


# Got Questions?

## We've Got Answers.

Your **FAQ** Guide to Specialised Investment Fund

### SIF Basics & Strategy Structure

 What types of investment strategies are allowed under SIF?

Investment strategies under three broad categories currently permitted are:



Each category includes long-short strategies that use equity, debt, and derivative instruments based on defined limits and structures.

 What are the permitted Equity Oriented Investment strategies under SIF?

Category	Key Features	Redemption Frequency
Equity Long-Short Fund	Min. 80% in equity/equity-related instruments; Max. 25% unhedged short through derivatives	Daily or lesser redemption frequency as may be decided by AMC
Equity Ex-Top 100 Long-Short Fund	Min. 65% in equity/equity-related instruments of stocks excluding top 100 stocks; Max. 25% unhedged short (other than large-cap stocks)	Daily or lesser redemption frequency as may be decided by AMC
Sector Rotation Long-Short Fund	Min. 80% in equity/equity-related instruments of max 4 sectors; Max. 25% sector-level short exposure	Daily or lesser redemption frequency as may be decided by AMC



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What are the permitted Debt Oriented Investment strategies under SIF?

Category	Key Features	Redemption Frequency
Debt Long-Short Fund	Investment in debt instruments across duration, including unhedged short exposure through exchange traded debt derivative instruments; Max.25% unhedged short through derivatives in debt instruments	<b>Once in a week</b> or any lesser redemption frequency as may be decided by AMC
Sectoral Debt Long-Short Fund	Investment in debt instruments of at least two sectors, with maximum investment of 75% in a single sector; Max. 25% sector-level short exposure through unhedged derivative positions in debt instruments	<b>Once in a week</b> or any lesser redemption frequency as may be decided by AMC



What are the permitted Hybrid-Oriented Investment strategies under SIF?

Category	Key Features	Redemption Frequency
Active Asset Allocator Long-Short Fund	Dynamic investment across following asset classes: Equity, debt, equity and debt derivatives, InVITs and commodity derivatives. Max. 25% unhedged short via derivatives in equity & debt instruments	<b>Two Times in a week</b> or any lesser redemption frequency as may be decided by AMC
Hybrid Long-Short Fund	Min. 25% in equity/equity-related instruments; Min. 25% in debt instruments; Max. 25% unhedged short via derivatives in equity & debt instruments	<b>Two Times in a week</b> or any lesser redemption frequency as may be decided by AMC



How many strategies can an AMC launch under each category?

To avoid proliferation, an AMC can launch only one strategy per category (e.g., one Equity Long-Short Fund, one Debt Long-Short Fund, etc.)



Are interval and close-ended SIF strategies listed on stock exchanges?

Yes. **Listing is mandatory** for all close-ended and interval strategies.

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### SIF Basics & Strategy Structure



Why do Specialized Investment Funds (SIFs) operate under a brand name different from that of the Asset Management Company (AMC)?

As per SEBI regulations governing SIFs, AMCs must ensure that the SIF has a distinct brand name/logo and maintains a separate website or dedicated webpage exclusively for the SIF, distinct from its regular mutual fund business. Additionally, SIF must have a separate identity to clearly differentiate its offerings from those of a mutual fund.



How are SIF strategies benchmarked?

Each SIF strategy must follow a single-tier benchmark structure appropriate to its investment objective. Optionally, a second-tier benchmark may be provided.



How will SIF returns be taxed?

The taxation and holding periods for SIFs mirror those of mutual funds. Depending on the asset mix, they are taxed as Equity-Oriented, Specified, or Other than Specified Funds



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### Derivatives, Exposures & Risk



What is Gross Exposure and Net Exposure in SIF?

01

**Gross Exposure** is sum of all long positions (cash equity + futures) and sum of all short positions in the portfolio.

**Net Exposure** is the effective market risk the fund carries, calculated by subtracting short positions from long positions (Cash Equity + Long Futures - Short Futures). Because long and short positions work in opposite directions against market movements, the net exposure is typically lower than the gross exposure, which ensures reduced beta-linked market volatility.

02



Are there limits on short exposure for SIF strategies?

Yes. Across all strategies, unhedged short exposure through exchange-traded derivatives is capped at **25% of net assets**.



Can SIF use derivatives for purposes other than hedging?

Yes. SIF strategies are allowed to use exchange-traded derivatives for:

01

•**Portfolio rebalancing:** Instead of buying and selling physical securities—which incurs high impact costs, taxes, and settlement delays—a fund manager may use futures contracts to synthetically adjust the fund's exposure.

•Unhedged short exposure (limited to 25%)

02

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### **Derivatives, Exposures & Risk**



What risks should investors be aware of in SIFs?

Each type of security included in the Investment Strategy's portfolio carries its own set of risks including but not limited to: market risk, business risk, derivatives risk, concentration risk, interest rate risk, reinvestment risk, etc, which may cause the overall risk profile of the Investment Strategy to vary over time. Kindly refer to the risk disclosure which is provided in the ISID for detailed information on the Risk Factors.



What is a Risk Band in SIF?

It's a pictorial risk meter named risk band with 5 levels of risks (Lowest to Highest) for investment strategies of SIF. SIF shall assign risk levels for investment strategies at the time of launch of New Fund Offer of the investment strategy.

AMCs must update risk bands monthly and disclose changes along with portfolio details on websites within 10 days from the close of each month.

SIFs are also required to disclose risk level of investment strategies as on 31st Mar of every year along with number of times Risk level has changed over the year on their websites and AMFI website.



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### Your **FAQ** Guide to Specialised Investment Fund

#### Eligibility, Minimum Investment & NRI/Minor Rules



Who is eligible to invest in SIF?

Unless categorically specified in the ISID, any individual or non-individual can invest in SIF, subject to meeting the **minimum investment threshold of ₹10 lakhs per PAN** across all SIF strategies. This shall not include investments made by the investor in regular MF schemes of the same AMC.



What is the minimum investment required for SIFs?

01

The minimum investment required for SIFs is ₹10 lakhs

For accredited investors, the minimum investment amount is ₹1 lakh, subject to the below mentioned criteria.

02

03

Individuals, HUFs and Family:

- Annual Income  $\geq$  ₹2 crores; OR
- Annual income  $>$  ₹1 crore + Net Worth  $>$  (Financial Assets  $\geq$  ₹2.5 crores); OR
- Net Worth  $\geq$  ₹7.5 crores (Financial Assets  $\geq$  ₹3.75 crores)

Trusts other than Family Trusts: Net Worth  $\geq$  ₹50 crores

04

05

Body Corporates: Net Worth  $\geq$  ₹50 crores



If all non-individual investors are allowed to invest in SIF, what documents are required?

Since SIF is a separate ecosystem with distinct folios, reporting, and eligibility rules, a **fresh set of documents (specified in the application forms for non-individual category of investors) along with a board resolution** authorizing SIF investment will be required.

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### Your Guide to Specialised Investment Fund

#### Eligibility, Minimum Investment & NRI/Minor Rules



Will Arthaya accept investments from NRI investors residing in USA/Canada?

No, Arthaya SIF does not accept investments from NRI investors residing in USA/Canada.



Can a minor invest in SIF?

Minor investors can invest in SIF through a **Guardian (parent/legal)**, in which case all the regulations will apply based on the Guardian's PAN.



What happens if my investment value falls below ₹10 lakhs?

As per clause 21.4.4 of SEBI Master circular for Mutual Funds dated 20<sup>th</sup> March 2026, in case of active breach –

- All the units of the investor held across all SIF Investment strategies has to be frozen for debit/redemption.
- Notice of 30 calendar days must be given to such an investor to rebalance the Investments to comply with the Minimum Threshold Amount.

**a.** If the investor is able to rebalance his investment in SIF within 30 calendar days' notice period, the units of such an investor will be unfrozen, and no further actions will be taken.

**b.** If the investor fails to rebalance the investment within the 30 calendar days period, the frozen unit shall be automatically redeemed by the AMC at a NAV applicable of the next immediate business day after the 30<sup>th</sup> calendar days' notice period.

For the purpose of SIF, the 'Active Breach' shall mean fall in the aggregate value of an investor's total investment across all investment strategies of SIF, below the Minimum Investment Threshold of INR 10 lakhs, on account of any transactions (i.e. redemption, transfer, sale etc.) initiated by the investor.

Passive breach (due to marked to market): You may only redeem the entire remaining amount; no partial redemptions allowed.



What happens if an Accredited Investor's certification expires and AUM across all strategies is less than 10 lakhs?

If the investors request for a partial redemption, then it will not be allowed as investors must opt for full redemption only.

•All inflows will continue (additional purchase, switch-in, STP-in etc)

•All partial redemptions will be rejected (partial redemption, partial switch out and STP outs)

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### Your Guide to Specialised Investment Fund

#### SIP & Transactions



Can the ₹10 lakh threshold be fulfilled via SIPs or other systematic plans?

No. The initial investment amount should be the minimum investment criteria of Rs. 10 Lakhs. For 1st time SIF investment, along with lumpsum, investors will also have the option to initiate lumpsum + SIP, where the lumpsum has to be Rs. 10 Lakhs along with SIP of the minimum amount specified in the Fund ISID.

Post the criteria fulfillment, Systematic Investment Plan (SIP), Systematic Transfer Plan (STP), and Systematic Withdrawal Plan (SWP) are allowed under SIF, provided the aggregate investment across all strategies remains ₹10 lakhs.



What is the minimum SIP amount required for investment?

The minimum SIP investment amount in Arthaya Equity Long Short Fund is ₹10,000, and in multiples of Re. 1 thereafter [Minimum 6 instalments].



What are the SIP frequency options available for investment?

Investors can choose to invest through SIP on a monthly frequency basis in Arthaya Equity Long Short Fund. The frequencies differ from fund to fund, one can refer the fund's ISID for the same.



Is switching allowed between MF and SIF?

No, presently switching from MF investments to SIF investment strategy and vice-versa is not allowed.



If Switch transaction is not allowed between MF & SIF, would STP be considered?

STP will only be considered within different investment strategies of the same SIF fund.



Can SIF transactions be allowed through DEMAT mode?

Yes. Investors can opt for units in Demat Mode.



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### Your **FAQ** Guide to Specialised Investment Fund

#### Operations: Folio, KYC, NAV & Redemptions

Do existing MF investors need a new folio for SIF?

Yes. A separate folio must be created for SIF, even if the investor already holds an MF folio with the AMC.

Can MF investor data be used for SIF folio creation?

Yes, with investor consent, MF data can be reused to set up a new SIF folio.

Can KYC/AML/FATCA be shared between MF and SIF?

Yes. These details can be shared since they are PAN-based.

What is the frequency of NAV?

The SEBI Master circular dated March 20<sup>th</sup> 2026 has not prescribed any frequency for NAV however it will depend on the structure of the investment strategy and the redemption intervals as prescribed.

**01** For Equity Oriented Investment Strategy – While the purchase can be daily, the redemption frequency is 'Daily or lesser' and hence a NAV daily frequency will be optimal.

For Hybrid and Debt Oriented Investment strategies, while the purchase can be daily, the redemption frequency can be either daily, weekly, fortnightly, monthly, quarterly, half-yearly, yearly or other suitable intervals. As mentioned in SEBI Master Circular para 21.7.1. (b), the illustration states that 'An investment strategy may permit daily subscriptions while offering weekly redemptions'. Based on the above analogy, AMC may opt for either daily NAV or as per the frequency of redemption opted by AMC.

**02**

Please refer to the ISID of the fund to know the exact details on the purchase and redemption frequencies and details of NAV disclosure, as this may vary from fund to fund.

What is the cut-off timing for receipt of SIF applications?

Cut-off timing is not mentioned in the SEBI Master Circular dated March, 20<sup>th</sup> 2026 however it will follow the same cut-off timing as of MF schemes for respective asset class (Non-Liquid –as the investment strategies are Equity, Debt and Hybrid)

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### Operations: Folio, KYC, NAV & Redemptions



Will lien/pledge of SIF units under LAMF be available on online platforms?

Yes, it will be available for lien under LAMF.



Can AMCs impose a notice period for redemptions?

Yes. AMCs may impose a notice period of up to 15 working days for redemptions, depending on the structure of the investment strategy and liquidity risk associated with it.

### Key Points:

- NAV applicable will be based on the end of the notice period.
- The notice period must be disclosed in the offer document.

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### Distributor & RIA Certifications



Is NISM XIII certification mandatory for distributors selling SIF?

Yes, as per clause 21.10.1 of SEBI Master circular for Mutual Funds dated March 20, 2026, any entity engaged in sale and/or distribution of MF products shall also be eligible to offer products under the SIF subject to such entity having passed NISM Series XIII: Common Derivatives Examination.

This implies that any ARN or EUIN holder attached to the ARN must be NISM Series VA certified and NISM Series XIII certified to engage in sale and/or distribution of SIF.



What will happen if ARN is not empaneled with AMC?

The investment strategy plan for such transaction will be moved to DIRECT and not rejected.



Whether an ARN already empaneled with AMC for MF needs to be separately empaneled for SIF too?

No separate empanelment is required, however only NISM XIII certification holders will be eligible for SIF distribution and should have completed registration with AMFI for SIF.



What will happen if the investment is received by non NISM XIII certified distributor?

If the investment is received through physical mode, it will be converted to direct. However, it will be rejected if received through digital or exchange mode in case the distributor is not NISM XIII certified.



# YOU DON'T PREDICT THE TERRAIN. YOU PREPARE FOR IT.

Similarly, the market isn't an ally or an enemy. It's terrain

A true strategy doesn't wait for smooth roads, it is designed with an aim to endure every turn.



& that way, every move can potentially be turned into an opportunity.



Arthaya SIF  
BY UNION MUTUAL FUND

## Arthaya Equity Long Short Fund

(An open-ended equity investment strategy investing in listed equity and equity related instruments including limited short exposure in equity through derivative Instruments.)

This product is suitable for investors who are seeking*:	Risk-band*	Benchmark Risk-band* [Nifty 200 (TRI) Index]^
<ul style="list-style-type: none"> <li>To generate long-term capital appreciation by investing in a diversified portfolio of equity and equity-related instruments while employing limited short exposure through derivatives to enhance returns and manage risk efficiently.</li> </ul>	 <p>Risk band Level 5</p>	 <p>Risk band Level 5 NIFTY 200 Total Return Index (TRI)</p>

\*The Risk Band has been as specified by AMFI.

\*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.

**Note: The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the characteristics of the investment strategy or model portfolio and the same may vary post NFO when the actual investments are made.**

**^Benchmark NIFTY 200 Index disclaimer:** The "Product" offered by "the issuer" is not sponsored, endorsed, sold or promoted by NSE Indices Limited (formerly known as India Index Services & Products Limited). NSE Indices Limited does not make any representation or warranty, express or implied (including warranties of merchantability or fitness for particular purpose or use) and disclaims all liability to the owners of "the Product" or any member of the public regarding the advisability of investing in securities generally or in the "the Product" linked to NIFTY 200 Index or particularly in the ability of the NIFTY 200 Index, to track general stock market performance in India. Please read the full Disclaimers in relation to the NIFTY 200 Index in the Scheme Information Document.

**Union Mutual Fund**

Registration No. MF/066/11/01

**Investments in Specialized Investment Funds involves relatively higher risk including potential capital loss, liquidity risk and market volatility. Please read all investment strategy related documents carefully before making the investment decision.**

