

**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

Functioning within a competitive environment, mutual funds have a challenge to reach out to the retail investors, make them aware of the advantages of investing in mutual funds and motivate and assist them to set apart some portion of their savings in mutual fund schemes. With the support and involvement of trained distributors, the funds have to undertake a nationwide investor awareness programme. Almost all funds do undertake such programmes every month. AMFI, right since its inception has been involved in conducting such programmes in association with various trade bodies and other organisations. All these efforts however, are just not sufficient enough. It is a continuing task and the fund houses, distributor community and the trade and commerce bodies have all to take up this task in a more systematic and extensive manner so that, more and more households could maximize their returns and spread their investment across different asset classes.

Yours,

A handwritten signature in black ink, appearing to read 'A.P. Kurian', with a horizontal line underneath.

A.P.Kurian

Chairman

February 3, 2005

## SEBI UPDATE

### Circulars issued by SEBI.

#### **SEBI (Central Database of Market Participants) Regulations, 2003 - SEBI Circular no. MAPIN/Cir.-37/2004 dated October 27, 2004**

As per the above circular, resident individuals are required to obtain the Unique Identification Number (UIN) by March 31, 2005 for undertaking any transaction thereafter in securities and in units of mutual funds of value of Rs. One lakh or more.

Similarly, vide Notification dated July 30, 2004 issued by SEBI, Corporate Investors (Bodies Corporate) were required to obtain UIN by December 31, 2004 for undertaking any transaction thereafter in securities and in units of mutual funds.

Members are requested to note these requirements for due compliance.

## MEETING WITH CHAIRMAN SEBI

Chairman SEBI had a meeting with the Chairman and members of AMFI on December 16, 2004 to discuss matters relating to the implementation of the SEBI circular on Minimum number of investors, MAPIN, as well as the status of the Mutual Fund industry and the present market conditions.

## MEETING WITH RBI

A consultative meeting of AMFI working group was held with RBI on the subject of rationalization of membership in Current Account Facility with RBI.

## MEETING WITH PROF. TERRANCE ODEAN

The Indian School of Business, Hyderabad had organized a luncheon meeting at Mumbai on November 5, 2004 of the AMFI Board with Prof.

Terrance Odean, Associate Professor of Finance, Haas School of Business, University of California. Prof. Odean shared his thoughts on the concept of Behavioural Finance followed by discussion.

## COMMITTEES / WORKING GROUPS

### COMMITTEE ON VALUATION

A Report prepared by AMFI Committee on Valuation giving guidelines for valuation of Foreign Securities has been presented to SEBI.

## NEW COMMITTEES AND WORKING GROUPS

### Working group on Securities Market Infrastructure Leveraging Expert (SMILE)

AMFI has constituted a working group to study the report of the Securities Market Infrastructure Leveraging Expert (SMILE) Task Force on "Infrastructure and Process Flows for Enhancing Distribution Reach in Mutual Fund Industry". Mr. Krishnamurthy Vijayan of JM Financial is the Convener and Messers Ajay Bagga of Kotak, Ashutosh Bishnoi of UTI, Hitungshu Debnath of HDFC and Raj Raman of Prudential ICICI are its members.

## AMFI ON OTHER COMMITTEES

AMFI has nominated Mr. Milind Barve, Director on the working group constituted by RBI on Guidelines on declaration of Net Asset Value by Securitisation/Reconstruction Companies.

AMFI has nominated Mr. Nilesh Shah of Prudential ICICI and Mr. Sandesh Kirkire of Kotak Mahindra as members of the Standing Committee on NDS –User Group constituted by RBI.

## INVESTOR AWARENESS PROGRAMME

Chairman AMFI addressed a meeting of

Officers of Postal Department, at Ghaziabad, U.P. on November 19, 2004 organized by the Postal Staff College. Chairman AMFI addressed the investors at Vasai, Thane on November 20, 2004. This program was organized by Savita Investments. A meeting of investors organized by Canbank Mutual Fund at Goa on December 21, 2004 was also addressed by Chairman AMFI.

During the quarter the members have conducted 400 investor meet / investor awareness programmes at 110 places.

### CONFERENCES AND SEMINARS

Chairman AMFI was a special invitee to the 6<sup>th</sup>. Invest India Economic Foundation's Pension Policy and Business Summit '04 held at New Delhi on November 9-10, 2004.

Chairman AMFI along with Messrs Ravi Mehrotra of Franklin Templeton, Alok Vajpeyi of DSP Merrill Lynch, Sandeep Dasgupta of Deutsche, Ved Prakash Chaturvedi of Tata, Sashi Krishnan of Cholamandalam, Amitabh Chaturvedi of Reliance, Milind Barve of HDFC, Naval Bir Kumar of Standard Chartered, P G R Prasad of SBI, Sanjay Sachdev of Principal and Rajan Mehta of Benchmark participated in Funds World India 2004 Conference, at the Renaissance Mumbai Hotel & Convention Centre on November 29-30, 2004.

Chairman AMFI was the Chief Guest at the inauguration of the "Mutual Fund Investor Forum" organized jointly by Fidelity Fund Management Private Limited and CNBC TV 18 at the Taj Mahal Hotel, Mumbai on December 3, 2004.

Chairman AMFI addressed the International Conference 2005 on Emerging Securities Market at Mumbai on January 12, 2005 organised jointly by SEBI & ICAFI University and spoke on 'Development and Regulation of

Securities Market – Challenges in Striking Balance.' Also Mr. Pankaj Razdan of Prudential ICICI and Mr. Sanjay Sachdev of Principal presented papers.

The Associated Chambers of Commerce and Industry of India (ASSOCHAM) jointly with AMFI and Rajasthan Chamber of Commerce and Industry organized the 4<sup>th</sup>. National Summit on Efficient Mutual Fund Investments for Wealth Maximisation at Jaipur on December 18, 2004. Chairman AMFI spoke on ' Industry Expectations from the Government '. Messrs Krishnamurthy Vijayan of JM Financial, Ajay Bagga of Kotak, Ashutosh Bishnoi of UTI MF and Balakrishnan of Sahara also presented papers on different topics relating to the Mutual Fund Industry.

### GENERAL MEMBERSHIP MEETING

A General Membership meeting of the Members was held on December 6, 2004 for extensive consultations on the reports of the committee on Commodity Derivatives and Working Group on Capital Guaranteed Schemes. A presentation on the report on Commodity Derivatives was made by Mr. Sanjiv Shah, Chairman of the Committee followed by an interactive session with Mr. Joseph Massey of Multi Commodity Exchange and Mr. P.H. Ravikumar of National Commodity Exchange. Mr. Naval Bir Kumar, convener of the Working Group made presentation on the concept of Capital Guaranteed Schemes.

In addition, other matters such as proposal on Tax & Non tax matters, Investor Awareness Programmes, Provision of MAPIN, Review of Industry status etc. were also discussed.

### AMFI CERTIFICATION AND REGISTRATION PROGRAMME

During the quarter, 1314 candidates have passed the online test at the six NSE centers and 1505 were successful in the written test

held across 40 cities. In order to augment the facilities for the online testing, NSE has now started to conduct online tests at 19 other centers, subject to a minimum of 100 candidates per centre. As at the end of December 2004, 45,821 candidates have successfully cleared the test. Out of this 27,834 agent distributors have registered with AMFI. The details of the AMFI registered Mutual Fund agent distributors are available on the AMFI website.

### AMFI REFRESHER COURSE

Members are aware that agent distributors who are exempted from the Certification Test are required to attend a refresher course offered by AMFI. The course is conducted by Indian Institute of Capital Markets. So far 622 such agent distributors have attended the course which has been mainly organized for UTI Mutual Fund agents.

All other Members are requested to intimate their exempted agent distributors to attend the refresher course in order to comply with SEBI Circular no. SEBI/IMD/CIR no.2/254/04 dated February 4, 2004.

### MUTUAL FUND INDUSTRY

#### Third quarter October – December 2004

The third quarter data are presented in tables 1 to 6

- 23 new Schemes were launched in the quarter and a sum of Rs.4,580 crores was mobilised - Rs. 1,875 crores under Income schemes, Rs. 1,881 crores under Growth schemes, Rs.111 crores under balanced schemes and Rs. 713 crores under Liquid schemes.
- Total Funds mobilized for the quarter stood at Rs. 1,94,936 crores as against

Rs. 1,61,033 crores for the corresponding quarter last year representing an increase of 21 %.

- Redemptions at Rs. 2,03,190 crores were 37 % higher than the redemptions of Rs. 1,48,064 crores of the corresponding quarter last year.
- Thus on a net basis, there was an out flow of Rs. 8,254 crores as compared with a net inflow of Rs.12,969 crores in the corresponding quarter last year.
- The Assets Under Management as on December 31, 2004 stood at Rs.1,50,537 crores as against Rs.1,40,093 crores as at the end of the corresponding quarter last year.
- Data on sales, repurchases 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 QUARTER OCTOBER - DECEMBER 2004**

**TABLE - 1**

(Rs. in crores)

	Category	No. of Schemes Launched	SALES - ALL SCHEMES				REDEMPTIONS ALL SCHEMES		Total Assets under MGMT. As on 31-12-04
			During the Quarter	From New Schemes	From Existing Schemes	Total for the Quarter	Total for the year to Date	Total for the Quarter	
A	BANK SPONSORED (4)	4	327	17,976	18,303	62,076	19,918	65,324	28,358
					10,599	28,603	10,587	26,881	26,425
B	INSTITUTIONS (2)	1	203	2,078	2,281	10,063	3,529	11,218	3,288
					5,614	14,998	5,060	12,559	6,979
C	PRIVATE SECTOR								
	(i) INDIAN (10) @	10	1,809	55,610	57,419	181,005	58,580	178,237	28,041
					42,477	104,306	39,813	94,221	20,484
	(ii) JOINT VENTURES - PREDOMINANTLY INDIAN (3) @	-	-	36,305	36,305	116,166	38,072	117,445	29,344
					37,447	101,783	33,674	89,417	32,746
	(iii) JOINT VENTURES - PREDOMINANTLY FOREIGN (10)	8	2,241	78,387	80,628	249,445	83,091	242,247	61,506
					64,896	172,680	58,930	152,977	53,459
	<b>TOTAL C (i+ii+iii)</b>	<b>18</b>	<b>4,050</b>	<b>170,302</b>	<b>174,352</b>	<b>546,616</b>	<b>179,743</b>	<b>537,929</b>	<b>118,891</b>
					144,820	378,769	132,417	336,615	106,689
	<b>GRAND TOTAL (A+B+C)</b>	<b>23</b>	<b>4,580</b>	<b>190,356</b>	<b>194,936</b>	<b>618,755</b>	<b>203,190</b>	<b>614,471</b>	<b>150,537</b>
					161,033	422,370	148,064	376,055	140,093

**Notes:**

- 1 Data is provisional & hence subject to revision.
- 2 Figures in RED denote figures for corresponding period of last year.
- 3 @ Consequent to the change in the shareholding pattern of Creditcapital Asset Management Company Ltd. it has been reclassified as a Private Sector Indian Fund.

TABLE -2

## SALES DURING THE PERIOD OCTOBER - DECEMBER 2004 - TYPE AND CATEGORY WISE

## 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	7	800	6	1,075	13	1,875
GROWTH	6	1,881	-	-	6	1,881
BALANCED	2	111	-	-	2	111
LIQUID / MONEY MARKET	2	713	-	-	2	713
GILT	-	-	-	-	-	-
ELSS	-	-	-	-	-	-
<b>TOTAL</b>	<b>17</b>	<b>3,505</b>	<b>6</b>	<b>1,075</b>	<b>23</b>	<b>4,580</b>

## 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	122	31,028	8	^ 3,179	130	34,207
GROWTH	134	8,332	2	-	136	8,332
BALANCED	34	1,246	2	-	36	1,246
LIQUID / MONEY MARKET	37	145,361	-	-	37	145,361
GILT	30	1,171	-	-	30	1,171
ELSS	20	39	17	-	37	39
<b>TOTAL</b>	<b>377</b>	<b>187,177</b>	<b>29</b>	<b>3,179</b>	<b>406</b>	<b>190,356</b>

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	129	31,828	14	4,254	143	36,082
GROWTH	140	10,213	2	-	142	10,213
BALANCED	36	1,357	2	-	38	1,357
LIQUID / MONEY MARKET	39	146,074	-	-	39	146,074
GILT	30	1,171	-	-	30	1,171
ELSS	20	39	17	-	37	39
<b>TOTAL</b>	<b>394</b>	<b>190,682</b>	<b>35</b>	<b>4,254</b>	<b>429</b>	<b>194,936</b>

**\*NEW SCHEMES** :**OPEN END INCOME** : LICMF FLOATER MIP , ING VVSYA FLOATING RATE FUND, RELIANCE NRI INCOME FUND , HSBC FLOATING RATE FUND LONG TERM PLAN, JM FIXED MATURITY PLAN - QSG4, KOTAK FLEXI DEBT SCHEME & SUNDARAM FLOATING RATE FUND LONG TERM PLAN**OPEN END GROWTH** : CANINDEX, PRINCIPAL DIVIDEND YIELD FUND, PRUDENTIAL ICICI EMERGING S.T.A.R. FUND, RELIANCE NRI EQUITY FUND, TATA DIVIDEND YIELD FUND & TATA INFRASTRUCTURE FUND**OPEN END BALANCED** : RELIANCE MEDIA AND ENTERTAINMENT FUND & BENCHMARK DERIVATIVE FUND**OPEN END LIQUID** : HSBC FLOATING RATE FUND SHORT TERM PLAN & SUNDARAM FLOATING RATE FUND SHORT TERM PLAN**CLOSE END INCOME** : MAGNUM DEBT FUND SERIES 180 DAYS-1, GRINDLAYS FIXED MATURITY 3 RD PLAN, MAGNUM DEBT FUND SERIES 60 DAYS, MAGNUM DEBT FUND SERIES 180 DAYS-2, GRINDLAYS FIXED MATURITY 5TH PLAN & GRINDLAYS FIXED MATURITY 6TH PLAN.

**TABLE - 3**  
**REDEMPTION / REPURCHASE DURING THE PERIOD OCTOBER - DECEMBER 2004**  
**TYPE AND CATEGORY WISE**

(Rs. in crores)

	Open End	Close End	Total	Net inflow/ (outflow)
INCOME	39,521	2,774	42,295	(6,213)
GROWTH	8,731	4	8,735	1,478
BALANCED	837	-	837	520
LIQUID/MONEY MARKET	149,790	-	149,790	(3,716)
GILT	1,366	-	1,366	(195)
ELSS	36	131	167	(128)
<b>TOTAL</b>	<b>200,281</b>	<b>2,909</b>	<b>203,190</b>	<b>(8,254)</b>

**TABLE - 4**  
**ASSETS UNDER MANAGEMENT AS ON 31ST DECEMBER 2004**  
**TYPE AND CATEGORY WISE**

(Rs. in crores)

	Open End	Close End	Total	% to Total
INCOME	43,101	4,350	47,451	32
	70,781	* 477	71,258	51
GROWTH	29,889	1,662	31,551	21
	21,402	1,536	22,938	16
BALANCED	4,795	677	5,472	4
	3,858	805	4,663	3
LIQUID/MONEY MARKET	59,447	-	59,447	39
	32,424	-	32,424	23
GILT	4,876	-	4,876	3
	6,917	-	6,917	5
ELSS	641	1,099	1,740	1
	582	1,311	1,893	1
<b>TOTAL</b>	<b>142,749</b>	<b>7,788</b>	<b>150,537</b>	<b>100</b>
	135,964	4,129	140,093	100

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

\* Non Assured Income Schemes Rs. 369 Crs. + Assured Income Schemes Rs. 108 Crs.

**TABLE - 5**  
**DATA ON FUND OF FUNDS OCTOBER 2004 - DECEMBER 2004**

(Rs. in crores)

	No. of Schemes	Sales	Redemptions	Assets under Management as on 31.12.2004
<b>Fund of Funds</b>	<b>11</b>	<b>362</b>	<b>550</b>	<b>1,072</b>

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.

**TABLE - 6**  
**ASSETS UNDER MANAGEMENT AS ON DECEMBER 31,2004**

(Rs. in crores)

Sr. No.		Name of the Asset Management Company	Assets Under Management
<b>A</b>		<b>BANK SPONSORED</b>	
	1	BOB Asset Management Co. Ltd.	181
	2	Canbank Investment Management Services Ltd.	1,775
	3	SBI Funds Management Ltd.	5,426
	4	UTI Asset Management Company Pvt. Ltd	20,976
		<b>TOTAL A</b>	<b>28,358</b>
<b>B</b>		<b>INSTITUTIONS</b>	
	1	GIC Asset Management Co. Ltd.	127
	2	Jeevan Bima Sahayog Asset Management Co. Ltd.	3,161
		<b>TOTAL B</b>	<b>3,288</b>
<b>C</b>		<b>PRIVATE SECTOR</b>	
	<b>(i)</b>	<b>INDIAN</b>	
	1	Benchmark Asset Management Co. Pvt. Ltd.	380
	2	Cholamandalam Asset Management Co. Ltd.	1,060
	3	Credit Capital Asset Management Co. Ltd.	169
	4	Escorts Asset Management Ltd.	148
	5	J.M. Financial Asset Management Pvt. Ltd.	3,148
	6	Kotak Mahindra Asset Management Co. Ltd.	5,227
	7	Reliance Capital Asset Management Ltd.	9,048
	8	Sahara Asset Management Co. Pvt. Ltd.	293
	9	Sundaram Asset Management Company Ltd.	1,786
	10	Tata Asset Management Private Ltd.	6,782
		<b>TOTAL C(i)</b>	<b>28,041</b>
	<b>(ii)</b>	<b>JOINT VENTURES - PREDOMINANTLY INDIAN</b>	
	1	Birla Sun Life Asset Management Co. Ltd.	8,925
	2	DSP Merrill Lynch Fund Managers Ltd.	6,157
	3	HDFC Asset Management Co. Ltd.	14,262
		<b>TOTAL C(ii)</b>	<b>29,344</b>
	<b>(iii)</b>	<b>JOINT VENTURES - PREDOMINANTLY FOREIGN</b>	
	1	ABN AMRO Asset Management (India) Ltd.	1,088
	2	Alliance Capital Asset Management (India) Pvt. Ltd.	1,542
	3	Deutsche Asset Management (India) Pvt. Ltd.	2,240
	4	Franklin Templeton Asset Management (India) Pvt Ltd.	15,630
	5	HSBC Asset Management (India) Private Ltd.	7,280
	6	ING Investment Management (India) Pvt. Ltd.	1,388
	7	Morgan Stanley Investment Management Pvt. Ltd.	1,549
	8	Principal Asset Management Co.Pvt. Ltd	5,620
	9	Prudential ICICI Asset Management Co. Ltd.	17,100
	10	Standard Chartered Asset Mgmt Co. Pvt. Ltd.	8,069
		<b>TOTAL C(iii)</b>	<b>61,506</b>
		<b>TOTAL C (i+ii+iii)</b>	<b>118,891</b>
		<b>TOTAL (A+B+C)</b>	<b>150,537</b>

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