NFO Insight: ITI Multi Asset Allocation Fund opens for subscription. Should investors buy amid 22% drop in category inflows?

By Surbhi Khanna, Published On: August 17, 2026

ITI Mutual Fund has launched ITI Multi Asset Allocation Fund, which is open for subscription and will close on August 31. The investment objective of the scheme is to seek to generate long-term capital appreciation and income by investing in equity and equity-related securities, debt and money market instruments, Gold/Silver ETFs and Exchange Traded Commodity Derivatives (ETCDs) as permitted by SEBI from time to time.

Investment strategy

The scheme follows an active investment strategy. Investments under the scheme will be distributed across a mix of debt and money market instruments, equity, units issued by REITsand equity related securities (including overseas securities and overseas ETFs), Gold/Silver ETFs and Exchange Traded Commodity Derivatives. The scheme may also invest in the units of InvITs for diversification.

What experts say about the 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.

A multi-asset fund brings together asset classes with different risk-return characteristics. ITI Multi Asset Allocation Fund will go beyond the conventional equity-debt combination by also investing in gold, silver, REITs and InvITs.

With multi-asset funds designed to spread investments across asset classes, including REITs and InvITs, the question comes that adding real-estate exposure improves diversification compared with traditional equity plus debt portfolio?

Vishal Dhawan, Founder & CEO, Plan Ahead Wealth Advisors told ETMutualFunds that to assess a multi-asset framework, investors must assess each asset class through the lens of risk-return contribution and their correlation and the inclusion of REITs and InvIts expands the framework beyond the standard equity and debt binary.

He further said that since these instruments generate cash flows from commercial properties and infrastructure assets, they are often tied to long-term leases with inflation-linked adjustments, and they bring steady dividend distributions as their performance tends to be slightly different from the broader equity indices and bond yields, which reduces overall portfolio volatility in a way traditional two-asset setups often cannot.

Rajan Sarkar, Director & Unit Head, Anand Rathi Wealth Limited shared with ETMutualFunds that multi asset funds invest in different asset classes and hence do not give investors control over their portfolio asset allocation strategy.

He further said that investors can view REITs and InvITs as alternate sources of diversification to a portfolio as they give investors exposure to income-generating real assets without having to buy physical properties. However, this does not mean this approach can be a replacement to a well diversified portfolio of equity and debt.

Post sharing data for Nifty Realty Index and across different calendar years, Rajan Sarkar said that long term investors should focus on building diversification across equity market caps and debt, and hence avoid investing in REITs and InvITs.

Should investors consider multi-asset funds now?

With the category offering diversification across different asset classes and gold or silver offering good returns over the other asset classes, the investors are wondering if this is the correct time to invest in these funds?

Rajan Sarkar said investors should opt for diversifying across different asset classes at a portfolio level, rather than at a fund level and if we create a custom portfolio with different combination of equity and debt (80% equity and 20% debt), we can see that the returns generated exceed the returns of Multi asset allocation funds across the long term such as 3-5 year periods.

He further said that building a portfolio of pure equity and debt funds can be more effective than relying on a single hybrid fund with internal allocation mechanisms and controlling asset allocation at the portfolio level is more efficient than delegating it to a fund manager as done in multi asset funds.

Dhawan said that market valuations across equities and commodities make single-asset class timing difficult, multi-asset fund helps by delegating asset allocation to a fund manager who rebalances automatically based on systematic models, buying underperforming assets and taking profits from overvalued ones and for a new investor, multi asset allocation funds provide a practical starting point, offering built-in diversification through a single scheme rather than requiring them to pick and manage multiple standalone products.

He further said that a reasonable allocation for a moderate risk profile would be roughly 15% to 20% of an overall portfolio, keeping it as a stabilizing core while leaving room for targeted equity or debt investments elsewhere.

Asset allocation mix and suitability

ITI Multi Asset Allocation will invest 35-80% in equity, units issued by REITs and equity related instruments, 10-50% in debt and Money Market Instruments, 10-40% in Units of Gold/Silver ETFs & other Gold and Silver related instruments (including exchange traded commodity derivatives (ETCDs) as permitted by SEBI from time to time and 0-10% in units issued by InvITs.

This multi asset allocation fund is suitable for investors who are seeking capital appreciation over long term and want investments across equity and equity related instruments, debt and money market instruments, units of Gold/Silver Exchange Traded Funds (ETFs) and Exchange Traded Commodity Derivatives.

Multi-asset fund: Diversification or duplication?

For investors who already own large-cap, mid-cap, small-cap, debt and gold funds, adding another multi-asset scheme may appear to offer diversification. However, the underlying exposure can overlap significantly.

Dhawan said that for an investor who already owns separate equity, debt, and gold funds will see holding overlap if they add a multi-asset fund and they would end up owning similar underlying assets twice so the distinction lies in operational and tax efficiency.

He further said that when you manage individual funds, rebalancing requires you to manually sell one asset to buy another, which triggers capital gains tax and potential exit loads and within a multi-asset allocation fund, the manager rebalances assets inside the portfolio without generating tax liabilities for the unitholder. So, while it creates duplication in asset names, it offers a practical structural benefit for investors who prefer hands-off, tax-neutral rebalancing.

Echoing a similar opinion, Rajan Sarkar said that currently multi asset funds have a 57.95% exposure to equity, 17.65% to debt and the rest in gold/commodities and within the equity portion, they have 65% in large caps, 20% in mid caps and 15% in small caps. Hence, if investors already hold funds across the diversified equity categories and asset classes, adding a multi-asset fund which in itself has exposure to different market caps and asset classes, would definitely lead to concentration risk.

Diversification should be in the hands of the investor, rather than in the hands of the fund manager, so an investor can keep track of their portfolio allocation and every investor is different, with different goals and needs, and hence would need to control their portfolio according to their investment horizon, goals and risk appetite, he further said.

Inflow trend

According to the latest data released by Association of Mutual Funds in India (AMFI), the inflows in multi asset allocation declined by 22% to Rs 3,753 crore in July against an inflow of Rs 4,810 crore in the previous month.

The moderation in multi-asset allocation fund inflows coincided with a sharp slowdown in flows into precious-metal ETFs. According to the latest AMFI data, gold ETF inflows fell 55% month-on-month in July, while silver ETF inflows declined 70%. This followed a strong June, when gold ETFs attracted Rs3,443 crore and silver ETFs received Rs 4,286 crore.

Continue SIPs despite moderation in inflows?

Rajan Sarkar said that it is difficult to pin point exactly what is causing the decline in inflows to these funds but we can say recency bias has some part to play as we are seeing correction of gold and silver in this year.

“Gold saw a correction of around 19% from its January peak, while silver has fallen 39% over the same period. Hence this can be a reason investors are exiting these investments due to falling prices and poor performance.” He further said that those holding these funds can consider exiting and investing in diversified equity categories instead, while having a smaller allocation to gold (which serves as a replacement to debt in the portfolio).

Dhawan said that the drop in inflows was driven by both metals, but through different mechanics as silver saw a sharper percentage drop in fresh buying due to its higher price volatility, while gold faced steady profit-taking as prices reached elevated levels and together, this temporary pause in metal buying weighed on overall multi-asset fund inflows.

He further said that for investors already running SIPs in these funds, staying the course is sensible, short-term changes in category inflows reflect shifting retail sentiment rather than a breakdown in fund strategies and continuing monthly instalments allows investors to cost-average through quiet periods instead of reacting to month-to-month cash flow trends.

How these funds performed?

In the last three years, multi asset allocation funds delivered upto 22% return with Quant Multi Asset Allocation Fund offering the highest return of 21.79% and Edelweiss Multi Asset Allocation Fund delivered the lowest return of 7.35%.

In July with moderation in inflows, multi asset allocation funds delivered upto 2.30% return with Bajaj Finserv Multi Asset Allocation Fund being the topper and Samco Multi Asset Allocation Fund lost the most of around 2.14% in July.

Outlook for next 3-5 years

Dhawan said that over a three-to-five-year horizon, multi-asset allocation funds offer a practical structure for navigating changing economic cycles and different aspects like Central bank policy shifts, inflation movements, and global market adjustments mean single asset classes will rotate in performance rather than consistently lead the market.

He further said that these funds are built to adjust exposure dynamically, absorbing market shocks better than pure equity funds while delivering inflation-adjusted growth over a full market cycle and also, the tax-advantaged setup of multi-asset funds makes them a good option for investors seeking consistent risk management.

Rajan Sarkar said multi asset funds are positioned well to benefit from India's growth story as they have equity exposure, along with exposure to other asset classes. Hence, investors with smaller portfolios of less than R 5 lakh can opt for these funds as an auto-diversifier, as they may not have enough capital for building a diversified portfolio across asset classes themselves.

Investors with larger portfolios should instead create their own asset allocation strategy based on their long-term goals and risk profile as this would allow for the ideal diversification of 55:23:22 across large, mid and small caps, along with an 80:20 allocation between equity and debt for the long term, he further said.

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