

AMFI

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UPDATE

A Newsletter of The Association of Mutual Funds in India

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FROM THE CHAIRMAN'S DESK

The first quarter of the current fiscal has been rather eventful. Three mutual funds - SUN F&C, PNB and IL&FS Mutual Funds went out from the list of mutual funds. While the former two migrated to Principal Mutual Fund, the latter merged itself with the leader of the industry - UTI AMC. ABN AMRO Mutual Fund has joined the family of mutual funds and it is the youngest member of AMFI. The industry thus is in a phase of consolidation with growth.

The first quarter figures indicate a growth of 49 percent in the total assets under management and encouragingly the equity content of the total assets went up by nearly 80 percent over the last year. Even after taking into account the rise in the market price, there is an evidence of emerging popularity of equity schemes. But to accelerate this trend, the industry needs to take up extensive awareness and promotional campaigns to reach out to more and more households.

Yours,

A handwritten signature in black ink, appearing to read 'A.P. Kurian'.

A.P. Kurian
August 2, 2004

SEBI UPDATE

SEBI Advisory Committee on mutual funds

The fourteenth meeting of the SEBI Advisory Committee on mutual funds, chaired by Shri B.G. Deshmukh was held on June 28, 2004.

Feedback to SEBI

Based on the industry feedback on SEBI-Circular on Uniform cut-off timings for applicability of Net Asset Value (NAV) of mutual fund schemes/plans, AMFI has submitted its suggestions to SEBI.

MEETING WITH THE FINANCE MINISTER

Chairman SEBI alongwith Chairman AMFI and a team of CEOs of some of the Mutual Funds met the Hon'able Finance Minister on June 15, 2004 and presented the suggestions of the industry relating to Budget 2004-05.

CIRCULAR ISSUED BY AMFI

Clarifications On The Implementation of AMFI Circular dated January 15, 2003

Circular No. CIR/ARN- 05/04-05 dated July 16, 2004

AMFI has issued circular No. CIR/ARN- 05/04-05 dated July 16, 2004 giving clarifications on self-certification by intermediaries as mentioned in the earlier circular no. CIR/ARN-01/02-03 dated January 15, 2003.

COMMITTEES/WORKING GROUPS

Working Group on "Mentioning of bank account number and PAN by investors"

AMFI had constituted a working group with Ms. Kashmira Mathew of HSBC as the convenor and with Shri Ranganath Athreya of Prudential ICICI, Ms. Pranita Gramopadhyay of Templeton and Shri Sudhir Shenoy of Deutsche as its

members. After taking into consideration the views of all the members, the final report of the working group has been submitted to SEBI for its approval.

NEW COMMITTEES/WORKING GROUPS

Working Group for uniform implementation procedure of differential Dividend Distribution Tax (DDT)

Consequent to the introduction of differential rates of Distribution Tax @ 12.5% plus surcharge and cess for individuals and 20% plus surcharge and cess for non-individuals in the Budget 2004, effective from July 9, 2004, AMFI has constituted a working group with Shri Ramamoorthy Rajagopal of DSP Merrill Lynch as convenor and with S/Shri Vishwanarayan of Birla Sun Life, Suresh Babu of HDFC, Mrugank Paranjape of Prudential ICICI, R Srinivasan of Principal, Vivek Pai of Templeton and Ms. Nita Mehta of Standard Chartered as members. The report of the working group was circulated to all members for their feedback and after the approval of the Board, it has been issued as a Best Practices Circular (**Circular No. 135/BP/06/03-04 dated July 21, 2004**)

Working Group on Investment in Bank Deposits

A working group on Investment in Bank Deposit by Mutual Funds has been formed with Shri Milind Barve as the convenor and Shri Naval B Kumar of Standard Chartered, Ms. Kavita Hurry of ING Vysya, S/Shri Sanjay Prakash of HSBC, Amitabh Chaturvedi of Reliance, Ranganath Athreya of Prudential ICICI and Shri A.K. Sridhar of UTI MF as members.

Working Group on Unit Linked Plans of Insurance Companies vis-à-vis Mutual Funds

A working group on Unit Linked Plans of Insurance Companies vis-à-vis Mutual Funds was constituted with Shri S.V. Prasad of Birla Sun Life as the convenor and Shri Naval B. Kumar, Ms. Kavita Hurry, S/Shri Subhashish Sharma of Principal, Sumeet Vaid of Prudential ICICI and Ashutosh Bishnoi of UTI Mutual Fund as members.

MEETINGS AND SEMINARS

The second National Summit on 'Efficient Wealth Management with Mutual Funds' organized by ASSOCHAM, AMFI and UTI AMC was conducted at Chennai on June 19, 2004. While Shri M. Damodaran, Chairman UTI AMC inaugurated and gave the key note address, Shri A.P. Kurian, Chairman AMFI made a special address. S/Shri T.P. Raman of Sundaram, Sashi Krishnan of Cholamandalam, A. Balasubramaniam of Birla, Alok Vajpeyi of DSP Merrill Lynch, R. Balakrishnan of Sahara, Sukumar Rajah of Templeton and Shri Sanjiv Shah of Benchmark Mutual Fund presented papers on various subjects and there was a lively interactive session with the participants.

AMFI co-sponsored and participated in the seminar on wealth creation for individuals on June 5, 2004 at Mumbai organized by Welingkar Institute of Management and Rotary Club. Chairman AMFI spoke on mutual funds.

Chairman AMFI spoke on 'Compliance as a discipline in the profession' at a Compliance Officers Training Programme on May 15, 2004 at Mumbai organized by Association of NSE

Members of India.

A national seminar on 'Post Budget Economic Scenario' was organised on July 14, 2004 jointly by ASSOCHAM and UTI AMC Ltd. at Delhi. Chairman AMFI addressed the gathering

WELCOME TO SHRI A.K. SRIDHAR, OUR NEW DIRECTOR

AMFI extends its warm welcome to Shri A.K. Sridhar, Chief Investment Officer of UTI AMC who has joined the Board of AMFI with effect from June 14, 2004 in the place of Shri Ajeet Prasad who has resigned from the AMFI Board.

WELCOME TO ABN AMRO MUTUAL FUND, OUR NEW MEMBER

AMFI welcomes ABN AMRO, the new Mutual Fund as its member and extends its greetings and wishes.

AMFI CERTIFICATION AND REGISTRATION PROGRAMME

AMFI Certification Test is being continued and during the quarter April- June 2004, in the six NSE centers 2281 people have appeared for the on-line test. Also, the Indian Institute of Capital Markets (IICM) has conducted 43 written tests in 27 cities in which 2647 agent distributors participated.

As on July 26, 2004, 23,786 agent distributors have registered with AMFI, amongst which 19,468 are individual distributors, 1,632 are corporate distributors and 2,686 are corporate employees. The details of the AMFI Registered Mutual Fund Agent Distributors are available on the AMFI website.

AMFI Refresher Course

As per SEBI Circular no. SEBI/IMD/CIR No.2/254/04 dated February 4, 2004, agent

distributors/employees above the age of 50 years and exempted from the Certification Test have to mandatorily attend a Refresher Course on Mutual Funds by September 30, 2004.

AMFI has assigned this task to IICM which has now finalized in consultation with AMFI, a one-day Refresher course.

Members are requested to take a note of this and ensure that the agent distributors and employees coming under the exempted category do attend this course and thus comply with SEBI circular. For further details please contact:

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MUTUAL FUND INDUSTRY

First quarter April June 2004

The first quarter data are presented in tables 1 to 6

- Sales during the first quarter at Rs.2,05,431 crores were up by 70% from Rs.1,21,063 crores in the corresponding period of last year.
- 16 new schemes were launched during the quarter which collected Rs. 1,980 crores.
- Redemptions at Rs.1,84,315 crores were 82% more than redemptions of Rs.1,01,040 crores in the corresponding period of last year.
- On a net basis thus there was an inflow of Rs.21,116 crores during the quarter as against an inflow of Rs.20,032 crores in the corresponding quarter last year.
- The Assets under management stood at Rs.1,55,845 crores as on June 30, 2004.
- Data on sales, repurchase and assets under management of fund of funds are given in Table 5.
- Table-6 gives data on Assets under Management for each of the Asset Management Companies.

MUTUAL FUND DATA FOR THE FIRST QUARTER APRIL - JUNE 2004

TABLE - 1

(Rs. in crores)

| Category | No. Of Schemes Launched | Sales - All Schemes | | | Redemptions All Schemes | Total Assets Under Mgmt. As on 30.06.2004 |
|----------------------------------------------------|-------------------------|---------------------|------------------|-----------------------|-------------------------|-------------------------------------------|
| | | During the Quarter | From New Schemes | From Existing Schemes | Total for the Quarter | |
| A Bank Sponsored (4)# | 6 | 337 | 18564 | 18901 | 18911 | 26079 |
| | | | | 8560 | 7339 | 21667 |
| B Institutions (3) | 1 | 331 | 6548 | 6879 | 6041 | 7179 |
| | | | | 4579 | 3160 | 5504 |
| C Private Sector | | | | | | |
| (i) Indian (9) | 4 | 673 | 59756 | 60429 | 53617 | 30141 |
| | | | | 26686 | 23523 | 13746 |
| (ii) Joint Ventures - Predominantly Indian (4) | 5 | 639 | 39334 | 39973 | 36152 | 32022 |
| | | | | 31533 | 25944 | 24627 |
| (iii) Joint Ventures - Predominantly Foreign (9)\$ | - | - | 79249 | 79249 | 69594 | 60424 |
| | | | | 49705 | 41074 | 39218 |
| Total C (i+ii+iii) | 9 | 1312 | 178339 | 179651 | 159363 | 122587 |
| | | | | 107924 | 90541 | 77591 |
| Grand Total (a+b+c) | 16 | 1980 | 203451 | 205431 | 184315 | 155845 |
| | | | | 121063 | 101040 | 104762 |

Notes:

- 1 Data is provisional & hence subject to revision.
- 2 Figures in Red denote figure for corresponding period of last year.
- 3 # The number of funds have come down from 5 to 4 on account of take-over of all schemes of PNB Mutual Fund by Principal Mutual Fund w.e.f 30.4.2004
- 3 Due to change in share holding pattern of the AMCs, Tata MF has now been classified as Pvt. Sector-Indian and Principal MF has been classified as Jt. Ventures-Predominantly Foreign
- 4 \$The schemes of Sun F&C MF have been taken over by Principal MF w.e.f from 14.5.04 and hence there is a change in the Number of funds under Jt. Ventures - Predominantly Foreign category

SALES DURING THE PERIOD APRIL - JUNE 2004 - TYPE AND CATEGORY WISE

TABLE - 2

2.1 * New Schemes Launched

(Rs. in crores)

| | Open end | | Close end | | Total | |
|---------------------|----------------|--------------|----------------|----------|----------------|-------------|
| | No. of Schemes | Amount | No. of Schemes | Amount | No. of Schemes | Amount |
| Income | 5 | 793 | - | - | 5 | 793 |
| Growth | 9 | 622 | - | - | 9 | 622 |
| Balanced | 2 | 565 | - | - | 2 | 565 |
| Liquid/money Market | - | - | - | - | - | - |
| Gilt | - | - | - | - | - | - |
| Elss | - | - | - | - | - | - |
| Total | 16 | 1,980 | - | - | 16 | 1980 |

2.2 Existing Schemes

(Rs. in crores)

| | Open end | | Close end | | Total | |
|---------------------|----------------|---------------|----------------|-------------|----------------|---------------|
| | No. of Schemes | Amount | No. of Schemes | Amount | No. of Schemes | Amount |
| Income | 114 | 34258 | 8 | ^2371 | 122 | 36629 |
| Growth | 121 | 5318 | 2 | - | 123 | 5318 |
| Balanced | 32 | 491 | 3 | - | 35 | 491 |
| Liquid/money Market | 36 | 159446 | - | - | 36 | 159446 |
| Gilt | 33 | 1551 | - | - | 33 | 1551 |
| Elss | 20 | 16 | 19 | - | 39 | 16 |
| Total | 356 | 201080 | 32 | 2371 | 388 | 203451 |

Notes: The change in number of existing schemes is because of the maturity and reclassification of some of the existing schemes.

^ Amount mobilised by new plan launched under existing scheme

2.3 Total of All Schemes

(Rs. in crores)

| | Open end | | Close end | | Total | |
|---------------------|----------------|---------------|----------------|--------------|----------------|---------------|
| | No. of Schemes | Amount | No. of Schemes | Amount | No. of Schemes | Amount |
| Income | 119 | 35051 | 8 | 2,371 | 127 | 37422 |
| Growth | 130 | 5940 | 2 | - | 132 | 5940 |
| Balanced | 34 | 1056 | 3 | - | 37 | 1056 |
| Liquid/money Market | 36 | 159446 | - | - | 36 | 159446 |
| Gilt | 33 | 1551 | - | - | 33 | 1551 |
| Elss | 20 | 16 | 19 | - | 39 | 16 |
| Total | 372 | 203060 | 32 | 2,371 | 404 | 205431 |

***New Schemes** : **Open end Income:** LICMF Floating Rate Fund, Birla MIP Wealth 25 & Birla MIP Savings 5, DSP Merrill Lynch Savings Plus Fund Aggressive & DSP Merrill Lynch Savings Plus Fund Conservative

Open end Growth : UTI Thematic Large Cap Fund , UTI Thematic Mid Cap Fund, UTI Thematic Basic Industries Fund, UTI Thematic Auto Sector Fund, UTI Thematic Banking Fund, UTI Thematic PSU Fund, Banking Index Benchmark Exchange Traded Scheme (Bank BeES), DSP Merrill Lynch India TIGER Fund & Tata Equity P/E Fund

Open end Balanced : Reliance Diversified Power Sector Fund & Reliance Pharma Fund

TABLE - 3
REDEMPTION / REPURCHASE DURING THE PERIOD
APRIL - JUNE 2004

| | Open End | Close End | Total | (Rs. in crores) Net Inflow /Outflow |
|---------------------|---------------|-------------|---------------|----------------------------------------|
| Income | 37020 | 2285 | 39305 | -1883 |
| Growth | 4859 | 1 | 4860 | 1080 |
| Balanced | 504 | 38 | 542 | 514 |
| Liquid/money Market | 137904 | - | 137904 | 21542 |
| Gilt | 1654 | - | 1654 | -103 |
| Elss | 21 | 29 | 50 | -34 |
| Total | 181962 | 2353 | 184315 | 21116 |

TABLE - 4
ASSETS UNDER MANAGEMENT AS ON 30TH JUNE 2004

| | Open End | Close End | Total | (Rs. in crores) % To Total |
|---------------------|---------------|-------------|---------------|-------------------------------|
| Income | 57714 | 1717 | 59431 | 38 |
| | 61961 | 910 | 62871 | 60 |
| Growth | 20690 | 1179 | 21869 | 14 |
| | 10048 | 2133 | 12181 | 12 |
| Balanced | 3644 | 738 | 4382 | 3 |
| | 2697 | 706 | 3403 | 3 |
| Liquid/money Market | 63015 | - | 63015 | 40 |
| | 20139 | - | 20139 | 19 |
| Gilt | 5746 | - | 5746 | 4 |
| | 4793 | - | 4793 | 5 |
| Elss | 439 | 963 | 1402 | 1 |
| | 412 | 963 | 1375 | 1 |
| Total | 151248 | 4597 | 155845 | 100 |
| | 100050 | 4712 | 104762 | 100 |

NOTE : Figures in RED denote amount for corresponding period, last year.

TABLE - 5
DATA ON FUND OF FUNDS - APRIL - JUNE 2004

| | No. Of Schemes | Sales | Redemption | (Rs. in crores) Assets under Management as on 30.06.2004 |
|---------------|----------------|-------|------------|-------------------------------------------------------------|
| Fund of Funds | 8 | 189 | 281 | 681 |

Note: Fund of Funds is a scheme wherein the assets are invested in the existing schemes of mutual funds and hence, the figures indicated herein are included in tables 1 to 4 and 6. Data on fund of funds is given for information only.

ASSETS UNDER MANAGEMENT AS ON JUNE 30, 2004 - MEMBER WISE

TABLE - 6

(Rs. in crores)

| Sr. No. | Name of the Asset Management Company | Assets under Management |
|--------------|------------------------------------------------------|-------------------------|
| A | Bank Sponsored | |
| 1 | BOB Asset Management Co. Ltd. | 419 |
| 2 | Canbank Investment Management Services Ltd. | 1489 |
| 3 | SBI Funds Management Ltd. | 5296 |
| 4 | UTI Asset Management Company Pvt. Ltd. | 18875 |
| | Total A | 26079 |
| B | Institutions | |
| 1 | GIC Asset Management Co. Ltd. | 204 |
| 2 | IL & FS Asset Management Co. Ltd. | 2015 |
| 3 | Jeevan Bima Sahayog Asset Management Co. Ltd. | 4960 |
| | Total B | 7179 |
| C | Private Sector | |
| (i) | Indian | |
| 1 | Benchmark Asset Management Co. Pvt. Ltd. | 78 |
| 2 | Cholamandalam Asset Management Co. Ltd. | 1243 |
| 3 | Escorts Asset Management Ltd. | 131 |
| 4 | J.M. Capital Management Pvt. Ltd. | 4111 |
| 5 | Kotak Mahindra Asset Management Co. Ltd. | 5651 |
| 6 | Reliance Capital Asset Management Ltd. | 11204 |
| 7 | Sahara Asset Management Co. Pvt. Ltd. | 345 |
| 8 | Sundaram Asset Management Company Ltd. | 1841 |
| 9 | Tata Asset Management Private Ltd. | 5537 |
| | Total C(i) | 30141 |
| (ii) | Joint Ventures - Predominantly Indian | |
| 1 | Birla Sun Life Asset Management Co. Ltd. | 9397 |
| 2 | Credit Capital Asset Management Co. Ltd. | 131 |
| 3 | DSP Merrill Lynch Fund Managers Ltd. | 6389 |
| 4 | HDFC Asset Management Co. Ltd. | 16105 |
| | Total C(ii) | 32022 |
| (iii) | Joint Ventures - Predominantly Foreign | |
| 1 | Alliance Capital Asset Management (India) Pvt. Ltd. | 2446 |
| 2 | Deutsche Asset Management (India) Pvt. Ltd. | 2266 |
| 3 | Franklin Templeton Asset Management (India) Pvt Ltd. | 17342 |
| 4 | HSBC Asset Management (India) Private Ltd. | 5463 |
| 5 | ING Investment Management (India) Pvt. Ltd. | 1472 |
| 6 | Morgan Stanley Investment Management Pvt. Ltd. | 1095 |
| 7 | Prudential ICICI Asset Management Co. Ltd. | 16071 |
| 8 | Principal Asset Management Co. Pvt. Ltd. | 4825 |
| 9 | Standard Chartered Asset Mgmt Co. Pvt. Ltd. | 9444 |
| | Total C(iii) | 60424 |
| 22 | Total C (i+ii+iii) | 122587 |
| 29 | Total (A+B+C) | 155845 |

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