The Case for Looking Beyond One Asset Class

Understanding asset allocation in changing markets

Most investors like clarity.

One view. One plan. ~One clear direction.~

But markets rarely move in such a straight line.

There are times when equity may lead. There are times when debt may become more relevant. Sometimes commodities may draw attention because of global uncertainty. At other times, international markets, InvITs may provide exposure to opportunities beyond traditional equity and debt.

This is why asset allocation matters.

A fixed portfolio *may* feel comfortable because it *may* not require too many decisions. But when market conditions change, a portfolio that stays the same may not always reflect the environment around it. Interest rates may move. Equity valuations may change. Global events may affect commodities. Different asset classes may respond differently to the same market situation.

For an investor, the challenge is simple:

How do you avoid depending too much on just one asset class?

This is where the idea of a Multi Asset Allocation Fund becomes useful to understand.

A Multi Asset Allocation Fund is a category that invests across different asset classes such as equity, debt, commodities and other permitted instruments. The purpose is not to predict which asset class will do well at every point. That is difficult for most investors to do consistently.

The broader idea is to bring different roles into one portfolio approach.

Equity may participate in long-term growth opportunities.

Debt may add a more stable allocation layer.

Commodities may offer diversification across certain market conditions.

Other permitted asset classes may add further exposure depending on the scheme’s investment mandate.

For investors, the learning is simple: financial goals can remain fixed, but the portfolio approach does not have to depend on only one asset class.

A well-diversified allocation does not remove market risk. But it can help investors think beyond one market view, one asset class or one prediction.

Because in investing, staying disciplined is important.

Mirae Asset Mutual Fund: MF/005/07/03

An Investor Education and Awareness Initiative by Mirae Asset Mutual Fund. *All Mutual Fund investors have to go through a one-time KYC (Know Your Customer) including the process for change in address, Phone number, bank details, etc. Investors should deal only with registered Mutual Funds, details of which can be verified on SEBI website (https://www.sebi.gov.in) under "Intermediaries / Market Infrastructure Institutions". For further information on KYC, RMFs and procedure to lodge a complaint in case of any grievance, you may refer the Knowledge Centre section available on the website of Mirae Asset Mutual Fund*.

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