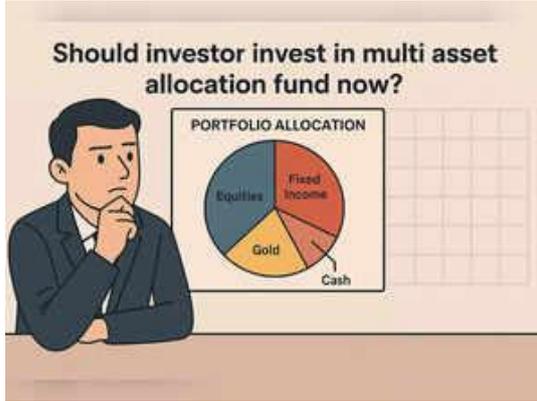


NFO Insight: Can Groww Multi Asset Allocation Fund add value to your mutual fund portfolio?

By Surbhi Khanna, Published on 10th September 2025



Groww Mutual Fund's latest new fund offer of Groww Multi Asset Allocation Fund is open for subscription and will close on September 24. The fund is an open-ended scheme investing in Equity, Debt, Commodities and in units of REITs & InvITs.

According to the scheme information document (SID) of the fund, the fund aims to achieve long-term capital appreciation by predominantly investing in equity and equity-related instruments, Debt & Money market instruments, Commodities and in units of REITs & InvITs.

The performance of the fund will be benchmarked against Nifty 500 TRI (60%) CRISIL Composite Bond Fund Index (30%) Domestic Gold Prices (5%) Domestic Silver Prices (5%) and will be managed by Paras Matalia, Kaustubh Sule and Wilfred Gonsalves.

The fund will offer two plans - regular and direct and both with two options - growth and IDCW. An exit load of 1% will be applicable, if redeemed within 30 days from the date of allotment. The exit load will be nil, if redeemed after 30 days from the date of allotment.

The minimum application amount is Rs 500 and in multiples of Re 1 thereafter. Units will be allotted in the whole figures and the balance amount will be refunded, even if it falls below the minimum amount. For additional purchase, the minimum amount is of Rs 500 and in multiples of Re 1 thereafter. For monthly and quarterly SIPs, the minimum amount per installment is Rs 500 each and in multiples of Re 1 thereafter with minimum 12 and 4 installments respectively.

What experts say about the new offering

Experts typically ask investors to avoid investing in NFOs unless they offer something unique. The uniqueness could be that the scheme is offering an investment option that is not available in the market or offering something extra to an existing option. Otherwise, the experts believe investors are better off with an existing scheme with a long performance record. This is because you have some historical data to base your investment decision. You don't have any data when it comes to new offerings.

According to an expert, the fund offers built-in diversification across equity, debt, gold, and REITs, reducing reliance on any one asset class.

"With dynamic rebalancing via the framework it has, it helps manage risk and capture opportunities while saving switching costs for investor. It is best suited for moderate risk-tolerance investors and investors who can't do active asset allocation who may prefer such funds," Vishal Dhawan, Founder & CEO at Plan Ahead Wealth Advisors shared with ETMutualFunds.

Another expert shares a different opinion that as NFOs are riskier bets with no history to check, one should go for funds with existing track record.

"Investors looking for moderate to aggressive strategies can look at multi-asset funds. However, NFOs being new are a riskier bet as there is no history to check fund performance. Till the time this NFO's track record is established we should stick to existing multi asset funds that have proven models and track records," Manish Kothari, CEO & Co-Founder, ZFunds told ETMutualFunds.

Asset allocation and investment approach

The fund will allocate 10-80% in equity and equity related instruments, 10-80% in debt and money market instruments, 10-50% in Gold, Silver, Commodity ETFs, Exchange Traded Commodity Derivatives (ETCDs), and 0-10% in REITs and InvITs.

The scheme follows an active investment strategy. The scheme seeks to generate long term capital appreciation by investing in a diversified portfolio of equity, debt & money market instruments, Exchange Traded Commodity Derivatives / Units of Gold ETFs / Silver ETFs & units of REITs/InvITs.

The scheme employs a systematic, rules-based investment approach supported by a proprietary framework named SHAASTRA (Strategic Holistic Asset Allocation and Systematic Technical Risk Assessment), utilizing inputs such as fundamental data, macroeconomic indicators, valuations, and asset price movements.

The fund manager retains the discretion to interpret the data contextually and adjust allocations in line with the scheme's objectives, prevailing market conditions, and anticipated future developments to best serve the interest of investors. This integrated approach is designed to offer flexibility and adaptability to changing economic scenarios, aiming to optimize returns across market cycles.

The fund is suitable for investors who are seeking investments in equity and equity-related instruments, Debt & Money market instruments, Commodities and in units of REITs & InvITs and want long term capital growth.

What are multi-asset allocation funds?

Multi-asset allocation funds are hybrid funds that need to invest a minimum of 10% in at least 3 asset classes. These funds typically have a combination of equity, debt, and gold. Some schemes also add international equities, InvITs and REITs.

The equity allocation in the case of multi-asset funds could vary between 0-70%. Aggressive multi-asset funds could typically have 50-65% equity while the conservative ones could have between 35-50%. In the case of multi-asset funds, some schemes that allocate more than 65% to equity enjoy equity taxation.

According to Dhawan, Indian equities remain volatile due to global headwinds, tariff tensions, and high valuations, prompting a cautious stance and in such conditions, balanced portfolios blending equity for growth, debt for stability, and gold and REITs are preferred. "Multi-asset funds, especially those built conservatively, can serve as an alternative to short-term debt instruments," he adds.

The other experts also share the same view that these kinds of funds are suitable for current market situations, as the current equity market is volatile and gold, silver commodities are at an all-time high and multi-asset funds offer investment across these, and investors can take advantage of growth from equity and commodities with some allocation in fixed income securities.

According to the Sebi mandate, multi asset allocation funds invest in at least three asset classes with a minimum allocation of at least 10% each in all three asset classes. But with gold and silver rallying and offering good returns, many investors are willing to invest separately in equity, debt, and gold funds against multi-asset allocation funds.

For investors, who are willing to invest in these asset classes separately, the experts recommend that to avoid the hassle of researching asset classes and bearing various management costs associated, one should prefer to invest in multi asset allocation funds.

"Since each asset class is negatively correlated, they provide a superior investment outcome with lower volatility. Multi asset funds also give tax advantage to investors as compared to going to each category directly.

It also saves investors from the hassle of researching asset classes, and bearing various associated management costs,” Kothari recommends.

“One should prefer separate allocation if one can manage dynamic asset allocation by themselves, else use multi asset allocation funds. Due to valuation concerns across asset classes like equity and gold, one may choose a staggered approach instead of lump sums,” Dhawan recommends.

Currently there are eight multi asset allocation funds that have completed three years of existence in the market, of which ICICI Prudential Multi Asset Fund, the largest fund in the category, has offered the highest return of around 19.09% in the last three years.

Axis Multi Asset Allocation Fund offered the lowest return of around 11.08% in the same time period.

Eight funds have completed five years of existence, of which Quant Multi Asset Allocation offered the highest return of around 25.84% in the last five years.

Looking at the past performance, Dhawan believes that multi-asset funds are gaining popularity due to strong recent performance across asset classes like equity and debt, making them very popular in uncertain markets and they can be structured aggressively or conservatively. By blending equity, debt, and gold, they provide balanced exposure, especially when equities look expensive and debt yields are capped.

“With valuations stretched and earnings growth slowing, the need for active rotation across asset classes strengthens their case. Overall, the outlook remains positive, with multi-asset funds well-positioned to deliver favorable outcomes for investors seeking diversified, professionally managed portfolios over a long term horizon. Funds with established track records may be preferred,” he adds.

Echoing similar opinion, Kothari says that multi-asset allocation funds look promising for investors seeking stability with growth and they’ve delivered strong risk-adjusted returns and protected from market downturns better than many equity funds, thanks to diversification across equity, debt, and gold.

“For investors wanting a simple, balanced, one-stop solution without managing multiple funds, multi-asset funds can be a solid core portfolio choice - though fees and possible overlap with existing holdings should be watched,” Kothari adds.

One should always invest based on their risk appetite, investment horizon, and goals.