

19th July, 2019

MF HOLDING IN CPs DOWN 25 PER CENT; IN CORPORATE BONDS DOWN 12 PER CENT FROM ALL TIME HIGHS:
primemfdatabase.com

Holding of Mutual Funds in Commercial Paper (CP) in value terms stood at INR 3.72 lakh crores on 30th June 2019, down by 13.69 per cent from INR 4.31 lakh crore on 31st May 2019 and down by 24.40 per cent from all-time high of INR 4.92 lakh crore on 31st August 2018, as per primemfdatabase.com, an initiative of PRIME Database Group.

According to Pranav Haldea, Managing Director of PRIME Database Group, mutual funds have significantly reduced their exposure to CPs, after the IL&FS crisis last year.

The highest Mutual Fund holdings by value as on 30th June 2019 were in commercial papers issued by National Bank for Agriculture & Rural Development (INR 24,989.50 crore), Housing Development Finance Corp. (INR 19,255.00 crore), Reliance Jio Infocomm (INR 14,516.60 crore), Vedanta (INR 14,478.80 crore), Reliance Retail (INR 14,077.90 crore), Power Finance Corp. (INR 12,966.30 crore), NTPC (INR 9,363.08 crore), LIC Housing Finance (INR 8,984.74 crore), Reliance Industries (INR 8,156.35 crore) and Steel Authority of India (INR 7,911.82 crore).

Change in Mutual Funds ownership

Issuers which saw the highest increase in mutual fund holdings in commercial paper issued by them in value terms in the last 1 month were as follows:

Issuer	Mutual Fund Holding as on 31 May 2019 (INR crore)	Mutual Fund Holding as on 30 June 2019 (INR crore)	Increase in Holding (INR crore)
CHOLAMANDALAM INVESTMENT & FINANCE CO.LTD.	2,754.74	5,034.42	2,279.68
NATIONAL FERTILIZERS LTD.	1,442.12	3,431.85	1,989.73
POWER FINANCE CORP.LTD.	10,984.14	12,966.29	1,982.15
VEDANTA LTD.	12,688.17	14,478.77	1,790.60
JIO DIGITAL FIBRE PVT.LTD.	0.00	1,589.25	1,589.25
RELIANCE RETAIL LTD.	12,813.46	14,077.90	1,264.43
LIC HOUSING FINANCE LTD.	8,178.59	8,984.74	806.15
ASHOK LEYLAND LTD.	495.10	1,293.57	798.47
RELIANCE JIO INFRATEL PVT.LTD.	0.00	794.50	794.50
TATA CAPITAL HOUSING FINANCE LTD.	1,841.33	2,541.73	700.40

Issuers which saw the highest decrease in mutual fund holdings in commercial paper issued by them in value terms in the last 1 month were as follows:

Issuer	Mutual Fund Holding as on 31 May 2019 (INR crore)	Mutual Fund Holding as on 30 June 2019 (INR crore)	Decrease in Holding (Rs.crore)
RELIANCE INDUSTRIES LTD.	14,890.01	8,156.35	-6,733.66
NATIONAL HOUSING BANK	5,473.30	0.00	-5,473.30
INDIAN OIL CORP.LTD.	12,469.90	7,216.08	-5,253.82
LARSEN & TOUBRO LTD.	5,627.75	596.93	-5,030.82
OIL & NATURAL GAS CORP.LTD.	5,318.34	1,991.87	-3,326.47
ADITYA BIRLA FINANCE LTD.	7,100.65	4,113.44	-2,987.21
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	27,893.16	24,989.48	-2,903.68
RELIANCE JIO INFOCOMM LTD.	17,214.44	14,516.61	-2,697.83

TATA SPONGE IRON LTD.	3,980.82	1,589.69	-2,391.13
BHARTI AIRTEL LTD.	3,033.13	697.10	-2,336.03

According to Haldea, on an overall basis, in the last month, holding of mutual funds went up in CPs of 112 issuers. On the other hand, holding of mutual funds went down in CPs of 160 issuers.

Which Mutual Fund owns what

Top 10 mutual funds in terms of their commercial paper exposure as on 30th June 2019 were as follows:

Mutual Fund	No. of CP Issuers Invested In	Total Value of CP Holdings as on 30 June 2019 (INR crore)	Market Share (%)
HDFC MUTUAL FUND	55	50,368.92	13.52
ICICI PRUDENTIAL MUTUAL FUND	95	50,170.52	13.47
SBI MUTUAL FUND	92	42,538.20	11.42
ADITYA BIRLA SUN LIFE MUTUAL FUND	66	41,982.58	11.27
KOTAK MAHINDRA MUTUAL FUND	45	34,909.64	9.37
UTI MUTUAL FUND	58	27,095.21	7.28
RELIANCE MUTUAL FUND	68	21,998.90	5.91
AXIS MUTUAL FUND	59	19,638.46	5.27
TATA MUTUAL FUND	53	13,885.53	3.73
FRANKLIN TEMPLETON MUTUAL FUND	43	11,291.75	3.03
OTHERS		58,542.51	15.72
TOTAL MUTUAL FUNDS HOLDING		3,72,422.23	

Commercial Paper-Rating Distribution Summary

A huge 97 per cent of CPs held by Mutual Funds were rated A1+.

Rating	30 June 2019		31 May 2019	
	Value (INR crore)	As % of total	Value (INR crore)	As % of total
A1+	3,61,534.81	97.08	4,10,669.82	95.25
A1	148.70	0.04	163.25	0.04
NOT RATED/NOT KNOWN/ OTHERS	10,738.72	2.88	20,326.77	4.71

Note: If the same instrument has been rated differently by different rating agencies its reflection would be under both such ratings.

CORPORATE BONDS

Holding of Mutual Funds in Corporate Bonds in value terms stood at INR 5.80 lakh crores on 30th June 2019, down by 4.13 per cent from INR 6.04 lakh crore as on 31st May 2019, according to primemfdatabase.com. The highest ever holding of Mutual Funds in Corporate Bonds was in September 2017 at INR 6.61 lakh crore.

The highest Mutual Fund holdings by value as on 30th June 2019 were in corporate bonds issued by Power Finance Corp. (INR 36,462.30 crore), REC (INR 35,475.80 crore), National Bank for Agriculture & Rural Development (INR 30,553.30 crore), LIC Housing Finance (INR 28,272.50 crore), Housing Development Finance Corp. (INR 23,217.60 crore), Small Industries Development Bank of India (INR 13,256.80 crore), Indian Railway Finance Corp. (INR 12,369.90 crore), State Bank of India (INR 12,267.00 crore), Reliance Industries (INR 12,020.40 crore) and Housing & Urban Development Corp. (INR 11,213.20 crore).

Change in Mutual Fund ownership

Issuers which saw the highest increase in mutual fund holdings in corporate bonds issued by them in value terms in the last 1 month were as follows:

Issuer	Mutual Fund Holding as on 31 May 2019 (INR crore)	Mutual Fund Holding as on 30 June 2019 (INR crore)	Increase in Holding (INR crore)
STATE BANK OF INDIA	8,839.53	12,266.99	3,427.47
NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT	28,910.23	30,553.25	1,643.02
INDIA GRID TRUST	686.43	2,024.70	1,338.27
POWER GRID CORP.OF INDIA LTD.	7,411.91	8,079.18	667.27
STERLITE POWER GRID VENTURES LTD.	195.09	846.86	651.77
LIC HOUSING FINANCE LTD.	27,681.99	28,272.53	590.53
GRASIM INDUSTRIES LTD.	296.48	697.43	400.95
NATIONAL HOUSING BANK	3,681.24	4,074.21	392.97
COASTAL GUJARAT POWER LTD.	2,709.70	3,078.26	368.56
ADITYA BIRLA FINANCE LTD.	1,627.79	1,981.33	353.53

Issuers which saw the highest decrease in mutual fund holdings in corporate bonds issued by them in value terms in the last 1 month were as follows:

Issuer	Mutual Fund Holding as on 31 May 2019 (INR crore)	Mutual Fund Holding as on 30 June 2019 (INR crore)	Decrease in Holding (INR crore)
POWER FINANCE CORP.LTD.	40,622.17	36,462.31	-4159.85
DEWAN HOUSING FINANCE CORP.LTD.	4,044.10	591.58	-3452.52
INDIABULLS HOUSING FINANCE LTD.	8,159.37	4,838.36	-3321.01
NRSS XXIX TRANSMISSION LTD.	3,003.50	0.00	-3003.50
HOUSING DEVELOPMENT FINANCE CORP.LTD.	25,203.67	23,217.57	-1986.10
ONGC MANGALORE PETROCHEMICALS LTD.	1,905.91	0.00	-1905.91
INDIAN RAILWAY FINANCE CORP.LTD.	13,973.51	12,369.90	-1603.62
PIRAMAL ENTERPRISES LTD.	2,544.28	1,660.29	-883.99
NATIONAL HIGHWAYS AUTHORITY OF INDIA	7,882.00	7,125.59	-756.40
HOUSING & URBAN DEVELOPMENT CORP.LTD.	11,903.29	11,213.23	-690.06

On an overall basis, in the last month, holding of mutual funds went up in corporate bonds of 129 issuers. On the other hand, holding of mutual funds went down in 359 issuers.

Which Mutual Fund owns what

Top 10 mutual funds in terms of their corporate bond exposure as on 30th June 2019 were as follows:

Mutual Fund	No. of Corporate Bond Issuers Invested In	Total Value of Holdings of Corporate Bonds as on 30 June 2019 (INR crore)	Market Share (%)
ICICI PRUDENTIAL MUTUAL FUND	176	86,850.31	14.97
HDFC MUTUAL FUND	141	86,396.50	14.89
ADITYA BIRLA SUN LIFE MUTUAL FUND	107	74,978.99	12.92
SBI MUTUAL FUND	127	55,920.52	9.64
FRANKLIN TEMPLETON MUTUAL FUND	146	51,872.98	8.94
RELIANCE MUTUAL FUND	158	48,617.99	8.38

IDFC MUTUAL FUND	53	37,346.16	6.44
KOTAK MAHINDRA MUTUAL FUND	112	35,624.38	6.14
UTI MUTUAL FUND	124	25,417.59	4.38
DSP MUTUAL FUND	92	17,642.12	3.04
OTHERS		59,518.64	10.26
TOTAL MUTUAL FUND HOLDING		5,80,186.18	

Corporate Bonds-Rating Distribution Summary

Rating	30 June 2019		31 May 2019	
	Value (INR crore)	As % of total	Value (INR crore)	As % of total
AAA	3,50,590.17	60.43	3,66,493.06	60.62
AA+	64,659.41	11.14	67,582.57	11.18
AA	79,031.17	13.62	81,421.08	13.47
AA-	39,960.89	6.89	41,934.89	6.94
A+	29,266.21	5.04	29,289.51	4.84
A	11,714.39	2.02	12,199.64	2.02
A-	5,363.44	0.92	5,608.41	0.93
BBB+	1,576.15	0.27	1,649.19	0.27
BBB	160.65	0.03	164.60	0.03
BBB-	194.63	0.03	231.16	0.04
NOT RATED/NOT KNOWN/ OTHERS	14,345.82	2.47	14,806.66	2.45

Note: If the same instrument has been rated differently by different rating agencies, its reflection would be under both such ratings.

Note: The analysis is based on Monthly Portfolio Statements of 43 Mutual Funds disclosed till 11th July 2019 on their websites.