MFs deepen ownership of smallcap stocks

Strong inflows into smallcap and midcap funds are prompting mutual fund (MF) managers to explore new investment opportunities, even as a buoyant initial public offering (IPO) market expands the listed universe. At the end of September 2026, MFs held significant stakes (worth over ₹10 crore) in 815 smallcap companies, up from 803 in December 2025, according to Prime Database. Their average ownership in these companies also rose to 9.75 per cent from 9.45 per cent over the same period. The increase extends a broader trend of rising MF ownership in listed companies in recent years, supported by sustained inflows into the industry, particularly smallcap and midcap schemes.