

Annexure I: Syllabus Outline
NISM-Series-XIX-E: Category III Alternative Investment Fund Managers Certification
Examination

The examination seeks to create a common minimum knowledge benchmark for Category III AIF Managers and its key investment team. The examination focuses to enhance the quality of fund management activities in the Category III AIF space and enables a better understanding of features of AIF products, investment valuation norms, fund governance processes, fund performance measurements, taxation aspects and related regulations. The examination is focused on fund management aspects relating to Category III AIFs.

Examination Objectives

On successful completion of the examination the candidate should:

- Know briefly about the investment landscape and various types of investments (traditional and alternative asset classes).
- Understand the concepts of Modern Portfolio Theory and Capital Market Theory.
- Understand the following in detail pertaining to managing of AIFs:
 - Suitability of AIF products and its role in portfolio diversification
 - AIF ecosystem, role of its various service providers
 - Role of Managers of AIFs and their key management team in performing fund management duties, governance of funds, managing conflict of interests etc.
 - Fund structure, fee structure, performance measurement techniques and its interpretations, importance and role of performance benchmarking
 - Various investment strategies involved and governance structure in AIFs followed by investors
 - Code of Conduct of AIFs, Manager of AIFs and their key management team etc.
 - Legal documentations involved and importance of negotiations among stakeholders in AIF domain
 - Valuation techniques used, role of third-party registered valuers, fund monitoring and reporting
 - Various exit options available to AIFs
 - Various taxation aspects for the fund and its investors
- Know the regulatory environment in which the AIFs operate in India, such as SEBI (AIF) Regulations, FEMA, PMLA, SEBI (PIT) Regulations, SEBI (PFUTP) Regulations etc.

Assessment Structure

The examination consists of 60 multiple-choice questions and 4 case-based questions (each Case having 5 sub-questions). The assessment structure is as follows:

Multiple Choice Questions [60 questions of 1 mark each]	60*1 = 60
Case-based Questions [4 cases (each case with 5 questions of 2 mark each)]	4*5*2 = 40

The examination should be completed in 2 hours. The passing score for the examination is 60% i.e. 60 marks out of 100. There shall be negative marking of 25 percent of the marks assigned to a question.

Syllabus Outline and Weightages

Chapter No.	Chapter Name	Mark Allocated
1	Investment Landscape	3
2	Types of Investments	
3	Introduction to Modern Portfolio Theory and Capital Market Theory	
4	AIFs in India & its Suitability	3
5	AIF Ecosystem	5
6	AIF Structuring	10
7	Fee Structure and Fund Performance	10
8	Indices and Benchmarking	4
9	Legal Documentations and Negotiations	8
10	Investment Strategies	12
11	Governance of Funds and Due Diligence	7
12	Valuation	10
13	Fund Monitoring, Reporting and Exit	10
14	Taxation	8
15	Regulatory Framework	10
Total Marks		100