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Equity MFs close
2024 with record
₹3.9-lakh-cr inflows

¹ DESPITE THE RALLY in the stock market fizzling out after September, equity MFs saw net inflows of ₹41,156 crore in December, reports **Akshata Gorde**. This led to a y-o-y rise of 144%, taking the total equity inflows to a record ₹3.9 lakh crore for 2024. Equity MFs saw the second-best monthly inflows in December, just shy of ₹41,887 crore in October. ■ **PAGE 6**

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Mutual funds end 2024 with record ₹3.9-lakh-cr inflows

● Quarter-end tax outflows hit debt funds; SIPs touch record ₹26,459 cr

AKSHATA GORDE
Mumbai, January 9

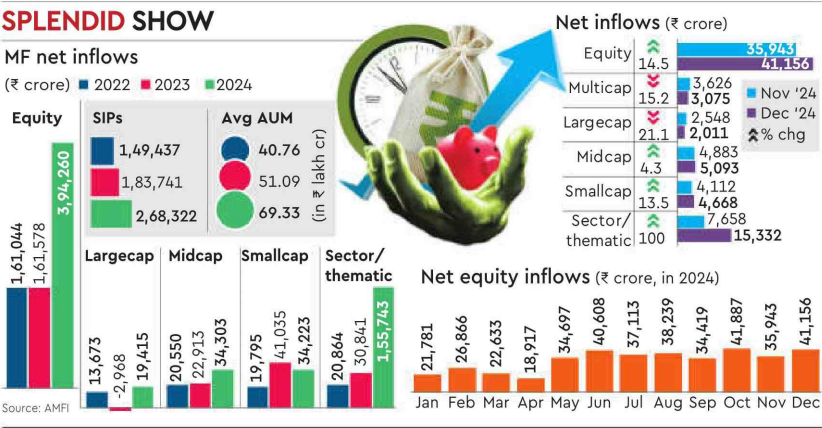
DESPITE THE RALLY in the stock market fizzling out after September, equity mutual funds (MFs) closed the year on a strong note, with December witnessing net inflows of ₹41,156 crore. This led to a year-on-year rise of 144%, taking the total tally to a record ₹3.9 lakh crore for 2024.

Equity MFs saw the second-best monthly inflows in December, just shy of ₹41,887 crore achieved in October, fuelled by a strong investor sentiment in the sectoral and thematic as well as small- and mid-cap funds. This came despite the equity markets closing the month in the red, down over 2%.

“The correction in the markets during the month provided a good investment opportunity for investors, which they didn’t fail to capitalise on,” Himanshu Srivastava, associate director – manager research at Morningstar Investment Research India, said.

Mid-cap funds attracted record inflows of ₹5,093 crore during the month while small-cap funds saw the second-highest monthly inflows of ₹4,668 crore, despite concerns about the risks involved in the two segments, the Association of Mutual Funds of India said.

Srivastava believes that the con-



tinued strong inflows in mid- and small-caps, and categories which have significant exposure in these two segments show the investor preference, as they have consistently generated high returns over the last few years.

Sectoral and thematic funds contributed the most – ₹15,332 crore, largely boosted by the launch of 12 new fund offerings (NFOs). “Sectoral funds continue to shine with NFOs driving the bulk of the flows,” said Anand Vardarajan, chief business officer at Tata Asset Management.

Suranjana Borthakur, head of distribution and strategic alliances at Mirae Asset Investment Managers (India), however, cautioned against the high concentration of inflows in a single fund category.

“While thematic funds work well in satellite portfolios, it’s crucial for investors to avoid overexposure to any particular sector, and instead seek diversified opportunities that align with long-term trends in India, such as consumption, banking, financials, and healthcare.”

The inflows through systematic investment plans (SIP) stood at ₹26,459 crore, compared with ₹25,320 crore in November—managing to achieve a new high for the 17th time in the past 18 months.

“Despite volatile market conditions, equity-oriented schemes continued to see strong inflows, reflecting investors’ confidence and commitment to staying invested for the long term. The SIP contribution reached an all-time high of ₹26,459

crore in December 2024, reflecting investors’ steadfast commitment to their financial goals,” said Venkat Chalasani, chief executive of Amfi.

“The record-breaking 225 million mutual fund folios in December underscore investors’ confidence in the industry’s ability to deliver long-term value despite short-term fluctuations,” Chalasani said.

Investors pulled ₹1.27 lakh crore from debt MFs in December, largely due to quarter-end outflows from shorter-duration funds to meet tax payments. Vardarajan said, “Debt has been negative across categories, with the most impact in liquid and ultra-categories, primarily due to quarter-end outflows and tax payments.” Overnight funds recorded outflows of ₹22,347.58 crore.