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Ahmedabad Makes Highest MF Investments In Gujarat: Report

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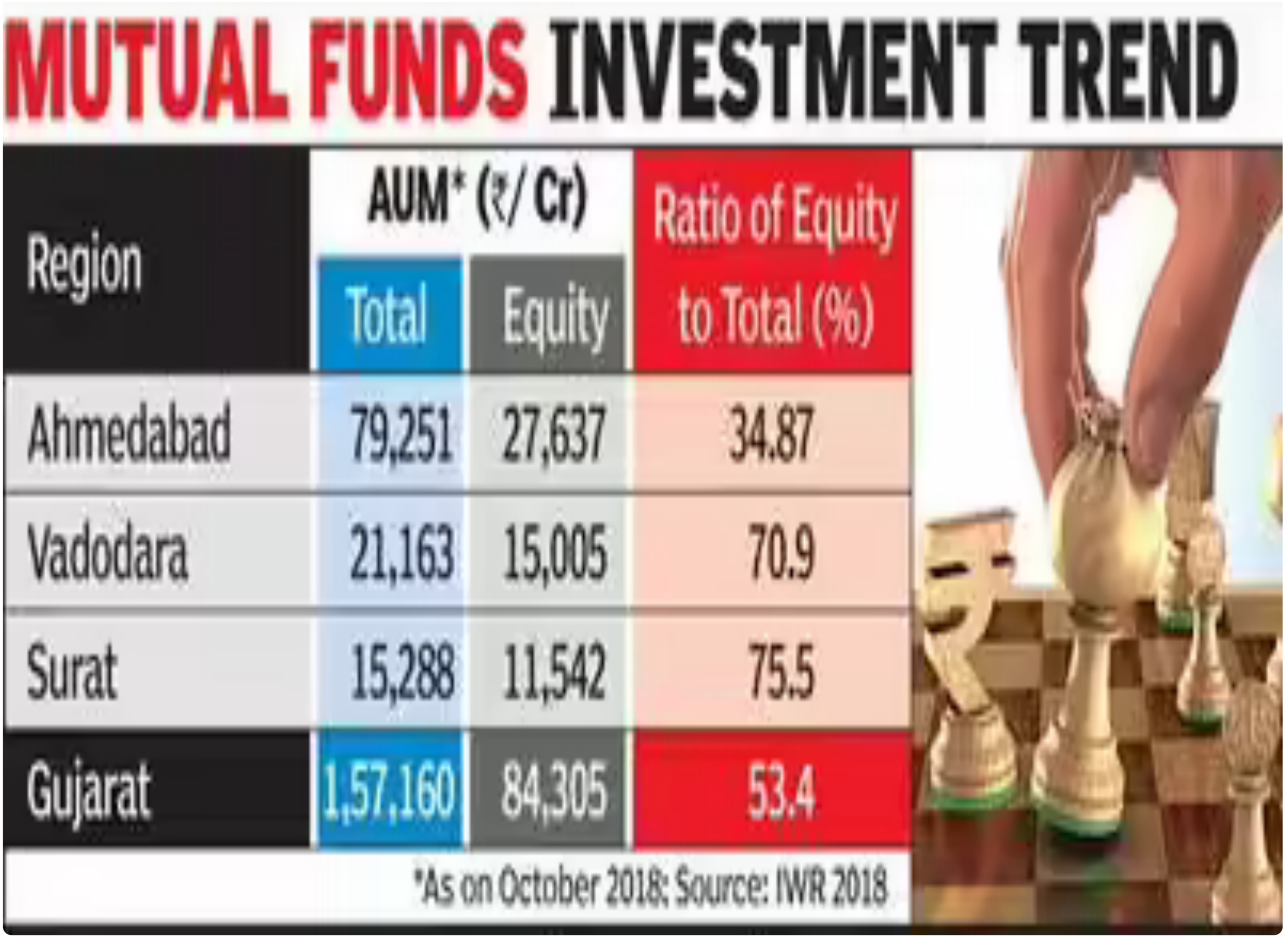
AHMEDABAD: Investors from Ahmedabad are driving mutual funds investments in Gujarat. Among major cities of the state, Ahmedabad accounts for the highest amount of investment in mutual fund schemes, reveals India Wealth Report 2018 launched by wealth management firm, Karvy Private Wealth.

According to the report, assets under management (AUM) in Ahmedabad stood at Rs 79,251 crore as on October 2018 out of Rs 1.57 lakh crore of total mutual funds AUMs in Gujarat. This means 50.4% of the total mutual funds investment of the state comes from Ahmedabad alone.



MUTUAL FUNDS INVESTMENT TREND

Region	AUM* (₹/ Cr) Total	AUM* (₹/ Cr) Equity	Ratio of Equity to Total (%)
Ahmedabad	79,251	27,637	34.87
Vadodara	21,163	15,005	70.9
Surat	15,288	11,542	75.5
Gujarat	1,57,160	84,305	53.4

*As on October 2018; Source: IWR 2018

Even though Ahmedabad is the highest in terms of mutual funds investments, only 34.8% of the mutual funds investments made by city-based investors go into equity-based mutual funds, according to the report. In October 2018, the equity-based investments out of Ahmedabad stood at Rs 27,637 crore.

The proportion of equity-based mutual funds investments against total AUM is much lesser in Ahmedabad as compared to Vadodara (70.9%) and Surat (75.5%) where the AUM for equity-based mutual funds stood at Rs 15,005 crore and Rs 11,542 crore respectively.

“This indicates that investors based in Ahmedabad tend to invest in debt-oriented schemes against equity-based schemes in mutual funds,” said Abhijit Bhave, CEO, Karvy Private Wealth.

“Ahmedabad has a huge number of corporates, who often invest into debt-oriented mutual funds schemes. For instance, if a corporate gets an inflow of Rs 100 crore and has a planned outflow of say Rs 50 crore after a month, instead of putting the funds in current account, investors tend to park the fund into a debt-oriented mutual fund scheme for the month’s period, to yield better returns,” said Mumukshu Desai, co-founder of a city-based financial advisory firm.

Desai also explained that while the proportion of equity-based AUM is lesser in Ahmedabad than other major cities, it is gradually growing every year. “Individual investors including High Networth Individuals (HNIs) and Ultra HNIs have shifted from real estate to equity-based investments over the past three years,” he added.