Q1

With reference to investments, consider the following: I. Bonds II. Hedge Funds III. Stocks IV. Venture Capital How many of the above are treated as Alternative Investment Funds? (a) Only one (b) Only two (c) Only three (d) All the four Official key: B.

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Explanation

(a)

Only one. Two AIF classes are in the list.

(b) Official key

Only two. II Hedge funds and IV Venture capital are AIF categories (SEBI AIF Regulations, 2012 - Cat III and Cat I neighbourhood). I Bonds and III Stocks are mainstream listed/unlisted securities, not AIFs as a class.

(c)

Only three. Would need bonds or stocks to be AIFs. They are not.

(d)

All four. Bonds and stocks fail.

Summary

Official key is (b) only two. Hedge funds and venture capital are Alternative Investment Funds under SEBI. Listed stocks and ordinary bonds are standard securities, not AIFs. (a) under-counts; (c)(d) pull in stocks or bonds.

Related possible facts

These can be asked in a future Prelims paper.

SEBI (AIF) Regulations, 2012
Privately pooled funds. Category I (VC, SME, infra, social), II (PE, debt), III (hedge, listed-oriented).

Category I AIF
Venture capital, angel, infrastructure, social venture - close to Statement IV.

Category III AIF
Hedge-fund style, often using leverage and listed derivatives - Statement II.

Mutual fund vs AIF

Mutual funds are a different SEBI chapter. Do not call a diversified equity MF an AIF.

Portfolio Management Service (PMS)

Another privately tailored product, not an AIF.