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Tata MF to stop accepting lump-sum investments for small-cap fund

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Tata Mutual Fund will stop accepting lump-sum investment in its small-cap fund from July due to difficulty in deployment of funds. The fund house will continue to accept inflows through systematic investment plan (SIP) and systematic transfer plan (STP) without any restrictions.

Tata Small Cap Fund, which has delivered 43 per cent return in the last three years, has asset under management (AUM) of ₹4,400 crore. The benchmark index in this category has delivered

an average return of 35 per cent. Huge inflows and delay in deployment have led to cash holding of 14 per cent in the scheme.

The fund has been ranked No 1 by rating agency Crisil.

Launched in November 2018, the fund invests 86 per cent in equities, of which 65 per cent is invested in small-cap stocks and the remaining in large- and mid-cap stocks, besides debt instruments and REITs and InvITs.

STRONG PERFORMANCE

Anand Vardarajan, Head-Business, Tata Asset Management, said the fund house has been seeing reasonable inflows in the small-cap fund

on the back of strong performance. However, deployment takes time as these stocks are somewhat illiquid by nature.

“We do not wish to chase these stocks and take time to deploy. In order to protect investor experience, we have decided to stop lump-sum investments starting July. Investors can continue to invest through the SIP and STP route in this scheme,” he said.

The Current Net Asset Value (Regular plan) of the scheme is ₹28.91. The scheme charges 1 per cent on the redemption for units in excess of 12 per cent of the investments in 365 days.