

# AUM of mid & small-cap mutual funds closes in on large caps

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Published on: Feb 20, 2024



Mumbai: The assets under management (AUM) of equity mutual funds investing in small-cap and mid-cap stocks are catching up with that into schemes betting on large caps. This reflects the strong appetite among individual investors for the top-performing small-cap and mid-cap stocks despite growing concerns that the space may be overheated after the blistering run up.

The assets under management (AUM) of small-cap schemes in January 2024 touched a record Rs 2.48 lakh crore. It was almost at 83% of the AUM of the large-cap scheme category of Rs 2.99 lakh crore in January, as against 44% in August 2021, according to data from Samco Mutual Fund.

Similarly, assets of mid-cap funds rose to Rs 2.9 lakh crore. They stood at 97% of the large-cap scheme AUM as against 69% earlier.

The rising AUM of these categories is a result of surging stock prices of small-caps and mid-caps along with flows into them.

Higher returns in the recent past, and a feeling that mid- and small-caps do better when the economy does well have led to high flows in the space," said Vishal Dhawan, chief financial planner, Plan Ahead Wealth Advisors.

According to data from Franklin Templeton, small-cap funds have seen the highest net sales of Rs 42,037 crore in the last 12 months, followed by midcap funds of Rs 23,346 crore while large-cap funds saw outflows of Rs 2,397 crore. Total inflows into active equity mutual funds in the last 12 months were Rs 1.71 lakh crore.

Usually, large-cap schemes or stocks get bulk of the flows. Out of the Nifty 500 index, a broad-based index, large-caps - the country's most influential companies - have 75% of the weight, 16% is held by mid-cap stocks and the balance 9% belongs to small cap stocks.