

Investing during volatile times? Consider Multi Asset Allocation Funds



**Asset
Allocation**

Multi-asset allocation funds are designed in such a way that they may perform well during volatile times because these funds spread investments across a mix of asset classes, such as equities, debt, bonds, real estate, and sometimes even commodities, etc. This diversification helps reduce the impact of market swings in any single asset class, providing a buffer against sharp declines in one area.

Here's why multi-asset allocation funds can work during market volatility:

Diversification: By holding different types of assets, multi-asset allocation funds lower the risk associated with any single market. When stocks are down, bonds or other assets might hold steady or even rise, balancing the portfolio.

Dynamic Allocation: Many multi-asset allocation funds actively manage the balance between asset classes. Fund managers can shift more into assets (like bonds or cash) when markets are uncertain and move back to equities when there's more stability, adapting to market conditions depending on the specified asset allocation limits.

Risk Mitigation: Volatility increases risk, but multi-asset allocation funds typically have a relatively balanced risk profile as the funds have diversified portfolio, making them less exposed to extreme losses. For example, if the equity market declines sharply, the impact on the overall fund may be softened by gains or stability in bonds or other asset classes.

Relatively Lower Volatility: Because these funds mix various assets, they often experience lower volatility compared to funds focused solely on equities. This is attractive to investors seeking more stability during turbulent periods.

In essence, multi-asset allocation funds use a diversified, balanced approach to manage risk, helping them to weather volatility better than single-asset funds.

An Investor Education & Awareness Initiative by HSBC Mutual Fund

Visit <https://grp.hsbc/KYC> w.r.t. one-time Know Your Customer (KYC) process, complaints redressal process including SEBI SCORES (<https://www.scores.gov.in>). Investors should only deal with Registered Mutual Funds, to be verified on SEBI website under Intermediaries/Market Infrastructure Institutions (<https://www.sebi.gov.in/intermediaries.html>). Investors may refer to the section on 'Investor Education' on the website of HSBC Mutual Fund for the details on all 'Investor Education and Awareness Initiatives' undertaken by HSBC Mutual Fund. Document intended for distribution in Indian jurisdiction only and not for outside India or to NRIs. HSBC MF will not be liable for any breach if accessed by anyone outside India. For more details, click here / refer website.

This document is intended only for those who access it from within India and approved for distribution in Indian jurisdiction only. Distribution of this document to anyone (including investors, prospective investors or distributors) who are located outside India or foreign nationals residing in India, is strictly prohibited.

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.