

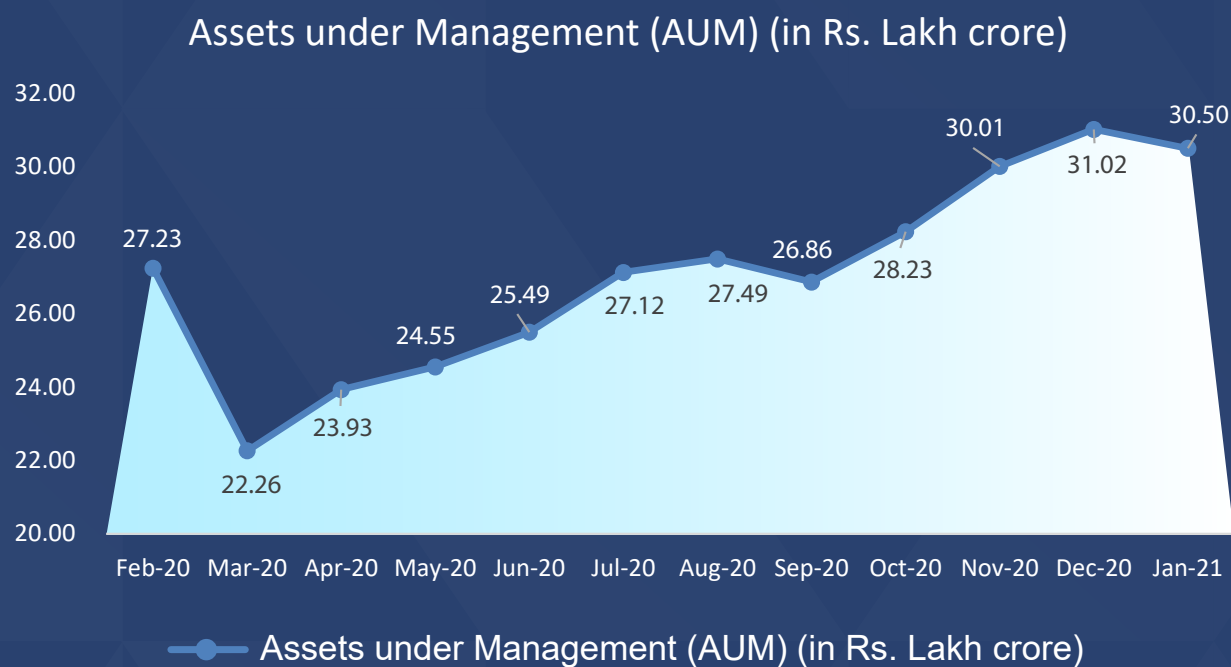


Foundation of Independent Financial Advisors

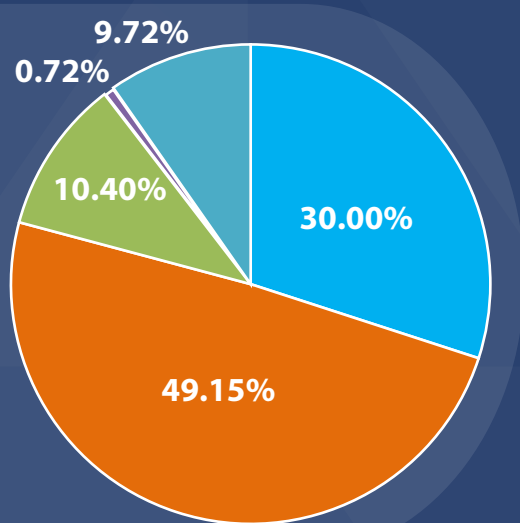
JAN 2021

What's New?

AUM Movement over the last 12 months



AUM Composition as at 31st December 2020



Type of Fund

- Equity Schemes
- Soluton Oriented Schemes
- Hybrid Schemes
- Debt Schemes
- Others (ETFs/ Index Funds/ FOFs)

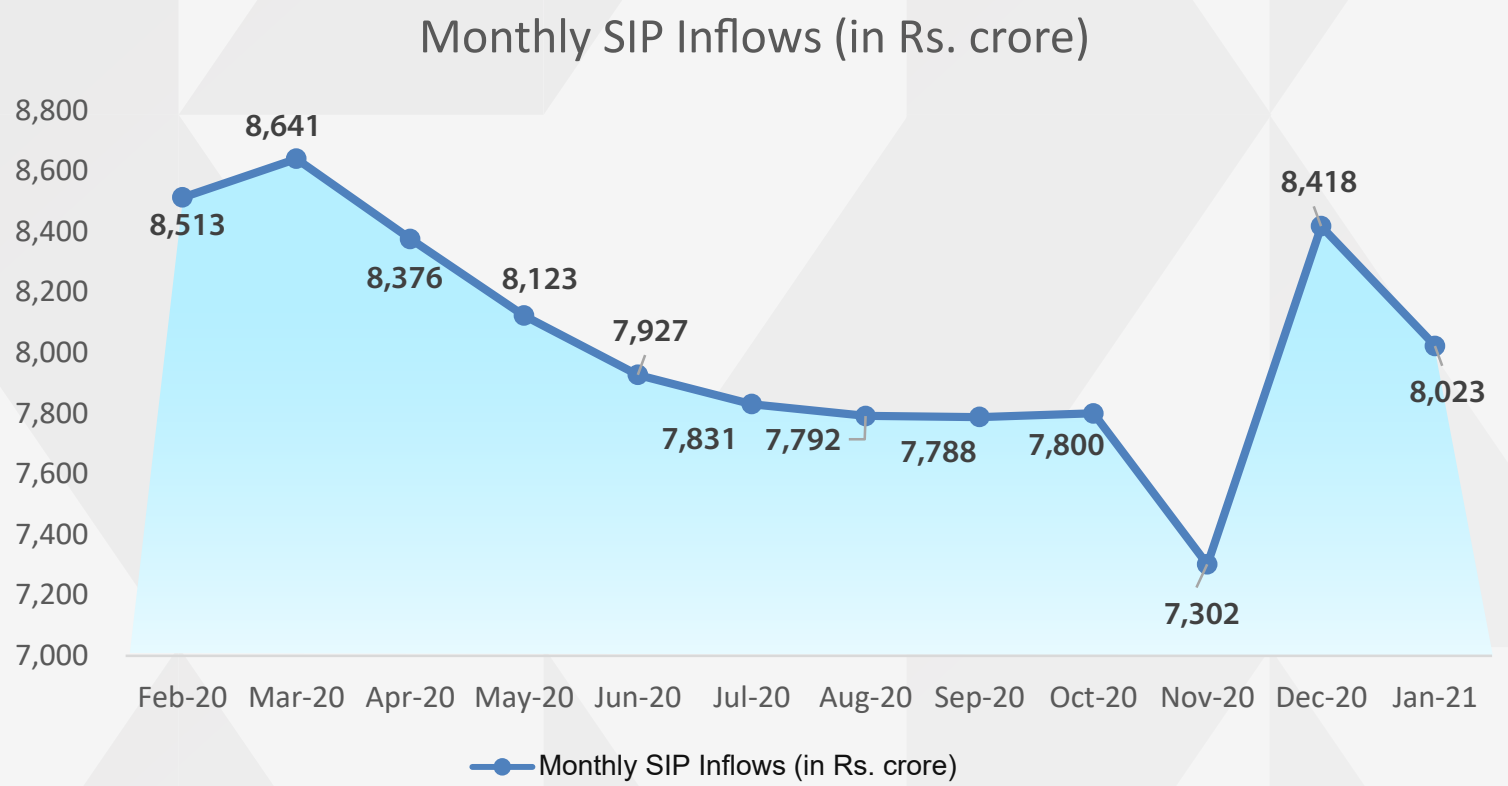
How has the AUM changed over the last month?

(All figures in Rs. crore)

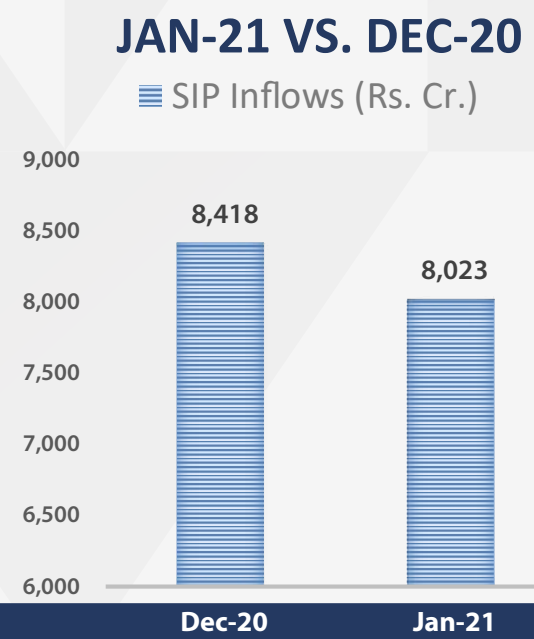
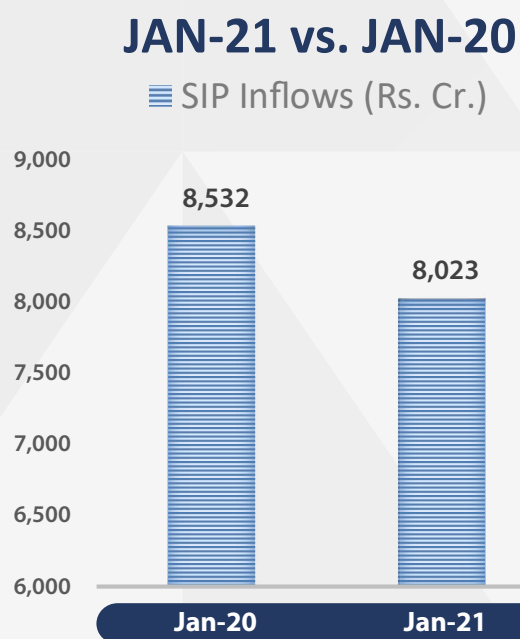
Particulars	AUM as at 31-Dec-20	Net Inflows/ (Outflows)	Increase/ (Decrease) due to market movements	AUM as at 31- Jan -21
Equity Schemes	9,36,806	(12,194)	(9,555)	9,15,057
Debt Schemes	15,31,083	(33,505)	1,740	14,99,318
Hybrid Schemes	3,17,572	2,142	(2,470)	3,17,244
Solution Oriented Schemes	22,283	3	(234)	22,052
ETF/ FOF/ Others	2,94,732	7,967	(6,240)	2,96,459
Total	31,02,476	(35,587)	(16,759)	30,50,130

Source– Association of Mutual Funds in India (AMFI)

SIP Trends



Growth in SIP Inflows



FIFA WELCOMES NEW MEMBERS

Memb Category	Memb No.	Type	Organisation	Member Name	Location
General	O2325	Ind	Sanjay Sadashiv Dake	Sanjay Sadashiv Dake	Ichalkaranji
General	O2326	Ind	Abhay Dubey	Abhay Dubey	Bhopal
General	O2327	N.Indv	HGK Investment Avenue	Sulaksh Santosh Priolkar	Margao
General	O2328	Ind	Vipul Jasvantlal Gandhi	Vipul Jasvantlal Gandhi	Ahmedabad

On 15th Jan, 2021, FIFA had conducted zoom session.

Topic : “The steps, rules, and elements to implement the Asset Allocation”.

Speaker : Ms. Uma Shashikant

This session was attended by more than 250 participants.

Recording of the webinar has been uploaded on the FIFA Website.

Please find the link/ path of the recording.

<https://www.fifaindia.org/uploads/audios/member/Uma-Shashikant-session-15th-Jan2021-The-steps-rules-and-elements-to-implement-the-Asset-Allocation.m4a>

On 29th Jan, 2021, FIFA had conducted zoom session.

Topic : “Adding life to client conversations”.

Speaker : Mr. Vishal Dhawan

This session was attended by more than 220 participants.

Recording of the webinar has been uploaded on the FIFA Website.

Please find the link/ path of the recording.

<https://www.fifaindia.org/uploads/audios/member/Mr-Vishal-Dhawan-section-on-29th-Jan21-ADDING-LIFE-TO-YOUR-CLIENT-CONVERSATIONS.mp3>

SEBI had notified some amendments / changes to the SEBI (Investment Advisers) (Amendment) Regulations, 2013 on 3rd July, 2020.

FIFA had hosted a webinar on the implications of the changes wherein Mr. Sandeep Parekh from Finsec Law Advisors, an eminent lawyer specialising in securities law, was the speaker.

In light of queries received / clarifications sought by our members, the Executive Committee decided to formally seek the guidance from Mr. Sandeep Parekh.

Finsec Law Advisors has documented all the necessary issues in the following documents and the same has been circulated by email earlier.

- A. **FAQs for Mutual Fund Distributors:**
- B. **Preparation of Standard Disclaimer and Disclosure Statements for MFD.**
- C. **Best Practices Guidelines For Mutual Fund Distributors**
- D. **Guidance Note for Mutual Fund Distributors planning to set up a RIA as a SIDD**

How does Union Budget impact you as an investor?

Union Budget 2021 was presented in the Parliament on 1 February 2021 and was largely appreciated by the stock markets. This reflected in around a 5% jump in the benchmark indices on Budget Day itself. With the highest ever capex budget of Rs. 5.54 lakh crores, the Budget aims to lay a strong foundation for the 'AatmNirbhar Bharat.' GDP growth for the financial year 2021-22 has been estimated at 14.4%, albeit at the lower base of the Covid-19 affected 2020-21. Further, the fiscal deficit for FY22 has been projected at Rs. 15.07 lakh crore, translating to 6.8% of GDP. Since Govt. will borrow more from the markets, the yields have started to harden, and the pressure on yields is expected to persist.

Here are some key budget proposals which may impact you as an investor:

1. **Disinvestment Receipts**

The disinvestment receipts have been estimated at Rs. 1.75 lakh crores for the next year. As mentioned in the Budget Speech, the disinvestment for BPCL, Air India, Shipping Corporation of India, Container Corporation of India, Pawan Hans, etc., is expected to complete next year apart from the big-bang IPO of LIC.

2. **No change in the tax rates**

The common man was left disappointed by the Union Budget as there was no major tax relief proposed in the Budget. However, the absence of any new tax was a relief too.

3. **Advance Tax on Dividend Income**

Govt. has proposed to relax the advance tax provisions for dividend income in line with Capital Gains' provisions. As per the current provisions, the taxpayers can pay advance tax on capital gains only for the installments falling due post realization of such capital gains. Such relaxation has now been proposed to be extended to dividend income. The investors will now be liable to pay advance tax only once the dividend income has been declared.

4. **Pre-filled Income Tax Returns (ITRs)**

To simplify the taxpayers' compliance burden, it has been proposed that ITRs will carry the pre-filled details of dividend income and capital gains from listed securities. This will help the taxpayers to declare the capital gains and dividend income conveniently.

5. Taxability of Interest on PF Contribution beyond specified limits

While presently the interest income on the Provident Fund account is exempt up to the notified interest rate, the Budget has now proposed to tax the interest income on contributions beyond Rs. 2.50 lakhs in a year. Such interest on the excess contribution will be taxed every year.

6. Rationalisation of ULIP Taxation

The maturity proceeds of ULIPs (Unit-Linked Insurance Policies) taken post 1 February 2021 will be taxable if the premium paid is Rs. 2.50 lakhs or more in any of the years. Non-exempt ULIPs have been included as a capital asset, and the taxation has been aligned with the tax provisions for mutual funds.

Market Update – January 2021

Equity Markets Update

Indian equity markets were into the consolidation zone during January 2021 while staying cautious ahead of the Union Budget presentation. The benchmark indices, S&P BSE Sensex and NSE Nifty50, corrected by around 3% each during the month. While FIIs were the net buyers during the month, DIIs, including Mutual Funds, was selling. Geopolitical tensions along with weaker earnings from various companies dampened the bull run on Dalal Street. However, the news of the Covid-19 vaccine rollout and slowdown in the pandemic spread curtailed the correction momentum to some extent. While the health care sector was a key disappointment during the month, the Automobile sector outperformed the broader markets due to a healthy rebound in the monthly sales.

Debt Market Update

While the debt markets continued at sub-6 levels during January 2021, the G-Sec yields jumped after the announcement of a larger fiscal deficit by the Govt. in the Union Budget for the current and the next year. The benchmark 10-year G-sec yield increased by six bps during the month to 5.95%, with the domestic yields also taking cues from the rising US Treasury yields. The markets were supported by the Open Market Operations (OMO) conducted by the Reserve Bank of India. The credit spreads for AAA-rated 10-year bonds were at 80 bps as of Jan-21 end with effective borrowing rate for such entities for 10-year tenor at 6.75%.

Mutual Fund Industry Update

The month saw healthy inflows into the passive mutual fund schemes with ETF/ Fund of Funds (FOFs) and other schemes attracting Rs. 7,967 crores during the month. After ending the year 2020 at record-highs, the industry AUM decreased to Rs. 30.50 lakh crores. The decrease is partly attributable to the outflows from the schemes amounting to Rs. 35,587 crores along with the MTM losses of Rs. 16,749 crores. Post sharp rebound in December 2020, the monthly SIP inflows have normalized to Rs. 8,023 crores.

Currency Update

While the Indian Rupee has continued with its strengthening during January 2021 to reach Rs. 72.95 as at Jan-21 end in contrast to Rs. 73.06 per USD at Dec-20 end. However, the trend of Rupee appreciation was not universal across different currencies as the Indian Rupee continued trending southwards against most of the currencies during the current month as well.

