

Domestic investors feel the pinch

CHIRAG MADIA
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The unprecedented drop in the share price of Facebook parent Meta Platforms has caught several domestic investors off guard.

According to the data provided by PRIME MF Database, Indian mutual funds have exposure to the tune of ₹1,900 crore to Meta. Several schemes have invested a substantial portion of their corpus given Meta's high weighting in indices, such as Nasdaq 100 and NYSE FANG. Retail investors, who invest directly in overseas stocks, may have exposure of another ₹100-300 crore, say industry participants.

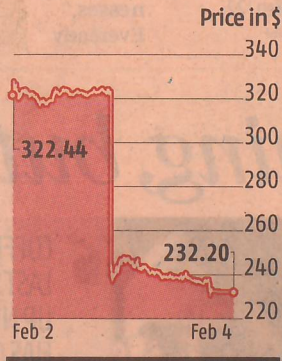
Sitashwa Srivastava, co-founder and

co-chief executive officer (CEO), Stockal, said Facebook is among the top 15 stocks eyed by domestic investors.

The stock of Meta fell 26 per cent, its worst-ever crash, after its earnings missed Wall Street estimates. The company also lost users for the first time. CEO Mark Zuckerberg attributed the results to competition with short-video app TikTok, which is currently banned in India. Meta's share price drop led to a 3.7 per cent decline in the tech-oriented Nasdaq index and also triggered a fall in other social media and tech stocks, extending this year's dismal performance.

Among domestic schemes, Parag Parikh Flexicap Fund has an exposure of ₹1,194.90 crore, nearly 6 per cent of its total corpus.

META PLATFORMS



META'S \$251-BN WIPEOUT OUTPACES INDIA'S WORST

The 26% fall in the share price of Facebook parent Meta on Thursday led to a \$251-billion fall in its market value. The drop in its market-capitalisation (m-cap) is greater than the worst single-day drop by Indian indices as a whole, and even higher than the m-cap of India's most-valued firm Reliance Industries (\$207 billion).

UP IN THE AIR

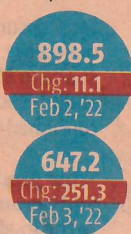
India's worst routs in m-cap

| | Total m-cap | Fall (\$ bn) | Trigger |
|-------------|-------------|--------------|-------------------------|
| Mar 23, '20 | 1,335 | 209 | Covid-19 |
| Jan 21, '08 | 1,505 | 179 | Global financial crisis |
| Mar 12, '20 | 1,694 | 168 | Covid-19 |
| Jan 24, '22 | 3,494 | 130 | Tech sell-off |
| Apr 12, '21 | 2,676 | 129 | Covid-19 |

Source: Bloomberg; Compiled by BS Research Bureau

FACEBOOK

M-cap in \$bn



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Motilal Oswal Nasdaq 100 ETF and Mirae Asset NYSE FANG+ ETF have exposure of ₹303 crore and ₹132 crore, respectively. These figures are as of December 2021 and the latest numbers cannot be ascertained as such disclosures are made only on a monthly basis.

Currently, there are 15 schemes that have investments in Meta, which includes index funds, ETFs, and active funds. Given the overall equity assets of ₹13 trillion, the exposure to Meta is miniscule, underscore industry players.

The Nasdaq index is down 12 per cent, so far, this year amid the hawkish pivot by the US Federal Reserve. Money managers see this as only a near-term hiccup.

Nikhil Kamath, co-founder, True Beacon and Zerodha says: "I'd say the decline is a natural consequence of the company's unprecedented growth. It's an unrealistic expectation for the platform to gain users at the same momentum indefi-

nitely. India is Facebook's largest market, in terms of the number of users, so it's obvious how India would play a major role in how this plays out for the global market."

According to market participants, several Indian investors have bought Meta's stocks after the recent correction.

"There were many investors who booked profits in the share of Meta in the last two-three days. These investors had invested in the stock a year back and thought of booking some profits. A large number of investors have also entered the stock after the recent correction on our platform," said Srivastava.

PMF