



BUILT ON RULES

Mutual Fund Industry Update

December 2025



TOPIC

Industry Overview & AUM Growth

Net Inflows & Category Breakdown

NFO Trend

The Power of SIPs

Rise of Passive and Rule-based/Smartbeta



Structural Industry Expansion



Passive Strategy Migration



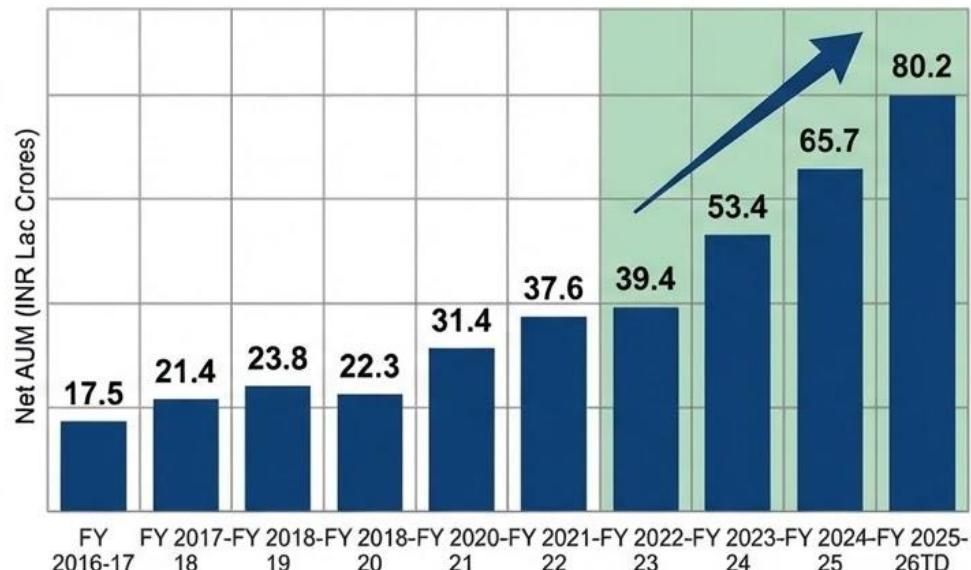
Consistent Capital Accumulation



Advisor Driven Longevity

Long-Term AUM Expansion and 2025 Monthly Momentum

Net AUM Trend YoY (FY 2016-17 to FY 2025-26TD)



Consistent capital accumulation accelerated post-FY22, nearly quadrupling AUM from FY17 levels to 80.2 Lac Cr in FY26TD.

Net AUM Trend MoM (Jan 2025 - Dec 2025)



Following a Q1 volatility dip, the fund demonstrated sustained monthly compounding from April through November, peaking at 80.8 Lac Cr.

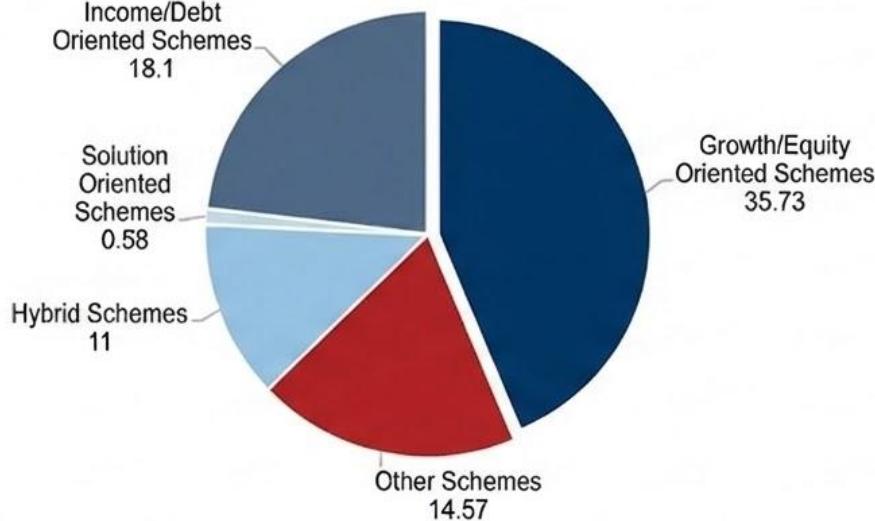
Key Highlights

- Long-Term Trajectory:** Net AUM has grown 4.5x over the last decade, rising from 17.5 Lac Cr (FY17) to 80.2 Lac Cr (FY26TD).
- 2025 Resilience:** Despite an initial decline in February (64.5 Lac Cr), the Industry recovered swiftly, maintaining a strong upward trend for the majority of the year.

Source: AMFI | FY 2016-17 - FY 2025-26TD. FY 2025-26TD data is as of December 2025

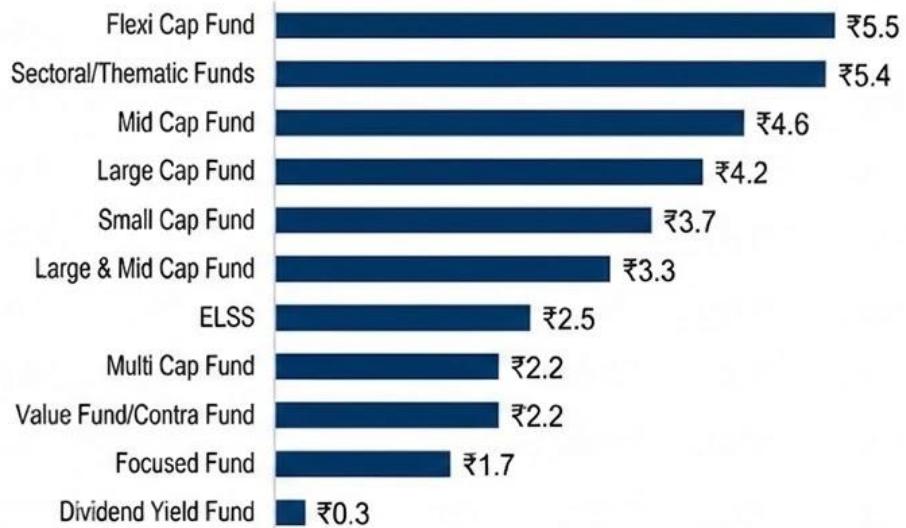
Source: AMFI | 31st January 2025 - 31st December 2025

Category-wise Net AUM (INR Lac Crores)



Growth/Equity Oriented Schemes dominate the portfolio composition, contributing 35.73 INR Lac Crores.

YTD Equity Schemes Net AUM (INR Lac Crores)

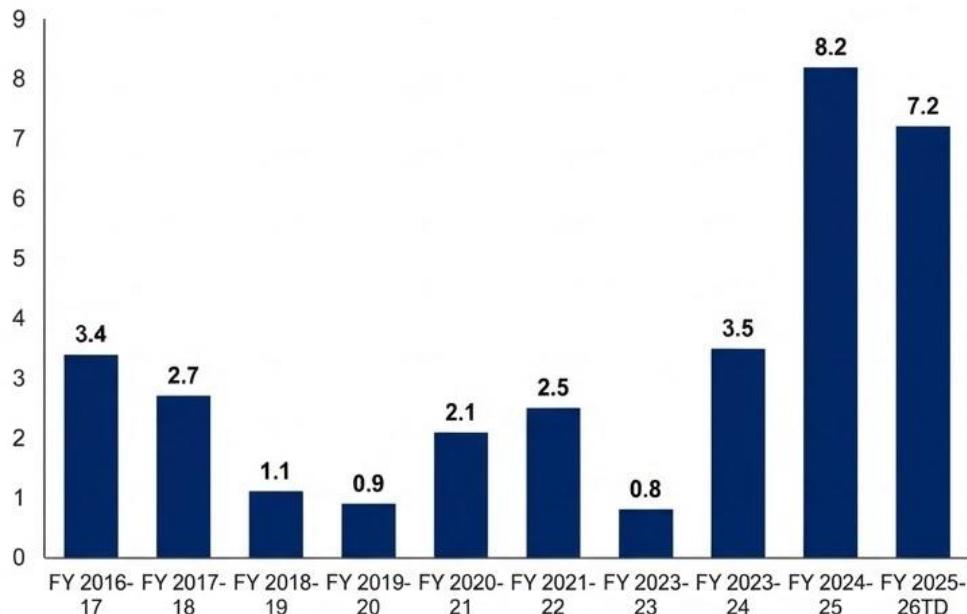


Flexi Cap and Sectoral/Thematic Funds are the leading drivers within the equity portfolio.

Key Highlights

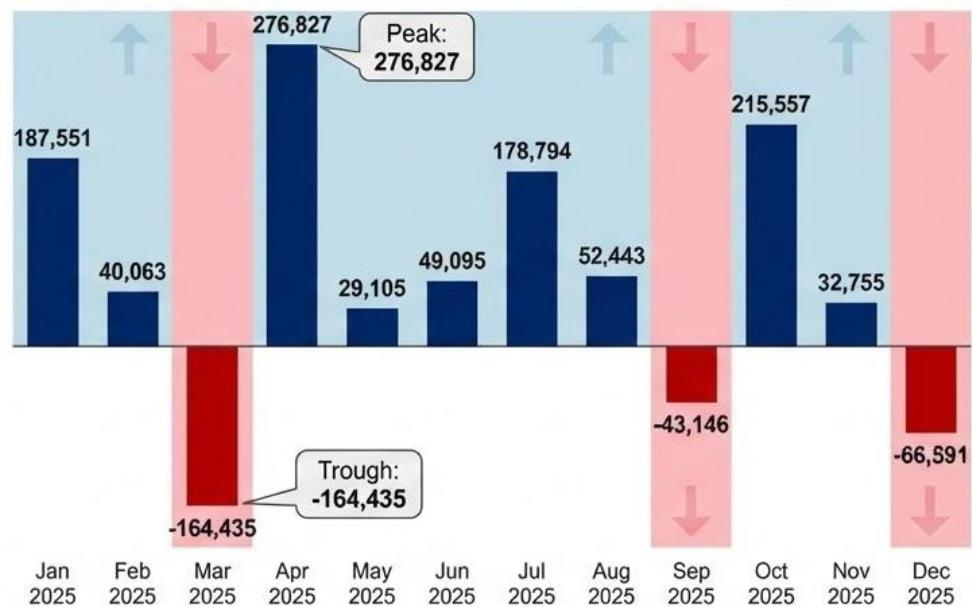
- Equity remains the primary asset class, comprising the largest share of total Net AUM.
- Flexi Cap Funds (₹5.5 Lac Cr) and Sectoral/Thematic Funds (₹5.4 Lac Cr) act as the twin pillars of the equity space.
- Mid Cap Funds show significant strength at ₹4.6 Lac Cr, outpacing Large Cap allocations.

Net Inflow Trend YoY (INR Lac Crores)



Current fiscal year (7.2) is approaching the previous historic high (8.2) despite the year not yet concluding.

Net Inflow Trend MoM (INR Crores)

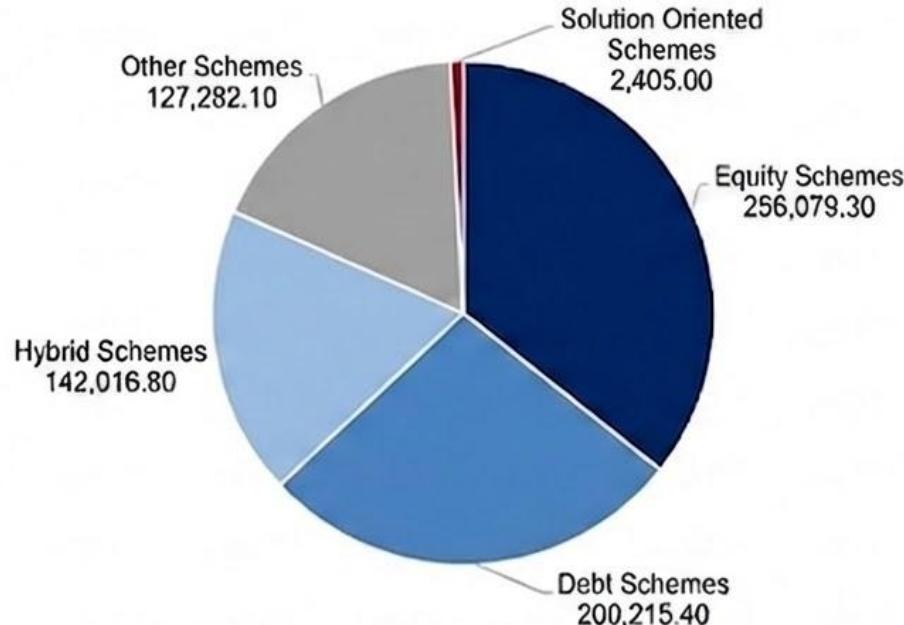


Inflows exhibit cyclical volatility, characterized by sharp peaks in April/October and corrective outflows in March/December.

Key Highlights

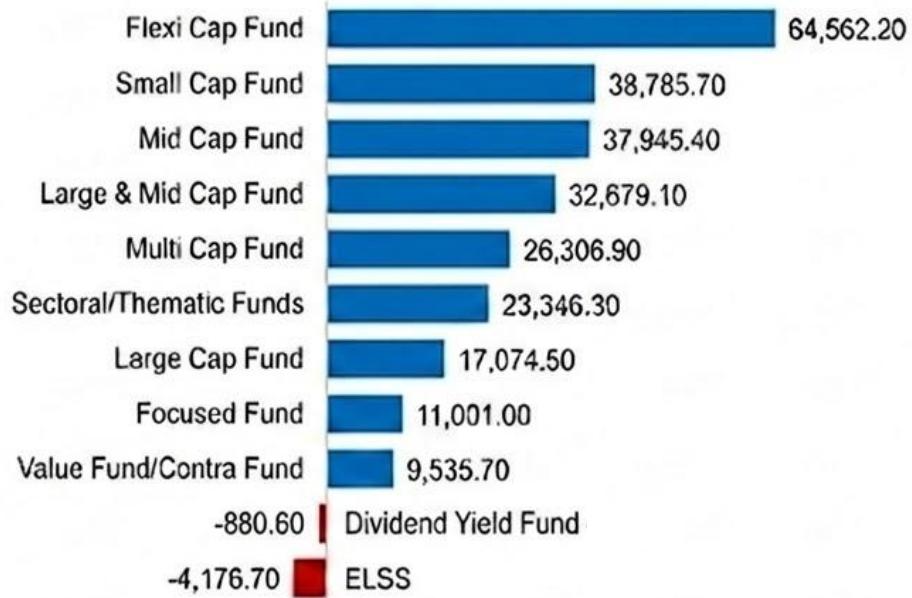
- Long-term capital accumulation remains robust with FY 2025-26TD (7.2 Lac Cr) sustaining the momentum of the FY 2024-25 breakout year.
- Short-term monthly trends reveal significant volatility, with deep outflows in quarter-ending months (March, Sept, Dec) countered by massive inflows in subsequent months.

YTD Category-Wise Net Inflow (INR Crores)



Equity Schemes remain the dominant asset class, commanding the largest share of the wallet (256k), followed closely by Debt.

YTD Equity Schemes Net Inflows (INR Crores)



Flexi Cap strategies are attracting the highest inflows (64k), while tax-saving ELSS and Dividend Yield funds face net outflows.

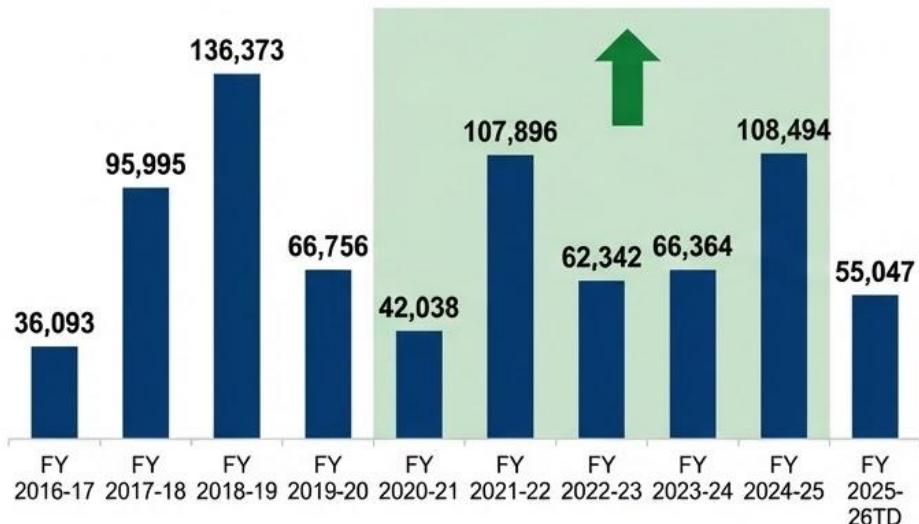
Key Highlights

- Equity Schemes lead total category inflows, driven by strong appetite for flexicap and small/mid-cap mandates.
- Investor preference is clearly shifting toward high-growth strategies (Flexi Cap, Small Cap) and moving away from traditional tax-saving instruments (ELSS).

Source: AMFI | Data is for FY 2025-26TD, as of December 2025. Only open-ended schemes are considered. Yearly Net Inflows figure is calculated as the sum of Monthly Net Inflows figures.

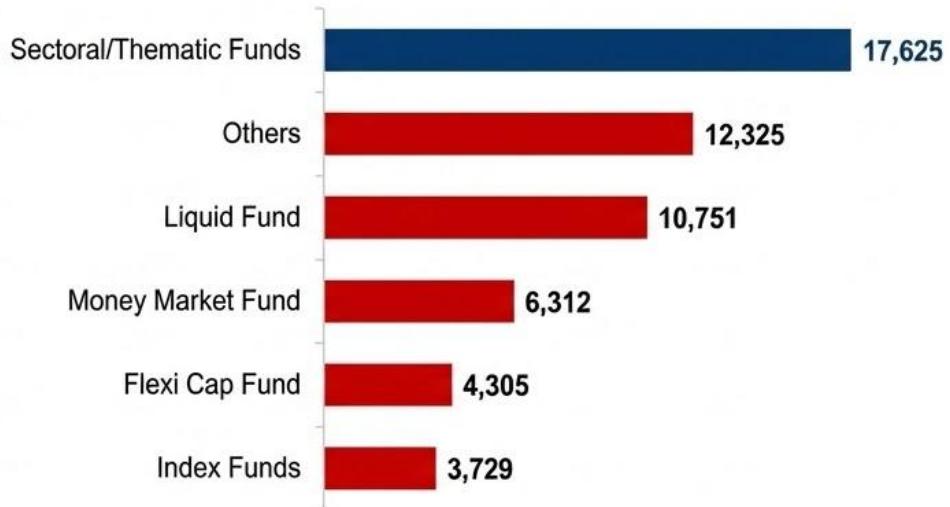
Source: AMFI | Data is for FY 2025-26TD, as of December 2025. Only open-ended schemes are considered. Yearly Net Inflows figure is calculated as the sum of Monthly Net Inflows figures.

NFO Trend YOY (INR Crores)



NFO collections show cyclical peaks, with FY 2018-19 setting the historical high.

YTD Category-wise Fund Mobilization (INR Crores)



Sectoral/Thematic funds command the largest share of mobilization, significantly outpacing Flexi Cap and Index categories.

Key Highlights

- NFO trends indicate a stabilization period in FY 2025-26TD after the surge in the previous fiscal year.
- Sectoral and Thematic funds (₹17,625 Cr) are the primary driver of current inflows, suggesting high risk appetite among investors.

Source: AMFI | FY 2016-17 - FY 2025-26TD. FY 2025-26TD data is as of December 2025

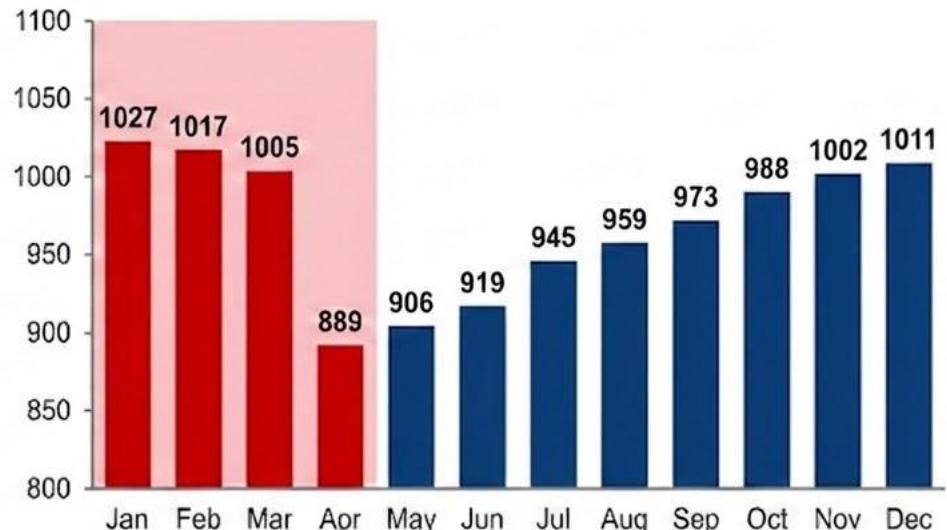
Source: AMFI | Data is for FY 2025-26TD, as of December 2025.

No. of Folios - Monthly Trend 2025 (in Cr.)



Total investor folios grew consistently every month, adding roughly 3.2 Crore folios in 2025.

No. of Outstanding SIP Accounts (Lakhs)

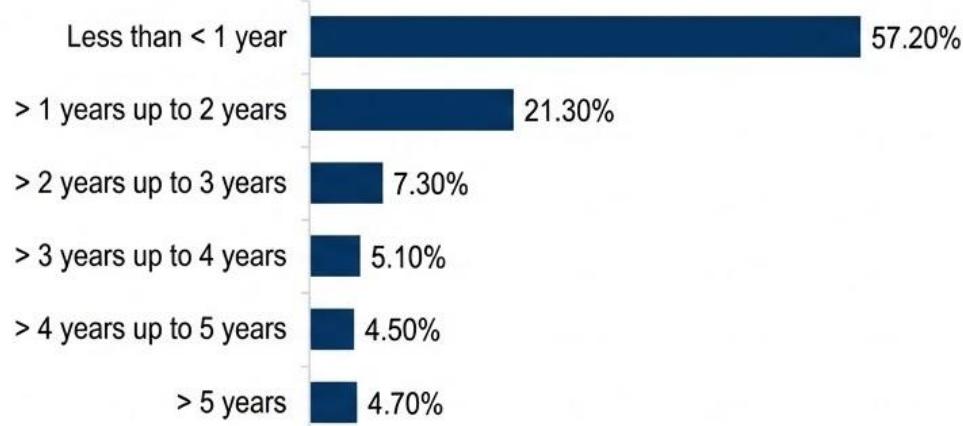


SIP accounts faced a sharp contraction in April 2025 but achieved a full recovery by year-end.

Key Highlights

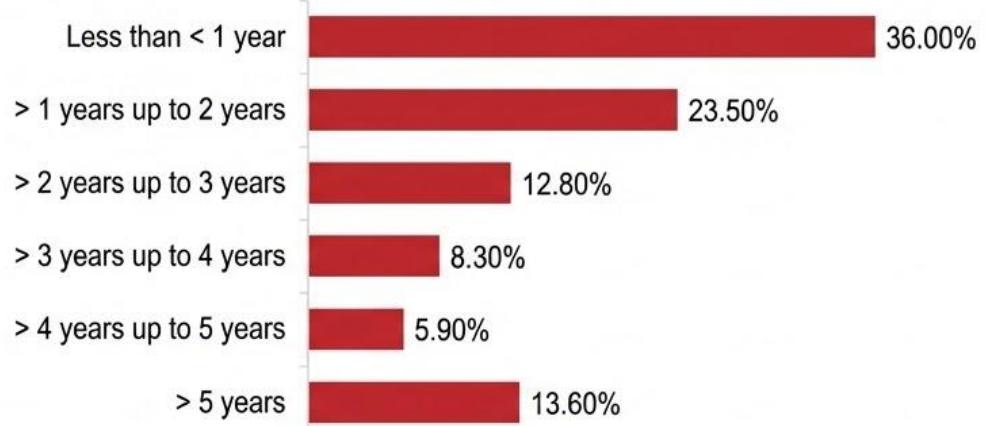
- Folio count demonstrates **non-linear** positive momentum, growing from ~22.9 Cr to 26.1 Cr.
- SIP accounts displayed significant volatility in Q2 CY 2025 but ended the year establishing a new peak of 1011 Lakhs.

SIP Accounts Continuing for (Direct Plan)



Direct Plan accounts show high churn, with over half of the base active for less than one year.

SIP Accounts Continuing for (Regular Plan)



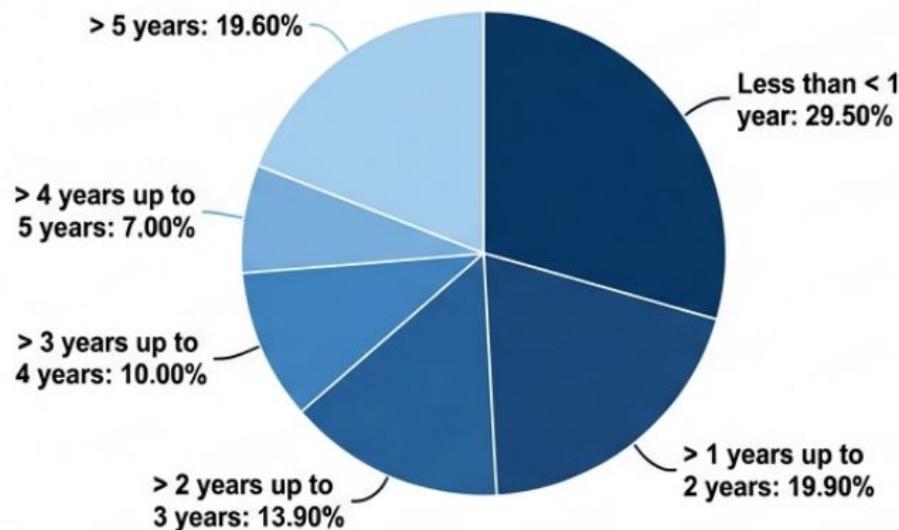
Regular Plans demonstrate superior longevity, with a significantly larger proportion of accounts retained beyond the 5-year mark.

Key Highlights

- **Volatility in Direct Plans:** A staggering 57.20% of Direct Plan accounts have a tenure of less than one year, indicating rapid entry and exit behavior.
- **Long-Term Retention:** Regular Plans show far greater stability, with 13.60% of accounts continuing for more than 5 years, compared to only 4.70% in Direct Plans.

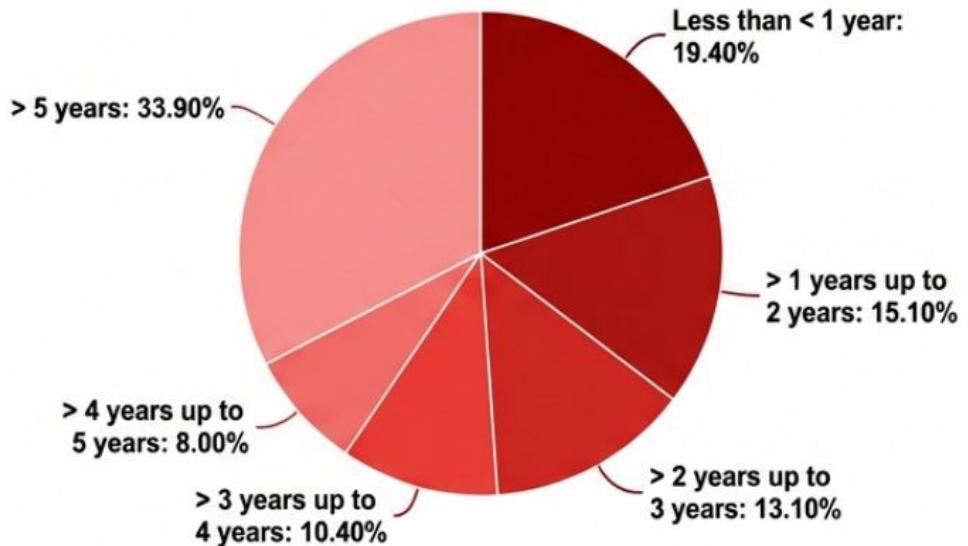
Source: AMFI | Data is for the period December 2025

SIP AUM % Distribution (Direct Plan)



Asset value in Direct Plans is weighted toward newer inflows, with nearly 30% of AUM originating from accounts less than a year old.

SIP AUM % Distribution (Regular Plan)



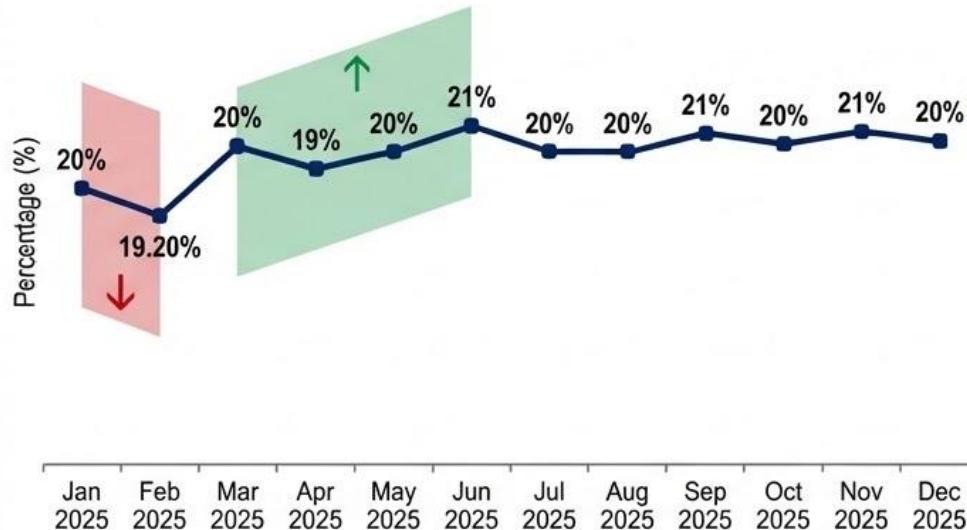
Regular Plans exhibit high capital quality, with the largest single share of assets (33.90%) held in accounts active for over 5 years.

Key Highlights

- **Capital Maturity:** Regular Plans hold a massive 33.90% of their AUM in the > 5 years category, proving the value of long-term holding.
- **New Money vs. Old Money:** In contrast, the largest AUM bucket for Direct Plans is Less than < 1 year (29.50%), highlighting a portfolio composition driven by recent inflows rather than compounded growth.

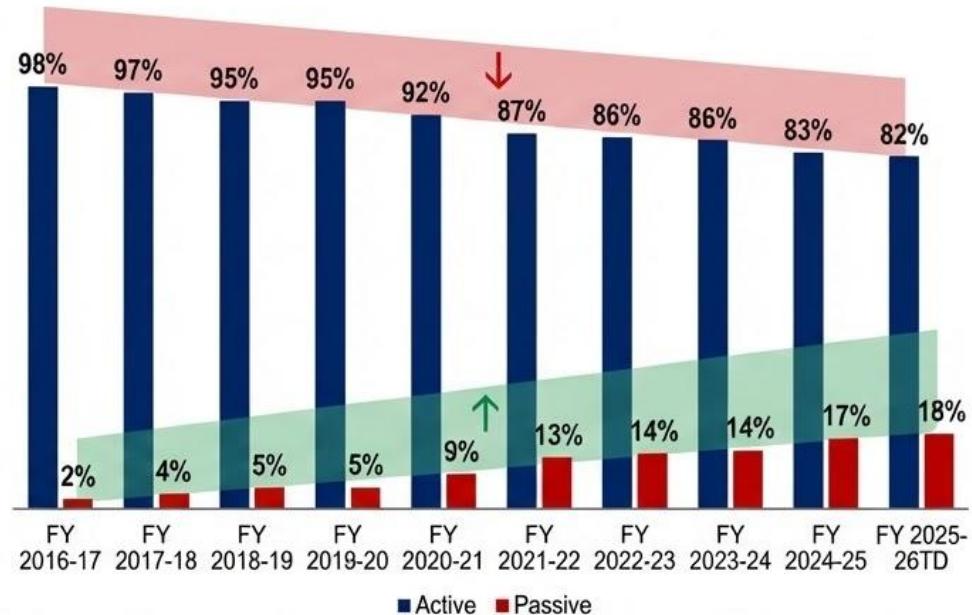
Source: AMFI | Data is for the period December 2025

SIP Contribution to Industry Assets (2025)



SIP contribution to industry assets peaked at 20.60% in June 2025 after an early year dip.

Active vs. Passive Fund Net AUM Evolution



Passive funds have gained significant ground, growing from 2.40% to 18.20% of Net AUM over the last decade.

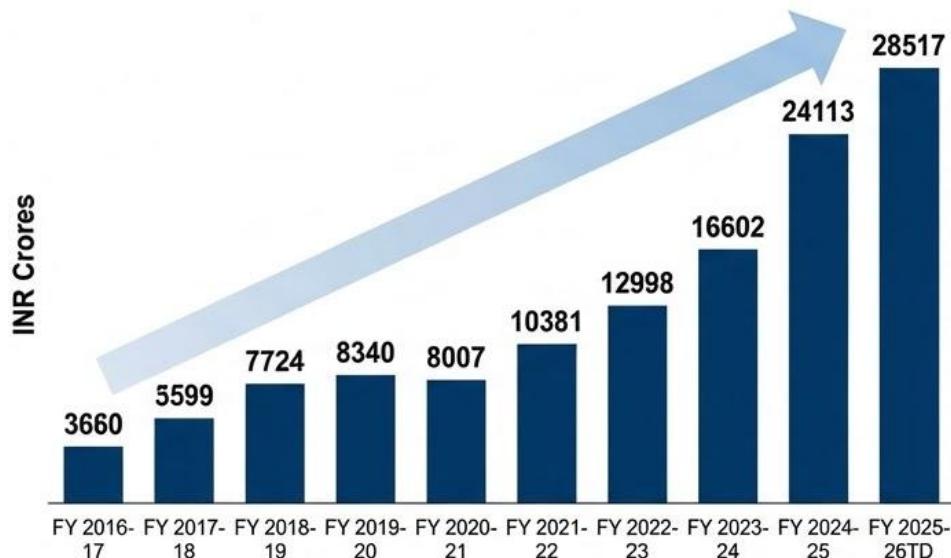
Key Highlights

- Steady SIP Contribution:** SIP assets as a percentage of the industry remained range-bound between 19.20% and 20.60% throughout 2025.
- Structural Market Shift:** There is a clear, long-term migration toward Passive funds, which have expanded their market share by over 7x (from 2.40% to 18.20%) since FY 2016-17, directly impacting Active fund dominance.

Source: AMFI | January 2025 - December 2025

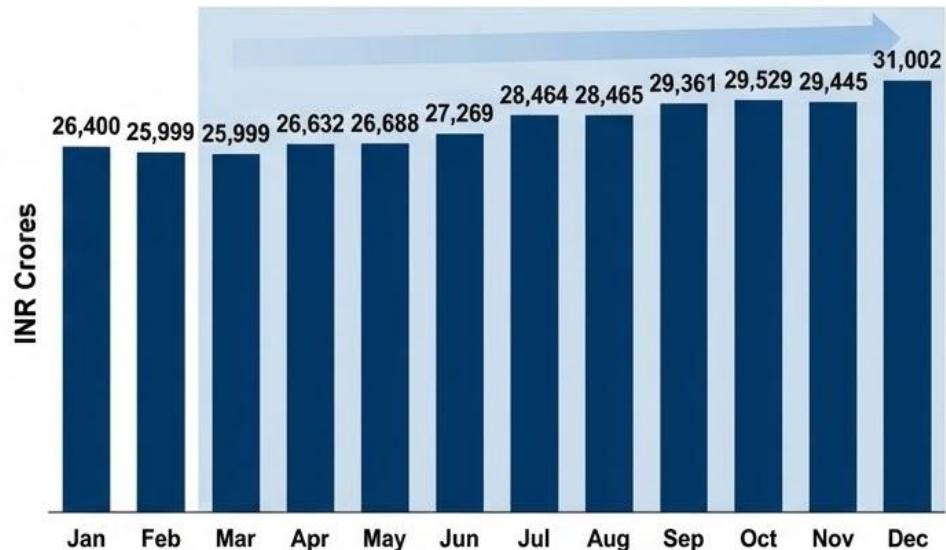
Source: AMFI | FY 2016-17 - FY 2025-26TD. FY 2025-26TD data is as of December 2025. Passive Funds include: Index Funds, Gold ETF, Other ETFs, and Fund of funds investing overseas. Remaining open-ended and all close-ended schemes are classified as Active Funds. Active Funds and Passive Funds Net AUM is each shown as a percentage of Total Net AUM.

Average SIP Book (FY 2016-17 to FY 2025-26TD)



Sustained long-term compounding, growing the average book from 3,660 Cr to 28,517 Cr over the decade.

Monthly SIP Contribution (Jan 2025 – Dec 2025)



Consistent monthly inflows throughout 2025, breaking the 30k barrier to reach 31,002 Cr in December.

Key Highlights

- The Average SIP Book has demonstrated exponential growth, expanding from 3,660 Cr in FY 16-17 to 28,517 Cr in FY 25-26TD.
- 2025 monthly data confirms strong immediate momentum, with contributions rising steadily from Q1 levels to a year-end high of 31,002 Cr.
- Data indicates a resilient asset base with no significant volume deterioration despite minor monthly variances.

Source: AMFI | FY 2016-17 - FY 2025-26TD. FY 2025-26TD data is as of December 2025.

Average SIP Contribution is calculated by dividing yearly SIP Contribution by the number of months.

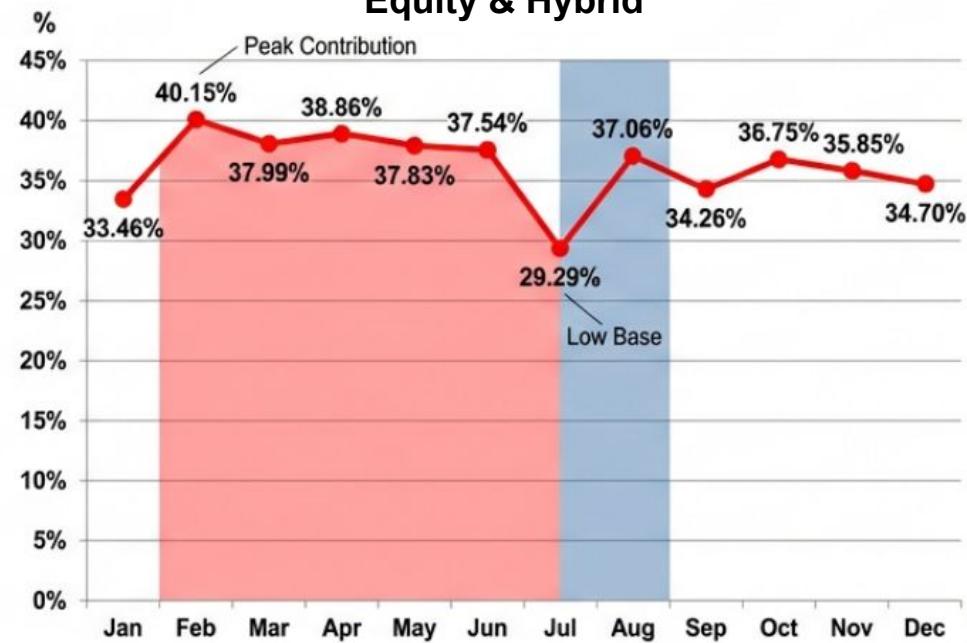
Source: AMFI | January 2025 - December 2025

Yearly SIP Contribution to Gross Sales Equity & Hybrid



Structural shift in business mix, with SIPs now contributing over one-third (35.50%) of total gross sales in the current fiscal period.

Monthly SIP Contribution to Gross Sales Equity & Hybrid



Monthly variance observed between ~29% and ~40%, indicating active sales dynamics while maintaining a high contribution floor.

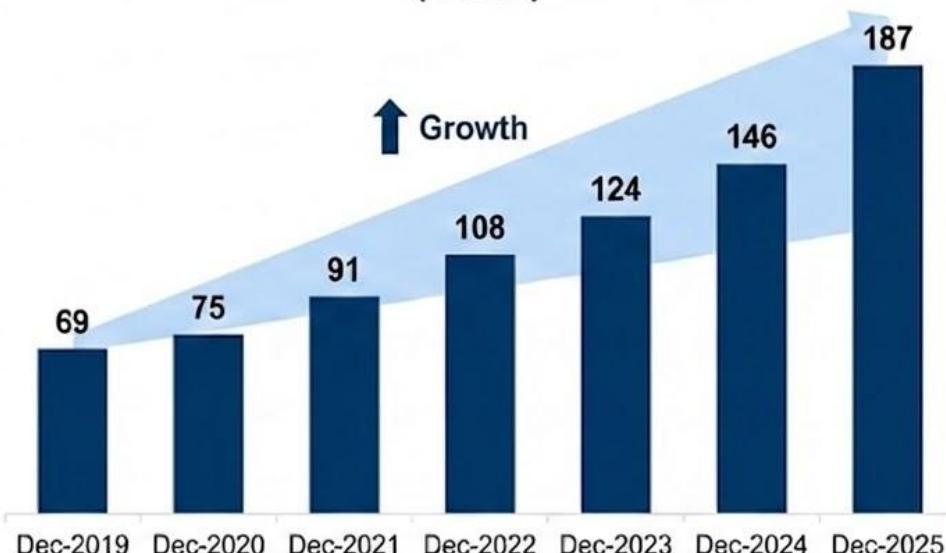
Key Highlights

- Long-term data reveals a mature portfolio where SIPs consistently anchor roughly 30-35% of Gross Sales, recovering strongly from the FY 21-22 dip.
- Intra-year analysis for 2025 shows high sensitivity but strong recovery; despite a dip to 29.29% in July, contributions rebounded to 37.06% the following month.
- The strategy reflects reduced dependency on lump-sum volatility, with SIPs providing a predictable revenue foundation.

Source: AMFI | FY 2016-17 - FY 2025-26TD. FY 2025-26TD data is as of December 2025. SIP Contribution to Gross Sales is calculated by dividing Yearly SIP Contribution by Yearly Funds Mobilized as per AMFI Monthly Report. For Gross Sales, only open-ended Equity and Hybrid Schemes (excl. Arbitrage Fund) are considered.

Source: AMFI | January 2025 - December 2025. SIP Contribution to Gross Sales is calculated by dividing Yearly SIP Contribution by Yearly Funds Mobilized as per AMFI Monthly Report. For Gross Sales, only open-ended Equity and Hybrid Schemes (excl. Arbitrage Fund) are considered.

Growth of Passive Equity Broad Based Schemes (Count)



Steady issuance of new schemes, growing from 69 to 187 over the period.

Growth of Passive Equity Broad Based Schemes (AUM ₹ Cr)



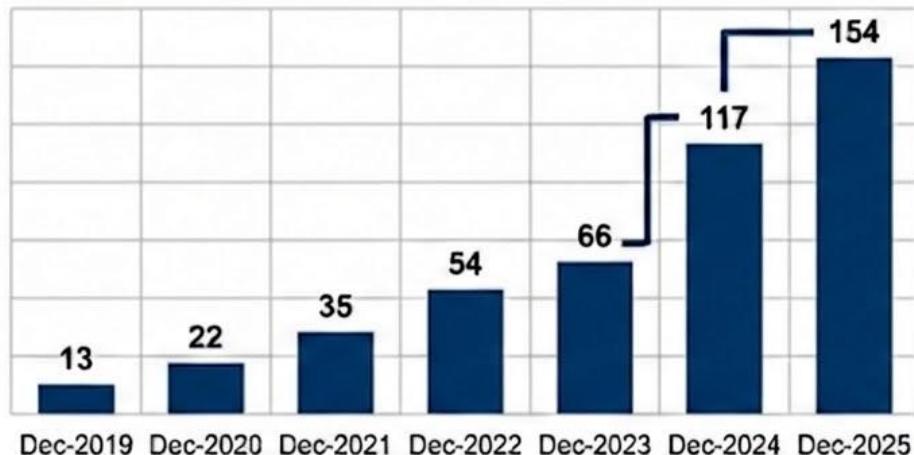
Consistent linear accumulation of assets, reaching ₹845,439 Cr by Dec-2025.

Key Highlights

- Uninterrupted Expansion:** The category demonstrates a perfect linear growth trajectory in assets without a single year of decline.
- Market Dominance:** With passive fund AUM at ₹845,439 Cr, this remains the heavyweight category for passive flows.
- Supply Matching Demand:** The scheme count has nearly tripled (69 to 187) to accommodate the massive inflow of capital.

Source: ICRA. AUM figures are as of month end. All regular open-ended schemes under the Passive Equity Broad-Based category have been considered. The Passive Equity Broad-Based category has been defined by selecting all regular open-ended equity-based schemes and classifying them based on Nifty's benchmark categorization.

Growth of Passive Equity Sector/Thematic Schemes (Count)



Explosive proliferation of schemes, particularly between Dec-2023 and Dec-2025.

Growth of Passive Equity Sector/Thematic Schemes (AUM ₹ Cr)



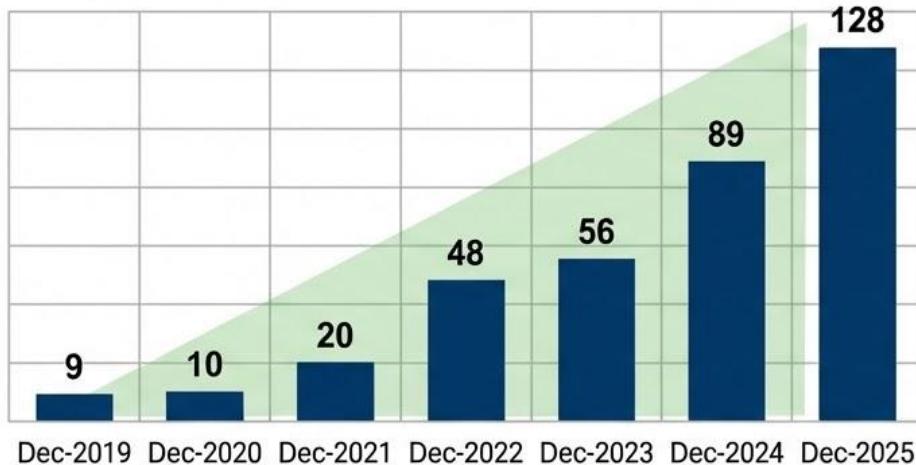
Asset growth is positive but shows a flatter curve compared to the aggressive scheme launch rate.

Key Highlights

- Aggressive Issuance:** Scheme count surged from just 13 in 2019 to 154 in 2025, indicating high product innovation.
- Niche Focus:** While scheme count increased over 10-fold, AUM grew approx 3-fold, suggesting smaller average ticket sizes per thematic fund.
- 2024 Inflection:** A significant spike in supply occurs between Dec-2023 (66) and Dec-2024 (117).

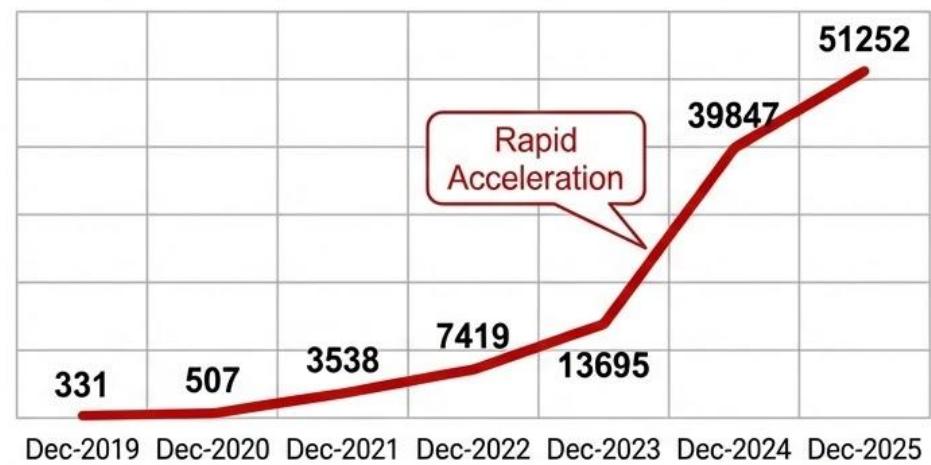
Source: ICRA. AUM figures are as of month end. All regular open-ended schemes under the Passive Equity Sector/Thematic category have been considered. The Passive Equity Sector/Thematic category has been defined by selecting all regular open-ended equity-based schemes and classifying them based on Nifty's benchmark categorization.

Growth of Passive Equity Strategic Schemes (Count)



Consistent ramping up of new strategies, crossing the 100-scheme mark by 2025.

Growth of Passive Equity Strategic Schemes (AUM ₹ Cr)



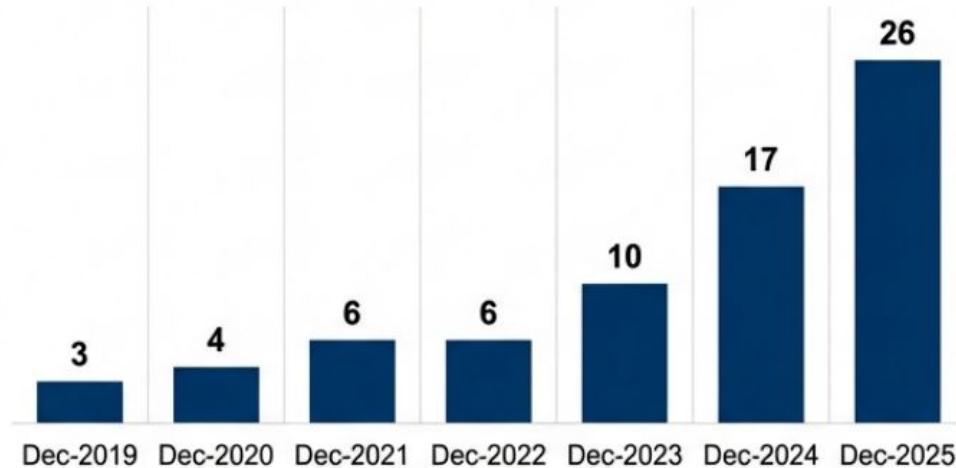
Exponential asset growth, rising from a low base of ₹331 Cr to over ₹51,000 Cr.

Key Highlights

- The Hockey Stick:** This category displays the most dramatic exponential growth curve in the dataset.
- Volume Surge:** AUM jumped significantly from 13,695 (2023) to 39,847 (2024), nearly tripling in a single year.
- Mainstream Acceptance:** Starting with only 9 schemes in 2019, the category is projected to host 128 schemes by 2025.

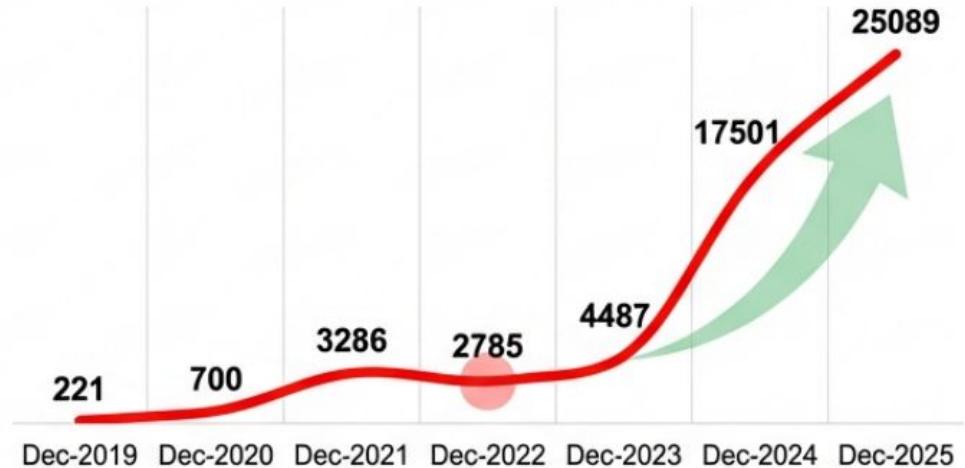
Source: ICRA. Based on proprietary scheme classification of NJ Asset Management Pvt. Ltd. Only open ended Equity based active smartbeta funds have been considered. AUM figures are as of Month end.

Growth of Active Equity Smart Beta Schemes (Count)



A niche category that remained flat until 2023, now showing signs of new issuance.

Growth of Active Equity Smart Beta Schemes (AUM ₹ Cr)



Volatile early growth followed by a massive breakout in assets in 2024 and 2025.

Key Highlights:

- **Recent Breakout:** After hovering below 5,000 Cr until 2023, AUM quadrupled to 17,501 Cr in 2024.
- **High Value per Scheme:** Despite having only 26 projected schemes, the category commands over 25,000 Cr, suggesting high conviction.
- **Market Entry:** The scheme count remained single-digit until 2023, marking this as a very recent area of focus for fund houses.

Source: ICRA. Based on proprietary scheme classification of NJ Asset Management Pvt. Ltd. Only open ended equity-based active smartbeta funds have been considered. AUM figures are as of Month end.

↑ Robust Industry Growth

- AUM quadrupled since FY17; strong momentum.

The Rise of Passive

- Passive share surged to ~18%, eroding Active dominance.

SIPs are the Bedrock

- SIPs provide predictable revenue and market stability.



Advisor Value is Clear

- Regular Plans show significantly higher retention than Direct.



Sectoral Funds Demand

- Thematic and Sectoral funds are driving current inflows.



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