

# Mirae Asset Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

December 2024

Aim to use price difference to your advantage

**BUY**  
₹ 100



**SELL**  
₹ 110

# What is Arbitrage?

**01** The act of buying a security in one market and simultaneously selling it in another market for a price differential is called Arbitrage .

**02** The Price differential that exist in the equity and derivative segments for the same asset is called as the spread and can also be attributed to market inefficiencies.

# What makes Arbitrage Risk Free?

Arbitrage is simultaneous buying and selling the same underlying security or its derivatives in different market segments to make risk free profits.

## For Illustration

Buy a stock at Rs 100 and sell the 1 month future of the same at Rs. 101. At the end of Month

Stock Price rises to Rs. 105

Gain on cash position  
5 (105-100)

Loss on future position  
4 (101-105)

Net Profit = 1 (5-4)

Stock Price remain same  
at Rs.100

Gain on cash position  
0 (100-100)

Gain on future position  
1 (101-100)

Net Profit = 1 (0+1)

Stock Price falls to Rs. 95

Loss on cash position 5  
(95-100)

Gain on future position 6  
(101-95)


Net Profit = 1 (-5+6)

**An arbitrage transaction may seek to capture riskless profit**


# Factors Affecting Arbitrage Spread




# Arbitrage Strategies




**Exchange Arbitrage**



**Cash and Carry Arbitrage**



**Reverse Arbitrage**



**Index and Baskets of Stock Arbitrage**



**Corporate Driven Arbitrage**

# 1. Exchange Arbitrage

Exchange arbitrage is taking advantage of price difference of the same security in two stock exchanges.

For instance-

	NSE	BSE
Price of Stock A	Rs 100	Rs 101
Action	Buy	Sell
Profit	Rs 1 (101 – 100)	

Excludes all cost

## 2. Cash and Carry Arbitrage

Cash and Carry Arbitrage is taking advantage of price difference of the same security in cash market and current future series of same security. It is the most common arbitrage strategy used by Arbitrage Mutual Funds.

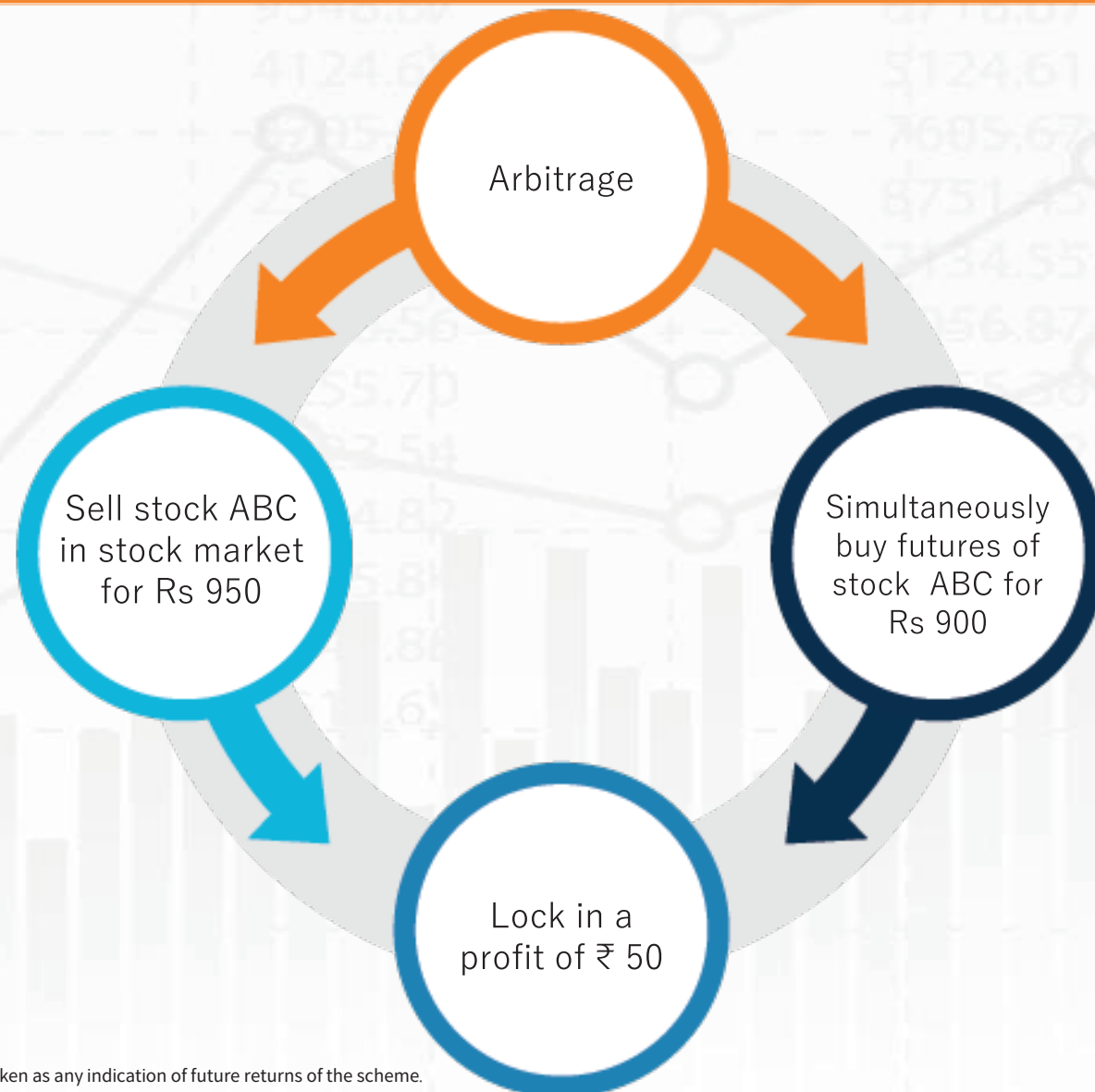


### Scenario Analysis of Cash and Carry Arbitrage

	On F&O Expiry Price of Stock		
	Stock Prices goes up to 1900	Stock Prices goes down to 1700	Stock Prices remains 1785
Buy the Stock @ 1785	115	-85	0
Sell the Stock Future @ 1800	-100	100	15
Profit	15	15	15

### 3. Reverse Arbitrage

Reverse arbitrage is reversing the arbitrage position wherein since the premiums in the futures market is low or negative you sell the stock in the cash market and simultaneously buy the futures of the same stock





## 4. Index and Basket of Stocks Arbitrage

Index and basket of stocks arbitrage is similar to Cash and carry arbitrage, the only difference is that instead of a single stock here the arbitrage is for the index.

For Instance-

	Cash Market	F&O Market
Security	Stocks constituting Nifty 50 Index in the same proportion as the index	Nifty 50 index
Action	<b>Buy</b>	<b>Sell</b>
Price	Rs. 9,275	Rs. 9,300
Profit*	<b>Rs 25 (9300-9275)</b>	

## 5. Corporate Driven Arbitrage

### Right Issues

This is announced for a company's existing investors when it needs more capital. The company gives an option or 'rights' to an existing investor to buy new shares at a discounted price during a certain period. This offers an arbitrage opportunity as the investor can buy shares at a discount and sell the same when it matches the market price.

### Mergers and acquisitions (M&A)

When a company goes through merger, amalgamation, hive off, demerger etc., there could be opportunities due to price differential in the cash and the derivative market.

### Buy-Back Arbitrage

When the company announces the buy back of its own shares, there could be opportunities due to price differential in buyback price and trade price.

### Dividend Arbitrage

Dividend arbitrage is intended to create a risk-free profit by hedging the downside of a dividend-paying stock while waiting for upcoming dividends to be issued.

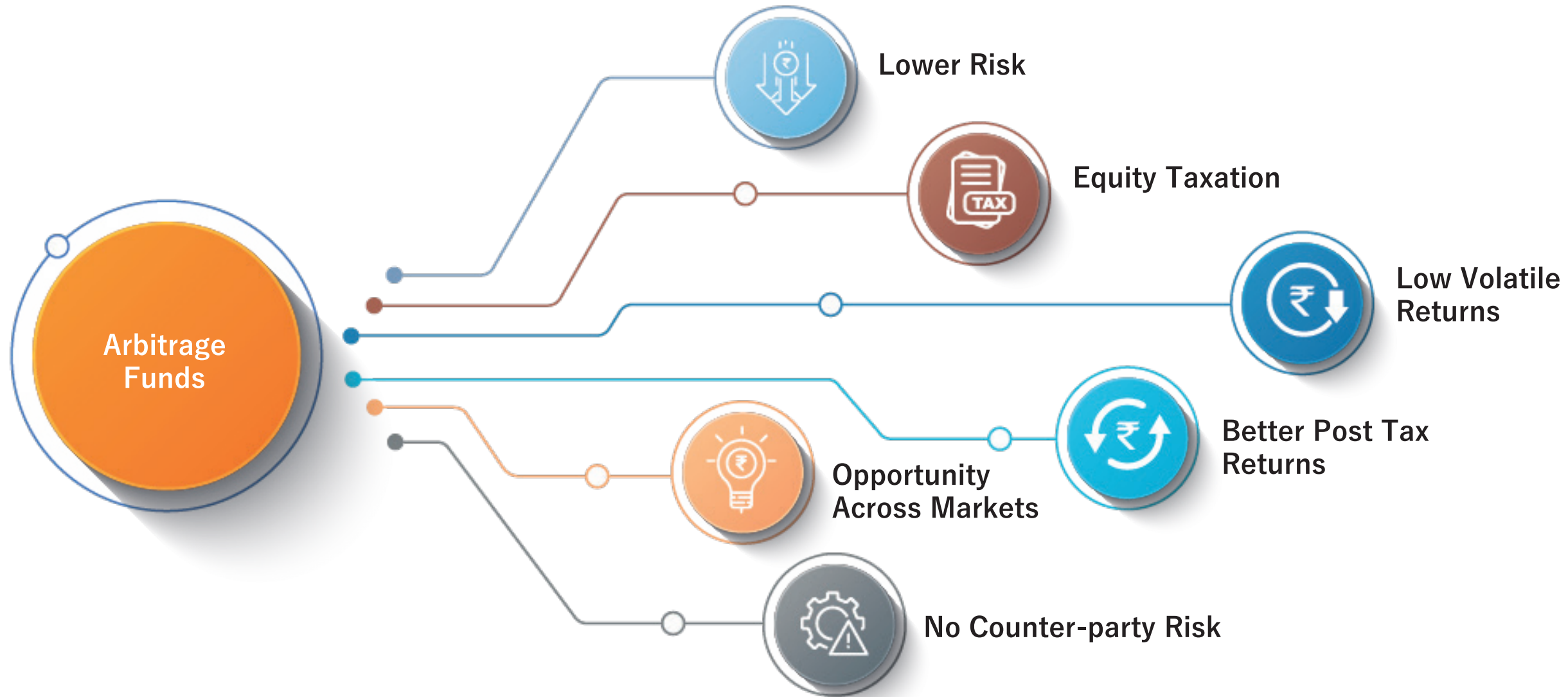
# What are Arbitrage Funds ?

Arbitrage funds are equity-oriented funds under the hybrid category that simultaneously invest ( buy in cash and sell in futures ) in the same stock in two different markets ( cash and futures ) to generate returns

The minimum exposure to equity is 65% of the asset while the balance portion is invested into debt segment.

Minimum exposure of 65% in equity arbitrage is required for the scheme to be eligible for equity taxation. The remaining 35% is invested in debt and money market instruments.

# Reasons to Invest in an Arbitrage Fund



# Mirae Asset Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

## Investments in Fund

Arbitrage Fund is taking advantage of a price difference between two or more markets

## Investment Framework

Invest predominantly in completely hedged arbitrage opportunities (simultaneous transactions of a long position in cash and exactly short position in futures)

A small portion will be invested in other arbitrage opportunities

Aims to provide relatively risk free returns without any directional equity risk

## Why Mirae Asset Arbitrage Fund?

The fund aim's to provide minimal risk.

These may be an alternative to debt oriented mutual funds

## Fund Manager



Mr. Jignesh Rao  
(Equity Portion)  
(Since June 19, 2020)

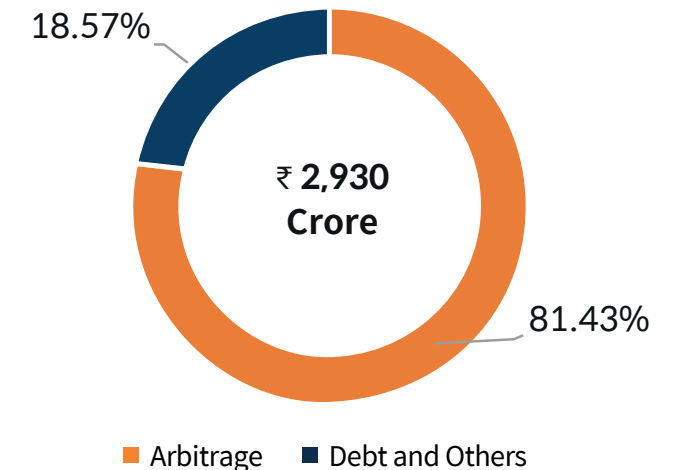


Mr. Jigar Sethia  
(Equity Portion)  
(Since June 19, 2020)



Mr. Abhishek Iyer  
(Debt Portion)  
(Since January 16, 2023)

## Net AUM of the fund



### Fund Inception

19<sup>th</sup> June 2020


### Category

Arbitrage Fund


### Benchmark

NIFTY 50 Arbitrage Index

### Goal

 Regular Income

### Ideal Investment Horizon

 3 months and above

### Risk Profile

 Low

# Our Investment Framework

1

Investments are predominantly completely hedged arbitrage opportunities (simultaneous transactions of a long position in cash and exactly short position in futures)

2

A small portion might be invested in other arbitrage opportunities (corporate driven event driven)

3

The fund aims to provide relatively low risk returns without any directional equity risk

4

The scheme might largely be invested in arbitrage but may allocate a higher proportion occasionally towards debt (high quality low duration debt securities or money market instruments) when returns look more favourable compared to arbitrage but ensuring at all times that the taxation status is not compromised.

5

The margin money requirement for the derivative exposure may be held in the form of G-sec, T-bills, CDs and CPs.

# Key Strategies of Fund

**Cash And  
Carry  
Arbitrage**

**Index  
Arbitrage**

**Event  
Arbitrage**

**Corporate  
Driven  
Arbitrage**

Normally the position might be held until expiry of the futures contract when the offsetting position is converged and profit is locked.

However if the price converges before the expiry we may wind up the position and could invest in other opportunities, if available.

At times the arbitrage positions could be rolled over to the next cycle.

Largely the fund will try and follow the cash and carry arbitrage strategy but could also consider other strategies depending on the opportunities available.

# Where might the Fund Invest

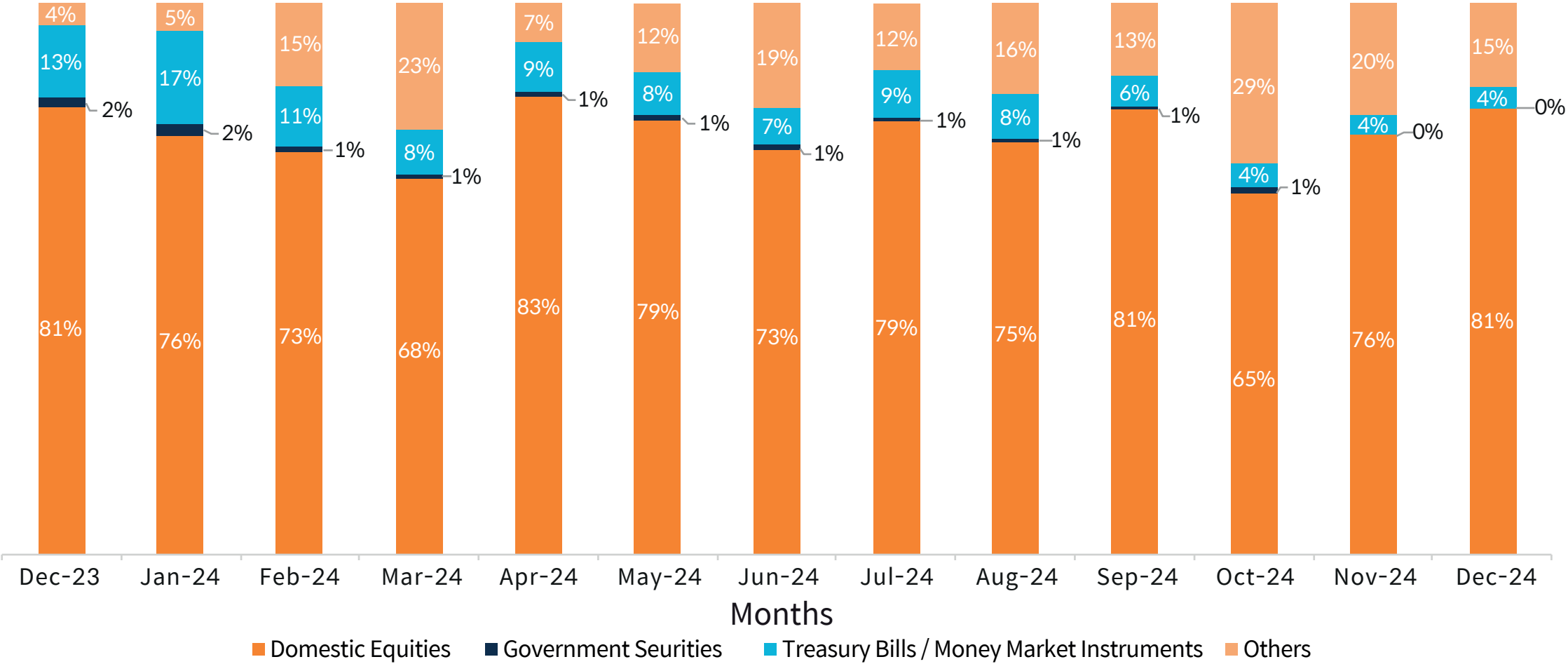
Asset Type	Investment decision
Arbitrage Opportunities	Yes
Margin Fixed Deposits	Yes
Out-right Equity Exposures	No
Equity IPO	No
Debt & Money Market Instruments	Yes
Credit Risk	Low
Duration Risk	Low

This is the current investment framework which may or may not change in the future these are based on the Fund Manager's outlook and are subject to change.



# Historic Portfolio Composition

Historic portfolio composition of Mirae Asset Arbitrage Fund (In %)

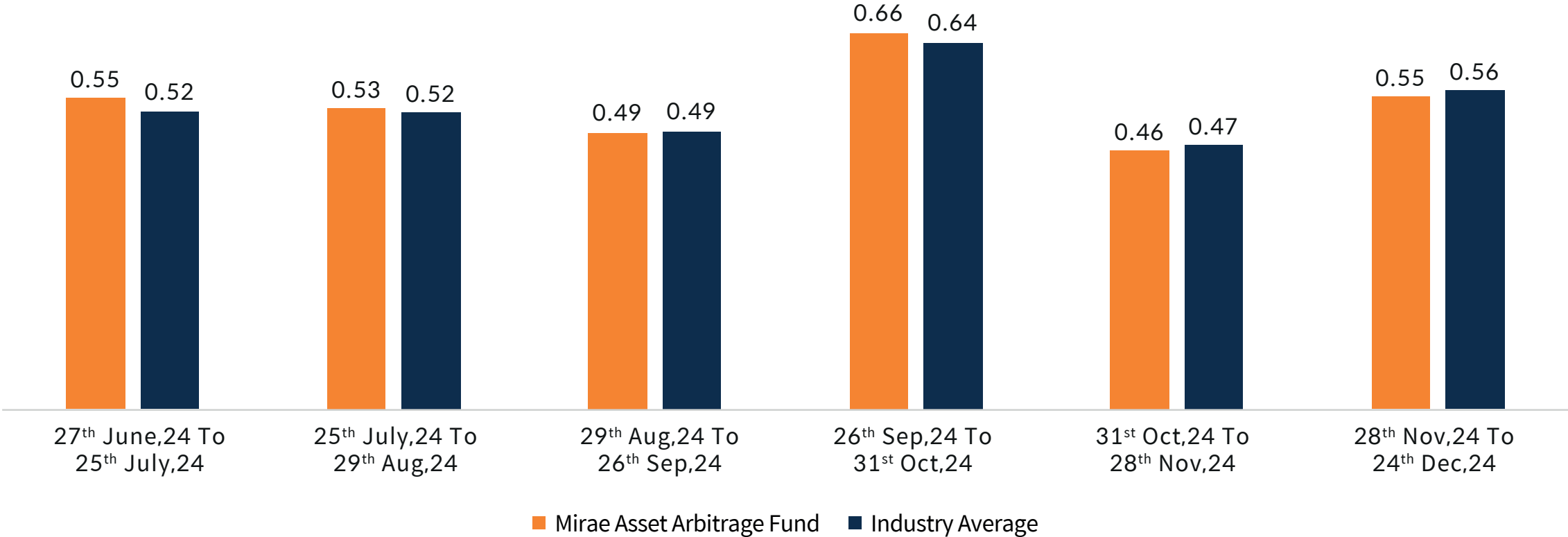


- Since the Inception of the Fund, Asset Allocation has remained in line with the portfolio mandate.
- Since the past few months allocation towards G secs have reduced and allocations towards Treasury Bills and Money market instruments have increased.

This framework may or may not change in the future.  
 Source: Internal Data as on 31<sup>st</sup> December, 2024 for complete portfolio, please visit <https://www.miraeassetmf.co.in/downloads/portfolio>

# Returns Between Expiry Dates Last 6 months

- Below is the last six months' Mirae Asset Arbitrage Fund returns month on month from one expiry date to the other
- The higher arbitrage position has converted in better rollover capture by Mirae Asset vs its peers



Source: Internal, Data as on 31<sup>th</sup> December 2024. Returns are on Absolute basis.  
Above returns are in percentage (%)  
Past Performance may or may not be sustained in future. The industry average provided above pertains to the average of all Arbitrage funds in the Indian market present at respective time frames

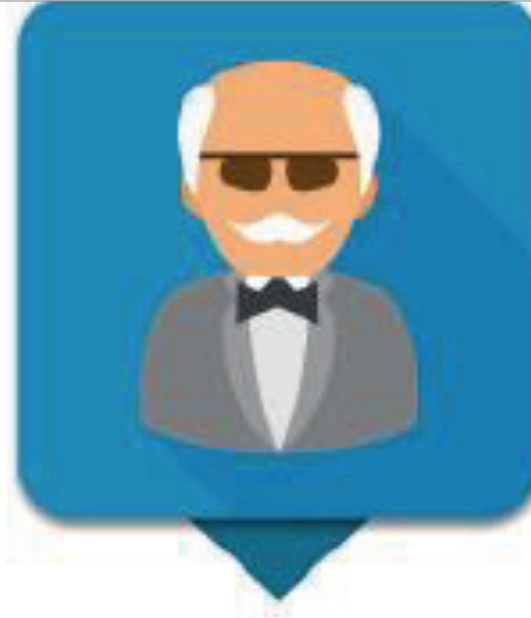
# Who may Invest



Looking for investment horizon of 3 months and above



Looking for tax efficient returns



Low risk- No directional exposure in equity



Looking for low volatility in returns

# Mirae Asset Arbitrage Fund – Lumpsum Report Card

Mirae Asset Arbitrage Fund - Fund Managers - Mr. Jignesh Rao & Mr. Jigar Sethia & Mr. Abhishek Iyer			
Period	Mirae Asset Arbitrage Fund	Scheme Benchmark*	Additional Benchmark**
Last 1 year	7.43%	7.46%	7.45%
Last 3 years	6.19%	6.54%	6.16%
Since Inception	5.24%	5.47%	5.28%
Value of Rs. 10000 invested (in Rs.) Since Inception	12,609.00	12,734.07	12,628.86
NAV as on 31 <sup>st</sup> Dec, 2024	₹12.609		
Index Value 31 <sup>st</sup> Dec, 2024	Index Value of Scheme Benchmark is 2,424.020 and Crisil 1 yr T-Bill is 7,493.153		
Allotment Dtae	19 <sup>th</sup> June 2020		
Scheme Benchmark	*NIFTY 50 Arbitrage Index		
Additional Benchmark	**Crisil 1yr T-Bill		

For Further information about performance disclosure of the additional schemes managed by the same fund manager, please visit the below link:

<https://www.miraeassetmf.co.in/downloads/factsheet>

Past Performance may or may not be sustained in future.

For Mirae Asset Arbitrage Fund, Benchmark Nifty 50 Arbitrage Index . Additional benchmark CRISIL 1 Year T Bill

Note: 1. For computation of since inception returns (%) the allotment NAV has been taken as ₹10.00. The returns are CAGR Compounded Annualized Growth returns).

NAV (per unit) is at the end of the period

2. Different Plans under the scheme has different expense structure. The reference and details provided herein are of Regular Plan Growth Option.

3. Fund manager Mr. Jignesh Rao(Since June 19,2020) Mr. Jigar Shethia (Equity Portion) (Since June 19,2020) and Mr. Abhishek Iyer (Debt portion) (since January 16, 2023)

Note: Returns for 1 year and below are absolute returns, Returns above 1 year are CAGR Compounded Annualized Growth returns.

Source: AceMF, Data as on 31<sup>st</sup> December 2024

# Performance of other funds managed by same Fund Managers

## Mire Asset Overnight Fund - Fund Managers - Mr. Abhishek Iyer

Period	Mire Asset Overnight Fund	Scheme Benchmark*	Additional Benchmark**
Last 1 Year	6.65%	6.75%	7.45%
Last 3 Years	5.96%	6.08%	6.16%
Last 5 Years	4.89%	4.98%	5.57%
Since Inception	4.89%	4.98%	5.58%
Value of Rs. 10000 invested (in Rs.) Since Inception	12,826.64	12,884.34	13,276.77
NAV as on 31 <sup>th</sup> Dec. 2024	₹71282.6643		
Index Value 31 <sup>th</sup> Dec. 2024	Index Value of Scheme Benchmark is 2373. 1400 and Crisil 1 Year T-bill is 7493 1531		
Allotment Date	15 <sup>th</sup> October. 2019		
Scheme Benchmark	*NIFTY 10 Rate Index		

## Mire Asset Overnight Fund - Fund Managers - Mr. Abhishek Iyer

Period	Mire Asset Liquid Fund*	Scheme Benchmark*	Additional Benchmark**
Last 1 Year	7.35%	7.39%	7.45%
Last 3 Years	6.39%	6.49%	6.16%
Last 5 Years	5.23%	5.37%	5.57%
Since Inception	6.28%	6.97%	6.12%
Value of Rs. 10000 invested (in Rs.) Since Inception	26,460.29	29,330.48	25,827.20
NAV as on 31 <sup>th</sup> Dec. 2024	₹72 646 0289		
Index Value 31 <sup>th</sup> Dec. 2024	Index Value of Scheme Benchmark is 4776.8200 and Crisil 1 Year T-bill is 7 493 1531		
Allotment Date	2 <sup>th</sup> January. 2009		
Scheme Benchmark	*Nifty Liquid Index A-I		
Additional Benchmark	**Crisil 4 YearT-bill		

Source: AceMF, Data as on 31<sup>st</sup> December, 2024.\*scheme benchmark \*\*Additional Benchmark; Past performances may or may not sustain in future. Refer slide no 22 for more notes. Returns below or for 1 year are absolute returns, returns above 1 year are CAGR Compounded Annualized Growth returns. Different Plans under the scheme has different expense structure. The reference and details provided herein are of Regu lar Plan Growth Option

# Mirae Asset Arbitrage Fund SIP Report Card

SIP Performance			
Period	Since Inception	3 Years	1 Years
Total Amount Invested	5,40,000	3,60,000	1,20,000
MKT Value as on 31 December, 2024	6,21,247	3,99,712	1,24,507
Fund Return <sup>&amp;</sup> (%)	6.17	6.91	7.03
Benchmark Return <sup>&amp;</sup> (%)	6.51	7.24	7.18
Add. Benchmark Return <sup>&amp;</sup> (%)	6.17	6.95	7.35

For Further information about performance disclosure of the additional schemes managed by the same fund manager, please visit the below link:

[https://www.miraeassetmf.co.in/docs/default-source/fachsheet/mirae factsheet july 2024.pdf?sfvrsn=223dda78\\_2](https://www.miraeassetmf.co.in/docs/default-source/fachsheet/mirae factsheet july 2024.pdf?sfvrsn=223dda78_2)

**Past Performance may or may not be sustained in future.**

Scheme Benchmark: Nifty 50 Arbitrage Index, Additional Scheme Benchmark: Crisil 1 Year T bill

Fund managers: Mr. Jignesh Rao (Since June 19, 2020) Mr. Jigar Shethia (Equity Portion) (Since June 19, 2020) and Mr. Abhishek Iyer (Debt portion) (since January 16, 2023)

The above table shows performance since inception for Mirae Asset Arbitrage Fund Regular Plan Growth Option.

For computation of since inception returns (%) the allotment NAV has been taken as Rs. 10.00 and returns are CAGR Compounded Annualized Growth returns). NAV (per unit) is at the end of the period.

The SIP returns are calculated by XIRR approach assuming investment of Rs. 10,000/ on the last working day of every month.

Source: AceMF, Data as on 31<sup>st</sup> December, 2024

# Riskometer

# PRC Matrix

## Mirae Asset Arbitrage Fund

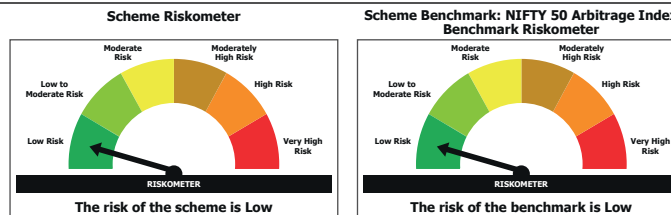
(Arbitrage Fund - An open ended scheme investing in arbitrage opportunities)

### PRODUCT LABELLING

Mirae Asset Arbitrage Fund is suitable for investors who are seeking\*

- Income over short term
- Investments predominantly in arbitrage opportunities in the cash and derivative segments and the arbitrage opportunities available within the derivative segment

\*Investors should consult their financial advisors if they are not clear about the suitability of the product.



## Mirae Asset Liquid Fund

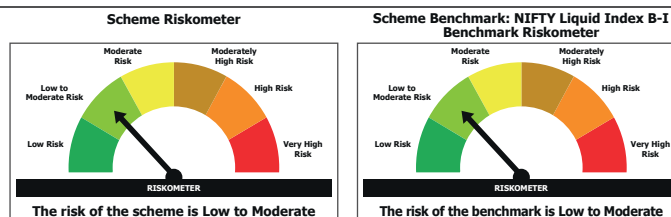
(An open ended liquid scheme. A relatively low interest rate risk and moderate credit risk)

### PRODUCT LABELLING

Mirae Asset Liquid Fund is suitable for investors who are seeking\*

- Optimal returns over short term
- Investment in a portfolio of short duration money market and debt instruments with residual maturity up to 91 days only

\*Investors should consult their financial advisors if they are not clear about the suitability of the product.



## Mirae Asset Overnight Fund

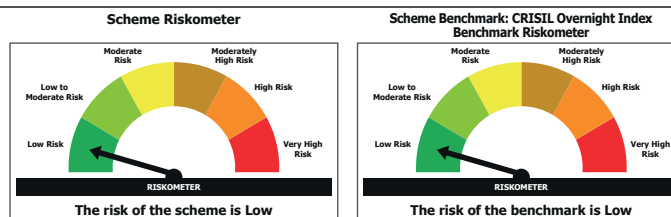
(An open ended debt scheme investing in overnight securities A relatively low interest rate risk and relatively low credit risk)

### PRODUCT LABELLING

Mirae Asset Overnight Fund is suitable for investors who are seeking\*

- Regular income over a short term that may be in line with the overnight call rates
- Investment in overnight securities

\*Investors should consult their financial advisors if they are not clear about the suitability of the product.



## Mirae Asset Liquid Fund

Potential Risk Class Matrix (PRC)

Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)		B-1	
Moderate (Class II)			
Relatively High (Class III)			

## Mirae Asset Overnight Fund

Potential Risk Class Matrix (PRC)

Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)	A-1		
Moderate (Class II)			
Relatively High (Class III)			

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

For further information about other schemes (product labelling and performance of the fund) please visit the website of the AMC: [www.miraeassetmf.co.in](http://www.miraeassetmf.co.in)

Please consult your financial advisor or mutual fund distributor before investing



# THANK YOU

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Follow us on:      

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