

Stocking up on NBFCs

Mutual funds have increased their holding of stocks of non-banking finance companies (NBFCs) significantly over the last two years. But the recent crash in these stocks due to concerns raised by the IL&FS fiasco has impacted these funds adversely. NBFCs constitute about 10 per cent of MFs' equity AUM

NBFC stocks held by MFs see significant correction

Stock name	Closing price as on Sept 24, 2018 (₹)	Fall since Sept 1, 2018 (%)
Dewan Housing Finance Corporation	393	-42
IL&FS Investment Managers	7	-37
Reliance Capital	318	-33
L&T Finance Holdings	130	-28
Reliance Nippon Life Asset Mgt	173	-26
CreditAccess Grameen	292	-24
PTC India Financial Services	15	-23
HDFC Asset Management Company	1,340	-23
SREI Infrastructure Finance	41	-23
IIFL Holdings	555	-23

More schemes have taken exposure to this sector over the last 2 years

Stock name	Number of schemes that held the stock*	No. of schemes that added the stock in the last 2 years
Bajaj Finance	247	142
Mahindra & Mahindra Financial Serv	149	89
HDFC	309	87
Bharat Financial Inclusion	108	71
Bajaj Finserv	158	68
L&T Finance Holdings	91	65
Indiabulls Housing Finance	88	60
Cholamandalam Investment & FinCom	108	40
Power Finance Corporation	59	36
SREI Infrastructure Finance	36	35

Fund houses with large holdings

AMCs with higher equity AUM	Market value of NBFC stocks* (₹ cr)	% of equity AUM*
HDFC Mutual Fund	9,341	7
SBI Mutual Fund	15,228	11
ICICI Prudential Mutual Fund	8,621	7
Reliance Mutual Fund	8,984	9
Aditya Birla Sun Life Mutual Fund	10,509	12
UTI Mutual Fund	6,115	9
Franklin Templeton Mutual Fund	1,759	3
Kotak Mahindra Mutual Fund	6,182	12
DSP Mutual Fund	4,354	11
AXIS Mutual Fund	8,263	21

Schemes with maximum exposure to the sector

Scheme name	Market value* (₹ cr)	% of corpus*
Tata Banking & Financial Services Fund	118	45
ABSL Banking & Financial Services	768	44
SBI Banking & Financial Services Fund	236	39
ICICI Pru Banking & Financial Services	1,015	37
IIFL Focused Equity Fund	107	36
LIC MF Banking & Financial Services Fund	22	34
Invesco India Financial Services Fund	43	33
Reliance Banking Fund	988	32
UTI-Banking and Financial Services	216	30
Sundaram Fin Services Opportunities	46	29

Schemes with high exposure to IL&FS debt too face a challenge

Scheme name	Market value of IL&FS bonds* (₹ cr)	% of corpus*
LIC MF Liquid	697	4.2
DSP Credit Risk Fund	445	6.5
Aditya Birla SL Medium Term	348	3.0
Aditya Birla SL Credit Risk	190	2.3
Tata ST Bond Fund	167	3.2
HSBC Cash Fund	105	1.4
BOI AXA Credit Risk Fund	104	6.1
Principal Cash Management	102	9.8
Union Liquid Fund	99	4.0
Motilal Oswal Ultra Short Term	98	9.9