

AMFI

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UPDATE

A Newsletter of The Association of Mutual Funds in India

October - December 2005 Vol. V Issue III

FROM THE CHAIRMAN'S DESK

The third quarter of the current fiscal year is noteworthy for the Indian Mutual Fund Industry. It was during this quarter that for the first time, equities (Growth Schemes) emerged as the single largest asset class of the Industry. Growth Schemes and ELSS, which are pure equity schemes, together accounted for 36 percent of total Assets Under Management (AUM). While balanced schemes have roughly 50 percent exposure to equities, income schemes particularly the Monthly Income Schemes also invest in equities with 5 to 30 percent exposure. Taking all these into account, equities would account for 38 percent of total AUM as at the end of December 2005 as against around 25 percent of last year. This is a clear demonstration of the growing response of investors to diversify their investments to equities through mutual fund schemes.

The efforts of all AMCs and AMFI in promoting the mutual fund schemes have started yielding results. We all need to carry forward our efforts with renewed vigor and that is the challenge, I place before all AMCs.

Yours truly,

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

A.P. Kurian
Chairman

February 3, 2006

SEBI UPDATE

Circulars issued by SEBI

Guidelines on Anti Money Laundering Standards.

Circular number SEBI/ISD/CIR/RR/AML 1/06 dated January 18, 2006.

SEBI has vide the above referred circular, issued guidelines on Anti Money Laundering Standards. These guidelines are the minimum requirements / disclosures to be made in respect of clients.

Modification of Trading Member / FII / Mutual Fund position limits for stock based exchange traded derivative contracts.

Circular number SEBI/DNPD/CIR-30/2006 dated January 20, 2006.

SEBI vide the above referred circular has modified the trading limits for stock based exchange traded derivative contracts.

SEBI (Mutual Funds) (Amendment) Regulations, 2006 - Introduction of Gold Exchange Traded Fund Schemes.

Circular number SEBI/IMD/CIR No.4/58422/06 dated January 24, 2006.

SEBI has amended the Mutual Fund Regulations to permit introduction of Gold Exchange Traded Fund schemes by Mutual Funds.

Members are requested to take note of these circulars for information, implementation and compliance.

GENERAL MEMBERSHIP MEETING

A General Membership meeting of AMFI Members was held on November 10, 2005 to discuss implications of the CBDT notification on ELSS. Based on the discussions, a representation was made to the CBDT for allowing Mutual Funds to launch Open End ELSS. CBDT has since issued another notification allowing Mutual Funds to launch open end ELSS.

Another General Membership meeting was held on December 23, 2005 to discuss the impact of the Maharashtra Government's proposal on Stamp Duty. AMFI along with Indian Bank's Association (IBA) and other associations have taken up the matter with the Government of Maharashtra and a joint representation has been made.

COMMITTEES / WORKING GROUPS

The report of the working group on simplification of Offer Document and Key Information Memorandum headed by Mr. Lalit Vermani of Birla Sun Life Mutual Fund has been presented to SEBI.

NEW COMMITTEES AND WORKING GROUPS

Committee on Best Practices

The committee on Best Practices has been reconstituted under the Chairmanship of Mr. S V Prasad of Birla Sun Life Mutual Fund. The other members are Mr. A K Sridhar of UTI Mutual Fund, Mr. Amitabh Chaturvedi of Reliance Mutual Fund, Mr. Milind Barve of HDFC Mutual Fund, Mr. Naval B Kumar of Standard Chartered Mutual Fund, Mr. Pankaj Razdan of

Prudential ICICI Mutual Fund, Mr. Ravi Mehrotra of Franklin Templeton Mutual Fund and Mr. T P Raman of Sundaram Mutual Fund.

Committee on Registration of AMFI Certified Distributors

The committee on Registration of AMFI Certified Distributors has been reconstituted under the Chairmanship of Mr. Saurabh Sonthalia of DSP Merrill Lynch Mutual Fund. The other members are Mr. Anthony Heredia of HSBC Mutual Fund, Mr. Ashok Suvarna of Prudential ICICI Mutual Fund, Mr. John Mathews of HDFC Mutual Fund, Mr. K Madhava Kumar of UTI Mutual Fund, Mr. Sanjay Sapre of Franklin Templeton Mutual Fund, Mr. Vijay Venkatram of Fidelity Mutual Fund, Mr. Waqar Naqvi of Birla Sun Life Mutual Fund, Mr. A M Kurian of Karvy and Mr. M Venkataraman of CAMS.

Working group on AMFI Communication Campaign

AMFI has decided to undertake a communication campaign to promote Mutual Funds as an appropriate investment vehicle for household investors. In order to interact with the Advertisement Agency and to work out the details, AMFI has set up a working group with Chairman AMFI as its convener. The other members are Mr. Hitungshu Debnath of HDFC Mutual Fund, Mr. K Madhava Kumar of UTI Mutual Fund and Mr. Sumit Sirsikar of Prudential ICICI Mutual Fund.

INVESTOR AWARENESS PROGRAMME

During the quarter, the members have

conducted around 475 investor awareness programmes at about 90 locations.

CONFERENCES AND SEMINARS

Chairman AMFI inaugurated the National Summit on "Multiplying Wealth With Mutual Funds." This Summit was organized jointly by AMFI, ASSOCHAM and Cochin Chamber of Commerce & Industry on December 3, 2005 at Cochin. Mr. P G R Prasad the then MD of SBI Mutual Fund, Mr. A K Sridhar of UTI Mutual Fund, Mr. Sandesh Kirkire of Kotak Mutual Fund, Mr. Sashi Krishnan of Chola Mutual Fund, Mr. Gordon Rodrigues of HSBC Mutual Fund and Mr. Ravi Sharma of Birla Sun Life Mutual Fund took different sessions. Chairman AMFI concluded the summit with a wrap up and an interactive session with the participants.

Chairman AMFI was the Chief Guest at the launch ceremony of the Reliance Any Time Money Card on December 15, 2005 held at Mumbai.

Chairman AMFI delivered the keynote address at a seminar on "Market outlook and Wealth Creation through Mutual Funds" organized by the Christian Chamber of Commerce and Industry, held on January 8, 2006 at Mumbai.

AMFI CERTIFICATION AND REGISTRATION PROGRAMME

During the quarter 2,397 candidates have passed the online test at the NSE centers and 3,396 were successful in the written test held across 51 cities. As at the end of December 2005, a total of 66,420 candidates have successfully cleared the test. Out of this 37,964 agent distributors have

registered with AMFI. The details of the AMFI registered Mutual Fund Agent Distributors are available on the AMFI website.

RENEWAL OF AMFI REGISTRATION

The AMFI Registration Number (ARN) allotted to AMFI registered distributors is valid for five years. Those distributors who had cleared the AMFI Test five years ago are accordingly required to get their ARN renewed. They will either have to take the test afresh or undergo the refresher course organized by the Indian Institute of Capital Markets. The details of the procedure are available on the AMFI website. Members are requested to advise their distributors to complete the renewal process.

AMFI CERTIFICATION BASIC MODULE

Those persons including employees of Mutual Funds who are not engaged in Marketing and Sales of Mutual Fund schemes and have cleared the AMFI Certification Basic Module are not required to undergo the refresher course / take the test. Their certificates will be revalidated automatically and they will receive a letter to this effect shortly.

MUTUAL FUND INDUSTRY Third quarter October-December 2005

- 35 New Schemes were launched in the quarter and a sum of Rs. 8,182 crore was mobilised - Rs. 3,010 crore under Equity Schemes, Rs. 5,063 crore under Income Schemes and Rs. 109 crore under Equity Linked Savings Schemes (ELSS). (Table 2.1)

- Total Funds mobilised for the quarter stood at Rs. 2,68,669 crore as against Rs. 1,94,936 crore for the corresponding quarter last year registering an increase of 38 %. (Table 2.3)

- Redemptions at Rs. 2,75,971 crore were 36 % higher than the redemptions of Rs. 2,03,190 crore in the corresponding quarter last year. (Table 3)

- Thus on a net basis, there was an outflow of Rs. 7,302 crore as compared to an outflow of Rs. 8,254 crore in the corresponding quarter last year. (Table 3)

- Data on Fund of Funds is given in Table 4.

- Category wise Assets Under Management is given in Table 5.

- The Assets Under Management as on December 31, 2005 stood at Rs.1,99,248 crore as against Rs.1,50,537 crore as at the end of the corresponding quarter last year, registering an increase of 32.36 %.

- The Assets Under Management of each Asset Management Company is given in Table 6.

MUTUAL FUND DATA FOR THE QUARTER OCTOBER - DECEMBER 2005

TABLE - 1

(Rs. in Crore)

	CATEGORY	SALES - ALL SCHEMES				REDEMPTIONS ALL SCHEMES		TOTAL ASSETS UNDER MANAGEMENT AS ON 31.12.2005	
		From New Schemes #		From Existing Schemes	Total for the Quarter	Total for the Year to Date	Total for the Quarter		Total for the Year to Date
		No.	Amount	Amount					
A	BANK SPONSORED								
	I JOINT VENTURES - PREDOMINANTLY INDIAN (1)	1	96	11,253	11,349	34,486	11,921	31,498	10,797
	II OTHERS (3)	1	144	24,250	24,394	62,934	24,813	61,762	27,554
	TOTAL(I+II)	2	240	35,503	35,743	97,420	36,734	93,260	38,351
		4	327	17,976	18,303	62,076	19,918	65,324	28,358
B	INSTITUTIONS (1) \$	4	398	13,999	14,397	26,798	12,570	24,243	5,637
		1	203	2,078	2,281	10,063	3,529	11,218	3,288
C	PRIVATE SECTOR								
	I INDIAN (10)	11	2,994	55,669	58,663	186,976	60,238	178,333	43,598
		10	1,809	55,610	57,419	181,005	58,580	178,237	28,041
	II JOINT VENTURES - PREDOMINANTLY INDIAN (4) @	6	2,219	85,484	87,703	233,478	87,513	224,533	60,688
		-	-	36,305	36,305	116,166	38,072	117,445	29,344
	III JOINT VENTURES - PREDOMINANTLY FOREIGN (9) @	12	2,331	69,832	72,163	224,104	78,916	218,883	50,974
		8	2,241	78,387	80,628	249,445	83,091	242,247	61,506
	TOTAL(I+II+III)	29	7,544	210,985	218,529	644,558	226,667	621,749	155,260
		18	4,050	170,302	174,352	546,616	179,743	537,929	118,891
	GRAND TOTAL (A+B+C)	35	8,182	260,487	268,669	768,776	275,971	739,252	199,248
		23	4,580	190,356	194,936	618,755	203,190	614,471	150,537

Notes:

- 1 Data is provisional & hence subject to revision.
- 2 # Only New Schemes where allotment is completed.
- 3 Figures in **RED** denote figures for the corresponding period of the previous year.
- 4 \$ The number of funds have come down from 2 to 1 consequent to the take over of all schemes of GIC Mutual Fund by Canbank Mutual Fund w.e.f. October 15, 2005.
- 5 @ There is a change in the number of funds consequent to the change in the shareholding pattern of Prudential ICICI Asset Management Co. Ltd. which has now been reclassified as Private Sector Joint Venture - Predominantly Indian.

TABLE - 2

SALES DURING THE QUARTER OCTOBER - DECEMBER 2005 - TYPE AND CATEGORY WISE

2.1 * New Schemes Launched (Allotment Completed)

(Rs. in Crore)

	Open End		Close End		TOTAL	
	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount
INCOME	2	307	22	4,756	24	5,063
GROWTH	8	3,010	-	-	8	3,010
BALANCED	-	-	-	-	-	-
LIQUID/MONEY MARKET	1	**	-	-	1	**
GILT	-	-	-	-	-	-
ELSS	2	109	-	-	2	109
TOTAL	13	3,426	22	4,756	35	8,182

** Less than Rs. 1 Crore

2.2 Existing Schemes

(Rs. in Crore)

	Open End		Close End		TOTAL	
	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount
INCOME	136	35,372	28	^2,441	164	37,813
GROWTH	169	12,826	1	-	170	12,826
BALANCED	34	1,297	2	-	36	1,297
LIQUID/MONEY MARKET	42	207,591	-	-	42	207,591
GILT	30	549	-	-	30	549
ELSS	21	411	11	-	32	411
TOTAL	432	258,046	42	2,441	474	260,487

Notes : 1. The change in number of existing schemes is because of the maturity and reclassification of some of the existing schemes.

2. ^ Amount mobilised by new plans launched under existing scheme.

2.3 Total of all Schemes

(Rs. in Crore)

	Open End		Close End		TOTAL	
	No. of Schemes	Amount	No. of Schemes	Amount	No. of Schemes	Amount
INCOME	138	35,679	50	7,197	188	42,876
GROWTH	177	15,836	1	-	178	15,836
BALANCED	34	1,297	2	-	36	1,297
LIQUID/MONEY MARKET	43	207,591	-	-	43	207,591
GILT	30	549	-	-	30	549
ELSS	23	520	11	-	34	520
TOTAL	445	261,472	64	7,197	509	268,669

*NEW SCHEMES :

OPEN END INCOME : ABNAMRO Long Term Floating Rate Fund and Magnum Monthly Income Plan Floater.**OPEN END GROWTH** : Birla Top 100 Fund, Caninfrastructure, ING Vysya Dividend Yield Fund, ING Vysya L.I.O.N.Fund, Principal Large Cap Fund, Prudential ICICI Services Industries Fund, Sundaram Value Plus and Tata Contra Fund.**OPEN END ELSS** : Chola Tax Saver Fund and Kotak ELSS.**OPEN END LIQUID** : Escorts Liquid Plan.**CLOSE END INCOME** : Birla Fixed Term Plan Series D, Chola Fixed Maturity Plan - Series 1 (Quarterly Plan II), Chola Fixed Maturity Plan Series I Annual Plan, Deutsche Fixed Term Fund Series 4, DSP Merrill Lynch Fixed Term Plan Series 1A, DSP Merrill Lynch Fixed Term Plan Series 3, DSP Merrill Lynch Fixed Term Plan Series I, Franklin Templeton Fixed Tenure Fund - Series III 36 Months Plan, Grindlays Fixed Maturity 15th Plan, Grindlays Fixed Maturity 16th Plan, Grindlays Fixed Maturity 17th Plan, Grindlays Fixed Maturity 18th Plan, HSBC Fixed Term Series I, ING Vysya Fixed Maturity Fund Series IV, Kotak FMP Series XII, LIC MF Fixed Maturity Plan Series I One Year Plan, LIC MF Fixed Maturity Plan Series I Six Month Plan, LICMF FMP Series II, LICMF FMP Series III, Reliance Fixed Maturity Fund Series II Monthly Plan VIII, Reliance Fixed Tenor Plan A and Tata Fixed Horizon Fund Series 2.

TABLE - 3
REDEMPTIONS / REPURCHASES DURING THE QUARTER OCTOBER - DECEMBER 2005

(Rs. in Crore)

	Open End	Close End	TOTAL	Net Inflow/ (Outflow)
INCOME	41,544	2,870	44,414	(1,538)
GROWTH	11,797	-	11,797	4,039
BALANCED	799	-	799	498
LIQUID/MONEY MARKET	218,145	-	218,145	(10,554)
GILT	761	-	761	(212)
ELSS	20	35	55	465
TOTAL	273,066	2,905	275,971	(7,302)

Table - 4
DATA ON FUND OF FUNDS FOR THE QUARTER OCTOBER - DECEMBER 2005

(Rs. In Crore)

	No. of Schemes	Sales	Redemptions	Assets under Management as on 31.12.2005
Fund of Funds	* 12	* 443	233	1,024

Notes: 1. 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 3 and tables 5 and 6. Data on Fund of Funds is given for information only.

2. * Includes New Scheme - Kotak Flexi Fund of Funds.

TABLE - 5
ASSETS UNDER MANAGEMENT AS ON DECEMBER 31, 2005
TYPE AND CATEGORY WISE

(Rs. in Crore)

	Open End	Close End	TOTAL	% to Total
INCOME	40,583	12,320	52,903	27
	43,101	4,350	47,451	32
GROWTH	64,856	2,288	67,144	34
	29,889	1,662	31,551	21
BALANCED	6,089	744	6,833	3
	4,795	677	5,472	4
LIQUID/MONEY MARKET	64,711	-	64,711	32
	59,447	-	59,447	39
GILT	3,730	-	3,730	2
	4,876	-	4,876	3
ELSS	2,691	1,236	3,927	2
	641	1,099	1,740	1
TOTAL	182,660	16,588	199,248	100
	142,749	7,788	150,537	100

Figures in RED denote figures for the corresponding period of the previous year.

TABLE - 6
Assets Under Management as on December 31, 2005

(Rs. in Crore)

Sr. No.	Name of the Asset Management Company	Assets Under Management
A	BANK SPONSORED	
(i)	JOINT VENTURES - PREDOMINANTLY INDIAN	
1	SBI Funds Management Pvt. Ltd.	10,797
	TOTAL A (i)	10,797
(ii)	OTHERS	
1	BOB Asset Management Co. Ltd.	162
2	Canbank Investment Management Services Ltd.	2,164
3	UTI Asset Management Co. Pvt. Ltd.	25,228
	TOTAL A (ii)	27,554
	TOTAL A (i+ii)	38,351
B	INSTITUTIONS	
1	Jeevan Bima Sahayog Asset Management Co. Ltd.	5,637
	TOTAL B	5,637
C	PRIVATE SECTOR	
(i)	INDIAN	
1	Benchmark Asset Management Co. Pvt. Ltd.	3,042
2	Cholamandalam Asset Management Co. Ltd.	1,550
3	Creditcapital Asset Management Co. Ltd.	204
4	Escorts Asset Management Ltd.	148
5	J.M. Financial Asset Management Pvt. Ltd.	4,131
6	Kotak Mahindra Asset Management Co. Ltd.	6,894
7	Reliance Capital Asset Management Ltd.	15,238
8	Sahara Asset Management Co. Pvt. Ltd.	459
9	Sundaram Asset Management Co. Ltd.	2,934
10	Tata Asset Management Ltd.	8,998
	TOTAL C (i)	43,598
(ii)	JOINT VENTURES - PREDOMINANTLY INDIAN	
1	Birla Sun Life Asset Management Co. Ltd.	12,439
2	DSP Merrill Lynch Fund Managers Ltd.	8,643
3	HDFC Asset Management Co. Ltd.	17,613
4	Prudential ICICI Asset Management Co. Ltd.	21,993
	TOTAL C (ii)	60,688
(iii)	JOINT VENTURES - PREDOMINANTLY FOREIGN	
1	ABN AMRO Asset Management (India) Ltd.	2,417
2	Deutsche Asset Management (India) Pvt. Ltd.	2,339
3	Fidelity Fund Management Pvt. Ltd.	2,757
4	Franklin Templeton Asset Management (India) Pvt Ltd.	16,656
5	HSBC Asset Management (India) Pvt. Ltd.	6,451
6	ING Investment Management (India) Pvt. Ltd.	2,831
7	Morgan Stanley Investment Management Pvt. Ltd.	2,288
8	Principal Pnb Asset Management Co.Pvt. Ltd.	6,983
9	Standard Chartered Asset Management Co. Pvt. Ltd.	8,252
	TOTAL C (iii)	50,974
	TOTAL C (i+ii+iii)	155,260
	TOTAL (A+B+C)	199,248

Association of Mutual Funds in India

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