

Nippon India Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

Contact your Mutual Fund Distributor for further details
Call 1860 266 0111#, 91-22-69259696# (For investors outside India)
| Visit mf.nipponindiaim.com

#Charges applicable.

This product is suitable for investors who are seeking*

- Income over short term
- Income through arbitrage opportunities between cash and derivative market and arbitrage opportunities within the derivative segment

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

Nippon India Arbitrage Fund



Investors understand that their principal will be at Low risk

Nifty 50 Arbitrage Index



Benchmark Riskometer is at Low risk

Investment Objective

The investment objective of the scheme is to generate income by taking advantage of the arbitrage opportunities that potentially exists between cash and derivative market and within the derivative segment along with investments in debt securities & money market instruments.

Investment Philosophy

- ❖ A conservative arbitrage fund that aims to generate income through arbitrage opportunities arising out of pricing mismatch in a security between cash and derivative segment and with derivatives segment along with investments in debt securities and money market instruments.
- ❖ The fund portfolio is completely hedged and takes offsetting positions on various markets simultaneously. The arbitrage fund follows a market neutral strategy and carries no specific equity risk.
- ❖ In the absence of adequate arbitrage opportunities, the scheme may invest in short term debt or money market securities.

Why One Should Invest In Nippon India Arbitrage Fund?

- ❖ Generate income through arbitrage opportunities arising out of pricing mismatch in a security between different markets or as a result of special situations.
- ❖ Completely hedged positions, neutralizes market risk (volatility) and targets absolute returns irrespective of market conditions.
- ❖ Will aim to have prudent balance of safety, returns and liquidity.
- ❖ Nippon India Arbitrage Fund may prove to be an apt product for those investors who want to remain conservative and invest in relatively less risky portfolio.

Fund Manager's View

- ❖ In volatile markets, one can take advantage of arbitrage opportunities, especially when opportunities are available in different sectors and market cap.
- ❖ Since the Indian equity markets are relatively at reasonable valuations, lot of corporate actions like buy back, merger activities etc. may give arbitrage opportunities to capitalize on.
- ❖ India, being one of the most attractive investment destinations for global investors, different time zones of different markets may further give arbitrage advantage.

Portfolio & Scheme Features as on June 30, 2024

Asset Allocation

Equities	73.58%
Debt, Derivatives, Cash and Other Receivables	26.42%
Benchmark	NIFTY 50 Arbitrage
Fund Manager	Anand D Gupta, Anju Chhajer, Rohit Hashmukh Shah (Co-Fund Manager)
Month end AUM as on June 30, 2024	Rs. 15,072.15 Crs

Portfolio as on June 30, 2024

Stocks	Allocation (%)
Equity	
Aerospace & Defense	
Hindustan Aeronautics Limited*	3.03%
Bharat Electronics Limited*	1.61%
Automobiles	
Tata Motors Limited*	1.6%
Banks	
HDFC Bank Limited*	5.99%
Bank of Baroda*	2.39%
Kotak Mahindra Bank Limited*	1.85%
IndusInd Bank Limited*	1.55%
State Bank of India	1.17%
Cement & Cement Products	
Ambuja Cements Limited	1.13%
Construction	
Larsen & Toubro Limited	1.39%
Consumable Fuels	
Coal India Limited	1.41%
Consumer Durables	
Dixon Technologies (India) Limited	1.08%
Diversified Metals	
Vedanta Limited*	2.5%
Metals & Minerals Trading	
Adani Enterprises Limited*	2.45%
Mutual Fund units	20.07%
Nippon India Mutual Fund	20.07%
Petroleum Products	
Reliance Industries Limited	1.45%
Pharmaceuticals & Biotechnology	
Aurobindo Pharma Limited	1.49%
Alkem Laboratories Limited	1.07%
Power	
NTPC Limited	1.1%
Telecom - Services	
Vodafone Idea Limited*	3.86%
Transport Infrastructure	
Adani Ports and Special Economic Zone Limited	1.2%
Debt	
Certificate of Deposit	3.71%
Punjab National Bank	1.98%
HDFC Bank Limited	0.95%
Axis Bank Limited	0.63%
Small Industries Dev Bank of India	0.16%
Commercial Paper	3.27%

Bajaj Finance Limited	0.98%
ICICI Securities Limited	0.66%
National Bank For Agriculture and Rural Development	0.65%
Aditya Birla Finance Limited	0.65%
National Housing Bank	0.33%
Corporate Bond	1.84%
National Bank For Agriculture and Rural Development	1.35%
Small Industries Dev Bank of India	0.33%
Power Finance Corporation Limited	0.17%

Under normal circumstances, the anticipated asset allocation would be:

Equities and equity related instruments, Derivatives including index futures, stock futures, index options, & stock options, etc.# - 65% to 90% (medium to high)

Debt and Money market instruments** (including investments in securitized debt – 10% to 35%(low to medium)

When adequate arbitrage opportunities are not available in the Derivative and Equity markets, the anticipated alternate asset allocation on defensive considerations would be in accordance with the allocation given below: However, in case no arbitrage opportunity is available, then 100% of the remaining investible corpus (to the extent not deployed in arbitrage opportunities in the asset allocation pattern mentioned above) will be deployed in short term debt and money market instruments with tenure not exceeding 91 days (including investments in securitized debt). In this scenario also, the allocation in Equities and equity related instruments, Derivatives including index futures, stock futures, index options, and stock options, etc. will continue to be made in arbitrage opportunities only.

Asset Allocation

Equities and equity related instruments, Derivatives including index futures, stock futures, index options, & stock options, etc. (Only arbitrage opportunities)#.- 0% to 65% (medium to high)

Debt and Money market instruments** (including investments in securitized debt) – 10% to 35% (low to medium)

Short term Debt and Money market instruments not exceeding tenure of 91 days** (including investments in securitized debt)– 0% to 100%(low to medium)

#the exposure to derivatives shown in the above asset allocation tables is exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation and/or investment restrictions on the issuer. The idea is not to take additional asset allocation with the use of derivative. The margin money deployed on these positions would be included in Money Market category.

** including securitized debt up to 30%

The Scheme shall take derivatives position based on the opportunities available subject to the guidelines issued by SEBI/RBI from time to time and in line with the overall investment objective of the Scheme

Choice of Plans / Options

Direct Plan & Other than Direct Plan

(a) Growth Plan - Growth Option

(b) Income Distribution cum Capital Withdrawal Plan (IDCW Plan)

(1) Payout of Income Distribution cum Capital Withdrawal Plan (IDCW Plan)

(2) Reinvestment of Income Distribution cum Capital Withdrawal Plan (IDCW Plan)

(c) Monthly Income Distribution cum Capital Withdrawal Plan (IDCW Plan)

(1) Payout of Income Distribution cum Capital Withdrawal Plan (IDCW Plan)

(2) Reinvestment of Income Distribution cum Capital Withdrawal Plan (IDCW Plan)

Direct Plan is only for investors who purchase /subscribe Units in a Scheme directly with the Fund (i.e. investments not routed through an AMFI Registration Number (ARN) Holder).

Minimum Investment

Rs. 5000 & in multiples of Re 1 thereafter

Load Structure

Entry Load* : Nil

0.25% if redeemed/switched out on or before completion of 1 month from the date of allotment of units. Nil, if redeemed/switched out after completion of 1 month from the date of allotment of units.

***In accordance with the requirements specified by the SEBI circular no. SEBI/IMD/CIR No.4/168230/09 dated June 30, 2009 no entry load will be charged for purchase / additional purchase / switch-in accepted by the Fund with effect from August 01, 2009. Similarly, no entry load will be charged with respect to applications for registrations under systematic investment plans/ systematic transfer plans accepted by the Fund with effect from August 01, 2009. With reference to SEBI circular No. SEBI/HO/ IMD/DF2/CIR/P/2019/42 dated March 25, 2019, there shall be no entry load for investments under SIPs registered before August 01, 2009 with effect from April 15, 2019.**

Risk factor & Disclaimer: Trading volumes and settlement periods may restrict liquidity in equity and debt investments. Investment in Debt is subject to price, credit, and interest rate risk. The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures. The NAV may also be subjected to risk associated with investment in derivatives, foreign securities or script lending as may be permissible by the Scheme Information Document. For further details, please refer Scheme Information Document (SID).

The views being expressed only constitute opinions and therefore cannot be considered as guidelines, recommendations or as a professional guide for the readers. Before making any investments, the readers are advised to seek independent professional advice, verify the contents in order to arrive at an informed investment decision. None of the Sponsor, the Investment Manager, the Trustee, their respective directors, employees, associates or representatives shall be liable in any way for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including on account of lost profits arising from the information contained in this material.



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