



**ADITYA BIRLA  
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## SIP flows will continue to be good, says Balasubramanian

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**A** Balasubramanian, CEO, Aditya Birla Sun Life AMC, expects large flows to continue in large- and multi-cap funds. Edited excerpts:

**We wanted to discuss the June inflows with you. There is an indication that the equity flows have seen a dip of about 32% from the previous month's levels. Is that concerning at all? As a veteran, and as an AMFI head, how would you look at this trend?**

The month of June was a little bad compared to the previous months. Incremental assets have been positive. There is a slowdown in the incremental, rate of growth has been slowing down, there is no doubt. Just looked at the first quarter of last year, the total inflow in equity was about ₹50,000 crore. This quarter, especially April-May-June, it is about ₹40,000 crore. The aggregate is lower by about ₹10,000 crore compared to last year. Having said that, the run rate, which generally is ₹12,000-15,000 crore, in terms of equity inflows, has dropped to about ₹9,500 crore. However, the other one, which we generally look at, is the incremental subscription for SIPs; that book size has been growing.

Today, the aggregate inflows into mutual fund in the form of an SIP is close to ₹7,000 crore, we have seen continuous registrations both from new investors as well as existing investors. Therefore, this current trend shows that SIP flows will continue to remain good, while the lump-sum investments seem to have dipped a little bit. However, that is not concerning to us mainly for one simple reason. In the last few years, the industry has been structurally becoming stronger; it is going more retail and reaching out to the B30 market. The focus has been more on adding new SIPs, new customers and, therefore, that spread is actually getting widened.

**You don't give us clear redemptions data. We get inflow data. Can you**



A. Balasubramanian, CEO, Aditya Birla Sun Life AMC.

**tell us whether panic has led to higher redemptions in June?**

Not really. Redemption is only one number, but we normally look at gross inflows and the net inflows. Gross takes

care of how the volumes are. That is a true

indication of the sentiment. The net inflows actually is the one which ultimately comes into the hands of money managers. If you look at each of the fund houses, they would be getting net inflows, but the run rate has dropped to about ₹9,000 crore from the peak of almost ₹22,000 crore in September, which has been a gradual dip. That again, I would say is a function of sentiment and the market movement in the recent past.

**What about the structural change**

**in this period, that is, the changes in taxation. Balanced funds, which were getting almost as much money as pure equity funds, has seen a big drop since the dividend tax was introduced. Is there any category that can make up for this decline? What is the industry's view on this?**

In general, the flows mostly come in large- and multi-caps, and then to balanced funds. Last year was an exceptional year. Balanced funds had seen

big growth. Within balanced funds, there are two types. One, the 100% equity-oriented balanced funds; two, balanced advantage funds, where we have seen a lot of money coming in. Instead of parking the money in fixed deposits, you go and park your money in balanced-advantage.

As you rightly mentioned, that those who have bought purely on expectation of dividend, probably they will be a bit disappointed, because especially in a falling market like this, you may not have enough resources for paying out the dividend. Therefore,

anybody who has been buying on that basis, it is natural to expect some bit of slowdown. Having said that, in our view, large flows will continue to come into the actively-managed funds, both in large-cap and multi-cap funds.

Equity-oriented balanced funds would also see reasonably good inflows.

**Did balanced funds get a bit miss-sold in FY17 or FY18? It was behaving like assured income. Maybe that exuberance led to some misrepresentation?**

I call it miscommunication. Dividend is one component on the basis of which you make an investment, you get something in your hand every month in the form of dividend.

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