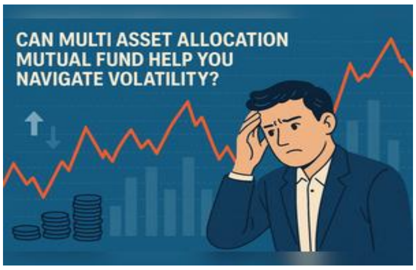
NFO Insight: Can The Wealth Company's hybrid-style multi-asset fund help investors navigate volatility?

By Surbhi Khanna, Published on: November 19, 2025



The Wealth Company Mutual Fund, a Pantomath Group Company, has launched The Wealth Company Multi Asset Allocation Fund, which is open for subscription and will close on December 3. The scheme will reopen for continuous sale and repurchase on December 12.The investment objective of the fund is to provide long-term growth in capital and income to investors.

Through active management of investments in a diversified portfolio of instruments across multiple asset classes viz. equity, debt, commodity ETFs and exchange traded commodity derivatives and related instruments.

What does CIO - debt and equity say on launch

"By giving commodities their rightful place alongside equity and debt, we are building diversification that works in practice, not just on paper. The asset allocation flexibility within the Fund mandate allows us to capture the potential stability of debt, hedging nature of commodities and the long-term growth of equity with better risk-adjusted outcomes. Our goal is to engineer portfolios that perform through cycles, with active conviction," said Umesh Sharma, CIO – Debt, The Wealth Company Mutual Fund.

"At Wealth Company Mutual Fund, we believe that asset allocation is the cornerstone of long-term wealth creation and preservation. As Indians, we've always been instinctive savers, gold in our lockers, real estate in our families. Our Multi-Allocation Fund invests in these very time-tested assets, bolstered by equity and debt, and now enhanced with commercial real estate that aims to deliver steady returns with modern liquidity. This is ancestral balance, reimagined with sophistication and ease," said Aparna Shanker, CIO- Equity, The Wealth Company Mutual Fund.

What different will the fund offer?

According to the fund house, what differentiates the fund is its hybrid-like structure, which provides broad flexibility to move dynamically across asset classes while benefiting from a favourable tax framework.

The Wealth Company Multi Asset Allocation Fund aims to maintain its asset mix in line with the requirements for hybrid taxation under the Income Tax Act.

What experts are saying about this differentiated multi-asset allocation fund

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.

Rajesh Minocha, a Certified Financial Planner (CFP) and Founder of Financial Radiance shared with ETMutualFunds that this fund would offer significantly more flexibility regarding allocation, particularly with the option to invest up to 50% in commodities, which is typically not permitted for traditional multi-asset or Balanced Advantage Funds (BAFs).

Minocha adds that, "It behaves like a hybrid, offering more tactical freedom while still retaining the advantages of equity taxation with a two-year holding period. The manager has the opportunity to react quickly to changing market cycles. Nonetheless, since it is a fresh fund, there is no historical performance available for a fair assessment of the manager's ability to implement such a dynamic allocation strategy."

Another expert, Vishal Dhawan, Founder & CEO, Plan Ahead Wealth Advisors says that this fund's hybrid-like structure is fundamentally different from a regular multi-asset or balanced advantage fund because it treats commodities gold and silver as core return engines rather than smaller allocations.

While traditional multi-asset funds keep gold around 10%-15%, this fund can dynamically shift between 10–45% into commodities based on valuation, momentum, macro and demand–supply indicators and this flexibility could help it respond to long phases of underperformance seen individually in asset classes, Dhawan highlighted.

And lastly, Dhawan added that the three-engine structure (equity, debt, commodities) lowers reliance on any one cycle and provides better diversification than equity-debt-only BAF models and internal rebalancing is tax-efficient due to the 35–65% debt framework, making adjustments smoother without investor-level capital gains.

The performance of the fund will be benchmarked against NIFTY 200 TRI (40%) + NIFTY Short Duration Debt Index (45%) +Domestic Prices of Gold (10%) + Domestic Prices of Silver (5%) and will be managed by Aparna Shanker, Umesh Sharma, and Varun Nanavati.

Asset allocation

The multi asset allocation fund will allocate 10-80% in equity and equity related instruments, 10-80% in debt and money market instruments, 10-50% in Gold/silver related instruments (including ETFs) and Exchange Traded Commodity Derivatives (ETCDs) as permitted by SEBI from time to time, and 0-10% in units issued by InvITS.

With the ability to allocate up to 50% in commodities, the fund offers managers greater latitude to adjust positioning based on changing macro and market conditions. This may ensure the portfolio is not a residual holder of alternative assets but an active, forward-looking allocator, designed to capture opportunities across cycles and aim to deliver smoother, risk-adjusted returns over time, according to a release by the fund house.

The scheme's allocation to equity, debt, and commodities will be dynamic, guided by internal models considering factors such as firstly valuation levels of assets, secondly ratios among gold, silver and equity, thirdly macroeconomic conditions, and capitalization rates.

The scheme may invest in Exchange Traded Commodity Derivatives (ETCD) or ETFs with commodity underlying assets, as well as other permissible instruments linked to commodity prices.

The allocation in various asset classes and schemes would be dependent upon multiple factors like market valuations, yield gap, gold / silver prices & momentum of the asset class. Hence the scheme would consider the prevalent factors to decide on the level of allocation between these asset classes based on the fund manager's outlook.

According to a report by Tata Mutual Fund, Gold prices had a strong rally in October, reaching record highs both globally and on the MCX, before pulling back 8–9% due to profit booking post Diwali festival.

For silver, the report said that, "Silver has been on a remarkable run in 2025, rising nearly 70% since the start of the year and outperforming gold for the fifth straight month. In October, silver hit all-time highs in international markets, driven by a global shortage of physical metal, booming demand from the solar industry, strong Indian imports, and sustained inflows into silver ETFs. However, after festive demand faded, prices corrected by 14% from their peak, showing the metal's typical volatility compared to gold."

Since the gold and silver are going through a rough patch now, how will this impact the multi asset allocation funds?

Dhawan says that, "gold and silver weakness has only a limited impact on multi-asset allocation funds, as precious metals usually make up just 10–15% of the portfolio. Larger equity and debt allocations cushion the decline, unlike pure commodity or gold ETF investors who feel the full hit. With dynamic rebalancing—reducing exposure during corrections or accumulating at lower levels—multi-asset funds may face minor short-term softness but generally avoid sharp drawdowns."

"Their core design growth from equities, stability from debt, and protection from commodities helps them absorb such phases smoothly. Overall, the current downturn in gold and silver does not materially change the long-term appeal or behaviour of multi-asset funds. However, if a scheme has a very large allocation to gold and silver, it could work against it in a cycle where those commodities are not doing well," Dhawan further added.

Sharing a similar opinion, Minocha is of the opinion that the recent decline in metals may lower short-term returns, but it does not alter their long-term role as a hedge against inflation.

Minoch further adds that over the last five years, the significant rise in gold was largely driven by the pandemic, geopolitical tensions, and the depreciation of the rupee, whereas silver has been more of a cyclical asset in the industrial sector and investors should keep return expectations realistic. Through a multi-asset fund, the manager can switch between assets to control risks and benefit from the best possible outcomes.

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.

The important thing to know is with gold and silver now going through a rough patch should investors choose multi asset funds now?

Minocha firmly says absolutely, investors should choose multi asset allocation funds now and in the face of high equity valuations and global macro uncertainty, multi-asset funds provide a smoother, risk-adjusted journey and they can significantly better balance growth, stability, and diversification than single-asset bets. "The category is suitable for investors who seek relatively steady outcomes within a 3-5 year time frame."

Dhawan is of the opinion that multi-asset allocation funds remain a sensible choice at any given time because they offer diversification benefits at any given moment and help reduce reliance on a single asset class.

Dhawan further adds that these funds are particularly useful in volatile markets, as the blend of equities, debt, and commodities provides a more stable return profile compared to pure equity funds and gold and silver have been among the strongest performers during recent periods of global uncertainty, acting as a natural hedge when equities face pressure.

"Their presence within a multi-asset framework improves downside protection without compromising long-term growth potential. At the same time, fixed income adds stability through steady accrual, while equities continue to drive long-term wealth creation. Investors should, however, be aware of each fund's asset allocation model and rebalancing strategy, as these factors determine performance across different market cycles. Overall, multi-asset funds remain well-positioned, offering balanced, risk-adjust," he further added.