



# HPMG

GROWING TOGETHER

**DATA SENSE – KICK-OFF 061**

(For 17th June 2025)

Edited by T S Harihar

## Price accretion dominates flows in equity fund AUM shift in May 2025

### EQUITY FUND AUM CHANGE – PRICE ACCRETION DOMINATES

Equity fund AUM accretion is often an interesting combination of net flows and price change. The recovery in markets has helped price accretion to dominate equity fund AUM shift in the month of May 2025. For May 2025, equity funds saw overall AUM accretion of ₹1.49 Trillion. However, out of this AUM change, ₹1.29 Trillion (87% of the AUM accretion), was explained by price accretion, with just the balance ₹0.19 Trillion being explained by net inflows into equity funds. The table captures the overall break-up of equity fund AUM accretion in May; and the category-wise classification.

Active Equity Market Funds	Net Inflow in the Fund	AUM Closing Value	AUM Accretion	Price Accretion	Price Move Dominance
ELSS	-678.11	2,46,293.05	7,242.43	7,920.54	109.36%
Dividend Yield Fund	-20.82	32,177.14	844.23	865.05	102.47%
Value Fund/Contra Fund	-92.28	1,96,339.39	5,482.79	5,575.07	101.68%
Sectoral/Thematic Funds	2,052.48	4,92,403.81	22,064.76	20,012.28	90.70%
Small Cap Fund	3,214.21	3,36,005.21	28,837.10	25,622.89	88.85%
Mid Cap Fund	2,808.68	4,08,092.68	25,008.97	22,200.29	88.77%
Large Cap Fund	1,250.47	3,83,666.59	9,146.88	7,896.40	86.33%
Focused Fund	947.18	1,55,870.44	5,647.39	4,700.21	83.23%
Large & Mid Cap Fund	2,690.69	2,87,392.50	14,134.08	11,443.39	80.96%
Flexi Cap Fund	3,841.32	4,71,974.48	17,306.57	13,465.25	77.80%
Multi Cap Fund	2,999.29	1,95,159.76	12,026.95	9,027.67	75.06%
<b>Active Equity Funds</b>	<b>19,013.12</b>	<b>32,05,375.05</b>	<b>1,47,742.16</b>	<b>1,28,729.04</b>	<b>87.13%</b>

Data Source: AMFI

### QUICK WORD ON THE 3-COLOUR CLASSIFICATION OF EQUITY FUNDS

If you look at the above table, the equity funds have been classified based on the extent of price dominance. The fund category at the top (shaded in green), is where price accretion entirely dominates the AUM shift. These are typically the less popular categories with weak or negative flows. The second funds category (shaded in yellow) represents the alpha names which have strong flows, but price accretion also contributes to the AUM shift. Finally, the third category of funds (shaded in blue) are the ones where the flows dominate the price accretion. These are the combination funds, that gained popularity in last few months of heightened market uncertainty.



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## HOW WE READ THE EQUITY FUNDS AUM ACCRETION STORY

Let us first look at the macro picture and the top shaded category in green. The overall contribution of price accretion to the AUM shift in May 2025 has been 87.1%, which shows relatively tepid flows into equity funds and a strong bull market contribution. The top category (shaded in green) are the concept funds that are less popular. ELSS lost popularity with the new tax regime. Also, in a momentum driven market, dividend yields and value carry less weight. These categories saw negative flows in May 2025. Hence, the above 100% price dominance does not have much analytical value.

The second category, shaded in yellow, is important because these are the categories of funds that have seen popularity shifting out. Sectoral funds, mid-cap funds, and small cap funds were the preferred havens. However, with the recent spike in volatility in the markets, investors are approaching these alpha bets more cautiously. That is reflected in a relatively higher price dominance in their case. The preferences are shifting out.

If the preferences are shifting out of the second category, they are shifting towards the third category (shaded in blue). These are the combination funds; large & mid-cap, multi-cap, flexi-cap etc. The investors are trying to hedge their bets putting more focus on combining the alpha potential of focused bets with the safety and stability of large caps. That explains why the flow dominance is playing a bigger role and price dominance is playing a smaller role in their case. The flow shift is getting clearer!

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