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Aditya Birla Sun Life set for FY26 gains

WITH STRONGER DISTRIBUTION, NEW PRODUCTS & BETTER FUND PERFORMANCE

ADITYA BIRLA SUN Life AMC's (ABSLAMC) fund performance has improved consistently since Jan'25, with about 67% of equity assets under management (AUM) ranking in the top two quartiles on a one-year return basis in Jul'25, compared to about 20% average over the preceding 12 months. This strong performance across schemes is likely to support equity market share gains, which have remained stable at about 4.2% over the past six months.

The company is expanding its product pipeline across alternatives (private markets and real estate), passives (ETFs, index funds, FoFs), and offshore strategies, reinforcing its multi-asset platform beyond its core mutual fund (MF) platform.

The first quarter witnessed robust net equity sales, surpassing full-year FY25 levels. This growth was driven by improved fund performance across categories and a sharper focus on flagship products.

With enhanced distribution engagement, continued product innovation, and improved relative performance, the company is well-positioned to capture incremental flows in FY26.

Yields are expected to remain broadly stable, with only a marginal movement of 1-2bp, driven by the telescopic structure. ABSLAMC is strengthening its multi-asset platform by scaling passives (through innovative product launches), building a differentiated alternatives franchise, and expanding offshore via GIFT City.

These initiatives enhance diversification and provide long-term revenue visibility beyond the core active MF business.

The management has secured board approval to launch a separate brand, Apex, within the SIF space, aimed at tapping product opportunities across fixed income, credit, long-short, and arbitrage strategies. The company is also in the process of onboarding key talent to strengthen execution capabilities.

We project a 10%/10%/11% CAGR in revenue/Ebitda/Core PAT over FY25-27E. We reiterate a Buy rating on the stock with a TP of ₹1,050, premised on 27x FY27E EPS.

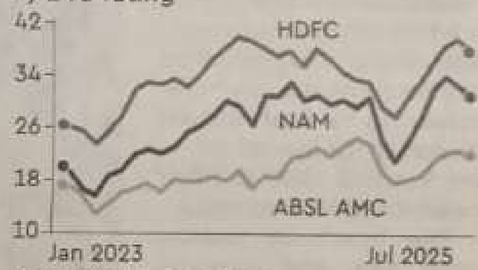
ABSL AMC continues to demonstrate broad-based growth with a healthy retail franchise, resilient SIP momentum, and strong scale-up in the alternatives and passives segments.

The company's differentiated positioning across mutual funds, passive products, and the expanding alternatives platform (boosted by the ESIC mandate and Apex launch) provides visibility of diversified growth. While offshore flows remain muted, GIFT City initiatives offer a medium-term lever.

We believe sustained traction in retail flows, continued SIP accretion, and the scaling of alternatives will drive earnings growth and support valuations.

KEY METRICS

Company has underperformed peers on one-year forward P/E re-rating



Source: MOFSL, Bloomberg

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