



DC INVESTMENTS

GLOBAL MUTUAL FUND & MARKET UPDATE

India | United States | Europe | Japan

May 2026

EXECUTIVE SUMMARY

The two decades from 2005 to 2025 represent the most comprehensive window of evidence on systematic, fund-based investing across major economies. Across India, the United States, Europe and Japan, three patterns emerge with striking consistency.

1. **Long-horizon equity returns rewarded patient capital** despite multiple severe drawdowns — including the 2008 Global Financial Crisis, the 2020 COVID shock, and the 2022 inflation correction.
2. **Systematic and automated investing structures** — India's SIPs, US 401(k) auto-enrolment, and Japan's NISA — delivered superior outcomes to discretionary, market-timed approaches.
3. **Active managers, on aggregate, lagged their benchmarks** across nearly every major category in every region — with one important exception: India's mid- and small-cap active funds continue to outperform, a genuine differentiator for the Indian advisory model.

India's story is the most striking of the four. A sixty-fold increase in industry AUM since 2005, a SIP book crossing Rs 31,000 crore per month in early 2026, and 10 crore active SIP accounts — and the structural runway ahead is arguably longer than the runway behind.

INDIA: THE DECADE THAT RE-MADE INDIAN HOUSEHOLD FINANCE

Industry AUM — A Sixty-Fold Expansion

The Indian mutual fund industry is the fastest-growing major fund market in the world over the last twenty years. AMFI data records a series of clean milestones — and the acceleration after 2014 is unmistakable. From FY21 to FY26, the industry AUM tripled. By December 2025, total AUM crossed the Rs 80 lakh crore mark.

Date	Industry AUM	Note
End-1988	Rs 6,700 crore	UTI-only era
May 2014	Rs 10 lakh crore	First ₹10 trillion mark
Aug 2017	Rs 20 lakh crore	Doubled in just over 3 years
Nov 2020	Rs 30 lakh crore	Crossed during COVID rally
Mar 2021	Rs 31.43 lakh crore	FY21 close
Mar 2024	Rs 53.40 lakh crore	FY24 close
Mar 2025	Rs 65.74 lakh crore	FY25 close — +23% YoY
Mar 2026	Rs 73.73 lakh crore	FY26 close (latest AMFI)

Source: AMFI History of Mutual Funds in India; AMFI Annual Report FY25.

The SIP Story — 10x in Under 10 Years

If a single number captures the structural shift in Indian household finance over the last decade, it is the monthly SIP book. From Rs 3,122 crore in April 2016, monthly SIP inflows crossed Rs 31,000 crore in January 2026 — a ten-fold rise in under ten years.

Period	Monthly SIP Inflow	Note
April 2016	Rs 3,122 crore	AMFI started reporting category
FY 2019-20	~Rs 8,500 cr/month	Crossed Rs 1 lakh crore total for FY
FY 2020-21	~Rs 8,007 cr/month	Mild COVID dip (Rs 96,080 cr total)
April 2024	Rs 20,000+ crore	First time monthly crossed Rs 20K cr
FY 2024-25	Rs 2,89,352 cr total	+45.2% YoY — record annual figure
September 2025	Rs 29,361 crore	Record monthly inflow
January 2026	Rs 31,002 crore	Crossed Rs 30K cr for first time

Source: AMFI Monthly Notes; RightAdvise SIP data tracker; Angel One.

SIP Accounts & Folios

Metric	FY24 (Mar 2024)	FY25 / Latest 2025
Contributing SIP accounts	~8.4 crore	8.11 cr (Mar 2025); 10 cr peak Dec 2024
Total MF folios	17.79 crore	23.45 cr (Mar 2025); 24.89 cr Aug 2025
Net new SIPs/month	~17 lakh accounts	Continued strong addition pace

AUM Composition — Equity Now Dominant

Category	Nov 2020 AUM	Nov 2025 AUM
Open-ended Equity funds	Rs 9 lakh crore	Rs 36 lakh crore (4x)
Debt funds	Rs 11.97 lakh cr (Mar 2020)	Rs 19 lakh crore (+15% YoY)
Hybrid funds	Rs 6.9 lakh cr (Jan 2024)	Rs 8.5+ lakh crore
Passive (ETF + Index)	—	+31% in CY2025 alone

Source: Wikipedia 'Mutual funds in India'; Statista; Angel One Dec 2025.

Nifty 50 — Twenty Years of Long-Horizon Evidence

The Nifty 50 has produced one of the most consistent return profiles among major global indices. Rolling-return analysis shows the 20-year CAGR clusters tightly in the 11.0%–11.8% band, with all 16 observed 20-year windows positive.

Horizon	CAGR Band	Risk Profile
10 years	11–12%	Strong central tendency, no negative period observed
15 years	10–17%	Remarkably stable band
20 years	11.0% – 11.8%	Std deviation of just 1.9% across all 16 rolling windows
25 years	8.7% – 13.2%	Narrow despite Asian crisis, dot-com, GFC, COVID

Notable Single-Year Nifty 50 Returns

Year	Return	Context
2008	-51.8%	Global Financial Crisis
2009	+75.8%	Post-crisis recovery
2011	-24.6%	Eurozone crisis, taper concerns
2012	+27.7%	Recovery
2020	+14.9%	COVID crash + sharp rebound (intra-year low -7.96%)
2021	+24.1%	Stimulus rally

Source: BMSMoney NIFTY 50 1991–2024 historical analysis; PrimeInvestor; Capitalmind.

Mid-Cap & Small-Cap — The Risk-Return Sweet Spot

The Nifty Midcap 150 has materially outperformed both the Nifty 50 and the Nifty Smallcap 250 across every horizon from 5 to 20 years. Independent rolling-return analysis places the Nifty Midcap 150 at a roughly 14–15% long-run CAGR — the genuine risk-return sweet spot of Indian equity. The Nifty Smallcap 250 has been more volatile and produced near-zero compounding through the difficult 2010–2020 decade, recovering strongly in the post-COVID cycle.

Top AMCs by AUM — March 2026

AMC	Average AUM (Latest)	Position
SBI Mutual Fund	Rs 11.99 lakh crore	Market leader across equity, debt, hybrid
ICICI Prudential MF	Rs 10.14 lakh crore	JV legacy with Prudential plc
HDFC Mutual Fund	Rs 8.81 lakh crore	Established 1999, equity & hybrid focus
Nippon India MF	Rs 6.57 lakh crore	Formerly Reliance MF, acquired by Nippon Life

Active vs. Passive in India — A Genuine Nuance

In a global picture where active management broadly loses, India is one of the few markets where active mid-cap and small-cap funds have consistently beaten their benchmarks.

Category	Underperformance (2024)	Rate	3-Year Rate	5-Year Rate
Large-Cap equity funds	81.5%		74%	70%
ELSS funds	45%		—	—
Mid & Small-Cap (active)	Majority OUTPERFORM		Ongoing	Ongoing

India's mid- and small-cap active funds continuing to outperform their benchmarks is one of the most defensible reasons for an Indian advisory model to retain meaningful active exposure in those segments — even while leaning passive in large-cap.

Source: S&P SPIVA India Year-End 2024 Scorecard.

Industry Outlook

CRISIL projections estimate industry AUM will surpass Rs 300 lakh crore by 2035 — roughly a 4x rise from current levels. SIP inflows surpassed Rs 3 trillion in calendar 2025. Passive AUM is the single fastest-growing segment by percentage, with passive fund AUM rising 31% in calendar 2025 alone.

UNITED STATES: THE QUIET TRIUMPH OF THE BORING PLAN

S&P 500 — Index Returns 2005–2025

The S&P 500 delivered roughly an 11.8% annualised total return over the 20 years to early 2026 (with dividends reinvested), comfortably above its long-run average of ~10.2% since 1928. The path was anything but smooth — the period contains the Global Financial Crisis (2008: -37%), the COVID shock, the 2022 inflation correction (-18%), and several record-breaking rally years.

Year	Total Return	Context
2005	+4.9%	Pre-GFC, modest gains
2006	+15.8%	Late-cycle expansion
2007	+5.5%	Credit cycle peaks
2008	-37.0%	Global Financial Crisis
2009	+26.5%	Post-crisis recovery begins
2010	+15.1%	QE-era bull market starts
2013	≈ +32%	Strongest year of the cycle
2018	≈ -4%	Q4 selloff on rate worries
2019	≈ +31%	Pre-COVID melt-up
2020	≈ +18%	COVID crash, then sharp recovery
2021	≈ +29%	Stimulus-driven rally
2022	≈ -18%	Inflation, Fed tightening
2023	≈ +26%	AI-led recovery
2024	≈ +25%	Mega-cap leadership
20-yr CAGR (to 2026)	≈ 11.8%	Total return, dividends reinvested

Source: Slickcharts and Macrotrends S&P 500 historical return tables. ≈ marks approximations.

Mutual Fund & ETF Industry Growth

The Investment Company Institute (ICI) reports that mutual funds alone managed USD 5.8 trillion of 401(k) assets at end-December 2025 — roughly 57% of all 401(k) assets — with equity funds the largest single category at USD 3.4 trillion and hybrid (target-date) funds at USD 1.6 trillion. Total US retirement assets reached USD 45.8 trillion in Q2 2025.

Firm	Approx. 2005 AUM (USD)	End-2025 AUM (USD)
Vanguard	≈ \$1.0 trillion	≈ \$11.6 – \$12.0 trillion
Fidelity	≈ \$1.1 tn managed	\$7.1 tn managed; \$18.0 tn admin
BlackRock	—	>\$13 trillion

The share of US mutual fund assets managed by the five largest firms rose from 35% (2005) to 56% (2023) — reflecting the rise of index investing and cost-driven consolidation.

Lump-Sum vs. Systematic — The Vanguard Insight

On average, an immediate lump-sum investment has outperformed systematic implementation strategies across global markets. — Vanguard (2012 study, updated 2023)

Vanguard's foundational research (US, 1926–2011, 10-year rolling windows) found that lump-sum investing beat 12-month dollar-cost averaging in 67% of periods, with an average return advantage of about 2.3%. Extending the DCA window to 36 months pushed the lump-sum win rate to 90%.

The key insight for DC Investments client conversations: SIPs are mathematically inferior to a perfectly-timed lump sum, but they are vastly superior to the realistic alternative — sitting in cash waiting for the 'right' moment. SIPs convert behavioural risk into a known, controlled return drag. That trade-off is the right one for almost every retail investor.

EUROPE: A LARGER, QUIETER INDUSTRY BUILT ON UCITS

Stoxx Europe 600 — Index Returns 2005–2025

The Stoxx Europe 600 is the broadest single benchmark for the region. Its long-run total return is materially lower than the S&P 500 over the same period — a function of sector mix, lower technology weighting and slower nominal growth across the eurozone. Dividends add materially to total return.

Year	Approx. Return (EUR)	Context
2017	+10.8%	Post-Brexit rebound
2020	-2.0%	COVID year, mild full-year drag
2022	-10.5%	Energy shock, ECB tightening
2024	+8.3%	Defensive bounce
20-yr CAGR	≈ 5–7%	Mid-single-digit; dividends materially add to total return

Source: Invesco STOXX Europe 600 UCITS ETF performance disclosures; Statista; STOXX official factsheet.

Industry Size and UCITS Flows

Despite weaker headline equity returns, Europe's fund industry is the largest in the world by structure. EFAMA reports total European AUM of EUR 33.7 trillion at end-Q4 2024, of which investment fund assets were EUR 19.16 trillion — roughly 58% of the regional total.

Metric	Value
Total European AUM (Q4 2024)	EUR 33.7 trillion
Investment fund assets	EUR 19.16 trillion (~58% of total)
UCITS net inflows in 2024	EUR 630 billion (3x the EUR 182 bn in 2023)
Equity UCITS avg. expense ratio 2024	0.75% (down 21% since 2020)
Bond UCITS avg. expense ratio 2024	0.56% (down 13% since 2020)
Large funds (>EUR 10 bn) share	25% of UCITS assets (up from <20% in 2023)

Active vs. Passive in Europe

S&P's SPIVA Europe scorecard, now in its twelfth annual edition, has consistently shown that the majority of active equity funds underperform their benchmarks over rolling five-, ten- and fifteen-year windows. Over the 15-year window ending December 2024, no SPIVA category showed a majority of active managers beating the index.

Source: EFAMA Asset Management in Europe 2025; EFAMA Fact Book 2025; S&P SPIVA Europe.

JAPAN: FROM LOST DECADE TO STRUCTURAL RE-AWAKENING

Nikkei 225 — Index Returns 2005–2025

Japan's two-decade story is the most instructive of the four. The Nikkei 225 spent the first half of the period trapped beneath the long shadow of its 1989 peak — touching a post-bubble intraday low of 6,995 in October 2008, more than 80% below that high. The decisive turn came in 2012–13 with Abenomics. The Nikkei finally surpassed its 1989 record on 22 February 2024 (closing at 39,098.68) and crossed 40,000 in March 2024.

Year	Return (JPY, Price)	Context
2008	Severe loss	Post-Lehman; intraday low touched 6,995
2013	Strong gain	Abenomics reflation policy launched
2021	+4.9%	Recovery year
2022	-9.4%	Global tightening
2023	+28.2%	Foreign capital re-rating Japan
2024	+19.2%	Surpassed 1989 record
2025	+26.2%	Continued earnings revival

Source: Nikkei Inc. monthly factsheet; Wikipedia (Nikkei 225).

The NISA Story — Japan's Equivalent of SIP-Driven Retail Mobilisation

In January 2014, Japan launched NISA (Nippon Individual Savings Account), a tax-advantaged retail investment account modelled on the UK ISA. The New NISA, effective January 2024, dramatically expanded it: an annual cap of JPY 1.2 million for the systematic 'Tsumitate' (accumulation) tranche and JPY 2.4 million for the 'Growth' tranche, with an indefinite tax-exempt holding period.

Metric	Mid-2022	Late 2024 / 2025 Estimate
Total NISA accounts	17 million	25 million (Sep 2024)
Cumulative purchases	JPY 28 trillion	Targeting JPY 56 trillion by 2027
FY2024 inflow estimate	—	JPY 15 trillion (Nomura est.)
Mutual fund assets (Japan)	—	JPY 34 trillion (+30% YoY 2024)

Source: Asia Asset Management; Morningstar Japan NISA Year-End 2024; QUICK Corp; Statista.

For Indian investors and advisers, the Japanese case is the cleanest contemporary example of what happens when a large, savings-rich economy systematically channels household capital into well-structured retail investment products. India's SIP-led mutual fund expansion is roughly fifteen years ahead of Japan's — and the structural parallels are validating.

Active vs. Passive in Japan

S&P's SPIVA Japan Mid-Year 2025 scorecard found that over 80% of active funds underperformed their benchmarks across all five fund categories tracked — consistent with twenty years of SPIVA evidence across every developed market.

CROSS-REGION COMPARISON: TWO DECADES AT A GLANCE

Region	20-Yr Equity CAGR (≈)	Defining Structural Fact, 2005–2025
India (Nifty 50)	11.0% – 11.8%	AUM 6x in 10 yrs to Rs 73.7 lakh cr; SIP book 10x in <10 yrs
United States (S&P 500 TR)	≈ 11.8%	Mutual funds + 401(k) defaults built USD 6.7 tn DC asset base
Europe (Stoxx 600)	Mid-single digits (price); higher with dividends	UCITS framework drove EUR 19.2 tn fund assets; 2024 fee compression accelerated
Japan (Nikkei 225)	Modest until 2013; double-digit since Abenomics	NISA expansion (2014, 2024) restarted retail equity participation after 25-year deposit-only era
Global ETF AUM	~USD 0.4 tn (2005) → USD 21.2 tn (Feb 2026)	Driven by cost compression and passive adoption across all four regions

Source: AMFI; ICI; EFAMA; Nikkei Inc.; ETFGI.

India and the US — Same CAGR, Different Stories

Over the 20-year window, the Nifty 50 and S&P 500 (total return) annualised within roughly the same band — around 11–12%. The deeper insight is that the US wealth machine was already mature in 2005, while India's was effectively rebuilt from scratch over the same window. India's AUM-to-GDP, equity-as-share-of-financial-savings, and SIP penetration metrics all remain materially below US levels — meaning the structural runway for the next twenty years is, if anything, larger than the runway behind.

KEY THEMES FOR CLIENT COMMUNICATION

1. The Default Beats the Decision

Where systematic investing has been embedded in a default structure — US 401(k) auto-enrolment with target-date defaults, Japan's New NISA Tsumitate tranche, India's bank-mandate SIPs — retail investors have built materially more wealth than peers asked to make active investment decisions each year. The behavioural protection of automation appears to be worth several percentage points of long-run return.

2. The Index Almost Always Wins Over a Full Cycle — With One Exception

SPIVA scorecards across the US, Europe and Japan have produced the same conclusion every year for two decades: the longer the measurement window, the higher the proportion of active funds that lose to their benchmark. Over 15-year windows, underperformance rates are typically 85–95% in developed markets. India is the one major market where active mid-cap and small-cap funds have continued to deliver majority outperformance — a defensible reason for retaining meaningful active allocation in those segments while leaning passive in large-cap.

3. Costs Compounded Are the Single Biggest Lever

Vanguard's AUM rise from roughly USD 1 trillion in 2005 to USD 11.6 trillion by Q3 2025 is fundamentally a cost-compression story. EFAMA's documented 21% fee decline in equity UCITS between 2020 and 2024 is the same story playing out in Europe. India is somewhat insulated by SEBI's TER caps, but the global direction of travel is unambiguous: fees fall, scale concentrates, net returns to investors rise even when gross returns are unchanged.

4. Volatility Is the Toll, Not the Risk

Across all four regions, the 20-year period contained at least four distinct 20%+ drawdowns. In every case, investors who continued contributing through the drawdown materially outperformed investors who paused. The most compounding-relevant decision a retail investor makes in any 20-year window is not what to buy — it is whether to keep contributing during the year that hurts.

5. India's Runway Is Longer Than the Road Behind

Despite the sixty-fold AUM expansion since 2005, India's mutual fund AUM as a share of GDP, equity ownership as a share of household financial savings, and SIP penetration as a share of the working population all remain materially below comparable figures in the US, Europe and Japan. The industry is projected to surpass Rs 300 lakh crore by 2035 (CRISIL). The next twenty years may matter more than the last.

IMPORTANT DISCLOSURES

DC Investments Services & Distribution Pvt Ltd (AMFI ARN: 119674) is a registered Mutual Fund Distributor. The data and information presented in this document have been sourced from publicly available reports, including AMFI, ICI, EFAMA, S&P Dow Jones Indices (SPIVA), Nikkei Inc., and various third-party research publications. All data has been verified at the time of preparation; figures marked with ≈ are approximations and should be reconfirmed against the named source before use.

This document is prepared for informational purposes only and is not a sales document.

Past performance of any index, fund, or investment strategy does not guarantee future results.

Mutual fund investments are subject to market risks. Investors should read all scheme-related documents carefully before investing.