







# 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**

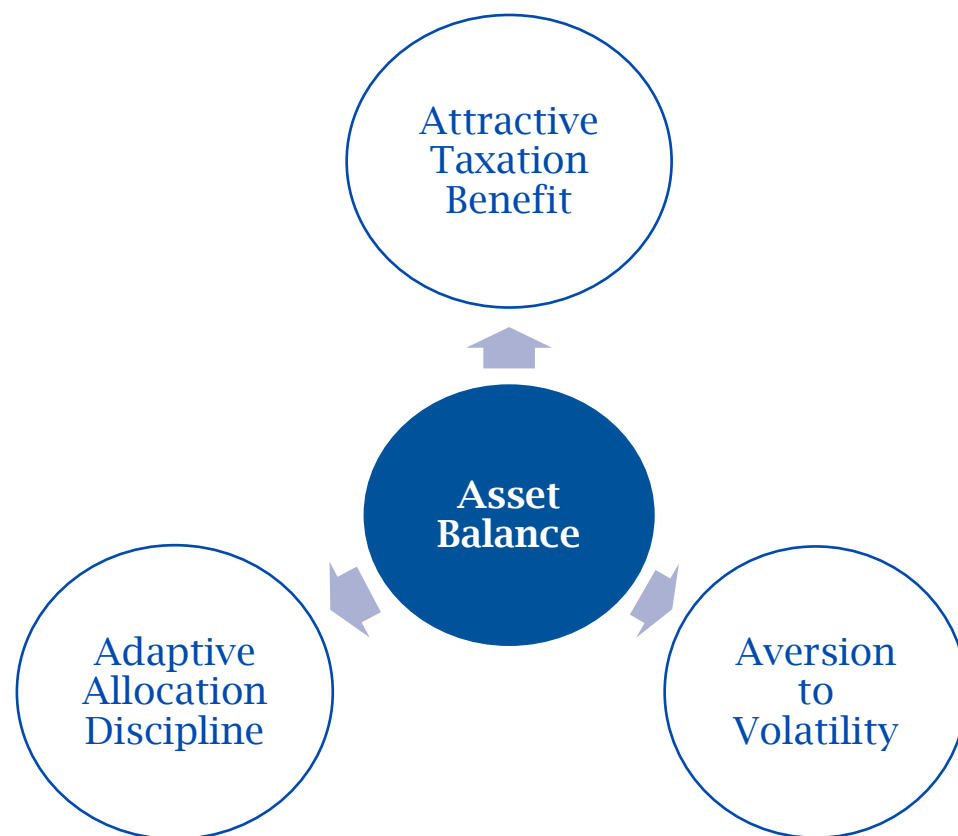
# Agenda

-  Investor Dilemma
-  Solution by Income Plus Arbitrage Active FOF
-  Asset Allocation of Sundaram IPA - FOF
-  Alpha drivers
-  Fund monitoring and reviews
-  Appendix

# Investor Dilemma



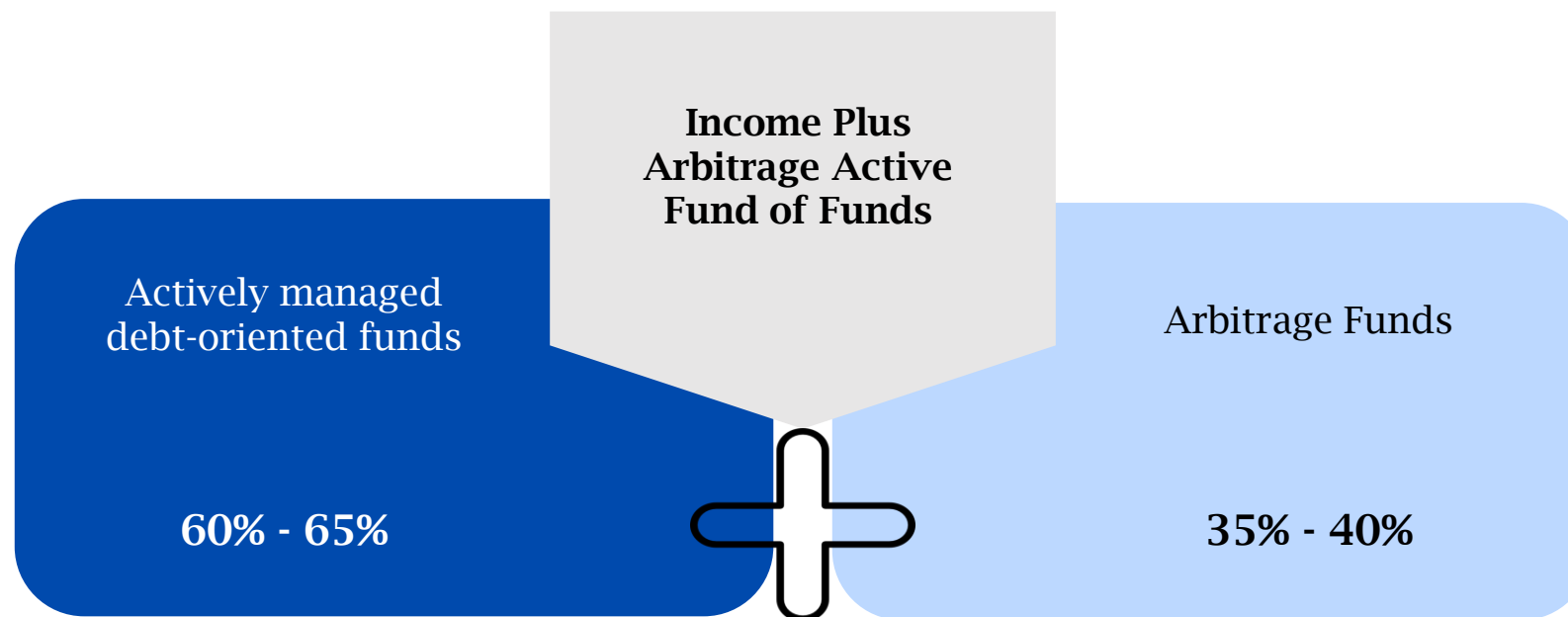
# Comprehensive Solutions: 3A Framework



- **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

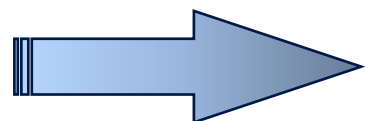
Being a FoF, the fund will execute its market strategy by holding a combination of debt schemes rather than individual securities

The fund will invest only in schemes that are actively managed

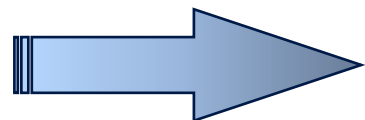
Portfolio rebalancing between schemes has no tax impact at the fund level

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

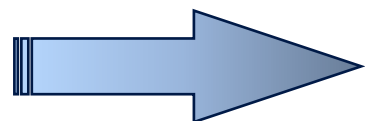
# Why Sundaram Income Plus Arbitrage Active FOF?



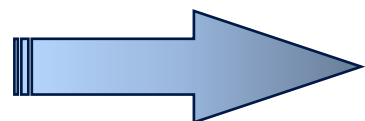
**The fund will strategically allocate** to a combination of select debt schemes across mid and long duration categories, money market and cash funds (liquid, Ultra Short)



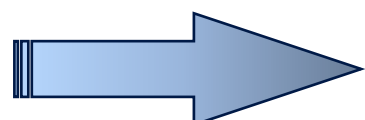
**Quality will be a cornerstone** in the FOF; underlying funds will be chosen such that they are invested in predominantly high credit quality issuers



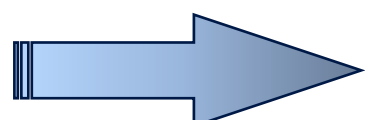
The Sundaram IPA FOF will follow an **Open Architecture model**, to cover a basket of both inhouse and external schemes across arbitrage and debt



This **multi-manager strategy** offers dual benefits of diversifying manager risk and combining investment styles

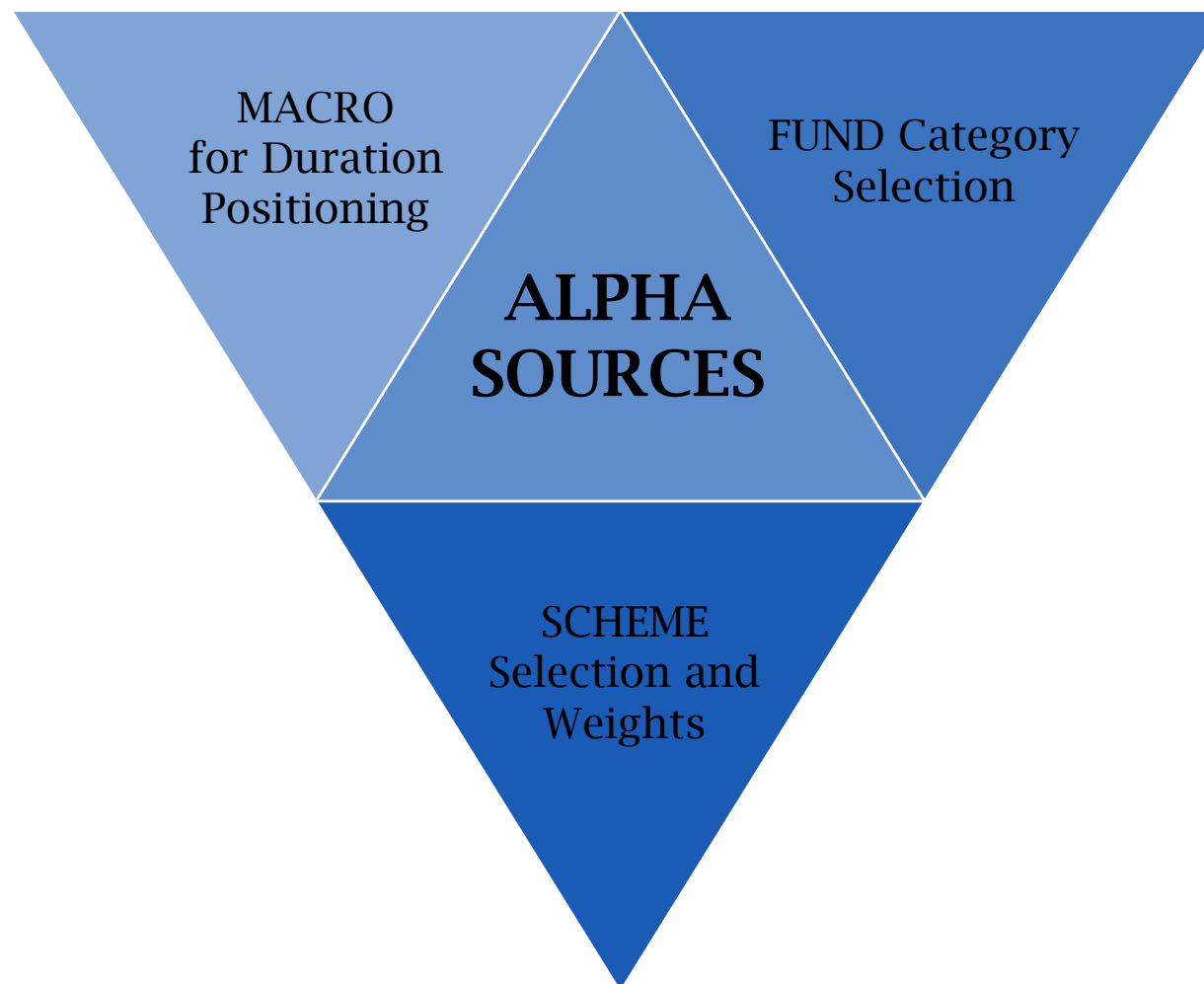


Sundaram MF's **house view on macro and rates** will guide the selection of appropriate debt fund category to execute the market view



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

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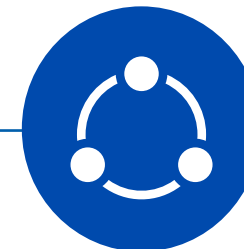
Objectively identify funds that align with macro view and dynamically allocate to select funds



## SCHEME selection Technical factors

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



## SCHEME selection Qualitative factors

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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

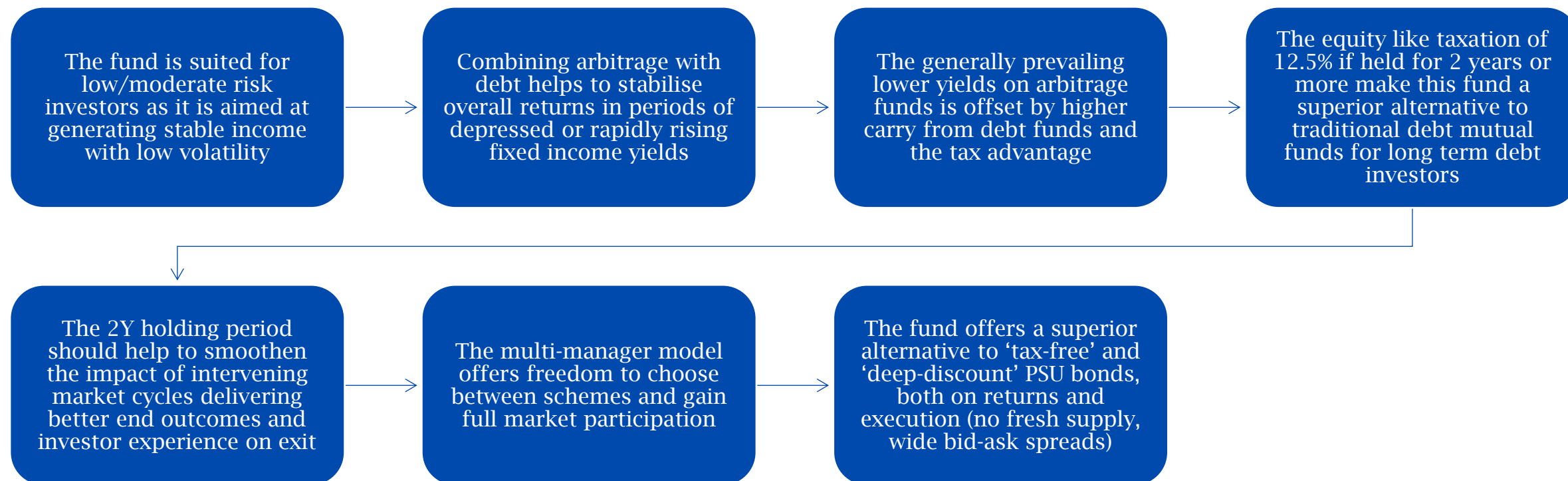
## Event TRIGGERS

**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
<b>Applicable Tax Rate</b>	<b>12.50%</b>	30%*
Tax Payable (Rs.)	1,811	<b>4,347</b>
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)

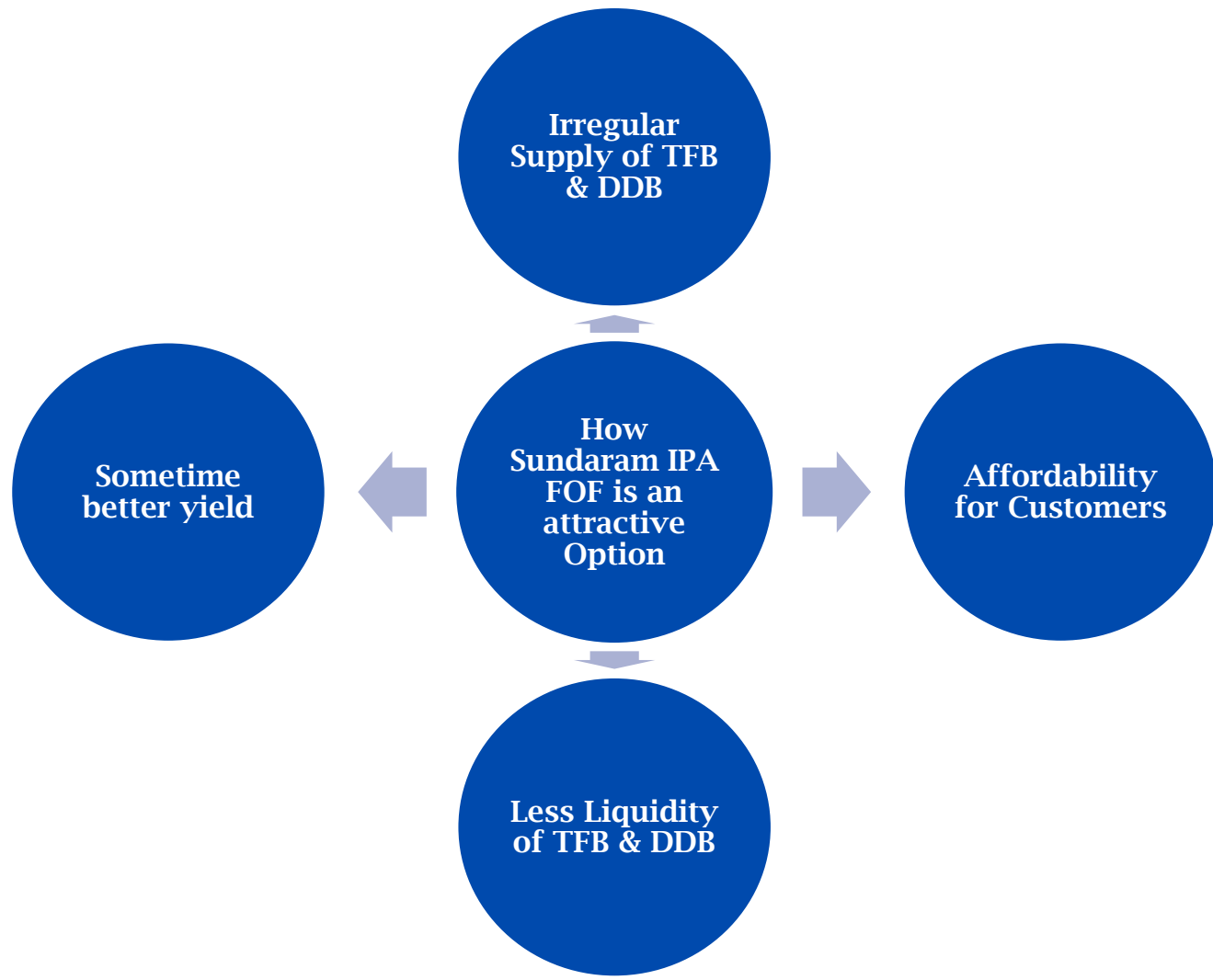
Time period: Dec 2015 – Nov 2025

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

<b>Allotment Date</b>	January 2026
<b>Objective</b>	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
<b>Benchmark</b>	60% Nifty Short Duration Debt Index A-II + 40% Nifty 50 Arbitrage TRI
<b>Asset Allocation</b>	• 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%
<b>Plans</b>	Regular & Direct
<b>Options</b>	Growth, IDCW (Pay Out, Reinvestment & Sweep); Default Option: Growth; Default Sub-Option: IDCW Sweep
<b>Minimum Subscription Amount</b>	<b>Lumpsum:</b> First Investment: INR 5000 and any amount thereafter; Subsequent Purchase: INR 500 and any amount thereafter <b>SIP:</b> INR 1000 per week, INR 100 per month, INR 750 per quarter, Weekly SIP will be processed on Wednesdays
<b>Load Structure</b>	<ul style="list-style-type: none"> <li>• <b>Entry Load:</b> Nil</li> <li>• <b>Exit Load:</b> Nil</li> </ul>

# Disclaimer

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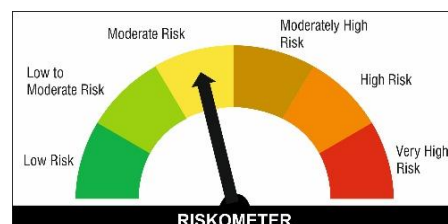
For scheme specific risk factors, asset allocation, load structure, fund facts and taxation aspects please refer scheme information documents available online and at branches/Investor Service Centres; also, at [www.sundarammutual.com](http://www.sundarammutual.com)

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.

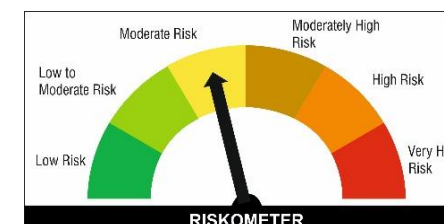
Investment Manager: Sundaram Asset Management Company Ltd.

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**