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KYRON FINSERV'S

HORIZON

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Looking to Diversify? Choosing Between Multi Cap, Flexi Cap, and Multi Asset Funds

Dear Investors,

Diversification is often the first principle investors are taught—but implementing it correctly requires more than just spreading money across multiple funds.

In this issue, we explore three popular options that offer different paths to diversification: Multi Cap, Flexi Cap, and Multi Asset funds.

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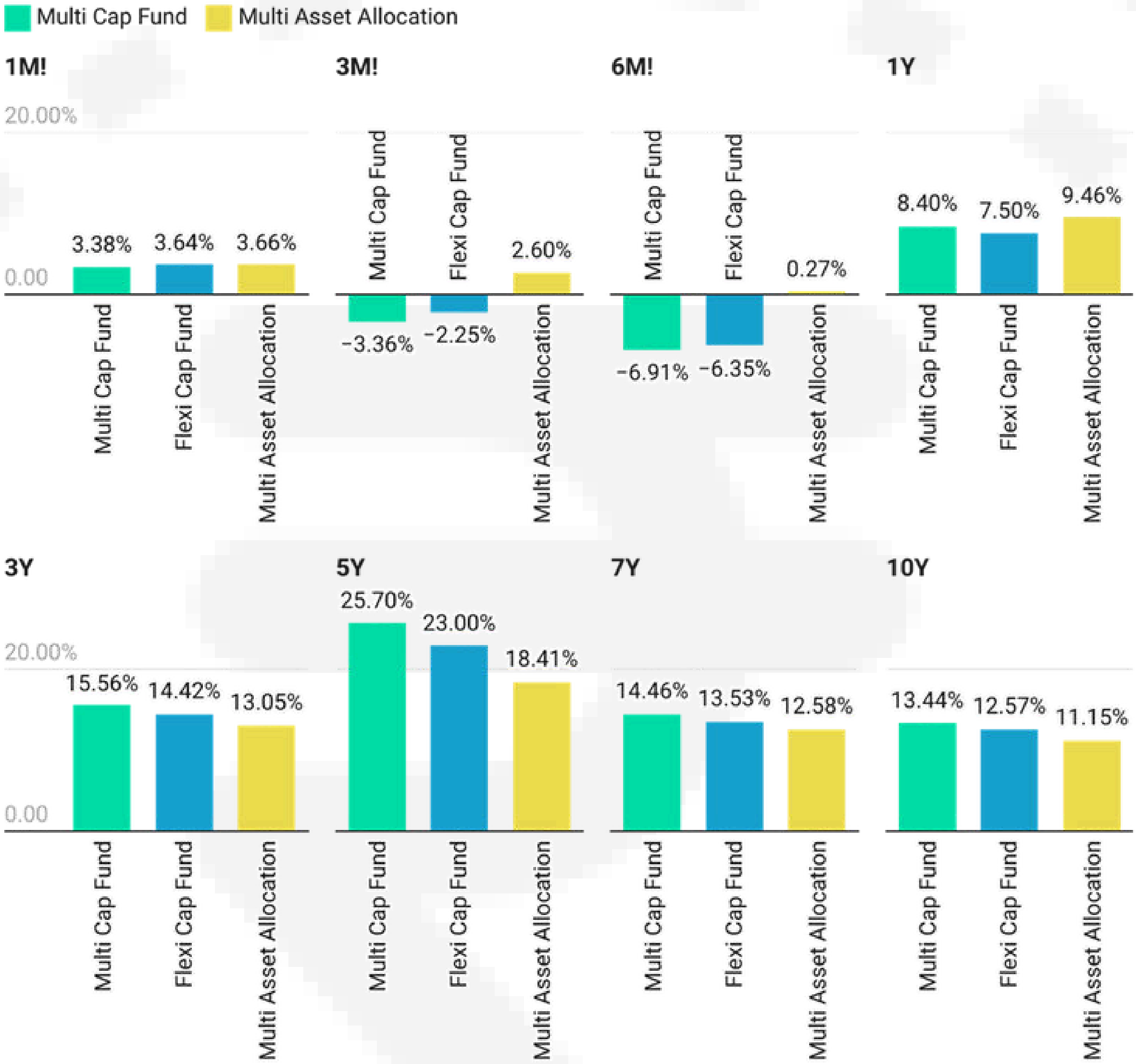
Understanding the Fund Types

Multi Cap Funds	Flexi Cap Funds	Multi Asset Funds
Invest in large-cap, mid-cap, and small-cap stocks with at least 25% allocation to each.	Fund managers have the flexibility to allocate across market caps based on prevailing conditions.	Invest across asset classes—typically equities, debt, and gold.
Best for: Long-term investors seeking broad equity exposure	**Best for:** Investors who value active management and adaptability	**Best for:** Conservative investors focused on stability and risk control
Risk level: High due to small- and mid-cap volatility	**Risk level:** Moderate to high, depending on the fund manager's calls	**Risk level:** Low to moderate

Performance Snapshot

These funds have behaved differently across market cycles. *Multi Cap funds* have benefited from mid- and small-cap rallies, while *Multi Asset funds* have been more resilient during volatility. This comparison will show how each category performs over different time horizons.



Source: NGEN, 17th April 2025 • Created with Datawrapper

Handling Market Downturns

- The true test of a fund lies in how it behaves during sharp corrections.
- Here’s how each category responded during their worst drawdown periods.

WORST DRAWDOWN	Size	Length (in days)	Recovery (in days)
Flexi Cap Fund	-60.31%	430	400
Multi Cap Fund	-64.01%	427	412
Multi Asset Allocation Fund	-25.38%	32	92

Source: NGEN, 17th April 2025 • Created with Datawrapper

Risk and Return Trade-off

Here's a summary of how these funds compare on average risk and return:

Name	Annualised Risk %(Standard Deviation)	Return
Cat Avg: Flexi Cap Fund	18.83%	18.52%
Cat Avg: Multi Cap Fund	19.63%	19.61%
Cat Avg: Multi Asset Allocation	8.15%	13.07%

Source: NGEN, 17th April 2025 • Created with Datawrapper

This analysis runs from 05-Apr-2001 to 17-Apr-2025

This shows that what investors understand what they're trading off—higher returns for higher risk, or lower returns for more stability. Multi Cap Funds have the given the highest return out of the three categories but it came with higher risk as well.

Fund Comparison at a Glance

Here's a comparison to help you decide which fund might align best with your investing style:

Fund Type	Best For	Risk Level	Key Role in Portfolio
Multi Cap	Investors seeking broad equity exposure	High	Long-term equity growth across market caps
Flexi Cap	Those who trust the fund manager's discretion	Moderate–High	Tactical equity allocation
Multi Asset	Conservative investors wanting diversification	Low–Moderate	Lower volatility, multi-asset exposure

Making the Right Choice

Ultimately, the right fund depends on what you need from your investments:
Multi Cap funds offer long-term equity growth with full market-cap coverage.
Flexi Cap funds give managers the flexibility to chase returns.
Multi Asset funds balance stability and growth through broader diversification.

You can select one type of fund or invest in all the three types of fund as per your risk tolerance and investment goals.