Sundaram **Arbitrage** Fund

An open-ended scheme investing in arbitrage opportunities

SUNDARAM MUTUAL
Sundaram Finance Group

Fund Insights - October 2026

HOW ARBITRAGE WORKS?

The Process of Buying in one market and selling in another market simultaneously to take advantage of the price difference is called arbitrage. Typically, the fund invests in arbitrage opportunities simultaneously in cash and derivative segments of the equity market.

THE MAJOR ARBITRAGE RETURN DETERMINANTS

1. **Short Term interest rate** is the biggest determinant of future price of any asset. Thus, in a higher interest rate scenario, the arbitrage returns are generally higher versus a low-interest rate scenario.
2. **Mood of the Market:** Demand & Supply plays a major role in determining the future price of a stock. In Bullish Market, demand for buying futures increases which increases the future price. In Bearish Market, demand for selling futures increases which reduces future price.
3. **Fund Flows:** As more money flows into the category, spread decreases.

FUND FACTS & FEATURES

Launch ..... April 2016

Month End AUM ..... ₹ 539 Cr.

Benchmark (Tier I) .....NIFTY 50 Arbitrage Index TRI

Fund Managers
Mr. Rohit Seksaria (Equity) and
Mr. Kumaresh Ramakrishnan (Fixed Income)

Minimum Investment
Rs.100/- per application and multiples of Rs.1/- thereafter

SIP
Weekly: Rs. 1000, Monthly: Rs. 100, Quarterly: Rs. 750

Exit Load: Upto 25%, within 15 days from the date of allotment: Nil. More than 25% within 15 days from the date of allotment: 0.25%. >15 days: Nil

FUND FEATURES

- Offers income by predominantly investing in arbitrage opportunities in the cash and the derivative segments of the equity markets and aims to lock in profit.
- The objective is to capture the cost of carry, capturing the difference between the cash and futures market by simultaneously executing buy (in cash market) and sell (in the future market) trades.
- The Fund is suitable for investors who seek returns but do not want any directional exposure linked to either equity or debt markets.

FUND MANAGER UPDATE

- The fund's portfolio comprised ~70% equity exposure and ~30% debt allocation, as of 28th September2026.
- The debt portfolios YTM around 6.4% annualised and gross arbitrage spreads is 52bps for the 4-week rollover period.
- Post trading expenses, the net spread is ~5.8% annualised, translating into a blended portfolio yield of 6.0% annualised.

WHY SUNDARAM ARBITRAGE FUND?

Market Neutral Strategy

Offsetting positions in the same underlying stock with completely hedged positions.

The strategy seeks to minimise directional exposure to movements in the underlying stock.

Lower Risk & Better Liquidity

The fund seeks to generate returns through arbitrage opportunities while maintaining limited directional exposure to equity markets.

Tax Efficiency

Equity taxation offers tax advantage over Fixed income schemes

TAX EFFICIENCY COMPARISON

Particulars	Arbitrage Fund	Liquid Fund	Fixed Deposit	Savings Account
Investment	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
1yr Return	7.2%	7.2%	6.8%	3.5%
Gain (₹)	7,22,000	7,15,000	6,77,500	3,50,000
Tax paid @	12.5%	30.0%	30.0%	30.0%
Post Tax Gain	6,31,750	5,00,500	4,74,250	2,45,000
Post Tax Gain Return%	6.3%	5.0%	4.7%	2.5%
Tax paid (₹)	90,250	2,14,500	2,03,250	1,05,000

Calculation as on 11th September 2024. Tax on Liquid Fund, FD and Savings Account as per tax slab & surcharge and CESS would be levied as applicable. Liquid Fund rate based on industry average - Source Value Research. Arbitrage returns based on Sundaram Arbitrage Fund as on 11th September 2024. FD & Savings Account interest rate calculated on average of top 4 private banks - HDFC, Axis, Kotak & ICICI. Please consult your Tax advisor for efficient tax planning.

INVESTMENT FRAMEWORK

Hedged

It off sets the equity exposure by taking derivatives.

Aims to provide Return with minimum volatility

The strategy seeks to capture available rollover spreads through arbitrage opportunities, subject to market conditions.

Portion in Debt & Liquid Strategy

Investments are made in G-Secs and T-bills, which are used for margins. T-bills have a 6-month duration, while G-Secs have a 2-3 year duration.

Recent Performance (%)		
Period	Sundaram Arbitrage Fund	Arbitrage Index TRI
1 Month	8.43	9.78
3 Months	5.62	7.61
6 Months	5.63	6.74

Allocation (%)	
Category	Allocation
Equity	70.0
Derivatives (Hedged Equity Positions)	-70.4
Cash/TREPS/Repo/Margin Money for Derivatives	30.0

Period	Performance			₹ 10,000 invested			Value of ₹ 10,000-a-month SIP			
	Fund (%)	Benchmark Tier I (%)	Additional Benchmark (%)	Fund (₹)	Benchmark Tier I (₹)	Additional Benchmark (₹)	Investment (₹)	Fund (₹)	Benchmark Tier I (₹)	Additional Benchmark (₹)
Last 1 year	6.0	7.3	4.0	10,601	10,733	10,401	1,20,000	1,23,655	1,24,483	1,22,492
Last 3 years	6.4	7.4	6.1	12,058	12,399	11,958	3,60,000	3,95,069	4,01,982	3,90,388
Last 5 years	5.7	6.7	5.7	13,196	13,825	13,169	6,00,000	7,01,916	7,20,414	6,95,041
Last 10 years	4.4	5.6	5.9	15,386	17,248	17,719	12,00,000	15,56,310	16,44,880	16,09,656
Since Inception	4.5	5.7	5.9	15,841	17,772	18,293	12,50,000	16,34,419	17,32,656	16,99,916

Past performance may or may not be sustained in future. Data as on September 30, 2026. Source: Fact Sheet, Computation In-house. Returns are on a compounded annual basis for period more than one year and absolute for one-year period and computed using NAV of Regular Plan-Growth Option. Value of 10,000 invested at inception is as on September 30, 2026. SIP values are in rupees. Different plans shall have a different expense structure. **Inception Date:** Apr 21, 2016, **Benchmark (Tier I):** NIFTY 50 Arbitrage Index TRI, **Additional Benchmark:** CRISIL 1Y Tbill.

PERFORMANCE DETAILS OF OTHER FUNDS MANAGED BY THE FUND MANAGER

Scheme Name	1 year (%)		3 years (%)		5 years (%)		Fund Managers
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	
Performance details for schemes managed by Mr. Rohit Seksaria (No. of funds managed 17)							
Sundaram Long Term Tax Advantage Fund - Series IV	9.6	-2.3	12.3	9.2	16.3	8.9	Rohit Seksaria
Sundaram Long Term Tax Advantage Fund - Series III	10.2	-2.3	12.2	9.2	16.2	8.9	Rohit Seksaria
Sundaram Small Cap Fund	14.7	7.2	14.8	14.0	15.1	14.5	Rohit Seksaria & Shalav Saket
Sundaram ELSS Tax Saver Fund	-6.5	-2.0	6.8	9.5	7.7	9.0	Bharath S & Rohit Seksaria & Shalav Saket
Sundaram Equity Savings Fund	-0.8	1.5	6.7	7.1	7.0	6.6	Clyton Richard Fernandes, Rohit Seksaria (Equity); Kumaresh Ramakrishnan (Fixed Income)
Sundaram Arbitrage Fund	6.0	7.3	6.4	7.4	5.7	6.7	Rohit Seksaria; Kumaresh Ramakrishnan (Fixed Income)

Data as on September 30, 2026. Source: Fact Sheet, Computation In-house. **Past performance may or may not be sustained in the future.** Different plans shall have a different expense structure. Returns are compounded on an annual basis for periods more than one year and absolute for one year period using the NAV of the Regular Plan – Growth Option. Returns are computed using weighted average performance using the NAV & AUM Weight of Transferor and Transferee/ Surviving Scheme for the merged funds from Principal AMC. Performance data of top 3 and bottom 3 funds (based on 5 year compounded return) managed by the fund managers are provided herein. All benchmark returns are calculated based on TRI.

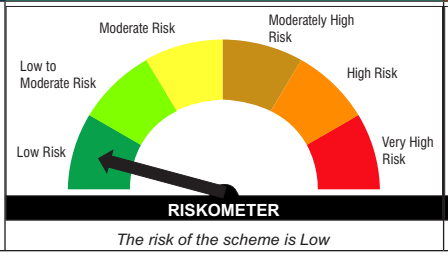
RISKOMETER

This product is suitable for investors who are seeking*

- Income over short term
- Income through arbitrage opportunities

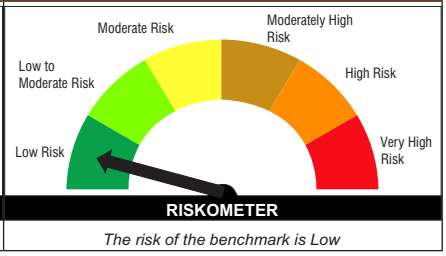
**Investors should consult their financial advisers if in doubt about whether the product is suitable for them.*

Fund



The risk of the scheme is Low

NIFTY 50 Arbitrage Index TRI



The risk of the benchmark is Low

SEBI Registered Name: Sundaram Mutual Fund & Registration Number: MF/034/97/2

For more details, consult your Mutual Fund Distributor. You can also call us on 1860 425 7237 or visit www.sundarammutual.com.

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