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Wealth Forum

Advisor Confidence Survey

2017

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Section I : Overview and methodology

We are very happy to present the 6th annual edition of the Wealth Forum Advisor Confidence Survey. Over the years, this survey has become one of the most eagerly awaited, most tracked and most incisive surveys in the industry – and this has been made possible only because India's leading IFAs from across the country willingly agree each year to devote considerable time to respond to the very exhaustive survey questions.

This year, like always, we invited 325 of India's leading IFAs from 42 cities across the country to participate in the survey. IFAs invited to participate in this survey comprise the top 5% of their respective cities in terms of business size. This is thus a survey that attempts to understand the pulse of the leaders.

We are very grateful to the 234 leaders of the IFA fraternity who responded within the rather stiff timelines we requested of them. The geographic breakdown of respondents is as follows:

Zone	Respondents	Cities covered
East	35	8
North	49	12
South	62	10
West	88	12
Total	234	42

As always, the survey analysis is split into 4 segments:

- Business confidence
- Market confidence
- Product confidence
- AMC confidence

Section II : Business Confidence

Growth in business volumes: all time high score

How confident are you about growth in your business volumes over the next 12 months?
(Scale of 1 to 10: 1 represents very low confidence and 10 represents very high confidence)

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	9.0	0%	0%	0%	0%	0%	0%	5%	14%	18%	59%	5%	100%
NORTH	9.5	0%	0%	0%	3%	0%	0%	0%	13%	3%	80%	0%	100%
SOUTH	8.9	0%	0%	0%	0%	0%	5%	13%	16%	18%	47%	0%	100%
WEST	9.2	0%	0%	0%	0%	2%	2%	7%	16%	14%	59%	0%	100%
ALL INDIA	9.1	0%	0%	0%	1%	1%	2%	7%	15%	14%	60%	1%	100%

ZONE	2017	2016	2015	2014	2103
EAST	9.0	8.4	8.4	8.3	7.4
NORTH	9.5	8.3	8.7	8.3	7.6
SOUTH	8.9	7.8	8.2	8.6	7.6
WEST	9.2	8.2	8.8	9.1	7.5
ALL INDIA	9.1	8.1	8.6	8.7	7.5

Growing investor appetite for mutual funds is clearly reflecting in IFA confidence on volume growth prospects, with scores hitting an all time high of 9.1. Despite growth in direct plans, emergence of robo advisors and other low cost models, IFAs are very confident on business growth prospects in the near term. This is perhaps one of the strongest validations of the fact that there is indeed room for multiple channels and intermediation models to grow in a market that is rapidly expanding. North leads the way on this score, but its not as if other regions are materially behind – optimism is clearly seen across the country.

Revenue growth prospects: acche din are clearly here

How confident are you about growth in your business revenues over the next 12 months?
(Scale of 1 to 10: 1 represents very low confidence and 10 represents very high confidence)

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	8.6	0%	0%	0%	0%	0%	5%	14%	14%	9%	55%	5%	100%
NORTH	9.1	0%	0%	0%	3%	0%	7%	3%	13%	3%	70%	0%	100%
SOUTH	8.6	0%	0%	0%	0%	3%	15%	10%	10%	15%	46%	0%	100%
WEST	9.0	0%	0%	0%	0%	2%	2%	15%	13%	15%	55%	0%	100%
ALL INDIA	8.9	0%	0%	0%	1%	1%	7%	11%	12%	12%	55%	1%	100%

ZONE	2017	2016	2015	2014	2013
EAST	8.6	7.7	7.8	8.1	6.8
NORTH	9.1	7.6	8.0	8.2	7.6
SOUTH	8.6	7.4	7.9	8.5	7.6
WEST	9.0	7.4	8.4	9.2	7.1
ALL INDIA	8.9	7.5	8.2	8.6	7.4

This number clearly demonstrates the "acche din" mood among IFAs, perhaps more than the volume growth expectations. Last year's survey (done in June 2016) was conducted at a time when the debate on expense ratios was at its peak and when implementation of new commission disclosure norms was around the corner. The feeling then was that revenues would be squeezed one way or another between a combination of lower expense ratios and pressure from commission disclosures. And then there was the RIA 2.0 regulation that was brewing, which again cast a spell of doubt on revenue models.

Cut to June 2017: we have a new SEBI Chairman who has so far not expressed any opinions on expense ratios – thereby leading us to believe status quo may prevail for now; commission disclosures are now a reality and haven't caused the feared upheavals (more on this in a separate question on disclosures) and RIA 2.0 seems to have been put into hibernation, at least for now. All of this has translated into a revenue growth confidence score that almost mirrors volume growth scores – indicating no change expected in margins – which is in stark contrast to the scores of 2016.

Will the regulator allow status quo and enable the industry and its intermediaries to focus solely on growth and enhanced penetration? Or will they make some moves after the new Chairman gets a full perspective on all issues and then takes a position? No news is good news for now!

Commissions vs fees: clearly not ready for a fee only model

By March 2018, what percentage of your revenues do you expect to earn as fees from your clients?

ZONE	0%	1 - 10%	11 - 25%	26 - 50%	Above 50%
EAST	50%	45%	0%	0%	5%
NORTH	45%	29%	16%	6%	3%
SOUTH	24%	34%	16%	13%	13%
WEST	38%	45%	5%	4%	7%
ALL INDIA	38%	39%	10%	6%	8%

	0%	1 - 10%	11 - 25%	26 - 50%	Above 50%
2017	38%	39%	10%	6%	8%
2016	33%	47%	8%	4%	8%
2015	39%	32%	15%	7%	7%
2014	35%	30%	17%	14%	4%
2013	31%	35%	21%	8%	5%

South continues to lead the way in adoption of a fee oriented model and East continues to see the maximum challenges on this front. Overall, an average across all respondents pegs the proportion of fees as 12% to total income. However, as with earlier years, the average is not representative as almost 80% of leading IFAs do not expect fees to become a material revenue stream (either 0 or 1-10%). However, more than 60% of respondents are in fact looking at a fee income to complement commissions – with varying degrees of salience.

Does this survey indicate a readiness to adopt a fee only model? Clearly, no. And, if this is the mind of India’s leading IFAs, one can easily extrapolate what a pan-India picture would be for smaller IFAs.

Impact of direct plans: no change on this score

How much of a negative impact do you see MF direct plans having on your business by March 2018?
(scale of 1 to 10 : 1 represents very little negative impact, 10 represents very high negative business impact)

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	4.0	18%	18%	9%	14%	14%	14%	5%	0%	5%	5%	0%	100%
NORTH	5.1	17%	7%	13%	3%	10%	17%	3%	20%	7%	3%	0%	100%
SOUTH	4.1	13%	13%	23%	8%	21%	3%	13%	5%	0%	3%	0%	100%
WEST	3.8	21%	16%	14%	11%	16%	7%	7%	4%	2%	2%	0%	100%
ALL INDIA	4.2	18%	14%	16%	9%	16%	9%	7%	7%	3%	3%	0%	100%

How much of a negative impact do you see MF direct plans having on your business in 3 years from now?
(scale of 1 to 10 : 1 represents very little negative impact, 10 represents very high negative business impact)

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	4.6	18%	9%	9%	9%	23%	9%	5%	5%	9%	5%	0%	100%
NORTH	6.0	13%	7%	13%	3%	7%	3%	7%	17%	17%	13%	0%	100%
SOUTH	5.0	10%	8%	10%	10%	26%	10%	8%	8%	5%	5%	0%	100%
WEST	4.7	16%	11%	14%	4%	11%	18%	9%	11%	4%	4%	0%	100%
ALL INDIA	5.0	14%	9%	12%	6%	16%	12%	7%	10%	7%	6%	0%	100%

ZONE	3 yrs from now	2017	2016	2015	2014	2013
EAST	4.6	4.0	3.2	4.0	3.3	3.7
NORTH	6.0	5.1	5.6	4.9	3.8	4.2
SOUTH	5.0	4.1	4.0	4.2	4.0	4.2
WEST	4.7	3.8	4.1	3.6	3.8	3.8
ALL INDIA	5.0	4.2	4.3	4.1	3.8	3.9

4.2 is not an insignificant score – direct plans continue to be seen as having material impact on business. Not crippling, but material. The good news is that the score has remained pretty much in the same range for the last 3 years – the threat is not escalating, but on the other hand, its not diminishing either. Its just a competitor that IFAs have learnt to live with, however unfair they think the concept and pricing of direct plans are.

The "3 years from now" score is higher – signifying the belief that IFAs think this is only going to get worse, not better. A look at the previous years' surveys suggests that the "3 years from now" score has always been higher than the immediate impact score, and at the same time, the immediate impact score hasn't changed much over the last 3 years. One can only hope by putting these together that while it is logical to believe that the threat will only get bigger over time, the reality over the last 3 years is that the threat/negative impact has remained around the same levels, and therefore will not hopefully escalate over time. Nonetheless, a score of 6.0 for North in the "3 years from now" column suggests that direct plans are perceived as a very serious threat.

Open architecture transaction platforms: at inflection point

What percentage of your MF transactions are currently being processed
by open architecture platforms (MF Utility / BSE / NSE / apps that feed into these)?

ZONE	0%	1-25%	25 - 50%	50 - 75%	Above 75%
EAST	27%	45%	9%	14%	5%
NORTH	29%	35%	6%	6%	23%
SOUTH	33%	31%	8%	8%	21%
WEST	14%	41%	13%	14%	18%
ALL INDIA	24%	38%	9%	11%	18%

Average
15%

In 3 years from now, what percentage of your MF transactions do you expect
will be processed by open architecture platforms
(MF Utility / BSE / NSE / apps that feed into these 3)?

ZONE	0%	1-25%	25 - 50%	50 - 75%	Above 75%
EAST	9%	14%	27%	23%	32%
NORTH	3%	19%	13%	19%	45%
SOUTH	0%	21%	28%	8%	44%
WEST	0%	13%	16%	18%	54%
ALL INDIA	2%	16%	20%	16%	46%

Average
60%

29% of India's leading IFAs already have over half their transactions being processed by open architecture transaction platforms, while 24% are yet to open their account on this front, giving an average of 15% - a good start, but not really a big move yet.

The big story here however is the scenario our respondents expect 3 years from now – only 2% expect not to embrace these platforms. The average percentage of transactions on such platforms is expected to shoot up to 60%, 3 years from now. Clearly, open architecture transaction platforms are at an inflection point. Going paperless is fast becoming a reality. Costs will come down consequently, scalability will improve consequently. India's leading IFAs are clearly embracing technology in a big way.

Closed architecture transaction apps: growing niche

What percentage of your MF transactions are currently being processed by AMC apps and portals?

ZONE	0%	1-25%	25 - 50%	50 - 75%	Above 75%
EAST	43%	57%	0%	0%	0%
NORTH	52%	45%	0%	3%	0%
SOUTH	49%	44%	8%	0%	0%
WEST	52%	41%	2%	2%	4%
ALL INDIA	50%	45%	3%	1%	1%

Average
8%

In 3 years from now, what percentage of your MF transactions do you expect will be processed by AMC apps and portals?

ZONE	0%	1-25%	25 - 50%	50 - 75%	Above 75%
EAST	29%	62%	5%	0%	5%
NORTH	35%	42%	13%	3%	6%
SOUTH	36%	33%	18%	5%	8%
WEST	52%	34%	9%	4%	2%
ALL INDIA	41%	39%	12%	3%	5%

Average
16%

Today, for every 2 transactions put through open architecture transaction platforms, 1 is executed by an AMC app or portal (at least for leading IFAs). 3 years from now, that ratio is expected to widen to almost 4:1 (60% vs 16%). Its not as if this sounds the death kneel for AMC apps and portals that promote transaction execution capability as a key feature. They are still expected to double in percentage terms from where they are now, although the gap between them and open architecture platforms is expected to widen considerably.

One hypothesis on the way forward could be that a typical IFA might use open architecture platforms for most transactions, but may also use AMC apps where convenience matters most – like moving money in and out of liquid/liquid plus funds. If AMC apps evolve into such niche propositions, AMC marketing teams should perhaps focus on what niches they wish to occupy and how they think they can offer superior propositions in those niches to grab market share.

RIA: interest plateauing?

How likely are you to consider applying for an investment advisor license from SEBI by March 2018?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	Done	Total
EAST	4.0	41%	5%	5%	14%	9%	9%	0%	0%	0%	14%	5%	100%
NORTH	5.1	30%	3%	7%	3%	17%	3%	7%	0%	10%	7%	13%	100%
SOUTH	5.2	33%	5%	3%	3%	10%	5%	10%	0%	8%	5%	18%	100%
WEST	4.2	32%	15%	4%	4%	13%	8%	2%	8%	2%	4%	9%	100%
ALL INDIA	4.6	33%	8%	4%	5%	13%	6%	5%	3%	5%	6%	12%	100%

ZONE	2017	2016	2015	2014
EAST	4.0	3.9	2.8	3.0
NORTH	5.1	5.0	3.7	3.3
SOUTH	5.2	4.7	3.7	2.5
WEST	4.2	5.0	3.3	3.2
ALL INDIA	4.6	4.9	3.5	3.0

2017 Survey

By when, if at all, do you expect SEBI to mandate migration of distributors to the RIA mode?

ZONE	Within 1-3 Years	Next 3-5 Years	Next 5-10 Years	Not in next 10 Yrs	Total
EAST	9%	36%	32%	23%	100%
NORTH	10%	37%	40%	13%	100%
SOUTH	8%	39%	42%	11%	100%
WEST	9%	53%	20%	18%	100%
ALL INDIA	9%	43%	32%	16%	100%

Average	6 yrs

2016 Survey

By when, if at all, do you expect SEBI to mandate migration of distributors to the RIA mode?

ZONE	Within 1-3 Years	Next 3-5 Years	Next 5-10 Years	Not in next 10 Yrs	Total
EAST	5%	42%	37%	16%	100%
NORTH	17%	55%	24%	3%	100%
SOUTH	21%	26%	40%	12%	100%
WEST	28%	39%	20%	13%	100%
ALL INDIA	21%	39%	29%	11%	100%

Average	5 yrs

18% of leading IFAs have either taken up an RIA licence or are definitely doing so this fiscal. At an aggregate level though, the keenness/interest in taking up an RIA licence – which was growing year-on-year from 2014 to 2016, has plateaued off in 2017. It peaked in 2016, in the run up to discussions on SEBI's RIA 2.0 regulations – when it was felt that not taking up an RIA licence and remaining an MFD would mean having to offer a completely uncompetitive customer proposition. The turn of events since Jan 2017, when SEBI's International Advisory Board gave its guidance on allowing advisory under commission based as well as fee based models to co-exist, has perhaps caused interest in RIA to plateau off. Only 9% of respondents now expect RIA to be mandatorily enforced within the next 1-3 years – down sharply from 21% a year ago. Interest in RIA is consequently plateauing.

Commission disclosures: not so bad after all

What percentage of your AuM do you see getting negatively impacted as a consequence of additional commission disclosures mandatedin CAS statements?

ZONE	Avg	0-10%	10-20%	20-30%	30-40%	40-50%	50-60%	60-70%	70-80%	80-90%	90-100%	Total
EAST	13%	55%	27%	9%	5%	0%	5%	0%	0%	0%	0%	100%
NORTH	14%	52%	19%	23%	3%	3%	0%	0%	0%	0%	0%	100%
SOUTH	14%	49%	23%	26%	0%	0%	3%	0%	0%	0%	0%	100%
WEST	13%	57%	21%	16%	4%	0%	0%	0%	0%	2%	0%	100%
ALL INDIA	13%	53%	22%	19%	3%	1%	1%	0%	0%	1%	0%	100%

ZONE	2017	2016
EAST	13%	22%
NORTH	14%	32%
SOUTH	14%	25%
WEST	13%	24%
ALL INDIA	13%	26%

By what percentage do you see net revenue falling by Mar 18,
as a consequence of the new commission disclosure regulations?

ZONE	Avg	0-10	10-20%	20-30	30-40	40-50	50-60	60-70	70-80	80-90	90-100	Total
EAST	10%	71%	19%	5%	0%	0%	5%	0%	0%	0%	0%	100%
NORTH	14%	45%	26%	23%	6%	0%	0%	0%	0%	0%	0%	100%
SOUTH	12%	51%	26%	21%	3%	0%	0%	0%	0%	0%	0%	100%
WEST	10%	66%	16%	16%	2%	0%	0%	0%	0%	0%	0%	100%
ALL INDIA	12%	59%	21%	17%	3%	0%	1%	0%	0%	0%	0%	100%

ZONE	2017	2016
EAST	10%	18%
NORTH	14%	28%
SOUTH	12%	22%
WEST	10%	19%
ALL INDIA	12%	22%

In June 2016, 4 months before implementation of enhanced commission disclosures, fear was palpable. A quarter of AuM was seen at risk, a fifth of income was seen as likely to evaporate. 8 months after its introduction, its not shaped up as bad as feared. 13% of AuM is now seen as "at risk" causing a potential 12% drop in revenues. Doesn't mean these disclosures don't pinch – but they are not biting. As long as the market expands, intermediaries can take this in their stride, just as they are doing with direct plans.

Robo advisors: threat perception waning

How significant a competitive threat to your business do you perceive robo-advisory models to be within the next 3 years?
(Scale of 1 to 10 : 1 represents very little threat and 10 represents very high competitive threat)

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	2.8	32%	23%	5%	23%	14%	5%	0%	0%	0%	0%	0%	100%
NORTH	3.2	33%	20%	10%	17%	3%	3%	7%	0%	0%	7%	0%	100%
SOUTH	3.3	21%	15%	23%	13%	5%	8%	3%	0%	8%	0%	5%	100%
WEST	2.8	33%	15%	24%	15%	7%	4%	2%	2%	0%	0%	0%	100%
ALL INDIA	3.0	29%	17%	18%	16%	7%	5%	3%	1%	2%	1%	1%	100%

ZONE	2017	2016
EAST	2.8	2.3
NORTH	3.2	3.4
SOUTH	3.3	3.4
WEST	2.8	3.8
ALL INDIA	3.0	3.4

Robo advisors are not causing much of sleepless nights for leading IFAs, and the perception of their threat is on the wane. It appears that leading IFAs are finding that robo and personal touch can indeed co-exist, and that there are indeed different market segments for both propositions.

This is a welcome insight for IFAs in general, since international trends suggest that bull markets are when robo and direct models gain maximum market share, a lot of which they give up to advisors in bear markets – which is directly proportionate to the level of self confidence of investors in bull and bear markets. As we continue our journey in what appears to be a secular bull market, that robo advisors are not seen as a very significant threat by leading IFAs clearly suggests that they are seeing a lot of new investors wanting personal guidance, even in good times.

Cost of doing business: not a significant concern

How concerned are you about rising costs of doing business and your ability to control costs effectively?
(Scale of 1 to 10: 1 represents very low confidence and 10 represents very high confidence)

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	5.0	5%	18%	9%	0%	14%	27%	0%	14%	0%	9%	5%	100%
NORTH	5.5	20%	3%	7%	13%	7%	3%	17%	7%	10%	13%	0%	100%
SOUTH	5.7	16%	5%	8%	8%	5%	8%	13%	18%	8%	11%	0%	100%
WEST	5.5	13%	13%	4%	4%	11%	13%	14%	21%	5%	4%	0%	100%
ALL INDIA	5.5	14%	10%	6%	6%	9%	12%	12%	16%	6%	8%	1%	100%

ZONE	2017	2016	2015	2014	2013
EAST	5.0	5.7	6.4	4.7	5.1
NORTH	5.5	5.8	5.6	4.9	6.4
SOUTH	5.7	5.9	6.1	6.8	6.3
WEST	5.5	6.4	5.6	5.2	5.6
ALL INDIA	5.5	6.0	5.8	5.5	6.0

As is to be expected when business confidence is high, cost worries have receded this year compared to last year. People and technology are the two biggest cost elements for IFAs – there doesn't seem to be too much worry on cost escalations on these fronts, which is welcome news.

Investing for expansion: all time high intention

How willing are you to invest money over the next 12 months into expanding your current business (expansion could mean more people or new branches, investing in technology for future growth etc)

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	8.5	0%	0%	0%	0%	5%	0%	9%	27%	5%	50%	5%	100%
NORTH	8.6	3%	3%	3%	0%	3%	0%	3%	10%	10%	63%	0%	100%
SOUTH	7.4	3%	3%	0%	5%	8%	18%	13%	15%	10%	26%	0%	100%
WEST	8.3	0%	0%	2%	2%	5%	5%	13%	23%	13%	38%	0%	100%
ALL INDIA	8.1	1%	1%	1%	2%	5%	7%	10%	19%	10%	41%	1%	100%

ZONE	2017	2016	2015	2014	2013
EAST	8.5	7.7	8.1	6.9	5.4
NORTH	8.6	7.1	7.6	7.5	6.8
SOUTH	7.4	6.8	6.7	7.2	5.9
WEST	8.3	7.8	7.9	8	6.9
ALL INDIA	8.1	7.3	7.6	7.5	6.4

One of the grouses against IFAs used to be that they are generally unwilling to invest in their business – which in turn curtails growth prospects. Not any more – India's leading IFAs have progressively expressed higher willingness and intention to invest for expansion – more so now that they see bright growth prospects and no dark regulatory clouds (at least for now). South and East were the laggards historically on this score: East has caught up with North and West a couple of years ago, while South continues to tip-toe relatively more cautiously.

Section III : Market Confidence

Equity Markets: bullish sentiment continues

Where do you expect the Sensex to be by the end of this fiscal - March 2018?

ZONE	Below 27,500	Between 27,500 - 30,000	Between 30,000 - 32,500	Between 32,500 - 35,000	Above 35,000	TOTAL
EAST	0%	0%	36%	45%	18%	100%
NORTH	0%	13%	29%	39%	19%	100%
SOUTH	3%	8%	24%	47%	18%	100%
WEST	4%	2%	20%	53%	22%	100%
ALL INDIA	2%	5%	25%	47%	20%	100%

Average Sensex forecast for 31st March 2018: 33185

Bears are heavily outnumbered by bulls among leading IFAs. Only 7% expect markets to be lower in March 2018 than where we are today, 25% expect the same range and the majority of 67% expect the market to move to the next band or even a step higher. Faith in the earnings recovery story, coupled with on-ground demand that they are seeing among retail investors for equity products, is clearly reflected in this bullish outlook.

Debt Markets: interest rates to remain range bound

By Mar 18, where do you expect interest rates to be (10 year G-Sec yields)

ZONE	Above 8%	Between 7.0 - 8.0%	Between 6.0 - 7.0%	Below 6%	TOTAL
EAST	0%	5%	86%	9%	100%
NORTH	0%	10%	74%	16%	100%
SOUTH	0%	13%	71%	16%	100%
WEST	0%	11%	76%	13%	100%
ALL INDIA	0%	10%	76%	14%	100%

Average 10 yr G Sec yield forecast for 31st March 2018: 6.47%

In contrast to the equity optimism, the verdict on interest rates is status quo – 10 yr G-Sec yields are likely to remain within the current broad range of 6-7%, with no significant break up or down. No exciting times ahead in duration funds, seems to be a conclusion that can be drawn. Its time to focus on accruals and not capital gains to get your returns from debt funds.

Currency Market: also range-bound

By Mar 18, where do you expect the Indian Rupee to be vs the US Dollar?

ZONE	Above Rs. 70	Between Rs. 65 - 70	Between Rs. 60 - 65	Below Rs. 60	TOTAL
EAST	0%	18%	82%	0%	100%
NORTH	0%	26%	74%	0%	100%
SOUTH	0%	21%	76%	3%	100%
WEST	0%	40%	53%	7%	100%
ALL INDIA	0%	29%	68%	3%	100%

Average INR/USD forecast for 31st March 2017: 63.77

No fireworks expected in the currency markets: 68% believe the rupee/dollar rate will remain in its current range, but interestingly, a sizeable 29% believe the rupee will depreciate into the next band of 65-70 in the coming months. Only 3% believe in an appreciating rupee breaking through the 60 barrier by March 2018. Status quo with a mild depreciating bias can be a reasonable conclusion from these numbers.

Overall, the view on markets is therefore sanguine. Bullish equity forecast with interest rates and currency remaining range-bound – meaning unlikely to cause surprises that can upset the bull party in equities. No prizes for guessing which asset class is the advisor favourite to top the return charts for the next 12 months.

Section IV : Product Confidence

Equity Funds : confidence gap between SIPs and STPs widening

How confident are you about recommending equity funds to your clients now - through STPs for lumpsums?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	8.2	0%	0%	5%	0%	5%	9%	9%	23%	14%	36%	0%	100%
NORTH	8.4	0%	0%	7%	7%	0%	10%	3%	7%	13%	53%	0%	100%
SOUTH	7.9	0%	0%	3%	3%	5%	8%	5%	28%	21%	26%	3%	100%
WEST	8.1	0%	0%	2%	4%	5%	5%	11%	18%	22%	31%	2%	100%
ALL INDIA	8.1	0%	0%	3%	3%	4%	8%	8%	19%	18%	35%	1%	100%

How confident are you about recommending SIPs in equity funds to your clients now ?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	9.7	0%	0%	0%	0%	0%	0%	5%	5%	9%	82%	0%	100%
NORTH	9.3	0%	0%	0%	0%	0%	7%	3%	10%	10%	70%	0%	100%
SOUTH	9.1	0%	0%	0%	0%	0%	0%	8%	11%	18%	61%	3%	100%
WEST	9.4	0%	0%	0%	2%	0%	2%	5%	5%	13%	73%	0%	100%
ALL INDIA	9.4	0%	0%	0%	1%	0%	2%	5%	8%	13%	71%	1%	100%

ZONE	Equity STPs					Equity SIPs				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
EAST	7.8	8.7	8.6	8.7	8.2	9.2	9.2	9.9	9.9	9.7
NORTH	7.2	7.8	8.8	8.5	8.4	8.5	7.9	9.7	9.5	9.3
SOUTH	8.5	8.2	8.2	7.9	7.9	8.6	8.5	9.1	9.0	9.1
WEST	7.6	8.2	8.4	8.0	8.1	8.9	9.4	9.5	9.4	9.4
ALL INDIA	7.6	8.2	8.4	8.2	8.1	8.8	8.8	9.5	9.4	9.4

Markets scaling new highs and valuations appearing stretched are doing nothing to dent advisor confidence in recommending equity SIPs – which is perhaps the way it should be; but there is a little bit of caution creeping in as regards STPs for lumpsum investments at these market levels. Confidence in equity STPs at 8.1 is high without doubt, but one can't overlook the fact that this score has been marginally dipping 2 years in a row now. Could it be because of a growing preference for STPs in dynamic asset allocation funds, especially when markets are perceived to be richly valued?

Product preference within equity: from "go anywhere" to "go everywhere"

Within equity oriented funds, which type of funds are you confident of recommending now?

ZONE	Diversified no cap bias equity funds	Multi cap equity funds	Large cap funds	Mid and small cap funds	Sectoral / thematic funds
EAST	55%	73%	36%	32%	0%
NORTH	39%	77%	42%	26%	26%
SOUTH	62%	74%	72%	23%	13%
WEST	57%	70%	41%	11%	9%
ALL INDIA	54%	73%	49%	20%	12%

	2017	2016	2015	2014	2013
Diversified no cap bias	54%	59%	62%	62%	67%
Multi cap	73%	69%	58%	47%	34%
Large cap	49%	44%	50%	42%	53%
Mid and small cap	20%	32%	35%	63%	41%
Sectoral / thematic	12%	6%	7%	15%	9%

Two years ago, the most favoured equity product was the diversified no cap bias fund – or the "go anywhere" strategy. Risk management is clearly weighing on the minds of leading IFAs as markets grind higher, which is prompting them to cut back sizeably on mid and small cap funds and also the "go anywhere" funds – and the pendulum is shifting clearly towards multi-cap funds – or the "go everywhere" funds. Its not as if large caps are becoming firm favourites as markets move higher – leading IFAs seem to want to play it safe by selecting funds with clear mandates to participate across the market, and not in any particular segment or theme.

International equity funds: it's still a "be Indian, buy Indian" mood

How confident are you about recommending international funds to your clients now ?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	2.2	32%	14%	5%	18%	5%	9%	0%	0%	0%	0%	18%	100%
NORTH	2.9	45%	14%	10%	7%	10%	0%	3%	7%	3%	0%	0%	100%
SOUTH	3.0	16%	18%	18%	16%	8%	5%	5%	3%	0%	0%	11%	100%
WEST	3.3	29%	21%	9%	13%	11%	7%	0%	4%	2%	4%	2%	100%
ALL INDIA	3.0	29%	18%	11%	13%	9%	6%	2%	3%	1%	1%	6%	100%

ZONE	2017	2016	2015	2014
EAST	2.2	2.3	2.6	3.5
NORTH	2.9	2.8	3.6	4.6
SOUTH	3.0	2.8	3.5	4.2
WEST	3.3	3.1	3.6	4.3
ALL INDIA	3.0	2.8	3.5	4.2

Within international funds, which type of funds are you confident of recommending now?

ZONE	US equities	Diversified global equities	Emerging markets equities	European equities	Global equity income funds
EAST	58%	8%	25%	8%	8%
NORTH	61%	13%	26%	13%	9%
SOUTH	40%	32%	28%	12%	8%
WEST	35%	24%	28%	13%	11%
ALL INDIA	44%	22%	27%	12%	9%

International funds continue to languish in terms of poor advisor confidence and mindshare. We've not really had a currency jolt since 2013, which explains why international funds have been put into hibernation by leading IFAs. The notion of global diversification as a risk management measure is not finding appeal – what does find appeal is tactical allocations when home country seems to be in a spot of bother. And that last happened in 2013.

Debt products: confidence in bonds wanes with falling interest rates

How confident are you of recommending NCDs, company deposits and bonds now?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	3.2	9%	14%	23%	9%	27%	0%	0%	0%	0%	5%	14%	100%
NORTH	3.6	20%	17%	20%	3%	10%	13%	3%	7%	3%	0%	3%	100%
SOUTH	3.5	11%	8%	13%	13%	13%	8%	11%	5%	0%	0%	18%	100%
WEST	3.4	31%	11%	5%	7%	18%	7%	2%	7%	2%	2%	7%	100%
ALL INDIA	3.4	20%	12%	13%	8%	17%	8%	4%	6%	1%	1%	10%	100%

How confident are you of recommending debt oriented mutual funds now ?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	7.5	5%	0%	0%	5%	5%	18%	14%	23%	5%	27%	0%	100%
NORTH	8.0	0%	3%	0%	3%	7%	3%	23%	10%	17%	33%	0%	100%
SOUTH	7.6	0%	0%	0%	5%	5%	11%	21%	18%	18%	18%	3%	100%
WEST	7.0	2%	4%	5%	4%	15%	9%	11%	20%	11%	20%	0%	100%
ALL INDIA	7.4	1%	2%	2%	4%	9%	10%	17%	18%	13%	23%	1%	100%

ZONE	Bonds & Deposits				Debt Funds			
	2017	2016	2015	2014	2017	2016	2015	2014
EAST	3.2	4.3	3.1	4.5	7.5	8.0	7.0	6.0
NORTH	3.6	4.2	4.0	4.4	8.0	7.7	8.4	7.7
SOUTH	3.5	3.9	4.5	5.1	7.6	7.1	7.1	6.8
WEST	3.4	4.4	4.2	5.4	7.0	7.9	7.4	7.5
ALL INDIA	3.4	4.2	4.1	4.9	7.4	7.6	7.5	7.2

There has been a steady decline in advisor confidence in bonds and deposits, in line with falling interest rates on these instruments. Debt funds in contrast continue to enjoy the same levels of advisor confidence, thanks to their more nimble structures and multiple sources of return. One would have however expected a more noticeable increase in debt fund confidence scores in this year's survey, post demonetization, when debt funds were consistently presented by the fund industry as the best avenue to invest idle funds piling up in savings accounts. There has however been a marginal dip rather than a sharp rise in confidence scores for debt funds this year. Could it be due to a belief that duration and dynamic strategies are now no longer attractive, if interest rates aren't going to fall much from hereon? Are debt funds now being perceived as a one trick pony – with only accrual strategies seeming relevant to advisors?

Preference within debt funds: only accrual

Within debt oriented funds, which type of funds are you confident about recommending with a 3 year horizon?

ZONE	Income funds	Gilt funds	Short term plans	Dynamic bond funds	Credit Opps funds	FMPs
EAST	9%	9%	41%	32%	68%	5%
NORTH	3%	0%	32%	13%	90%	10%
SOUTH	14%	3%	56%	25%	75%	11%
WEST	4%	4%	38%	29%	73%	18%
ALL INDIA	7%	3%	42%	25%	76%	13%

	2017	2016	2015	2014
Income funds	7%	13%	25%	20%
Gilt funds	3%	6%	10%	13%
Short term plans	42%	42%	32%	42%
Dynamic bond	25%	43%	33%	24%
Credit Opps	76%	73%	67%	45%
FMPs	13%	18%	8%	7%

Within debt oriented funds, which type of funds are you confident about recommending tactically, with a 12-18 month view

ZONE	Income funds	Gilt funds	Short term plans	Dynamic bond funds	Credit Opps funds	FMPs
EAST	5%	5%	64%	23%	45%	5%
NORTH	10%	0%	62%	17%	52%	0%
SOUTH	8%	3%	62%	19%	54%	8%
WEST	0%	4%	66%	23%	32%	8%
ALL INDIA	5%	3%	64%	21%	44%	6%

	2017	2016	2015	2014
Income funds	5%	3%	13%	20%
Gilt funds	3%	7%	11%	13%
Short term plans	64%	67%	52%	42%
Dynamic bond	21%	32%	28%	24%
Credit Opps	44%	33%	34%	45%
FMPs	6%	4%	4%	7%

Duration and dynamic strategies have registered a sharp drop in advisor confidence scores this year – the fixed income party has ended, as far as India's leading advisors are concerned – which is also borne out by their views on interest rates in the Market Confidence section. The drop in confidence for dynamic bond funds for longer term investments (3 yr horizon) should indeed worry fund houses, who have consistently tried to position these funds as all weather products. For medium term horizon, there's very little appetite for tactical bets in duration strategies – advisors prefer the safety of short term plans. Clearly the only game in town in the debt funds space is accrual funds.

Hybrid funds: overtake debt funds in advisor confidence

How confident are you of recommending hybrid & asset allocation oriented mutual funds now ?

ZONE	Avg.	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	8.1	0%	0%	0%	0%	9%	14%	5%	36%	0%	36%	0%	100%
NORTH	6.9	0%	7%	7%	3%	10%	27%	3%	3%	17%	23%	0%	100%
SOUTH	7.0	0%	0%	0%	5%	15%	10%	13%	23%	13%	15%	5%	100%
WEST	8.2	0%	0%	0%	4%	4%	5%	15%	15%	27%	29%	2%	100%
ALL INDIA	7.6	0%	1%	1%	3%	9%	12%	10%	18%	17%	25%	2%	100%

ZONE	2017	2016	2015	2014
EAST	8.1	7.2	7.0	6.6
NORTH	6.9	6.1	7.1	6.4
SOUTH	7.0	6.9	6.0	5.7
WEST	8.2	7.3	6.8	6.4
ALL INDIA	7.6	6.9	6.7	6.2

When we started this survey 6 years ago, we wondered why hybrids are not getting their due place under the sun. Five years on, the spotlight is shining brightly on them – this year marks the first where advisor confidence scores for hybrids is in excess of debt funds. They are no longer the country cousin of equity and debt funds – they clearly have found their way into mainstream allocations. What is also helping is product innovation in the hybrids space – with dynamic asset allocation funds and equity savings funds – which promise a smoother and more palatable experience with wealth creation through market linked products. This, and the fact that balanced funds are seen to be a "safer" way to participate in a valuation rich market, is perhaps what is driving advisor appetite for hybrids.

Hybrid product preference: innovations occupy centre stage

Within hybrid funds, which type of funds are you confident about recommending?

ZONE	MIPs	Capital Protection Oriented Funds	Equity Income / Savings Funds (upto 35% net equity)	Dynamic asset allocation funds (model based allocation)	Balanced Funds	Multi asset funds (including gold)
EAST	18%	0%	64%	55%	64%	0%
NORTH	7%	0%	43%	33%	73%	0%
SOUTH	22%	5%	41%	30%	68%	5%
WEST	13%	0%	53%	55%	67%	2%
ALL INDIA	15%	1%	49%	44%	68%	2%

	2017	2016	2015	2014
MIPs	15%	20%	19%	43%
Capital Protection	1%	4%	5%	10%
Multi asset (incl gold)	2%	7%	3%	9%
Balanced funds	68%	78%	73%	79%
Equity Income Funds	49%	35%	38%	-
Dynamic AA Funds	44%	39%	38%	-

Balanced funds continue to be the biggest advisor favourite. They have huge track record backing them. What is noteworthy though is the surge in confidence for relatively newer products like dynamic asset allocation funds and equity savings/income funds. There is a growing belief in the industry that the next growth wave for retail money will likely be led by these new age solutions which promise a less bumpy equity ride. The surge in advisor confidence coupled with leading fund houses' optimism on these products are strong indicators to those who have not yet jumped onto this bandwagon to consider it seriously.

Dynamic catching up fast with balanced funds as default allocations

How comfortable are you in recommending balanced funds as a default in every asset allocation?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	6.8	5%	0%	0%	5%	18%	9%	18%	14%	0%	27%	5%	100%
NORTH	6.7	7%	7%	7%	3%	3%	10%	10%	7%	10%	31%	3%	100%
SOUTH	6.6	8%	3%	5%	0%	10%	8%	3%	28%	13%	18%	5%	100%
WEST	6.8	9%	2%	2%	4%	9%	4%	16%	18%	18%	16%	4%	100%
ALL INDIA	6.7	8%	3%	3%	3%	10%	7%	12%	18%	12%	21%	4%	100%

ZONE	2017	2016	2015	2014
EAST	6.8	8.0	7.7	7.1
NORTH	6.7	7.0	7.0	6.5
SOUTH	6.6	7.5	6.7	6.8
WEST	6.8	7.9	7.1	7.5
ALL INDIA	6.7	7.6	7.1	7.0

How comfortable are you in recommending dynamic a.a. funds as a default in every asset allocation?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	6.8	5%	5%	5%	5%	5%	14%	9%	14%	9%	27%	5%	100%
NORTH	5.3	21%	0%	7%	14%	3%	10%	7%	17%	0%	17%	3%	100%
SOUTH	4.7	13%	3%	8%	3%	11%	13%	13%	18%	3%	3%	13%	100%
WEST	6.7	7%	2%	5%	5%	7%	16%	7%	18%	5%	24%	2%	100%
ALL INDIA	5.9	11%	2%	6%	6%	7%	14%	9%	17%	4%	17%	6%	100%

Equity funds and accrual funds have been historically default allocations in every advisor's recommended portfolio. Balanced funds gained tremendous popularity on this score in recent years. 2017 marks a shift – balanced funds' score has dropped a bit, perhaps because dynamic asset allocation funds are competing well for that space in advisor recommendations for default allocations. Between the two, hybrids have clearly become default in every recommended portfolio.

Arbitrage holds its score, gold funds hit all time low scores

How comfortable are you in recommending arbitrage funds as an alternative to short and ultra short term debt funds, considering the tax advantages?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	5.5	14%	0%	14%	9%	14%	5%	5%	9%	9%	18%	5%	100%
NORTH	5.9	3%	10%	10%	10%	13%	7%	3%	10%	13%	17%	3%	100%
SOUTH	5.3	8%	8%	5%	5%	11%	16%	13%	13%	5%	8%	8%	100%
WEST	6.1	13%	2%	7%	4%	9%	11%	16%	18%	7%	13%	2%	100%
ALL INDIA	5.8	10%	5%	8%	6%	11%	10%	11%	14%	8%	13%	4%	100%

ZONE	2017	2016	2015	2014
EAST	5.5	4.2	5.9	6.4
NORTH	5.9	5.9	6.5	5.4
SOUTH	5.3	5.1	5.2	5.4
WEST	6.1	5.2	6.0	5.2
ALL INDIA	5.8	5.2	5.9	5.5

Confidence in arbitrage funds remains broadly in the same band. They seem to have found their niche and will perhaps remain niche funds due to structural limitations on arbitrage opportunities available in the market to harness effectively.

How confident are you of recommending gold funds now ?

ZONE	Avg. Score	1	2	3	4	5	6	7	8	9	10	NA	Total
EAST	2.1	45%	18%	9%	18%	0%	0%	5%	0%	0%	0%	5%	100%
NORTH	2.2	41%	24%	7%	3%	10%	7%	0%	0%	0%	0%	7%	100%
SOUTH	2.8	26%	18%	24%	5%	13%	3%	3%	3%	0%	0%	5%	100%
WEST	2.1	52%	11%	9%	13%	4%	2%	2%	2%	0%	0%	7%	100%
ALL INDIA	2.3	42%	17%	12%	10%	7%	3%	2%	1%	0%	0%	6%	100%

ZONE	2017	2016	2015	2014
EAST	2.1	2.8	2.8	3.6
NORTH	2.2	2.8	2.7	2.8
SOUTH	2.8	3.9	3.2	3.6
WEST	2.1	3.3	1.9	2.2
ALL INDIA	2.3	3.3	2.5	2.9

Gold funds seem to be on a terminal decline, falling to an all time low score of just 2.3 on advisor confidence. Advisors who continue to recommend gold as a 5-10% strategic allocation in client portfolios, will perhaps be facing a lot of searching questions from clients whose patience may well be wearing thin with this asset class, especially when equity looks so much more promising. Testing times indeed not just for gold as an asset class, but also for advisors who believe strongly in well diversified portfolios across asset classes.

Section V : AMC Confidence

In this part, we share findings from the AMC confidence section of the survey. We asked leading IFAs from across the country, who were invited to participate in this survey, to list out their top 5 AMCs on each of these parameters:

1. Ability to deliver superior long term returns from equity funds
2. Ability to deliver healthy returns from debt funds, with lower volatility
3. Ability to deliver a good investment experience with hybrid funds (New)
4. Distributor engagement and support
5. Distributor training
6. Innovative new products and services and new sales ideas
7. Simplicity and consistency in products and product communication (New)
8. Providing relevant technology support to help drive business and serve clients better
9. Impactful and relevant investor education initiatives
10. Convenient, investor friendly processes and approach

We asked participants to name and rank only their top 5 in each category - as mindshare rarely goes beyond 5 names for each parameter. In the tables below, we have listed out and ranked the top 10 AMCs that featured the most in the lists provided by the 234 leading IFAs who participated in this survey. Each of the names mentioned here across each region therefore features in the top 5 list of some, many or most of the leading IFAs in each region. Below each table, a reference table has also been provided that compares ranks on each parameter in this survey with the previous four annual surveys.

Like last year, we have also included another analytical feature for the three key aspects of equity, debt and hybrid champions, which we call frequency. Frequency measures the proportion of advisors who have rated a fund house somewhere within their top 5 on a particular parameter, in relation to total respondents of that region. For example, the frequency scores for ICICI Prudential in the equity space for the East region stood at 84% in 2016 and 93% in 2015. What this means is that 93% of respondents in the East had ICICI Prudential among their top 5 in 2015, and this came down marginally to 84% in 2016. Frequency can serve as a good lead indicator to how ranks might move. When the frequency number goes up, it means more advisors have a fund house within their top 5 - which should then result in a higher rank and higher market share. Comparing frequency numbers across fund houses on a particular parameter gives one a much better sense of the competitive positions of each, perhaps far clearer than a rank alone can show.

Equity Champions

Which AMCs inspire the most confidence in you about their ability to create long term wealth for your clients through equity funds?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	ICICI PRU	ICICI PRU	BIRLA SL	ICICI PRU	ICICI PRU
2	BIRLA SL	HDFC	ICICI PRU	HDFC	BIRLA SL
3	DSP BR	BIRLA SL	HDFC	BIRLA SL	HDFC
4	HDFC	FT	FT	FT	FT
5	KOTAK	MOTILAL	RELIANCE	RELIANCE	MOTILAL
6	RELIANCE	KOTAK	MOTILAL	MOTILAL	DSP BR
7	FT	DSP BR	KOTAK	DSP BR	RELIANCE
8	MOTILAL	MIRAE	DSP BR	KOTAK	KOTAK
9	MIRAE	L&T	MIRAE	MIRAE	MIRAE
10	L&T	RELIANCE	SBI	L&T	L&T

RANK	2012	2013	2014	2015	2016	2017
1	HDFC	HDFC	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU
2	FT	ICICI PRU	HDFC	FT	FT	BIRLA SL
3	ICICI PRU	FT	FT	HDFC	BIRLA	HDFC
4	DSP BR	IDFC	RELIANCE	BIRLA	RELIANCE	FT
5	FIDELITY	RELIANCE	BIRLA SL	RELIANCE	SBI	MOTILAL
6	BIRLA SL	BIRLA SL	IDFC	MOTILAL	HDFC	DSP BR
7	RELIANCE	DSP BR	AXIS	AXIS	MOTILAL	RELIANCE
8	IDFC	SBI	DSP BR	IDFC	MIRAE	KOTAK
9	UTI	UTI	UTI	UTI	DSP BR	MIRAE
10	CAN ROBECO	AXIS	SBI	SBI	AXIS	L&T

ICICI Pru retains the top slot for the 4th consecutive year – no mean achievement in this highly competitive market. What's even more creditable is that its frequency score has remained very high across all regions, across years. This year in fact is marginally better than last year – signifying that there is no letting up of its hold on advisor mindshare about its equity fund management abilities.

Birla Sun Life comes in at a strong 2nd position, with very healthy improvements in its rank over the years as well as its frequency scores over the years. This is a fund house that is clearly on the move, and its high and consistently rising frequency scores indicate strong potential to vie for market leadership in the coming years.

HDFC has made a strong comeback to 3rd position, with very sizeable jumps in their frequency scores across regions. A look at the frequency scores across the table suggests that ICICI Pru, Birla Sun Life and HDFC are way ahead of the others in terms of being in the top 5 list of most leading IFAs. There is a perceptible drop in frequency scores from the 4th position onwards.

Equity Frequency Score

Company	Year	East	North	South	West	Total
ICICI PRU	2017	86%	79%	82%	78%	81%
	2016	84%	77%	81%	70%	77%
	2015	93%	85%	91%	87%	88%
F T	2017	32%	48%	54%	42%	45%
	2016	42%	50%	64%	48%	52%
	2015	43%	69%	76%	63%	66%
BIRLA SL	2017	82%	66%	90%	65%	74%
	2016	58%	50%	67%	61%	60%
	2015	64%	46%	61%	56%	56%
RELIANCE	2017	41%	17%	31%	36%	32%
	2016	53%	33%	40%	44%	42%
	2015	64%	38%	55%	40%	46%
SBI	2017	14%	17%	15%	13%	14%
	2016	37%	53%	29%	28%	34%
	2015	36%	31%	6%	12%	17%
HDFC	2017	50%	69%	74%	73%	69%
	2016	32%	33%	40%	31%	34%
	2015	64%	46%	67%	56%	58%
MOTILAL OSWAL	2017	23%	34%	31%	27%	29%
	2016	37%	30%	26%	31%	30%
	2015	21%	23%	27%	29%	26%
MIRAE	2017	18%	24%	18%	16%	19%
	2016	11%	20%	17%	22%	19%
	2015	7%	15%	6%	8%	9%
DSP BR	2017	68%	38%	23%	38%	39%
	2016	37%	30%	26%	19%	26%
	2015	14%	4%	15%	29%	18%
AXIS	2017	5%	0%	0%	5%	3%
	2016	16%	17%	14%	20%	17%
	2015	29%	19%	15%	31%	24%
KOTAK	2017	41%	48%	28%	29%	34%
L&T	2017	18%	17%	8%	20%	16%

Motilal Oswal moves up two places this year, though the frequency scores have remained in the same range – which means that while the universe of leading IFAs who have it in their top 5 hasn't expanded, their rank has improved considerably among those who like MO. To make further gains from hereon, the frequency scores need to move up. DSP Blackrock has made a big move, up 3 positions to No.6, with healthy improvements in frequency scores across regions, especially East. Kotak and L&T make it to the top 10 list this year, with Kotak storming in with very impressive frequency scores for a firm that is making a debut in this list for the first time ever.

Debt Champions

Which AMCs inspire the most confidence in you about their ability to generate healthy returns from debt funds with relatively lower volatility?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	BIRLA SL	BIRLA SL	BIRLA SL	BIRLA SL	BIRLA SL
2	ICICI PRU	FT	ICICI PRU	ICICI PRU	ICICI PRU
3	DSP BR	ICICI PRU	FT	FT	FT
4	HDFC	KOTAK	HDFC	HDFC	HDFC
5	KOTAK	HDFC	RELIANCE	KOTAK	KOTAK
6	FT	DSP BR	KOTAK	RELIANCE	RELIANCE
7	RELIANCE	RELIANCE	IDFC	IDFC	DSP BR
8	IDFC	IDFC	UTI	DSP BR	IDFC
9	SBI	UTI	DSP BR	UTI	UTI
10	TATA	L&T	TATA	L&T	L&T

RANK	2012	2013	2014	2015	2016	2017
1	FT	FT	FT	FT	BIRLA SL	BIRLA SL
2	HDFC	BIRLA SL	BIRLA SL	BIRLA SL	ICICI PRU	ICICI PRU
3	BIRLA SL	IDFC	ICICI PRU	ICICI PRU	FT	FT
4	ICICI PRU	ICICI PRU	RELIANCE	HDFC	RELIANCE	HDFC
5	IDFC	RELIANCE	HDFC	RELIANCE	HDFC	KOTAK
6	RELIANCE	HDFC	IDFC	IDFC	KOTAK	RELIANCE
7	DSP BR	KOTAK	UTI	UTI	IDFC	DSP BR
8	KOTAK	SBI	DSP BR	KOTAK	DSP BR	IDFC
9	CAN ROBECO	UTI	SBI	SBI	SBI	UTI
10	UTI	DSP BR	TATA	DSP BR	UTI	L&T

Birla Sun Life and ICICI Pru retain their No.1 and No.2 positions, but a look at the frequency scores suggests a much closer race this year for the top slot, with ICICI Pru making a sizeable advance to close to gap with the leader. Likewise, it's a closely contested race for the 3rd and 4th positions with HDFC making a substantial gain in its frequency score to move up to the 4th position, a whisker away from the 3rd placed FT. Kotak, DSP BR and UTI move up a slot each and L&T makes its debut in this list too – making it clearly a fund house to watch, with its capabilities getting recognized across asset classes. Kotak's improvement in frequency scores is another reminder that this is indeed a fund house that is on its way to breaking into the "big" league. DSP BR has likewise seen an appreciable jump in its frequency scores – its fixed income overhaul clearly seems to be paying off.

Debt Frequency Score

Company	Year	East	North	South	West	Total
BIRLA SL	2017	81%	79%	76%	73%	76%
	2016	63%	73%	81%	81%	77%
	2015	86%	81%	64%	63%	70%
ICICI PRU	2017	86%	86%	74%	62%	73%
	2016	79%	57%	69%	56%	63%
	2015	86%	62%	70%	67%	69%
FT	2017	29%	69%	63%	49%	54%
	2016	37%	60%	60%	41%	50%
	2015	36%	85%	82%	71%	73%
RELIANCE	2017	52%	38%	37%	40%	41%
	2016	74%	50%	45%	43%	49%
	2015	57%	42%	58%	31%	43%
HDFC	2017	43%	52%	66%	53%	55%
	2016	21%	30%	43%	31%	33%
	2015	36%	31%	58%	46%	45%
KOTAK	2017	38%	72%	29%	38%	43%
	2016	32%	50%	21%	33%	33%
	2015	36%	12%	3%	15%	14%
IDFC	2017	14%	14%	18%	29%	21%
	2016	16%	20%	36%	28%	27%
	2015	7%	35%	30%	21%	25%
DSP BR	2017	67%	38%	21%	35%	36%
	2016	42%	17%	10%	26%	21%
	2015	43%	4%	12%	12%	14%
SBI	2017	19%	14%	13%	15%	15%
	2016	32%	30%	17%	19%	22%
	2015	21%	31%	6%	12%	15%
UTI	2017	5%	14%	21%	25%	19%
	2016	0%	10%	17%	15%	12%
	2015	14%	15%	21%	15%	17%
L&T	2017	10%	7%	8%	13%	10%

Hybrid Funds Champions

Which AMCs inspire the most confidence in you about their ability to deliver a good investment experience using asset allocation / hybrid funds?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU
2	DSP BR	HDFC	HDFC	HDFC	HDFC
3	HDFC	BIRLA SL	BIRLA SL	BIRLA SL	BIRLA SL
4	BIRLA SL	DSP BR	DSP BR	RELIANCE	DSP BR
5	MOTILAL	KOTAK	L&T	FT	RELIANCE
6	KOTAK	RELIANCE	FT	DSP BR	FT
7	RELIANCE	FT	RELIANCE	L&T	KOTAK
8	FT	L&T	KOTAK	KOTAK	L&T
9	SBI	TATA	TATA	MOTILAL	MOTILAL
10	MIRAE	MOTILAL	SBI	IDFC	TATA

Hybrids Frequency Scores

Company	Year	East	North	South	West	Total
ICICI PRU	2017	91%	96%	89%	87%	90%
HDFC	2017	50%	71%	83%	70%	71%
BIRLA SL	2017	55%	71%	72%	63%	66%
DSP BR	2017	68%	32%	33%	31%	38%
RELIANCE	2017	32%	29%	22%	43%	33%
FT	2017	32%	29%	19%	30%	27%
KOTAK	2017	32%	43%	17%	22%	26%
L&T	2017	0%	21%	22%	26%	20%
MOTILAL	2017	23%	7%	8%	13%	12%
TATA	2017	5%	18%	17%	11%	13%

This is a new question introduced in this year's survey – to reflect the growing importance of hybrids as a fund category. The clear winner here is ICICI Pru – as can be seen by the very impressive frequency scores across regions. HDFC and Birla Sun Life have also notched up impressive frequency scores, enabling them to take 2nd and 3rd positions. If the industry truly believes that hybrids could take the lead in retail flows over time, then this is a space to watch closely in the coming years.

Distributor engagement and support

Which AMCs would you rate the best in terms of distributor engagement and support ?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	DSP BR	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU
2	ICICI PRU	KOTAK	BIRLA SL	BIRLA SL	BIRLA SL
3	RELIANCE	BIRLA SL	RELIANCE	RELIANCE	RELIANCE
4	BIRLA SL	HDFC	HDFC	HDFC	DSP BR
5	KOTAK	FT	DSP BR	DSP BR	HDFC
6	HDFC	RELIANCE	FT	FT	FT
7	FT	DSP BR	IDFC	KOTAK	KOTAK
8	IDFC	IDFC	KOTAK	IDFC	IDFC
9	UTI	UTI	UTI	L&T	UTI
10	L&T	L&T	SBI	AXIS	L&T

RANK	2012	2013	2014	2015	2016	2017
1	ICICI PRU	FT	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU
2	FT	RELIANCE	RELIANCE	RELIANCE	RELIANCE	BIRLA SL
3	RELIANCE	ICICI PRU	FT	BIRLA SL	BIRLA SL	RELIANCE
4	BIRLA SL	DSP BR	BIRLA SL	FT	FT	DSP BR
5	HDFC	BIRLA SL	DSP BR	DSP BR	DSP BR	HDFC
6	IDFC	IDFC	HDFC	HDFC	KOTAK	FT
7	DSP BR	HDFC	IDFC	IDFC	IDFC	KOTAK
8	UTI	KOTAK	AXIS	AXIS	HDFC	IDFC
9	FIDELITY	UTI	UTI	UTI	UTI	UTI
10	KOTAK	TATA	JP MORGAN	MOTILAL	SBI	L&T

ICICI Pru has retained the pole position for the 4th successive year – it is clearly not taking its eye of the ball and resting on the laurels of its fund performance. Birla Sun Life – the fund house on the move – takes 2nd position on this key metric. DSP BR and HDFC are the other two fund houses to record an up-move this year – HDFC has in fact moved up 3 places to No.5. Here is a fund house that is clearly working all its levers across fund management and distributor engagement in a bid to regain market leadership.

Distributor Training

Which AMCs would you rate the best in terms of distributor training ?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	DSP BR	ICICI PRU	BIRLA SL	BIRLA SL	RELIANCE
2	RELIANCE	HDFC	RELIANCE	RELIANCE	BIRLA SL
3	FT	FT	DSP BR	DSP BR	DSP BR
4	BIRLA SL	RELIANCE	ICICI PRU	HDFC	ICICI PRU
5	ICICI PRU	BIRLA SL	FT	FT	FT
6	HDFC	DSP BR	HDFC	ICICI PRU	HDFC
7	IDFC	IDFC	IDFC	IDFC	IDFC
8	KOTAK	KOTAK	KOTAK	KOTAK	KOTAK
9	SBI	L&T	L&T	L&T	L&T
10	UTI	SBI	UTI	AXIS	SBI

RANK	2015	2016	2017
1	RELIANCE	BIRLA SL	RELIANCE
2	FT	FT	BIRLA SL
3	DSP BR	DSP BR	DSP BR
4	ICICI PRU	ICICI PRU	ICICI PRU
5	BIRLA SL	RELIANCE	FT
6	HDFC	HDFC	HDFC
7	IDFC	IDFC	IDFC
8	AXIS	KOTAK	KOTAK
9	UTI	L&T	L&T
10	JP MORGAN	SBI	SBI

Reliance regains the no 1 slot which it gave up last year, jumping up 4 positions in the process from No.5 to No.1. Birla Sun Life would perhaps have managed to hold on to its No.1 position, but for a relatively weak performance in East and North, while it came in as the leader in South and West. It's a close race between these two companies for the No. 1 position. DSP BR and ICICI Pru hold on to their 3rd and 4th positions respectively, as do HDFC, IDFC, Kotak, L&T and SBI, to their respective slots.

Innovation

Which AMCs would you rate the best in terms of innovative new products and services and new sales ideas?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	DSP BR	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU
2	ICICI PRU	IDFC	RELIANCE	BIRLA SL	RELIANCE
3	RELIANCE	BIRLA SL	BIRLA SL	RELIANCE	BIRLA SL
4	BIRLA SL	RELIANCE	DSP BR	IDFC	IDFC
5	IDFC	KOTAK	HDFC	DSP BR	DSP BR
6	KOTAK	DSP BR	IDFC	HDFC	HDFC
7	FT	FT	KOTAK	KOTAK	KOTAK
8	MOTILAL	HDFC	MOTILAL	FT	FT
9	HDFC	EDELWEISS	FT	L&T	MOTILAL
10	TATA	UTI	EDELWEISS	AXIS	L&T

RANK	2012	2013	2014	2015	2016	2017
1	RELIANCE	FT	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU
2	FT	IDFC	IDFC	RELIANCE	RELIANCE	RELIANCE
3	ICICI PRU	RELIANCE	RELIANCE	IDFC	IDFC	BIRLA SL
4	IDFC	ICICI PRU	BIRLA SL	DSP BR	BIRLA SL	IDFC
5	DSP BR	BIRLA SL	FT	BIRLA SL	DSP BR	DSP BR
6	BIRLA SL	DSP BR	DSP BR	FT	FT	HDFC
7	AXIS	HDFC	HDFC	AXIS	AXIS	KOTAK
8	HDFC	JP MORGAN	AXIS	MOTILAL	KOTAK	FT
9	TATA	UTI	JP MORGAN	HDFC	HDFC	MOTILAL
10	UTI	MOTILAL	MOTILAL	EDELWEISS	MOTILAL	L&T

ICICI Pru and Reliance retain their No 1 and 2 positions – I Pru for the 4th successive year and Reliance for the 3rd. Birla Sun Life moves up a slot to 3rd position. HDFC, Kotak and Motilal Oswal too feature among the fund houses moving up on this score. L&T makes a debut on this chart as well this year – it seems clearly to have established itself in advisors' minds as a promising all round player.

Simplicity and consistency in products and product communication

Which AMCs would you rate the best in terms of simplicity and consistency in products and their communication?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	ICICI PRU	FT	HDFC	ICICI PRU	ICICI PRU
2	DSP BR	HDFC	BIRLA SL	FT	FT
3	FT	ICICI PRU	ICICI PRU	BIRLA SL	HDFC
4	HDFC	BIRLA SL	FT	HDFC	BIRLA SL
5	BIRLA SL	KOTAK	IDFC	KOTAK	KOTAK
6	KOTAK	DSP BR	RELIANCE	DSP BR	DSP BR
7	RELIANCE	MOTILAL	MOTILAL	IDFC	IDFC
8	MOTILAL	IDFC	PPFAS	RELIANCE	RELIANCE
9	L&T	MIRAE	DSP BR	MOTILAL	MOTILAL
10	SBI	RELIANCE	KOTAK	MIRAE	MIRAE

This is a new question we have added this year, in response to widespread advisor expectations from fund houses for clarity and consistency in product positioning, for sticking to fund mandates, and for consistency in communications around core products. Advisors want well defined products that do exactly what they say they will do – this allows advisors to appropriately fit in the right products to create suitable solutions for their clients.

ICICI Pru, FT and HDFC take the top 3 positions respectively in the inaugural edition of this particular league table, with Birla Sun Life and Kotak completing the top 5 list. As the regulator continues their push towards simpler products and as advisors continue to focus on clarity and consistency of fund positioning and fund management, this league table can become over time a good indicator of fund houses that are listening closely to their key stakeholders on product expectations and delivering well against these expectations.

Technology enablers

Which AMCs would you rate the best in terms of providing you relevant technology support to help drive business and serve clients better?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	DSP BR	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU
2	ICICI PRU	DSP BR	DSP BR	DSP BR	DSP BR
3	RELIANCE	RELIANCE	RELIANCE	BIRLA SL	RELIANCE
4	KOTAK	FT	BIRLA SL	RELIANCE	BIRLA SL
5	BIRLA SL	KOTAK	HDFC	HDFC	HDFC
6	HDFC	HDFC	AXIS	KOTAK	KOTAK
7	FT	BIRLA SL	KOTAK	FT	FT
8	AXIS	AXIS	FT	AXIS	AXIS
9	SBI	SBI	UTI	L&T	UTI
10	UTI	IDFC	IDFC	IDFC	IDFC

RANK	2017	2016
1	ICICI PRU	ICICI PRU
2	DSP BR	DSP BR
3	RELIANCE	RELIANCE
4	BIRLA SL	BIRLA SL
5	HDFC	FT
6	KOTAK	AXIS
7	FT	IDFC
8	AXIS	UTI
9	UTI	HDFC
10	IDFC	KOTAK

The top 4 positions remain the same as last year – ICICI Pru, DSP BR, Reliance and Birla Sun Life – all of these are clearly fund houses that continue to invest in, enhance and promote their distributor portals and apps, with transaction execution convenience being a key focus area that is common among all of them. HDFC moves up this year, perhaps on the strength of a well received newly launched distributor portal. Kotak also moves up appreciably – perhaps again on the strength of the strong open architecture platform that it is promoting and subsidizing in an effort to get IFAs digitized.

Investor Education

Which AMCs would you rate the best in terms of high impact, relevant investor education initiatives?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	BIRLA SL	RELIANCE	RELIANCE	ICICI PRU	ICICI PRU
2	ICICI PRU	ICICI PRU	BIRLA SL	BIRLA SL	BIRLA SL
3	HDFC	HDFC	ICICI PRU	HDFC	RELIANCE
4	DSP BR	BIRLA SL	HDFC	IDFC	HDFC
5	KOTAK	KOTAK	IDFC	RELIANCE	IDFC
6	RELIANCE	FT	DSP BR	DSP BR	FT
7	IDFC	UTI	FT	FT	DSP BR
8	FT	IDFC	UTI	UTI	KOTAK
9	AXIS	SBI	MOTILAL	KOTAK	UTI
10	TATA	DSP BR	SBI	L&T	SBI

RANK	2013	2014	2015	2016	2017
1	RELIANCE	ICICI PRU	BIRLA SL	ICICI PRU	ICICI PRU
2	FT	FT	ICICI PRU	BIRLA SL	BIRLA SL
3	IDFC	BIRLA SL	RELIANCE	RELIANCE	RELIANCE
4	ICICI PRU	RELIANCE	FT	IDFC	HDFC
5	BIRLA SL	IDFC	IDFC	FT	IDFC
6	HDFC	HDFC	HDFC	HDFC	FT
7	UTI	DSP BR	UTI	UTI	DSP BR
8	DSP BR	UTI	AXIS	DSP	KOTAK
9	KOTAK	AXIS	DSP	KOTAK	UTI
10	SBI	SBI	TATA	SBI	SBI

It was interesting and indeed heartening to see that while the question asked was about ranking fund houses on investor education initiatives, some respondents placed AMFI at the No 1 slot and then proceeded to rank AMCs – that's the impact of the "Mutual Funds Sahi Hai" campaign. Take a bow, AMFI! A great collaborative effort with a high impact outcome!

Among fund houses, the top 3 positions remain the same as last year – ICICI Pru, Birla Sun Life and Reliance. HDFC, DSP BR and Kotak move up the league table this year.

Convenience

Which AMCs would you rate the best in terms of convenient investor friendly processes and approach?

RANK	EAST	NORTH	SOUTH	WEST	ALL INDIA
1	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU	ICICI PRU
2	BIRLA SL	FT	BIRLA SL	BIRLA SL	BIRLA SL
3	HDFC	HDFC	HDFC	RELIANCE	HDFC
4	DSP BR	KOTAK	RELIANCE	HDFC	RELIANCE
5	KOTAK	RELIANCE	FT	DSP BR	FT
6	RELIANCE	DSP BR	DSP BR	FT	DSP BR
7	FT	BIRLA SL	UTI	IDFC	KOTAK
8	SBI	L&T	SBI	KOTAK	IDFC
9	IDFC	UTI	MOTILAL	L&T	UTI
10	TATA	IDFC	TATA	AXIS	L&T

RANK	2014	2015	2016	2017
1	ICICI PRU	RELIANCE	ICICI PRU	ICICI PRU
2	FT	ICICI PRU	BIRLA SL	BIRLA SL
3	RELIANCE	FT	RELIANCE	HDFC
4	HDFC	DSP BR	DSP BR	RELIANCE
5	BIRLA SL	BIRLA SL	FT	FT
6	DSP BR	HDFC	HDFC	DSP BR
7	IDFC	IDFC	UTI	KOTAK
8	UTI	UTI	KOTAK	IDFC
9	TATA	AXIS	IDFC	UTI
10	L & T	TATA	SBI	L&T

ICICI Pru and Birla Sun Life retain their No. 1 and 2 positions respectively, while HDFC moves up 3 places to take the No.3 slot on this important metric. Convenience is rapidly emerging as a key differentiator in the industry. There are some fund categories where performance will continue to be the key differentiator, while there are those where its more about convenience and less about relative performance. As the industry makes determined efforts to woo the average Indian saver into the world of mutual funds, convenience will increasingly play a key role.

In Conclusion

Wealth Forum is grateful to all the 234 leading IFAs from across the country who took time out to respond to this exhaustive survey. Their collective inputs offer the industry very rich insights across a number of business critical parameters. For the IFA fraternity, the pulse of the leaders is an excellent barometer to help sharpen their own perspectives on the issues discussed in the survey. For fund houses, feedback across business and product confidence sections are very useful in helping them shape and sharpen their own business strategies. And of course, the AMC confidence section is an invaluable guide to fund houses on where they stand in the eyes of a key stakeholder community on the 10 key parameters that go into building a winning fund management business.

Wealth Forum congratulates all the fund houses who have put up an impressive show in the 10 league tables of the AMC Confidence section. And, we once again thank the survey respondents for their inputs – without which this survey could never have been published.