

Sundaram Arbitrage Fund

An open-ended scheme investing in arbitrage opportunities



SUNDARAM MUTUAL
— Sundaram Finance Group —

Fund Insights - November 2025

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

- 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.
- 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.
- Fund Flows:** As more money flows into the category, spread decreases.

FUND FACTS & FEATURES

- Launch** April 2016
- Month End AUM** ₹ 335 Cr.
- Benchmark (Tier I)** NIFTY 50 Arbitrage Index TRI
- Fund Managers**
Mr. Rohit Seksaria & Mr. Ashish Aggarwal (Equity) and Mr. Dwijendra Srivastava (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
- Plan / Option**
Regular and Direct
Growth & IDCW (Payout, Re-investment, Transfer)

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

- 57 bps rollover spread which would annualize to ~6% after trading cost
- At the end of Oct series, market-wide futures rollovers were ~92% (at par with the average rollovers of 92% of last 3 series)
- Market-wide futures open interest (OI) stands at ~INR 5.414tn (vs. ~INR 5.317tn seen at the start of Oct series).
- Nifty rollovers were ~76%. Nifty futures OI stands at INR 393bn (~15.17mn shares) as against an OI of INR 448bn (~18.19mn shares) at the start of the Oct series.

WHY SUNDARAM ARBITRAGE FUND?

Market Neutral Strategy

Offsetting positions in the same underlying stock with completely hedged positions. The fund is neutral to movements in the underlying stock.

Lower Risk & Better Liquidity

Offers debt equivalent return with lower credit risk and interest rate risk.

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.

INVESTMENT FRAMEWORK



Completely Hedged

The equity portion is completely hedged.



Aims to Provide Risk-Free Return

The strategy involves locking the rollover spread every month to aim for a risk-free return.



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 (%)			Allocation (%)	
Period	Sundaram Arbitrage Fund	Arbitrage Index TRI	Category	Allocation
1 Month	6.7	7.3	Equity	76.4
3 Months	5.3	7.0	Derivatives (Hedged Equity Positions)	(76.8)
6 Months	5.4	6.8	Cash/TREPS/Repo/Margin Money for Derivatives	23.6

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	6.2	7.6	6.4	10,621	10,756	10,641	1,20,000	1,23,718	1,24,544	1,23,674
Last 3 years	6.8	7.6	7.0	12,169	12,471	12,245	3,60,000	3,97,278	4,03,046	3,99,030
Last 5 years	5.3	6.2	5.6	12,955	13,506	13,146	6,00,000	6,98,858	7,14,760	7,04,538
Since inception	4.4	5.5	6.1	15,093	16,754	17,722	11,50,000	14,59,575	15,36,230	15,48,262

Past performance may or may not be sustained in future. Returns/investment value are as of November 30, 2025. 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 November 30, 2025. SIP values are in rupees.

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 15)							
Sundaram Long Term Micro Cap Tax Advantage Fund - Series VI	1.3	(3.8)	18.7	22.2	28.7	23.0	Rohit Seksaria
Sundaram Long Term Tax Advantage Fund - Series III	3.8	6.3	19.3	15.2	28.5	18.6	Rohit Seksaria
Sundaram Long Term Tax Advantage Fund - Series IV	4.9	6.3	19.8	15.2	28.4	18.6	Rohit Seksaria
Sundaram Value Fund	6.0	6.6	12.6	15.6	16.6	18.6	Rohit Seksaria
Sundaram Equity Savings Fund	7.3	8.7	11.1	9.7	10.7	9.9	Clyton Richard Fernandes, Rohit Seksaria (Equity); Dwijendra Srivastava (Fixed Income)
Sundaram Arbitrage Fund	6.2	7.6	6.8	7.6	5.3	6.2	Rohit Seksaria & Ashish Agarwal (Equity); Dwijendra Srivastava (Fixed Income)
Performance details for schemes managed by Mr. Ashish Aggarwal (No. of funds managed 5)							
Sundaram Infrastructure Advantage Fund	4.0	11.5	21.1	22.0	25.1	24.3	Ashish Agarwal
Sundaram Large and Mid Cap Fund	4.4	8.0	16.0	18.5	18.6	21.1	Bharath S & Ashish Agarwal
Sundaram Nifty 100 Equal Weight Fund	5.5	6.7	16.2	17.6	18.5	19.8	Rohit Seksaria & Ashish Agarwal
Sundaram Dividend Yield Fund	1.4	6.6	15.7	15.6	18.0	18.6	Ashish Agarwal
Sundaram Arbitrage Fund	6.2	7.6	6.8	7.6	5.3	6.2	Rohit Seksaria & Ashish Agarwal (Equity); Dwijendra Srivastava (Fixed Income)

Data as on November 30, 2025. 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



RISKOMETER

The risk of the scheme is Low

NIFTY 50 Arbitrage Index TRI



RISKOMETER

The risk of the benchmark is Low

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.