

# The Alternate Opinion

Quantitative & Alternates

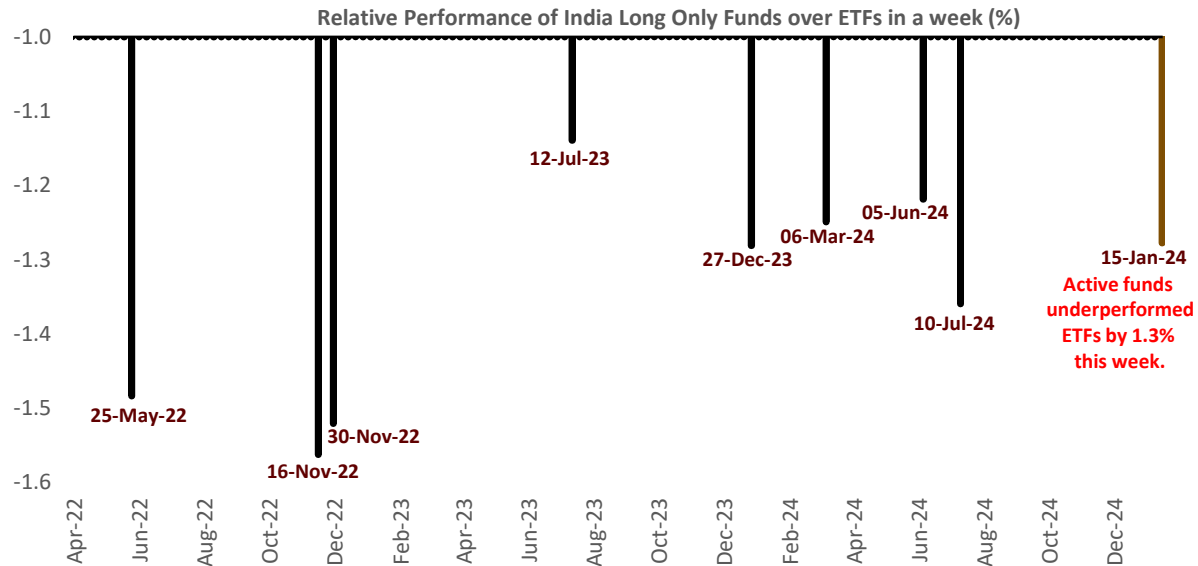
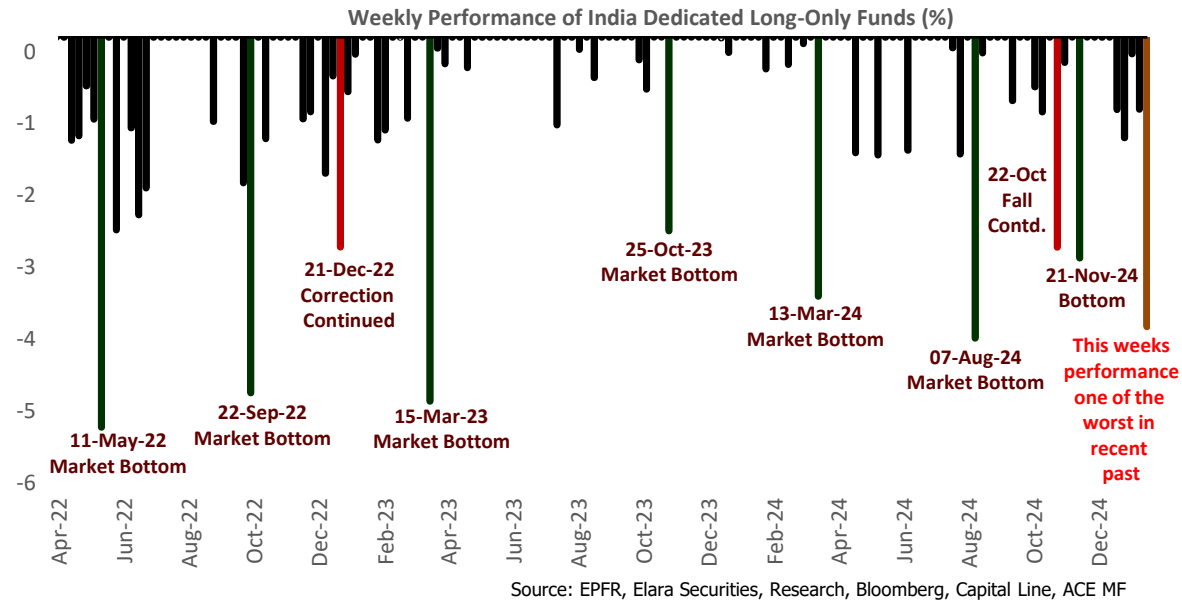
Global Liquidity Tracker: India dedicated active funds post worst weekly performance since Aug'24; have mostly marked short term lows

## India dedicated active funds post worst weekly performance since Aug'24; have mostly marked short term lows

Another week of flows moving from EMs to US funds; largest shifts from India, China, S. Korea and Taiwan. US funds saw foreign inflows of \$6bn with another \$6.6bn inflows from domestic funds. Largest outflow of \$1.2bn was from China funds followed by \$637mn from India funds. S.Korea, Taiwan and Brazil saw foreign redemption of \$311mn, \$173mn and \$125mn respectively. Until now, Argentina and Singapore are the only 2 regions which are insulated from this dollar carry trade unwind cycle.

India funds saw another strongest outflow since Mar'22 of \$637mn. *Outflows from India dedicated funds also continued but slowed marginally to \$348mn from \$426mn in the previous week. Besides ETFs, we also saw some pressure from India dedicated Long-only funds, which took 8-week large outflow of \$149mn.* Largest India redemptions continued from US based funds; a total of \$2bn have been pulled from US funds since Oct'24. However, this week redemptions were also strong from Ireland (6-month high of \$112mn) and UK (\$63mn) region. Slower outflows from Japan funds continue since Nov'24 totalling \$300mn.

India Dedicated active funds posted the worst weekly performance since Aug'24 of 4%. *Since Apr'22, we have seen 9 instances (excluding the latest) where India long-only funds have corrected by 3% or more in a week. In 2 instances (21<sup>st</sup> Dec 2022 and 22<sup>nd</sup> Oct 2024), markets continued to correct after such large negative readings. In the remaining 6 instances, we have seen markets making a temporary/final low after such strong negative readings.* The underperformance of India active over passive funds of 1.3% is also the largest since 10<sup>th</sup> Jul 2024. On 1-year horizon, India active funds are still outperforming passive by 5.7%.



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