

December 18, 2024

Equity Market

Update

Indian equity markets have been volatile since last few months. All major headline, midcap and smallcap indices witnessed a sharp correction of around 10%-12% from its September all-time high levels. However, markets recover swiftly thereafter and recovered half of its losses. Recovery was even sharper in smallcap and midcap stocks with respective indices recovering all of its losses.

Smallcap and Midcap segment has shown remarkable resilience in recent volatility. While smallcap and midcap index fell in line with broader indices, recovery was higher in broader market with smallcap index is back near its all-time levels.

Volatility was driven by heavy FPI selling, weak GDP growth data and volatile global markets. However, domestic institutional buying provided support at lower levels.

Global market also turned volatile surrounding announcement by new president elect. US bond yield have also been extremely volatile while cryptocurrencies have advanced strongly.

Net Foreign Institutional Investors (FII) flows into equities remained negative for November 2024 (USD -2.5 bn, following USD-11.2 bn in October 2024). The Domestic Institutional Investors (DIIs) remained net buyers of Indian equities in November 2024 (USD+4.5bn, from USD+12.8bn in October 2024).

Outlook

The rise in volatility was expected given the sustained market rally over last few months. The 10% fall and subsequent recovery in the Indian equity markets should be seen in the context of the continuous rise in the market since last more than 2 years.

Historically, a 10-15% fall in the headline Nifty 50 index is witnessed multiple times and market recovers thereafter. The recent fall should be considered as a healthy correction removing the valuation froth in many of the overvalued segments and stocks.

Investors should utilise the current fall to accumulate largecap or flexicap funds and may invest lumpsum amount at current levels. Any dip from hereon should be used as an incremental buying opportunity.

Midcap and smallcap funds may witnesses increased volatility with risk of further fall not ruled-out if overall market remain weak. Allocation to midcap and smallcap funds should be done in a staggered manner so as to utilise any further weakness to accumulate.

Selection of funds becomes important in current market environment as there seems to be a change in market cycle. Outperforming funds keep on rotating in every market cycle and therefore many of the current outperforming funds may not be best suited to invest at current levels.

The long overdue correction is underway amidst heightened global uncertainty and moderation in corporate earnings. Investors may start investing from current levels and any dip from here-on.

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Debt Market

Update

Indian Bond yield continue to demonstrate remarkable resilience amidst rising U.S. Bond Yields and rising US dollar.

U.S. 10-year bond yield after falling to below 4.2% has again witnessed sharp rise with yields back near 4.4% after the U.S. election results outcome reflecting change in regime with new the new U.S. president got confirmed

RBI in its latest meeting in the first week of December kept rate unchanged but cut CRR rate by 50bps, on expected lines. RBI raised its inflation forecast across periods by around 30bps. Full year FY 25 is now projected at 4.8% versus 4.5% earlier. Q3 is now projected at 5.7% Vs 4.8% earlier while Q4 is now estimated at 4.5% Vs 4.2%. Similarly, Q1 and Q2 FY26 is now projected at 4.6% versus earlier estimate of 4.3%. However, the comforting part is that Q2 FY26 inflation is projected at 4.0%. Similarly, GDP growth for FY25 is now projected at 6.6% versus earlier projection at 7.2%. Q3FY25 growth is revised down by 50bps at 6.8% versus 7.3%. However, Q4FY25 growth projection remain unchanged at 7.2% earlier indication that RBI expect sharp rebound in growth in Q4. RBI still seems far above consensus growth expectation (market expectation for Q4 growth at <7.0% and FY25 at 6.5%).

CPI inflation came down to 5.5% in November (in line with market expectation) as compared to rose 6.2% YoY in October. Food inflation which was the major contributor has started moderating. Food inflation now at 9.0% vs 10.9% while core inflation remain flat and lower at 3.7%. (Avg since last 12 month at 3.4%). Overall, only 2 items are contributing majority of the inflation: Vegetables (29%), Oil & fats (13.3%). Assuming inflation in these items at normalized 5%, headline CPI inflation would be 3.9%.

Indian debt market has shown remarkable stability with yields moving in a narrow range.

Outlook

Indian debt market is likely to be supported by domestic growth moderation, expectations of easing inflationary pressure in coming months and improved demand (bond inclusion). That said, the sharp rise in geo-political uncertainty (US Tariffs & fiscal dynamics, strong dollar resulting in pressure on INR, China stimulus, commodities including crude oil, war etc) might keep financial markets volatile in near term.

Argument in favour of a rate cut in February: RBI cited future liquidity tightening to cut CRR rate. (RBI stated that "Even as liquidity in the banking system remains adequate, systemic liquidity may tighten in the coming months. To ease the potential liquidity stress, it has now been decided to reduce CRR of all banks to 4.0%". Similarly, citing lower inflation projection for Q2FY25 at 4.0%, RBI may resort to its first rate cut in February

Overall, debt market will now start focusing on the terminal rate rather than the timing of the first rate cut (in December or February) and accordingly will move lower albeit with volatility surrounding global (U.S.) bond yield movement. Yields are already down 45-50 bps. Once the rate cut starts, 10-year may move towards 6.50% from the current 6.83% discounting 75bps cut.

Industry Synopsis

Inflows into equity schemes decline marginally during the month of November to ₹33000 crore as compared to a record high of ₹38000 crore in October 2024. Inflows during the month of November came in primarily due to lower inflows in thematic funds.

Ex-thematic funds, inflows were at ₹28300 crore as compared to ₹29600 crore. In all major category (ex-thematic), flows were at similar levels like last month except for largecap category which saw lower inflows at ₹2500 crore as against ₹3500 crore.

Midcap and smallcap funds continue to saw higher inflows. Midcap funds witness inflows of ₹4900 crore as compared to ₹4700 crore. Smallcap funds (ex-NFOs) witness inflows of ₹3750 crore as against ₹3770 crore.

In last 1 year, out of ₹86000 crore of NFO inflows, ₹72000 crore have come in thematic funds. Flow in this thematic category is likely to moderate with fewer NFOs going forward. Ex-NFOs, monthly run-rate in thematic funds since last 6 month was ₹8300 crore which had come down to ₹4900 crore in November 2024. Normalized medium term run-rate could be around ₹2500-3000 run-rate.

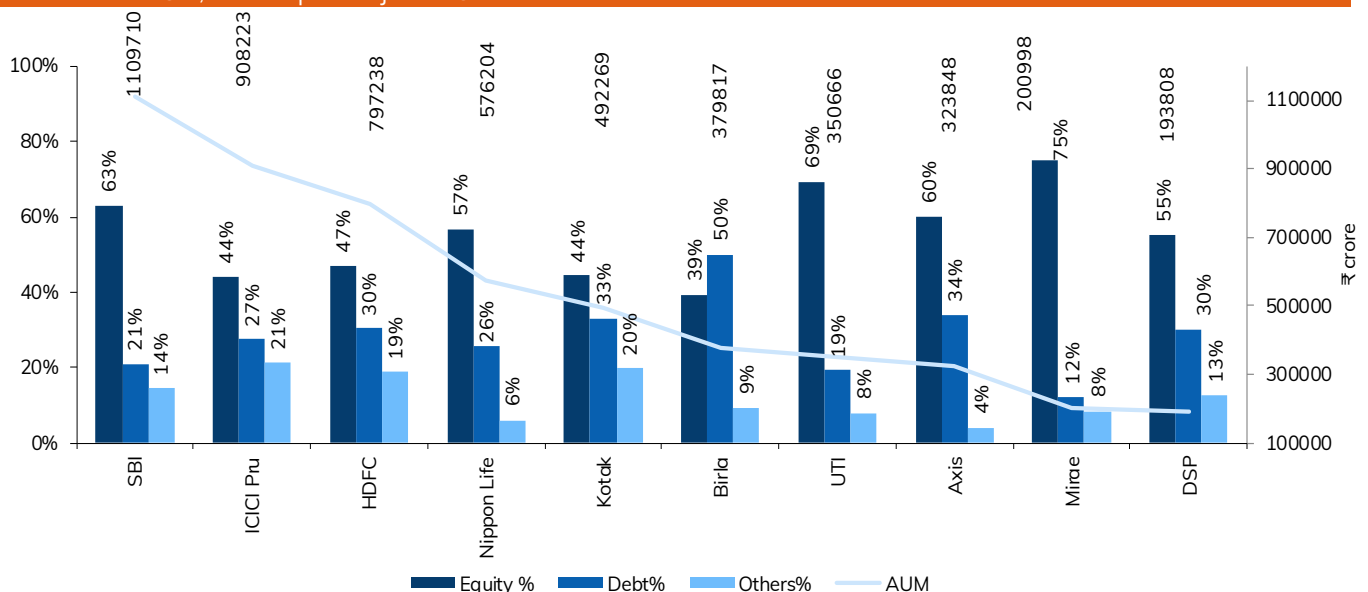
Overall, even assuming decline in NFOs, normalized flows in thematic funds and some moderation in midcap/smallcaps, the minimum monthly run-rate could be around Rs 25000-30000 translating into annual inflows of ₹3 lakh crore to ₹3.5 lakh crore.

The month of November 2024 witness ETFs inflows declining sharply to ₹1500 crore as compared to ₹13000 crore in October 2024.

SIP inflows remain at same level like last month at Rs 25320 crore vs Rs 25323 (Second consecutive month of above Rs 25000 crore inflows).

Overall, even assuming decline in NFOs, normalized flows in thematic funds and some moderation in midcap/smallcaps, the minimum monthly run-rate could be around Rs 25000-30000 translating into annual inflows of ₹3 lakh crore to ₹3.5 lakh crore.

Exhibit 1: Total AUM, break-up of major AMCs



Source: ACE MF. Data as on month-end November 2024

Equity funds: IT funds outperformance while Pharma funds lag in recovery, smallcap funds showed remarkable resilience

Indian markets have turned volatile since last few month with markets witnessing a sharp correction from the all-time high levels in September till November followed by a sharp pullback. Nifty 50 index, All headline as well broader indices fell by around 10% from its highs while recovered almost all of its losses as well during the pullback.

During the recent volatility, IT funds outperformed significantly both during the fall as well in the pullback post correction. Overall, IT funds continue to outperform on expectation of improved earnings going forward.

Pharma funds have outperformed in last one year and the same trend continues during the recent fall as well where pharma funds relatively fell lower than other sectors. However, in the recent pullback, pharma funds underperformed.

Auto sector was one of the worst performing sector during the fall as well as during the pullback.

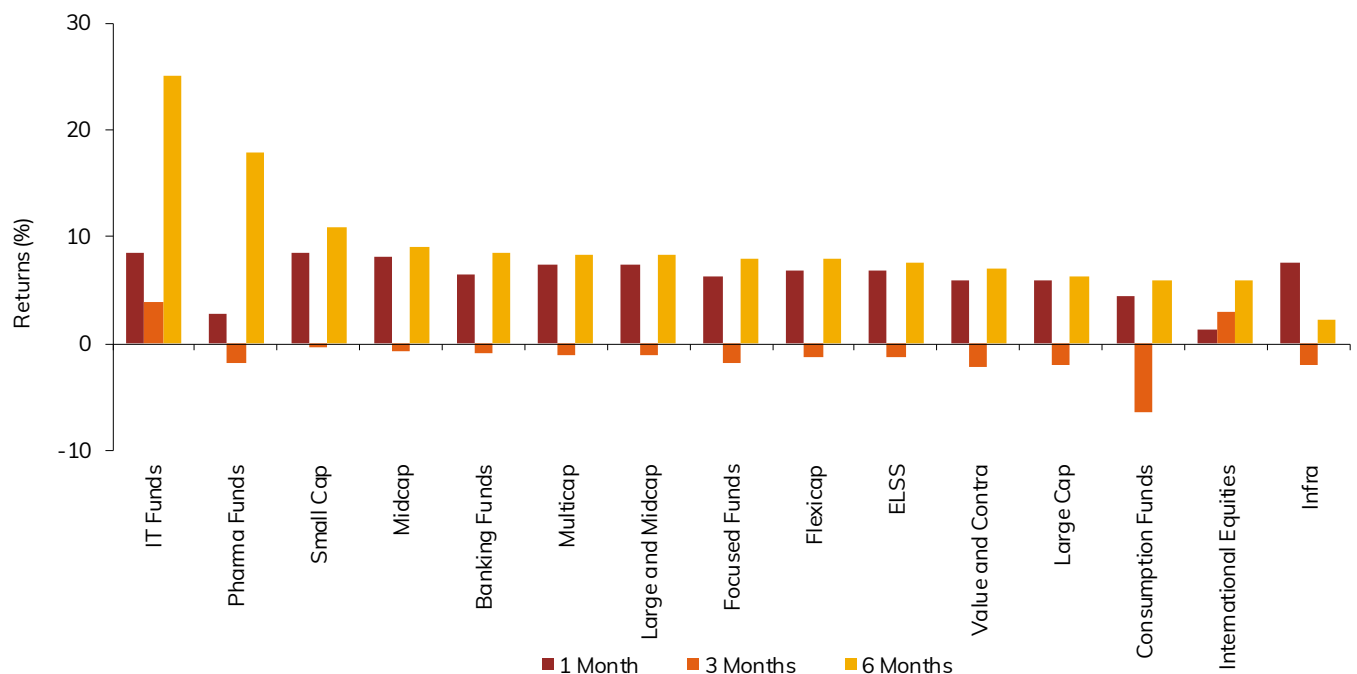
Infrastructure funds underperformed during the recent fall in October/November but recovered sharply as well to a large extent.

Sector rotation and volatility has risen sharply in last few months at elevated market levels. Higher FPI selling and evolving tariff announcements post new regime in U.S. added to further volatility.

Public sector companies, particularly PSU banks have underperformed significantly since last 6 months as investors booked profit after sharp run up in most of the stocks.

Smallcap and midcap funds have surprisingly weathered the recent volatility relatively better as while it fell in line headline indices, it outperformed during market recovery. Smallcap index has recovered almost all of its losses and is again back near its all-time high levels.

Exhibit 2: IT funds prevented the fall to a large extent as defensive sectors gain traction during volatile environment. Pharma funds lag in bounce back. Smallcap funds continue to outperform.



Source: CRISIL. Category average returns as on December 13th, 2024.

Exchange traded funds (ETFs)

ETFs have already taken the world by storm, with assets under management (AUM) in such funds already surpassing that in traditional mutual funds in many countries. Passive funds emerged in the US more than two decades ago. The first modern day exchange traded fund (ETF) S&P SPDR (Spiders) started trading in the US in 1993. The market for ETFs has grown tremendously since then. Today, more than 2,000 ETFs are listed in the US. In India, the ETF landscape has gained traction since 2015 and has not only become much bigger but also more diverse. AUM for ETFs has grown from ~₹ 5400 crore in December 2014 to more than ₹ 8.0 lakh crore currently. While growth in ETF is driven by institutional flows led by EPFO in Nifty 50 and BSE Sensex ETF along with CPSE ETFs, inflows from individual investors have also started gaining traction.

This trend of allocation towards ETF is increasing and is likely to gain further traction. The ETF market is expected to grow on the back of continued thrust from the government and rising acceptance of such products as an investment vehicle by the retail segment.

ETFs are best placed from an asset allocation perspective as they do not carry any stock selection risk. Indian equity ETF market has grown with many categories of ETFs now available in large cap, midcap, thematic segments.

ETFs have a number of attractive features. Usually, they have much lower fees and can be bought and sold during the day as opposed to mutual funds that usually execute at the close. Earlier, there was primarily the Nifty or Sensex ETF but now there are many ETFs in the large cap space like Nifty Next 50 ETF. Similarly, in midcaps, Nifty Midcap 100 ETF and Nifty Midcap 150 ETF are available to take exposure to midcaps. Many thematic ETFs are also available like banking ETFs and Nasdaq 100 ETFs.

Within largecap ETFs, Nifty Next 50 ETF has been become a consistent performing ETF. In last 1-Year, Nifty Next 50 ETF has outperformed significantly headline Nifty 50 ETF with 67% return as compared to 28% return delivered by Nifty 50 ETF. The outperformance of Nifty Next 50 was led by sectors like Capital Goods, PSU Banks, Oil & Gas and Power stocks and particularly PSEs in these sectors.

Different category of investment options available under ETFs

Exhibit 3: Currently around 42 categories of ETFs available in Indian market

Nos.	Types of ETFs	Name of ETF	AUM (Cr)
I Largecap oriented ETFs			
1	Nifty 50 ETF	Most AMCs	34093 (Highest- Nippon AMC)
2	Sensex ETF	Most AMCs	13019 (Highest-ICICI Pru)
3	Nifty 50 Equal Weight ETF	DSP Nifty 50 Equal Weight ETF	220
		SBI Nifty50 Equal Weight ETF	20
4	Nifty Top 10 Equal Weight ETF	DSP Nifty Top 10 Equal Weight ETF	99
4	BSE 100 ETF	SBI-ETF BSE 100	10
5	Nifty 100 ETF	LIC MF ETF-Nifty 100	773
		Nippon ETF Nifty 100	270
		ICICI Pru Nifty 100 ETF	102
		HDFC Nifty 100 ETF	18
		Zerodha Nifty 100 ETF	23
6	Nifty 100 Low Vol 30 ETF	ICICI Pru Nifty 100 Low Volatility 30 ETF	3588
		Kotak Nifty 100 Low Volatility 30 ETF	162
		Mirae Asset Nifty 100 Low Volatility 30 ETF	12
		HDFC NIFTY100 Low Volatility 30 ETF	14
7	S&P BSE Low Volatility ETF	Motilal Oswal S&P BSE Low Volatility ETF	87
8	Nifty Alpha Low Vol 30 ETF	ICICI Pru Alpha Low Vol 30 ETF	1549
9	NIFTY100 Quality 30 ETF	HDFC NIFTY100 Quality 30 ETF	15
10	Nifty 200 Quality 30 ETF	SBI Nifty 200 Quality 30 ETF	122
		ICICI Pru Nifty 200 Quality 30 ETF	101
		Aditya Birla SL Nifty 200 Quality 30 ETF	54
11	S&P BSE Quality ETF	Motilal Oswal S&P BSE Quality ETF	19
12	Nifty 200 Momentum 30 ETF	ICICI Pru Nifty 200 Momentum 30 ETF	305
		Aditya Birla SL Nifty 200 Momentum 30 ETF	71
		Motilal Oswal Nifty 200 Momentum 30 ETF	100
		HDFC NIFTY200 Momentum 30 ETF	71
13	Nifty Next 50 ETF	Nippon India ETF Nifty Next 50 Junior BeES	5698
		SBI-ETF Nifty Next 50	3204
		UTI-Nifty Next 50 ETF	2882
		ICICI Pru Nifty Next 50 ETF	926
		Mirae Asset Nifty Next 50 ETF	306
		Aditya Birla SL Nifty Next 50 ETF	62
		HDFC NIFTY Next 50 ETF	51
14	Sensex Next 50 ETF	Nippon India ETF Sensex Next 50	45
		SBI-ETF Sensex Next 50	20
		UTI S&P BSE Sensex Next 50 ETF	24
15	Nifty 50 Value 20 ETF(NV20)	ICICI Pru Nifty50 Value 20 ETF	169
		Nippon India ETF Nifty 50 Value 20	178
		Kotak Nifty 50 Value 20 ETF	75
		HDFC NIFTY50 Value 20 ETF	34
16	Nifty Dividend Opportunities 50 ETF	Nippon India ETF Dividend Opportunities 50	74
17	NIFTY Growth Sectors 15 ETF	HDFC NIFTY Growth Sectors 15 ETF	12
II Midcap Oriented ETFs			
18	Nifty Midcap 50 ETF	Kotak Nifty Midcap 50 ETF	39
19	Midcap 100 ETF	LIC MF Nifty Midcap 100 ETF	744
		Motilal Oswal Nifty Midcap 100 ETF	554
20	Nifty Midcap 150	Nippon India ETF Nifty Midcap 150	1752
		Mirae Asset Nifty Midcap 150 ETF	945
		ICICI Pru Midcap 150 ETF	425
		HDFC NIFTY Midcap 150 ETF	59
		Zerodha Nifty Midcap 150 ETF	24
		UTI Nifty Midcap 150 ETF	6
21	Midcap Select ETF	ICICI Pru S&P BSE Midcap Select ETF	76
22	Nifty Midcap 150 Quality 50 ETF	DSP Nifty Midcap 150 Quality 50 ETF	103
III Smallcap Oriented ETFs			
23	Nifty Smallcap 250 Momentum Quality 100	Mirae Asset Nifty Smallcap 250 Momentum Quality 100 ETF	357
	Nifty Smallcap 250 ETF	HDFC NIFTY Smallcap 250 ETF	530
		Motilal Oswal Nifty Smallcap 250 ETF	102
IV Multicap Oriented ETFs			
24	S&P BSE 500 ETF	ICICI Pru S&P BSE 500 ETF	303
		HDFC S&P BSE 500 ETF	15
25	Nifty Alpha 50 ETF	Kotak Nifty Alpha 50 ETF	340
26	Nifty 200 Alpha 30 ETF	Mirae Asset Nifty 200 Alpha 30 ETF	305
	Nifty 500 Momentum 50 ETF	Motilal Oswal Nifty 500 Momentum 50 ETF	11
IV Sectors/Thematic/ Global ETFs			
27	Banking ETF	Nippon India ETF Bank BeES	6880
		Kotak Nifty Bank ETF	5416
		SBI Nifty Bank ETF	4573
		ICICI Pru Nifty Bank ETF	2989
		UTI Nifty Bank ETF	3620
		Aditya Birla SL Nifty Bank ETF	2777
		HDFC NIFTY Bank ETF	2550
		Axis NIFTY Bank ETF	275

		DSP Nifty Bank ETF	508
		Bajaj Finserv Nifty Bank ETF	377
		Mirae Asset Nifty Bank ETF	171
		Baroda BNP Paribas NIFTY Bank ETF	9
		Edelweiss Nifty Bank ETF	16
28	PSU Bank ETF	Nippon India ETF Nifty PSU Bank BeES	2475
		Kotak Nifty PSU Bank ETF	1349
		ICICI Pru Nifty PSU Bank ETF	82
		HDFC Nifty PSU Bank ETF	28
		DSP Nifty PSU Bank ETF	18
29	Private Bank ETF	ICICI Pru Nifty Private Bank ETF	2570
		HDFC Nifty Private Bank ETF	331
		SBI Nifty Private Bank ETF	169
		DSP Nifty Private Bank ETF	203
		Tata Nifty Pvt Bank ETF	10
30	Financial Services ETF	Mirae Asset Nifty Financial Services ETF	299
31	Nifty Financial Services Ex-Bank	ICICI Pru Nifty Financial Services Ex-Bank ETF	92
32	Nifty IT ETF	Nippon India ETF Nifty IT	2505
		ICICI Pru Nifty IT ETF	483
		Axis NIFTY IT ETF	174
		Aditya Birla SL Nifty IT ETF	51
		Kotak Nifty IT ETF	196
		SBI-ETF IT	118
		Tata Nifty India Digital ETF	139
		HDFC NIFTY IT ETF	77
		DSP Nifty IT ETF	43
		Mirae Asset Nifty IT ETF	136
		UTI Nifty IT ETF	6
33	Pharma/Healthcare	Nippon India Nifty Pharma ETF	852
		ICICI Pru Nifty Healthcare ETF	151
		Aditya Birla SL Nifty Healthcare ETF	40
		Axis NIFTY Healthcare ETF	20
		Motilal Oswal S&P BSE Healthcare ETF	21
		DSP Nifty Healthcare ETF	11
34	Nifty India Consumption ETF	ICICI Pru Nifty Consumption ETF	55
		Nippon India ETF Nifty Consumption	118
		Axis NIFTY India Consumption ETF	14
		SBI Nifty Consumption ETF	19
		Kotak NIFTY India Consumption ETF	3
35	Nifty Infrastructure ETF	ICICI Pru Nifty Infrastructure ETF	110
		Nippon India ETF Nifty Infrastructure BeES	159
36	Nifty Realty ETF	Motilal Oswal Nifty Realty ETF	52
37	Nifty 100 ESG Sector Leaders ETF	Mirae Asset Nifty 100 ESG Sector Leaders ETF	136
38	Nifty 50 Shariah ETF	Nippon India ETF Nifty 50 Shariah BeES	25
39	Global ETF	Motilal Oswal Nasdaq 100 ETF	8299
		Motilal Oswal NASDAQ Q 50 ETF	58
		Mirae Asset NYSE FANG+ ETF	2369
		Mirae Asset S&P 500 Top 50 ETF	7763
		Nippon India ETF Hang Seng BeES	622
		Mirae Asset Hang Seng TECH ETF	332
40	CPSE ETF	CPSE ETF	44279
41	BHARAT 22 ETF	BHARAT 22 ETF	20613
✓	Commodities: Gold ETFs		
42	Gold ETF	Most AMCs	13725 (Highest-Nippon AMC)
43	Silver ETF	ICICI Prudential Silver ETF	3714
		Nippon India Silver ETF	4477
		Aditya Birla Sunlife Silver ETF	450
		Kotak Silver ETF	713
		SBI Silver ETF	423
		HDFC Silver ETF	321
		DSP Silver ETF	231
		UTI Silver ETF	120
		Edelweiss Silver ETF	71
		Axis Silver ETF	137
		Tata Silver ETF	100
		Mirae Asset Silver ETF	82
✓	Debt ETFs		
44	BHARAT Bond ETF - April 2025		11588
	BHARAT Bond ETF - April 2030		18869
	BHARAT Bond ETF - April 2031		14088
	BHARAT Bond ETF - April 2032		10575
	BHARAT Bond ETF - April 2033		5979
	Nippon India ETF Nifty 1D Rate Liquid BeES		13656
	ICICI Pru S&P BSE Liquid Rate ETF		2990
	DSP NIFTY 1D Rate Liquid ETF		823
	Mirae Asset Nifty 1D Rate Liquid ETF		465
	Zerodha Nifty 1D Rate Liquid ETF		2259
	Aditya Birla SL CRISIL Liquid Overnight ETF		41
	HDFC Nifty 1D Rate Liquid ETF		24
	Kotak Nifty 1D Rate Liquid ETF		377
	SBI NIFTY 1D Rate ETF		34
	DSP S&P BSE Liquid Rate ETF		2180
	Bajaj Finserv Nifty 1D Rate Liquid ETF		5
	Shriram Nifty 1D Rate Liquid ETF		24
	SBI Nifty 10 yr Benchmark G-Sec ETF		3047
	ICICI Pru Nifty 10 yr Benchmark G-Sec ETF		507
	UTI Nifty 10 yr Benchmark G-Sec ETF		1
	Nippon India ETF Nifty 8-13 yr G-Sec Long Term Gilt		2222
	LIC MF Nifty 8-13 yr G-Sec ETF		2200
	Mirae Asset Nifty 8-13 yr G-Sec ETF		86

Source: ACE MF. AUM as on September 2024. In Sensex and Nifty ETFs, SBI and UTI AMC has higher AUM but dominated by institutional flows.

Exhibit 4: Return of various category of ETFs

Name	1 Month	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years
Largecap Oriented ETFs							
Nifty 50 ETF	5.1	-2.2	6.4	19.7	13.8	16.6	12.9
Sensex ETF	5.7	-0.7	7.5	19.4	13.5	16.2	12.9
Nifty 50 Equal Weight ETF	3.3	-6.4	2.7	19.8	17.5	-	-
BSE 100 ETF	5.9	-2.1	6.6	23.0	15.4	18.0	-
Nifty 100 ETF	5.6	-2.6	5.5	22.6	14.0	16.8	12.9
Nifty 200 Quality 30 ETF	4.0	-6.8	6.2	25.4	14.9	18.8	-
Nifty 100 Low Vol 30 ETF	3.6	-6.6	5.2	20.8	16.0	18.8	-
Nifty Alpha Low Vol 30 ETF	4.1	-6.7	2.0	26.2	18.9		-
Nifty Next 50 ETF	8.8	-3.3	3.3	42.8	20.2	21.7	15.6
Sensex Next 50 ETF	8.8	-2.3	6.6	36.0	21.7	23.2	-
Nifty 50 Value 20 ETF(NV20)	4.5	-1.5	11.1	29.4	18.5	22.9	-
Nifty Dividend Opportunities 50 ETF	5.1	-2.6	7.8	31.1	23.7	24.0	14.7
NIFTY Growth Sectors 15 ETF	4.0	-5.1	10.7	20.2	-	-	-
Midcap Oriented ETFs							
Nifty Midcap 50 ETF	10.0	-2.5	7.3	28.9	-	-	-
Midcap 100 ETF	9.7	-1.7	8.3	31.9	24.4	28.9	17.4
Nifty Midcap 150 ETF	8.7	-2.0	6.4	31.1	23.4	29.0	-
Midcap Select ETF	10.7	0.1	11.3	36.3	21.0	23.6	-
Nifty Midcap 150 Quality 50 ETF	5.5	-3.0	4.1	27.7	-	-	-
Multicap Oriented ETFs							
S&P BSE 500 ETF	6.4	-2.6	5.8	24.9	16.5	19.9	-
Nifty Alpha 50 ETF	11.5	-2.2	5.4	39.9	-	-	-
Sector/Thematic/Global ETFs							
PSU Bank ETF	7.3	4.4	-5.5	25.8	37.4	22.4	5.4
Nifty Bank ETF	7.0	3.1	7.8	14.5	13.9	11.0	11.6
Nifty Pvt Bank ETF	5.8	-0.6	5.4	6.9	11.9	8.0	-
Nifty Financial Services ETF	7.5	3.8	11.9	18.5	12.3	-	-
Nifty IT ETF	8.5	6.5	32.6	41.4	10.3	-	-
Healthcare ETF	3.1	-2.4	14.6	39.7	19.3	-	-
Nifty India Consumption ETF	5.1	-6.5	5.0	27.0	18.9	19.6	14.2
Nifty Infrastructure ETF	6.2	-4.2	-0.2	27.2	20.9	22.4	11.9
Nifty 100 ESG Sector Leaders ETF	5.6	-2.5	6.6	21.6	12.5	-	-
Nifty 50 Shariah ETF	3.2	-8.0	7.9	19.3	7.8	16.9	11.9
Hang Seng ETF	1.2	16.3	14.3	29.8	0.7	-0.4	4.0
Hang Seng TECH ETF	1.0	30.3	22.1	24.6	-5.7	-	-
Nasdaq 100 ETF	4.1	12.8	12.9	33.6	14.3	25.2	21.2
Nasdaq Q 50 ETF	4.4	16.5	20.2	32.0			
NYSE FANG+ ETF	8.1	21.3	22.9	60.1	26.6	-	-
S&P 500 Top 50 ETF	3.5	11.3	14.1	39.4	16.5	-	-
Bharat 22 ETF	3.8	-1.9	2.5	31.4	35.9	27.0	
CPSE ETF	3.4	-6.4	-2.1	45.9	45.3	31.8	14.3
Commodities ETFs							
Gold ETF	2.3	5.2	7.0	24.5	15.7	14.1	9.8
Silver ETF	0.2	4.3	1.9	25.9	-	-	-

Source: ACE MF. Return as on Dec 13, 2024

Hybrid funds

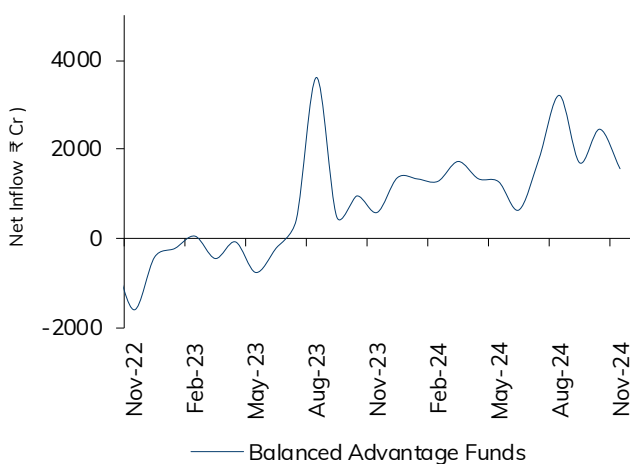
The hybrid funds category is dominated by aggressive hybrid funds (erstwhile balanced funds) and balanced advantage or dynamic asset allocation funds.

The trend of outflow continued in the aggressive hybrid category. The category has witnessed consistent outflows in the last many months.

Balanced Advantage Funds or Dynamic Asset Allocation category have been witnessing consistent inflows in the last few years as many investors prefer to invest in dynamically managed equity funds due to higher equity levels. The category has grown significantly over the last few years and AUM of the category is currently around ₹ 3.0 lakh crore.

Arbitrage funds, as a category, have been popular among investors for parking money temporarily in a tax efficient manner.

Exhibit 5: Flows have improved in BAFs since last 6 months



Source: AMFI

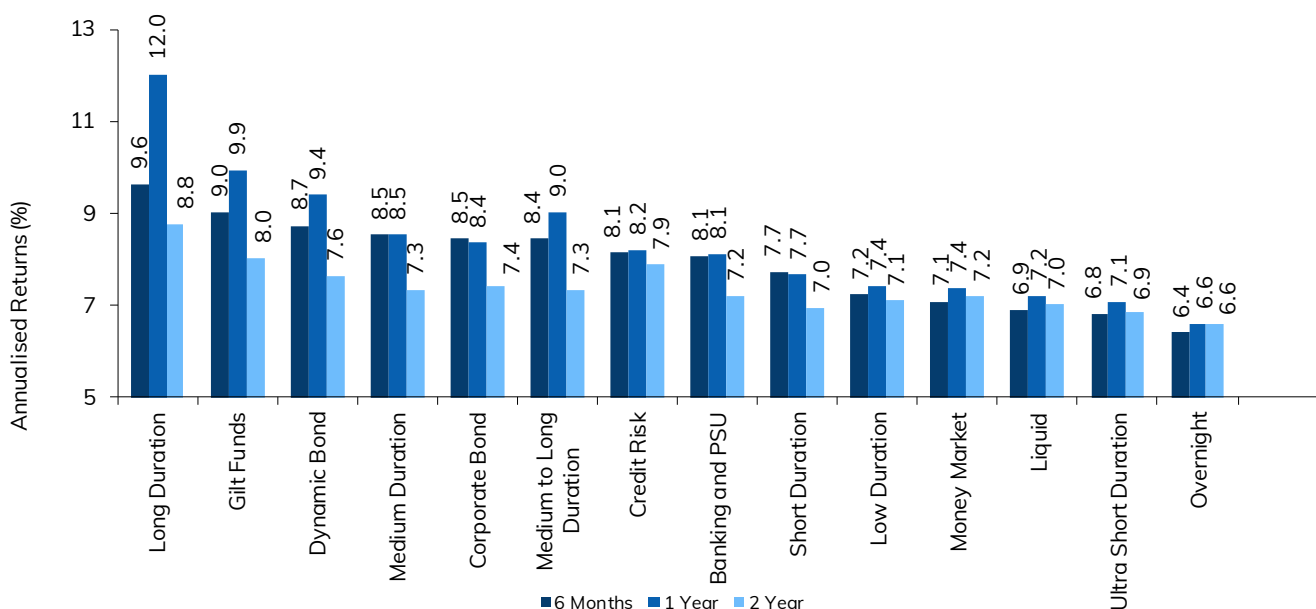
Exhibit 6: BAFs AUM near 2.9 lakh crore

Hybrid Category	Inflow/(Outflow) during Nov 2024	AUM
Dynamic Asset Allocation/Balanced Advantage	1,570	2,85,762
Balanced Hybrid Fund/Aggressive Hybrid Fund	914	2,22,915
Arbitrage Fund	(1,353)	1,96,699
Multi Asset Allocation	2,444	1,01,688
Equity Savings	586	41,435
Conservative Hybrid Fund	(37)	28,642

Source: ACE MF

Debt Funds

Exhibit 7: Long duration funds remain best performing category albeit with volatility in last few months



Source: CRISIL. Category average returns as on Dec 13, 2024.

Mutual Fund Recommendation

Exhibit 8: Equity oriented funds

Top Picks across category	
Largecap Funds	Bandhan Largecap Fund
	ICICI Prudential Bluechip Fund
	DSP Top 100 Fund
	JM Large Cap Fund
	Kotak Bluechip Fund
	Nippon India Large Cap Fund
	Quant Large cap Fund
Large and Midcap Funds	HDFC Large and Midcap Fund
	HSBC Large and Midcap
	ICICI Pru Large and Midcap Fund
	Mahindra Large & Mid Cap Fund
Flexicap/Multicap Funds	Axis Multicap Fund
	Franklin India Flexicap Fund
	HDFC Flexicap Fund
	HSBC Multicap Fund
	JM Flexicap Fund
	Motilal Oswal Flexicap Fund
	Nippon Multicap Fund
	Parag Parikh Flexi Cap Equity
	Quant Active Fund
Midcap Funds	HDFC Midcap Opportunities Fund
	Motilal Oswal Midcap Fund
	Nippon India Growth Fund
	Quant Midcap Fund
	Tata Midcap Fund
Smallcap Funds	Franklin India Smaller Companies Fund
	HDFC Smallcap Fund
	HSBC Smallcap Fund
	ICICI Pru Smallcap Fund
	Nippon Small Cap Fund
	Quant Small Cap Fund
Focus Funds	Franklin Focused Equity Fund
	IIFL Focused Equity Fund
	Tata Focused Equity Fund
Value/Contra Funds	HSBC Value Fund
	ICICI Pru Value Discovery Fund
	Nippon India Value Fund
	SBI Contra Fund
ELSS	Bandhan Tax Advantage Fund
	Franklin India Taxshield Fund
	HDFC Taxsaver Fund
	ICICI Pru LT Equity Fund (Tax Saving)
	SBI Long Term Equity Fund
Balanced Advantage Funds	Aditya Birla SunLife Balanced Advantage Fund
	Bandhan Balanced Advantage Fund
	Baroda BNP Paribas Balanced Advantage Fund
	DSP Dynamic Asset Allocation Fund
	Edelweiss Balanced Advantage Fund
	HDFC Balanced Advantage Fund
	ICICI Prudential Balanced Advantage Fund
	Kotak Balanced Advantage Fund
	Nippon India Balanced Advantage Fund
	Sundaram Balanced Advantage Fund

Source: ICICI Direct Research

Exhibit 9: Debt funds

Top Picks across category	
Category	Fund
Overnight / Liquid / Ultra Short Ter	Aditya Birla Sun Life Savings Fund
	HDFC Ultra Short Duration Fund
	ICICI Pru Ultra Short Duration Fund
	SBI Magnum Ultra Short Duration Fund
Low Duration / Money Market	Aditya Birla Sun Life Money Manager Fund
	ICICI Prudential Savings Fund
	Kotak Low Duration Fund
Short Term	Aditya Birla Sun Life Short Term Fund
	HDFC Short Term Debt Fund
	ICICI Prudential Short Term Fund
	Nippon India Short Term Fund
Medium Term	Axis Strategic Bond Fund
	HDFC Medium Term Debt Fund
	ICICI Prudential Medium Term Bond Fund
Medium to Long Term/Long Term	Nippon India Nivesh Lakshya Fund
	HDFC Long Duration Debt Fund
	SBI Long Duration Fund
Dynamic Bond Fund	ICICI Prudential All Seasons Bond Fund
	Bandhan Dynamic Bond Fund
	Kotak Dynamic Bond Fund
Corporate Bond	Aditya Birla SL Corporate Bond Fund
	HDFC Corporate Bond Fund
	Bandhan Corporate Bond Fund
	L&T Triple Ace Bond Fund
Gilt	Aditya Birla Sun Life G-Sec Fund
	Bandhan G-Sec Fund - Investment Plan
	DSP Government Securities Fund
	ICICI Prudential Gilt Fund
	Invesco India Gilt Fund

Source: ICICI Direct Research



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