

MFs cut March cash holdings by ₹15,545 cr

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THE MUTUAL FUND industry reduced its cash holdings by ₹15,545 crore in March, as they deployed capital to tap opportunities arising from market volatility triggered by the West Asia war and a sharp rise in Brent crude prices.

On a yearly basis, the industry's cash holdings as a percentage of equity assets under management (AUM) declined to 2.55% in March 2026, down from 3.57% in the year-ago period.

Among major fund houses, Quant MF, SBI MF, and ICICI Prudential MF deployed ₹5,607 crore, ₹5,393 crore, and ₹4,023 crore, respectively.

However, some fund managers increased cash positions. PPFAS Mutual Fund recorded the highest rise in cash holdings at ₹1,842 crore, followed by Axis MF (₹1,603 crore) and Nippon India MF (₹1,511 crore).

Shreyash Devalkar, head – equity at Axis Mutual Fund, said the increase in cash levels reflects a tactical adjustment to the current market environ-

ment. The fund house has reduced exposure to segments facing near-term earnings pressure or weaker outlook due to the West Asia conflict.

He added that higher use of derivatives as an investment tool has also contributed to elevated cash balances. The fund house is deploying cash selectively as opportunities

emerge, particularly in quality stocks where valuations have become more reasonable after recent corrections and in segments less

impacted by energy-related concerns.

Raj Mehta, executive vice president and fund manager at PPFAS Mutual Fund, said following a time correction since September 2024 and the recent price correction due to the conflict, valuations have started to look more attractive. However, he cautioned that some pockets remain expensive due to lack of earnings growth.

Despite the deployment trend, five fund houses continue to hold over 10% cash (as a share of equity assets) as of March 2026.

Capital was deployed to tap opportunities arising from market volatility

