

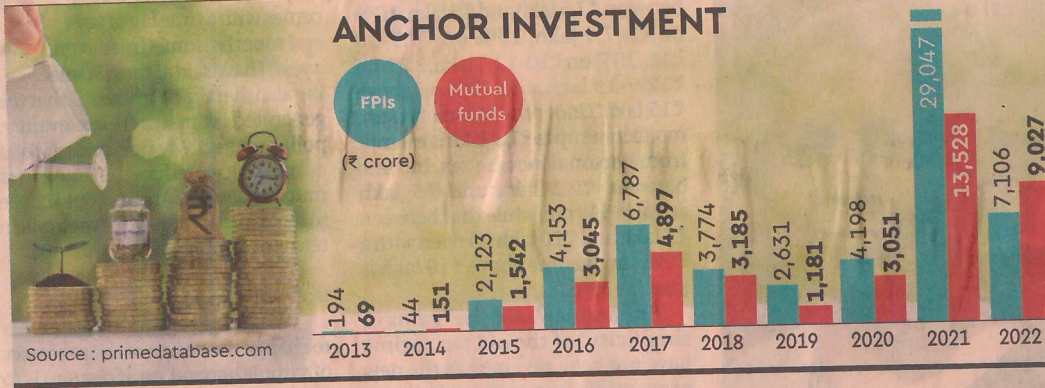
# Mutual funds steal a march over FPIs in anchor investment

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**MUTUAL FUNDS (MFS)** have invested more as anchor investors in initial public offerings (IPOs) this year than foreign portfolio investors (FPIs).

MFs have put in ₹9,026 crore as anchor money in CY22 compared with ₹7,105 crore put in by FPIs, data from Prime Database show. This is the first time since 2014 that MFs have invested more than FPIs as anchors. The higher amount in 2014 was on a low base as FPIs and MFs collectively had invested a mere ₹195 crore, the lowest since 2009.

The top three fund houses – SBI MF, HDFC MF and ICICI Prudential



MF – were the top MF investors, having put in a combined ₹4,600 crore in 2022. Nippon MF, Aditya Birla Sun Life MF and Axis MF were the other three asset managers that

invested in excess of ₹500 crore in IPOs. In 2021, seven fund houses had invested in excess of ₹1,000 crore, with Aditya Birla Sun Life MF, HDFC MF and Nippon MF

the top investors.

The bulk of the MF investment, totalling ₹4,355 crore, went into Life Insurance Corporation (LIC). This was 48% of the total anchor

investment made by MFs. MFs had held back fresh flows in the days leading up to the LIC IPO and had even liquidated some of their holdings to invest into LIC, according to people in the know. LIC shares have slid 19% since debut.

Logistics service provider Delhivery, a new-age technology company, saw the second-highest investment from MFs to the tune of ₹711 crore. The stock is down 40% since listing.

Top FPIs that participated as anchor investors last year include the government of Singapore (₹723 crore), Goldman Sachs Funds (₹391 crore) and Government Pension Fund Global (₹362 crore). FPIs invested the most in Delhivery (₹1,597 crore), Adani Wilmar (₹659

crore) and LIC (₹550 crore).

Anchors are typically institutional investors that subscribe to an issue a day before its public opening. They pay an upfront amount and hold shares for at least a month to boost investor confidence. Sebi introduced the concept of anchor investors in IPOs in 2009. Companies opting for a public share sale prefer marquee names as anchors, said experts.

Anchor investment allows the buyer to get a fixed allotment at a fixed price without an impact cost. This is not so in the open market, where the allotment can reduce to the extent the issue is oversubscribed, said experts.

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## MFs steal a march over FPIs in anchor investment

**FORTY COMPANIES** raised ₹59,412 crore through main board IPOs in CY22, 50% lower than the ₹1,18,723 crore mobilised by 63 IPOs in 2021. Of the mainboard issuances, ₹20,557 crore, or 35% of the amount raised, was by state insurer LIC. LIC was followed by Delhivery (₹5,235 crore) and Adani Wilmar (₹3,600 crore). The average deal size was ₹1,485 crore. As many as 17 out of the 40 IPOs came in the last two months of the year.