offered over 20% returns in 2024. Around 29 aggressive hybrid funds have marked their presence in the current calendar year.

Invesco India Aggressive Hybrid Fund, the topper in the category, offered a 26.26% return in the current calendar year. JM Aggressive Hybrid Fund and Bank of India Mid & Small Cap Equity & Debt Fund offered 25.86% and 25.46% returns respectively in the mentioned period.

Aggressive Hybrid Mutual Funds: Over 20% return in 2024



(Returns from January 1, 2024 to December 23, 2024)

Chart: ET Online • Source: ACE MF

HSBC Aggressive Hybrid Fund delivered a 23.23% return in 2024, followed by Kotak Equity Hybrid Fund which gave a 21.50% return in the same time period. Bandhan Hybrid Equity Fund delivered a 20.50% return in the current calendar year.

Mahindra Manulife Aggressive Hybrid Fund offered a 19.37% return in the said period. Sundaram Aggressive

Hybrid Fund and Nippon India Equity Hybrid Fund delivered 16.37% and 15.89% returns respectively in this calendar year.

SBI Equity Hybrid Fund delivered a 14.54% return in the same time period. Quant Absolute Fund gave the lowest return of around 10.04% return in 2024.

Performance with benchmark

Out of these 25 funds, 23 schemes managed to outperform their respective benchmarks in 2024. Among these 25 funds, 24 schemes are benchmarked against CRISIL Hybrid 35+65 - Aggressive Index, and one is benchmarked against Nifty MidSmallcap 400 - TRI.

Sundaram Aggressive Hybrid Fund and Nippon India Equity Hybrid Fund managed to outperform their respective benchmarks in the said period. Axis Aggressive Hybrid Fund offered a 14.85% return in 2024 against 12.91% by its benchmark (CRISIL Hybrid 35+65 - Aggressive Index).

Underperformers

Only two schemes failed to beat their benchmarks in 2024. Groww Aggressive Hybrid Fund and Shriram Aggressive Hybrid Fund delivered 12.79% and 12.15% returns respectively in 2024 against 12.91% by their benchmark (CRISIL Hybrid 35+65 - Aggressive Index).

Aggressive hybrid funds have offered an average return of around 17.21% in the current calendar year.

We considered all aggressive hybrid funds available in the current calendar year. We considered regular and growth options. We calculated the performance from January 1, 2024 to December 23, 2024.

Note, the above exercise is not a recommendation. The exercise was done to evaluate the performance of aggressive hybrid funds in 2024. One should not make investment or redemption decisions based on the above exercise.

One should always consider risk appetite, investment horizon, and goals before making any investment decision.



Kotak Equity Opportunities Fund

20th
ANNIVERSARY

~34 Times Since Inception

**Lumpsum Investment of Rs. 1 Lakh at inception
Current Value of Rs. 34.3 Lakh**

*Inception Date of Regular Plan - Growth: 9th September, 2004 - NAV: 10, 30th August, 2024 - NAV : 343.6700,
Times = 343.67/10 = 34.36 times. For complete disclosure on performance, please refer the note below.

Sources:- [EconomicTimes](#), [Moneycontrol](#), [SEBI](#), [AMFI](#), [Cafemutual](#), [Livemint](#), [Business Standard](#) etc.

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