

Annexure 1C – Standardized Framework for Fund of Fund (FoF) Schemes

Applicability- The captioned framework is applicable for all Fund of Fund Schemes having more than one underlying funds.

CATEGORISATION OF FUND OF FUND SCHEMES (with multiple underlying Funds)

AMCs may launch FOFs with multiple underlying funds under the following broad categories:

S.no.	Category of FOF	Sub-Category	Description
1.	Equity oriented FOF (Domestic)	Diversified FOF	FOFs that invests in schemes which are based on varied market caps e.g. large-cap, mid-cap, Nifty 100, Nifty 50 etc are allowed under this sub-category and these underlying schemes should not be based on factors like momentum, volatility, etc.
		Sectoral /Thematic FOF	FoF based on • a single sector; or • a single theme; or • Multi-sector.
2.	Debt oriented FOF (Domestic)		These FoFs shall invest in domestic debt oriented MF schemes based on • different categories of debt schemes as per Paragraph 3.8 of this Master Circular. • a single category of debt schemes as per Paragraph 3.8 of this Master Circular on Mutual Fund.
3.	Hybrid FoF(Domestic)	Aggressive Hybrid FoF	Investment in underlying Equity oriented schemes- 65% to 80%; Investment in underlying Debt oriented schemes - 20% to 35%.
		Conservative Hybrid FoF	Investment in underlying Equity oriented schemes- 10% to 25%; Investment in underlying Debt oriented schemes - 75% to 90%.
		Income plus Arbitrage FOF	Investment in underlying Debt oriented schemes – up to 65%. Balance investment in only arbitrage based underlying schemes.

		Dynamic Asset Allocation FoF	Investment in equity / debt oriented schemes that are managed dynamically
		Multi Asset Allocation FoF	Investment in Equity oriented schemes, Debt oriented schemes + Commodity based schemes* (and any other asset class based scheme as permissible by SEBI from time to time), subject to minimum investment of 10% in each of the three categories of schemes. *currently only gold and silver based passive schemes are allowed to be launched under commodity based schemes.
4.	Commodity based FoF(Domestic)		Investment in commodity funds which invest in Gold and/or Silver or any other commodity that may be permitted by SEBI from time to time.
5.	Overseas FoF¹	Equity oriented FOF (Overseas)	
		Country specific Equity FoF	FOFs investing in overseas equity oriented schemes that provides exposure to the equity markets of a particular country
		Thematic/Sector based Equity FoF	FOFs investing in overseas equity oriented schemes that are based on a single theme/sector
		Region specific Equity FoF²	FOFs investing in overseas equity oriented schemes that provides exposure to the equity markets of a particular region
		Debt oriented FOF (Overseas)	
		Country specific Debt FoF	FOFs investing in overseas debt oriented schemes that provides exposure to the debt markets of a particular country
		Region specific Debt FoF²	FOFs investing in overseas debt oriented schemes that provides exposure to the debt markets of a particular region
6.	Domestic and Overseas FOF¹	Diversified Equity FOF	FOFs investing in domestic and overseas equity oriented schemes which should not be based on the factors like momentum, quality, etc. Minimum investment in underlying domestic and overseas schemes should be at least 35% each.

		Sectoral /Thematic based Equity FOF	FoF investing in domestic and overseas equity schemes based on • a single sector; or • a single theme; or • Multi-sector. Minimum investment in underlying domestic and overseas schemes should be at least 35% each.
		Debt oriented FOF	FOFs investing in domestic and overseas debt oriented schemes. Minimum investment in underlying domestic and overseas schemes should be at least 35% each.

Note:

1. W.r.t Overseas FoFs, the AMC to take into account certain parameters such as liquidity in such overseas funds, a certain threshold of collective AUM following the overseas indices of such overseas funds, compliance of such indices with portfolio concentration norms for passive indices etc.
2. List of regions for launch of Region specific FOFs is placed at [Annexure 1C\(i\)](#). Further, AMFI in consultation with SEBI may define additional list of “regions” for Region specific FOFs.
3. Minimum investment in FOF schemes -95% of total assets (in line with the categorisation circular). AMC has to ensure that the remaining portion of the investment shall not be in contrast to the strategy of the scheme.
4. AMCs shall ensure that only those underlying overseas schemes are selected which have exposure in securities as defined under Securities Contract (Regulation) Act, 1956 and other applicable regulations/guidelines.

The AMC may launch schemes in each of the above mentioned categories of FoFs with multiple underlying under the following three options:

- a) **Active option-** FOFs investing in multiple active funds.
- b) **Passive option-** FOFs investing in multiple passive funds.
- c) **Active and passive option -** FOFs investing in multiple active and passive funds.

Benchmark

List of appropriate benchmarks that could be used by Mutual funds for the respective category of FOF schemes is placed at [Annexure 1C\(ii\)](#).

Nomenclature of FOF Schemes

The nomenclature of FOF schemes for each category of FOF schemes is placed at [Annexure 1C\(iii\)](#).

Number of FoFs permitted to be launched by an AMC

Number of FoF schemes permitted to the Mutual funds under above-mentioned categories of FOF schemes is placed at [Annexure 1C\(iv\)](#).

If the number of existing FoF schemes of a Mutual fund under any particular category is more than the number of FoFs permitted under the particular sub-category of FoF as mentioned at [Annexure 1C\(iv\)](#), such FoFs will be grandfathered. However, Mutual fund will not be allowed to launch more FoFs under that particular sub-category.

Re-categorisation of Existing FOF Schemes

Mutual funds are required to ensure that all the FoFs shall comply with the aforesaid requirements. Further, in case the number of existing FoFs of an AMC under any particular category/sub-category is greater than or equal to the number of FoFs permitted under that category/sub-category as mentioned in [Annexure 1C\(iii\)](#):

- a) The AMC may merge the existing FoF schemes falling under a category/sub-category to reduce the number of FoFs under that category/sub-category in compliance with relevant MF Regulations/ Circulars issued thereunder;
- b) If the AMC is somehow not able to merge existing FoFs falling under a category/sub-category due to scheme features, investment objective, etc., then such existing FoF schemes may be grandfathered from the requirement of restricted number of FOFs in particular category/sub-category based on request and rationale received from the concerned AMC. Further AMCs while making the request for grandfathering for overseas FOF category of schemes may also include distinct terminology in the scheme name for the purpose of providing more clarity to the unitholders, such distinct term may include US Treasury 1-3 year, NASDAQ, etc.

Annexure 1C(i) – Name of Regions

Sr.No.	Name of Regions
1	ASEAN
2	Europe
3	Asia
4	Asia Pacific
5	Africa
6	Middle East
7	North America
8	South America
9	Oceania/Australia

Annexure 1C(ii) – Benchmark for FOFs

S.No.	Type of FoF		Benchmark to be used
1	Equity oriented FOF (Domestic)	NIFTY 500 TRI or S&P BSE 500 TRI or Tier 1 Benchmark for closely related to the Theme/factor	
2	Debt oriented FOF (Domestic)	NIFTY Composite Debt Index A-III or, CRISIL Dynamic Bond A-III Index or benchmark close to the duration/credit profile	
3	Hybrid FOF(Domestic)	Aggressive Hybrid FoF	Tier 1 Benchmark – Hybrid category
		Conservative Hybrid FoF	
		Dynamic Asset Allocation FoF	
		Income Plus Arbitrage FOF	Policy framework for Composition of Benchmark of Income Plus Arbitrage FoF 1. The benchmark should represent both debt and arbitrage schemes , in line with the weights under asset allocation of the schemes. 2. Additionally, the weightages of these benchmarks should be at least the minimum of the asset allocation range of that particular asset class. 3. AMCs are advised to use an appropriate combination of the broad indices that represent each asset class as mentioned below: Broad Fixed Income Indices NIFTY Short Duration Debt Index NIFTY Composite Debt Index CRISIL Short Term Bond Fund Index CRISIL 10 year Gilt Index CRISIL Composite Bond Fund Index Arbitrage Fund Indices NIFTY 50 Arbitrage CRISIL Arbitrage Index

			4. Additionally, AMCs need to ensure the following requirements: a) While constructing the benchmark for a Income plus arbitrage FOF scheme, once a benchmark index is selected for underluing debt and arbitrage schemes the same should not be changed. For example – if for debt schemes, NIFTY Short Duration Debt Index is chosen, it should not be changed on an ad-hoc basis by the AMC and may be changed only after following a due process including prior intimation/ approval of SEBI. b) Likewise, once weights for underlying debt and arbitrage schemes for constructing the benchmark is decided by an AMC, the AMC may not change the weights without following due process including prior intimation/ approval of SEBI. c) The weights of underluing debt and arbitrage schemes in the benchmark may be allotted suitably based on Scheme Information Document/ Investment Pattern of Scheme. For example, it should not happen that while the actual investment in debt by the scheme is generally 10%, the benchmark weight for the debt index is 50%. d) Further, the respective benchmark to be used for underluing debt and arbitrage schemes should be only from the aforesaid limited set of Indices mentioned hereinabove.
		Multi Asset Allocation FoF	Multi Asset- As per the policy framework for composition of benchmark of multi asset allocation fund category
4	Commodity based FoF(Domestic)	Gold + Silver (or any other allowed Commodities) Weightages of these benchmarks should be at least the minimum of the investment range of that particular underlying fund.	
5	Overseas FOF	Benchmark of the underlying overseas MF schemes or broad market benchmark or weightages of these benchmarks should be at least the minimum of the investment range/duration/credit profile of that particular overseas underlying fund as per the SID.	
6	Domestic and Overseas FOF	Benchmark of the underlying overseas MF schemes or broad market benchmark or weightages of these benchmarks should be at least the minimum of the investment range/duration/credit profile of that particular overseas underlying fund as per the SID.	

Annexure 1C(iii) – Nomenclature for FOFs

S. No.	FoF	Available Proposed Name		
		Active option	Passive option	Active and Passive option
1	Equity oriented FOF(Domestic)			
	· Diversified FOF	<<Name of Mutual Fund>> Diversified Equity <<Distinct Keyword>> Active FOF If the investment in the underlying schemes is across upto 2 caps i.e. large +midcap or flexicap+multicap, then name of the underlying caps i.e. large +midcap or flexicap+multicap will be used. However, if the investment in the underlying schemes is across more than 2 caps than the word "all cap" will be used.	<<Name of Mutual Fund>>Diversified Equity <<Distinct Keyword>> Passive FOF	<<Name of Mutual Fund>> Diversified Equity <<Distinct Keyword>> Omni FOF If the investment in the underlying schemes is across upto 2 caps i.e. large +midcap or flexicap+multicap, then name of the underlying caps i.e. large +midcap or flexicap+multicap will be used. However, if the investment in the underlying schemes is across more than 2 caps than the word "all cap" will be used.
	· Sectoral /Thematic FOF	<<Name of Mutual Fund>> <<name of sector/theme/multi sector>> Active FOF	<<Name of Mutual Fund>> <<name of sector/theme/multi sector>> Passive FOF	<<Name of Mutual Fund>> <<name of sector/theme/multi sector>> Omni FOF
2	Debt oriented FOF(Domestic)	<i>Based on single debt category</i> - <<Name of Mutual Fund>> <<name of category of debt fund>> Active FOF or <i>Based on diversified debt category</i> - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>>Active FOF For Example : Distinct Keyword could be ' Short Duration + Credit Risk', 'Overnight+Liquid', etc.	<i>Based on single debt category</i> - <<Name of Mutual Fund>> <<name of category of debt fund>>Passive FOF or <i>Based on diversified debt category</i> - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>> Passive FOF	<i>Based on single debt category</i> - <<Name of Mutual Fund>> <<name of category of debt fund>> Omni FOF or <i>Based on diversified debt category</i> - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>>Omni FOF For Example : Distinct Keyword could be ' Short Duration + Credit Risk', 'Overnight+Liquid', etc.
3	Hybrid FoF(Domestic)			
	· Aggressive Hybrid	<<Name of Mutual Fund>> <<Aggressive Hybrid>> Active FOF	<<Name of Mutual Fund>> <<Aggressive Hybrid>> Passive FOF	<<Name of Mutual Fund>> <<Aggressive Hybrid>> Omni FOF
	· Conservative Hybrid	<<Name of Mutual Fund>><<Conservative Hybrid>> Active FOF	<<Name of Mutual Fund>><<Conservative Hybrid>> Passive FOF	<<Name of Mutual Fund>><<Conservative Hybrid>>Omni FOF
	· Dynamic Asset Allocation	<<Name of Mutual Fund>> <<Dynamic Asset Allocation>> Active FOF	<<Name of Mutual Fund>> <<Dynamic Asset Allocation>> Passive FOF	<<Name of Mutual Fund>> <<Dynamic Asset Allocation>> Omni FOF
	· Income plus Arbitrage	<<Name of Mutual Fund>> <<Income plus Arbitrage>> Active FOF	<<Name of Mutual Fund>> <<Income plus Arbitrage>> Passive FOF	<<Name of Mutual Fund>> <<Income plus Arbitrage>>Omni FOF
	· Multi – Asset	<<Name of Mutual Fund>> <<Multi – Asset>> Active FOF	<<Name of Mutual Fund>> <<Multi – Asset>> Pssive FOF	<<Name of Mutual Fund>> <<Multi – Asset>> Omni FOF
4	Commodity based FoF(Domestic)	-	<<Name of Mutual Fund>> <<Name of commodity/commodities>> Passive FOF	-
5	Overseas FoF			

	· Country specific Equity FoF	<<Name of Mutual Fund>> <<name of country>> specific Equity Active FOF	<<Name of Mutual Fund>> <<name of country>> specific equity Passive FOF	<<Name of Mutual Fund>> <<name of country>> specific Equity Omni FOF
	· Thematic/Sector based Equity FoF	<<Name of Mutual Fund>> <<name of theme/sector>> overseas Equity Active FOF	<<Name of Mutual Fund>> <<name of theme/sector>> overseas Equity Passive FOF	<<Name of Mutual Fund>> <<name of theme/sector>> overseas Equity Omni FOF
	· Region specific Equity FoF	<<Name of Mutual Fund>> <<name of region>> specific Equity Active FOF	<<Name of Mutual Fund>> <<name of region>> specific Equity Passive FOF	<<Name of Mutual Fund>> <<name of region>> specific Equity Omni FOF
	· Country specific Debt FoF	<<Name of Mutual Fund>> <<name of country>> specific Debt Active FOF	<<Name of Mutual Fund>> <<name of country>> specific Debt Passive FOF	<<Name of Mutual Fund>> <<name of country>> specific Debt Omni FOF
	· Region specific Debt FoF	<<Name of Mutual Fund>> <<name of region>> specific Debt Active FOF	<<Name of Mutual Fund>> <<name of region>> specific Debt Passive FOF	<<Name of Mutual Fund>> <<name of region>> specific Debt Omni FOF
6	Domestic and overseas FOF			
	· Diversified Equity FOF	<<Name of Mutual Fund>> domestic and overseas diversified equity<<Distinct Keyword>>Active FOF If the investment in the underlying schemes is across upto 2 caps i.e. large +midcap or flexicap+multicap, then name of the underlying caps i.e. large +midcap or flexicap+multicap will be used. However, if the investment in the underlying schemes is across more than 2 caps then the word "all cap" will be used.	<<Name of Mutual Fund>> domestic and overseas diversified equity <<Distinct Keyword>>Passive FOF	<<Name of Mutual Fund>> domestic and overseas diversified equity <<Distinct Keyword>>Omni FOF If the investment in the underlying schemes is across upto 2 caps i.e. large +midcap or flexicap+multicap, then name of the underlying caps i.e. large +midcap or flexicap+multicap will be used. However, if the investment in the underlying schemes is across more than 2 caps then the word "all cap" will be used.
	· Sectoral /Thematic based Equity FOF	<<Name of Mutual Fund>> domestic and overseas <<name of sector/theme/multi sector>> Active FOF	<<Name of Mutual Fund>> domestic and overseas <<name of sector/theme/multi sector>> Passive FOF	<<Name of Mutual Fund>> domestic and overseas <<name of sector/theme/multi sector>> Omni FOF
	Debt oriented FOF	<i>Based on single debt category</i> - <<Name of Mutual Fund>> <<name of category of debt fund>> Active FOF or <i>Based on diversified debt category</i> - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>>Active FOF For Example : Distinct Keyword could be ' Short Duration + Credit Risk', 'Overnight+Liquid', etc.	<i>Based on single debt category</i> - <<Name of Mutual Fund>> <<name of category of debt fund>>Passive FOF or <i>Based on diversified debt category</i> - <<Name of Mutual Fund>> diversified debt <<Distinct Keyword>> Passive FOF	<i>Based on single debt category</i> - <<Name of Mutual Fund>> domestic and overseas<<name of category of debt fund>> Omni FOF or <i>Based on diversified debt category</i> - <<Name of Mutual Fund>> domestic and overseas diversified <<Distinct Keyword>>Omni FOF For Example : Distinct Keyword could be ' Short Duration + Credit Risk', 'Overnight+Liquid', etc.

Annexure 1C(iv) – Number of FOFs permitted to be launched by an AMC

S. No.	FoF	Active option	Passive option	Active and Passive option
1	Equity oriented FOF(Domestic)			
	· Diversified FOF	2	2	2
	· Sectoral /Thematic FOF	Sector / themes- 1 scheme per sector/ theme	Sector / themes- 1 scheme per sector/ theme	Sector / themes- 1 scheme per sector/ theme
		Multi Sector - 1 scheme	Multi Sector- 1 scheme	Multi Sector- 1 scheme
2	Debt oriented FOF(Domestic)	2	2	2
3	Hybrid FoF(Domestic)			
	· Aggressive Hybrid	1	1	1
	· Conservative Hybrid	1	1	1
	· Dynamic Asset Allocation	1	1	1
	· Income plus Arbitrage	1	1	1
	· Multi – Asset	1	1	1
4	Commodity based FoF(Domestic)	N.A	1	N.A
5	Overseas FoF			
	· Country specific Equity FoF	1 scheme per country	1 scheme per country	1 scheme per country
	· Thematic/Sector based Equity FoF	Sector / themes- 1 scheme per sector/ theme	Sector / themes- 1 scheme per sector/ theme	Sector / themes- 1 scheme per sector/ theme

		Multi-Sector- 1 scheme	Multi-Sector- 1 scheme	Multi-Sector- 1 scheme
	· Region specific Equity FoF	1 scheme per region	1 scheme per region	1 scheme per region
	· Country specific Debt FoF	1 scheme per country	1 scheme per country	1 scheme per country
	· Region specific Debt FoF	1 scheme per region	1 scheme per region	1 scheme per region
6	Domestic and overseas FOF			
	· Diversified Equity FOF	2	2	2
	· Sectoral /Thematic based Equity FOF	Sector / themes/multi- sector- 1 scheme per sector/ theme/multi-sector	Sector / themes/multi- sector- 1 scheme per sector/ theme/multi-sector	Sector / themes/multi- sector- 1 scheme per sector/ theme/multi-sector
	· Debt oriented FOF	2	2	2