

Retail Investors Drive 12x Growth in Index Funds Folios in Less Than Four Years: Zerodha Fund House

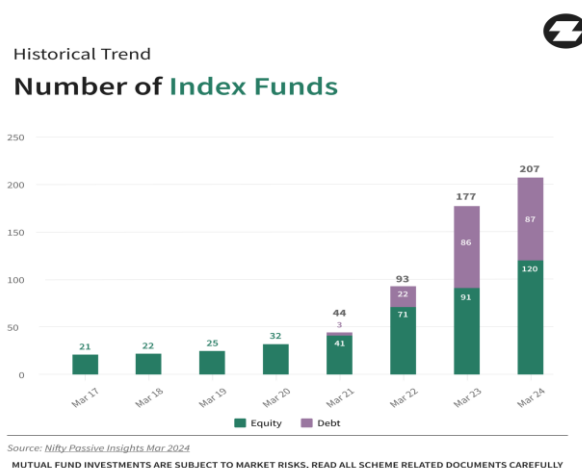
Mumbai/Bengaluru, 26th July: A study by Zerodha Fund House reveals a remarkable surge in the adoption of Index Funds among retail investors over the past few years. The total retail folios in index funds increased by close to 12 times from 4.95 Lakhs in March 2020 to 59.37 Lakhs in Dec 2023.

The proliferation of index funds corroborates with a substantial rise in the total Assets under Management (AUM) of these funds, inclusive of both equity and debt categories. The AUM of index funds has recorded a staggering increase of 25x from about ₹8,000 crores in March 2020 to about ₹2,13,500 crores as of March 2024. Notably, debt index funds had seen a sizable growth from negligible to no AUM till March 2021 but scaled up to almost surpass the milestone AUM of ₹1.1 lakh crores in March 2024. Debt index funds constituted 51.5% of the total AUM and 48.5% was contributed by equity index funds.

Period	Equity	Debt	Total Index Fund AUM (in ₹ crores)
Mar-24	1,03,577	1,09,995	2,13,572
Mar-23	55,557	1,05,219	1,60,776
Mar-22	39,638	27,609	67,247
Mar-21	18,107	883	18,990
Mar-20	8,056		8,056
Mar-19	5,237		5,237
Mar-18	3,061		3,061
Mar-17	2,452		2,452

Source: Nifty Passive Insights 2024

Speaking on the increasing investor interest in passives, **Vishal Jain, CEO, Zerodha Fund House** said, *“The increasing contribution of folios in the MF industry is incrementally being contributed by index funds. Nearly 11% of new folios last financial year came from index funds. It is only the beginning of a growing trend and Zerodha Fund House is proud to play its part in it. Retail investors increasingly prefer to have simple & transparent exposures with passive products like index funds in their portfolios and this trend is heartening to see.”*

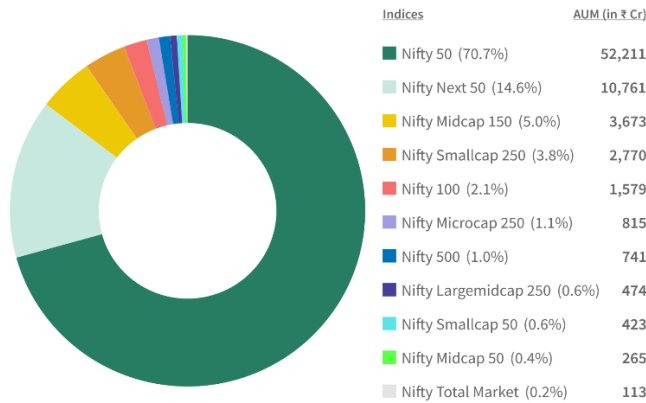


To cater to the growing appetite and confidence of investors in index funds, many mutual fund houses have launched equity and debt index funds in the last 4 years. The total number of index funds has increased from 44 in March 2021 to 207 in March 2024, accounting for an absolute growth of 370%. As of 31st March 2024, there are 120 and 87 equity and debt index funds respectively.



Distribution of Index Fund

AUM across Broad Based Indices



Source: *Nifty Passive Insights Mar 2024*
AUM Values as of 31 Mar 2024. The percentage figures are rounded off for the sake of clarity.
The Nifty indices mentioned herein are owned by NSE Indices Limited. All information provided is for informational purposes only

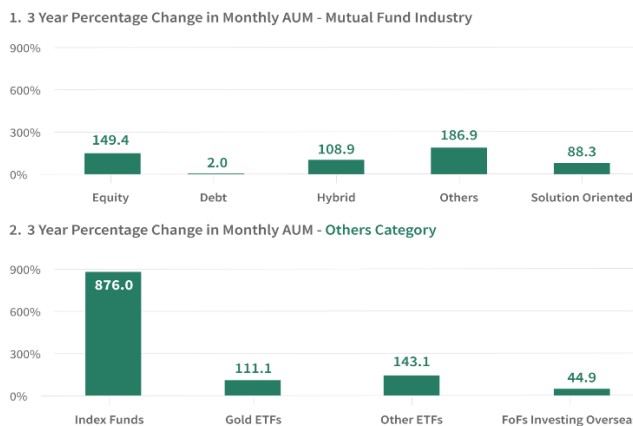
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The comprehensive breakdown of assets under management across various broad-based Nifty indices further illustrates investor preferences. The dominance of the Nifty 50 index, comprising 70.7% of total AUM at ₹52,000 crore, reflects a clear preference for large-cap stocks. Meanwhile, the Nifty Next 50, with 14.6% of total AUM at ₹10,000 crore, and smaller allocations to mid and small-cap stocks, suggest a balanced approach to risk and return among investors.



Mutual fund industry category wise AUM change

from June 2021 to June 2024 (in %)



Source: *AMFI Monthly Note June 2024*. AUM - Assets Under Management as of month-end and in Rs lakh crore. The figures are rounded off for the sake of clarity.

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The index funds category assets were at a record high of Rs 2.43 lakh crore as of June 2024, and has seen a surge of nearly 900% in assets in the past three years. Across all the other mutual fund categories, Index Funds witnessed the highest AUM growth (in %) over the past 3 years. This shows the increased adoption of Index Funds among retail investors.

Zerodha Fund House currently offers 2 Index funds - **Zerodha Nifty LargeMidcap 250 Index Fund**, an open-ended scheme tracking Nifty LargeMidcap 250 Index and **Zerodha ELSS Tax Saver Nifty LargeMidcap 250 Index Fund**, an open-ended passive equity linked savings scheme with a statutory lock-in period of 3 years and tax benefit tracking Nifty LargeMidcap 250 Index.

About Zerodha Fund House: Zerodha Fund House is an Asset Management Company, a JV between Zerodha Broking Ltd and smallcase Technologies Pvt Ltd. Zerodha Fund House will enable a new generation of investors to access the capital markets with the same principles of simplicity, cost-effectiveness, and transparency to investment products as its parent organizations. Learn more at <https://www.zerodhafundhouse.com/>

Disclaimer: This is not investment advice or buy or sell recommendation. Readers should do their own research and analysis or consult an investment adviser/s before investing in schemes of mutual funds. Past performance may or may not sustain in future and should not be used as a basis for comparison with other investments.

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