Dear Investor

In the 10th edition of Asset Insider, we explore Specialized Investment Funds (SIFs), focusing on the Ex-top 100 long-short strategy. We also highlight the recently listed IPO theme through Edelweiss Recently Listed IPO Fund, providing exposure to new-age companies with institutional insights

The Equity Ex-Top 100 Long-Short Fund

The Equity Ex-Top 100 Long-Short Fund is a specialized investment strategy (often structured as a Specialized Investment Fund) that focuses on the mid-and small-cap (SMID) universe.

Core Strategy:

The primary objective is to capture the growth potential of companies ranked outside the top 100 by market capitalization (i.e., mid-caps and small-caps).

Long Exposure: At least 65% of the assets are typically invested in SMID stocks.

Short Exposure: The fund uses derivative instruments (futures and options) to take short positions. This is used to hedge against market downturns or to profit from overvalued stocks.

Top 100 Allocation: A smaller portion (usually up to 35%) may be kept in large-cap stocks or debt for liquidity and stability

Key Objectives:

Volatility Management: SMID stocks are historically more volatile than large-caps. The "long-short" mechanism aims to dampen this volatility, potentially offering a smoother ride during market corrections.

Alpha Generation: By researching less-covered companies in the SMID space, the fund seeks to find "hidden gems" while using shorting to protect the downside.

Key Regulatory Framework

Features	Details
Minimum Investment	10 Lakhs
Benchmark	Nifty 500 TRI or Nifty Midcap 150
Structure	Open-ended, but often carries an exit load
Risk Profile	High, but lower than a pure long-only mid-cap fund because of the hedge

Performance Outlook:

These funds are designed for investors who want mid-cap exposure but are wary of intermittent drawdowns.

Rising Market: May underperform pure mid-cap funds because the short positions (the hedge) act as a drag

Falling/Flat Market: Expected to outperform by limiting losses through the short/derivative component

Taxation:

Because these funds must maintain a minimum of 65% domestic equity exposure, they qualify for equity-oriented taxation.

LTCG Exemption: The first ₹1.25 Lakh of aggregate long-term capital gains across all equity investments in a financial year is tax-free

No Indexation: Indexation benefits are not available for equity-oriented SIFs.

Dividends: If the fund distributes income, it is added to the investor's total income and taxed at their applicable slab rate

Recommendations

SIF Scheme	Inception Date	AUM	NAV	7D	15D	30D	3M
ISIF Equity Ex-Top 100 Long-Short Fund	05-Feb-26	₹1090cr	9.52	-0.76	-0.97	-6.9	-
Qsif Equity Ex-Top 100 Long-Short Fund	12-Nov-25	₹169cr	8.72	-1.35	-1.18	-6.01	-11

Edelweiss Recently Listed IPO Fund

The Edelweiss Recently Listed IPO Fund is positioned to capture this segment by investing in companies that have recently listed or are expected to list in the near future. The strategy aims to provide exposure to businesses during their early years in the public markets, a phase often characterized by evolving price discovery, improving visibility, and potential re-rating.

What Makes This Fund Structurally Different?

Focus on Early Lifecycle of Companies

- One of the key differentiators is the fund's emphasis on companies in their initial phase of being publicly listed. This stage often presents:
- Limited analyst coverage
- Gradual institutional participation
- Potential for valuation discovery

Such conditions can create opportunities as companies transition from private to widely tracked public entities.

Access to IPO Opportunities in a Structured Format

Retail investors often face challenges in accessing IPO allocations due to:

- High subscription levels
- Limited allotments
- Timing constraints

Exposure to New-Age and Emerging Businesses

This fund provides a more systematic route to participate in IPOs, backed by institutional research and portfolio diversification, rather than relying on individual applications.

A notable portion of recent IPO activity has been driven by:

- Digital and platform-based companies
- Niche manufacturing players
- Consumption-driven brands
- Financial and fintech businesses

These segments may not always be fully represented in traditional indices or older diversified portfolios. The fund, therefore, offers exposure to emerging segments of the economy, complementing existing equity allocations.

Dynamic Portfolio Construction

The portfolio evolves as companies mature beyond the "recently listed" phase. This creates a natural churn mechanism, where:

New listings enter the portfolio

Older holdings may be exited or reduced

Such a structure keeps the portfolio aligned with the latest opportunities in the primary and early secondary market space.

In house perspectives

The Edelweiss Recently Listed IPO Fund brings a distinct approach by focusing on companies at an early stage of their public market journey. By combining exposure to IPOs and recently listed stocks, it provides access to a segment that is typically fragmented and difficult to capture through traditional investing routes.

As India's capital markets continue to deepen and the IPO ecosystem expands, such strategies offer a structured way to participate in emerging opportunities, while also requiring a measured approach given the evolving nature of the underlying businesses and market dynamics.

Scheme Performance:

Scheme Name	AUM (in Cr.)	3M	6M	1Y	3Y	5Y
Edelweiss Recently Listed IPO Fund	₹882 Cr	-0.63	-5.23	15.04	17.86	10.83

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