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UPDATE

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AMFI SETS A MILESTONE A SINGLE WINDOW FOR DISSEMINATING NAVS OF ALL MUTUAL FUNDS



Shri D. R. Mehta, Chairman, SEBI releasing the NAVs of all Mutual Funds on AMFI website on November 24, 2000



Shri D. R. Mehta, Chairman, SEBI addressing on the occasion





From the Chairman's Desk

The Mutual Fund scenario in the current year is characterised by an increase in gross sales coupled with a steeper rise in redemptions. Further, reflecting the fall in the market indices, the NAVs of the funds have shown declining trends. This is the time that Mutual Funds and distributors need to position Mutual Funds in the proper perspective and explain the factors and forces that influence the working of Mutual Funds so that any trace of disillusionment is removed and the investor's confidence is sustained and reinforced. We are happy to see that many Mutual Funds through their periodical newsletters endeavor to do so and those of the members who are not keeping in regular touch with the investors may like to follow suit.

It is also pertinent to emphasize here the need for distributors to take the AMFI certification test and thus get themselves well equipped. Those of the members who have not yet taken any initiative in this area may like to look at this seriously.

NAV is the 'Mantra' of the mutual fund industry, the end result of the professional process of investment management. While a near perfect computation of NAV is the concern both of the Regulator and the industry, its timely dissemination is the responsibility of the funds. It is here that AMFI took the initiative of providing a common platform for all its members to release their NAVs - an initiative well supported by members and appreciated by all concerned.

The steps taken by SEBI through various regulatory measures have put in place well-defined corporate governance mechanism for Mutual Funds, which will go a long way in promoting growth of the industry on healthy lines. It is expected of the members that they follow best practices for promoting their schemes.

Yours,

A. P. Kurian

February 12, 2001



SEBI UPDATE

SEBI vide its circular no. MFD/CIR/9/120/2000 dated November 24, 2000 has issued guidelines on following subjects:

1. INITIAL OFFER PERIOD, ALLOTMENT OF UNITS AND DESPATCH OF ACCOUNT STATEMENTS

- ◆ Initial offer period reduced to 30 days in case of open-end schemes.
- ◆ Allotment of units and despatch of account statement to be completed within 30 days from the closure of the issue.
- ◆ Open-end Scheme to start ongoing sale and repurchase within 30 days from the closure of initial offer period.

2. FORMAT FOR HALF YEARLY DISCLOSURE OF PORTFOLIO

Disclosure of portfolio on half-yearly basis to be done in the prescribed format with immediate effect.

3. UNCLAIMED REDEMPTION AMOUNT

Detail guidelines on the treatment of unclaimed redemption amount have been issued.

4. AMC ANNUAL REPORT

AMC's Annual Report to be made available to unitholders on the website of mutual funds and to be supplied to unit holders on request.

5. EXPENSES NOT CHARGEABLE TO SCHEME

Regulation 52(4) amended specifying expenses which can not be charged to mutual fund schemes. Trustees have been authorised to approve expenses, which can be charged to the scheme if the same are attributable to the schemes.

6. INVESTMENT IN UNRATED DEBT INSTRUMENTS

Prior approval of Board of Trustees and Board of AMC has been done away with for investment in unrated debt instruments subject to certain conditions. Such investments can now be approved by a committee to be constituted by Mutual Funds.

MUTUAL FUND ADVISORY COMMITTEE MEETING

At the Mutual Fund Advisory Committee Meeting held on January 9, 2001 the proposals relating to simplifying the format for publication of half-yearly unaudited results by Mutual Funds, Guidelines in respect of investments/trading in securities by employees of AMC/MF, reporting of securities transactions by Directors of AMC, updating the offer document on a continuous basis, time frame for despatch of dividend warrants, serial plans launched by Mutual Funds, Mutual Funds investing abroad, AMFI certification programme for distributors etc. were discussed.

AMFI MUTUAL FUND TESTING PROGRAMME

We are happy to note that some of the Mutual Funds such as Alliance, Birla, Tata, Templeton, J.M, Kotak Mahindra and Unit Trust of India have taken motivational steps by organising trainings and seminars, reimbursing cost of test to distributors and employees, making employees to take the test etc. to promote this programme.

A committee headed by Shri B. G. Daga of Unit Trust of India has made various recommendations to make this programme more popular. The report has been circulated to all members for comments/suggestions on the same.

The SEBI Advisory Committee on Mutual Funds recommended that the mutual funds should adopt AMFI certification programme for distributors on a voluntary basis and over a period of time, such certification may be made mandatory.

WORKSHOP ON MUTUAL FUND TESTING PROGRAMME

The UTI Institute of Capital Markets had arranged 2 more workshops during the quarter.

COMMITTEE UPDATE

Committee on Real Estate Mutual Funds

A sub-committee under the Chairmanship of Shri K. N. Atmaramani of Tata Mutual Fund will be formulating a working plan for launching Real Estate Mutual Funds based on the recommendations of the Satwalekar Committee on Real Estate Mutual Funds.

TRAINING PROGRAMMES

Three training sessions of half day each were conducted by AMFI Chairman on concept and working of mutual funds for the Executives of Stock Holding Corporation of India and Citibank.

INVESTOR EDUCATION AND SEMINARS

Seminar on Financial Sector Reforms was organised by Confederation of Indian Industries (CII) on November 17, 2000 at Chennai. Chairman, AMFI spoke on the subject of recent developments in Mutual Fund Industry.

AMFI co-sponsored Investor Education Programme organised by UTI Institute of Capital Markets (UTIICM) on December 1, 2000 at Mumbai.

India Money Show was organised by Indian Merchant Chambers jointly with AMFI, UTIICM and Brandwith Expo on December 8-10, 2000 at Nehru Centre, Mumbai.

Conference on "Mutual Funds: Winning Investor's Confidence" was organised by Indian Merchant Chambers jointly with AMFI, UTIICM and Mediascope Associates on December 9, 2000 at Mumbai. Shri Niamatullah of SBI Mutual Fund, Shri Ajay Srinivasan of Prudential ICICI, Shri K. N. Atmaramani of Tata Mutual Fund and Shri Sanjay Sachdev of IDBI Principal spoke.

7th Financial Services Convention, an important event in the field of Financial Services, was jointly organised by Bombay Management Association alongwith AMFI and other organisations on January 19 & 20, 2001 at Mumbai. Shri Alok Vajpeyi of DSP Merrill Lynch, Shri S. K. Basu of Unit Trust of India, Shri P. K. Nagpal, Division Chief, SEBI and Shri A. P. Kurian, Chairman AMFI, spoke on the subject "Promoting Pension Schemes, Role of Mutual Fund Industry". AMFI congratulates Shri K. V. Kamath, Managing Director & CEO of ICICI Ltd., who has been conferred with the Finance Man of the Year Award.

AMFI ON OTHER COMMITTEES

Meeting of SEBI-Accounting Standard Committee was held on December 7, 2000 and Committee on Derivatives was held on January 11, 2001 and Chairman AMFI attended these meetings.

NEWS UPDATE

Welcome to Shri M. R. Murali, Chief Executive, Jeevan Bima Sahayog AMC Ltd.

Shri M. R. Murali, Chief Executive, Jeevan Bima Sahayog AMC Ltd. has been inducted on the Board of AMFI with effect from December 14, 2000 in place of Shri K. V. Hegde of Canbank Mutual Fund who

has resigned from the Board on his repatriation to the parent Bank.

AMFI's NEW INITIATIVE

A common platform for providing NAVs of all mutual funds at one place

AMFI took the initiative of providing a common platform for releasing on real time basis, NAV, Sale Price and Repurchase Price of all open-end mutual fund schemes. This was developed by AMFI at the instance of SEBI for providing NAVs of all mutual funds at one place. This platform is a web enabled portal which will gather the NAVs of all mutual funds as soon as entered on portal and will be presented typewise, open-end and close-end and category wise-income, growth, balanced, liquid, money-market, gilt and ELSS for each mutual fund.

Shri D. R. Mehta, Chairman, SEBI released the NAVs of all mutual funds hosted on the AMFI website. Speaking on the occasion, Shri D. R. Mehta said that this is a welcome development for the industry which will enhance the quality, coverage and timeliness of availability of NAVs on a daily basis from a common source, easily accessible to media, investors and general public. Shri J. R. Varma, Member SEBI, Shri P. S. Subramanyam, Chairman, Unit Trust of India and Shri Ashok Kacker, Executive Director, SEBI also spoke on the occasion.

MUTUAL FUND INDUSTRY

The third quarter - October - December, 2000 data is presented in tables 1,2,3,4.

- Thirteen new schemes were launched which collected Rs.1,098/- crores of which Rs. 347/- crores were from Income Schemes, while Growth and Balanced Schemes mobilised Rs. 27 crores and Rs.37 crores respectively.
- Total funds mobilised during the quarter were Rs. 22,191/-crores, which were higher by 58% compared to corresponding period last year. The total sales for the year till end December 2000 were Rs.60, 623/- crores up by 80 percent over the sale for the same period in the previous year and have surpassed the sales of the entire previous year.
- Redemptions at Rs. 20,097/- crores however registered a sharp rise of 120 percent over the corresponding period last year. For the year till December end 2000, redemptions at Rs. 53,771/- crores were much higher than Rs. 21,601/- crores of the corresponding period last year.
- Assets under Management at the end of the quarter were Rs. 99,326/- crores an increase of 4 percent over the corresponding period last year.

MUTUAL FUND DATA FOR THE THIRD QUARTER OCTOBER - DECEMBER, 2000

TABLE - 1

(Rs. In crores)*

Category	No of Schemes Launched	Sales - All Schemes				Redemptions All Schemes		Total Assets Under Mgmt. As on 31.12.2000
		During the Quarter	From New Schemes	From Existing Schemes	Total for the Quarter	Total for the Year to Date	Total for the Quarter	
A Unit Trust of India	-	-	1996	1996	9789	3275	9310	64239
B Bank Sponsored (6)	-	-	406	2797	9618	1452	6176	65416
C Institutions (4)	4	580	652	406	1343	514	3748	3539
D Private Sector				453	1060	387	886	7290
I Indian (6)	2	192	5035	1232	1963	582	1530	3512
II Joint Ventures - Predominantly Indian (7)	2	78	4934	205	862	591	1242	2999
III Joint Ventures - Predominantly Foreign (10)	5	248	8070	5227	11665	4388	9844	4294
				2428	4247	1869	3291	2225
Total(I+II+III)	9	518	18039	5012	13479	4270	11486	8911
				3518	8019	2049	4803	7977
Grand Total (A+B+C+D)	13	1098	21093	8318	22384	7068	17853	14831
				4620	9822	2786	5203	9330
				18557	47528	15726	39183	28036
				10566	22088	6704	13297	19532
				14021	33628	9134	21601	99326
								95237

Notes: 1. Assets Under Management of Unit Trust of India also at Market Price. 2. Unit Trust of India figures excludes Venture Capital, Offshore Funds & Development Reserve Fund. 3. Figures in brackets denote number of funds. 4. Data is provisional & hence subject to change. 5. Figures in RED denote amount for corresponding period, last year which have been revised in some cases to make it comparable. * Rs.1 crore = 10 Million

SALES DURING THE QUARTER OCTOBER - DECEMBER 2000 - 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	5	347	—	—	—	—	5	347
Growth	1	27	—	—	—	—	1	27
Balanced	1	37	—	—	—	—	1	37
Liquid/Money Market	5	687	—	—	—	—	5	687
Gilt	—	—	—	—	—	—	—	—
ELSS	1	*	—	—	—	—	1	*
Total	13	1098	—	—	—	—	13	1098

*Amount collected was Rs.17 Lakhs

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	53	5087	29	341	37	—	119	5428
Growth	90	5690	19	—	—	—	109	5690
Balanced	26	485	4	1	—	—	30	486
Liquid/Money Market	21	9023	—	—	—	—	21	9023
Gilt	16	455	2	—	—	—	18	455
ELSS	15	11	62	—	—	—	77	11
Total	221	20751	116	342	37	—	374	21093

**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	58	5434	29	341	37	—	124	5775
Growth	91	5717	19	—	—	—	110	5717
Balanced	27	522	4	1	—	—	31	523
Liquid/Money Market	26	9710	—	—	—	—	26	9710
Gilt	16	455	2	—	—	—	18	455
ELSS	16	11	62	—	—	—	78	11
Total	234	21849	116	342	37	—	387	22191

Note :

The number of schemes has undergone a change in view of the change over to the new source of data viz. Monthly Cumulative Report.

REDEMPTION / REPURCHASE DURING THE QUARTER OCTOBER - DECEMBER 2000**TABLE 3****(Rs. in crores)**

	Open End	Close End	Assured Return	Total
Income	3227	444	1161	4832
Growth	4900	24	—	4924
Balanced	793	3	—	796
Liquid/Money Market	8763	—	—	8763
Gilt	730	—	—	730
ELSS	—	52	—	52
Total	18413	523	1161	20097

ASSETS UNDER MANAGEMENT AS ON 31ST DECEMBER 2000**TABLE 4****(Rs. in crores)**

	Open End	Close End	Assured Return	Total
Income	21465 17850	6295 5923	21109 20524	48869 44297
Growth	12539 11583	5471 9027	— —	18010 20610
Balanced	21922 22086	251 1244	— —	22173 23330
Liquid / Money Market	4705 2836	— —	— —	4705 2836
Gilt	2063 1501	55 —	— —	2118 1501
ELSS	366 644	3085 2019	— —	3451 2663
Total	63060 56500	15157 18213	21109 20524	99326 95237

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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