BAJAJ FINSERV ARBITRAGE FUND

BAJAJ MUTUAL FUND

Arbitrage, in simple words, is a strategy that aims to capture opportunities arising from price differences for the same asset in different markets.

To understand simply:

BUY

Buy tomatoes in the wholesale market

Tomatoes purchased for **₹20/kg**

SELL

Sell tomatoes in the retail market

Tomatoes sold for **₹30/kg**

PRICE DIFFERENCE = OPPORTUNITY

₹30 - ₹20 = ₹10 per kg

As supply increases or demand normalizes, the price gap typically narrows.

Arbitrage funds work similarly:

Buy Stock
Cash market segment

Arbitrage opportunity

Sell Futures
Future market segment

BUY	PROFIT	SELL
₹20	₹10	₹30

This spread will be realized at expiry irrespective of the price then.

About Arbitrage Funds

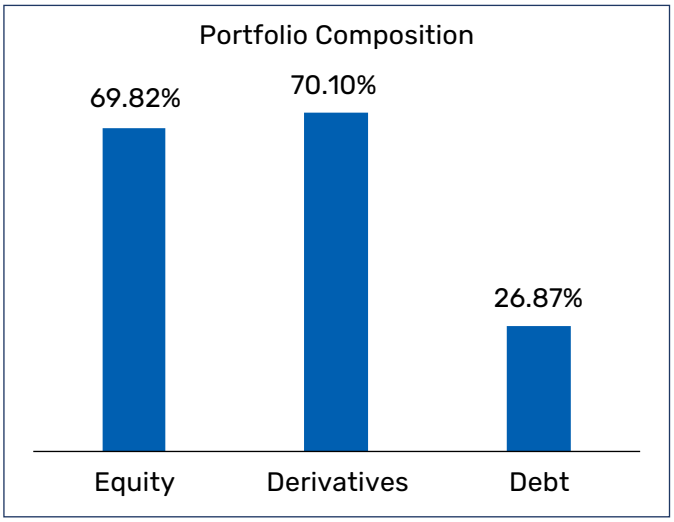
- These funds typically buy a stock in the cash market and simultaneously sell the same stock in the futures market when the futures price is higher than the spot price. The difference between the two prices, known as the **"spread"**, forms the potential return opportunity.
- Since the buy and sell transactions are executed together, the strategy aims to reduce directional market risk and follows a market-neutral approach.

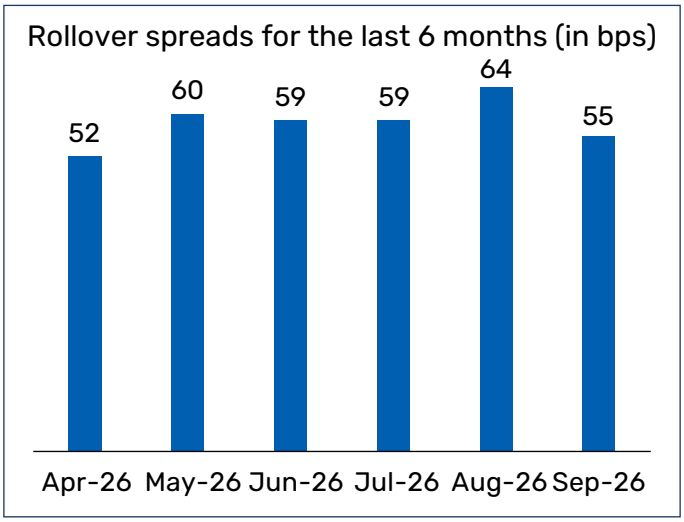
BAJAJ MUTUAL FUND

Bajaj Finserv Arbitrage Fund

- Predominantly invest in arbitrage opportunities between spot and futures prices of exchange traded equities.
- 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.
- Invests in high rated debt instruments of short term maturity. This can also be used as margin funding requirements for futures trades.

September 2026 Update





- Arbitrage roll over spreads happened at around 55bps.
- Average spreads traded around 62bps for major part of this month.
- Net Flows into the category were negative.
- Fresh arbitrage spreads are available at around 62bps for the current month.
- Arbitrage spreads in the coming months would be dependent on inflows (higher demand will suppress the spread and vice versa), short-term rates movement and market direction (bullish market would result in higher spread and vice versa).

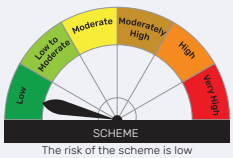
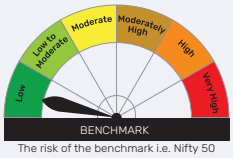
Debt Quants (in days)

YTM	Average Maturity	Macaulay Duration	Modified Duration
6.31%	83	83	78

Source: Internal Analysis. Data as on 30th September 2026.

Bajaj Finserv Arbitrage Fund

An open ended scheme investing in arbitrage opportunities

	SCHEME RISK-O-METER	BENCHMARK RISK-O-METER
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	 The risk of the scheme is low	 The risk of the benchmark i.e. Nifty 50 Arbitrage Index (TRI) is low

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