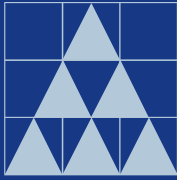


AMFI

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UPDATE

A Newsletter of The Association of Mutual Funds in India

April - June 2006 Vol. VI Issue I

FROM THE CHAIRMAN'S DESK

The first quarter of the new fiscal has continued the last year's trend of launching of new schemes and reported overall growth of Assets Under Management. 45 new schemes introduced during the quarter mobilized nearly Rs.19,000 crores and the industry registered a growth of 61 percent in Assets Under Management at the end of the quarter. Income funds are becoming increasingly popular.

While a new member - Lotus India Mutual Fund has joined the family of fund houses, a few more are in the queue. The industry is thus poised to enter into a robust growth path and one could look forward to new and innovative products.

In tune with the general trend in the financial sector, the mutual fund industry is also getting ready to follow comprehensive and stricter client identification norms. With the support and involvement of all members, AMFI has formulated a common standardized implementation procedure for client identification across the industry and will continue its efforts to assist members to put in place systems and procedures, simple enough and accessible to the investor class who also should realize the importance and necessity to follow the same. In this context, we would urge all the members as well as the AMFI registered distributors to convey to their clients the need to conform to the law of the land and to cooperate with the industry in fulfilling the legal obligations cast on it.

Yours truly,

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

A.P. Kurian
Chairman

August 21, 2006

SEBI UPDATE

Circulars issued by SEBI.

SEBI (Mutual Funds) (Second Amendment) Regulations 2006

SEBI vide circular no. SEBI/IMD/CIR No.4/69458/06 dated June 16, 2006 has intimated the gazette notification no. S. O. 783(E) dated May 22, 2006 amending the regulations regarding initial issue expenses, derivative transactions, entry load under close end schemes, amortisation of initial issue expenses and declaration of dividend. The notification has also amended provisions of the seventh and tenth schedule covering the above subjects.

Undertaking from trustees for new scheme offer document

SEBI vide circular no. SEBI/IMD/CIR No.5/70559/06 dated June 30, 2006 has modified the format of the certification to be issued by the trustees while filing a new scheme offer document to include a statement to the effect that the trustees have ensured that the scheme approved by them is a new product offered by the mutual fund and is not a minor modification of the existing scheme / fund / product. Such certificate should also mention the date of approval of the scheme by the trustees. While the circular has been made applicable to all offer documents already filed and pending with SEBI as on June 30, 2006, the same is not applicable to Fixed Maturity Plans (FMP) and close end schemes which have no feature of conversion into open end schemes.

Revised Monthly Cumulative Report (MCR) and Annual Statistical Report (ASR)

SEBI vide circular no. SEBI/IMD/CIR No.6/72245/06 dated July 20, 2006 has modified the formats of the Monthly Cumulative Report (MCR) and Annual Statistical Report

(ASR) to incorporate the data on unit capital in these reports. SEBI has also clarified that the NFO mobilisation is to be included in the MCR for the month in which the allotment has been completed.

Investment in ADRs/GDRs/Foreign Securities and overseas Exchange Traded Funds (ETFs) by Mutual Funds

SEBI has vide circular no. SEBI/IMD/CIR No.7/73202/06 dated August 2, 2006 issued revised guidelines for Investment in ADRs/GDRs/Foreign Securities and overseas ETFs by Mutual Funds, consequent on raising the limits for such investments in the Finance Bill 2006-07. The circular in addition to setting up limits and eligibility criteria for investments also envisages appointment of dedicated fund managers, due diligence by Board of the AMC and Trustees, disclosure and reporting requirements. It has also identified eligibility criteria for funds to invest in overseas ETFs.

Annual Information Returns to be filed by Mutual Funds

SEBI has vide circular no. SEBI/IMD/CIR No.8/73580/06 dated August 4, 2006 drawn the attention of Mutual Funds to the need for filing of correct and complete details while filing of the Annual Information Returns (AIR) and process to be followed for rectification of errors. The last date for filing the AIR for the financial year 2005-2006 is August 31, 2006.

SEBI (Mutual Funds) (Third Amendment) Regulations 2006

SEBI has notified the SEBI (Mutual Funds) (Third Amendment) Regulations 2006 on August 3, 2006 permitting the introduction of capital protection oriented schemes. It has also revised the second schedule relating to fees payable by the Mutual Funds.

Members are requested to take note of these circulars for due compliance.

Meetings with SEBI

Board of Directors of AMFI had a courtesy meeting with Member in-charge of Mutual Fund Division of SEBI Dr. T C Nair and Executive Director Mr. R K Nair on May 12, 2006 on their taking charge of the Mutual Fund division at SEBI.

Board of Directors of AMFI also had a meeting with SEBI members Dr. T C Nair and Mr. G Anantharaman alongwith the Additional Director Financial Intelligence Unit, Government of India on July 19, 2006 regarding the implementation of the Prevention of Money Laundering Act (PMLA).

GENERAL MEMBERSHIP MEETINGS

A General Membership meeting of AMFI members was held on May 12, 2006 to discuss various issues relating to the filing of the Annual Information Returns (AIR) by the members. The meeting was attended by officials from the Income Tax Department.

A General Membership meeting of AMFI members was held on June 16, 2006 to discuss various issues relating to the implementation of PMLA.

COMMITTEES / WORKING GROUPS

Working group on Overseas Investments by Mutual Funds:

The report of the working group headed by Mr. Imtaiyazur Rahman of UTI Mutual Fund has been presented to SEBI and the guidelines on the same have since been issued by SEBI.

AMFI ON OTHER COMMITTEES

Chairman AMFI, has been retained as a member of the reconstituted Technical Advisory Committee (TAC) on Money, Foreign Exchange and Government Securities of the Reserve Bank of India. The reconstituted committee had its first meeting on June 28, 2006.

INVESTOR AWARENESS PROGRAMME

During the quarter the members have conducted around 375 investor awareness / investor meet programmes at 100 different locations.

CONFERENCES AND SEMINARS

Chairman AMFI, delivered the key note address at the General Body of the members of Indian Bunts Chamber of Commerce and Industry at Mumbai, on May 6, 2006 and spoke on "Opportunities on Investing in Capital Markets".

Chairman AMFI, was a speaker at the inaugural session of the conference on "Distribution of Financial Products" organized by Dun & Bradstreet Financial Education Solutions at Mumbai, on May 24, 2006 and spoke on "Distribution challenges for mutual funds". Mr. S V Prasad of Birla Sunlife MF, and Mr. Sanjiv Shah of Benchmark MF also participated in the panel discussions at the conference.

Chairman AMFI, spoke at the Inaugural function of the Mutual Fund Summit 2006 held at Mumbai, on June 15, 2006 and gave an overview of the Mutual Fund Industry. The summit was organized by the Confederation of Indian Industry (CII). Mr. S V Prasad, the then CEO of Birla Sunlife MF was the Chairman of the summit. Mr. Milind Barve of HDFC MF, Mr. Pankaj Razdan of Prudential ICICI MF, Mr. U K Sinha CMD, UTI MF, Mr. Ved Prakash Chaturvedi of Tata MF and Mr. Vijay Venkatram of Fidelity MF also spoke at various sessions at the summit.

Chairman AMFI, chaired a panel discussion on 'Mutual funds : A few contemporary issues' at the induction programme for the Probationary Officers of SEBI conducted by the Indian Institute of Capital Markets at Navi Mumbai, on June 20, 2006 and July 19, 2006.

Chairman AMFI, gave the valedictory address on "Emerging Trends in Securities Markets" at the Professional Development Programme for trainee officers of the Indian Economic Services conducted by the Indian Institute of Capital Markets at Navi Mumbai, on June 23, 2006.

Chairman AMFI, addressed the participants at the workshop on "Cross Selling" organized by State Bank of India for its Chief Managers at State Bank Staff College Hyderabad, on June 24, 2006.

Chairman AMFI, addressed the members of the Merchants' Chamber of Commerce at Kolkata, on July 8, 2006 and spoke on 'Emerging Trends & Issues in Mutual Funds'.

Chairman AMFI was invited by the South African Association of Collective Investments (ACI) to participate at their Annual Convention held at Cape Town, South Africa, on August 3, 2006. Chairman spoke on 'The experience of promoting the Investment Industry in the broad mass market of India.'

WELCOME TO OUR NEW MEMBER

AMFI extends its greetings and welcomes Lotus India Mutual Fund as its 30th member.

AMFI CHANGE OF ADDRESS

AMFI has shifted to a new premises at 709, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai 400 021. Our contact numbers are 022 66101886 / 87, 22876338 / 39 Fax : 022 - 6610 1889/ 66101916.

AMFI CERTIFICATION AND REGISTRATION PROGRAMME

During the quarter, 9966 candidates have cleared the AMFI certification test, 3409 through the online test at the NSE centers and 6,557 were successful in the written test held across 87 cities. As at the end of June 2006, a total of 83,086 candidates have cleared the

test, of which 46,552 have registered with AMFI. The details of the AMFI registered Mutual Fund Agent Distributors are available on the AMFI website.

MUTUAL FUND INDUSTRY

First quarter April - June 2006

- 45 New Schemes were launched in the quarter and a sum of Rs. 18,975 crores was mobilised - Rs. 11,235 crores under Income Schemes, Rs. 7,727 crores under Equity Schemes and Rs. 13 crores under the Liquid / Money Market Schemes. (Table 2.1)
- Total Funds mobilised for the quarter stood at Rs. 4,14,116 crores as against Rs.2,13,179 crores for the corresponding quarter last year representing an increase of 94 %. (Table 2.3)
- Redemptions at Rs. 3,62,063 crores were 82 % higher than the redemptions of Rs. 1,99,120 crores in the corresponding quarter last year. (Table 3)
- Thus on a net basis, there was an inflow of Rs. 52,053 crores as compared with a net inflow of Rs. 14,059 crores 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 June 30, 2006 stood at Rs. 2,65,534 crores as against Rs. 1,64,546 crores as at the end of the corresponding quarter last year, registering an increase of 61.37 %.
- The Assets Under Management of each Asset Management Company is given in Table 6.

MUTUAL FUND DATA FOR THE QUARTER APRIL - JUNE 2006

TABLE - 1

(Rs. in Crores)

	CATEGORY	SALES - ALL SCHEMES			REDEMPTIONS ALL SCHEMES	TOTAL ASSETS UNDER MANAGEMENT AS ON 30.06.2006
		From New Schemes #		From Existing Schemes	Total for the Quarter	
		No.	Amount	Amount		
A	BANK SPONSORED					
	I JOINT VENTURES - PREDOMINANTLY INDIAN (1)	1	302	10,610	10,912	9,346
		1	48	8,209	8,257	7,761
	II OTHERS (3)	1	375	31,076	31,451	26,657
		1	693	14,999	15,692	15,254
	TOTAL(I+II)	2	677	41,686	42,363	36,003
		2	741	23,208	23,949	23,015
B	INSTITUTIONS (1)	1	304	17,204	17,508	14,855
		-	-	3,976	3,976	3,924
C	PRIVATE SECTOR					
	I INDIAN (10)	17	6,488	91,780	98,268	88,788
		11	2,751	45,662	48,413	46,596
	II JOINT VENTURES - PREDOMINANTLY INDIAN (5)	8	3,414	139,683	143,097	128,035
		3	129	39,054	39,183	37,249
	III JOINT VENTURES - PREDOMINANTLY FOREIGN (9)	17	8,091	104,789	112,880	94,382
		11	4,496	93,162	97,658	88,336
	TOTAL(I+II+III)	42	17,993	336,252	354,245	311,205
		25	7,376	177,878	185,254	172,181
	GRAND TOTAL (A+B+C)	45	18,974	395,142	414,116	362,063
		27	8,117	205,062	213,179	199,120

Notes:

- 1 Data is provisional & hence subject to revision.
- 2 # Only New Schemes where allotment is competed.
- 3 Figures in **RED** denote figures for the corresponding period of the previous year.

TABLE - 2
SALES DURING THE QUARTER APRIL - JUNE 2006 - TYPE AND CATEGORY WISE

2.1 * New Schemes Launched (Allotment Completed)

(Rs. in Crores)

	Open End		Close End		TOTAL	
	No.of Schemes	Amount	No.of Schemes	Amount	No.of Schemes	Amount
INCOME	1 2	44 40	36 13	11,191 1,882	37 15	11,235 1,922
GROWTH	6 11	6,292 5,732	1 -	1,435 -	7 11	7,727 5,732
BALANCED	-	-	-	-	-	-
LIQUID/MONEY MARKET	1 1	13 463	-	-	1 1	13 463
GILT	-	-	-	-	-	-
ELSS	-	-	-	-	-	-
TOTAL	8 14	6,349 6,235	37 13	12,626 1,882	45 27	18,975 8,117

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	135 128	15,936 36,827	62 22	1,552 1,387	197 150	17,488 38,214
GROWTH	191 148	17,698 8,949	4 2	- -	195 150	17,698 8,949
BALANCED	34 34	890 485	2 1	- -	36 35	890 485
LIQUID/MONEY MARKET	45 40	358,366 156,546	-	-	45 40	358,366 156,546
GILT	28 30	217 664	-	-	28 30	217 664
ELSS	26 21	482 204	9 13	- -	35 34	482 204
TOTAL	459 401	393,589 203,675	77 38	1,552 1,387	536 439	395,141 205,062

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 plans 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	136 130	15,980 36,867	98 35	12,743 3,269	234 165	28,723 40,136
GROWTH	197 159	23,990 14,681	5 2	1,435 -	202 161	25,425 14,681
BALANCED	34 34	890 485	2 1	- -	36 35	890 485
LIQUID/MONEY MARKET	46 41	358,379 157,009	-	-	46 41	358,379 157,009
GILT	28 30	217 664	-	-	28 30	217 664
ELSS	26 21	482 204	9 13	- -	35 34	482 204
TOTAL	467 415	399,938 209,910	114 51	14,178 3,269	581 466	414,116 213,179

***NEW SCHEMES**

OPEN END INCOME : DWS Money Plus Fund (Weekly Dividend).
 OPEN END GROWTH : ABN AMRO Future Leaders Fund, Fidelity India Special Situations Fund, Sahara Infrastructure Fund, Sundaram Rural India Fund, Templeton India Equity Income Fund and UTI-Spread Fund.
 OPEN END LIQUID : Quantum Liquid Fund.
 CLOSE END INCOME : ABN AMRO Fixed Term Plan Series 2 Half Yearly Plan A, ABN AMRO Fixed Term Plan Series 2 Quarterly Plan B, ABN AMRO Fixed Term Plan Series 2 Quarterly Plan C, ABN AMRO Fixed Term Plan Series 2 Quarterly Plan D, Chola FMP Series - 3 (Quarterly Plan II), DBS Chola FMP Series 3 (Quarterly Plan III), DWS Fixed Term Series 10, HDFC FMP 3 M May 2006 (1), HDFC FMP 13M June 2006 (1), HDFC FMP 3M June 2006 (1), HDFC FMP 6M June 2006 (1), HSBC Fixed Term Series IX, ING Vysya Fixed Maturity Fund Series VII, ING Vysya Fixed Maturity Fund Series X, JM Fixed Maturity Fund - Yearly Plan - YSO1 Series, Kotak FMP 3M Series 1, Kotak FMP 6M Series 1, Kotak FMP Series 24, Kotak FMP Series 27, Kotak Twin Advantage Series II, LICMF FMP Series VII, Principal Pnb Fixed Maturity Plan 385 Days Series II, Prudential ICICI FMP Series 32-3 month Plan A, Reliance Fixed Horizon Fund - Plan A Series 2, Reliance Fixed Horizon Fund - Plan B Series 1, Reliance Fixed Horizon Fund Plan A Series 3, Reliance Fixed Horizon Fund Plan A Series I, Reliance Fixed Horizon Fund Plan B Series 3, Reliance Fixed Horizon Fund Plan B Series II, SBI Magnum Debt Fund Series 90 Days Plan, Standard Chartered Fixed Maturity 5th Plan, Standard Chartered Fixed Maturity 7th Plan, Standard Chartered Fixed Maturity 8th Plan, Sundaram BNP Paribas Fixed Term Plan -Series VI, Sundaram BNP Paribas Fixed Term Plan -Series VII and Tata Fixed Horizon Fund Series 5 Scheme C.
 CLOSE END GROWTH : Standard Chartered Enterprise Equity Fund.

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

TABLE - 3
REDEMPTIONS / REPURCHASES DURING THE QUARTER APRIL - JUNE 2006

(Rs. in Crores)

	Open End	Close End	TOTAL	Net Inflow/ (Outflow)
INCOME	16,636 32,815	15,235 3,625	31,871 36,440	(3,148) 3,696
GROWTH	15,783 8,700	5 4	15,788 8,704	9,637 5,977
BALANCED	726 487	- -	726 487	164 (2)
LIQUID/MONEY MARKET	312,819 152,427	- -	312,819 152,427	45,560 4,582
GILT	804 980	- -	804 980	(587) (316)
ELSS	26 27	29 55	55 82	427 122
TOTAL	346,794 195,436	15,269 3,684	362,063 199,120	52,053 14,059

Table - 4
DATA ON FUND OF FUNDS FOR THE QUARTER APRIL - JUNE 2006

(Rs. In Crores)

	No. of Schemes	Sales	Redemptions	Assets under Management as on 30.06.2006
Fund of Funds	17	827	525	1456
	12	82	231	814

Note: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.

TABLE - 5
ASSETS UNDER MANAGEMENT AS ON JUNE 30, 2006
TYPE AND CATEGORY WISE

(Rs. in Crores)

	Open End	Close End	TOTAL	% to Total
INCOME	29,006 42,338	25,107 7,549	54,113 49,887	20 30
GROWTH	80,263 40,666	6,933 1,795	87,196 42,461	33 26
BALANCED	6,173 4,373	788 694	6,961 5,067	3 3
LIQUID/MONEY MARKET	108,776 60,875	- -	108,776 60,875	41 37
GILT	2,566 4,317	- -	2,566 4,317	1 3
ELSS	4,706 918	1,216 1,021	5,922 1,939	2 1
TOTAL	231,490 153,487	34,044 11,059	265,534 164,546	100 100

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

TABLE - 6
Assets Under Management as on June 30, 2006

(Rs. in Crores)

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.	13,634
	TOTAL A (i)	13,634
(ii)	OTHERS	
1	BOB Asset Management Co. Ltd.	162
2	Canbank Investment Management Services Ltd.	2,842
3	UTI Asset Management Co. Pvt. Ltd.	30,115
	TOTAL A (ii)	33,119
	TOTAL A (i+ii)	46,753
B	INSTITUTIONS	
1	Jeevan Bima Sahayog Asset Management Co. Ltd.	7,557
	TOTAL B	7,557
C	PRIVATE SECTOR	
(i)	INDIAN	
1	Benchmark Asset Management Co. Pvt. Ltd.	1,044
2	DBS Cholamandalam Asset Management Co. Ltd.	2,475
3	Escorts Asset Management Ltd.	108
4	J.M. Financial Asset Management Pvt. Ltd.	3,105
5	Kotak Mahindra Asset Management Co. Ltd.	10,326
6	Quantum Asset Management Co. Pvt. Ltd.	25
7	Reliance Capital Asset Management Ltd.	26,314
8	Sahara Asset Management Co. Pvt. Ltd.	188
9	Tata Asset Management Ltd.	11,159
10	Taurus Asset Management Co. Ltd.	199
	TOTAL C (i)	54,943
(ii)	JOINT VENTURES - PREDOMINANTLY INDIAN	
1	Birla Sun Life Asset Management Co. Ltd.	14,609
2	DSP Merrill Lynch Fund Managers Ltd.	11,074
3	HDFC Asset Management Co. Ltd.	24,391
4	Prudential ICICI Asset Management Co. Ltd.	30,143
5	Sundaram BNP Paribas Asset Management Co. Ltd.	4,938
	TOTAL C (ii)	85,155
(iii)	JOINT VENTURES - PREDOMINANTLY FOREIGN	
1	ABN AMRO Asset Management (India) Ltd.	3,629
2	Deutsche Asset Management (India) Pvt. Ltd.	5,052
3	Fidelity Fund Management Pvt. Ltd.	4,704
4	Franklin Templeton Asset Management (India) Pvt Ltd.	21,650
5	HSBC Asset Management (India) Pvt. Ltd.	10,450
6	ING Investment Management (India) Pvt. Ltd.	3,645
7	Morgan Stanley Investment Management Pvt. Ltd.	2,407
8	Principal Pnb Asset Management Co.Pvt. Ltd.	10,038
9	Standard Chartered Asset Management Co. Pvt. Ltd.	9,551
	TOTAL C (iii)	71,126
	TOTAL C (i+ii+iii)	211,224
	TOTAL (A+B+C)	265,534

Association of Mutual Funds in India

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