

Multi Cap Funds: One fund with endless opportunities





Indian economy is at an important juncture. While the trajectory of GDP growth looks promising, factors like lower crude prices, steady GST collections, slew of reforms, strong domestic demand along with positive macro-economic factors have set the stage right for a decade of growth in the Indian economy. All these factors coupled can have a have a positive impact on the equity markets.

One of the smartest ways to benefit from this potential growth of the Indian equity market is investing in a diversified portfolio which invest across a range of market cap can be a solution to build long term wealth. Multi Cap schemes can be a good choice for a core portfolio of investors looking to invest in equities and participate in broad-based growth.

Multi Cap mutual funds are diversified equity mutual fund schemes which invest across market cap segments i.e. large cap, mid cap and small cap stocks. Multi Cap funds must have at least 65% of total assets in equities and equity-related instruments-. These funds must have a minimum 25% allocation each to large-cap, mid-cap, and small-cap stocks, while the balance 25% can be invested dynamically.

Salient features of Multi Cap Funds are as follows:

Performance & Diversification: Multi Cap positioning can bring in the reasonable performance with the constant combination of Large, Mid and Small Caps.

Suitable for any Market Cycles: Multi-cap funds can be all-weather funds as the diversity of market cap allocations can helps the fund throughout various market cap cycles.

Aim to Beat Volatility: Multi Caps show relatively moderate volatility due to allocation to Large Caps and aim for long term risk adjusted performance.

Well-Researched & Under-Researched: Well researched Large Caps have visibility on long term earnings growth while mid & small Caps may subject to the market mis-appraisal and mis-pricing as they are under researched stocks.

Discounted Valuations: Mid Caps and Small Caps may offer valuation discount on account of under-research characteristics.

Economies of Scale and Alpha: While Large Caps can achieve robust economies of scale and aim for stable performance, Mid & Small Caps may offer relatively higher growth / performance for long term wealth creation.



Potential Risk-Adjusted Returns: Risk is regulated by reducing allocation to riskier segments of the market and minimizing its impact by increasing allocation to companies that are poised to deliver because they can invest across all market caps.

Multi Cap funds can be an ideal investment option for investors who would like a mix across market cap as they provide diversification of opportunities and growth potential.

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

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