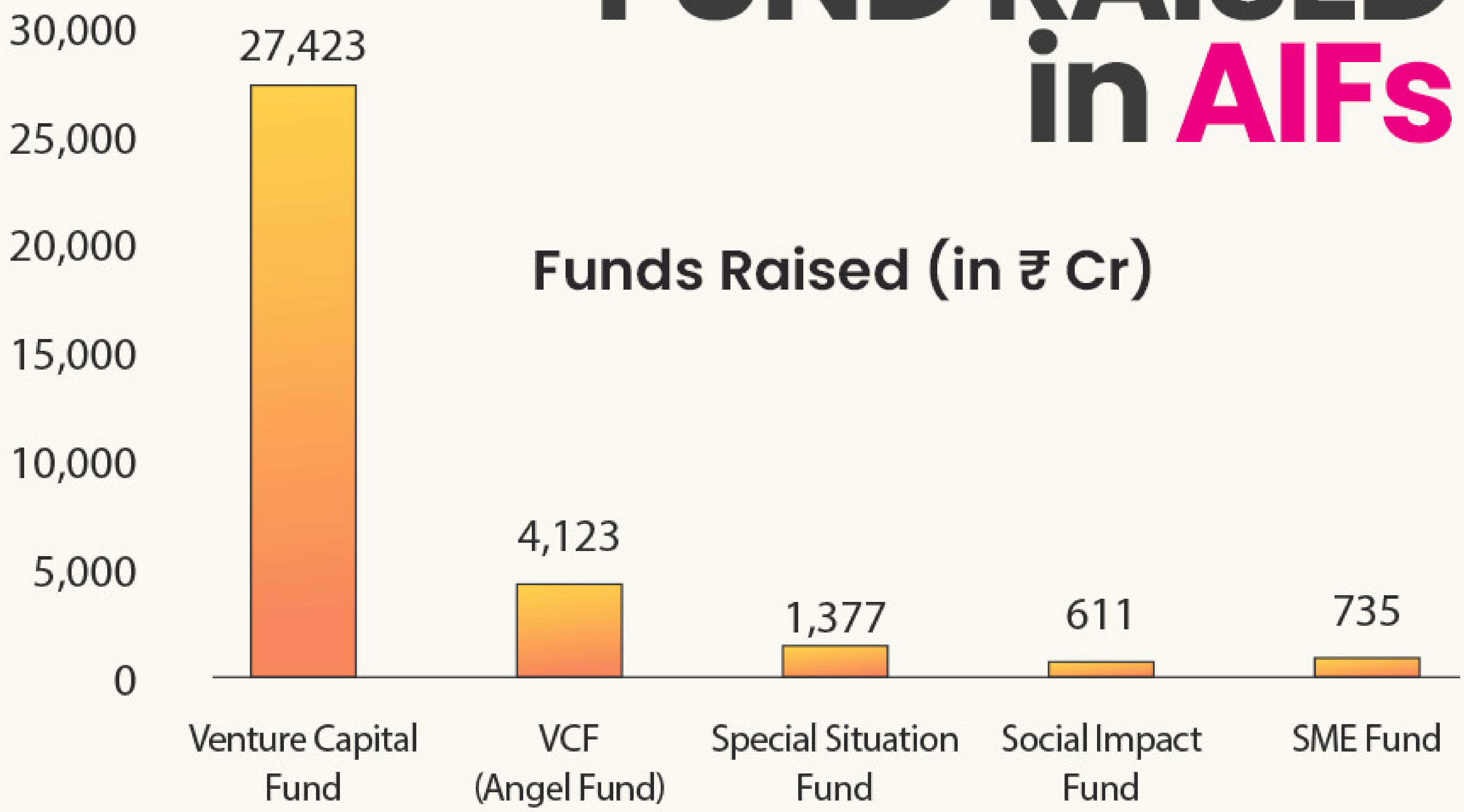
UNDERSTANDING

MUTUAL FUNDS AND AIFs

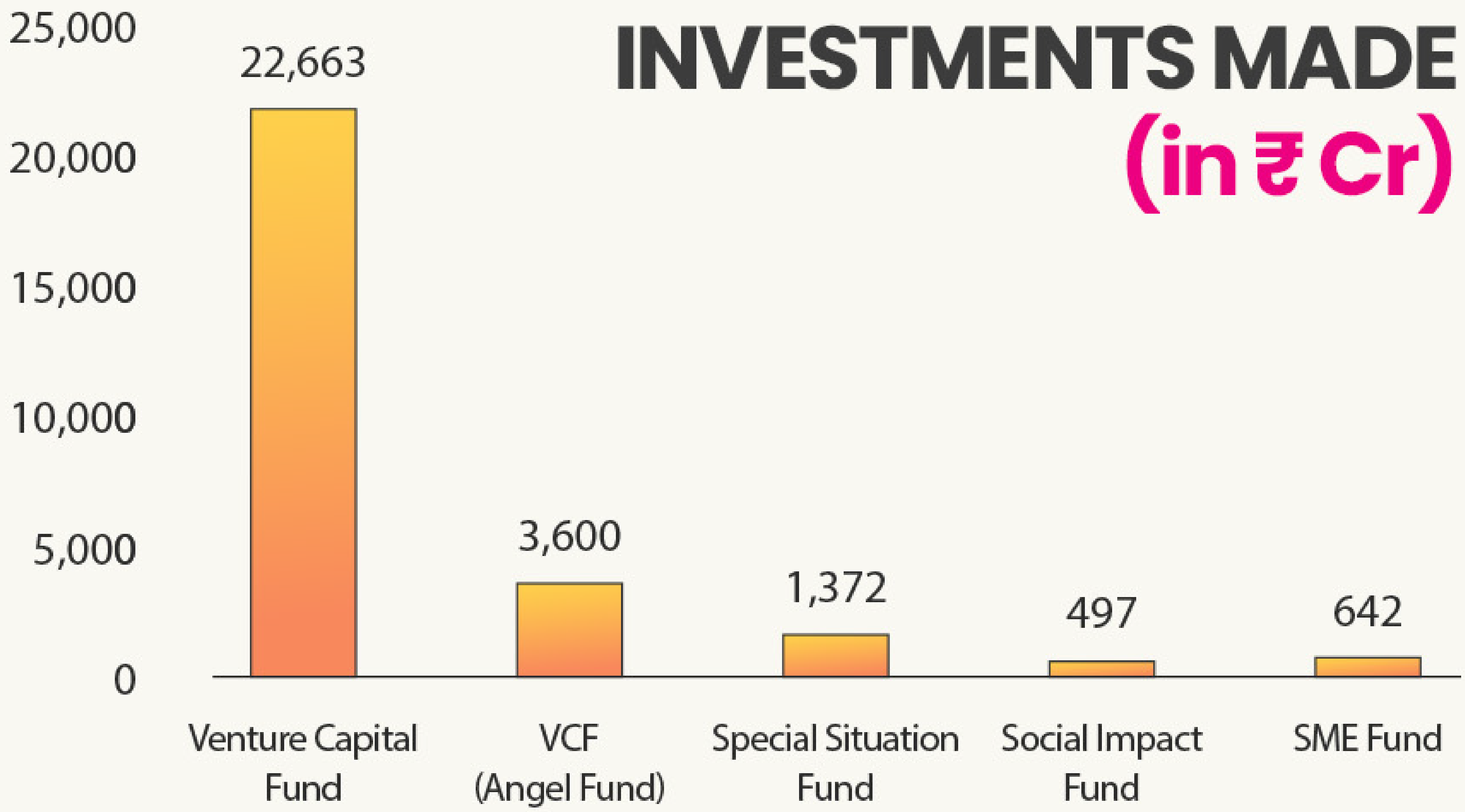
Mutual Funds	Basis	AIF
Pooled investment vehicles	**Meaning**	Privately pooled investment vehicles
SEBI (Mutual Funds) Regulations, 1996	**Regulation Authorities**	SEBI AIF Regulations,2012
This is as low as ₹500 with SIP	**Minimum Investment**	Minimum investment is ₹1 Cr. For Angel Funds, it is ₹25 lakh.
Retail Investors	**Investor Base**	HNIs, Institutional Investors, Family Offices
High, across various asset classes	**Diversification**	Focused, often Sector specific
High risk with daily NAV & Redemption	**Risk & Liquidity**	Moderate, typically Close ended with a lock-in period

Mutual Funds	Basis	AIF
Mutual Funds generally charge management fees based on AUM	**Fee Structure**	AIFs typically follow a performance based fee structure
Mutual funds must keep 95% of their funds invested in stock market instruments, hence cannot hold cash	**Investment Restriction**	AIFs have no such restrictions, providing fund managers with more flexibility to hold cash or invest in various funds
Restricted to investing primarily in listed companies on the mainboard, such as large-cap, small-cap, and micro cap stocks	**Investment Scope**	AIFs offer broader investment opportunities, investing in startups, SMEs, real estate, social impact funds, and even complex investments like F&O
In mutual funds, there is no specific hurdle rate; it depends on the investment objective	**Hurdle Rate**	There are specific hurdle rates, often between 6-12%. As Warren Buffet and Mohnish Pabrai have a 6% hurdle rate, Most of Funds have 8-10% hurdle rate and few aggressive funds go up to 12%
There is no profit-sharing model in Mutual Funds	**Profit sharing**	AIFs usually follow an 80:20 profit sharing rule, where 80% of profits go to investors and 20% to the fund managers
Foreign investments are harder to do, as it requires more regulatory licenses(FPI)	**Foreign Investments**	AIFs have more relaxed foreign investments. A significant portion of investments in AIFs come from foreign investors

FUND RAISED in AIFs



INVESTMENTS MADE (in ₹ Cr)



Category I AIF	Fund raised from Domestic Investors (in ₹ Cr)
Venture Capital Fund	17,584
VCF (Angel Fund)	3,329
Special Situation Fund	1,209
Infrastructure Fund	7,059
SME Fund	256

Cumulative net investment made in listed and unlisted securities

Category I AIF	Total Investments in Listed Securities (in ₹ Cr)	Total Investments in Unlisted Securities ((in ₹ Cr)
Venture Capital Fund	1,969	18,492
VCF (Angel Fund)	5	2,701
SME Fund	24	219

Just as AIF Category I focuses on sectors with long-term growth potential, other investment vehicles also seek to channel capital into emerging and fast-growing companies. Funds like **Planify VentureX Fund** are designed with a similar objective to provide investors with access to high-growth businesses in SME that may not be available through traditional public markets

Follow us for more content.

www.planify.in

Download on the App Store

GET IT ON Google Play