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FIFA December 2022

In conversation with
Ms. Roopa Venkatkrishnan



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On **20th Dec 2022**, **Mr. Vipin Bhandari** from ICICI Prudential Mutual Fund had organised knowledge sharing session in **Hubli**.

Ms. Roopa Venkatkrishnan was the speaker for the event.

Topic: ***"How to get excellence in our work"***

There were more than **67 IFA's** who attended the session

FIFA December 2022

In conversation with
Ms. Roopa Venkatkrishnan



FIFA

 **Saarthi Zaroori Hai®**



On **21st Dec 2022**, **Mr. Vipin Bhandari** from ICICI Prudential Mutual Fund had organised knowledge sharing session in **Belgaum**.

Ms. Roopa Venkatkrishnan was the speaker for the event.

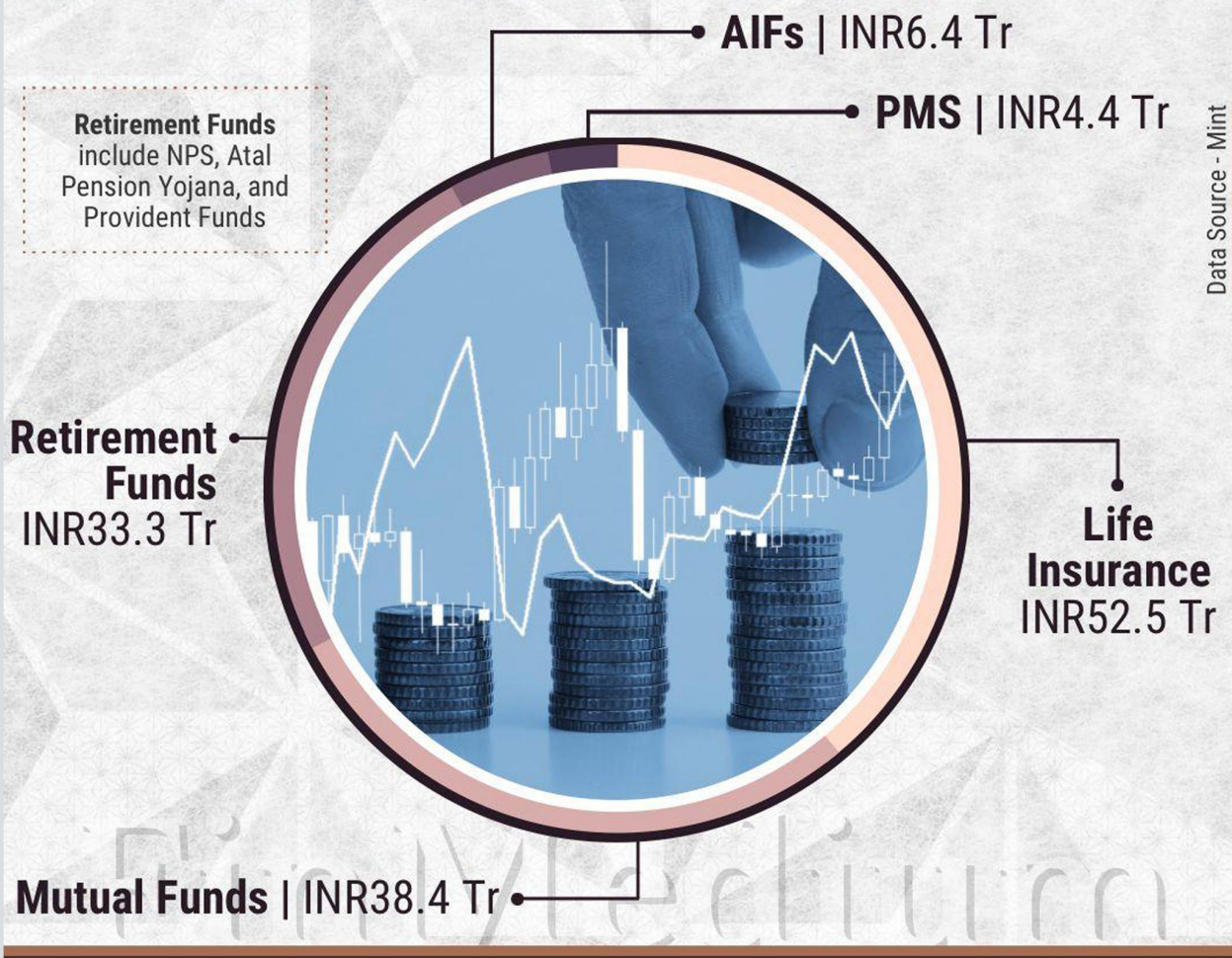
Topic:

“How to get excellence in our work”

There were more than **72 IFA's** who attended the session



FY22 AUM BREAK-UP OF THE INVESTMENT INDUSTRY

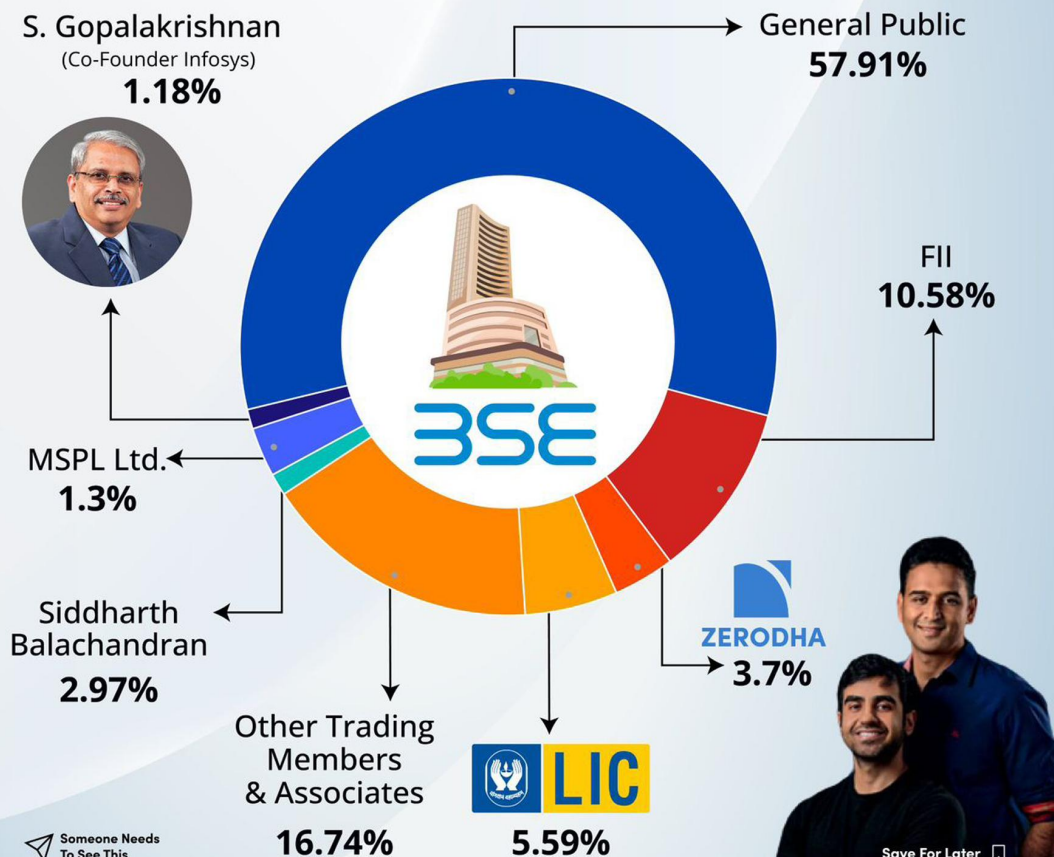



Presented By
Trade Brains

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WHO OWNS BSE?

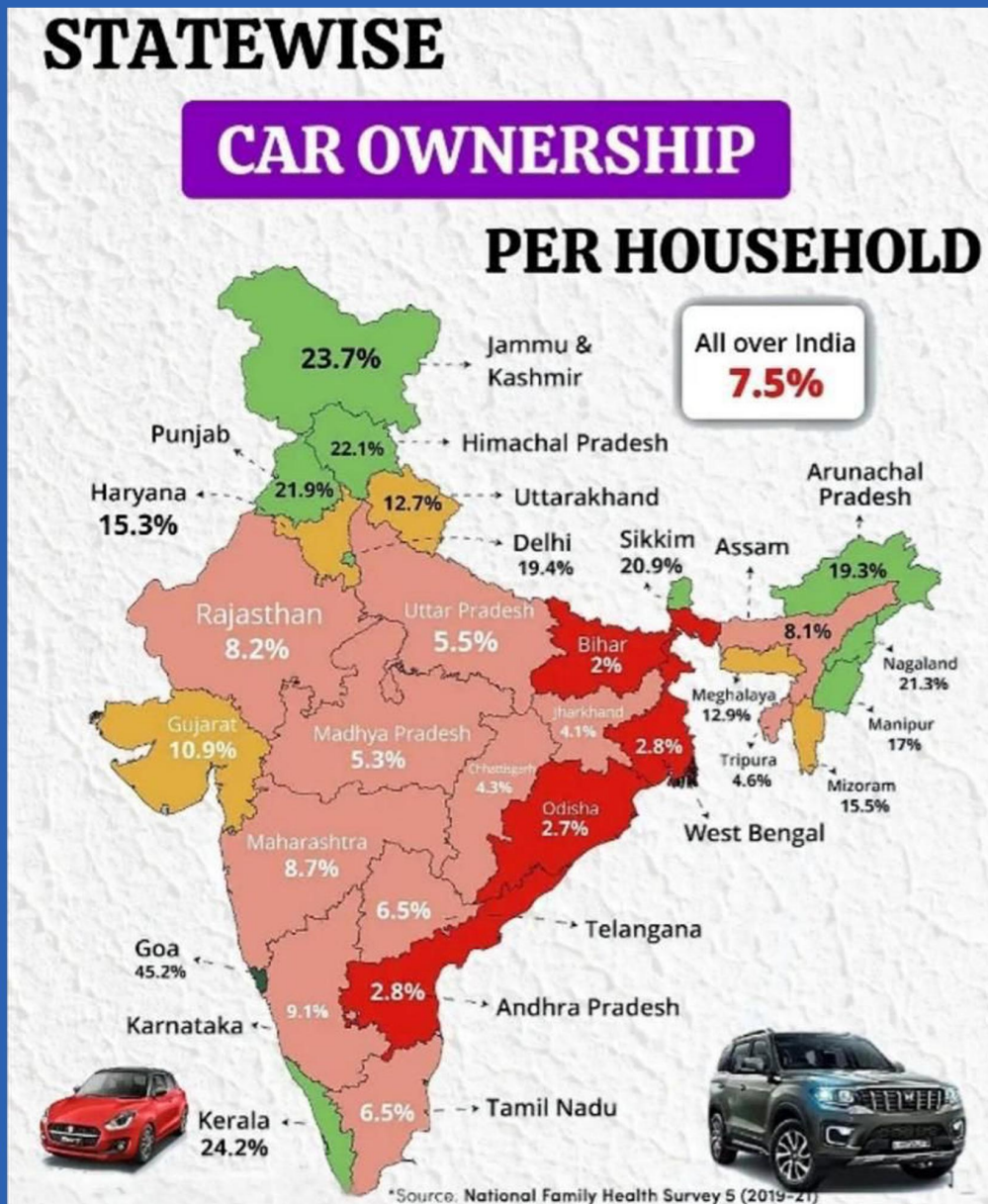
*Pie Chart Shows Shareholding of BSE



 Someone Needs To See This

*Source: BSE Quarterly statements Sept 2022

Save For Later 





5 THINGS THAT CAN HELP YOU MARCH CLOSER TOWARDS RS. 100 LAKH CRORE

Top MF CEOs share business strategy for MFDs to grow business.

At the Café mutual Confluence 2022, top CEOs Ajit Menon - CEO, PGIM India MF, Kailash Kulkarni - CEO, L&T MF, Navneet Munot - MD & CEO, HDFC MF and Sunil Subramaniam, MD, Sundaram MF gave some great advice to MFDs to march towards Rs.100 lakh crore.

Café mutual picks 5 points from the panel discussion, 'The new frontier - how will the industry reach the Rs. 100 lakh crore mark?' moderated by Prem Khatri, Founder & CEO, Café mutual that will help you prepare for achieving this target.

#1 Focus on yourself and be a life financial coach

Be a life financial coach and build your creditability as a solution provider. Focus on yourself, your appearance and skills. Also, differentiate yourself by creating a personal brand. To emphasize, a client never buys a particular fund or a product but your credibility.



#2 Pay attention to the debt part of clients' wallets

At the macro level, 80% of India's household wealth in some form or manner is in fixed income securities. Pay attention to the debt part of clients' wallets. Having a larger part of wallet share is definitely one way to grow business faster. However, only a few MFDs focus here.

#3 Be a risk manager

Focus on the controllable. While every investor seeks returns, the other side of the same coin is 'risk'. Position yourself as a risk manager first and then as an investment manager. There are more controllables on the risk side. If you can explain your risk process well, it changes the paradigm of investors' trust and confidence.

#4 The 3Ts - Long term, Trust and Technology

Think long term, trust and technology. As investors have more comfort and trust, you continue to grow. Focus on generating wealth for investors. When they create wealth, your wealth generates automatically.

#5 Encourage the next generation to join your business

The MF business is perpetual in nature. But unfortunately, only a few MFDs focus on bringing the next generation to their business. You should encourage and create positivity so that children join mutual fund distribution and preserve the perpetuity.



MASSIVE DECLINE IN NEW MF INVESTOR REGISTRATION DUE TO CHANGE IN KYC NORMS

As against monthly average addition of 3.75 lakh new investors between April and October, the industry added a little over 78,000 new investors in November.

AMFI data shows that the MF industry added 78,045 investors in November 2022, the lowest since April 2022. Between April and October, the industry added over 3.75 lakh new investors on a monthly basis.

Experts attribute this massive decline in new investor registration to change in KYC norms.

SEBI had revised KYC norms effective from November 1, 2022, in which it has done away with scanned copies of KYC documents. Now, it is mandatory for investors to submit KYC documents with wet signatures.

Industry participants believe that the new guidelines have made the entire process cumbersome, thereby dissuading investors.



Earlier, Mumbai MFD Sadashiv Phene told Cafemutual that the new KYC norms have made it difficult for many investors to invest in mutual funds. "Many women don't have passport and driving license. Here Aadhaar is the only option. Since investors have to follow a due process to download eAadhaar, they procrastinate their investment decision or decide not to pursue mutual funds for investments."

Another Mumbai MFD Ritesh Sheth told Cafemutual that he does not encourage investors to submit eAadhaar for physical KYC. "Since obtaining eAadhaar is a tedious process, I don't prefer taking it. Even if you obtain eAadhaar, the next step is to ensure that QR is in good condition and can be scanned by the KRA systems for authentication."

The new investor count recorded an eight-month low in November 2022. Consequently, the rise in total folio count was also modest.

Apart from the revised KYC norms, modest returns kept investors away from mutual funds. Vinod Jain of Jain Investment said, "Existing investors experienced not so good returns over the last six months. We have thus seen a decline in referrals from existing investors. This could probably be another reason for the decline."

Month	Total Unique PAN+PERKN (Investor Count)	Monthly Additions	Total Folio Count (In crore)	Monthly Additions (In Lakh)
Mar-22	3,36,65,090		12.95	
Apr-22	3,43,42,450	6,77,360	13.13	17.90
May-22	3,49,50,686	6,08,236	13.33	20.54
Jun-22	3,52,98,940	3,48,254	13.47	13.13
Jul-22	3,54,83,811	1,84,871	13.56	9.12
Aug-22	3,57,55,105	2,71,294	13.65	9.01
Sep-22	3,60,29,241	2,74,136	13.81	16.13
Oct-22	3,62,83,777	2,54,536	13.91	9.90
Nov-22	3,63,61,822	78,045	13.98	6.77



MUTUAL FUND

DOES SIZE OF MUTUAL FUND SCHEMES MATTER?

There is no one right size or one definition of what a good corpus size is. Many variables impact the performance of a fund. A large fund may continue to do well even after it has become too large. Size is important if you choose to invest in a small-cap or a mid-cap fund.

The size, or assets under management (AUM), of a mutual fund is often a matter of debate.

Some investors feel that a bigger fund is better. On the other hand, some investors doubt whether a fund will be able to sustain its good performance after growing too big.

So, does AUM impact a fund's returns? Let's look at the issue.

Impact of assets on large-cap funds

For funds that invest primarily in large-cap stocks, called large-cap funds (both active and passive), and most flexicap funds, the size of the fund isn't a very big concern.

Large-cap stocks are fairly liquid and have sufficient trading volumes, and that clears doubts about whether the size of a fund will allow it to sustain its performance.



Actively-managed large-cap funds are, anyway, finding it quite tough to beat benchmarks, and, hence, there is a case for **only having passive index funds** in your portfolio for providing a large-cap exposure.

For starters, an actively managed fund is a fund in which a manager or a management team makes investment decisions. **A passively managed fund**, by contrast, simply follows a market index.

Small- and midcap- funds

In the non-large-cap space, a bigger size can be detrimental to some fund managers and their styles. But don't jump to conclusions. Let's focus on small-cap funds.

If a small-cap fund, with a small AUM, wants to buy small-cap stocks, it will be much easier than it will be for a fund with a large AUM.

Assume a small-cap fund is worth around Rs 200 crore in assets. It wants to invest, say 5 percent of its corpus (Rs 10 crore), in a small-cap company with a market capitalisation of, say, Rs 500 crore. It can easily do it because the investment amount (Rs 10 crore) is not very large, compared to the overall market capitalisation of the listed company (Rs 500 crore).

Now, if a bigger fund, say, with assets worth Rs 5,000 crore, wants to do a 5 percent allocation (Rs 250 crore) to the same small-cap company (with Rs 500 crore market capitalisation), it won't be easy (or even possible to do it efficiently).

That is because the Rs 250 crore to be invested is quite big, compared to the market cap of Rs 500 crore of the company. There will be an impact cost, which might push up the stock price of the company very high, making the entire investment exercise not worth the effort. Later on, selling such a huge stake in the company, too, may not be easy.



Small-cap funds primarily invest in smaller companies which have inherent liquidity issues. So, for the fund manager, buying and selling shares of these companies in large quantities can be very difficult.

This also means that, at least in theory, smaller-sized funds have better access to a wider variety of stocks, compared to their larger counterparts due to these liquidity issues of small companies.

And as you go down the market-cap ladder towards 'smaller' smallcaps, having a larger AUM can be an issue and impacts the buying and selling efficiency of the fund.

AUM is not the only factor

While AUM is a good indicator of the fund's popularity as well as success (as new money comes when the fund does well), it should never be the sole factor for picking mutual funds.

Even before you consider AUM, do give weightage to the fund's track record, performance consistency, upside and downside capture traits, fund manager skills, fund's mandate and strategy, fund house's pedigree and processes, expenses, etc.

For large-cap funds, flexi-cap funds, etc., size is not an issue. But at least for mid- and small-cap funds, after you have considered the above factors, one can consider shortlisting funds which are not too large, AUM-wise.

There is no one right size or one definition of what is a good corpus size for a fund. Also, given that many variables impact a fund's performance, a large fund may continue to do well even after it has become too large, in many people's view.

So never consider corpus size as the main reason for fund selection. If you have to, always look at the size of the fund from the context of the fund's investment mandate and stock-universe at the disposal of the fund manager.

WE ARE OPEN TO CONTRIBUTIONS FROM OUR VALUED MEMBERS!

The editor is open for interesting contributions from our members. It can range from IAP programme snapshots or pictures/snippets of fun events conducted for investors, to fun anecdotes as well as any valuable inputs you would like to share! Please write to nisreen@moneyworks.co.in to get featured in our next edition.



MEMBERSHIP RENEWAL

*Requesting members to make the renewal payment
for this Financial Year 2022-23.
Also appreciate those members who have not yet paid
their outstanding fees to do so at the earliest.*

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In case if you face any difficulty, please email the query to **accounts@fifaindia.org** or get in touch with **Ronald** on mobile number **+91 98675 08393**.

FIFA December 2022



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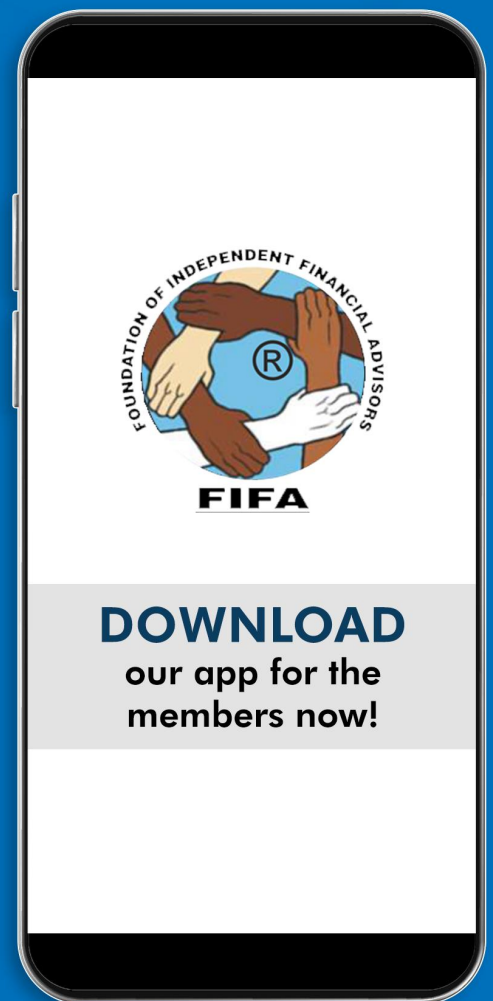
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