Bajaj Finserv

Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

July 2026

BAJAJ ASSET MANAGEMENT LIMITED (FORMERLY KNOWN AS BAJAJ FINSERV ASSET MANAGEMENT LIMITED)

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.

Profit = Rs.20

Cash Market

BUY

200

Buy stock in the cash market

SELL

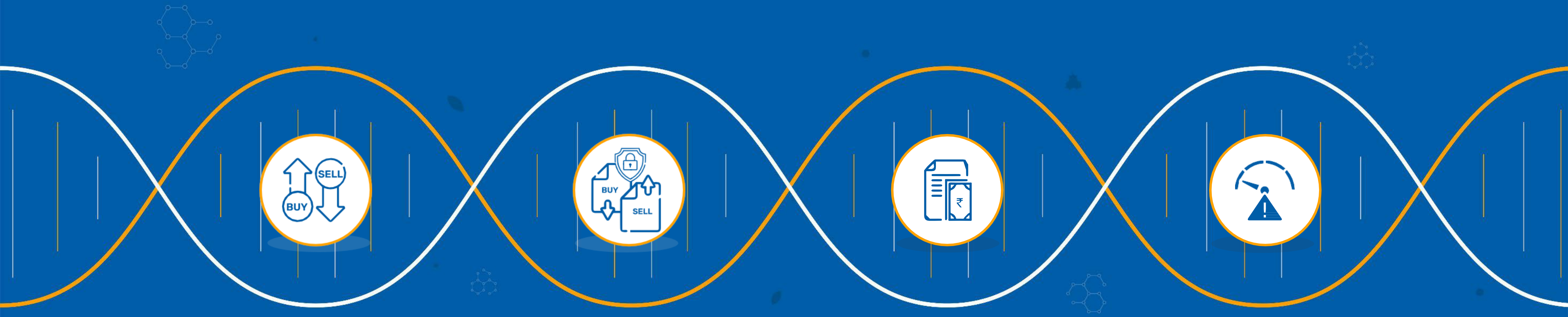
220

Sell equal quantity simultaneously in the futures market.

Future Market

Positions are reversed before / during the expiry of the future series.

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 2023

25th April 2023

F & O Expiry Date

Fund Manager

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

	Cash Market	Futures Market
Month Beginning	BUY	SELL
F & O Expiry Date	SELL	BUY
Profit / Loss	+/-	+/-

24th March 2023

Fund Manager

25th April 2023

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

25th March 2023

25th April 2023

Fund Manager

Unwind Position

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 2023

24th May 2023

Fund Manager

F & O Expiry Date

Rollover Futures Position

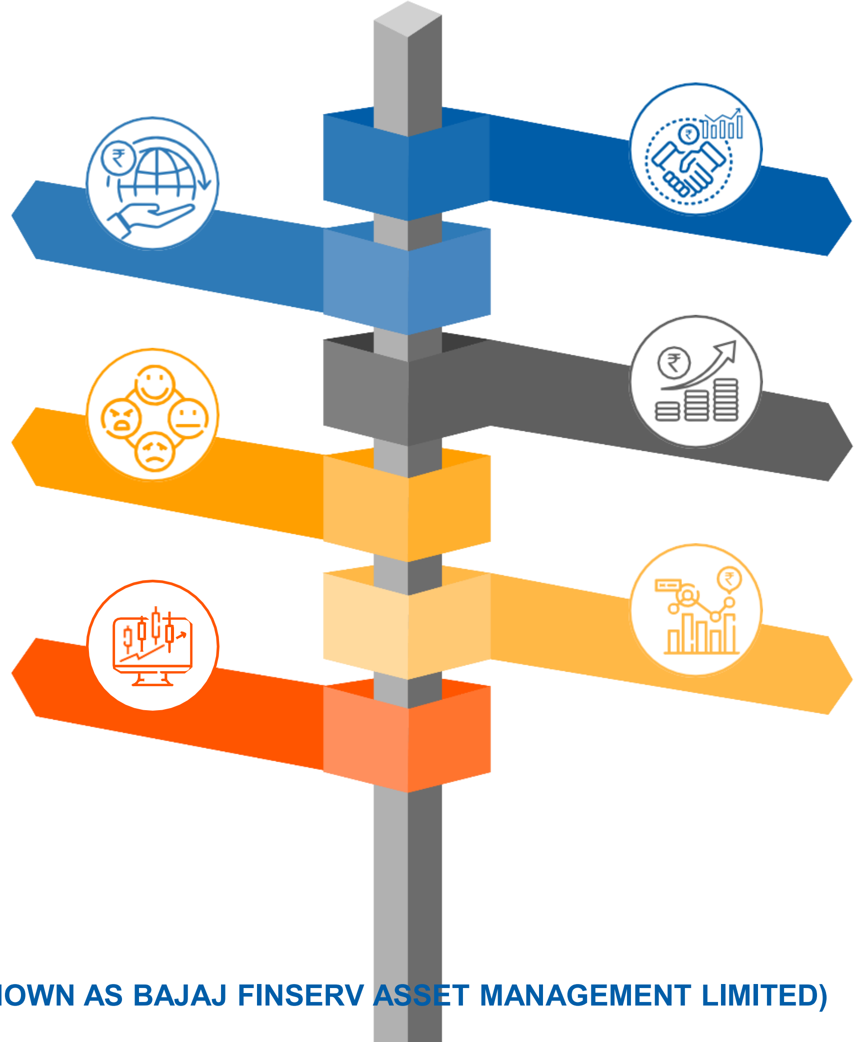
On the date of expiry, fund manager can rollover the futures position to capture delta, if the price difference still exists for the next month's expiry.

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

Investment Snapshot

Predominantly invest in arbitrage opportunities between spot and futures prices of exchange traded equities.

Investment Snapshot

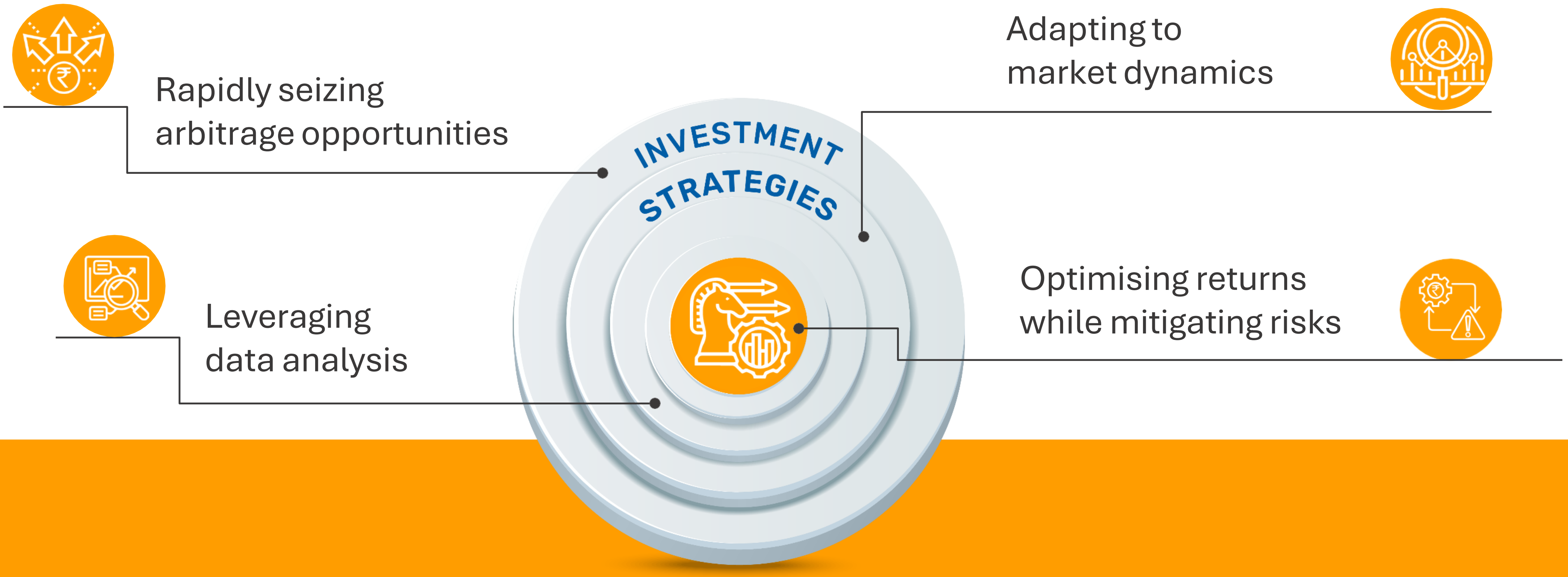
Build market neutral positions that offer an arbitrage potential for e.g., buying the basket of index constituents in the cash or futures segment and selling the index futures.

Investment Snapshot

DEBT

Invests in high rated debt instruments of short term maturity. This can also be used as margin funding requirements for Futures trades.

Bajaj Finserv Arbitrage Fund : Investment Strategies



Why invest in Bajaj Finserv **Arbitrage Fund?**

Why invest in Bajaj Finserv Arbitrage Fund?

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%

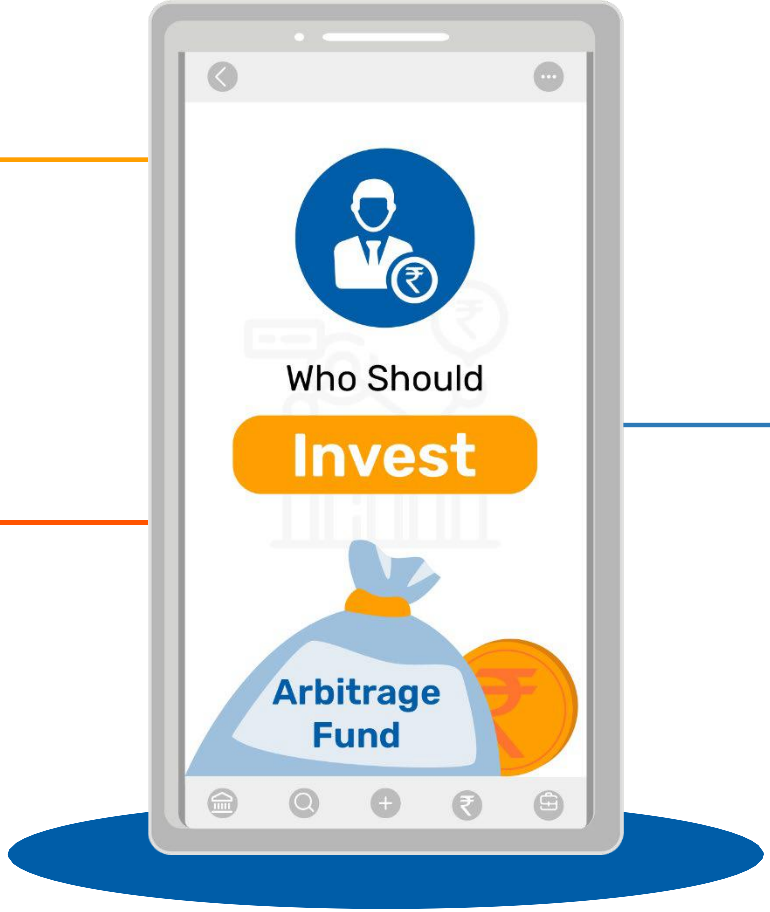
*Excluding surcharge and cess. The incedence of the same will be based on the individual tax slabs. | Source: Internal data computation

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

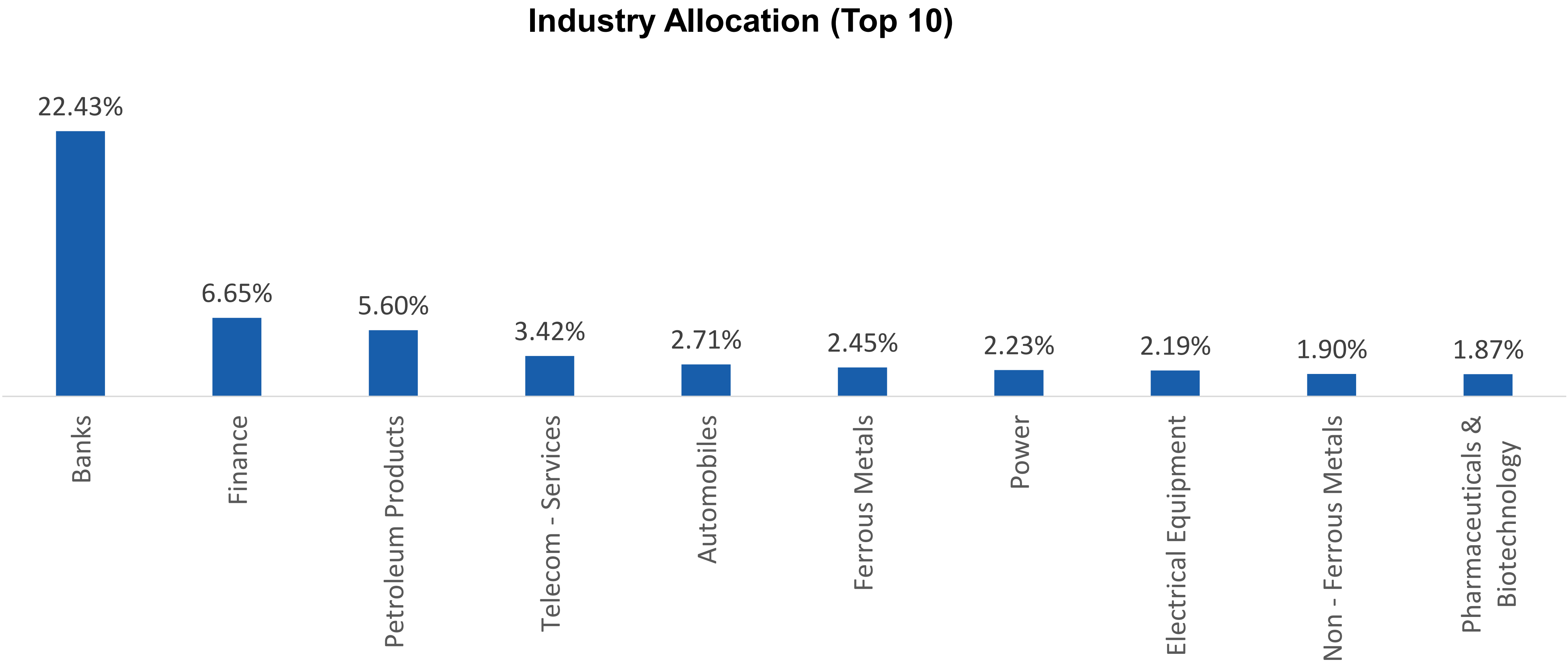
Stock	Market Value as % of Net Asset (Eq)	Market Value as % of Net Asset (Fut)
ICICI Bank Limited	7.49%	-7.54%
HDFC Bank Limited	6.52%	-6.56%
Reliance Industries Limited	5.43%	-5.46%
Bajaj Finance Limited	2.45%	-2.46%
Steel Authority of India Limited	1.84%	-1.86%
Mahindra & Mahindra Limited	1.75%	-1.75%
IDFC First Bank Limited	1.67%	-1.67%
Vodafone Idea Limited	1.50%	-1.51%
Bharti Airtel Limited	1.29%	-1.29%
NTPC Limited	1.28%	-1.29%
Punjab National Bank	1.26%	-1.27%
Axis Bank Limited	1.11%	-1.12%
Hindustan Zinc Limited	1.06%	-1.07%
ITC Limited	1.05%	-1.05%
Adani Enterprises Limited	1.02%	-1.03%
Solar Industries India Limited	0.99%	-1.00%
Kotak Mahindra Bank Limited	0.93%	-0.95%
Bharat Heavy Electricals Limited	0.92%	-0.93%
Jio Financial Services Limited	0.90%	-0.90%
Apollo Hospitals Enterprise Limited	0.88%	-0.89%
Adani Ports and Special Economic Zone Limited	0.85%	-0.86%
Hindalco Industries Limited	0.84%	-0.85%
Bharat Electronics Limited	0.82%	-0.83%
Bandhan Bank Limited	0.80%	-0.81%
Bajaj Finserv Limited	0.78%	-0.79%
Cipla Limited	0.77%	-0.77%
Yes Bank Limited	0.77%	-0.78%
Ashok Leyland Limited	0.72%	-0.72%
Eternal Limited	0.72%	-0.72%
Aditya Birla Capital Limited	0.67%	-0.68%
Indus Towers Limited	0.63%	-0.64%
NMDC Limited	0.59%	-0.60%
Titan Company Limited	0.58%	-0.59%
The Indian Hotels Company Limited	0.48%	-0.49%
Sun Pharmaceutical Industries Limited	0.48%	-0.48%
Shriram Finance Limited	0.46%	-0.46%
Tata Steel Limited	0.46%	-0.46%
Larsen & Toubro Limited	0.45%	-0.45%
Power Grid Corporation of India Limited	0.45%	-0.45%
LIC Housing Finance Limited	0.44%	-0.44%
REC Limited	0.43%	-0.43%
Suzlon Energy Limited	0.43%	-0.43%
Godrej Properties Limited	0.42%	-0.42%

Stock	Market Value as % of Net Asset (Eq)	Market Value as % of Net Asset (Fut)
Maruti Suzuki India Limited	0.41%	-0.41%
State Bank of India	0.41%	-0.42%
HDFC Life Insurance Company Limited	0.40%	-0.40%
Hindustan Unilever Limited	0.37%	-0.38%
SBI Life Insurance Company Limited	0.37%	-0.37%
DLF Limited	0.34%	-0.34%
Tata Power Company Limited	0.33%	-0.34%
IndusInd Bank Limited	0.32%	-0.32%
AU Small Finance Bank Limited	0.31%	-0.31%
ICICI Prudential Life Insurance Company Limited	0.30%	-0.30%
NBCC (India) Limited	0.29%	-0.30%
Crompton Greaves Consumer Electricals Limited	0.28%	-0.28%
Amber Enterprises India Limited	0.27%	-0.27%
The Federal Bank Limited	0.27%	-0.27%
Inox Wind Limited	0.27%	-0.27%
Power Finance Corporation Limited	0.26%	-0.27%
Coal India Limited	0.25%	-0.25%
One 97 Communications Limited	0.25%	-0.25%
Ambuja Cements Limited	0.24%	-0.25%
Mankind Pharma Limited	0.24%	-0.24%
Kalyan Jewellers India Limited	0.23%	-0.23%
Hyundai Motor India Ltd	0.21%	-0.21%
Delhivery Limited	0.21%	-0.22%
Tube Investments of India Limited	0.21%	-0.21%
Bank of Baroda	0.20%	-0.20%
Hindustan Aeronautics Limited	0.20%	-0.21%
Dalmia Bharat Limited	0.20%	-0.20%
Waaree Energies Limited	0.20%	-0.20%
Grasim Industries Limited	0.19%	-0.19%
Max Financial Services Limited	0.19%	-0.19%
Canara Bank	0.18%	-0.18%
Fortis Healthcare Limited	0.18%	-0.18%
Hero MotoCorp Limited	0.18%	-0.18%
Adani Energy Solutions Limited	0.17%	-0.18%
BSE Limited	0.17%	-0.17%
PI Industries Limited	0.16%	-0.16%
TVS Motor Company Limited	0.16%	-0.16%
Hitachi Energy India Limited	0.15%	-0.15%
Laurus Labs Limited	0.15%	-0.15%
Petronet LNG Limited	0.14%	-0.14%
Supreme Industries Limited	0.14%	-0.14%
GMR Airports Limited	0.13%	-0.13%
KFin Technologies Limited	0.13%	-0.12%
Multi Commodity Exchange of India Limited	0.13%	-0.13%
UNO Minda Limited	0.13%	-0.13%
Oberoi Realty Limited	0.13%	-0.13%
Premier Energies Limited	0.13%	-0.13%
Cholamandalam Investment and Finance Company Ltd	0.12%	-0.12%
Dabur India Limited	0.12%	-0.12%
Godrej Consumer Products Limited	0.12%	-0.12%
RBL Bank Limited	0.12%	-0.12%
Hindustan Petroleum Corporation Limited	0.11%	-0.11%

Stock	Market Value as % of Net Asset (Eq)	Market Value as % of Net Asset (Fut)
Jubilant Foodworks Limited	0.10%	-0.10%
PNB Housing Finance Limited	0.10%	-0.10%
CG Power and Industrial Solutions Limited	0.09%	-0.09%
Cummins India Limited	0.09%	-0.09%
Glenmark Pharmaceuticals Limited	0.08%	-0.08%
JSW Steel Limited	0.08%	-0.08%
UPL Limited	0.08%	-0.08%
UltraTech Cement Limited	0.08%	-0.08%
Swiggy Limited	0.07%	-0.07%
Jindal Steel Limited	0.07%	-0.07%
Marico Limited	0.07%	-0.08%
Oil & Natural Gas Corporation Limited	0.07%	-0.07%
Union Bank of India	0.07%	-0.07%
Indian Oil Corporation Limited	0.06%	-0.06%
Aurobindo Pharma Limited	0.05%	-0.05%
Mphasis Limited	0.05%	-0.05%
APL Apollo Tubes Limited	0.05%	-0.05%
Indian Energy Exchange Limited	0.05%	-0.05%
Zydus Lifesciences Limited	0.04%	-0.04%
Divi''s Laboratories Limited	0.04%	-0.04%
Havells India Limited	0.04%	-0.04%
Manappuram Finance Limited	0.04%	-0.04%
Britannia Industries Limited	0.03%	-0.03%
Container Corporation of India Limited	0.03%	-0.03%
InterGlobe Aviation Limited	0.03%	-0.03%
Oil India Limited	0.03%	-0.03%
Biocon Limited	0.02%	-0.02%
Nestle India Limited	0.02%	-0.02%
Asian Paints Limited	0.01%	-0.01%
Dixon Technologies (India) Limited	0.01%	-0.01%
Tata Consultancy Services Limited	0%	0%
Equity	68.40%	-68.86%
Kotak Mahindra Bank Limited	2.42%	
Indian Bank	2.05%	
Union Bank of India	2.04%	
Certificate of Deposit	6.51%	
Bajaj Finserv Mutual Fund	23.59%	
Mutual Fund Units	23.59%	
Reverse Repo / TREPS	1.17%	
Cash & Cash Equivalent	69.19%	
Grand Total	100.00%	

Data as on 30th June 2026.

Bajaj Finserv Arbitrage Fund - Allocation



Data as on 30th June 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: 11.8640 Direct: 12.0980
AUM in Rs. Cr.	924.31
BER (%)	Regular: 0.89 Direct: 0.30

Riskometer

An open ended scheme investing in arbitrage opportunities

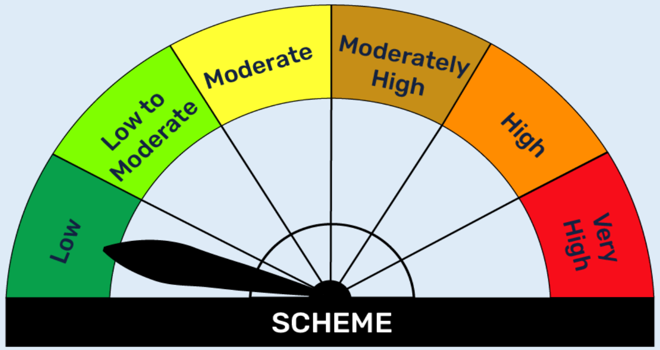
This product is suitable for investors who are seeking*:

- 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

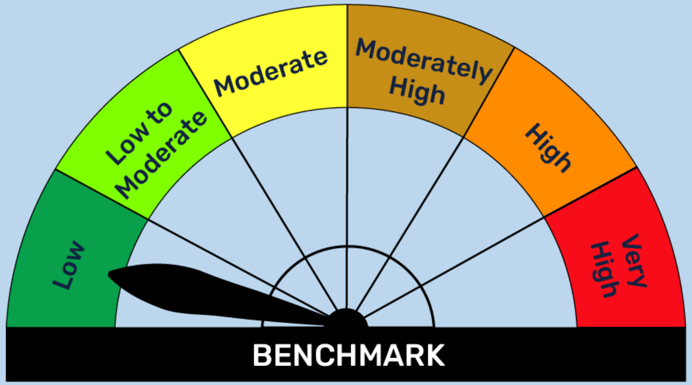
Riskometer



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