SECTOR RATING: Overweight

Asset Management Companies

Sector Update

September 18, 2026

Coverage Universe

Name of the Company	Rating	CMP (INR)	TP (INR)
Canara Robeco Asset Management Company	HOLD	234	285
HDFC Asset Management Company	BUY	2,388	2,850
ICICI Prudential Asset Management Company	BUY	3,085	3,550
Nippon Life India Asset Management	BUY	1,119	1,250
Prudent Corporate Advisory Services	Accumulate	3,320	3,175
UTI Asset Management Company	Hold	900	975

Fragmentation increasing in the AMC sector

Quick Pointers

- Listed AMCs underperforming due to weak equity markets
- Net equity flows (ex-NFO) moving away from top-10 players
- AMCs could see better PAT CAGR of ~16% over FY27-29E

Due to weak equity returns, 1-year weighted alpha over the last year across major MF players has reduced, leading to fragmentation in net equity flows. Contribution of top 3/10 players in net flows (ex-NFOs) has fallen from 42%/73% in FY26 to 34%/65% over Apr-Jul'26. Listed AMCs are underperforming as (1) sub-optimal returns are affecting market share in net equity flows; (2) global/macro uncertainty may lead to weak equity returns; and (3) core PAT growth in FY27 may be soft at 10% YoY. In contrast, non-AMC players like PRUDENT & KFINTECH have performed better over last 3-6 months due to more diversified revenue stream. Non-AMCs are likely to post superior core PAT CAGR vs listed AMCs over FY26-29E. While the AMC space is exposed to near-term risks, we are optimistic over the medium term as listed AMCs could see healthy core PAT CAGR of ~16% over FY27-29E. HDFCAMC & ICICIAMC remain our preferred picks.

Equity returns have been sub-optimal: MF industry's overall CLAuM as of Aug'26 stood at INR87.1trn with equity (+bal) at INR48.7trn. Returns for broader indices from Mar'25 till date have been sub-optimal, i.e., NIFTY 50 (-0.8%), NIFTY 100 (2.0%), BSE 200 (3.5%) and BSE 500 (6.5%). However, mid/small-cap indices have performed better (14-22% returns). In terms of categories, large and flexi-caps have returned only 7%/13%, while mid/small caps have delivered superior returns at 25%/29% and multi-cap & large & mid-cap have seen good returns at 17.9%/17.5%. In terms of net flows, we have seen flows shift from sectoral/thematic and large-cap to flexi/mid/small cap and multi-asset.

MTM for FY27 an overhang; we trim CLAuM growth for MF industry: We had initially estimated equity (+bal) CLAuM growth of 21% YoY for FY27; however, with moderation in net flows in the balanced category, and sub-optimal market returns following geopolitical uncertainty, we trim equity CLAuM growth by 250bps to 18.5% YoY. Also, due to weak returns, 1-year weighted alpha over the last year across major MF players has reduced, which has resulted in more fragmented net equity flows. Hence, contribution of top 3/10 players to net equity flows (ex-NFOs) has fallen from 42%/73% in FY26 to 34%/65% over Apr-Jul'26. In terms of performance, smaller MFs like Bandhan, HSBC, Invesco and Edelweiss are seeing strong performance in the 1/3-yr buckets.

Near-term overhang for AMCs; we remain positive for the medium term: Listed AMCs are underperforming as (1) market share of listed AMCs in net equity flows has fallen due to weak equity returns; (2) geopolitical/macroeconomic uncertainty may lead to flattish equity markets and (3) core earnings growth could be weak in FY27. In contrast, non-AMCs like PRUDENT and KFINTECH have seen better returns over the last 3-6 months due to a more diversified revenue stream (higher non-MF revenue share). Non-AMCs are likely to post superior core earnings CAGR compared to listed AMCs over FY26-29E. While the AMC space is exposed to near-term risks, we are optimistic for the medium term, as despite soft core PAT growth of 10% in FY27, listed AMCs could see decent ~16% CAGR in core PAT over FY27-29E.

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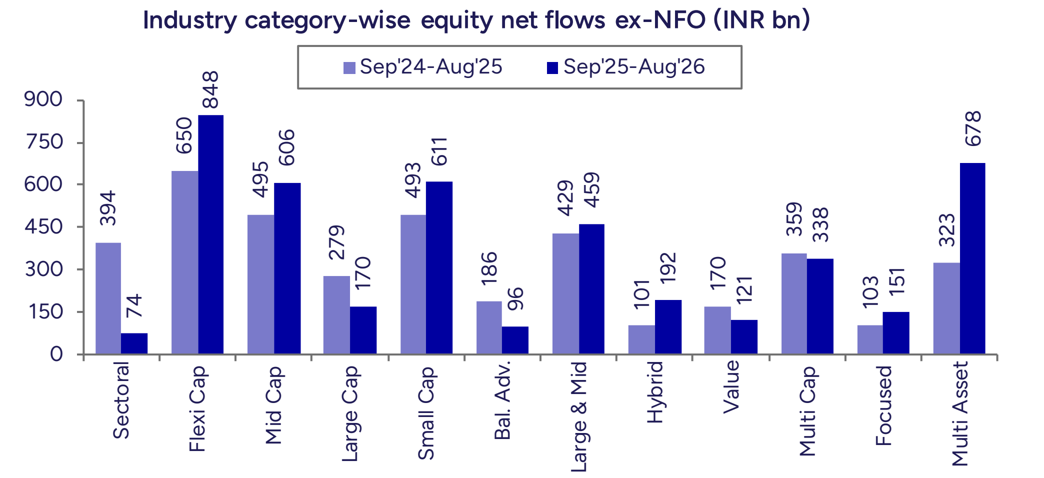
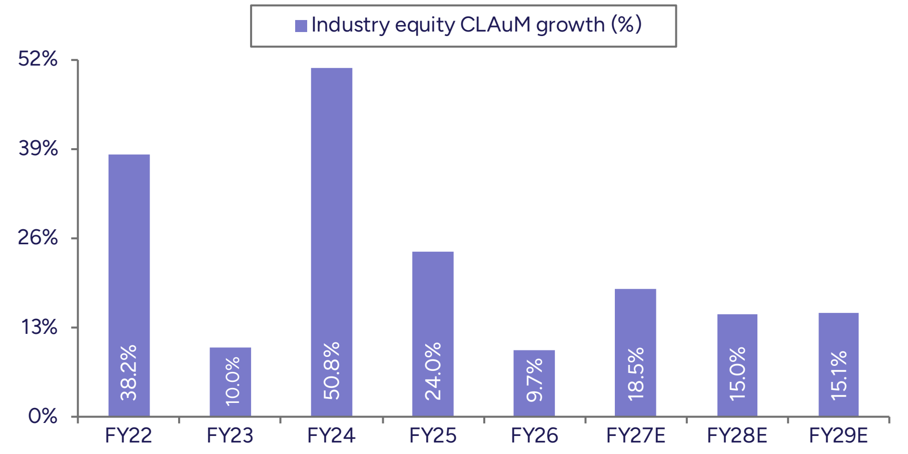
Exhibit 1: Flows shifted from sectoral/thematic and large-cap to flexi/mid/small cap and multi-asset



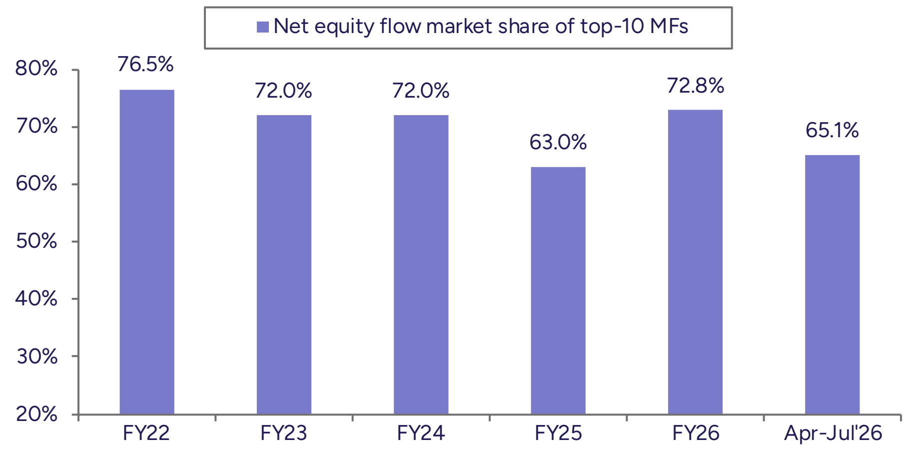
Source: PL, Industry

Exhibit 2: We expect industry equity CLAuM CAGR of 16.2% over FY26-29E



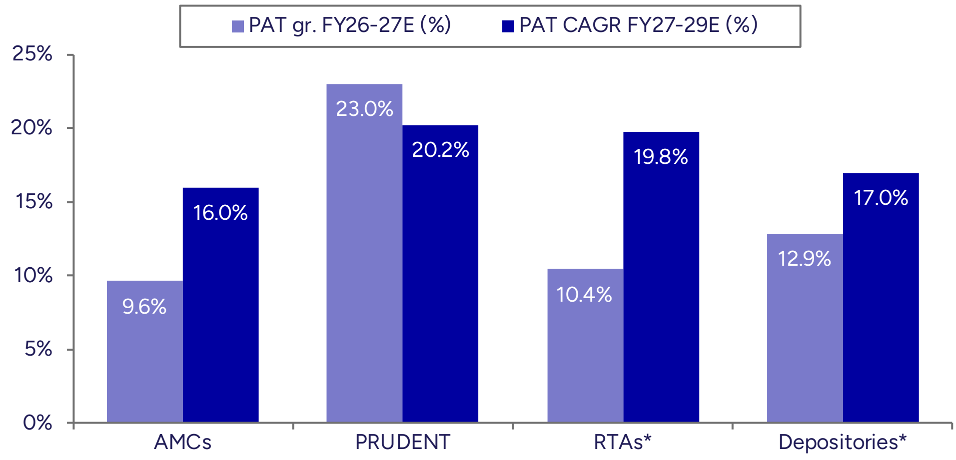
Source: PL

Exhibit 3: Net equity flow market share of top-10 MFs declined from FY26 to Apr-Jul'26



Source: Company, PL

Exhibit 4: PAT CAGR over FY27-29E for PRUDENT/RTAs superior to AMCs/depositories



*Source: Company, PL. *Bloomberg consensus*

Exhibit 5: AMC ecosystem has outperformed broader indices over the medium term (3-year horizon)

Absolute performance (%)	1M	3M	6M	9M	1Yr	2Yr	3Yr
Indices							
Nifty 50	-4.2	-3.4	-1.3	-9.9	-8.1	-8.5	15.3
Nifty 100	-4.2	-3.0	0.6	-7.5	-6.2	-7.9	21.2
BSE 200	-4.3	-2.6	2.1	-6.0	-4.8	-7.0	24.2
BSE 500	-4.0	-1.9	4.4	-3.9	-3.7	-6.3	26.5
Nifty Midcap 150	-3.8	-0.9	10.8	3.3	3.4	1.5	48.2
Nifty Small Cap	-1.6	4.7	22.5	14.0	5.8	0.4	52.4
AMC related stocks							
ICICIAMC	-1.7	-5.2	4.0	19.7	NA	NA	NA
SBIFUNDS	-2.9	-7.9	NA	NA	NA	8.0	NA
HDFCAMC	-5.2	-11.8	0.4	-6.2	-17.6	NA	75.2
NAM	-7.6	-3.6	31.0	29.3	31.3	71.5	235.8
ABSLAMC	6.7	-1.0	13.4	41.1	33.1	44.7	162.4
UTIAM	-1.2	-4.4	-6.4	-19.3	-34.3	-7.3	14.4
CRAMC	-8.0	-7.4	-0.3	-18.3	NA	NA	NA
CAMS	-8.6	-12.1	12.1	-2.6	-11.6	NA	37.7
KFINTECH	-7.5	0.2	-0.1	-12.9	-19.5	-12.0	93.0
CDSL	-1.2	3.9	11.8	-8.7	-14.5	-30.4	100.7
NSDL	-1.8	-10.6	-7.5	-24.7	-38.4	44.0	NA
PRUDENT	-0.7	8.5	45.4	28.2	12.2	-20.9	186.4

Source: Bloomberg

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (INR)	Share Price (INR)
1	Axis Bank	BUY	1550	1329
2	Bank of Baroda	Accumulate	280	246
3	Canara Bank	BUY	150	127
4	Canara Robeco Asset Management Company	HOLD	285	267
5	City Union Bank	BUY	250	229
6	DCB Bank	BUY	215	190
7	Federal Bank	BUY	400	357
8	HDFC Asset Management Company	BUY	2850	2440
9	HDFC Bank	Buy	950	720
10	ICICI Bank	BUY	1850	1444
11	ICICI Prudential Asset Management Company	BUY	3550	3206
12	Indian Bank	BUY	1000	843
13	IndusInd Bank	Accumulate	1150	1069
14	Karur Vysya Bank	BUY	345	301
15	Kotak Mahindra Bank	BUY	480	390
16	Nippon Life India Asset Management	BUY	1250	1172
17	Prudent Corporate Advisory Services	Accumulate	3175	2851
18	State Bank of India	BUY	1200	1097
19	Union Bank of India	Accumulate	190	172
20	UTI Asset Management Company	Hold	975	904

PL's Recommendation Nomenclature (Absolute Performance)

BUY : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

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