

## MF cash holdings in June fall for second month



THE TOTAL VALUE of cash held by mutual funds fell for a second month in June to ₹3.53 lakh crore, according to data from Prime MF Database, reports **Ananya Grover**. Between May and June, overall cash holdings came down by ₹576.83 crore. ■ **PAGE 7**

# MFs' cash holding in June falls for second month

**ANANYA GROVER**  
Mumbai, July 16

**THE TOTAL VALUE** of cash held by mutual funds fell for a second month in June to ₹3.53 lakh crore, according to data from Prime MF Database. Between May and June, overall cash holdings came down by ₹576.83 crore.

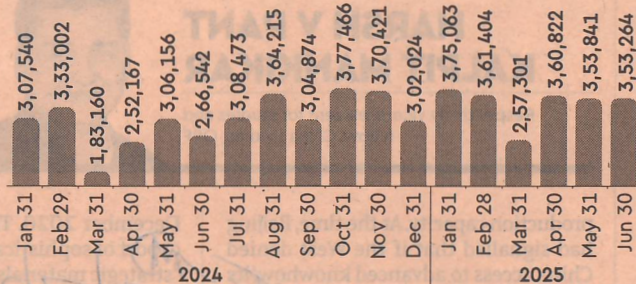
Meanwhile, cash holdings of equity schemes fell to ₹1.50 lakh crore in June, from ₹1.65 lakh crore in May. According to Kaustubh Belapurkar, director - manager research, Morningstar Investment Research India, most equity managers prefer staying fully invested, typically holding less than 5% in cash in most scenarios.

Despite participating in block deals, cash value of the country's largest mutual fund, SBI MF, increased by ₹10,525 crore, the most among funds houses. However, this is only 4.4% of total assets under management (AUM). Shriram Mutual Fund and Invesco Mutual Fund had 20% and 16%, respectively, of their total AUMs held as cash.

"In times of exuberant markets due to excessive flows or valuations, this number might inch up slightly, but cash levels tend to stay in single digits as managers will look to judi-

## JUDICIOUS DEPLOYMENT

Mutual fund - cash holdings since January 2024



Source: primemfdatabase.com



■ Between May and June, overall cash holdings came down by ₹576.83 crore

■ Most fund managers prefer staying fully invested, holding less than 5% in cash

ciously deploy into the market at opportune moments," Belapurkar said.

According to Shreyash Devalkar, head - equity, Axis Mutual Fund, cash is an outcome of managing risks both in high-growth themes and stocks where there is a risk of excessive valuation, as well as in low-value stocks with low growth risk. "As we get right ideas, we continue to deploy in those," he said. The fund deployed as much as ₹4,802 crore in June.

Mutual funds have bought shares of Asian Paints, Vishal Mega Mart and Bajaj Finserv, while decreasing holdings in Nifty heavyweights such as ICICI Bank, Infosys, Reliance and HDFC Bank, data show.

In a block deal on June 17, HDFC Mutual Fund, Kotak Mahindra Mutual Fund, and SBI Mutual Fund had cumulatively bought a 7% stake in Vishal Mega Mart for ₹3,636 crore. SBI MF had bought a stake in Asian Paints as well along with ICICI Prudential MF in a block deal in which Reliance Industries sold around 5% stake.

During the month, mutual funds also invested in IPOs. Some of the most bought IPOs were HDB Financial Services, Oswal Pumps, Ellenbarrie Industrial Gases and Kalpataru. They have completely exited a total of seven companies which includes Gensol Engineering

and Inox Wind.

HDFC Mutual Fund, in its June fact sheet, said given global uncertainties and aggregate valuation being higher than historical average, the importance of stock selection increases even more.

"Over the medium to long term, we remain optimistic on Indian equities considering strong macroeconomic fundamentals, attractive domestic growth outlook, healthy corporate profitability, and supportive pro-growth policies. However, near-term risks include global trade tariff uncertainties, cyclical moderation in corporate earnings and slowdown in government's reforms momentum."