

# Mirae Asset Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

January 2025

**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 .

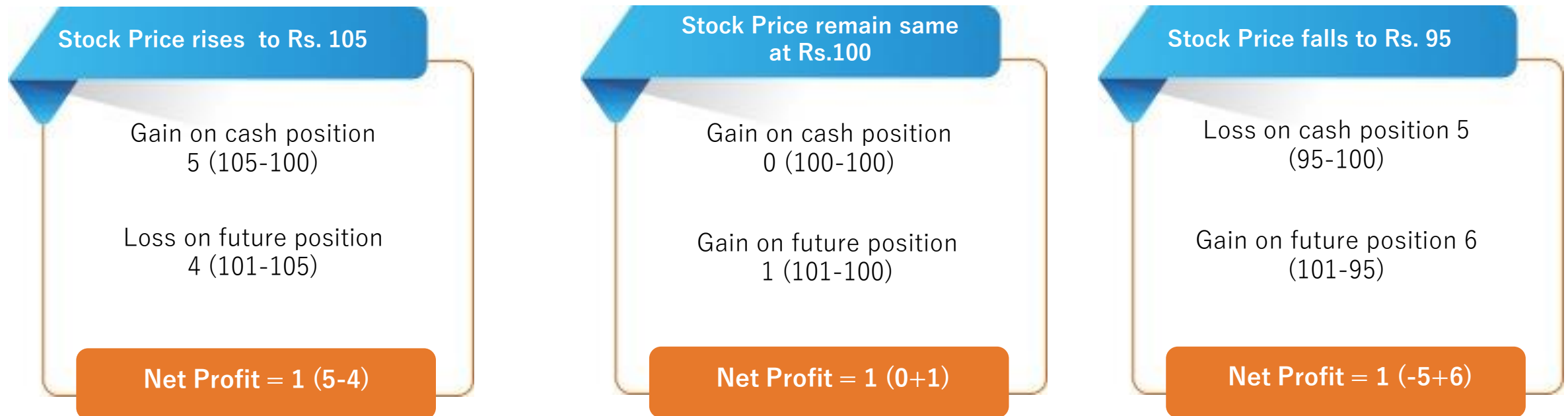
**02** The Price differential that exist in the equity and derivative segments for the same asset is called as the spread and can also be attributed to market inefficiencies.

# 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



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

The above is only meant for understanding the concept of arbitrage. The above illustration should not be taken as any indication of future returns of the scheme.  
The AMC does not guarantee or promise or forecast any returns.

# 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

The above is only meant for understanding the concept of arbitrage. The above illustration should not be taken as any indication of future returns of the scheme.

## 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

The above data is for illustration purpose only. \*Excludes all costs F&O stands for Future and Options

The above is only meant for understanding the concept of arbitrage. The above illustration should not be taken as any indication of future returns of the scheme.

### 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
<b>Profit*</b>	<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.

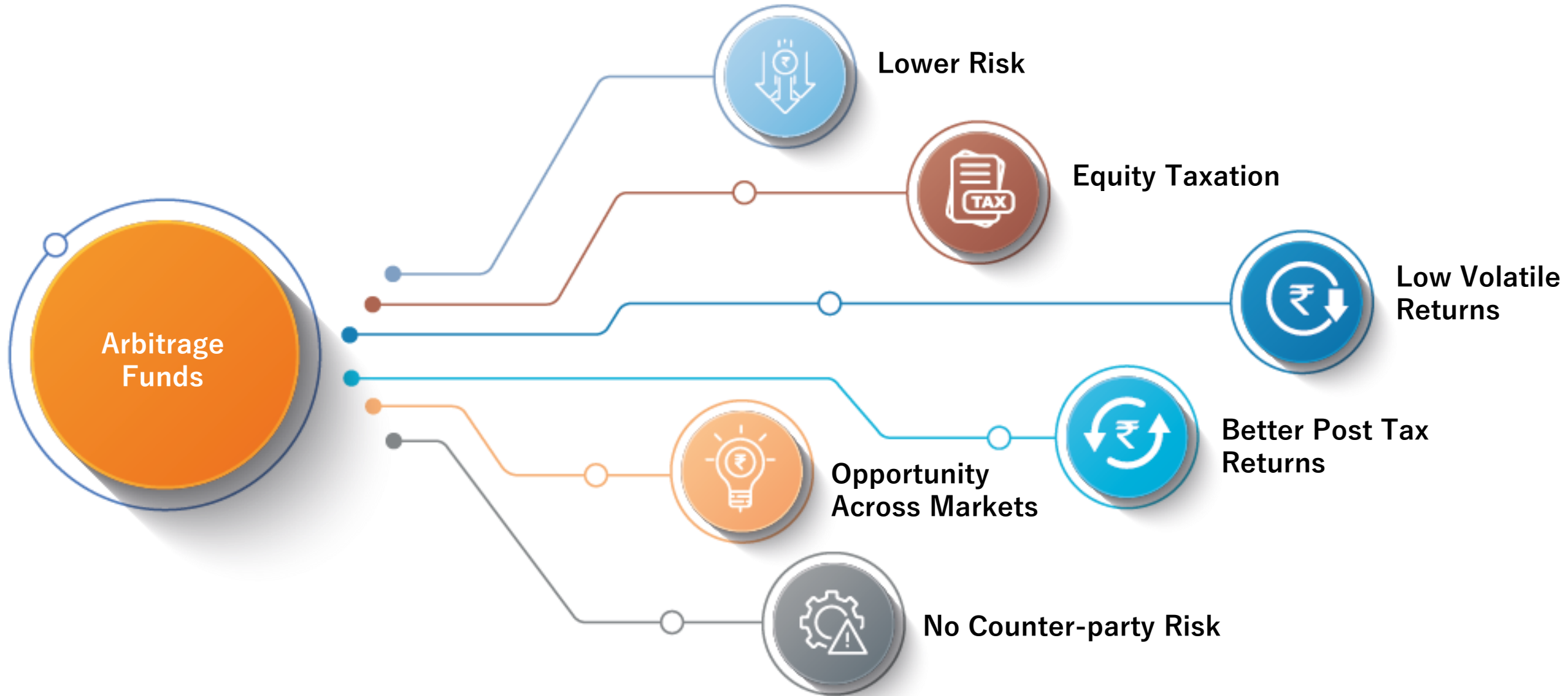
# What are Arbitrage Funds ?

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)

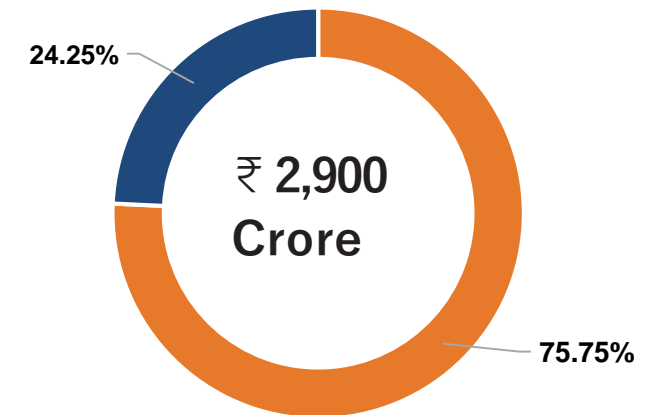


Mr. Jigar Sethia  
(Equity Portion)  
(Since June 19, 2020)



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

## Net Aum of the Fund



Arbitrage Debt and others

Fund Inception	Category	Benchmark
19 <sup>th</sup> June 2020	Arbitrage Fund	NIFTY 50 Arbitrage Index
Goal	Ideal Investment Horizon	Risk Profile
Regular Income	3 months and above	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 may 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

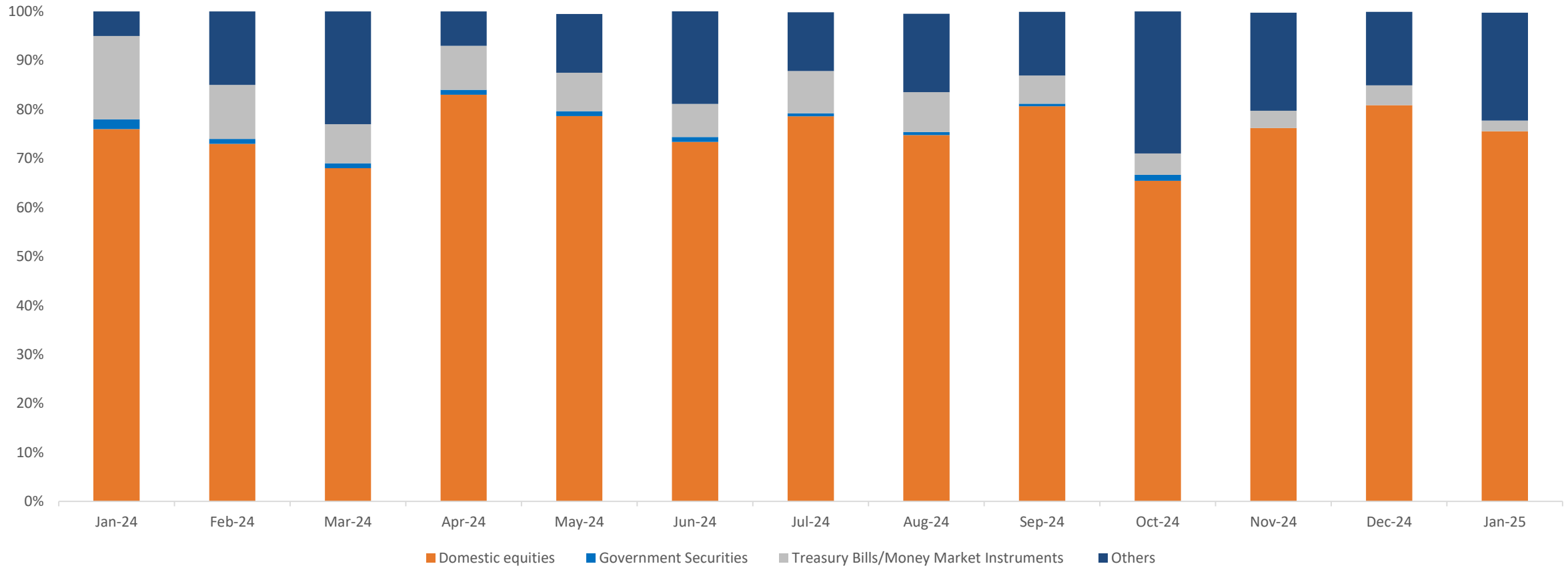
Asset Type	Investment decision
Arbitrage Opportunities	Yes
Margin Fixed Deposits	Yes
Out-right Equity Exposures	No
Equity IPO	No
Debt & Money Market Instruments	Yes
Credit Risk	Low
Duration Risk	Low

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 %)



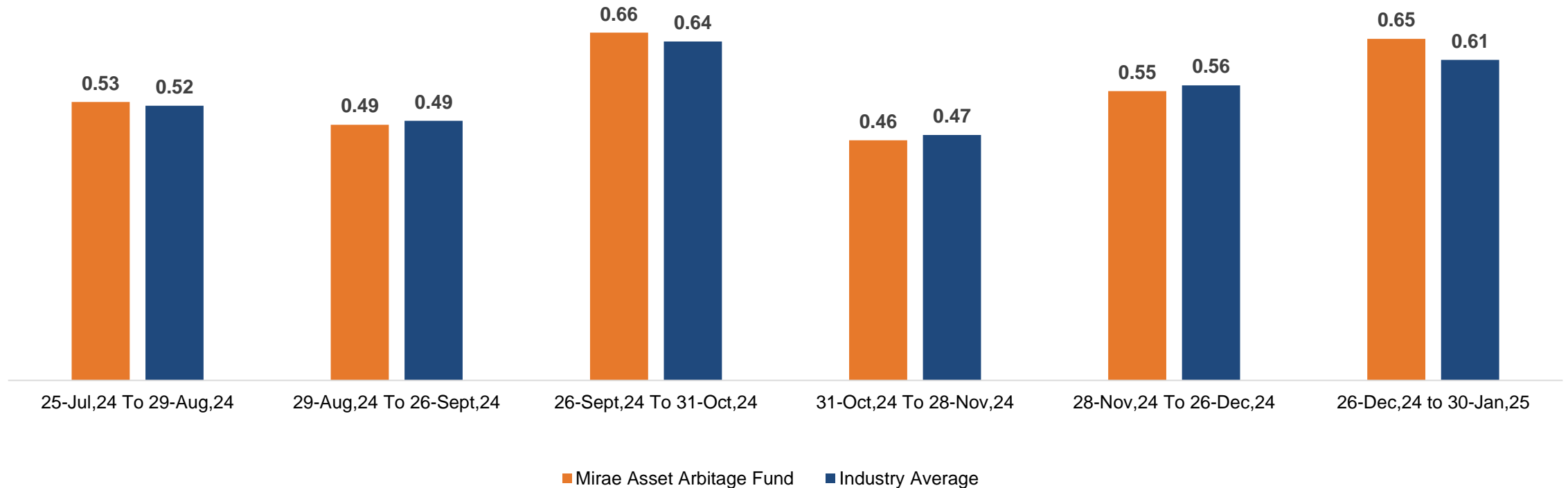
- Since the Inception of the Fund, Asset Allocation has remained in line with the portfolio mandate.
- Since the past few months allocation towards G-secs have reduced while allocations towards other debt instruments have increased leading to the improvement in fund performance.

This framework may or may not change in the future.

Source: Internal, Data as on 31<sup>st</sup> Jan, 2025 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 helped convert a better rollover spread vs. the industry average



Source: Internal, Data as on 31<sup>st</sup> Jan 2025. 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

Period	Mirae Asset Arbitrage Fund	Scheme Benchmark*	Additional Benchmark**
Last 1 Year	7.27%	7.55%	7.53%
Last 3 Years	6.31%	6.71%	6.32%
Since Inception	5.30%	5.57%	5.32%
Value of Rs. 10000 invested (in Rs.) Since Inception	12,695	12,845	12,707
NAV as on 31 <sup>st</sup> Jan, 2025	₹12.695		
Index Value 31 <sup>st</sup> Jan, 2025	Index Value of Scheme Benchmark is 2,445.130 and Crisil 1 yr T-Bill is 7,539.628		
Allotment Date	19 <sup>th</sup> June, 2020		
Scheme Benchmark	*NIFTY 50 Arbitrage Index		
Additional Benchmark	**Crisil 1 yr 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

Performance of other schemes managed by the Fund manager is given in slide No. 22

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> Jan 2025

# Performance of other funds managed by same Fund Managers

Mirae Asset Overnight Fund - Fund Mangers - Mr. Abhishek Iyer			
Period	Mirae Asset Overnight Fund	Scheme Benchmark*	Additional Benchmark**
Last 7 Days	6.43%	6.54%	7.70%
Last 15 Days	6.43%	6.52%	8.66%
Last 30 Days	6.46%	6.53%	7.30%
Last 1 Year	6.63%	6.73%	7.53%
Last 3 Years	6.05%	6.17%	6.32%
Last 5 Years	4.92%	5.01%	5.60%
Since Inception	4.92%	5.01%	5.61%
Value of Rs. 10000 invested (in Rs.) Since Inception	12,896.97	12,955.78	13,359.12
NAV as on 31 <sup>st</sup> Jan, 2025	₹1,289.6974		
Index Value 31 <sup>st</sup> Jan, 2025	Index Value of Scheme Benchmark is 2,386.3000 and Crisil 1 Year T-bill is 7,539.6281		
Allotment Date	15 <sup>th</sup> October, 2019		
Scheme Benchmark	*NIFTY 1D Rate Index		
Additional Benchmark	**Crisil 1 Year T-bill		

Mirae Asset Liquid Fund* (Formerly Known as Mirae Asset Cash Management Fund) - Fund Mangers - Mr. Abhishek Iyer and Mr. Amit Modani@@			
Period	Mirae Asset Liquid Fund*	Scheme Benchmark*	Additional Benchmark**
Last 7 Days	7.14%	6.88%	7.70%
Last 15 Days	6.87%	6.79%	8.66%
Last 30 Days	6.94%	6.94%	7.30%
Last 1 Year	7.34%	7.37%	7.53%
Last 3 Years	6.49%	6.59%	6.32%
Last 5 Years	5.35%	5.41%	5.60%
Since Inception	6.28%	6.97%	6.13%
Value of Rs. 10000 invested (in Rs.) Since Inception	26,616.24	29,503.44	25,987.39
NAV as on 31 <sup>st</sup> Jan, 2025	₹2,661.6235		
Index Value 31 <sup>st</sup> Jan, 2025	Index Value of Scheme Benchmark is 4,804.9900 and Crisil 1 Year T-bill is 7,539.6281		
Allotment Date	12 <sup>th</sup> January, 2009		
Scheme Benchmark	*Nifty Liquid Index A-I		
Additional Benchmark	**Crisil 1 Year T-bill		

Source: AceMF, Data as on 31<sup>st</sup> Jan, 2025.\*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 Regular Plan - Growth Option.

# Mirae Asset Arbitrage Fund – SIP Report Card



## SIP Performance

Period	Since Inception	3 Years	1 Year
<b>Total Amount Invested</b>	5,50,000	3,60,000	1,20,000
<b>MKT Value as on 31 January, 2025</b>	6,35,546	4,00,445	1,24,610
<b>Fund Return<sup>&amp;</sup> (%)</b>	6.24	7.02	7.17
<b>Benchmark Return<sup>&amp;</sup> (%)</b>	6.66	7.46	7.68
<b>Add. Benchmark Return<sup>&amp;</sup> (%)</b>	6.22	7.03	7.38

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/factsheet/mirae-factsheet-july-2024.pdf?sfvrsn=223dda78\\_2](https://www.miraeassetmf.co.in/docs/default-source/factsheet/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 The SIP returns are calculated by XIRR approach assuming investment of Rs. 10,000/- on the last working day of every month.

# Riskometer

## Mirae Asset Arbitrage Fund

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

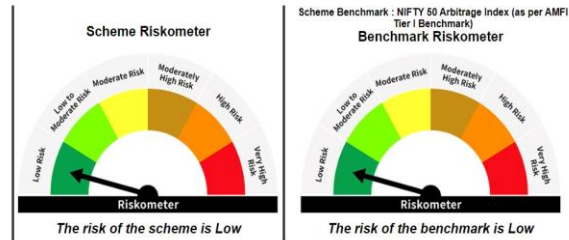
### PRODUCT LABELLING

#### Mirae Asset Arbitrage Fund

This product 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)

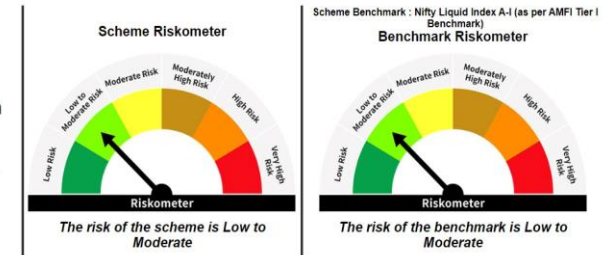
### PRODUCT LABELLING

#### Mirae Asset Liquid Fund

This product 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)

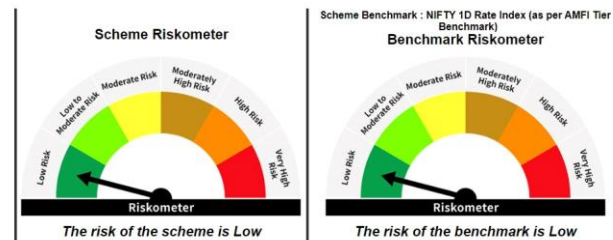
### PRODUCT LABELLING

#### Mirae Asset Overnight Fund

This product 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.



# PRC Matrix

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-I	
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-I		
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**

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