

# NFO Insight: Invest in Tata, Birla, Ambani stocks with just one mutual fund

By Surbhi Khanna, Published on: September 03, 2025.



Baroda BNP Paribas Mutual Fund has launched Baroda BNP Paribas Business Conglomerates Fund, a fund that is designed to help investors tap into India's iconic business groups by offering a diversified portfolio focusing on investments in listed companies that are a part of business conglomerates such as Tata, Birla, Ambani (Reliance Industries), and Adani under a single investment umbrella.

Conglomerates will be identified as groups based in India, led or controlled by promoters, and comprising at least two listed companies in different sectors or industries.

The new fund offer or NFO of the fund is open for subscription and will close on September 15. The scheme will re-open for continuous sale and repurchase within five business days from the date of allotment of units under NFO.

## What CIO says on fund launch

“The NFO of our Baroda BNP Paribas Business Conglomerates Fund will allow our investors to own a piece of multi-generational conglomerates with listed businesses in India. In general conglomerates benefit from diversified revenue streams and easier access to capital and a strong brand reputation and customer trust that provides any new business they start, a competitive advantage at the outset itself” said Sanjay Chawla, Chief Investment Officer – Equity, Baroda BNP Paribas Asset Management.

The scheme will benchmark against the BSE Select Business Groups Index and invest in at least four conglomerate groups, with single group exposure capped at 25% of net assets. The fund will be managed by Jitendra Sriram and Kushant Arora.

## Fund manager on new fund

“Conglomerates are also benefiting from corporate actions such as demergers to drive value unlocking due to global refocussing, family splits or inter-generational transitions. All of these further improve the investment case for such businesses,” said Jitendra Sriram, Fund Manager of the scheme.

With this launch, Baroda BNP Paribas MF enables investors to own a slice of India's legendary conglomerates—making wealth creation accessible, structured, and professionally managed. Conglomerates form the backbone of India's economy, accounting for some of the largest and most valuable enterprises, according to the press release by the fund house.

## 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, as this fund invests in specific themes, the results depend on some large business groups.

“This fund invests in a specific theme. Unlike diversified equity funds that spread risk across many companies, this fund's results depend on a few large business groups. If these groups do poorly, the

risk to investors is higher,” Rajesh Minocha, Certified Financial Planner (CFP) and Founder of Financial Radiance, in an interaction with ETMutualFunds.

Another expert says that as the fund will invest in various businesses among different sectors, the fund will be less cyclical as compared to sectoral funds that tend to be cyclical in nature which is because the conglomerates have various revenue streams thus, they can better withstand downturns in individual sectors.

“Conglomerates often undergo demergers, family restructurings, and incubate new businesses. The fund aims to capture this value creation rather than betting only on one theme,” Vishal Dhawan, CEO, Plan Ahead Wealth Advisors, a wealth management firm in Mumbai told ETMutualFunds.

From a risk perspective, the scheme ensures diversification across promoter groups: it will invest in at least four groups, with exposure capped at 25% of net assets per group. However, the portfolio will be tilted towards a few large business houses and the sectors where they have dominant exposure (e.g., energy, industrials, commodities). Therefore, investors should review the sectoral composition of the portfolio carefully, as performance in these high-weight sectors could materially impact the fund's return,” Dhawan added.

### **Asset allocation**

The fund will allocate 80-100% in equity and equity related instruments of companies that are part of business conglomerates in India, 0-20% in equity and equity related instruments of companies other than that are part of business conglomerates in India, 0-20% in debt and money market instruments, 0-10% in units of mutual funds (domestic schemes), and 0-10% in units issued by REITs and InviTS.

### **What are business conglomerates?**

Business conglomerates will be identified as groups based in India, led or controlled by promoters, and comprising at least two listed companies in different sectors or industries, according to the scheme information document (SID) of the fund.

By investing in business conglomerates, does this theme limit the diversification or does it provide broader exposure across industries? In response to this, Minocha says that Conglomerates operate across multiple industries, but their scope is typically limited to a few primary sectors and this fund will invest at least 80% of its capital in companies affiliated with Indian business conglomerates. “It will invest in at least four groups, with no more than 25% of the investment in any one group. The main risk comes from these groups, resulting in significantly less diversification compared to a flexi-cap fund,” he adds.

On the other hand, Dhawan says that the fund will invest in companies that belong to large Indian business conglomerates and these are promoter-led groups that have multiple listed companies across different industries. Even, the benchmark- BSE Select Business Groups Index has major exposure to sectors like Energy (~23%), Commodities (~22%) and Consumer Discretionary (~19%) and the fund might have allocations close to these numbers.

Commenting on diversification, Dhawan added that unlike a pharma, IT or other sectoral fund, this strategy is broader, because conglomerates operate across multiple industries and by investing in groups, the fund indirectly owns exposure to consumer, IT, infra, auto, telecom, finance, steel, and retail under the same umbrella.

While sector-level risk is distributed, there is still concentration at the promoter group level, for example, if one large group underperforms due to governance issues or group-level debt, it could drag down the portfolio despite exposure to multiple industries, he explains.

The minimum amount for lumpsum investment is Rs 1,000 and in multiples of Re 1 thereafter. Minimum SIP amount is of Rs 500 and in multiples of Re 1 thereafter.

## Suitability

The fund is suitable for investors who are looking to benefit from broad-based exposure by investing in conglomerates operating across multiple sectors and industries, want focused exposure to conglomerates with proven track records and future growth potential, and are with a medium to long term investment horizon.

Looking at the objective and diversification of the fund, the advisors have different opinions while recommending the fund for investment. On one hand where Dhawan recommends this fund while citing that given the backdrop of global and domestic uncertainties, this fund offers investors an opportunity to participate in established Indian conglomerates that already hold strong positions across critical industries and such businesses, with their diversified revenue streams and brand strength, typically show greater resilience and lower volatility compared to smaller, single-sector companies.

“From a portfolio diversification perspective, allocating to this fund can help balance exposure across multiple sectors through a single theme. The fund is suitable for investors with a high risk tolerance who are comfortable with potential volatility and drawdowns. Investors should consider long timeframes, 7–10 years, to allow the strategy to play out and to absorb market cycles. The fund is suited for experienced equity investors, not beginners, since it involves concentrated exposure to a particular conglomerate. Exposure in such funds should be limited to 5-10%,” he added.

On the other hand, Minocha does not recommend investing in this new fund as they lack a proven track record and investors need to have a plan tailored to their goals, time frame, and level of risk comfort. “We should also avoid putting in a lump sum. Instead, we should consider SIPs or STPs in well-established, diversified funds,” he recommends.

At present there is only one such fund - Aditya Birla Sun Life Conglomerate Fund. launched in December 2024, since its inception, the fund has offered 4.40% return. In the last six months, the fund has offered 12.50% return.

With just one such fund in the category and the performance being on the lower side, Minocha is of the opinion that India’s growth relies on large conglomerates that benefit from scale, access to capital, and diversification. However, this does not make the product low-risk or investor-friendly and investors are advised to exercise caution and not be overly enthusiastic about this story or can instead, they should consider their risk appetite before making an investment.

According to Dhawan, Conglomerates offer investors a blend of diversification, resilience, and brand trust and their diversified business models spread risk across multiple industries, reducing dependence on any single sector. “Moreover, their strong balance sheets and sizeable cash reserves allow them to weather market downturns far better than smaller firms, which often struggle with liquidity during stress periods.”

“In the current environment of global and domestic uncertainties, conglomerates appear well-placed to deliver better relative returns. Their ability to cross-subsidize businesses, invest in emerging sectors (such as renewables, digital, and EVs), and unlock value through demergers or restructuring provides long-term growth opportunities that smaller firms may not easily capture. However, there could also be risks in case of corporate governance or debt issues at a group level,” Dhawan said.

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