

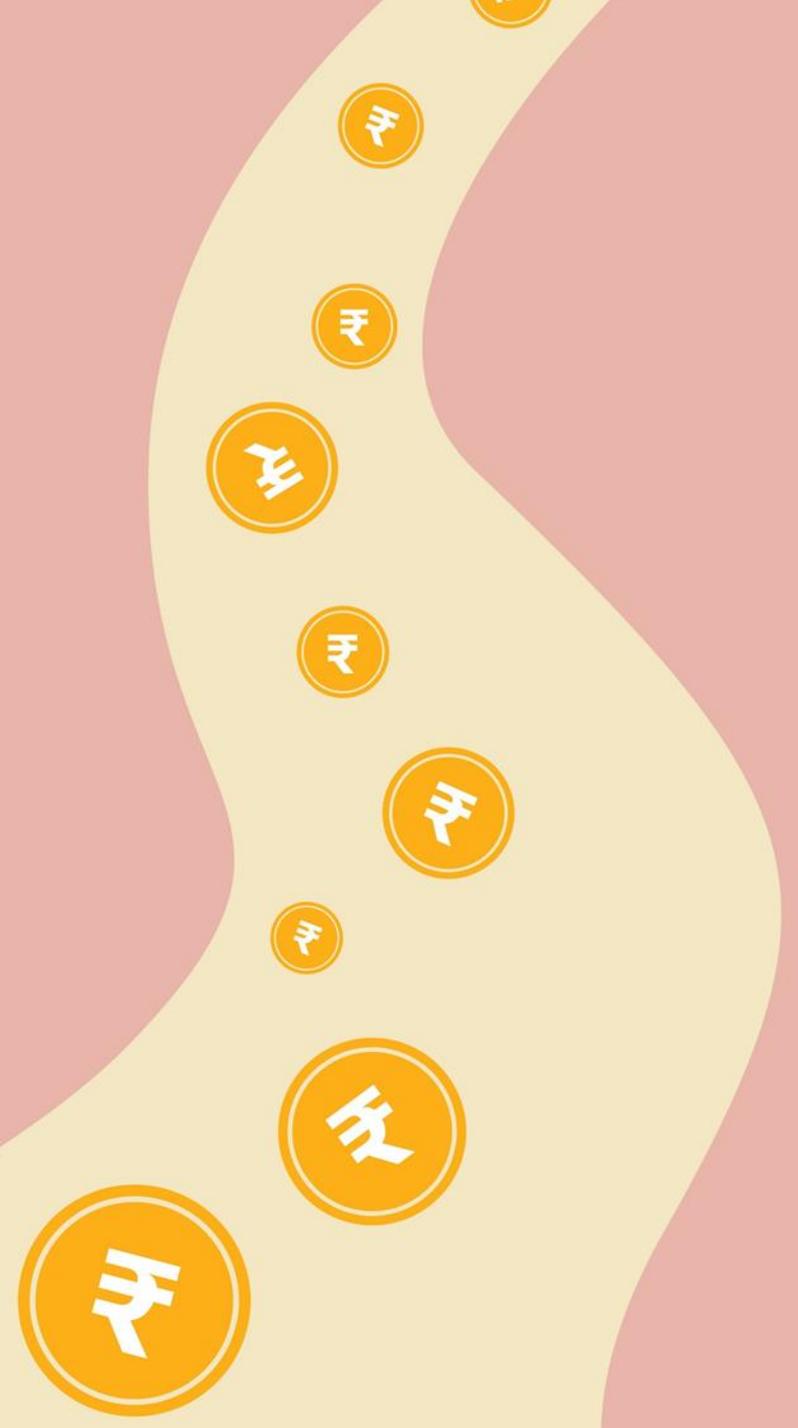


Presents

Where the Money Flows

Industry-wide Mutual Fund Cashflow Trends
Insights into category-wise investor participation
for the last quarter

For the quarter ended September, 2025



Approach

Approach – About the Report & Objective

About

This report examines the growth trajectory of the Mutual Fund Industry over the past few years along with a detailed analysis of estimated net flows in mutual fund schemes classified into active & passive style of investing. The aim is to present a snapshot, highlighting the dynamic shifts and patterns that have shaped the mutual fund landscape in the past quarter.

The main challenge with existing industry analysis is that there is no comparable data of net flows that allows investors to make objective and easy comparison between active and passives style of investing across different asset classes.

We have developed and employed our 5 tier mutual fund classification criteria to derive the insights presented in this report. The aim is to provide a holistic picture between Active & Passive funds with a standardized classification system which may be useful for all kinds of investors, advisors, distributors, etc. For a better comparison, we have excluded liquid funds with maturity up to 1 year that generally have high net flows and are usually temporary investments.

Objective

The rationale behind the report was to understand:

- **Investor Flows:** Insights into actual investment activity of investors & separate information from the noise.
- **Investor Reaction:** How investors shift asset allocation in different market conditions.
- **Investor Preference:** What is the market flavor in terms of investor interest & shift in trends, if any.

Approach – Calculating Est. Net Flows & a guide to the report

How to read this report

The report commences with a look at the current status of the MF Industry. It then delves into an overview of estimated net flows in diverse categories across the MF industry. The subsequent analysis dissects net flows by asset class and investment style (Active & Passive). This journey begins with a broad asset class outline, followed by in-depth exploration within each class. For instance, within Equity, it further segments into:

- Historical trend
- By type of Equity Funds (Broad based, ELSS, Arbitrage, etc.),
- By sub-type (within Broad Based- Large, Mid, Small caps, etc.)

Formula

Estimated net flows is the difference between current month's AUM & the derived figure obtained by adding the impact of monthly returns on the previous month's AUM. For e.g.:

If Last month AUM – 100 Cr, Current month AUM – 110 Cr, Fund return – 3%, then-

Est. Net Flows

$$\begin{aligned} &= \text{Current AUM} - (\text{Last AUM} * (1 + r)) \\ &= 110 - 100 * (1 + 3\%) = 110 - 103 = \mathbf{7 \text{ Cr}} \end{aligned}$$

Key Assumption: The above formula assumes that all cash flows are received at the end of month.

Approach - Classification Criteria

Classification methodology

Our 5 level classification criteria covers the below aspects:

- Styles of Investing (Active/Passive)
- Types of Asset Class (Equity, Debt, etc.)
- Categories within each asset class (Thematic, Sectoral funds within Equities)
- Sub-type within each category (covering different types of sectors within sectoral funds)
- Route/Format of Investing (Index funds, ETFs, etc)

Level 1 - Style

- Active
- Passive

Level 2 - Asset Class

- Debt
- Equity
- Hybrid, etc

Level 3 - Type

- Thematic
- Arbitrage
- Sector, etc

Level 4 – Sub-Type

- IT
- Consumption
- Infrastructure
- Pharma & Health Care, etc

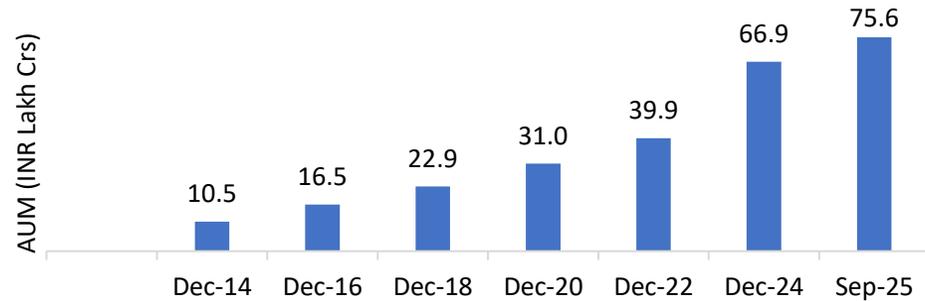
Level 5 - Route

- FoF
- Mutual Fund
- Index Fund
- ETF

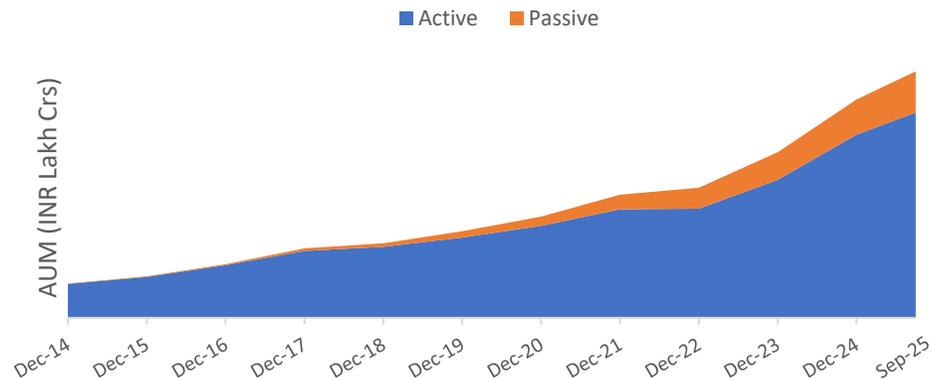
Industry Overview

MF Industry AUM as it stands at - ₹75.61 Lakh Cr

1. MF Industry has grown >7X in the last 10 years

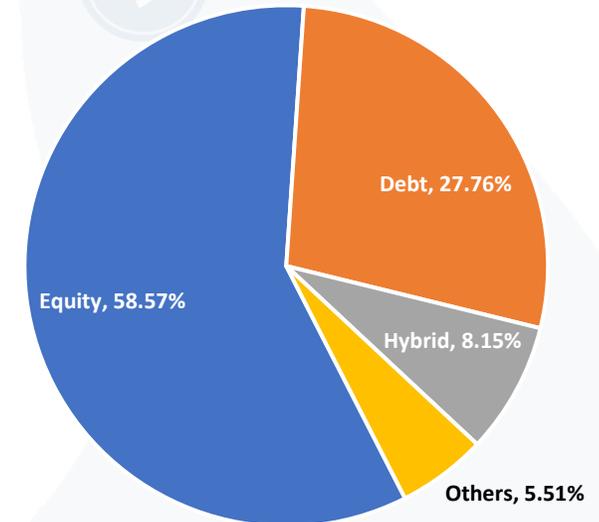


2. Passive AUM market share stands at ~17%



3. Equities account for majority of the share

Market Share Breakup



Sep Quarter

Source/Disclaimer: AceMF, AMFI. Data as of 30-Sep-25. The data is based on third-party estimates and may not reflect actual mutual fund industry cashflows. Net flows are adjusted for monthly returns on AUM. Motilal Oswal AMC has not independently verified the data. This is for general informational purposes only and not investment advice.

Sept'2025 Quarter – A Snapshot of Net Flows

By Style

+ ₹144K Cr: Active
+ ₹45K Cr: Passive

Total Net Flows

₹190K Cr

By Asset Class

+ ₹133K Cr: Equity
- ₹11K Cr: Debt
+ ₹21K Cr: Commodity

New schemes
launched

58

**Est. Industry
Net Flows**

NFO AUM
Collected

₹16,673 Cr

By AMC

10 AMCs

accounted for ~80% of all
the quarter's net inflows.

By Category

~₹104K Cr

Net inflows in
Broad Based funds

~₹15K Cr

Net inflows in
Multi Asset funds

Sep Quarter

Source/Disclaimer: AceMF. Data as of 30-Sep-25. Excludes Liquid, Overnight, Ultra-short duration, Low Duration & Money Market categories. Figures are based on third-party estimates and may not reflect actual industry cashflows. Net flows are adjusted for monthly returns on AUM. Motilal Oswal AMC has not independently verified the data.

Breaking down Estimated Net Flows

Commodities register higher investor participation

| Asset Class | Active | | Passive | |
|---------------|----------------|---------------|----------------|---------------|
| | AUM | Est. NetFlows | AUM | Est. NetFlows |
| Equity | 3,622.7 | 111.7 | 900.6 | 20.9 |
| Debt | 1,917.0 | -2.4 | 227.0 | -8.9 |
| Hybrid | 629.5 | 17.5 | - | - |
| Multi Asset | 180.8 | 14.7 | 0.2 | 0.0 |
| International | 30.0 | 2.6 | 40.1 | 0.0 |
| Commodity | - | - | 129.5 | 20.8 |
| Total | 6,380.1 | 144.1 | 1,297.5 | 32.8 |

All data in Thousands of Cr

- MF industry recorded net inflows of **~₹190k Crs** in the quarter.
- Commodities saw a surge in interest, with net inflows of **~₹21k Crs**, up **~30%** quarter on quarter.
- Equities drew net inflows of **~₹133k Crs**, similar to last quarter despite near-term uncertainty.
- Debt funds recorded outflows, primarily in September due to corporate advance-tax payments.
- Multi-asset funds saw net inflows rise **~60%** on QoQ basis to **~₹14k Crs**, reflecting a tilt toward asset allocation.

Sep Quarter

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Note: The estimated flows above may differ from AMFI reported flows, as they are derived from AUM after adjusting for monthly returns rather than from transaction level records.

Broad based funds remain the primary driver of equity flows

| Type | Active | | Passive | |
|---------------------------|----------------|---------------|--------------|---------------|
| | AUM | Est. NetFlows | AUM | Est. NetFlows |
| Broad Based | 2,169.4 | 81.5 | 740.2 | 22.7 |
| Thematic | 410.2 | 4.9 | 60.2 | -3.6 |
| Arbitrage | 311.6 | 15.1 | - | - |
| ELSS | 243.3 | -0.6 | 0.4 | 0.0 |
| Value, Contra & Div Yield | 220.3 | 4.4 | - | - |
| Focused | 160.0 | 4.2 | - | - |
| Sector | 79.7 | 2.3 | 51.0 | 0.5 |
| Quant | 13.0 | -0.5 | - | - |
| Factor | 15.2 | 0.4 | 48.8 | 1.3 |
| Total | 3,622.7 | 111.7 | 900.6 | 20.9 |

- Broad based funds captured **~80%** of the total equity net inflows during the quarter.
- Active broad based schemes increased net flows by **~30% QoQ**, rising from **~₹62k Crs** to **~₹82k Crs**, while passive broad based schemes drew **~₹23k Crs**.
- Arbitrage funds garnered **~₹15k Crs**, accounting for **~11%** of equity flows, though down **~64% QoQ**.
- Sector and thematic category: Active schemes saw **~₹7k Crs** of net inflows, whereas passive schemes recorded outflows of **~₹3k Crs** for the quarter.

All data in Thousands of Cr

Sep Quarter

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Flexi cap draws higher investor interest along with Large Caps

| Type | Active | | Passive | |
|-----------------|--------|---------------|---------|---------------|
| | AUM | Est. NetFlows | AUM | Est. NetFlows |
| Flexi Cap | 496.0 | 22.6 | - | - |
| Mid Cap | 426.9 | 14.8 | 13.8 | 1.4 |
| Large Cap | 390.6 | 7.3 | 705.7 | 20.1 |
| Small cap | 350.6 | 14.4 | 11.3 | 1.1 |
| Large & Mid Cap | 299.7 | 11.9 | 2.1 | 0.1 |
| Multi Cap | 205.2 | 10.4 | 5.4 | 0.2 |
| Others | 0.3 | 0.0 | 1.9 | -0.3 |

- In broad Based equity segment, Large caps led the flows with **26%** share.
- Among Active, Flexicap pulled flows of **~22k Crs**, increased by **43%** from previous quarter
- Among Passive, broad based schemes continue to attract higher inflows at **~20k Crs** flows
- Mid cap and Small cap have together garnered **~29k Crs**, up by **27%** from earlier quarter.

All data in Thousands of Cr

Sep Quarter

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Business cycle, consumption and defence themes led thematic flows

| Type | Active | | Passive | |
|----------------------------|--------------|---------------|-------------|---------------|
| | AUM | Est. NetFlows | AUM | Est. NetFlows |
| Infrastructure | 54.1 | -0.5 | 0.6 | 0.2 |
| Technology | 42.1 | 1.2 | 0.5 | -0.0 |
| Business Cycle | 40.3 | 0.7 | - | - |
| Consumption | 41.1 | 0.8 | 0.7 | 0.0 |
| Manufacturing | 33.5 | -1.8 | 0.6 | -0.0 |
| MNC | 17.4 | -0.3 | 0.0 | 0.0 |
| PSU | 14.2 | -0.1 | 50.0 | -4.7 |
| ESG | 10.6 | -0.2 | 0.2 | -0.0 |
| Transportation & Logistics | 11.1 | -0.3 | - | - |
| Defence | 6.5 | 0.5 | 5.0 | 0.6 |
| Auto | 5.2 | -0.5 | - | - |
| EV | - | - | 0.6 | 0.0 |
| Tourism | - | - | 0.4 | 0.0 |
| Capital Markets | - | - | 0.7 | 0.1 |
| Railways | - | - | 0.1 | 0.0 |
| Private Bank | - | - | 0.2 | 0.0 |
| Others | 133.9 | 5.5 | 0.5 | 0.2 |
| Total | 410.2 | 4.9 | 60.2 | -3.6 |

- Thematic funds overall collected modest net inflows of **~₹1k Cr** for the quarter.
- Active thematic schemes attracted **~₹5k Cr** in inflows, while passive thematic schemes recorded outflows of **~₹4k Cr**.
- Manufacturing, infrastructure, PSUs, and auto themes saw combined outflows of **~₹8k Cr**.
- Technology, business cycle, consumption, and defence themes registered positive net flows totaling **~₹4k Cr**.

All data in Thousands of Cr

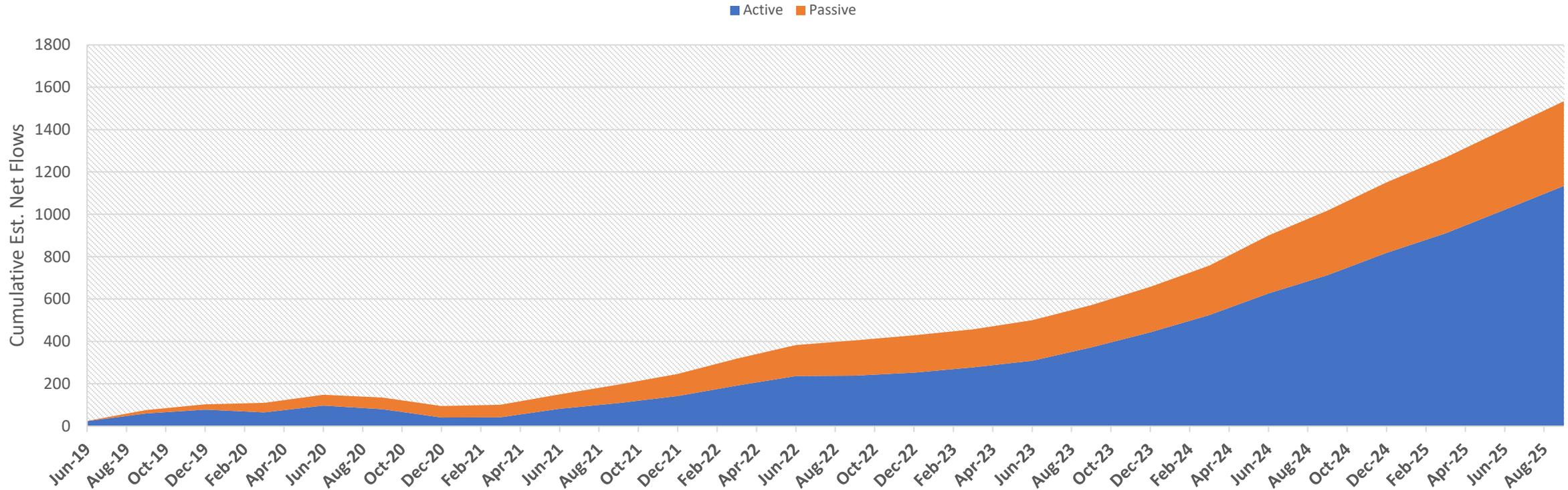
Sep Quarter

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Passive Equity funds have received around 15.8% of net flows in September quarter

Cumulative flows into Passive funds stood at ₹400K Cr, accounting for approximately 36% of total flows between Sep'19 and Sep'25



All data in Thousands of Cr

Sep Quarter

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Debt funds witnessed net outflows this quarter

| Type | Active | | Passive | |
|----------------------|----------------|---------------|--------------|---------------|
| | AUM | Est. NetFlows | AUM | Est. NetFlows |
| Constant Maturity | 1,465.4 | 2.0 | 35.7 | -1.5 |
| Corporate Bond | 204.5 | -2.1 | - | - |
| Banking and PSU Fund | 81.2 | -3.3 | - | - |
| Floating Rate | 52.0 | -1.6 | - | - |
| Gilt | 45.0 | -1.5 | 0.1 | -0.1 |
| Dynamic | 48.9 | 5.0 | - | - |
| Credit Risk | 20.0 | -0.8 | - | - |
| Target Maturity | - | - | 191.2 | -7.4 |
| Total | 1,917.0 | -2.4 | 227.0 | -8.9 |

- Debt funds recorded net outflows for the quarter, largely driven by quarterly advance-tax obligations.
- Dynamic bond and constant-maturity funds together attracted ~₹7k Cr in inflows.
- Banking & PSU funds and target-maturity funds were among the categories with outflows totaling ~₹11k Cr during the quarter.

All data in Thousands of Cr

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Liquid Funds experienced outflows during the quarter

Constant Maturity

| Type | Active | | Passive | |
|-------------------------|--------|---------------|---------|---------------|
| | AUM | Est. NetFlows | AUM | Est. NetFlows |
| Liquid | 542.6 | -43.3 | 26.0 | -1.4 |
| Money Market | 340.1 | 28.6 | - | - |
| Short Duration | 140.8 | 0.5 | 0.1 | 0.0 |
| Low Duration | 142.9 | 9.0 | - | - |
| Ultra Short Duration | 136.7 | -7.2 | - | - |
| Overnight | 105.4 | 15.0 | - | - |
| Medium Duration | 25.6 | -0.0 | 0.5 | 0.0 |
| Long Duration | 19.7 | -0.4 | 9.1 | -0.1 |
| Medium to Long Duration | 11.5 | -0.2 | - | - |

- Within the constant-maturity bucket, liquid funds saw net outflows of **~₹45k Cr**, versus **~₹65k Cr** in the previous quarter, indicating a shift from liquid to other categories for better opportunities.
- Investors typically use liquid funds to park surplus cash for short terms, manage near-term liabilities, and access quick redemptions with relatively low interest-rate risk.
- Money market and overnight schemes attracted **~₹34k Cr** of net inflows, though this was down **~44%** from the prior quarter.

All data in Thousands of Cr

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Multi Asset funds gain investor interest

Hybrid

| Type | Active | |
|---------------------|--------------|---------------|
| | AUM | Est. NetFlows |
| Balanced Advantage | 312.4 | 6.7 |
| Aggressive Hybrid | 236.8 | 5.8 |
| Multi Asset | 180.8 | 14.7 |
| Equity Savings | 49.9 | 4.7 |
| Conservative Hybrid | 29.3 | 0.3 |
| Balanced Hybrid | 1.1 | 0.0 |
| Total | 810.3 | 32.2 |

All data in Thousands of Cr

- Hybrid schemes collected **~₹32k Cr** of net inflows, up **~100%** from the previous quarter, indicating investors are placing greater emphasis on asset allocation in their portfolios.
- Within hybrids, Multi Asset drew **~₹15k Cr** of net inflows, followed by Balanced Advantage at **~₹7k Cr.**

International funds register marginal inflows

International

| Type | Active | | Passive | |
|--------------|-------------|---------------|-------------|---------------|
| | AUM | Est. NetFlows | AUM | Est. NetFlows |
| Broad Based | 22.2 | 2.0 | 7.4 | -0.1 |
| Thematic | 7.9 | 0.6 | 32.7 | 0.2 |
| Total | 30.0 | 2.6 | 40.1 | 0.0 |

- The international category experienced minimal flows across segments, largely due to restrictions on new investments in such schemes imposed by the RBI threshold.
- Broad based funds in the international category garnered **~₹2k Cr** of net inflows, while thematic funds collected **~₹0.8k Cr.**

All data in Thousands of Cr

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Key Takeaways

- **Quarter in Review:** MF industry net inflows were ~₹1.9 lakh crore. Commodities drew ~₹21k Cr (+~30% QoQ), equities ~₹133k Cr (flat QoQ), while debt saw outflows; Multi Asset rose to ~₹14k Cr (+~60% QoQ).
- **Broad-Based Funds in Focus:** Broad-based funds captured ~80% of equity net inflows: active ~₹82k Cr (from ~₹62k Cr QoQ), passive ~₹23k Cr; arbitrage ~₹15k Cr (~11% share, --~64% QoQ).
- **Shift Towards Flexi Cap and Large Cap:** Large caps led with a 26% share; within active, Flexi Cap topped ~₹22k Cr (+~43% QoQ). Passive broad-based added ~₹20k Cr; mid and small caps together drew ~₹29k Cr (+~27% QoQ).
- **Thematic Funds See a Drop:** Overall thematic flows were modest at ~₹1k Cr: Manufacturing/Infra/PSU/Auto saw ~₹8k Cr of outflows, while Technology, Business Cycle, Consumption and Defence added ~₹4k Cr.
- **Debt Segment Faces Outflows:** Debt registered net outflows this quarter, driven by September advance-tax effects; dynamic and constant-maturity gained ~₹7k Cr, while Banking & PSU and target-maturity saw ~₹11k Cr of outflows.
- **Multi Asset Funds Continue to Attract Inflows:** Hybrid schemes collected ~₹16k Cr (≈2x QoQ), led by Multi Asset at ~₹9k Cr, followed by Balanced Advantage at ~₹4k Cr.

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Disclaimer

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Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.