Domestic mutual funds overtake FPIs as anchor investors in IPOs: Prime Database

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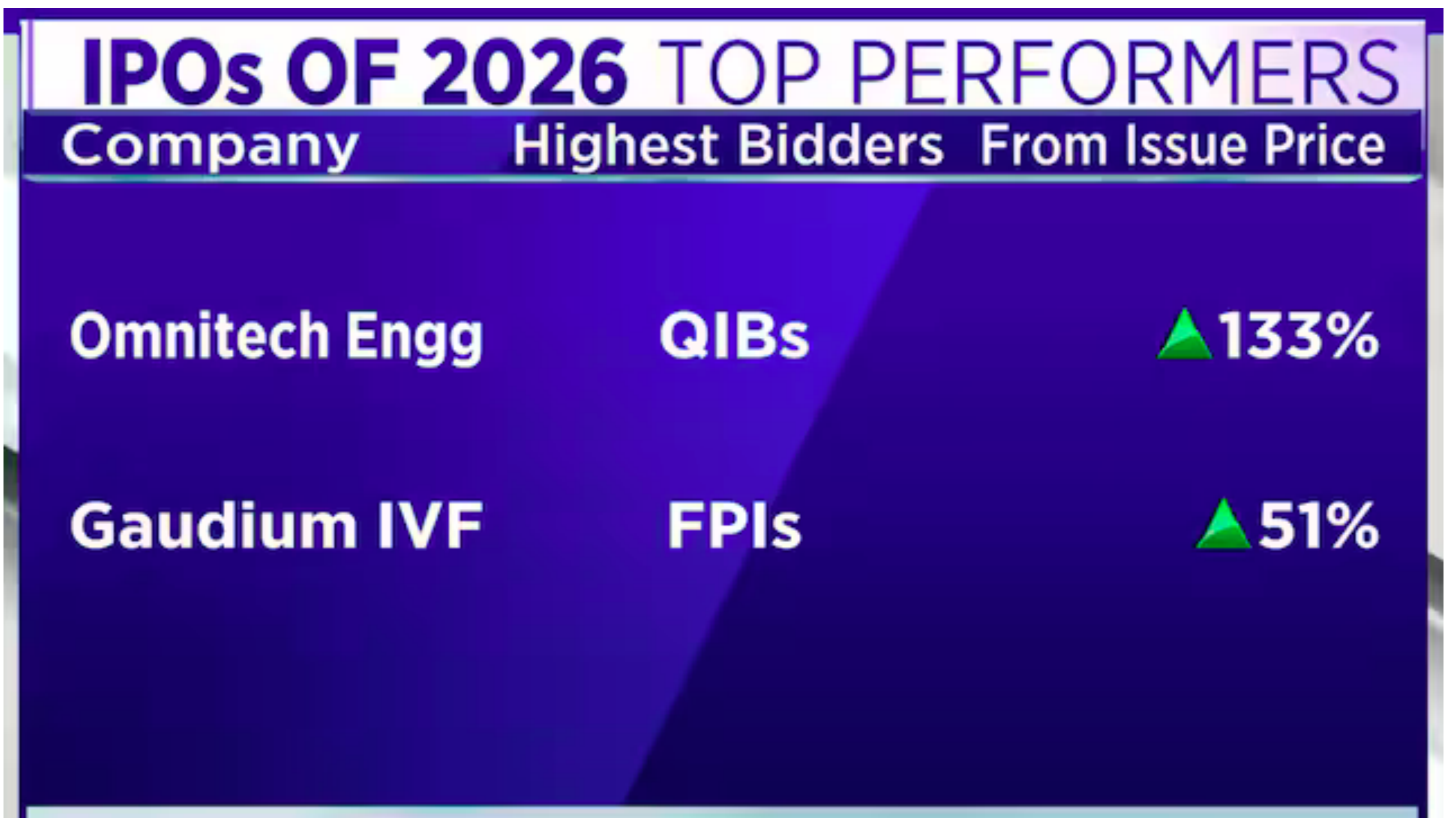
Swarup Mohanty, Vice Chairman & CEO of Mirae Asset Mutual Fund and Pranav Haldea, MD of Prime Database Group explain why mutual funds are becoming more selective, what is driving IPO participation, and how a record pipeline of ₹5 lakh crore worth of IPOs could shape the market.

Domestic mutual funds have emerged as the biggest force behind India's initial public offering (IPO) market, overtaking foreign portfolio investors (FPIs) as anchor investors and helping companies raise capital even as global flows remain volatile.

Pranav Haldea, Managing Director of Prime Database Group, said the growing role of domestic investors marks a major shift in India's capital markets, driven by strong and consistent inflows into mutual funds through systematic investment plans (SIPs).

"In FY26 you had the first time that domestic mutual funds overtook foreign investors as anchor investors... and I expect the trend to continue this year as well," Haldea said.

He added that the IPO pipeline remains the strongest India has ever seen, with around 250 companies either awaiting or seeking regulatory approval to raise nearly ₹5 lakh crore. The large pipeline also means investors have far more choices than before, making them increasingly selective about where they invest.



Swarup Mohanty, Vice Chairman & CEO of Mirae Asset Mutual Fund, said mutual funds not participating in an IPO should not be viewed as a negative signal for the company. Portfolio fit, existing holdings and valuation all influence investment decisions, and fund managers may choose to invest after listing if they find better value.

"Whether we invest or not, during an IPO does not give our view on that stock. It's just the IPO, which is the beginning of the journey of that company in the capital markets," Mohanty said.

He also said Mirae Asset follows a long-term approach as an anchor investor instead of chasing listing gains.

"Our house view has been that if you are an anchor investor, then you should behave like an anchor investor rather than a trading investor," he said.

Watch the full conversation here

Mohanty dismissed concerns that mutual funds are subscribing to IPOs out of fear of missing out. He said investment decisions are based on valuations, portfolio needs and what is best for investors, adding that the industry has become far more disciplined over the years.

Even with several billion-dollar IPOs lined up, Mohanty said mutual funds are unlikely to sell existing holdings just to make room for new listings, as the industry continues to receive healthy inflows and many hybrid funds still have cash available for deployment.

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