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UPDATE

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Another initiative of AMFI – Mutual Fund Yearbook 2000



Shri D.R. Mehta, Chairman SEBI releasing Mutual Fund Yearbook 2000. Sitting on the dais are Shri M. Damodaran, Chairman UTI and Shri R.M. Joshi, Executive Director SEBI and standing besides Shri D.R. Mehta is Shri A.P. Kurian Chairman AMFI.





From the Chairman's Desk

One of the significant distinguishing features of mutual funds is disclosure - disclosure not only of the value of investment on a daily basis through NAV but also disclosure of a whole range of information at periodical frequencies, be it portfolio composition or expense ratio. In fact, transparency and disclosure are the bedrock of mutual funds. It is on the basis of information provided as transparently as possible through offer document and other reports that investors place their savings with mutual funds. It is therefore necessary that the industry develop the culture of sharing information not just to comply with regulatory requirements but also to enhance the level of transparency and credibility.

One of the tasks AMFI undertook, back in 1997, was to bring out the first Directory of Mutual Funds in association with Unit Trust of India-Institute of Capital Markets (UTI ICM) and in the next year with the co-operation of all members, we were able to compile useful data in a meaningful format and for the first time released such data monthly and quarterly. AMFI has thus established itself as the provider of authenticated information, a single window for current data. Last year we moved one step further. From November 2000, AMFI's website is the officially recognised platform for release of NAVs of all mutual fund schemes. AMFI thus provides a single window for accessing NAVs of all schemes on a real-time basis.

In this background, it is only natural that AMFI moves further to provide more useful and comprehensive industry data for the benefit of all concerned. AMFI thus takes one more initiative in association with UTI ICM in providing aggregated data for the industry as a whole for each of the five years ending March 2000.

The fact that Shri D.R. Mehta Chairman SEBI launched the Mutual Fund Yearbook 2000 and the compliments he paid to AMFI's initiatives and activities is a testimony to the confidence the regulator has reposed on AMFI. Let us live up to the confidence and make AMFI still more vibrant and sensitive to the needs of the growing industry.

Yours,

A. P. Kurian

August 3, 2001



SEBI UPDATE

CIRCULARS ISSUED BY SEBI

1. Schemes to be launched within six months from clearance

SEBI has clarified that all schemes shall be launched within six months from the date of clearance of offer documents by SEBI. Otherwise a fresh offer document has to be filed. (Circular No. MFD/CIR No.2/205/01 dated April 27, 2001)

2. Mutual Funds to disclose large unitholdings in the schemes

Mutual Funds are required to disclose in allotment letters after the initial public offering and in annual and half yearly results, the number of investors and their total holding in percentage terms in respect of unitholdings which are over 25% of the NAV. (Circular No.MFD/CIR No. 3/211/2001 dated April 30, 2001)

3. Detailed guidelines for investment/trading in securities by employees of Asset Management Companies and Mutual Fund Trustee Companies

SEBI has issued detailed guidelines for investment/trading in securities by employees of asset management companies and mutual fund Trustee companies. These guidelines would form part of the code of conduct for the employees of AMC/Trustee Companies effective from May 8, 2001. (Circular No. MFD/CIR No. 4/216/2001 dated May 8, 2001)

4. Mutual Funds not to pay brokerage/commission on investments made by the sponsors.

Effective from April 30, 2001, mutual funds are not allowed to pay brokerage/commission on investment made by sponsors in the schemes of their mutual funds. (Circular No. MFD/CIR No.5/153/2001 dated May 24, 2001)

5. Revised standard observations on offer documents

SEBI has issued revised standard observations to be used for filing offer documents. (Circular No. MFD/CIR No. 6/275/2001 dated July 9, 2001)

MEETING OF AMFI BOARD WITH CHAIRMAN SEBI

The members of AMFI Board had detailed discussion with Shri D. R. Mehta Chairman SEBI on July 27, 2001, which was also attended by Executive Director and Chief General Manager of the Mutual Fund division. Several matters concerning the mutual fund industry were discussed and AMFI's views were conveyed to SEBI. The response of SEBI was positive and very encouraging.

WELCOME TO SHRI R. M. JOSHI, EXECUTIVE DIRECTOR, SEBI

AMFI welcomes Shri R. M. Joshi, the new Executive Director of SEBI in charge of Mutual Funds division. We look forward to the support and guidance from Shri Joshi and to work closely with him in the tradition established by his predecessor, Shri Ashok Kacker. AMFI also expresses its gratitude on behalf of the Mutual Fund

Industry to Shri Ashok Kacker, former Executive Director SEBI who has always provided guidance and encouragement in promoting healthy practices in the industry.

AMFI MUTUAL FUND TESTING PROGRAMME

It is now an year since we launched AMFI Mutual Fund Testing programme and it is slowly catching up. We have sold more than 10,000 workbook so far. More members are now taking various initiatives to ensure that Agent Distributors selling their products are motivated to take the AMFI test. For e.g. Kotak Mahindra Mutual Fund has worked out an online simulated test to enable interested candidates to assess themselves how well they have prepared for the certification programme. Similarly, UTI has recently adopted a policy to enroll new Agent Distributors only if they pass the certification test. This is a very encouraging initiative, which could be adopted by other members.

TRAINING WORKSHOP ON MUTUAL FUND TESTING PROGRAMME

UTI Institute of Capital Markets (UTIICM) continues to conduct training workshops on AMFI Mutual Fund certification programme in different parts of the country. So far 18 such programmes have been conducted in 13 cities. UTIICM and AMFI are now concentrating in organising such workshops in non-metro cities. In many cities the programme is conducted in Hindi.

MUTUAL FUND YEARBOOK 2000 - INDUSTRY DATA FOR 5 YEARS ENDING 2000

It may be recalled that AMFI released the Quarterly newsletter since October 98 giving data on sales, redemption and assets under management industry segment-wise and fund category-wise. From July 99 we started releasing Monthly data-sheet.

The industry has grown significantly in terms of number of funds, assets under management and number of investors etc. However there is not a single source from where one could get authenticated and standardised data of the industry as a whole. AMFI recognising the need of such a publication has taken the initiative to provide an Yearbook in collaboration with UTIICM.

This is an Yearbook with a difference. Part I of the Yearbook contain data on net assets, asset allocation, income and expenses of mutual funds presented in industry segment-wise and fund category-wise. Part II is a Directory of Indian Mutual Funds giving basic information on each of the Mutual Funds, with names of Trustees, Directors of Asset Management Companies, Fund Managers, Custodians, Registrars etc. The Yearbook is thus both a source material for authenticated data meaningfully presented and a reference book.

A brochure containing details of the Yearbook, price of the Yearbook and address at which it is available has been mailed to all the members and these particulars are also available on our website.

The Yearbook 2000 was released by Shri D. R. Mehta, Chairman SEBI on July 17, 2001 at a function presided over by Shri M. Damodaran, Chairman UTI which was well attended. Shri R.M. Joshi, Executive Director SEBI also spoke on the occasion.

COMMITTEE UPDATE

Committee on AMFI Certification programme

The Committee on AMFI Certification programme for intermediaries and employees reconstituted with Shri Nikhil Johri of Alliance Capital as Chairman has almost completed the work of revising and updating the AMFI Workbook. Soon a revised and updated workbook will be released.

Committee on Credit Policy

Based on the recommendations of the AMFI Committee on Credit policy headed by Shri Nikhil Johri of Alliance Capital, AMFI has represented to RBI to make mutual funds members of the proposed Negotiated Dealing System (NDS) as well as the Clearing Corporation. Other related aspects having a bearing on mutual funds have also been taken up with RBI.

Working-Group on Best Practices for Industry Classification, Truth in Labeling and Portfolio Disclosure

The report of the Working Group on Best Practices for Industry Classification, Truth In Labeling and Portfolio Disclosure with Shri Rajiv Vij of Templeton as co-ordinator has been approved by the AMFI Board.

AMFI has issued guidelines in respect of portfolio disclosures and industry classification to be adopted by members as best practices. In respect of Truth in Labeling, AMFI has presented its proposals to SEBI.

Working Group on Pension Funds

The Working Group on pension funds co-ordinated by Chairman AMFI has presented the industry views on certain aspects of pension funds covering entry criteria, fee structure, investment limitation, scheme features etc. to the IRDA and AMFI is in consultation with IRDA in this regard.

Non-applicability of Service Tax to AMCs managing Mutual Funds

In response to the representation made by AMFI, Ministry of Finance has clarified vide circular no. F.No.B.11/1/2001-TRU that AMCs managing mutual funds are not NBFC and will therefore not come under the purview of service tax.

AMFI TRAINING PROGRAMME

Chairman AMFI continued to conduct half-day training session on concept and working of mutual funds for the executives of SHCIL and he regularly participates in the UTHCM workshop on AMFI Testing Programme.

INVESTOR EDUCATION AND SEMINARS

Chairman AMFI spoke on "Mutual Fund Industry In India - Select Issues And Future Prospects" at the seminar organised by IMC Economic Research And Training Foundation on June 12, 2001 at Mumbai.

Chairman AMFI spoke on the subject "Distribution of Pension Funds- The Mutual Fund Angle" at the seminar on Pension Funds organised by Industrial Economist at Chennai on June 15, 2001.

On the invitation of Institutional Investor, one of the world's leading financial industry publications, Chairman AMFI and Shri S. K. Mitra of Birla Sunlife presented papers on Indian Mutual Fund industry at the annual senior delegation round table at Chiang Mai, Thailand on May 31 to June 2, 2001.

WELCOME TO BENCHMARK ASSET MANAGEMENT PVT. LTD.

AMFI welcomes Benchmark Asset Management Pvt. Ltd. as its new member. With this, AMFI has 35 members. We regret to note that Shriram AMC has discontinued its membership of AMFI consequent on its winding up all except one scheme.

WELCOME TO NEW DIRECTORS

Shri B.G. Daga Executive Director of UTI, Shri Rajiv Vij Country Head & Chief Executive Officer of Templeton Mutual Fund and Shri Shailendra Bhandari Managing Director of Prudential ICICI Mutual Fund have been inducted on the Board of AMFI. We welcome all of them and look forward to their active participation in the planning and governance of AMFI's work.

WEBSITE

During the quarter 6,80,621 persons visited AMFI website. AMFI is continuing its efforts to make AMFI website more useful both to the members and to the general public.

MUTUAL FUND INDUSTRY DATA

First quarter April - June 2001 data are presented in tables 1 to 4.

- During the quarter gross mobilisation by the industry was Rs.28,591 crores registering an increase of 54% over the mobilisation of Rs.18,554 crores in the corresponding period last year. The six new schemes launched in the quarter mobilised only Rs.43 crores.
- Redemptions aggregated Rs.21,654 crores compared to Rs.13,995 crores in the corresponding period last year.
- The assets under management as at the end of June 2001 were Rs.97,953 crores, an increase of more than 8 percent over Rs.90,587 crores as on March 31, 2001, though they were lower than Rs.1,04,901 crores over an year ago.

MUTUAL FUND DATA FOR THE FIRST QUARTER APRIL - JUNE 2001

TABLE - 1

(Rs. In crores)

Category	No of Schemes Launched	Sales - All Schemes			Redemptions All Schemes	Total Assets Under Mgmt. As on 30.6.2001
		During the Quarter	From New Schemes	From Existing Schemes		
A Unit Trust of India	—	—	2684	2684	5314	55924
B Bank Sponsored (6)	—	—	1341	1341	367	3584
C Institutions (4)	—	—	1171	1171	632	4034
D Private Sector						
I Indian (6)	3	5	7434	7439	5258	5600
II Joint Ventures - Predominantly Indian (8)	1	17	4953	4970	3048	10694
III Joint Ventures - Predominantly Foreign (10)	2	21	10965	10986	7035	18117
Total (I+II+III)	6	43	23352	23395	15341	34411
Grand total (A+B+C+D)	6	43	28548	28591	21654	97953
				18554	13995	104901

Notes: (1) Figures in brackets denote number of funds. (2) Data is provisional & hence subject to change. (3) Figures in RED denote amount for corresponding period, last year.

SALES DURING THE QUARTER APRIL-JUNE 2001- TYPE AND CATEGORY WISE

TABLE 2

2.1 New Schemes Launched

(Rs. in crores)

	Open End		Close End		Assured Return		Total	
	No. of schemes	Amount	No. of Schemes	Amount	No. of schemes	Amount	No. of schemes	Amount
Income	1	7	—	—	—	—	1	7
Growth	1	2	—	—	—	—	1	2
Balanced	1	1	—	—	—	—	1	1
Liquid/Money Market	1	14	—	—	—	—	1	14
Gilt	2	19	—	—	—	—	2	19
ELSS	—	—	—	—	—	—	—	—
Total	6	43	—	—	—	—	6	43

2.2 Existing Schemes

(Rs. in crores)

	Open End		Close End		Assured Return		Total	
	No. of schemes	Amount	No. of Schemes	Amount	No. of schemes	Amount	No. of schemes	Amount
Income	79	10455	23	75	31	1387	133	11917
Growth	91	343	16	—	—	—	107	343
Balanced	29	182	4	10	—	—	33	192
Liquid/Money Market	26	14605	—	—	—	—	26	14605
Gilt	19	1478	—	—	—	—	19	1478
ELSS	19	13	54	—	—	—	73	13
Total	263	27076	97	85	31	1387	391	28548

Note: The change in number of existing schemes is because of the redemption of schemes and reclassification of existing schemes by some of the funds.

**2.3 Total of All Schemes****(Rs. in crores)**

	Open End		Close End		Assured Return		Total	
	No.of schemes	Amount	No.of Schemes	Amount	No.of schemes	Amount	No.of schemes	Amount
Income	80	10462	23	75	31	1387	134	11924
Growth	92	345	16	—	—	—	108	345
Balanced	30	183	4	10	—	—	34	193
Liquid/Money Market	27	14619	—	—	—	—	27	14619
Gilt	21	1497	—	—	—	—	21	1497
ELSS	19	13	54	—	—	—	73	13
Total	269	27119	97	85	31	1387	397	28591

REDEMPTION / REPURCHASE DURING THE QUARTER APRIL - JUNE 2001**TABLE 3****(Rs. in crores)**

	Open End	Close End	Assured Return	Total
Income	3406	286	107	3799
Growth	360	24	—	384
Balanced	4321	2	—	4323
Liquid/Money Market	12345	—	—	12345
Gilt	566	—	—	566
ELSS	9	228	—	237
Total	21007	540	107	21654

ASSETS UNDER MANAGEMENT AS ON 30TH JUNE 2001**TABLE 4****(Rs. in crores)**

	Open End	Close End	Assured Return	Total
Income	29412 21310	6312 5251	18841 22969	54565 49530
Growth	8304 14315	4456 8430	— —	12760 22745
Balanced	18600 24143	216 1145	— —	18816 25288
Liquid/Money market	6444 2968	— —	— —	6444 2968
Gilt	3264 2091	— —	— —	3264 2091
ELSS	353 576	1751 1703	— —	2104 2279
Total	66377 65403	12735 16529	18841 22969	97953 104901

Note :

*Figures in RED denote amount for corresponding period, last year which have been revised in some cases to make it comparable.

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