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High volatility hits returns of MFs launched in FY25

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Record number of 239 new mutual fund (MF) schemes were launched in financial year 2024-25 which raised the total number of MF schemes to 1,860 run by 46 fund houses.

Majority of new fund launches were concentrated in three types of MF scheme categories - sectoral or thematic fund category (51 NFOs), index fund (96 NFOs) and other ETFs (43 NFOs).

However, a check of new funds launched since April 2024 indicates subdued investors interest in new fund offerings (NFOs) barring a few that managed heavy subscriptions during the NFO period.

Also most of the new schemes have generated negative returns as the market has seen high volatility after peaking in September-October 2024 period. Several new schemes are managing small assets of ₹11 crore to ₹100 crore indicating such new launches are not attracting informed investors either through lump sum or SIP investment route.

HDFC's thematic fund HDFC Manufacturing Fund collected ₹9,563 crore during NFO in May 2024 period and set the ball rolling for other fund houses to go for thematic fund launches, today its asset under management (AUM) has gone up to ₹11,596.69 crore but returns are negative at minus 4.52 per cent since launch and minus 4.90 per cent on annualised basis.

SBI Quant Fund launched in December 2024 also with good NFO response

TOP MUTUAL FUND HOUSES BY AUM		
FUND HOUSE	AUM/MAR 31 2025 (₹L CR)	AUM /MAR 31 2024 (₹L CR)
SBI Mutual Fund	10.72	9.14
ICICI Prudential MF	8.79	6.83
HDFC Mutual Fund	7.73	6.12
Nippon India MF	5.57	4.31
Kotak Mutual Fund	4.82	3.81
Aditya Birla Sun Life MF	3.81	3.31
UTI Mutual Fund	3.39	2.90
Axis Mutual Fund	3.21	2.74
DSP Mutual Fund	1.87	1.48
Tata Mutual Fund	1.87	1.47
Mirae Asset MF	1.86	1.61

Source: AMFI, FC Research



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and present AUM of ₹3,502.67 crore has a negative return of minus 7.16 per cent since launch.

Index funds launched last year have not evoked investors' interest like thematic funds did with secondary markets doing well and have fallen behind in terms of return due to market downturn.

Kotak Nifty 50 Equal Weight Index Fund with an AUM of ₹11.32 crore and return of 0.81 per cent since launch.

Tata Mutual Fund launched six index funds simultaneously last year on various themes collecting ₹269 crore in total, today their combined AUM stands at ₹534 crore

and two of them only generating positive returns.

Other ETFs launched during the year on gold-360 One Gold ETF(AUM ₹14.17 crore) and silver-SBI Silver ETF (AUM ₹320.09 crore), Zerodha Silver ETF (AUM of ₹11.55 crore), 360 One Silver(AUM of ₹6.85 crore) have also not attracted investors despite a huge rally in commodity prices.

While the majority of fund houses are launching NFOs to get more money to manage, few have made big inroads in fund mobilisation. However, some mutual fund house are focusing more on raising money through fund performance.