

Intermediaries: The driving force behind the mutual fund industry – A report by Edelweiss Mutual Fund

A day dedicated to the contributions of Mutual Fund Distributors & Financial Advisors to investor education

Mumbai, March 30, 2023 - [Edelweiss Mutual Fund](#), raises a toast to Mutual Fund Distributors & Financial Advisors for their guidance and contribution to investor education on the 5th anniversary of Financial Advice Day (March 31st). This year Edelweiss MF has published a report which emphasizes the significance of intermediation in the mutual fund industry. It is an extension of its #AdviceZarooriHai initiative. The report highlights the importance of investing and how MFDs have played an important role in taking mutual fund to masses and handholding investors during tough market conditions.

Edelweiss Mutual Fund celebrates Financial Advice Day “Advice Zaroori Hai” every year on March 31st. This initiative is aimed at creating awareness about the importance of financial planning and seeking advice from financial experts to achieve one’s financial goals. The day is celebrated across with the objective of educating and guiding investors on financial matters.

Radhika Gupta, MD & CEO, Edelweiss MF said, “As the mutual fund industry grows from the strength in terms of assets and investors, crossed Rs 40 lakh crore of assets and 14 crore of folios as of latest count, the intermediation industry has played a major role in guiding investors towards the industry. We see the Mutual Fund industry reaching Rs. 100 trillion in assets under management (AUM) in the next few years, with systematic investment plans (SIPs) reaching every household in the country. Mutual Funds have emerged as the top-performing financial product in generating wealth for the common Indian, surpassing all other available options in the market. Intermediation is essential for deeper market penetration of mutual funds products across households. Mutual fund distributors have and will play a crucial role in paving the way towards this goal.”

The mutual fund industry in India has clocked a scorching pace of growth in recent years to over Rs 40 lakh crore in assets under management and around 14 crore folios as of December 2022 compared with around Rs 25 lakh crore of assets and 8 crore folios as of April 2019. Investing in mutual funds over a long term can also be a win-win for the mutual fund industry given the large young population of the country, which translates into a large workforce and individuals with long investment horizons. In the milieu, intermediaries are expected to continue playing a critical role in growth of the mutual fund industry in years to come.

As things stand, investors new and old alike need guidance. A look at the break-up of money invested in mutual funds by individual investors shows that over 77% of their investment is invested through regular plans. Typically, investors tend to panic and exit when markets are volatile. While this has changed with investor bent shifting towards systematic investment plans (SIPs), net flows into the industry remain lumpy. An analysis of money coming into the direct and regular equity and hybrid mutual funds of Edelweiss Mutual Fund shows regular plans are accumulating assets at an increasing pace during both secular and volatile market phases compared with direct plans.

Further, holding period data of equity and hybrid schemes shows 32% of investors stay invested in the scheme for over 24 months when investing through a regular plan compared with just 14% when the investment is made through a direct plan.

Achieving the huge potential of the mutual fund industry will take a large workforce — and one equipped with skills and tools to better-support investors. Lack of growth of distributors is also linked to insufficient incentivisation, which can lead to unviable business models. Distributors, on their part, will need to leverage technology to realign business models, improve scale, increase reach, adhere to compliance needs, and reduce costs.

The Covid-19 pandemic has accelerated the adoption of digital platforms or assisted digital services. Rising penetration of internet and sales of smartphones in the country have enabled new business models in the distribution space that are lean in structure and also foster robust scaling-up of the business. Further, majority of new investors in the country are millennials, who are tech-savvy and are comfortable in undertaking transactions on their own via digital mode or through assisted digital mode, i.e., sold digitally but with the assistance of a physical representative.

Therefore, it is critical for all distributors to have platforms that can aid in customer onboarding, update customer information, streamline execution, and offer value-added services. As such, it has become imperative for all distributors to develop their in-house digital platforms or collaborate with larger NDs or fintech platforms which have the requisite technological capabilities for long-term sustenance

The findings of this research report provide valuable insights into the current state of the mutual fund industry in India and its prospects for the future.

Past Investor Education Films around #AdviceZarooriHai by Edelweiss MF:

Multiplier Effect New Year #AdviceZarooriHai

<https://youtu.be/pukiNPXHicY>

Achievements ho ya investments, Sahi #AdviceZarooriHai

<https://youtu.be/QrMwKzswgUY>

Diwali Safety Advice and Tips (feat. Mumbai Fire Brigade) #AdviceZarooriHai

<https://youtu.be/YeX65SR2c50>

Edelweiss Mutual Fund celebrates change-makers on this Independence Day #AdviceZarooriHai

<https://youtu.be/syQYtBhZ7aw>

Who keeps your financial health in check?

<https://youtu.be/B2FrG0dsadk>

Where and how much to invest?

https://youtu.be/rq1y_z2yR78-

This campaign is part of Edelweiss Mutual Fund's Investor Awareness Program.

****Source: AMFI, CRISIL MI&A Research**

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY

About [Edelweiss Mutual Fund](#)

Edelweiss Mutual Fund is one of the fastest growing AMCs with investment solutions ranging across equities, hybrid, fixed income, and alternatives in India. It offers a robust platform to a diversified client base across domestic and global geographies. The fund suite is designed to offer investment solutions to investors with different needs. Edelweiss AMC has world-class knowledge platforms to provide its partners and investors access to information and insights. For more information please visit: www.edelweissmf.com

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About Edelweiss Group

The Edelweiss Group is one of India's leading diversified financial services companies, providing a broad range of financial products and services to a substantial and diversified client base that includes corporations, institutions, and individuals. Edelweiss' products and services span multiple asset classes and consumer segments across domestic and global geographies. Its businesses are broadly divided into Investment & Advisory (Wealth Management, Capital Markets, Asset Management, and Asset Reconstruction), Credit (Retail Credit comprising Retail Mortgage, SME and Business Loans, ESOP and Margin Financing, Agriculture & Rural Finance, and Corporate Credit comprising Structured Collateralized Credit to Corporates and Wholesale Mortgages) and Insurance (Life and General Insurance). To learn more about the Edelweiss Group, please visit www.edelweissfin.com.

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