

Sundaram Income Plus Arbitrage Active FOF

An open-ended fund of fund investing in units of debt oriented mutual fund schemes and arbitrage mutual fund schemes

NFO Opens: January 5, 2026

NFO Closes: January 8, 2026

Agenda



Investor Dilemma



Solution by Income Plus Arbitrage Active FOF



Asset Allocation of Sundaram IPA - FOF



Alpha drivers



Fund monitoring and reviews

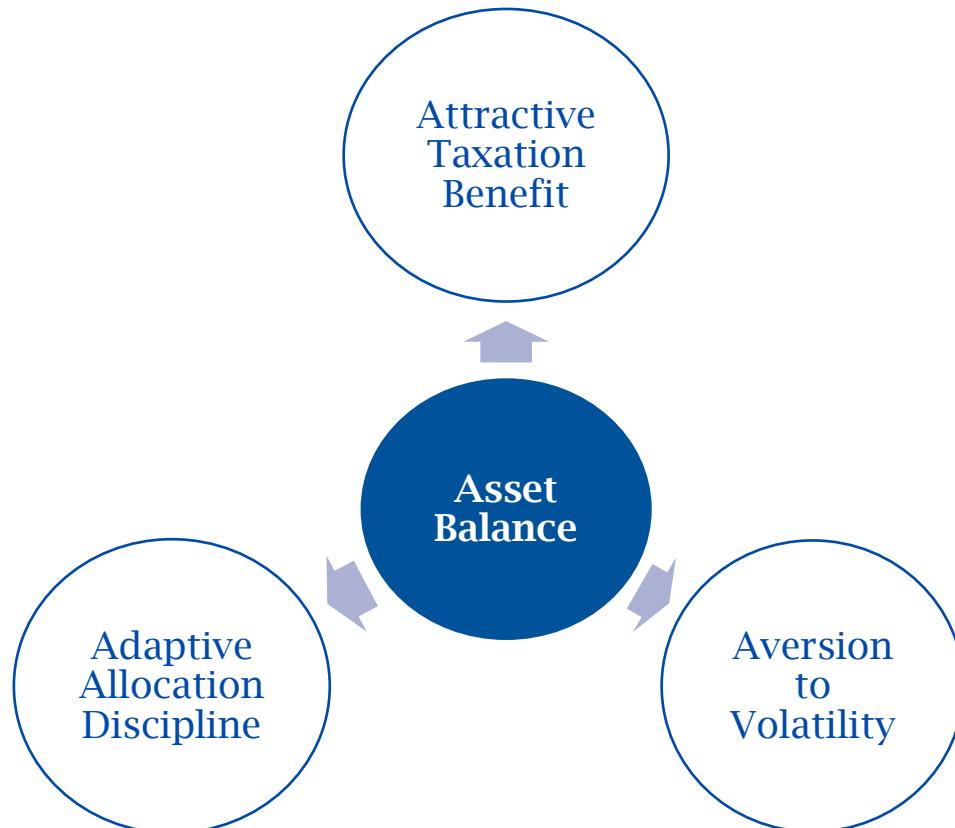


Appendix

Investor Dilemma



Comprehensive Solutions: 3A Framework



- **Higher taxation** on stable return products like fixed income
- Difficult to anticipate market cycles and timely portfolio rebalancing for individual investors, leading to **sub-optimal asset allocation** in different market cycles
- Switching between debt schemes also triggers taxation at slab rate each time
- A product with lower volatility can be favorable during market down-cycles

The fund's flexibility to switch between debt mutual fund schemes and exposure to arbitrage funds aims to offer relatively stable and better post - taxation returns over a holding period of more than 24 months by efficiently navigating different market cycles and mitigating equity market risks.

Portfolio Allocation



This newly created debt oriented hybrid investment category qualifies for a lower tax rate of 12.5%, akin to equity,

- i. if held for at least 2 years and
- ii. if both equity and debt holdings (held through funds) range between 35-65%

Income Plus Arbitrage Active FOF - Key Features

Key Facts

The fund qualifies for LTCG of 12.5% post 2 years given its non specified Mutual Fund Structure

Being a FoF, the fund will execute its market strategy by holding a combination of debt schemes rather than individual securities

The fund will invest only in schemes that are actively managed

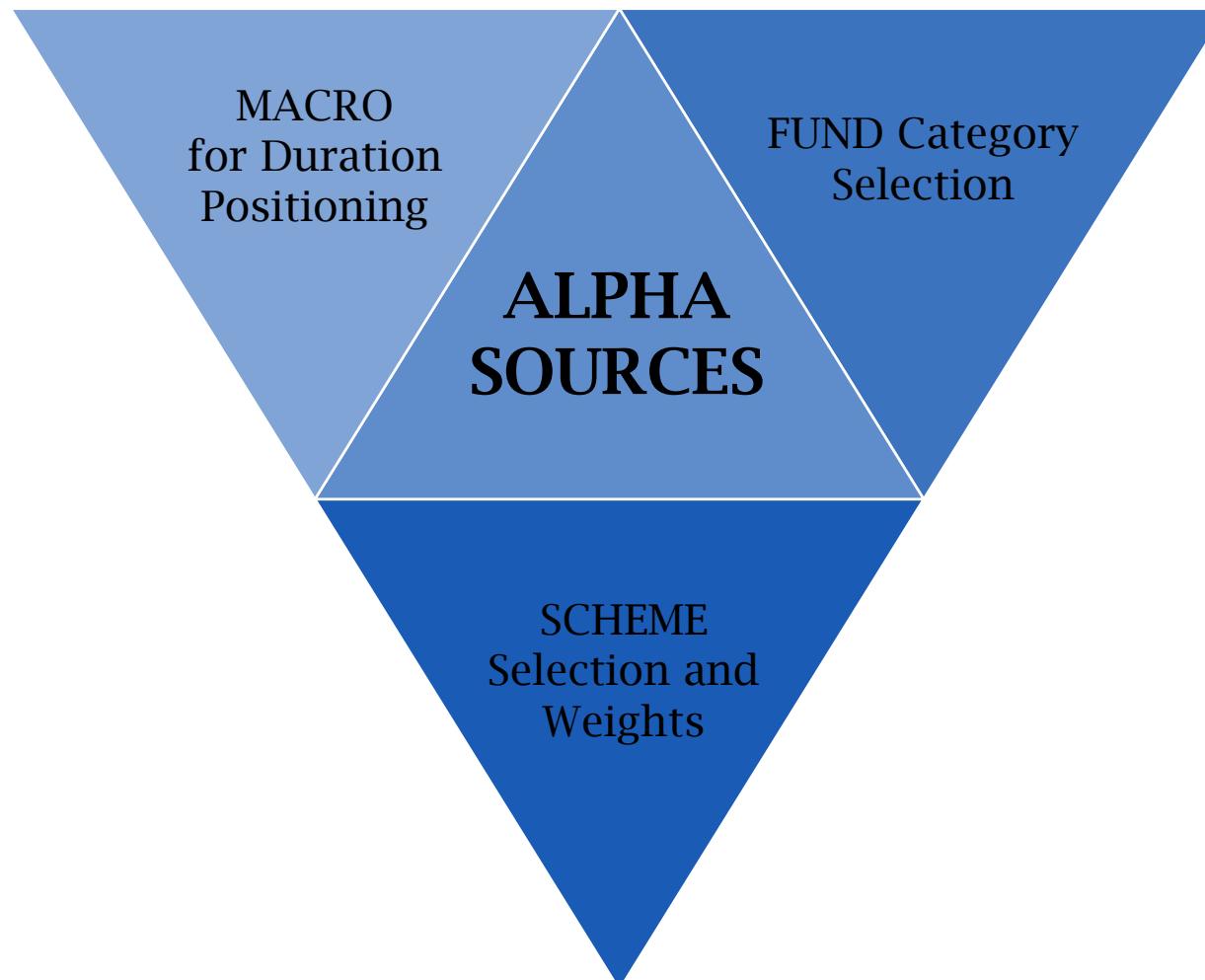
Portfolio rebalancing between schemes has no tax impact at the fund level

This fund is likely to potentially exhibit lower volatility as it combines pure debt schemes with arbitrage funds that run fully hedged equity positions

Why Sundaram Income Plus Arbitrage Active FOF?

- **The fund will strategically allocate** to a combination of select debt schemes across mid and long duration categories, money market and cash funds (liquid, Ultra Short)
- **Quality will be a cornerstone** in the FOF; underlying funds will be chosen such that they are invested in predominantly high credit quality issuers
- The Sundaram IPA FOF will follow an **Open Architecture model**, to cover a basket of both inhouse and external schemes across arbitrage and debt
- This **multi-manager strategy** offers dual benefits of diversifying manager risk and combining investment styles
- Sundaram MF's **house view on macro and rates** will guide the selection of appropriate debt fund category to execute the market view
- Sundaram's **inhouse governance framework** will then form an overlay to objectively short list schemes with their respective weights for inclusion in the FoF

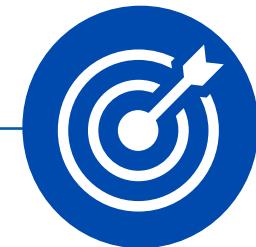
Philosophy



Alpha Driver From Macro

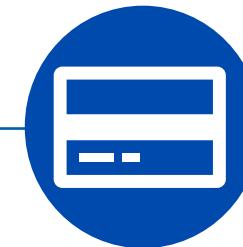
| Macroeconomic Parameter | Duration Increase | Duration Decrease |
|--------------------------|-------------------------|--------------------------------|
| Monetary Policy | Easing / Likely to Ease | Tightening / Likely to Tighten |
| Fiscal Policy | Consolidation | Expansionary |
| Inflation | Benign / Declining | Trending Up |
| Crude Oil Prices | Stable / Falling | Rising |
| INR / USD Exchange Rates | Stable / Appreciating | Volatile / Depreciating |
| Global Market Sentiment | Risk - Off | Risk - On |
| Liquidity | Easing | Tightening |

Alpha From Category and Scheme Selection



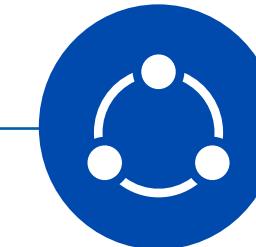
FUND selection

Objectively identify funds that align with macro view and dynamically allocate to select funds



SCHEME selection Technical factors

Size (restrict to top 10 in each category), AUM stability, Expense structure, redemption cycles



SCHEME selection Qualitative factors

Vintage, AMC philosophy, Agility and Execution



Governance Framework For FOF

Real Time data TRACKING

FOF portfolio alignment with
i. duration view
ii. risk-return profile

Monthly MONITORING

Underlying scheme
performance, consistency,
quality, and risk alignment

Quarterly REVIEW

Detailed peer group
evaluation for both funds
and scheme selection

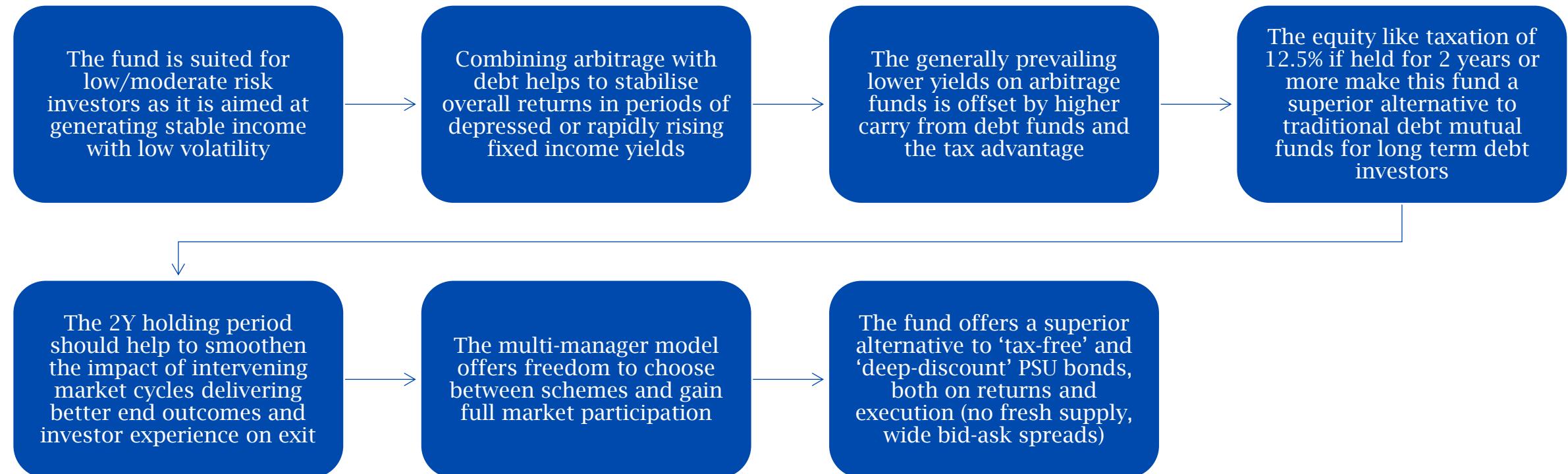
Event TRIGGERS

Macro / Market events:
RBI policy changes, inflation
surprises, sharp yield
movements, liquidity stress
events

AMC-specific
Investment team changes

Fund-specific
Change in fundamentals
attributes

Sundaram IPA-FOF – Salient Features





Income Plus Arb FOF Taxation - Illustration

Traditional

| Holding Period | Income Plus Arbitrage Active FoF | Debt Funds |
|---------------------|----------------------------------|--------------------------------|
| Up to 24 months | Investors Income Tax Slab rate | Investors Income Tax Slab rate |
| More than 24 months | 12.5% | Investors Income Tax Slab rate |

For a 2-year horizon, the FoF offers potential for higher returns than arbitrage funds and better tax-adjusted outcomes than traditional debt funds.

*Assuming investor falls in 30% tax slab: The above illustration does not account for cess and surcharge in the tax calculation. Note: The above is for illustrative purpose only, not indicative of future performance. Past performance may or may not be sustained in the future.

| Particulars | Income Plus Arbitrage Active FoF | Debt Fund |
|----------------------------|----------------------------------|-------------|
| Investment Amount (Rs.) | 1,00,000 | 1,00,000 |
| Return Assumption | 7% | 7% |
| Holding Period | 24 months | 24 months |
| Value at the end of tenure | 1,14,490 | 1,14,490 |
| Pre - Tax Gains | 14.490 | 14.490 |
| Applicable Tax Rate | 12.50% | 30%* |
| Tax Payable (Rs.) | 1,811 | 4,347 |
| Post - Tax Gains | 12,679 | 10,143 |
| Post - Tax Value (Rs.) | 1,12,679 | 1,10,143 |
| Post - Tax Returns | 6.15% | 4.95% |



Rolling Return Analysis (Since 2015)

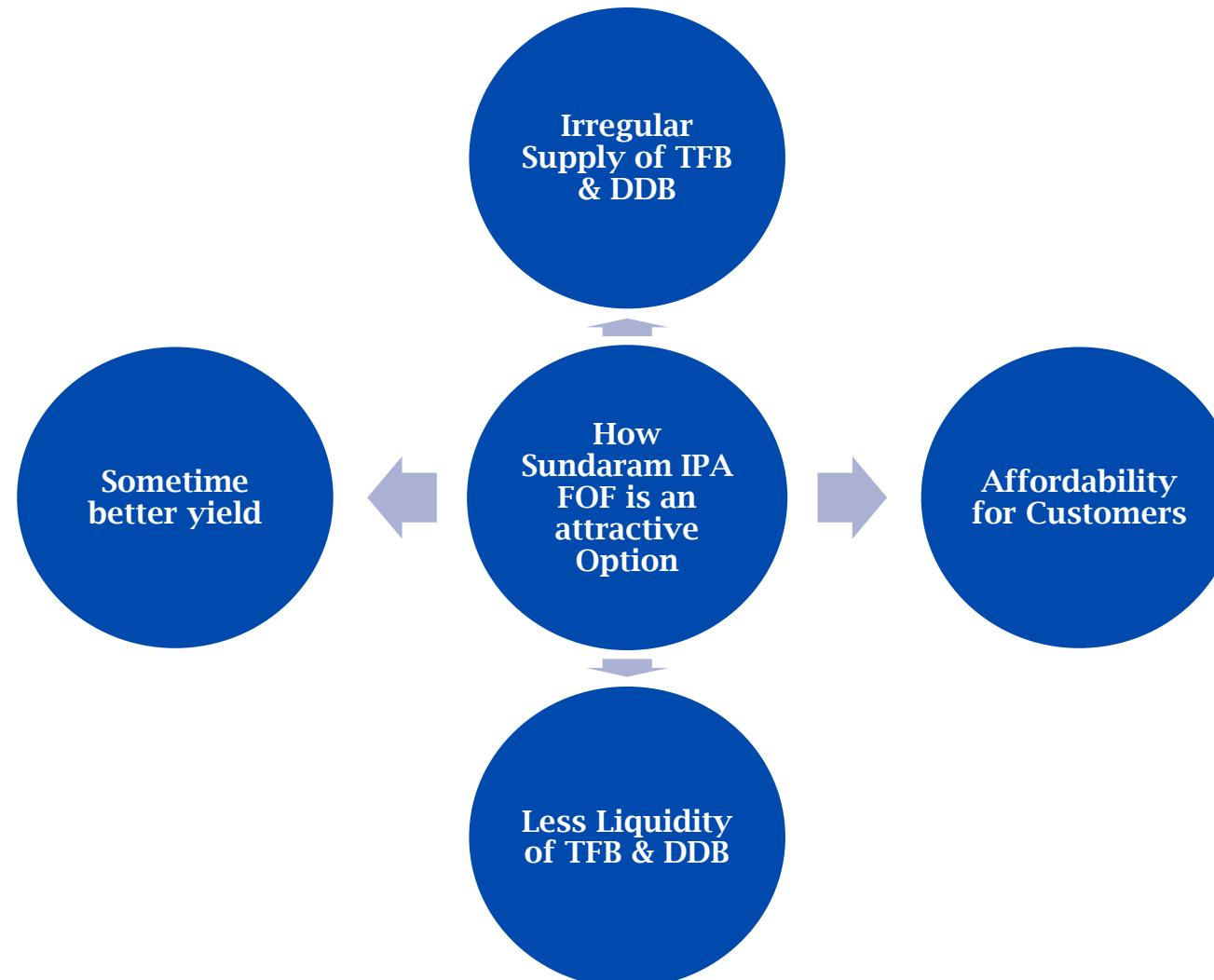
2 years Rolling Return Analysis (Daily Basis)

Time period: Dec 2015 – Nov 2025

| Particulars | 60% Nifty Short Duration Debt Index A-II + 40% Nifty 50 Arbitrage* | Nifty Short Duration Debt Index A-II | NIFTY Corporate Bond Index A-II | NIFTY 50 Arbitrage |
|-------------|--|--------------------------------------|---------------------------------|--------------------|
| Minimum | 3.5% | 3.3% | 3.3% | 2.8% |
| Maximum | 8.1% | 10.0% | 16.5% | 8.0% |
| Average | 6.2% | 6.7% | 6.9% | 5.3% |

*60% Nifty Short Duration Debt Index A-II + 40% Nifty 50 Arbitrage is Benchmark of Income Plus Arb Active FOF

Sundaram FOF vs Tax-Free Bonds and Deep-Discount Bonds





Fund Facts

| | | |
|------------------------------------|--|--------|
| Allotment Date | January 2026 | |
| Objective | The scheme shall seek to generate long-term capital appreciation by investing in units of debt oriented mutual fund schemes and arbitrage mutual fund schemes | |
| Benchmark | 60% Nifty Short Duration Debt Index A-II + 40% Nifty 50 Arbitrage TRI | |
| Asset Allocation | • Units of Liquid/Debt Oriented Mutual Fund Schemes | 35-65% |
| | • Units of Arbitrage Mutual Fund Schemes | 35-65% |
| | • Money Market Securities (including Tri Party Repo) # | 0-5% |
| Plans | Regular & Direct | |
| Options | Growth, IDCW (Pay Out, Reinvestment & Sweep); Default Option: Growth; Default Sub-Option: IDCW Sweep | |
| Minimum Subscription Amount | Lumpsum: First Investment: INR 5000 and any amount thereafter; Subsequent Purchase: INR 500 and any amount thereafter SIP: INR 1000 per week, INR 100 per month, INR 750 per quarter, Weekly SIP will be processed on Wednesdays | |
| Load Structure | <ul style="list-style-type: none"> • Entry Load: Nil • Exit Load: Nil | |

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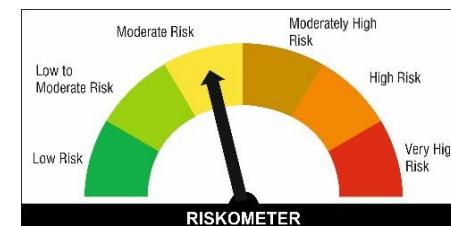
For scheme specific risk factors, asset allocation, load structure, fund facts and taxation aspects please refer scheme information documents available online and at branches/Investor Service Centres; also, at www.sundarammutual.com

Statutory: Mutual Fund: Sundaram Mutual Fund is a trust under Indian Trusts Act, 1882. Liability for sponsors is limited to Rs 1 lakh. Sponsors: Sundaram Finance Ltd.

Investment Manager: Sundaram Asset Management Company Ltd.

Trustee: Sundaram Trustee Company Ltd.

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



Sundaram Income Plus Arbitrage Active FoF
Investors understand that their principal will be at
Moderate Risk



60% Nifty Short Duration Debt Index A-II + 40% Nifty
50 Arbitrage TRI