

# MF IPO anchor bigger than foreign investors for 2nd yr

So far in CY23, domestic funds have subscribed to shares worth ₹5,577 crore in anchor category

ABHISHEK KUMAR  
Mumbai, 13 December

**M**utual funds (MFs) are likely to surpass foreign portfolio investors (FPIs) in terms of anchor investments in initial public offerings (IPOs) for the second consecutive year. In calendar year 2023 so far, MFs have invested ₹5,577 crore as anchor investors, compared to the ₹5,417 crore invested by FPIs this year.

In 2022, MFs put in ₹9,026 crore as anchor investment, 21 per cent higher than the FPI tally of ₹7,105 crore. This marked the first time since 2014 that MFs had outpaced FPIs in anchor investments.

Similar to secondary markets, MFs have assumed a bigger role in the anchor book as well as the main book for IPOs amid rising inflows into equity schemes. MFs have outpaced FPIs in terms of equity market deployment for two straight years.

"The current equity-oriented domestic MF assets under management are worth ₹27 trillion. This is driving strong domestic participation not just in IPOs but also in other equity offerings such as blocks and qualified institutional placements. In 2023, on average, 65 per cent of the anchor book was covered by domestic institutions," said Nipun Goel, head-investment banking, IIFL Securities.

MFs made a net equity purchase of ₹1.85 trillion in 2022, while their total deployment stands at ₹1.55 trillion in 2023 so far. In comparison, MFs were net

**MFs made a net equity purchase of ₹1.85 trn in 2022, while their total deployment stands at ₹1.55 trn in 2023 so far**

Exchange sneezes, the Indian market catches a cold'. That is not true anymore, and Indian markets have remained strong even in periods where FPI flows were negative," said Raj Balakrishnan, co-head, India investment banking,

sellers of stocks worth ₹1.25 trillion in 2022 and have invested ₹1.37 trillion this year.

"The strong flows into domestic funds have added resilience to Indian markets. In previous cycles, it was said that 'If the New York Stock

Bank of America India (Bofa India).

Anchor investors, also referred to as cornerstone investors in some global markets, are institutional investors who are allotted shares a day before the IPO opens. Big investor names subscribing to shares in the anchor book help instil confidence among retail investors, who typically take cues from others.

The anchor investments, both by MFs and FPIs, have declined year-on-year despite a similar number of issuances. The dip can be attributed to the biggest-ever IPO brought by Life Insurance Corporation (LIC) of India in 2022.

The insurer alone received 48 per

## DROPPING THE ANCHOR

\*As on Dec 12 ■ FPIs ■ Mutual fund (₹ crore)

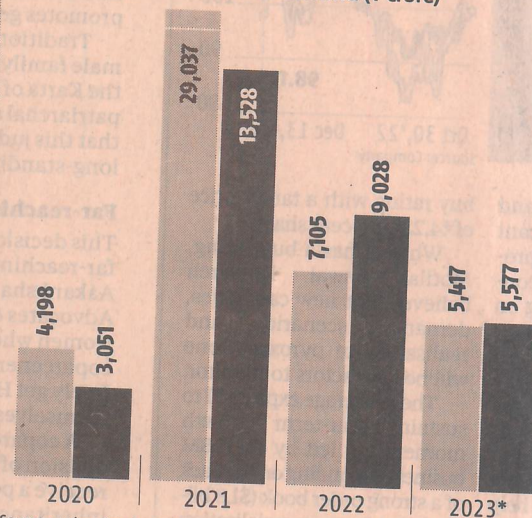


ILLUSTRATION: BINAY SINHA Source: primedatabase.com

