

# ICICI Prudential Small-Cap Fund Reopens Subscriptions: Should You Invest?

By Riddhima Bhatnagar, Published on: January 22, 2026



Market experts welcome the reopening of small cap fund with caution on the back of cheaper valuations and advise investors to go the SIP route and keep a long-term investment horizon.

ICICI Prudential Asset Management Company has reopened subscriptions for its ICICI Prudential Small Cap Fund from January 23, 2026, after a nearly 22-month suspension that began on March 14, 2024 due to concerns over high valuations and liquidity risks in the small-cap space.

The fund will now accept fresh and additional lump-sum investments, switch-ins, and new registrations under SIP and STP. The move follows SEBI's earlier directive to conduct stress tests on mid- and small-cap schemes, after which several AMCs including Nippon, Tata and Kotak had restricted inflows.

Market experts welcome the reopening but advise caution. Vishal Dhawan, founder and chief executive officer of Plan Ahead Wealth Advisors, said small-cap valuations have cooled but remain above long-term averages. "Investors should enter through the SIP route and stay invested for at least seven to 10 years," he said, adding that ICICI has historically managed drawdowns well by moderating inflows during expensive market phases.

Celso Fernandes, a mutual fund distributor in Goa, said the corrections in the small cap space have made valuations more attractive. "Small caps are volatile, but that also creates opportunities. With lower PE ratios, long-term investors may benefit and can look at the space," he said, while noting that investor interest has been towards multi-cap funds for better diversification at the current time.

Meanwhile, some advisors are turning positive on the segment. Saibal Biswas, a Kolkata-based mutual fund distributor, said: "Small caps look promising right now as compared to mid caps. We are slowly starting to recommend the category to investors as the sector outlook has improved and several strong new companies are entering the market in the small cap space."

The equity-oriented scheme invests in over 100 small-cap companies, with major exposure to industrials (26.22%), basic materials (22%) and consumer cyclical stocks (12.77%). It has delivered a three-year CAGR of 14.56% as of January 22, 2026. Launched in 2007, the fund manages around Rs 8,428 crore and is managed by Anish Tawakley and Aatur Shah.

Shares of ICICI Prudential Asset Management were trading at Rs 2,789 on the NSE on Thursday, down by -1.91%, with a market capitalisation of Rs 1.37 lakh crore.