

Planning your MF investment for FY27 Experts advice flexi-cap, multi-cap with gold & silver ETF exposure

By Surbhi Khanna, Published on: Mar 18, 2026.



As the new financial year approaches, experts advise equity mutual fund investors to focus on flexi cap, multi cap, and large & mid cap funds. They also recommend including gold ETFs as a hedge and diversification tool, while treating silver ETFs as a smaller, tactical allocation within the portfolio.

Vishal Dhawan, Founder and CEO, Plan Ahead Wealth Advisors shared with ETMutualFunds that Indian markets still trade at a premium valuation, but the recent correction has moderated valuations somewhat across market caps. In this backdrop, large-cap funds appear relatively more attractive than mid- and small-cap segments and are better suited to form the core of portfolios in FY27.

Dhawan further said that flexi-cap funds also look well placed, mid- and small-cap funds can still be considered, but more selectively and with a much longer holding period. Gold ETFs remain relevant as a hedge and diversification tool, while silver ETFs may be treated more as a smaller tactical allocation given their higher volatility.

For investors seeking a more balanced route, hybrid and multi-asset funds look especially relevant in FY27 because they help reduce timing risk across asset classes, Dhawan also said.

Another expert said that evaluating the next financial year (FY27) requires a comprehensive multi-asset approach.

Rajesh Minocha, a Certified Financial Planner (CFP), Founder of Financial Radiance told ETMutualFunds that flexi-cap, multi-cap and large & mid-cap funds should form the core of investment portfolios, limit exposure to mid and small-cap stocks.

Minocha further said that gold and silver ETFs provide essential diversification, especially during global market uncertainty, hybrid or multi-asset funds offer a straightforward way for many investors to achieve balance and future returns will depend on effective asset allocation rather than focusing on a single investment category.

Equity markets have remained flat in the last eighteen months and haven't made money during this period.

Gold and silver funds are used for portfolio diversification. If you have a large portfolio, you can earmark a small percentage of the total portfolio (advisors say around 10%) to invest in gold and/or silver. If you are starting out or you have a very small portfolio, you can give it a miss, investors should remember that these funds won't offer you greater returns year after year. They are supposed to offer you diversification and add stability to your portfolio.

How to rebalance portfolio in FY27?

With equity markets remaining flat for a prolonged period and gold and silver used as diversification tools and remaining volatile in the current market scenario, Minocha said that given current market conditions and high valuations in mid- and small-cap stocks, investors should adopt balanced

strategies and portfolios should include significant equity holdings for long-term growth, complemented by debt investments for stability and commodities for stability and commodities for risk management.

He further said that the FY27 budget highlights the need for a multi-asset approach, equity investments should be held for at least 5 years to mitigate the risks of short-term market fluctuations and short-term money should not be invested in equities.

To this, Dhawan said that a balanced FY27 allocation should continue to combine equity for growth, debt for stability, and gold as a hedge, with weights depending on an investor's risk appetite and for moderate investors, equity can remain the largest allocation, while debt for stability and gold continue to play an important supporting role, especially in an environment marked by geopolitical uncertainty.

Dhawan further said that time horizon is equally important and large-cap investments can be approached with a 3–5 year horizon, while mid- and small-cap exposure should ideally be taken with a 7–10-year horizon given their higher volatility and longer recovery cycles.

Amid the ongoing geopolitical tensions, equity markets remaining volatile and as of March 13, 2026 BSE Sensex was down 8,000 in one month, market experts have been recommending investors to stagger their investments and investors who have lumpsum money can consider staggering their investments over the next 6 to 8 weeks rather than deploying the entire amount at once.

The market has been flat in the last 18 months, and in the past have been in the same phase and post that recovered delivering double-digit gains to the investors. During such phases, market experts recommend continuing SIPs, avoiding unnecessary portfolio changes, and using downturns to add quality holdings as staying invested during stagnant periods is likely to be rewarded over the long term.

SIP or lumpsum better in FY27?

Dhawan said that for most investors, SIPs remain the better route in FY27 as they help reduce timing risk and maintain discipline in a market that may stay volatile even after the correction.

That said, investors with surplus cash and a long-term horizon can consider phased lump sum deployment, especially into core categories such as large-cap and flexi-cap funds, additional lumpsum investments can also be considered if markets correct further and valuations move below long-term averages, as that may improve the risk-reward balance and even then, a staggered approach is usually more practical than investing all at once.

Minocha said that investors are encouraged to use SIPs as their primary investment method, and the current period of market fluctuations, which typically occurs every six to seven years, presents a valuable investment opportunity.

Common mistakes to avoid FY27

Many mutual fund investors have this habit of chasing the mutual fund categories which offer higher returns without realising that past returns do not guarantee future returns and today's topper will not continue to remain leaders tomorrow.

Most of them make investments in NFOs without realising if the product aligns with their investment objectives, risk appetite and investment horizons.

There are many mistakes that mutual fund investors make while making investments, to this Minocha said that investors make a fundamental error when they view market fluctuations as dangers because

these fluctuations actually create business opportunities and investors make another mistake when they put short-term funds.

“Viewing market fluctuations as threats is a common mistake, as they often create investment opportunities, allocating short-term funds to equities can result in poor decisions during downturns, chasing past performance in specific sectors or funds, while neglecting asset allocation, is another frequent error.”

Minocha further said that attempting to time the market perfectly often leads to missed opportunities, market corrections, which occur every six to seven years, can be uncomfortable but typically offer lasting financial benefits and investors who stay invested and increase their contributions during these periods tend to achieve the best outcomes.

Dhawan said that investors should avoid exiting in panic during periods of volatility, as short-term market corrections can often lead to poor timing decisions, they should also avoid over-concentrating in any one asset class or category based purely on trailing returns.

“Another mistake is assuming that the recent correction has made all parts of the market equally attractive. While valuations have become more reasonable, large caps still appear better placed than mid- and small caps for core allocations. Ignoring time horizon discipline is also a common error. In FY27, disciplined asset allocation, diversification, and patience are likely to matter more than short-term return chasing,” Dhawan added.