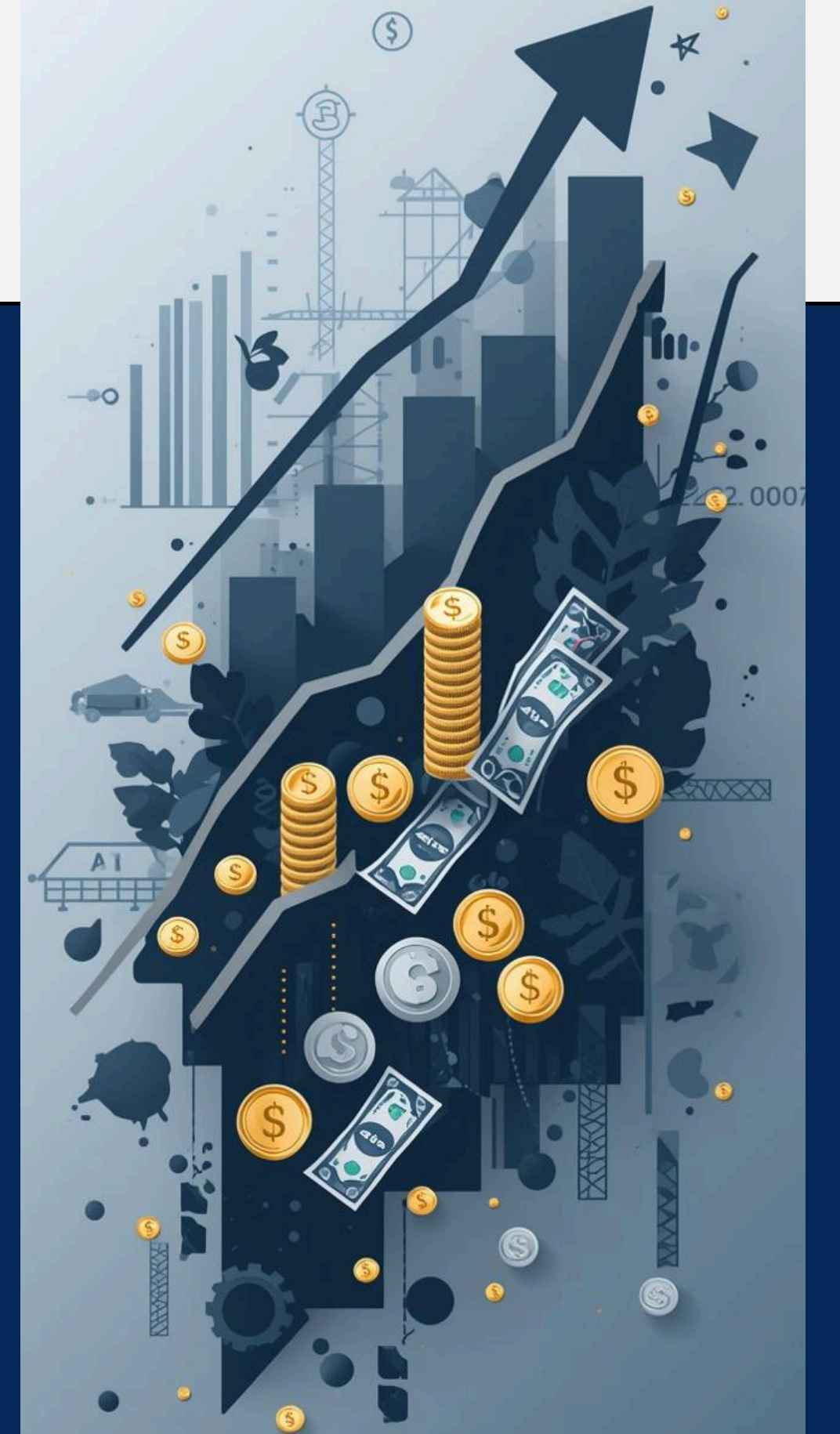




# Specialised Investment Funds in India

Understanding SIFs: Regulatory Framework and  
Benefits for Investors



# Understanding Specialised Investment Funds: Their Functionality and Regulations

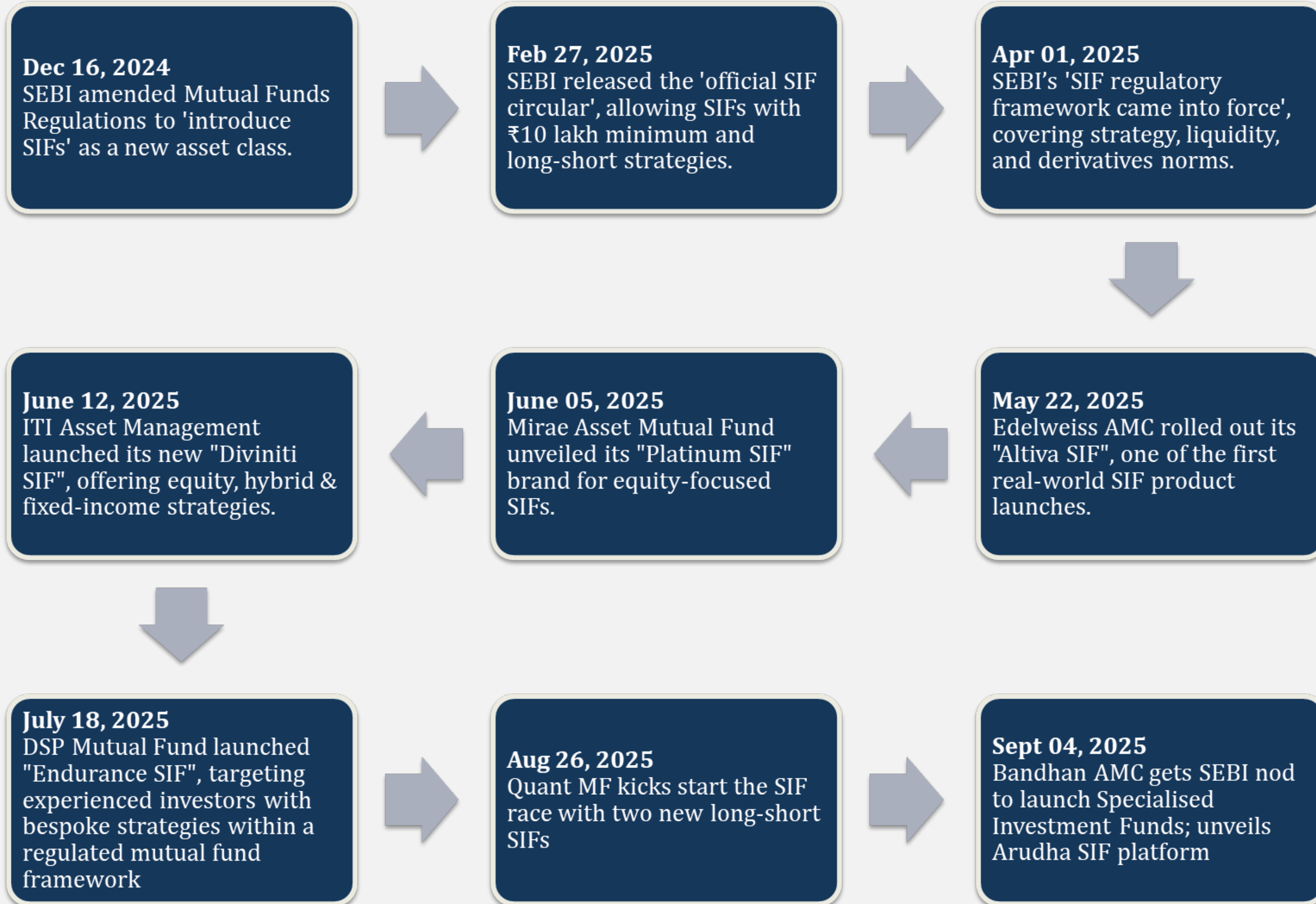
SIFs are not a separate license like AIF or PMS - instead, they are a new product type that only SEBI-registered AMCs can offer.

Unlike PMS or AIF, only mutual fund houses (AMCs) can launch SIFs - this ensures trust, scalability, and public confidence

SIFs a trusted option, with the credibility of AMC structures and regulatory guardrails similar to mutual funds - but with greater flexibility and a higher risk-reward profile.

SIFs cater to diverse investment strategies, promoting financial inclusivity. These funds enable greater flexibility for investors seeking tailored solutions.

# SIF Timeline: Key Milestones Unveiled



## Exploring the urgent need for Specialised Investment Funds in India

SIFs offer tailored solutions to bridge gaps in investment strategies. They enhance market accessibility for High Net-worth Individuals (HNIs).

They are designed to give fund managers far more room to manoeuvre:  
More concentrated bets (up to 15 percent in a single stock versus 10 percent for regular mutual funds)

Freedom to go long-short, use derivatives, or focus heavily on niche themes. Targeted sector exposure—think AI, defence tech, green energy clusters

For high net-worth investors (HNIs) and market-savvy individuals, they promise better alpha generation (outperformance compared to the benchmarked index) and diversification in a rapidly changing economy.

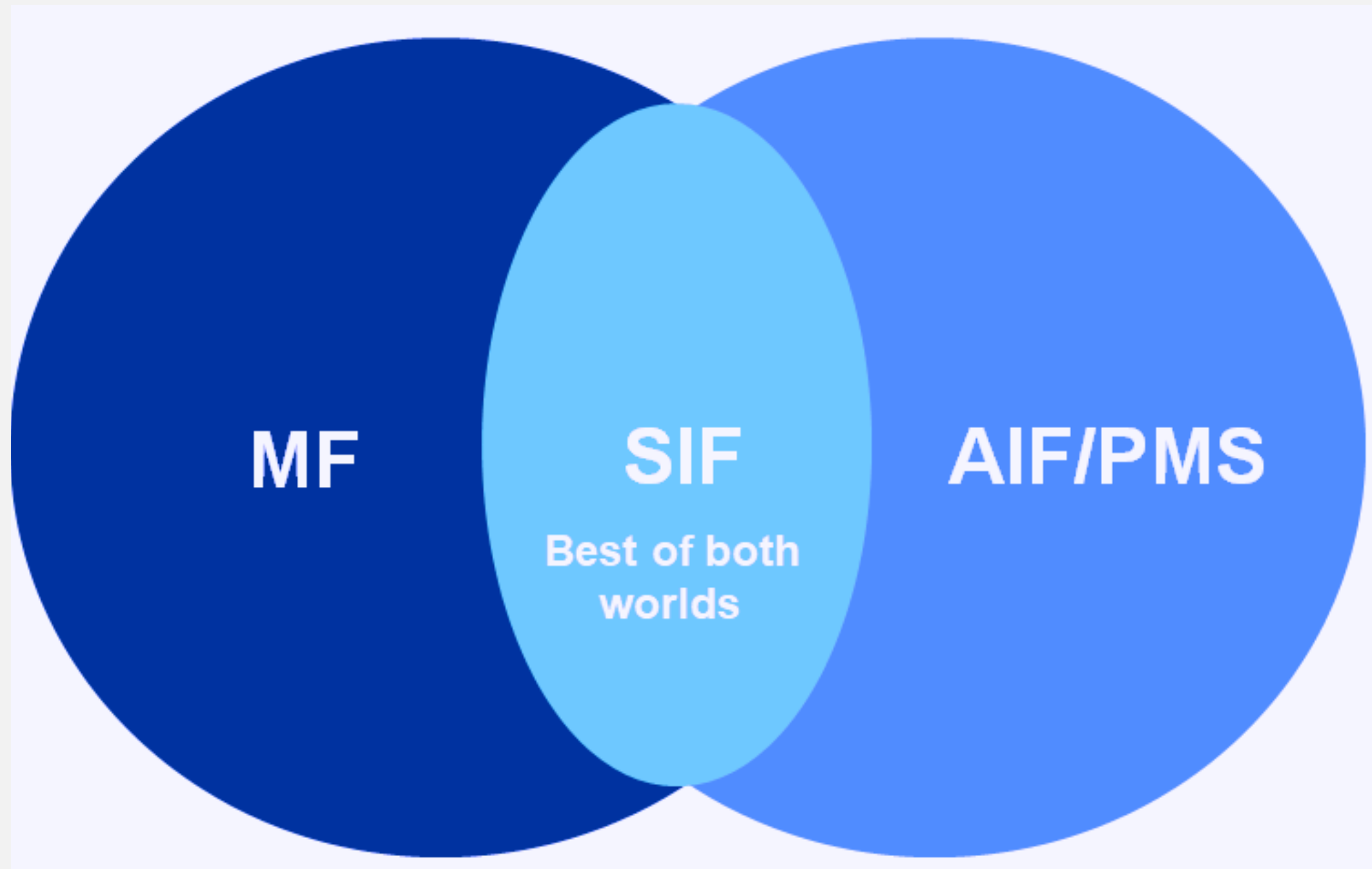
# SIF vs MF vs PMS/AIF

	SIF	MF	PMS	AIF
Minimum Investment	Rs. 10 Lakh (Across SIF strategies)	Rs. 100	Rs.50 Lakh	Rs. 1 Crore
Investor Type	HNI	Retail/HNI	HNI	HNI/Ultra HNI
Taxation at Investor level	Equity - LTCG at 12.5% (after 12m)	Equity - LTCG at 12.5% (after 12m)	Taxed to investor at each transaction level.	NIL
	Debt - Slab rate Other - LTCG @ 12.5% (after 24 m)	Debt - Slab rate Other - LTCG @ 12.5% (after 24 m)		
Taxation at Fund Level	Nil as per Section 10 (23D)	Nil as per Section 10 (23D)	Nil	Cat III - Capital gains @12.5% + Business Income @ MMR
Expense Ratio*	Max at 2.25% and 2%	Max at 2.25% and 2%	Management Fee + Performance Fee	Management Fee + Performance Fee
Leverage	NA	NA	NA	Allowed - Gross exposure upto 200%
Derivatives	Naked shorts upto 25% + Hedging	Only for Hedging	Only for Hedging	Allowed

# How will a portfolio look like in SIF?

Position 1	Position 2	Offsetting Allowed	% of net exposure in portfolio
Equity Long	Futures Short	Yes	Equity Long Only
Equity/Futures Long	Call Option Short	Yes	Equity/Futures Long Only
Call Option Long	Call Option Short	Yes	Call Option Short Only
Futures Short	Call Option Long	Yes	Futures Short Only
Equity Long	Futures Long	No	Equity Long + Futures Long
Equity/ Futures Long	Call Option Long	No	Equity/ Futures Long + Call Option Long
Futures Short	Call Option Short	No	Futures Short + Call Option Short
Call Option Long	Put Option Short	No	Call Option Long + Put Option Short

\*For offsetting of positions, the futures and options contracts shall be on the same underlying security and having same expiry date



# Important Points on Investments

Key Insights from a Portfolio Perspective

# Subscription & Redemption

## Minimum Investment Threshold (MIT)

- The SIF shall accept aggregate investments of Rs. 10 Lakhs or more across all strategies offered by SIF at PAN level
- The requirement of minimum investment amount shall not apply to an accredited investor
- The AMC may offer SIP, SWP, and STP for SIF strategies, ensuring compliance with the MIT.
- Passive breaches, such as NAV declines, shall not be considered a violation of the MIT.

## Frequency Options

Subscriptions and redemptions can occur daily, weekly, monthly, or at fixed maturities.

## Differing Frequencies

Subscription and redemption frequencies may vary based on fund strategy and investor needs.

## Redemption Notice Periods

Investors may face notice periods for redemptions of up to 15 working days.

# Portfolio Restrictions

Understanding portfolio investment restrictions is crucial for maintaining balanced asset allocation and managing risk effectively in investment strategies.

		SIF	MF
Equity & Equity related instruments	Same as MF regulations i.e. No investment strategy of a SIF shall invest more than 10 % of its NAV in the equity shares and equity- related instruments of any company		
Debt & Money Market Instruments	Issued by a single issuer with AAA rating	<= 20% of NAV	<= 10% of NAV
	Issued by a single issuer with AA rating	<= 16% of NAV	<= 8% of NAV
	Issued by a single issuer with A rating	<= 12% of NAV	<= 6% of NAV
	The instrument limits may be extended with prior approval from the MF trustees and AMC board	By 5% of NAV	By 2% of NAV
	Issued of a particular sector	<= 25% of NAV	

# Investment Strategies

Investment strategies permitted to be launched under SIF, at this stage

Only one investment strategy under each sub-category shall be permitted to be launched under each of the aforementioned categories

## Equity Oriented Investment Strategies

- Equity Long-Short Fund
- Equity Ex-Top 100 Long-Short Fund
- Sector Rotation Long-Short Fund.

## Debt Oriented Investment Strategies

- Debt Long-Short Fund
- Sectoral Long-Short Fund

## Hybrid Investment Strategies

- Active Asset Allocator Long Short Fund
- Hybrid Long-Short Fund

# Equity Oriented Investment Strategies

Only one investment strategy under each sub-category shall be permitted to be launched under each of the aforementioned categories

## Equity Long-Short Fund

Minimum 80% in equity with maximum 25% short exposure through unhedged derivative positions in equity and equity-related instruments

## Equity Ex-Top 100 Long-Short Fund

Minimum 65% investment in stocks outside the top 100 by market cap with maximum 25% short exposure through unhedged derivative positions in equity and equity-related instruments.

## Sector Rotation Long-Short Fund

Minimum 80% investment in maximum 4 sectors with maximum 25% short exposure at the sector level through unhedged derivative positions in equity and equity-related instruments.

# Debt Oriented Investment Strategies

Only one investment strategy under each sub-category shall be permitted to be launched under each of the aforementioned categories

## Debt Long-Short Fund

Investment across debt instruments with short exposure through exchange-traded debt derivatives.

## Sectoral Debt Long-Short Fund

Investment in debt instruments of at least two sectors with maximum 75% in a single sector. Maximum short exposure through unhedged derivative positions in debt instruments is 25%.

# Hybrid Investment Strategies

Only one investment strategy under each sub-category shall be permitted to be launched under each of the aforementioned categories

## Active Asset Allocator Long-Short

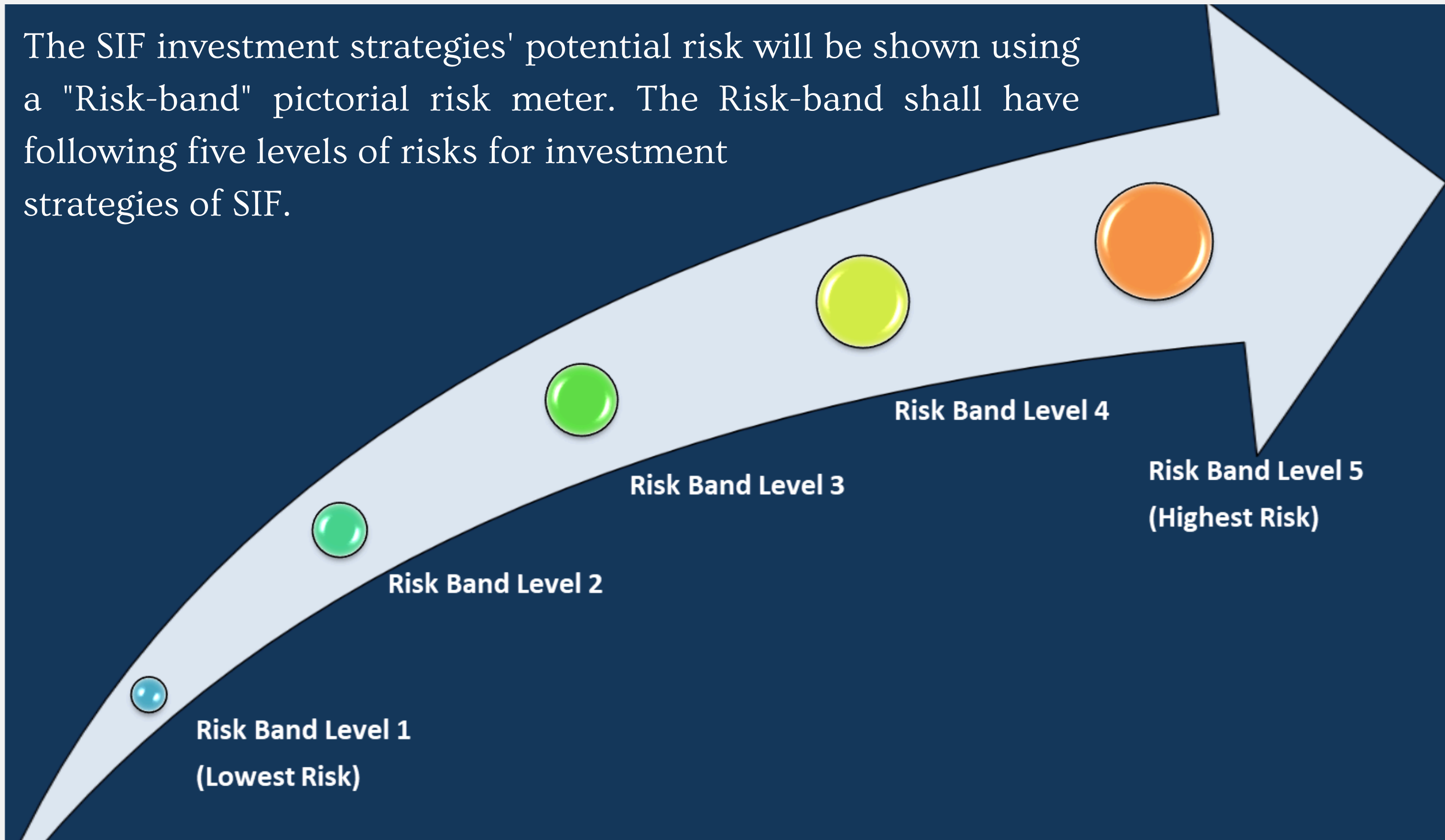
An interval investment strategy dynamically investing across equity, debt, equity and debt derivatives, REITs/InVITs and commodity derivatives incl. limited short exposure

## Hybrid Long- ShortFund

Interval investment strategy investing in equity and debt securities  
Min investment in equity and equity related instruments: 25%  
Min investment in debt instruments: 25%

# Risk Communication

The SIF investment strategies' potential risk will be shown using a "Risk-band" pictorial risk meter. The Risk-band shall have following five levels of risks for investment strategies of SIF.



## Ideal for

Specialized Investment Funds (SIFs) cater to a variety of investor profiles seeking flexibility and tailored strategies for wealth creation.

### High Net-Worth Individuals

HNI's with ₹10–50 lakh, seeking alternatives to restrictive mutual funds without committing to ₹50 lakh PMS.

### Accredited Investors

Individuals with a proven income of ₹2 crore+ or net worth of ₹7.5 crore+, seeking diversified assets.

### Professionals

Doctors and entrepreneurs looking for structured, flexible, and high-return investment strategies as their wealth rises.

# Final Thoughts

SIFs offer flexibility and advanced strategies for informed investors, making them an attractive option for those ready to explore beyond mutual funds.

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## Ideal for Flexibility

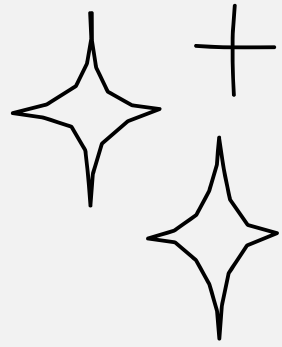
SIFs provide a balance of liquidity and investment options, catering to those who seek more than traditional funds.

## Informed Investors

Suitable for individuals who understand market dynamics and are comfortable navigating complexities in their investment strategies.

## Not for Daily Needs

SIFs may not meet the requirements of investors needing immediate access to their funds or those new to market investments.



**Thank you!**