

FAQs for Specialized Investment Funds

Part A – For Investors

Issued on September 22, 2026

DISCLAIMER • This is not a legal document. • These FAQs are prepared with a view to guide SIF investors on investments in investment strategies of SIFs. For full particulars of laws governing the SIFs, please refer to the Acts/Regulations/Guidelines/Circulars etc. appearing under the Legal tab of SEBI website i.e. www.sebi.gov.in

- The contents of these FAQs are updated as on September 21, 2026.*

Frequently Asked Questions on Specialized Investment Funds (SIFs)

A. FAQs for Investors

1. Understanding SIFs

A1. What is a Specialized Investment Fund (SIF)?

SIF is a mutual fund product permitted under the SEBI (Mutual Funds) Regulations, 2026 to offer advanced investment strategies with greater portfolio flexibility, including limited unhedged short exposure through derivatives. It is intended to bridge the gap between regular mutual fund schemes and Portfolio Management Services (PMS).

A2. How is a SIF different from a regular mutual fund schemes or PMS?

SIF operates within the mutual fund framework, but may use more complex investment strategies and therefore carries relatively higher risk. Unlike PMS, investors in a SIF hold units of a pooled investment strategy and do not receive an individually managed portfolio. A SIF also has a minimum aggregate investment threshold of ₹10 lakhs at the PAN level.

A3. Who should consider investing in a SIF?

A SIF may be suitable for relatively informed investors who understand market, liquidity, and derivatives-related risks, can tolerate potential loss of capital, and are comfortable with the applicable investment and redemption terms.

A4. What are the key risks of investing in a SIF?

The nature and degree of risk depends on the investment strategy. Key risks may include:

- market and volatility risk, including the possibility of loss of capital,
- liquidity risk arising from less frequent redemption windows or a notice period,
- derivatives, short-position, basis and counterparty risks, and
- concentration, credit or interest-rate risk, depending on the portfolio.

A5. What should an investor read before investing in a SIF?

Investors should read the Investment Strategy Information Document (ISID), Key Information Memorandum (KIM) and Statement of Additional Information (SAI) before investing in an Investment Strategy of SIF. Particular attention should be paid to the investment objective, asset

allocation, derivatives exposure, Risk-band, scenario analysis, subscription and redemption frequency, notice period, fees, expenses and exit load, if any.

2. Eligibility and minimum investment threshold

A6. What is the minimum investment requirement for a SIF?

An investor must maintain an aggregate investment value of at least ₹10 lakhs, calculated at the PAN level across all investment strategies offered by a particular SIF. Investments in regular mutual fund schemes, including schemes of the same AMC, are not counted towards this threshold.

A7. Whether the ₹10 lakh minimum investment threshold apply to an Accredited Investor?

No. An accredited investor is exempted from the ₹10 lakh minimum investment threshold.

A8. How is the minimum investment threshold applied to a joint holding?

For a joint folio, eligibility and the minimum investment threshold are assessed with reference to the PAN of the first holder (principal investor).

A9. Whether an investor can submit multiple transactions on the same day to meet the ₹10 lakh threshold?

Yes. Multiple transactions under the same PAN may be aggregated to meet the threshold, provided they are submitted within the applicable cut-off time and the corresponding funds are successfully credited as required. If a transaction fails and the aggregate investment remains below ₹10 lakhs, the linked transactions may be rejected.

A10. What happens if the investment falls below ₹10 lakhs because of an investor-initiated transaction (active breach)?

An active breach occurs when an investor-initiated transaction, such as a redemption, sale, transfer or off-market transfer, causes the aggregate value across the concerned SIF to fall below ₹10 lakhs.

In such a case:

- all units held by the investor across the investment strategies of that SIF will be frozen for debit,
- the investor will receive 30 calendar days to restore the minimum threshold,
- the units will be unfrozen if the threshold is restored within that period, and

- if the threshold is not restored, the frozen units will be automatically redeemed at the NAV applicable on the next business day after the 30th calendar day.

For unit held in Statement of Account (SoA) mode, a redemption request that would reduce the balance below ₹10 lakhs may be rejected to prevent an active breach.

A11. What happens if the investment falls below ₹10 lakhs only because of a decline in NAV (passive breach)?

A fall caused solely by market movement or a decline in NAV is a passive breach and does not trigger compulsory redemption. The investor may continue to hold the investment. However, while the value remains below ₹10 lakhs, the investor may redeem only the entire remaining investment from that SIF i.e. the partial redemption would not be permitted.

3. Transactions, NAV and liquidity

A12. What types of transactions may be carried out in a SIF?

A SIF may offer subscriptions, redemptions, switches between its investment strategies where permitted, Systematic Investment Plans (SIPs), Systematic Transfer Plans (STPs), Systematic Withdrawal Plans (SWPs). Availability is subject to the ISID, the facilities offered by the AMC and compliance with the minimum investment threshold.

A13. Whether SIP, STP and SWP facilities can be offered under a SIF?

Yes. An AMC can offer SIP, STP and SWP facilities for a SIF investment strategy, subject to the features, frequency and limits specified in the relevant ISID.

A14. What cut-off timings and NAV rules apply to SIF transactions?

The same cut-off and NAV applicability rules as prescribed for equity/debt/hybrid oriented mutual funds will apply, unless otherwise specified, for equity/debt/hybrid investment strategy.

A15. How frequently can an investor redeem units of a SIF investment strategy?

The redemption frequency for a SIF investment strategy is determined by the AMC within the applicable regulatory framework and is disclosed in the ISID.

- Equity-oriented investment strategies may offer daily redemptions.
- Debt-oriented investment strategies cannot offer daily redemptions; the minimum permitted redemption frequency is once a week.
- Hybrid investment strategies also cannot offer daily redemptions; the minimum permitted redemption frequency is twice a week.

AMCs may choose to offer a lower redemption frequency than the prescribed minimum, such as once every two weeks, monthly, or at other longer intervals, as specified in the ISID.

A16. Can the redemption frequency of an Equity Oriented Investment Strategy be less frequent than daily?

Yes. Although equity-oriented investment strategies may offer daily redemptions, they can also provide redemptions at longer intervals, such as weekly, monthly, or other periodic frequencies, as specified by the AMC and disclosed in the ISID.

A17. Can a SIF prescribe a notice period for redemption?

Yes. Depending on the structure and liquidity risk of the strategy, the AMC may prescribe a redemption notice period of up to maximum of 15 working days. The redemption value will be based on the NAV at the end of the notice period, as disclosed in the ISID.

A18. How does the notice period for redemption under an SIF investment strategy operate?

Investors can submit redemption requests only during the notice period stated in the ISID. Requests received within that period and before the applicable cut-off time are processed at the NAV applicable on the specified redemption date or frequency disclosed in the offer document. Requests received outside the notice period may be rejected.

***Example:** If a Hybrid Long-Short Fund permits redemption on the 30th of each month and accepts requests from the 15th to the 20th, an investor should submit the request during that window. The request should be processed at the NAV applicable on the 30th, or on the relevant business day wherever required.*

A19. Whether units of a SIF investment strategy are required to be listed on a stock exchange?

Units of all close-ended and interval SIF investment strategies should be listed on one or more recognized stock exchanges.

A20. Is there a uniform lock-in period for SIF investments?

No uniform lock-in applies to every SIF. Any lock-in, maturity period, exit load or other restriction will depend on the investment strategy and must be disclosed in the ISID.

A21. Can an investor transact in a SIF through both online and offline modes?

Yes. Investments can be made through both online and offline modes, subject to the facilities offered by the AMC.

4. Investor records, disclosures and tax

A22. Whether Know Your Client (KYC) and other onboarding requirements apply to a SIF investor?

KYC, PAN, bank-account validation, nomination, FATCA/CRS and other applicable onboarding requirements, as applicable for mutual fund investors, also apply to SIF investors, unless specifically provided otherwise.

A23. Whether SIF investments are maintained separately from regular mutual fund investments?

Yes. As SIFs have a distinct identity, its investment strategies are maintained separately from regular mutual fund schemes. An investor's holdings in regular mutual fund schemes are therefore not included when checking the ₹10 lakh SIF threshold.

A24. What risk indicator applies to a SIF investment strategy?

Each SIF investment strategy carries a pictorial five-level Risk-band, ranging from level 1 (lowest risk) to level 5 (highest risk). Investors should carefully read ISID before investing.

A25. How frequently is NAV calculated for a SIF investment strategy?

NAV is calculated on a daily basis.

A26. What portfolio and other disclosures are available for a SIF?

The SIF is required to disclose the portfolio of each investment strategy, including derivative positions, as at the end of every alternate month - May, July, September, November, January and March. Such disclosures are also made available on the AMC's and AMFI's websites within 10 calendar days after the end of the relevant month.

A27. Whether SIF holdings and transactions appear in the Consolidated Account Statement (CAS)?

Yes. SIF holdings and transactions are reflected in the CAS and other applicable investor statements.

A28. What is the tax treatment of an investment in a SIF?

Tax treatment depends on the nature and classification of the investment strategy and the income-tax law in force at the relevant time.