Twitter Thread by JST Investments



JST Investments
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HDFC AMC FY21 Annual Report Takeaways

'We are the fiduciary to our customers – their interests clearly supersede'

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A thread ■■

1/ What has helped HDFC AMC to grow this large?

The Trust associated with the HDFC brand.

A one-stop shop for individuals, families, corporates, and institutions when it comes to their investments.

The most profitable Mutual Fund.

2/ Promoters continue to own 73.9% in the company:

52.7% by HDFC Ltd & 21.2% by Standard Life investments.

3/ Numbers that matter

Rev up 3%
76% EBITDA margin
Pat up 5%
AUM up 24% to 3.95 Cr (43% Equity, 39% Debt, 16% Liquid) | PMS & big accounts at 9.7K Cr
53 lakh investors
1254 employees
Digital transactions: 82% of total
13.7% market share in MAAUM & 12.6% in total AUM

4/ Product Portfolio

In Equity, will increase the diversity in their investment style & approach: have faced the brunt of underperformance in the past | 24 schemes

Debt schemes were able to tide through the tough phase of defaults by a large NBFC & HFC, COVID-19 | 68 schemes

5/ Distribution (the 2nd most imp factor after trust)

Increasing service centers (ISCs) & distribution partners

69% of the AUM comes from the Top 5 cities:
Potential to ramp up in the next 100s of cities. This is also due to higher ticket size/person in the bigger cities.

6/ From the desk of the Chairman (Mr. Parekh)

- Explains why ■■'s economy will get back on its growth trajectory
- MF industry reached an ATH of 30lk Cr in AUM: still underpenetrated in terms of AUM/GDP & AUM/deposits
- FPIs being the potential whale clients for Indian AMCs.

7/ From the desk of the new CEO (Mr. Munot)

- 1 in 4 investors in ■■ is invested with HDFC AMC
- Launched Dividend yield fund & Banking ETF during FY21
- To cover sector/specific themes, international markets, and passive strategies in the next few quarters

His Background ■

8/ Digitisation is the key: it's important real estate

Multiple initiatives to reach clients: App to WhatsApp chatbot to online portals, E-KYC

The in-house platform caters to 60%+ of direct transactions, grew 21% | Mobile to web ratio now 1:2

9/ Marketing & ESG (a sophisticated form of marketing) Initiatives

- Targetting peeps from all walks of life to create a mindshare
- 1st and only one to date to launch a mutual fund dedicated to a social cause
- One of the youngest workforce with an avg age of 34 years

10/ Statistics to understand the Indian demographics better.

Healthy growth of mutual fund AUM in India: at 20% cagr for the last 5yrs.

11/ The biggest assets of an AMC: its employees:

Must be adequately paid in cash (up 5%) & Esops (Issued at a grant price of 2934/share: a 335 Cr Esop Policy)

12/ The Outlook for the Industry & strategy of HDFC AMC to capitalize on it

Need more clarity from Mr. Munot in the upcoming con calls.

A class company, nonetheless, in a massive growth industry.

End of Thread.

Have not been well versed with how the asset management industry works? No worries.

Key Terms in the industry explained ■

HDFC AMC Q4FY21 results. https://t.co/BSwIzovqAx

> HDFC AMC results:-
>
> \U0001f4b5Revenues grow by 21%
> \U0001f4b5Profits grow by 26%
> \U0001f4b5Dividend of Rs 34/share
>
> Stable results but need to watch out for the commentary from Navneet Munot#Q4withJST pic.twitter.com/JYqjnMaiwB
>
> — JST Investments (@JstInvestments) April 27, 2021

Catch up on what happened last year ■

'Business Model: funds are raised from investors in different schemes & invested by the company while taking a small cut for the service known as the expense ratio.'

HDFC AMC FY20 Annual Report Takeaways.
https://t.co/4VOdd427mD