Bajaj Finserv
Arbitrage Fund

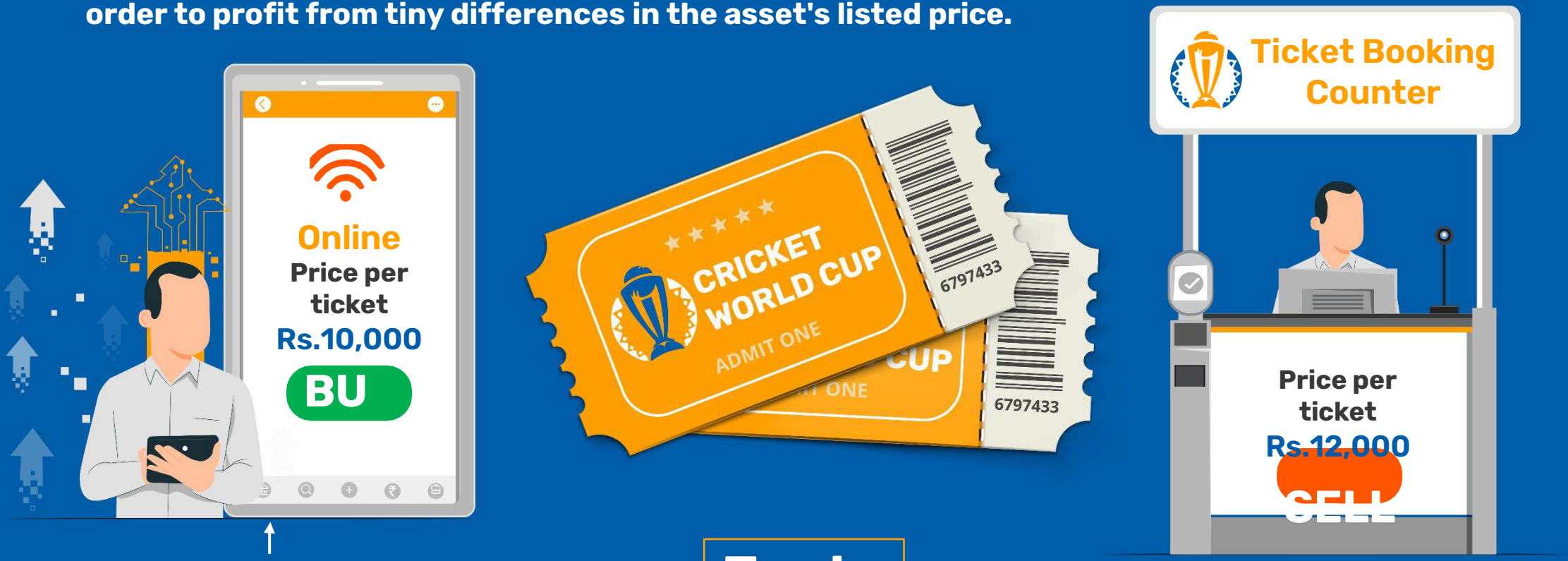
(An open ended scheme investing in arbitrage opportunities)

October 2026



Arbitrage in a nutshell!

The simultaneous purchase and sale of the same or similar asset in different markets in order to profit from tiny differences in the asset's listed price.



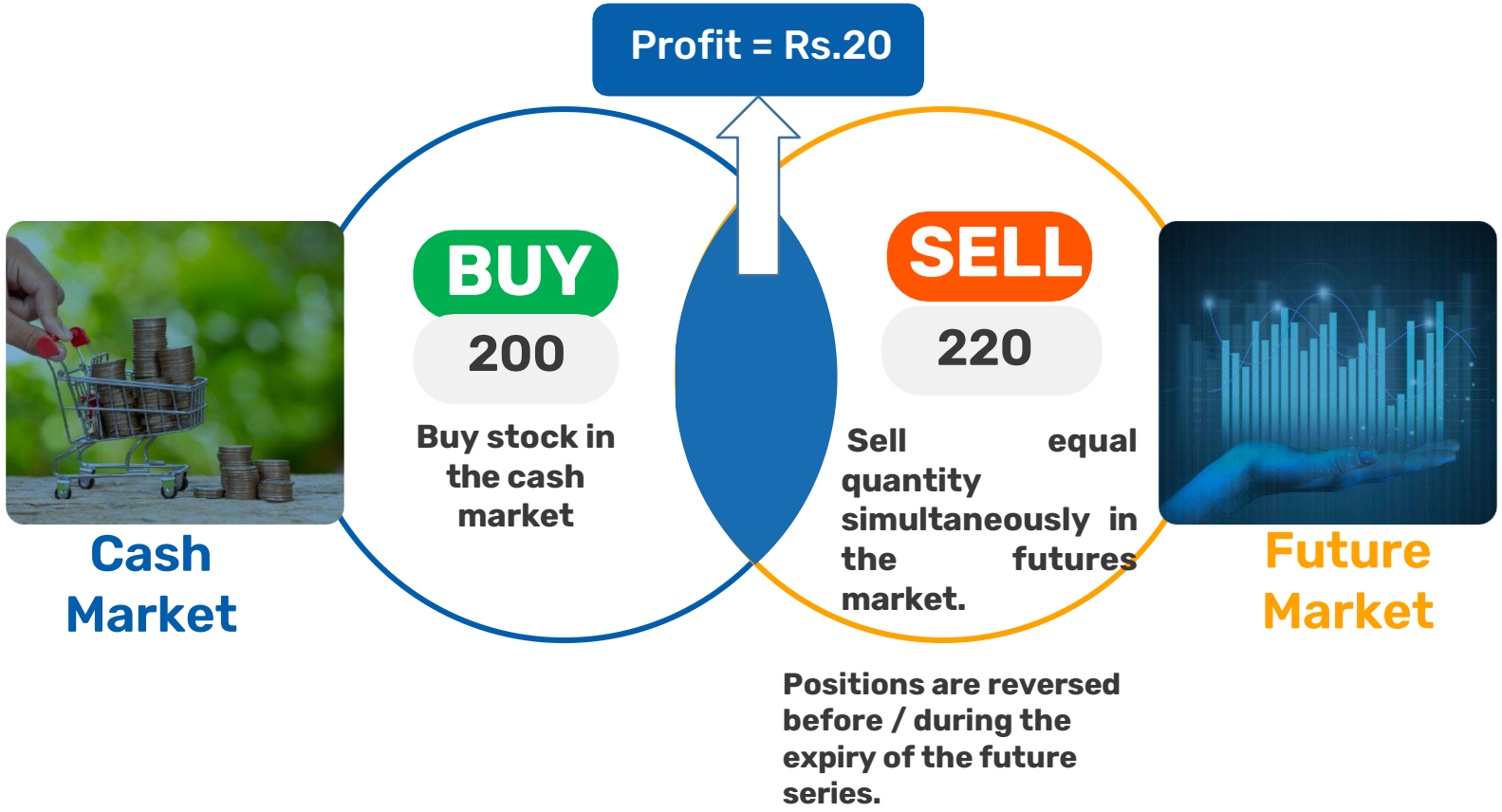
Arbitrage= Rs 12000- Rs 10000= Rs 2000

Let’s dive deep into Arbitrage Fund

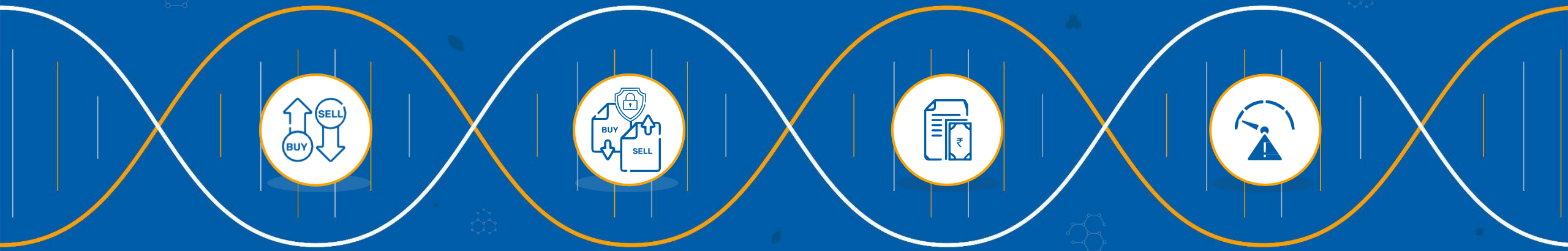
A type of mutual fund that leverages on the price difference between cash and futures market to generate returns for one particular asset/asset class.

Arbitrage Opportunity

Price difference prevailing in two different markets for the same security/commodity.



DNA of Arbitrage Fund



A transaction wherein buying and selling occurs simultaneously.

A security and derivative is and sold bought

The activity happens in two different markets (Cash & Futures)

Relatively Low Risk since the cash market price converges with the futures market price at the month end.

Reasons for spreads between Cash and Futures markets



Cost of Acquisition: The cost of acquisition i.e. full consideration for cash markets and margin funding for futures contract affects their price relationship.

Transaction Volume: Higher acquisition costs may lead to reduced trading volume, affecting liquidity and prices in both markets.

Participant Diversity: Different types of traders in cash and futures markets lead to varied liquidity levels and spread dynamics.

Settlement Timing: Cash markets settle immediately, while futures have set expiration dates, causing spread variation as contracts approach maturity.

Market Sentiments and Volatility: Differences in market sentiment, economic data, and geopolitical events affects the spread width in both markets.

Speculation: Levels of Traders' speculative behaviour affects the spread differences between markets for arbitrage opportunities, impacting spread levels.

Cash and Carry Arbitrage – ‘Wait For The Expiry’ Method

24th March 2026

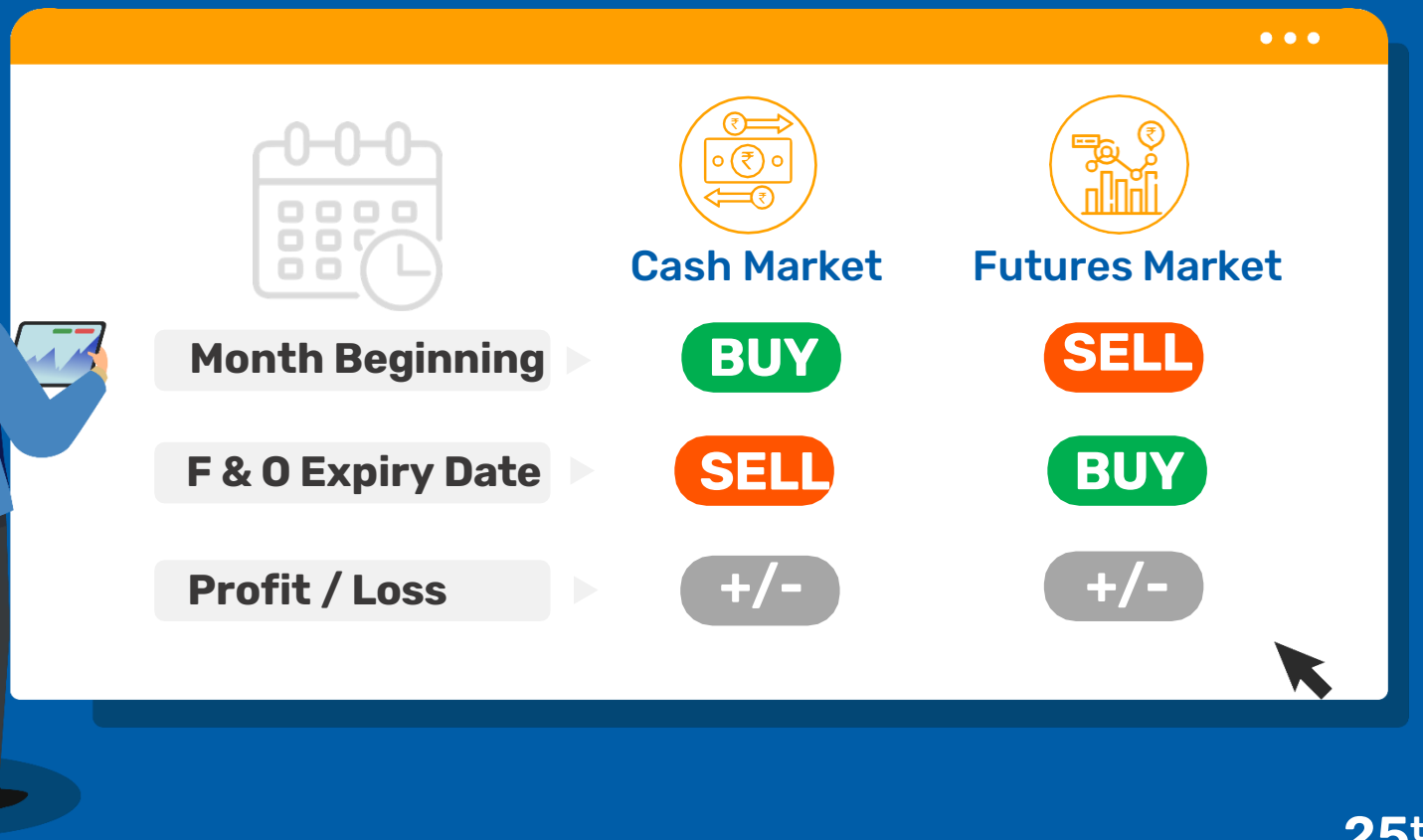


Fund Manager

25th April 2026

F & O Expiry Date

Cash and Carry Arbitrage – 'Wait For The Expiry' Method



24th March 2026

Fund Manager

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F & O Expiry Date

Cash and Carry Arbitrage – Case study

Mr. A **buys** a stock at **Rs.200**

And **sells** in futures market simultaneously at **Rs. 205**

Different Price Possibilities at the month end

	Stock Price rises to Rs.210	Stock Price remain at Rs.200	Stock Price dip to Rs.190
Cash Position = A	+ 10 (210-200)	0 (200 -200)	- 10 (200 -190)
Future Position = B	- 5 (205-210)	+ 5 (205 – 200)	+ 15 (205 – 190)
Net Profit	**+ 5**	**+ 5**	**+ 5**

Fund Manager locks the profit irrespective of price movement of a stock in future.

Unwinding The Position

Fund Manager

25th March 2026

Unwind Position

25th April 2026

F & O Expiry Date



Before the stated expiry, fund manager can unwind the position, if opportunity to generate higher returns is available

Rollover Futures Position

25th April 2026

F & O Expiry Date

24th May 2026

Rollover Futures Position

Fund Manager



On the date of expiry, fund manager can rollover the futures position to capture delta, if the price difference still exists for the next month's expiry.

Arbitrage Investment Strategies

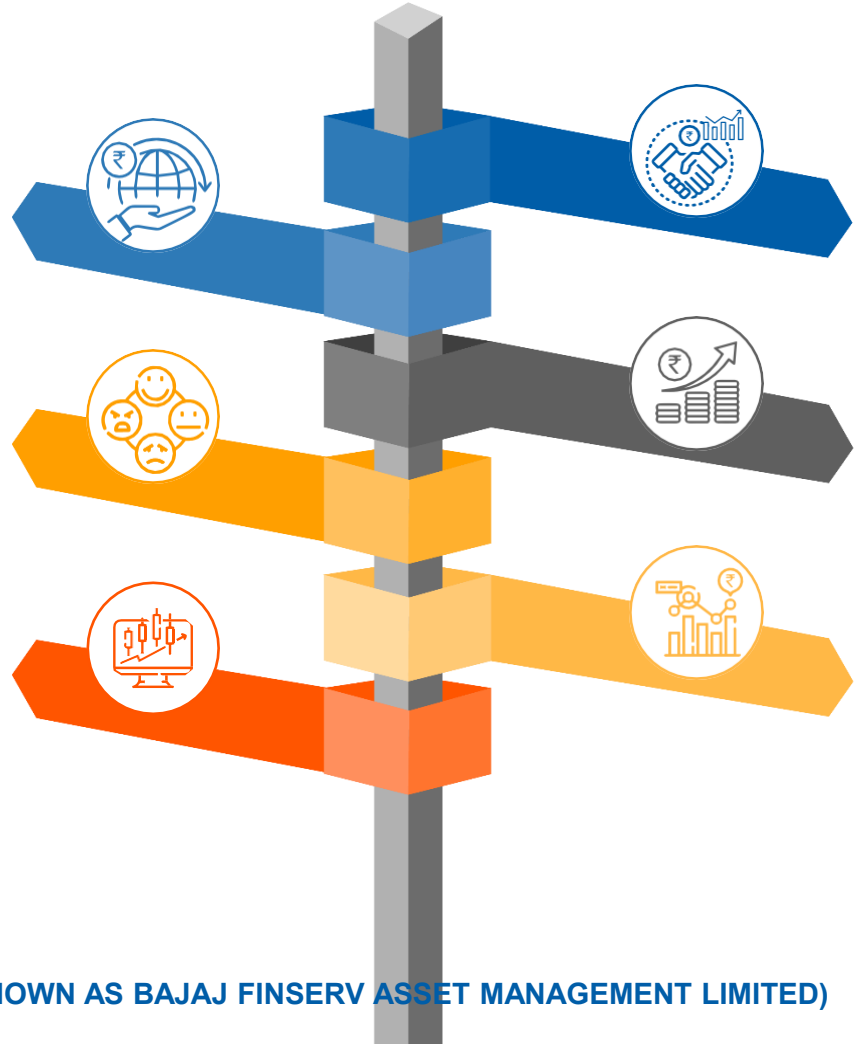


- Spot – Futures
- Index Arbitrage
- Exchange Arbitrage
- Dividend Arbitrage

Factors Impacting Spreads

Spread: Difference between buying and selling prices of a stock.

- Engagement of FII in the market
- Prevailing Market Sentiment
- Periods of economic uncertainty or low trading activity



- Number Of Stocks in Settlement framework
- Total volume of shares in Futures & Options segment
- Magnitude of the Arbitrage Industry

Decoding the commonly used terms

Arbitrage: The practice of exploiting price differences for the same asset in different markets to make a profit.

Spot Market: Financial instruments, commodities, or assets are bought and sold for immediate delivery and settlement.

Futures Market: Contracts are traded that obligate the buyer to purchase, and the seller to sell, an asset at a predetermined price and date in the future.

Price Discrepancy: Difference in prices between markets that allows for potential profit.

Long Position: Owning stock with the expectation of its price increasing

Short Position: Borrowing or selling stock with the expectation of its price decreasing, aiming to buy it back at a lower price.

Spread: Difference between buying and selling prices of a stock.

Hedging: Using a strategy or instrument to offset potential losses from price movements in another asset, reducing overall risk.

Market Efficiency: How well asset prices reflect all available information and adjust to new information.

Index arbitrage: Trading strategy that attempts to profit from the price differences between two or more market indices.

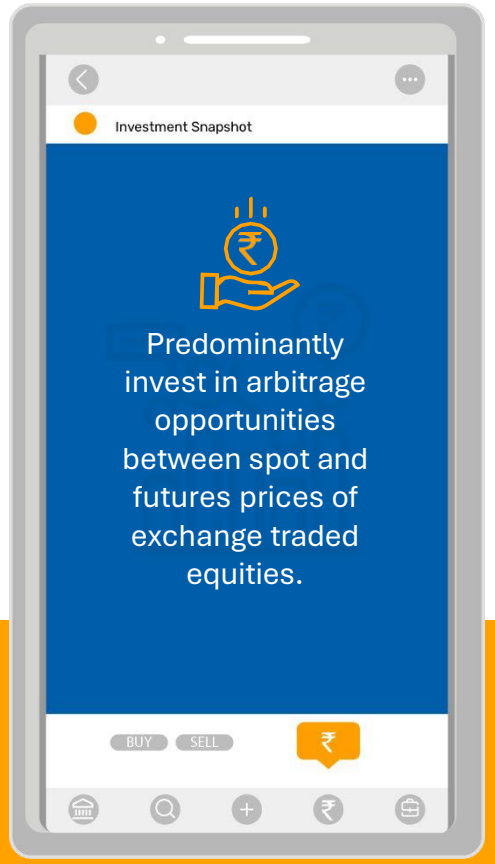
Dividend arbitrage: An options trading strategy that involves purchasing put options and an equivalent amount of underlying stock before its ex-dividend date and then exercising the put after collecting the dividend.

Introducing

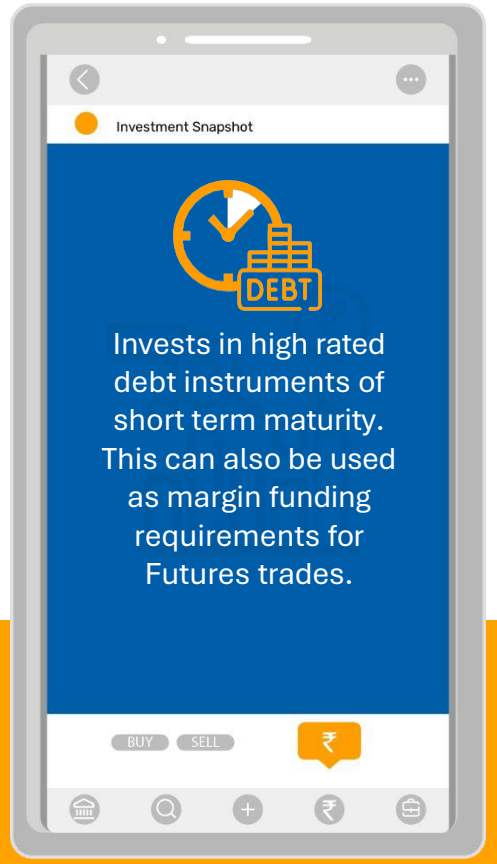
Bajaj Finserv
Arbitrage Fund



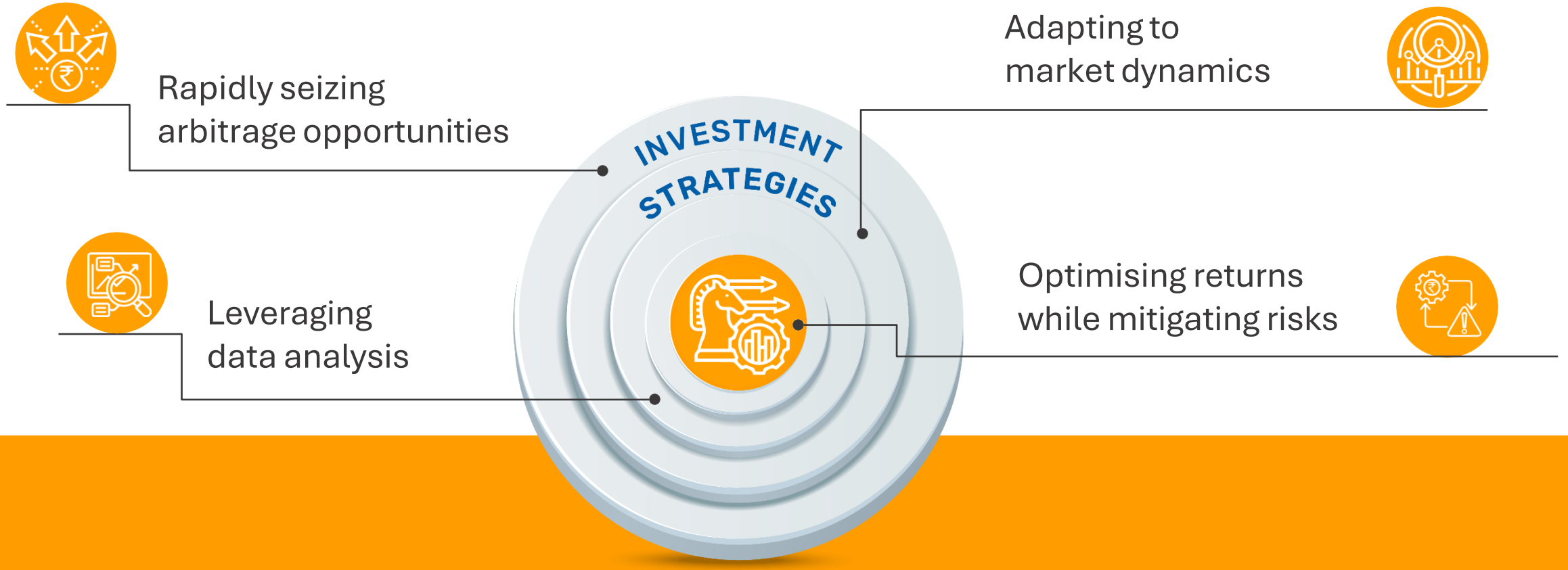
Investment Snapshot







Bajaj Finserv Arbitrage Fund : Investment Strategies



Why invest in Bajaj Finserv Arbitrage Fund?



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1 Low Volatility

2 No Credit Risk

3 Equity Taxation

Tax Advantage – Arbitrage Fund vs Bank Deposit

Individual/HUF

Particulars	Arbitrage Funds	Bank Deposit
Invested Amount	Rs. 1,00,00,000	Rs. 1,00,00,000
Assumed Annualized Rate of Return (p.a)	7%	7%
Abs returns for 364 days	Rs. 6,98,082.19	Rs. 6,98,082.19
Tax rate*	15%	30%
(-) Short term capital gains tax	Rs. 1,04,712	Rs. 2,09,425
Net Tax Returns	Rs. 5,93,370	Rs. 4,88,658
Gains (Annualized)	5.95%	4.90%

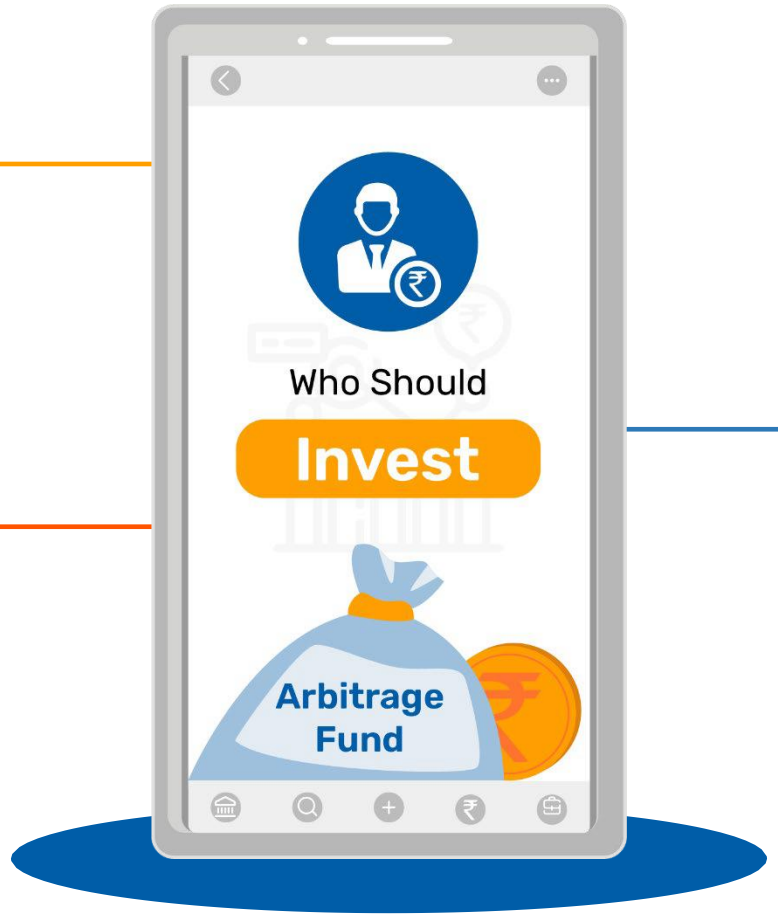
*Excluding surcharge and cess. The incedence of the same will be based on the individual tax slabs. | Source: Internal data computation

The above simulation is based on highest tax rates applicable to Individual/HUF/Domestic Companies as per the Finance Act, 2023 read with the Taxation Laws, for illustrative purposes only and should not be construed as a promise on minimum returns and safeguard of capital. The above illustration is not a tax advise. Each investor is advised to consult his/her own professional tax advisor. The AMC / Mutual Fund is not guaranteeing or promising or forecasting any returns. These products are not strictly comparable. There is no assurance or guarantee to unit holders as to rate/quantum of dividend distribution nor that the dividends will be paid regularly.

Who should Invest in Arbitrage Fund?

Risk-averse investors for parking surplus funds

Looking for **investments upto 3 month or more**



Investors who want to take **advantage of Equity Taxation**

Bajaj Finserv Arbitrage Fund - Portfolio

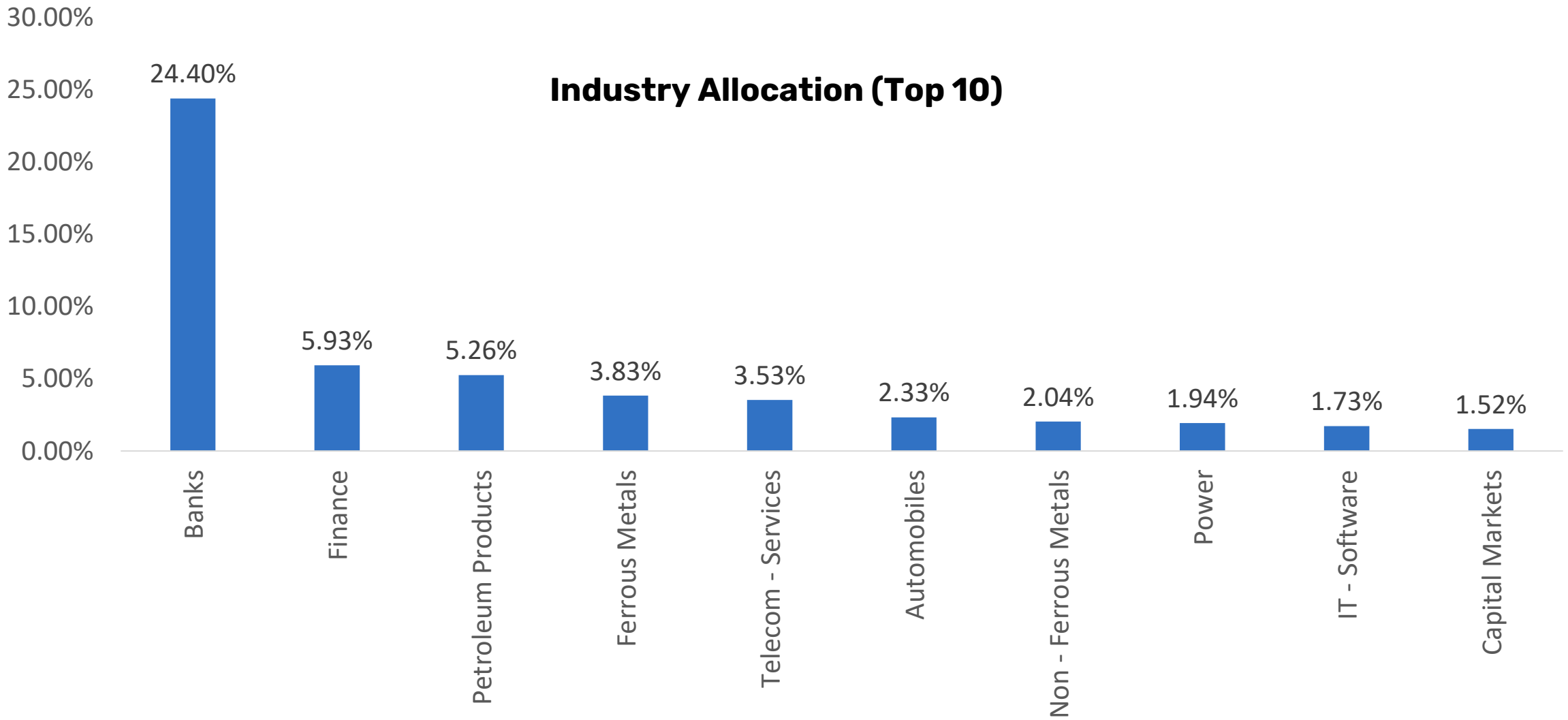
Stock	% of NAV (Eq)	% of NAV (Fut)
ICICI Bank Limited	6.41%	-6.45%
HDFC Bank Limited	6.18%	-6.23%
Reliance Industries Limited	5.21%	-5.24%
Steel Authority of India Limited	2.92%	-2.86%
Canara Bank	2.44%	-2.47%
Bajaj Finance Limited	2.36%	-2.37%
Bharti Airtel Limited	2.08%	-2.10%
IDFC First Bank Limited	1.62%	-1.63%
NTPC Limited	1.39%	-1.39%
Axis Bank Limited	1.35%	-1.36%
Bharat Electronics Limited	1.31%	-1.31%
State Bank of India	1.22%	-1.24%
Punjab National Bank	1.10%	-1.10%
Mahindra & Mahindra Limited	1.08%	-1.08%
Hindalco Industries Limited	1.05%	-1.06%
Hindustan Zinc Limited	0.99%	-0.99%
Bandhan Bank Limited	0.97%	-0.97%
Larsen & Toubro Limited	0.95%	-0.95%
NMDC Limited	0.95%	-0.95%
Adani Enterprises Limited	0.86%	-0.86%
Vodafone Idea Limited	0.85%	-0.85%
ITC Limited	0.84%	-0.85%
Tata Steel Limited	0.83%	-0.83%
Jio Financial Services Limited	0.82%	-0.81%
Infosys Limited	0.80%	-0.81%
PB Fintech Limited	0.74%	-0.74%
Apollo Hospitals Enterprise Limited	0.73%	-0.72%
Maruti Suzuki India Limited	0.72%	-0.72%
Kotak Mahindra Bank Limited	0.71%	-0.71%
Life Insurance Corporation Of India	0.68%	-0.69%
Multi Commodity Exchange of India Limited	0.66%	-0.67%
Ashok Leyland Limited	0.62%	-0.62%
Cipla Limited	0.62%	-0.62%
Indus Towers Limited	0.60%	-0.60%
IndusInd Bank Limited	0.59%	-0.59%
The Federal Bank Limited	0.58%	-0.58%
Power Finance Corporation Limited	0.58%	-0.58%
Yes Bank Limited	0.58%	-0.59%
Aditya Birla Capital Limited	0.57%	-0.58%
BSE Limited	0.56%	-0.56%
LIC Housing Finance Limited	0.56%	-0.57%
Bharat Heavy Electricals Limited	0.55%	-0.55%
Adani Ports and Special Economic Zone Limited	0.55%	-0.55%

Stock	% of NAV (Eq)	% of NAV (Fut)
Solar Industries India Limited	0.55%	-0.55%
The Indian Hotels Company Limited	0.46%	-0.46%
HDFC Life Insurance Company Limited	0.42%	-0.42%
AU Small Finance Bank Limited	0.40%	-0.40%
Hindustan Unilever Limited	0.35%	-0.35%
Crompton Greaves Consumer Electricals Limited	0.34%	-0.35%
Bajaj Finserv Limited	0.33%	-0.33%
Tata Consultancy Services Limited	0.33%	-0.33%
Godrej Properties Limited	0.32%	-0.32%
Manappuram Finance Limited	0.29%	-0.29%
Suzlon Energy Limited	0.29%	-0.29%
Samvardhana Motherson International Limited	0.28%	-0.28%
Tata Power Company Limited	0.28%	-0.28%
Eternal Limited	0.28%	-0.28%
Shriram Finance Limited	0.27%	-0.27%
SBI Life Insurance Company Limited	0.26%	-0.26%
Trent Limited	0.25%	-0.25%
Eicher Motors Limited	0.24%	-0.25%
Kalyan Jewellers India Limited	0.24%	-0.25%
HCL Technologies Limited	0.23%	-0.22%
TVS Motor Company Limited	0.23%	-0.24%
Coal India Limited	0.21%	-0.21%
Patanjali Foods Limited	0.21%	-0.21%
Ambuja Cements Limited	0.20%	-0.20%
Laurus Labs Limited	0.20%	-0.20%
Marico Limited	0.20%	-0.20%
Mphasis Limited	0.19%	-0.19%
Hindustan Aeronautics Limited	0.19%	-0.19%
Pidilite Industries Limited	0.19%	-0.20%
Inox Wind Limited	0.18%	-0.18%
NBCC (India) Limited	0.18%	-0.18%
Oil & Natural Gas Corporation Limited	0.16%	-0.15%
Amber Enterprises India Limited	0.15%	-0.15%
Adani Energy Solutions Limited	0.14%	-0.14%
Tube Investments of India Limited	0.14%	-0.14%
Adani Power Limited	0.13%	-0.13%
Fortis Healthcare Limited	0.13%	-0.13%
Glenmark Pharmaceuticals Limited	0.13%	-0.14%
Supreme Industries Limited	0.13%	-0.13%
Avenue Supermarts Limited	0.12%	-0.13%
Max Financial Services Limited	0.12%	-0.12%
Coforge Limited	0.12%	-0.12%
RBL Bank Limited	0.12%	-0.12%

Stock	% of NAV (Eq)	% of NAV (Fut)
Sun Pharmaceutical Industries Limited	0.12%	-0.13%
Voltas Limited	0.12%	-0.12%
HDFC Asset Management Company Limited	0.11%	-0.11%
Cholamandalam Investment and Finance Company Ltd	0.10%	-0.09%
Shree Cement Limited	0.10%	-0.10%
One 97 Communications Limited	0.09%	-0.09%
Computer Age Management Services Limited	0.08%	-0.08%
Titan Company Limited	0.08%	-0.08%
Bank of Baroda	0.07%	-0.07%
Central Depository Services (India) Limited	0.07%	-0.07%
Hitachi Energy India Limited	0.06%	-0.06%
APL Apollo Tubes Limited	0.06%	-0.06%
KPIT Technologies Limited	0.06%	-0.06%
Premier Energies Limited	0.06%	-0.06%
Union Bank of India	0.06%	-0.06%
Aurobindo Pharma Limited	0.05%	-0.05%
Force Motors Limited	0.05%	-0.05%
Indian Oil Corporation Limited	0.05%	-0.05%
SBI Cards and Payment Services Limited	0.05%	-0.05%
Varun Beverages Limited	0.05%	-0.05%
Asian Paints Limited	0.04%	-0.04%
Indian Energy Exchange Limited	0.04%	-0.04%
InterGlobe Aviation Limited	0.04%	-0.04%
Jindal Steel Limited	0.04%	-0.04%
JSW Steel Limited	0.04%	-0.04%
Delhivery Limited	0.04%	-0.04%
GMR Airports Limited	0.03%	-0.03%
Mazagon Dock Shipbuilders Limited	0.03%	-0.03%
Swiggy Limited	0.02%	-0.02%
Biocon Limited	0.01%	-0.01%
Divi''s Laboratories Limited	0.01%	-0.01%
DLF Limited	0.01%	-0.01%
Hero MotoCorp Limited	0.01%	-0.01%
Sagility Limited	0.01%	-0.02%
Alkem Laboratories Limited	0%	0%
JSW Energy Limited	0%	0%
Equity	69.82%	-70.10%
Indian Bank	1.78%	
Certificate of Deposit	1.78%	
Bajaj Finserv Mutual Fund	25.09%	
Mutual Fund Units	25.09%	
Reverse Repo / TREPS	4.17%	
Net receivables / (payables)	69.24%	
Grand Total	100.00%	

Data as on 30th September 2026.

Bajaj Finserv Arbitrage Fund - Allocation



Data as on 30th September 2026.

Fund Features

Investment Objective	The investment objective of the Scheme is to seek to generate returns by investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and by investing balance in debt and money market instruments. However, there is no assurance that the investment objective of the Scheme will be achieved
Benchmark	Nifty 50 Arbitrage Index (TRI)
Plans	Regular/Direct
Options	Growth and IDCW
Fund Manager	Mr. Ilesh Savla (Equity portion) Mr. Siddharth Chaudhary (Debt portion)
Exit Load Structure	Entry Load – Nil Exit Load – 0.25% of applicable NAV if redeemed/switched out within 15 days from the date of allotment. Nil if redeemed/switched out after 15 days from the date of allotment.
Minimum Application Amount	Fresh Purchase (lumpsum): Rs. 500/- and in multiples of Re. 1/- thereafter Systematic Investment Plan (SIP): Rs. 500 and above: minimum 6 instalments. Minimum amount for switch-in: Rs. 500 and in multiples of Re. 1. Two-Factor Authentication will be applicable for subscription as well as redemption transactions in the units of Mutual Fund.
NAV in Rs.	Regular: 12.0370 Direct: 12.2960
AUM in Rs. Cr.	1,029.82
BER (%)*	Regular: 0.91 Direct: 0.32

*To know about Total Expense Ratio (TER), please visit https://www.bajajamc.com/downloads?ter=

Riskometer

An open ended scheme investing in arbitrage opportunities

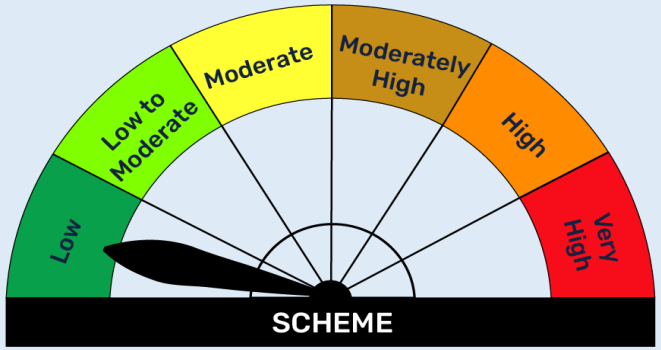
This product is suitable for investors who are seeking*:

- Short term income generation
- Income through arbitrage opportunities in the cash and derivatives segments of the equity markets

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them

SCHEME

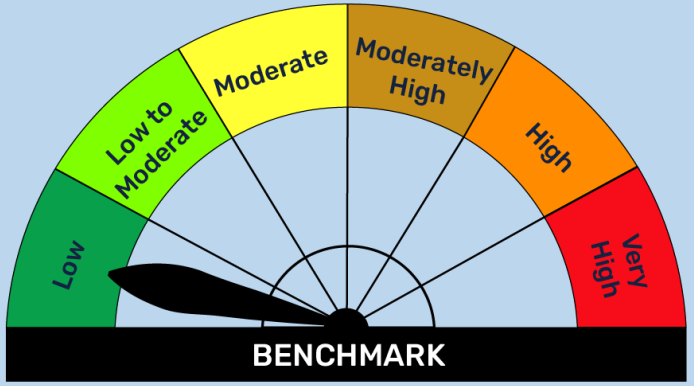
Riskometer



The risk of the scheme is low

BENCHMARK

Riskometer



The risk of the benchmark i.e. Nifty 50 Arbitrage Index (TRI) is low

Disclaimers

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Mutual Fund investments are subject to market risks, read all scheme related documents carefully