

NFO Period: March 18, 2025 – April 01, 2025

PLANS AND OPTIONS:

Regular / Direct: Growth and IDCW (Payout and Re-investment) **LUMPSUM** Rs. 5,000/-

SUBSEQUENT INVESTMENT Rs. 1,000/-

BENCHMARK INDEX:

Nifty 50 Arbitrage TRI

Takes the volatility out of equity investing!

MINIMUM INVESTMENT:

SYSTEMATIC INVESTMENT PLAN (SIP) Weekly: Rs. 1,000/- (Wednesday) Fortnightly: Rs. 1,000/- (alternate Wednesday) Monthly: Rs. 1,000/-Quarterly: Rs. 3,000/-

FUND MANAGERS:

Sameer Kate | Yug Tibrewal

Sanjeev Sharma

and in multiples of Re. 1/- thereafter

LOAD STRUCTURE:

Entry: Nil |

Exit: 0.25% if redeemed/switched out on or before completion of 1 month from the date of allotment of units. No Exit Load is payable if Units are redeemed / switched-out after 1 month from the date of allotment.

This Product is suitable for investors who are seeking*

Income over short to medium term

 Investment in arbitrage opportunities in the cash & derivatives segment of the equity market



Benchmark Riskometer

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

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Mutual funds are subject to market risk, please read all scheme related documents carefully.

RTGS / NEFT details of our collection bank accounts

Scheme Riskometer

Account Name: quant Arbitrage Fund Account Number: 57500001669271 IFSC Code: HDFC0000060 Branch: HDFC Bank Ltd., Fort, Mumbai 400001

Links Scheme Information Document : Click here NFO Application Form : Click here Scheme Presentation : Click here



Reasons for arbitrage

- **Market Discrepancies:** Expected corporate actions, information gaps and liquidity differential between two segments of equity markets
- **Market Sentiment:** Behaviour such as panic selling and exuberance causes price divergence of the same asset in different markets
- **Opportunity:** Opportunities arise due to small price discrepancies and can quickly be encashed, but if the opportunity is too large, it may persist longer
- 🚺 Arbitrage opportunities often exist due to these anomalies, but they are usually short-lived
- 2 As soon as traders identify and encash these discrepancies, prices tend to converge, removing the anomaly and restoring equilibrium in the market

arbitrage | capitalising price difference of an asset in different markets

Arbitrage is the simultaneous buying and selling of an asset in different markets in order to take advantage of differing prices for the same asset. This strategy is designed to deliver risk-free returns for the investor

- STEP 1: Identifying Opportunity Identifies and captures the price difference between a stock in the cash market and its corresponding price in the futures (derivatives) market
- STEP 2: Building Positions Involves buying a stock in the cash market and simultaneously selling it in the futures market at a higher price
- STEP 3: Unwinding Positions The cash market price converges with the futures market price at the end of the month. Thus it delivers risk-free returns for the investor



How it works in different conditions

Assume that one has **BOUGHT** a stock at Rs. 100 and **SOLD** the 1 month future of the same stock at Rs. 101/- simultaneously. Subsequently, three possible scenarios can emerge at the end of the month when the futures expire.

Scenario 1		Scenario 2		Scenario 3	
Stock Price rises to Rs. 105	Gain on cash position 5 (105 - 100) Loss on future position 4 (101 - 105) Net Profit = 1 (5-4)	Stock Price remains at Rs. 100	Gain on cash position 0 (100 - 100) Gain on future position 1 (101 - 100) Net Profit = 1 (0+1)	Stock Price falls to Rs. 95	Loss on cash position 5 (95 - 100) Gain on future position 6 (101 - 95) Net Profit = 1 (-5+6)

An arbitrage transaction seeks to capture and lock-in profits in order to eliminate directional risk of equity markets

Enhanced returns through equity taxation

Doutioulous	Arbitrage Funds	Liquid Funds	Fixed Deposits	Savings Accounts	
Particulars	1 year categ	ory average	Nationalised Bank*		
Investment (Rs.)	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	
1 year return (%)	7.75%	7.12%	6.80%	2.70%	
Gains (Rs.)	7,75,000	7,12,000	6,80,000	2,70,000	
Capital Gains Benefit (Rs.)	125,000	0	0	0	
Taxable income post CG (Rs.)	6,50,000	7,12,000	6,80,000	2,70,000	
Post Tax Returns in New Regime (%)	6.82%	4.68%	4.47%	1.77%	

Applicable tax rates are for FY 25-26. 1-year average return of Arbitrage category funds and Liquid Category Funds (Direct Plan - Growth) as on March 6, 2025. FD & Savings assumed 6.30% and 3.50% based on rates offered by Jarge FSU banks. "Sbl fixed deposit rates for 1 year to less than 2 years' term (for below Rs.3 crores). It is assumed that investor total taxabile income is above 50 lakhs and accordingly surcharge of 10% and Health and Education Cess of 4% is applied and also the investor takes benefit of the minimum threshold limit available for long term capital gains. The above calculation is only for lituration purpose with prevailing income tax regulation in fulla. Is tokuld note construed as a promise on minimum returns and safeguard of capital. The AMC / Mutual Fland decs not guarantee or promise or forecast any returns. In view of individual nature of the tax consequences, the investor is advised to consult his/her own professional tax advisor and refer to The Income-taxAct. Jp61. Asst performance may or may not be sustained in future and only the debt portion of arbitrage funds have tare is k

Stock arbitrage strategies aiming for risk free returns

- Cash Future Arbitrage: Captures price spreads in the futures and the spot markets.
- Reverse Arbitrage: Captures price spreads in the spot and the futures markets.
- Stock Index Arbitrage: Captures price spreads between synthetic and actual Nifty 50 index.
- **Corporate/Event Driven Arbitrage:** Captures price spreads in spot and futures markets due to corporate events
- **Exchange Arbitrage:** Captures price spreads between two stock exchanges.

quant arbitrage fund – Strategy

- To benefit from arbitrage opportunities arising through differences in a stock's futures and spot (cash) markets
- Scheme will invest 65-100% in equity and related instruments including derivatives; remaining 0-35% can be invested in debt and money market instruments
- The fund will deploy several arbitrage strategies to aim for risk free returns where the buy and sell positions are totally (100%) hedged
- Through Real-time Analytics we will identify arbitrage opportunities by observing price and volume data
- With the help of 'Predictive Analytics' dividend forecasting will potentially enhance the returns
- The fund will also optimize any 'Special Situation' arbitrage opportunity

quant arbitrage fund – positioning

- Risk-free and tax efficient alternative for investors to park their short- term and medium-term funds
- The scheme aims to actively identify arbitrage opportunities and execute simultaneous deals in both spot and futures markets, aiming for market neutrality