

LIC Mutual Fund looks to take AUM to Rs 25,000 crore by March

Synopsis

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Having begun operations in 1989, LIC AMC is one of the oldest fund houses but has been a passive player all this while keeping the parent LIC's risk-averse investing culture. As a result, its AUM is only a low Rs 20,000 crore (as of October-end and is ranked 20th among 43 players) because more than 90 per cent of its schemes and over 70 per cent of its AUM are debt funds, even after so many years of operations and despite the strong parental brand support.

It started launching equity schemes only in the past five-six years which now constitutes around 30 per cent of the Rs 20,000 crore AUM. But the fund house is not shifting this mix going forward as it continues to believe in not taking too much **risk**, Dinesh Pangtey, the chief executive of **LIC Mutual Fund**, told PTI.

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The fund house late last month launched a new equity fund -- balanced advantage fund -- after many years of not launching any new schemes, which had closed on November 3 gathering around Rs 1,040 crore from over 51,630 customers -- over 84 per cent of them or Rs 872 crore retail investors, he said, adding most investors are from the B-30 cities (small towns).

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"We'd like to grow on debt but don't want to take high risks, as we are risk-averse. Having said that, given the massive retail participation in the recent equity fund launch, we would like to launch more retail products going forward with a focus on G-secs which even today form the largest chunk of our assets," Pangtey explained.

He also said the fund house is open to launch ESG schemes given its rising popularity, but hasn't finalised on a time-frame for launch. "We want to be in sync with the ongoing progress on these types of funds."

"We hope to double the new balanced advantage fund to Rs 2,000 crore by end-December and take the overall AUM to 25,000 crore from Rs 20,000 crore as of October. With the massive growth of the new fund, we expect to close the fiscal with Rs 7,500 crore in our total equity AUM and the rest in debt funds still maintaining the 30:70 mix. If we are able to cross the Rs 2,000-crore mark with the new fund, this will become our top equity fund," Pangtey said.

Stating that the fund house has grown this much with just very vanilla passive products, he said it doesn't want to launch new funds for the sake of launching.

"We would continue to focus and grow on debt because we don't want to take high risk," he said, adding despite the massive market rally, passive funds are more because majority of investors want to play it safe given the uncertain times everyone is in.

On the heavy focus on debt funds, he said the fund house entered the equity space only in the past five-six years and has not launched any new scheme in the past two-three years as well.

Pangtey said the new balanced advantage fund is an open-ended dynamic asset allocation fund and will invest across equity and debt and money market instruments using several parameters like valuation and earning drivers.

The fund aims to have optimum asset allocation through fundamentals-based mathematical model helping generate better return by minimising the impact of losses in adverse market conditions.

The new fund is benchmarked against a customised index called the LIC MF hybrid composite 50:50 index, which will be 50 per cent Nifty 50 index and 50 per cent Nifty 10-year benchmark G-secs.

LIC AMC runs 25 schemes covering debt, equity, hybrid, passive themes.

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PGIM I

3Y RETURI
↑32.72%

IDBI India Top 100 Equity Fund Direct-Growth

3Y RETURN ↑22.97%	FUND SIZE ₹ 562.86 Crs	CATEGORY RETURNS +9.14% +25.00%
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3Y RETURI
↑31.48%

Axis Bluechip Fund Direct Plan-Growth

3Y RETURN ↑22.75%	FUND SIZE ₹ 34583.67 Crs	CATEGORY RETURNS +9.14% +25.00%
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Parag

3Y RETURI
↑30.82%

Quant Focused Fund Direct-Growth

3Y RETURN ↑22.32%	FUND SIZE ₹ 53.45 Crs	CATEGORY RETURNS +9.14% +25.00%
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3Y RETURI
↑27.39%

Kotak Bluechip Fund Direct-Growth

3Y RETURN ↑22.16%	FUND SIZE ₹ 3445.42 Crs	CATEGORY RETURNS +9.14% +25.00%
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3Y RETURI
↑25.63%

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