

The \$10B Parag Parikh Mutual Fund is making a virtue of not investing in a raging bull market

By [Anand Kalyanaraman](#)

The star fund house is growing at breakneck speed and so is the cash in its portfolio

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Anand is Finance Editor at The Ken. A Chartered Accountant, he chose to pack the power of numbers with words when he left a career of seven years in accounting, putting together MIS reports, and investment research to enter journalism.

In August, Parag Parikh Flexicap—the flagship scheme of PPFAS Mutual Fund—had nearly Rs 14,000 crore (US\$1.7 billion) parked in cash, an all-time high.

Call it caution or patience, the decade-old fund house—one of India's fastest growing and among the top 20—has been loading up on cash for nearly two years now, and has only upped the stakes in the past few months. And that stands out in a raging bull market.

With cash making up almost a fifth of its portfolio, the fund house towers above most of its 42 peers in keeping dry powder in the burgeoning Rs 66-lakh crore mutual-fund industry. Even if that has come at a cost.

In recent times, its stellar performance record has been showing signs of strain—in no small measure—thanks to its philosophy of going high on cash and low on stocks. Cash, after all, yields much less returns—in single digits—than what stocks can give in a go-go equity market.

Short-term laggard

Of late, the Parag Parikh Flexicap scheme has lagged behind its benchmark and peers in returns



*Absolute for 1 year and below periods; annualised for the rest

*Regular plan (in which investors participate through a distributor)

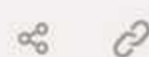
TRI - Total Return Index

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Graphic by Kashvi B, 19 Sep '24

Source: Moneycontrol

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The fund house is not worried, though.

“We are fine with short-term underperformance and pain in exchange for long-term outperformance and gain,” said Neil Parikh, its chief executive.