

AMFI

UPDATE

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From the Chairman's Desk

Looking back, the fiscal year ending March 2002 witnessed several developments in the mutual fund industry. The assets under management showed a modest growth of 11 percent to Rs. 1,00,594 crores. As many as 90 new schemes were launched and the gross mobilization was though up by 77 percent to Rs. 1,64,523 crores, on a net basis the mobilization was down by 27 percent to Rs. 7,175 crores. The asset allocation showed a marked shift towards debt and government securities. On the performance side, while the Income Schemes gave competitive returns, the Equity Schemes remained generally depressed in line with the market condition. As in other industries, the trend of mergers and acquisition has become more pronounced in the mutual fund industry as well.

AMFI continues to play its role as a catalyst and initiator for setting new standards and refining existing ones in many areas particularly in the sphere of valuation of securities. A major initiative of AMFI during the year was the launching of registration of AMFI Certified Intermediaries and providing recognition and status to the distributor agents.

Looking forward, the ongoing refinements in Regulations, improved transparency and disclosure alongwith dissemination of performance data in systematic manner and analysis by several research bodies, present an environment that is at once conducive and supportive for stimulating further growth of the industry. Developing a cadre of trained certified intermediaries, building a wider retail base through market penetration and demonstrating commitment to best practices by strictly adhering to the guidelines and standards set by AMFI and the Regulator are some of the key areas on which the members of the industry have to devote more attention as we go along nurturing the industry on healthy lines.

Yours,

A. P. Kurian

May 31, 2002

SEBI UPDATE**CIRCULARS ISSUED BY SEBI****Publication Of Audited Annual Accounts (MFD/CIR/15/041/2002 –March 14, 2002)**

SEBI has amended Regulation 56 according to which Mutual Funds are not required to publish scheme wise annual report or abridged annual report in newspapers. However they are required to continue to send annual report or abridged report to the unitholders. The scheme wise annual reports are also required to be displayed on the website of Mutual Funds which should be linked to AMFI website to enable investors and analysts to have access of the same at one place.

Introduction Of Benchmarks (Equity Schemes) (MFD/CIR/16/400/02- March 26, 2002)

In order to give the investors objective analysis of the performance of mutual fund schemes in comparison with rise or fall in the markets, SEBI has advised all Mutual Funds to disclose the performance of the benchmark indices in case of equity oriented schemes below the yields of the schemes in the format of half yearly results. Mutual Funds may select any of the major equity indices depending upon the investment objective and portfolio of the scheme or specific sectoral indices published by Stock Exchanges or by other reputed agencies. Mutual Funds may give performance of more than one index, if so desired. Benchmark indices may be selected by AMCs and Trustees and subsequent changes made are to be recorded with justification. Trustees are also required to review the performance of the schemes by comparing with benchmark performance

periodically and to take corrective action in case of unsatisfactory performance.

Guidelines For Investment In Foreign Securities (MFD/CIR/17/419/02-March 30, 2002)

Mutual Funds can now make investments in short term as well as long term foreign Debt Securities with highest foreign currency credit rating by accredited/registered credit rating agencies in the countries with fully convertible currencies including Government securities of the countries having AAA rating. Mutual Funds are also permitted to invest in the units/securities issued by overseas mutual funds or unit trusts registered with overseas Regulators which invest in the aforesaid securities. The investment may be made by existing mutual fund schemes or by new schemes launched for this purpose Each Mutual Fund is permitted to invest up to 4% of its Net Assets as on 28.02.02 subject to maximum of US \$ 50 million. Mutual funds are required to adhere to specific guidelines mentioned in the circular regarding due diligence, disclosure, reporting to trustees and SEBI etc. They are also required to apply to SEBI in the prescribed form for seeking approval for investment in foreign securities.

Benchmarks For Debt-Oriented And Balanced Funds Schemes (MFD/CIR/01/071/02- April 15, 2002)

All Mutual Funds are to disclose benchmark performance for Debt oriented and Balanced fund schemes while publishing half yearly results. These benchmarks to be developed on regular basis by AMFI approved research and rating agencies.

On the basis of the recommendations made by the AMFI committee which studied the subject in detail and in terms of the arrangement made by AMFI, CRISIL and I SEC will specially develop suitable benchmark indices.

Revised Annual Statistical Report (ASR) (MFD/CIR/02/110/02-April 26, 2002)

SEBI has advised all Mutual Funds to submit the ASR in the revised format effective from the financial year ended 31st March 2002.

The ASR to be submitted by May 15, 2002 for the year 2001-2002 and by April 30th of the succeeding year in future.

Investment in unlisted equity schemes (MFD/CIR/03/526/2002 dated May 9, 2002)

Based on the recommendation of AMFI, detailed guidelines have been issued by SEBI for valuation of unlisted equity shares. The guidelines also prescribe exercise of due diligence while making such investments and review of performance so as to protect the interest of the investors.

SEBI ADVISORY COMMITTEE ON MUTUAL FUNDS

The fifth meeting of the SEBI Advisory Committee on Mutual Funds was held on May 28, 2002. Shri B. G. Deshmukh presided over. On behalf of AMFI, Chairman AMFI, Shri D.S.R. Murthy of UTI, Shri Rajiv Vij of Templeton, Shri Sanjay Sachdev of IDBI PRINCIPAL and Shri R. J. Chand of SBI Mutual attended the meeting. Chairman SEBI Shri G. N. Bajpai reviewed the working of the Advisory

committee and desired that the committee should meet more often and discuss all relevant issues concerning mutual fund industry.

AMFI CERTIFICATION AND REGISTRATION PROGRAMME

AMFI's new initiative of registering the AMFI Certified distributors, providing them with identity card and unique registration number alongwith AMFI Guidelines and Norms for Intermediaries (AGNI) launched in mid February 2002 has been well received. More than 30 corporate distributors and a large number of agent distributors have registered with AMFI.

AMFI certification programme is getting more and more popular. Many members including UTI, HDFC Mutual, Prudential ICICI, J. M. Mutual etc. have undertaken extensive training programmes across the country and the AMFI Certification committee is currently examining the possibility of providing written exam in addition to computerized testing.

Training, certification and registration programme needs to be promoted and all members are expected to take necessary steps towards achieving the objective.

COMMITTEE / WORKING GROUPs UPDATE

AMFI Committee On Risk Management System For Mutual Funds

The final report of the committee will be presented to SEBI soon.

Working Group On Derivative Trading

Feedback received from the members is being studied and report is being finalized by the committee

Sub –Committee On Real Estate Mutual Fund

Feedback received from the members is being studied and report is being finalized by the committee.

MEETING WITH FINANCE SECRETARY

A team consisting of Shri S. K. Mitra of Birla Sunlife, Shri S. V. Prasad of Zurich India, Shri Shailendra Bhandari of Prudential ICICI and Shri Milind Barve of HDFC led by Chairman AMFI called on Finance Secretary and had discussion on the various Budget proposals having impact on mutual fund industry. Ministry of Finance has since announced certain relaxation in the provisions of TDS on dividend from Mutual Funds.

MEETING WITH CHAIRMAN IRDA

The same team met Shri N. Rangachary Chairman IRDA and discussed the role of Mutual Funds in pension reform. AMFI has set up a working group to formulate draft guidelines for pension scheme by Mutual Funds for submission to IRDA. Shri Milind Barve of HDFC is the convenor of this working group.

MEETING OF AMFI BOARD WITH CHAIRMAN SEBI

Shri G.N. Bajpai Chairman SEBI convened a meeting of the members of AMFI Board on March 15, 2002. Various subjects concerning mutual

fund industry such as linking of capital of AMCs to net assets of mutual funds, nomination facility to unit holder, inclusion of units in the definition of securities, service tax on AMCs, review of SEBI (MF) Regulations etc were broadly discussed. The meeting was extremely cordial and useful. Chairman SEBI appreciated the proactive role AMFI is playing in promoting orderly development of the industry and assured full support of SEBI to AMFI.

SEVENTH ASIA OCEANIA REGIONAL MEET

Shri A. P. Kurian Chairman AMFI led a delegation consisting of Shri S. K. Mitra of Birla Sunlife, Shri Naval B. Kumar of Standard Chartered and Shri Ramamohan Rao of UTI to attend the Seventh Asia Oceania Regional meeting held at Singapore between April 9-12, 2002. The conference was attended by ten countries. Apart from reviewing the developments of the industry in the region, the Indian team led a discussion on valuation and the other topics discussed were distribution channels, investor education, taxation, pension system, performance measurements and marketing of offshore funds.

WELCOME TO NEW DIRECTOR

AMFI extends its warm welcome to Shri Nikhil Johri, Chief Executive Officer, Alliance Capital Asset Mgmt. India (P) Ltd. who has joined the Board of AMFI with effect from April 2, 2002 in place of Shri K. N. Atmaramani who has retired.

On behalf of the entire mutual fund industry AMFI Board places on record its deep sense of appreciation and gratitude to Shri K. N. Atmaramani who has been a founder member of AMFI, for the valuable contributions he has made in the formulation of AMFI's policies, for his enthusiastic involvement in all the major tasks of AMFI and for providing guidance and leadership to AMFI in particular and to the mutual fund industry in general.

AMFI WEBSITE

During the quarter nearly 10.71 lakh people visited the AMFI website

MUTUAL FUND INDUSTRY

A] Fourth quarter January-March, 2002

The Fourth quarter January-March 2002 data are presented in tables 1 to 4.

- During the quarter 47 new schemes were launched which mobilised a total of Rs.2,317 crores. Total sales aggregated Rs.60,857 crores registering 88 percent increase over the corresponding period last year.
- Redemptions at Rs.64,698 crores were more than double the corresponding period last year.
- The Assets under Management witnessed an increase of 11 percent from Rs. 90,587 crores to Rs.1,00,594 crores.

B] Annual Data April 2001 – March 2002

The Annual Data for April 2001 – March 2002 are given in tables 5 and 6.

- 90 new schemes as against 41 last year were launched during the year - 74 of which were open ended and 16 close ended. Income schemes predominated with 53 schemes collecting Rs.2,744 cores which accounted for 82 percent of total collection of Rs. 3,335 crores from new schemes as against Rs. 3,830 crores last year. Except income schemes all the rest mobilised lesser amounts compared to last year.
- Aggregate sale of all the 417 schemes amounted to Rs. 1,64,523 crores, registering an increase of 77 percent over the last year's mobilisation of Rs.92,957 crores. Sales under Growth, Balanced and ELSS schemes showed declines over the year, while Income, Liquid/Money Market and Gilt schemes registered increases.
- Redemptions during the year were substantially higher. At Rs. 1,57,348 cores they were nearly 88 percent higher than the previous year.
- On a net basis, thus the mobilisation declined by 27 percent from Rs. 9,128 crores in 2000- 2001 to Rs. 7,175 crores in 2001-2002.

MUTUAL FUND DATA FOR THE FOURTH QUARTER JANUARY - MARCH 2002

| Category | No of Schemes Launched | Sales - All Schemes | | | | Redemptions All Schemes | | Total Assets Under Mgmt. As on 31.3.2002 |
|---|------------------------|---------------------|------------------|-----------------------|-----------------------|-------------------------|-----------------------|--|
| | | During the Quarter | From New Schemes | From Existing Schemes | Total for the Quarter | Total for the Year | Total for the Quarter | |
| A Unit Trust of India | - | - | 785 | 785 | 4643 | 2917 | #11927 | 51434 |
| B Bank Sponsored (5) | 6 | 168 | 1362 | 2624 | 12413 | 2780 | 12090 | 58017 |
| C Institutions (4) | 7 | 162 | 3975 | 838 | 2181 | 377 | 4125 | 3970 |
| D Private Sector | | | | 4137 | 9371 | 4398 | 8550 | 3333 |
| I Indian (7) | - | - | 13575 | 2048 | 4011 | 1616 | 3147 | 4234 |
| II Joint Ventures - Predominantly Indian (8) | 19 | 806 | 16388 | 13575 | 33634 | 13916 | 31181 | 5177 |
| III Joint Ventures - Predominantly Foreign (10) | 15 | 1181 | 22455 | 8236 | 19901 | 7727 | 17576 | 3370 |
| Total(I+II+III) | 34 | 1987 | 52418 | 17194 | 48396 | 17188 | 43239 | 15502 |
| | | | | 7317 | 20796 | 6872 | 18353 | 8620 |
| Grand Total(A+B+C+D) | 47 | 2317 | 58540 | 23636 | 64237 | 24755 | 59122 | 20277 |
| | | | | 11271 | 33655 | 10685 | 28538 | 13740 |
| | | | | 26824 | 74352 | 25284 | 64467 | 40956 |
| | | | | 32334 | 92957 | 30057 | 83829 | 90587 |

Notes: 1) UTI figures exclude offshore funds and venture capital funds. 2) Data is provisional & hence subject to revision.
 3) Figures in brackets denote number of funds. 4) *Figures in Red denote amount for corresponding period, last year.
 5) # Includes Rs. 2645 crores redemption due to maturity of schemes.

SALES DURING THE QUARTER JANUARY - MARCH 2002 - 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 | 22 | 1816 | 4 | 79 | - | - | 26 | 1895 |
| Growth | 10 | 103 | - | - | - | - | 10 | 103 |
| Balanced | - | - | - | - | - | - | - | - |
| Liquid / Money Market | 7 | 281 | - | - | - | - | 7 | 281 |
| Gilt | 4 | 38 | - | - | - | - | 4 | 38 |
| ELSS | - | - | - | - | - | - | - | - |
| Total | 43 | 2238 | 4 | 79 | - | - | 47 | 2317 |

2.2 Existing Schemes

| | Open End | | Close End | | Assured Return | | Total | |
|-----------------------|----------------|--------------|----------------|-----------|----------------|----------|----------------|--------------|
| | No. of schemes | Amount | No. of Schemes | Amount | No. of schemes | Amount | No. of schemes | Amount |
| Income | 72 | 16205 | 22 | 65 | 26 | - | 120 | 16270 |
| Growth | 91 | 815 | 13 | - | - | - | 104 | 815 |
| Balanced | 31 | 210 | 3 | 4 | - | - | 34 | 214 |
| Liquid / Money Market | 24 | 39380 | - | - | - | - | 24 | 39380 |
| Gilt | 25 | 1850 | - | - | - | - | 25 | 1850 |
| ELSS | 18 | 11 | 45 | - | - | - | 63 | 11 |
| Total | 261 | 58471 | 83 | 69 | 26 | - | 370 | 58540 |

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 | 94 | 18021 | 26 | 144 | 26 | - | 146 | 18165 |
| Growth | 101 | 918 | 13 | - | - | - | 114 | 918 |
| Balanced | 31 | 210 | 3 | 4 | - | - | 34 | 214 |
| Liquid / Money Market | 31 | 39661 | - | - | - | - | 31 | 39661 |
| Gilt | 29 | 1888 | - | - | - | - | 29 | 1888 |
| ELSS | 18 | 11 | 45 | - | - | - | 63 | 11 |
| Total | 304 | 60709 | 87 | 148 | 26 | - | 417 | 60857 |

REDEMPTION / REPURCHASE DURING THE QUARTER JANUARY-MARCH 2002**TABLE 3****(Rs. in crores)**

| | Open End | Close End | Assured Return | Total |
|-----------------------|--------------|-------------|----------------|--------------|
| Income | 16561 | 1115 | 194 | 17870 |
| Growth | 869 | 166 | - | 1035 |
| Balanced | 657 | 14 | - | 671 |
| Liquid / Money Market | 43281 | - | - | 43281 |
| Gilt | 1784 | - | - | 1784 |
| ELSS | 4 | 53 | - | 57 |
| Total | 63156 | 1348 | 194 | 64698 |

ASSETS UNDER MANAGEMENT AS ON 31ST MARCH 2002**TABLE 4****(Rs. in crores)**

| | Open End | Close End | Assured Return | Total |
|-----------------------|------------------------|------------------------|------------------------|-------------------------|
| Income | 33587 22769 | 4522 6413 | 17679 19681 | 55788 48863 |
| Growth | 8981 8769 | 4871 4714 | - | 13852 13483 |
| Balanced | 16720 19040 | 234 233 | - | 16954 19273 |
| Liquid / Money Market | 8069 4128 | - | - | 8069 4128 |
| Gilt | 4163 2263 | - | - | 4163 2317 |
| ELSS | 418 324 | 1350 2199 | - | 1768 2523 |
| Total | 71938 57293 | 10977 13613 | 17679 19681 | 100594 90587 |

* Figures in Red denote amount for corresponding period, last year.

ANNUAL DATA**TABLE 5****5.1 NEW SCHEMES LAUNCHED DURING THE YEAR APRIL 2001 - MARCH 2002**

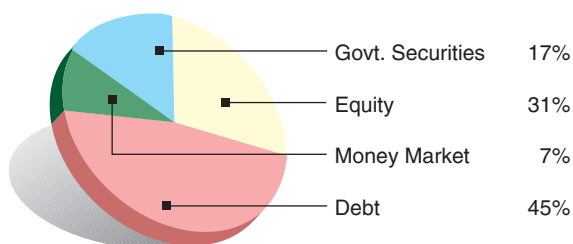
| | Open End | | Close End | | Assured Return | | Total | |
|-----------------------|------------------|----------------------|-----------------|--------------------|----------------|------------------|------------------|----------------------|
| | No. of schemes | Amount | No. of Schemes | Amount | No. of schemes | Amount | No. of schemes | Amount |
| Income | 37 | 2407 | 16 | 337 | - | - | 53 | 2744 |
| Growth | 17 | 130 | - | - | - | - | 17 | 2079 |
| Balanced | 2 | 6 | - | - | - | - | 8 | 130 |
| Liquid / Money Market | 9 | 347 | - | - | - | - | 2 | 6 |
| Gilt | 9 | 108 | - | - | - | - | 6 | 268 |
| ELSS | - | - | - | - | - | - | 9 | 687 |
| | | | | | | | 1 | 108 |
| | | | | | | | 4 | 253 |
| | | | | | | | - | - |
| Total | 74 36 | 2998 2968 | 16 3 | 337 339 | - 2 | - 523 | 90 41 | 3335 3830 |

5.2 TOTAL SALES DURING THE YEAR APRIL 2001 - MARCH 2002

| | Open End | | Close End | | Assured Return | | Total | |
|-----------------------|--------------------------|-------------------------------|-------------------------|---------------------------|------------------------|---------------------------|--------------------------|-------------------------------|
| | No. of schemes | Amount | No. of Schemes | Amount | No. of schemes | Amount | No. of schemes | Amount |
| Income | 94 | 49014 | 26 | 619 | 26 | 1388 | 146 126 | 51021 26674 |
| Growth | 101 | 1983 | 13 | - | - | - | 114 110 | 1983 17996 |
| Balanced | 31 | 461 | 3 | 16 | - | - | 34 32 | 477 7701 |
| Liquid / Money Market | 31 | 104570 | - | - | - | - | 31 26 | 104570 36212 |
| Gilt | 29 | 6439 | - | - | - | - | 29 19 | 6439 4160 |
| ELSS | 18 | 33 | 45 | - | - | - | 63 80 | 33 214 |
| Total | 304 240 | 162500 90905 | 87 118 | 635 1438 | 26 35 | 1388 614 | 417 393 | 164523 92957 |

5.3 TOTAL REDEMPTIONS DURING THE YEAR APRIL 2001 - MARCH 2002

| | Open End | Close End | Assured Return | Total |
|-----------------------|-------------------------------|----------------------------|--------------------------|-------------------------------|
| Income | 39749 | 2691 | 372 | 42812 21835 |
| Growth | 2004 | 239 | - | 2243 18299 |
| Balanced | 5809 | 22 | - | 5831 4919 |
| Liquid / Money Market | 101272 | - | - | 101272 33648 |
| Gilt | 4875 | - | - | 4875 4472 |
| ELSS | 16 | 299 | - | 315 656 |
| Total | 153725 37597 | 3251 2654 | 372 953 | 157348 83829 |

ASSETS ALLOCATION AS ON 31ST MARCH 2002**Association of Mutual Funds in India**

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