

India

Overweight (no change)**Highlighted Companies****Nippon Life India Asset Management**
ADD, TP Rs920, Rs806 close

Consistent market share gains, driven by the strong performance of its schemes with largely stable yields, leave more room to rerate.

Aditya Birla Sunlife AMC
ADD, TP Rs1000, Rs848 close

The turnaround story playing out, with early signs of slowing market share loss cropping up.

HDFC AMC**HOLD, TP Rs5600, Rs5501 close**

Maintaining high yields and market share gains are key positives. However, the recent run-up in the share price makes the risk-reward ratio unfavourable.

Summary Valuation Metrics

P/E (x)	Mar26-F	Mar27-F	Mar28-F
Nippon Life India Asset Management	31.4	25.9	20.1
Aditya Birla Sunlife AMC	21.6	18.4	15.2
HDFC AMC	35.9	29.8	23.9

P/BV (x)	Mar26-F	Mar27-F	Mar28-F
Nippon Life India Asset Management	11.5	10.8	10.0
Aditya Birla Sunlife AMC	5.9	5.3	4.7
HDFC AMC	17.2	15.5	13.8

Dividend Yield	Mar26-F	Mar27-F	Mar28-F
Nippon Life India Asset Management	2.7%	3.3%	4.3%
Aditya Birla Sunlife AMC	2.9%	3.4%	4.1%
HDFC AMC	2.2%	2.7%	3.3%

Financial Services - AMCs

Equity fund inflow breaks old records

- Mutual funds' AUM in Jul 2025 improved by ~3% mom to Rs77tr amid the highest net inflow into equity schemes and strong inflow into debt schemes.
- The net inflow into equity schemes was dominated by renewed interest in sectoral/thematic schemes along with a strong inflow into other schemes.
- We expect the inflow to improve further in the near term as more banks pass on the policy rate cut, and capital markets become more attractive.

Highest equity net inflow, strong debt inflow; Jio enters with a bang

As per the data released by AMFI (Association of Mutual Funds of India), the overall average assets under management or AUM of mutual funds in Jul 2025 increased by ~3% mom to Rs77tr led by strong inflow as capital market returns have softened. Equity schemes witnessed the highest-ever net inflow of Rs427bn, aided by renewed interest in thematic/sectoral schemes and continued inflow into small-cap, mid-cap and flexi-cap schemes. New funds launched also garnered the highest-ever inflow of Rs304bn, of which ~50% is attributable to two funds of JioBlackRock. Debt funds saw a strong net inflow of Rs1tr with high mobilization into liquid, overnight and money market funds, which accounted for ~86% of the net inflow. With the policy rate cut flowing through, we expect mutual fund inflow to continue to be high as fixed and savings deposit rates become unattractive.

Thematic/sectoral themes see renewed interest, along with others

The gross inflow catapulted to Rs751bn, up 32% mom – the highest since Aug 2024. Redemptions declined by ~3% mom, pushing the net equity fund inflow up by ~81% mom. There was a broad-based improvement in net inflow led by higher inflow into the thematic/sectoral categories. Net inflow into large-cap, small-cap, large & mid-cap and mid-cap funds witnessed an improvement, up by ~25%, ~61%, 44% and ~38% mom, respectively. Thematic/sectoral funds saw a jump in net inflow to Rs 94bn vs. Rs 0.5bn mom (accounting for ~22% of the net equity inflow vs. ~2% in Jun 2025). Thematic/sectoral funds saw seven new fund offers or NFOs which garnered ~Rs74bn. Large-cap, large & mid-cap, and small-cap schemes accounted for ~44% of the net equity fund inflow, down ~11pp mom, while the contribution of flexi-cap schemes dipped to ~18%, from ~24% mom.

SIP inflow touches a new high at Rs285bn

The inflow touched a new high of Rs285bn in Jul 2025, up by ~22% yoy and ~4% mom. New systematic investment plans or SIPs registered were the highest in the last 12 months at 6.9m, while accounts discontinued slowed to 4.3m vs. 4.8m in the previous month. SIP AUM declined by ~1% mom to Rs15.2tr.

Outlook and valuation

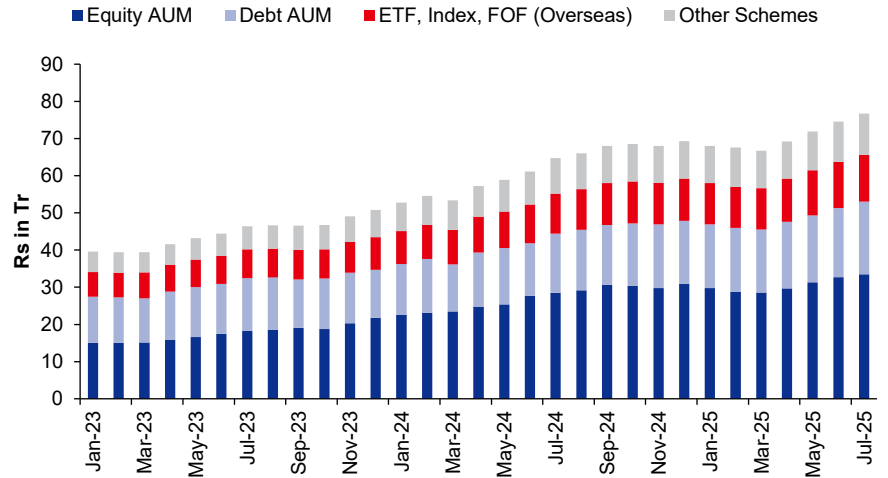
We expect the inflow momentum to pick up pace further in the near term and sustain the healthy level in the medium term led by higher participation from the retail segment, higher understanding of market volatility and rising investment discipline, along with incrementally higher inflow from B-30 cities. We remain optimistic over the mid- to long-term horizon amid improving geographic penetration as well as the rising popularity of mutual fund schemes, mainly among the young and mid-income investors. Our top pick remains NAM India (TP Rs920) for its consistent performance-led market share gains. We appreciate the yield protection by HDFC AMC (HOLD, TP Rs5,600), although the recent run-up in the stock price makes the risk-reward ratio unfavourable. We maintain ADD rating on ABSL AMC (TP Rs1,000) for the slowdown in market share loss and its turnaround story. The undercurrent of likely acquisition of UTI AMC (ADD, TP Rs1,600) makes the stock attractive.

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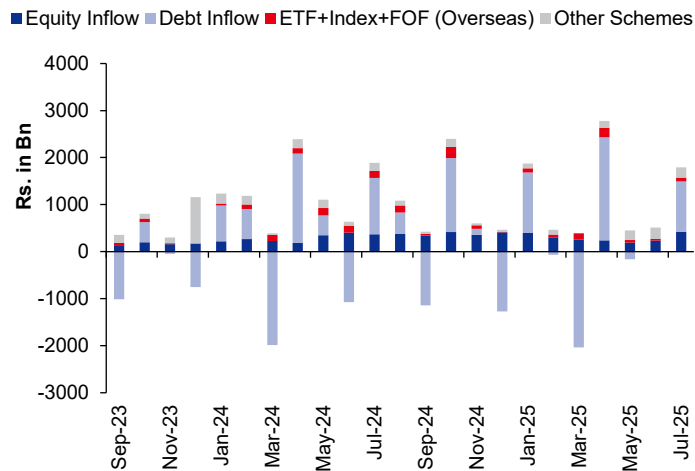
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Figure 1: Record-high equity fund inflow and strong debt fund inflow aid AUM growth



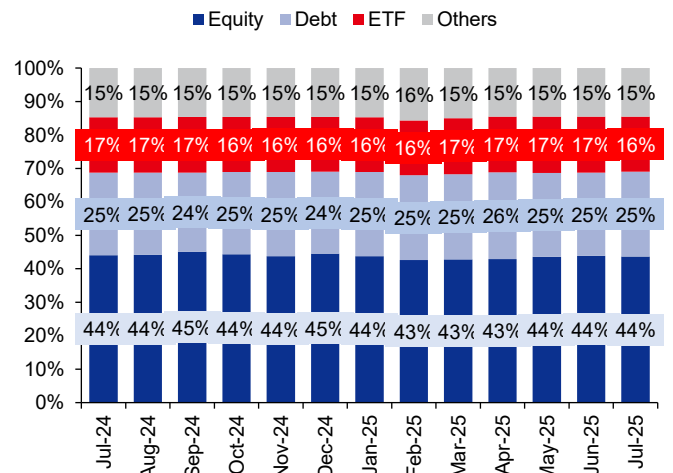
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Highest-ever equity fund net inflow reflects the attractiveness of equity market



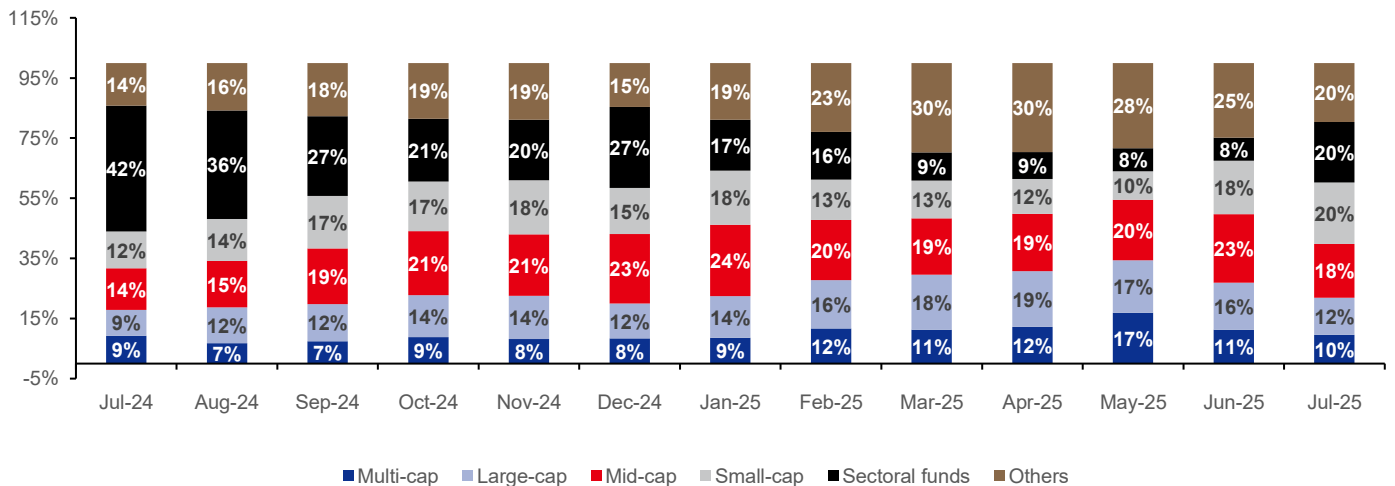
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Stable share across asset classes in total AUM



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Renewed interest in thematic/sectoral schemes and continued inflow into large-cap, large & mid-cap, small-cap, mid-cap and flexi-cap schemes



SOURCE: INCRED RESEARCH, COMPANY REPORTS

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Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.