

MFs feel the pain as HDFC Bank tumbles

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The sharp slide in HDFC Bank is weighing heavily on mutual fund (MF) portfolios, as the stock features among the top three holdings across many schemes. The bank's 16.4 per cent decline so far this month has translated into an erosion worth an estimated ₹50,000 crore in MF investor wealth.

At an aggregate level, HDFC Bank remains the single-largest holding for MFs. As of February-

end, MFs held shares worth ₹3.2 trillion across active and passive schemes.

Nearly 50 active equity and hybrid schemes had over 9 per cent of their corpus invested in the stock as of February 27, making them the most exposed to the ongoing selloff.

According to experts, the stock's already-high exposure limits fund managers' ability to deploy additional capital at lower levels. Under current regulations, active MF schemes — barring thematic funds — cannot allocate more than 10 per cent to a single stock.

In absolute terms, Parag Parikh Flexicap Fund, HDFC Flexicap Fund, and ICICI Prudential Large Cap Fund have the highest exposure with combined investments

Big bets

Schemes with highest HDFC Bank investments

HDFC Bank holding (₹ cr)*

Parag Parikh Flexi Cap Fund

10,379

HDFC Flexi Cap Fund

7,280

ICICI Prudential Large Cap Fund

7,091

ICICI Prudential Value Fund

4,873

HDFC Balanced Advantage Fund

4,837

Large schemes with nearly 10% HDFC Bank exposure

Exposure (% of net assets)

ICICI Prudential Large Cap Fund 9.2

Mirae Asset Large Cap Fund 9.5

HDFC Focused Fund 9.2

Mirae Asset ELSS Tax Saver Fund 9.7

*Data as on Feb 27

Source: primemfdbase.com

worth ₹24,750 crore in HDFC Bank as of February this year.

The stock, already under pressure amid geopolitical tensions linked to the ongoing conflict in West Asia, has declined sharply over the last three sessions following the abrupt resignation of part-time chairman Atanu Chakraborty. Overseas investors also hold significant exposure to the stock, and tend to pare positions during risk-off phases.

