

 ITI  
MUTUAL FUND

Long-term wealth creators

“My fund gives me  
tax efficient returns  
with less risk”

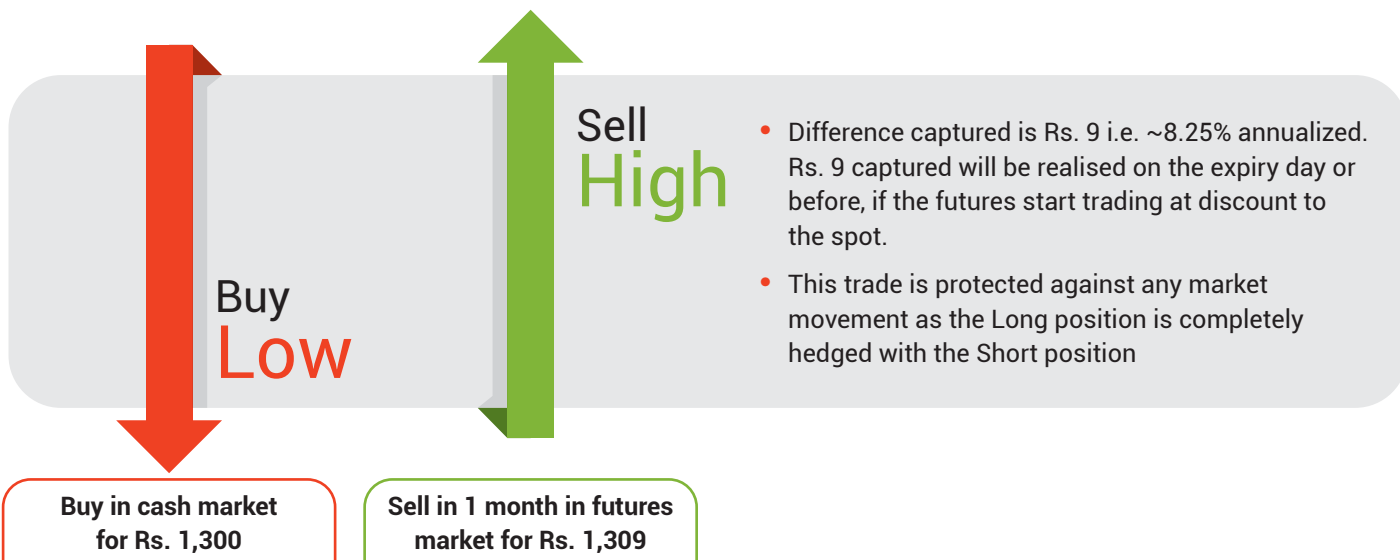
## ITI Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)



## How does Arbitrage work?

- It is a process of identifying and capturing the price difference of a stock in the cash market and its corresponding price in the futures market.
- Arbitrage involves buying a stock in the cash market and simultaneously selling it in the futures market at a higher price.
- The cash market price converges with the futures market price at the end of the month. Thus it delivers risk-free profit for the investor/trader.



The above illustration does not include the transaction related costs. It is only meant for understanding the concept of arbitrage and does not relate to any actual company. Any similarity to actual companies is purely coincidental. The above information should not be taken as any indication of current or future returns of the scheme. The AMC does not guarantee or promise or forecast any returns.

## Choose Arbitrage Funds for your short-term needs

Arbitrage funds are funds whose investment objective is to generate income by predominantly investing in arbitrage opportunities in the cash and the derivative segments of the equity markets and by investing the balance in debt and money market instruments. Arbitrage funds seek to generate returns commensurate with post tax accrual income without taking equity risk. The arbitrage positions do not carry any credit risk.

## Tax efficient returns with Arbitrage Funds

Particulars	Arbitrage Funds	Liquid Funds	Fixed Deposit	Savings Account
Investment (₹)	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
1 year Return	6.44%	7.18%	6.80%	3.50%
Gains (₹)	6,44,000	7,18,000	6,80,000	3,50,000
Tax Paid %*	11.65%	35%	35%	35%
Post Tax Gains (₹)	5,68,974	4,66,700	4,42,000	2,27,500
Post Tax Returns %	<b>5.69%</b>	4.67%	4.42%	2.28%
Tax Paid (₹)	<b>75,026</b>	<b>2,51,300</b>	<b>2,38,000</b>	<b>1,22,500</b>

1 year average return of Arbitrage category funds (Regular Plan - Growth) as on July 31, 2019. Returns of Liquid Funds based on 1 year average return of Liquid category funds (Regular Plan - Growth) as on July 31, 2019. FD & Savings assumed 6.8% and 3.50% based on rates offered by large PSU banks. SBI fixed deposit rates for 1 year to less than 2 years term (for below Rs.2 crores). \*Assumed that investor belongs to highest tax bracket & has taken capital gains tax benefit.

The above calculation is only for illustration purpose with prevailing income tax regulation in India. It should not be construed as a promise on minimum returns and safeguard of capital. The AMC does not guarantee or promise or forecast any returns. In view of individual nature of the tax consequences, the investor is advised to consult his/her own professional tax advisor.

Source: Internal

# ITI Arbitrage Fund - Portfolio Strategy

- Returns are generated from the implied cost of carry between the underlying asset and the derivatives market
- Aims to provide relatively risk-free returns without any directional equity risk
- Implied cost of carry and mis-pricing across the cash & derivative markets can lead to profitable arbitrage trades
- Fund intends to take offsetting positions on cash and futures markets without any un-hedged/open exposures
- Bank FD's, cash or securities will be used as margin money for the fund
- If arbitrage opportunities are limited, the scheme may invest a small portion in very high quality low duration debt securities or money market instruments



Note - In view of the individual circumstances and risk profile, each investor is advised to consult his/her professional advisor before making a decision to invest in the Scheme. For further details on the investment strategy investors should refer to the Scheme Information Document available on website [www.itimf.com](http://www.itimf.com)

## Reasons to Invest



Zero credit risk on Arbitrage investments



Lowest risk product in Equity segment



Tax efficient returns with low volatility



Fully hedged portfolio



Ideal investment option for investors with short to medium term investment horizon



Better liquidity



Alternate option to Liquid Fund and Bank FD



Market neutral strategy

# Fund Facts

**Investment Objective** The investment objective of the Scheme is to generate income by predominantly investing in arbitrage opportunities in the cash and the derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments. However, there is no assurance that the investment objective of the scheme will be realized.

Asset Allocation	Type of Instruments	Indicative Allocation under Normal Circumstances (% of Net Assets)		Indicative Allocation under Defensive Circumstances (% of Net Assets)		Risk profile (Low/Medium/High)
		Max	Min	Max	Min	
	Equity & Equity related instruments including derivatives	100%	65%	35%	0%	Medium to High
	Debt instruments (including floating rate debt instruments and securitized debt) with maturity up to 91 days only	35%	0%	100%	65%	Low

The allocation under defensive circumstances will be made keeping in view the interest of the Unit Holders. Such position will be closely monitored by the fund managers and necessary rebalancing will be done at suitable opportunity but not later than 30 days.

**Fund Managers** Mr. George Heber Joseph and Mr. Milan Mody

**Benchmark** Nifty 50 Arbitrage Index

**Plans & Options** Plans: Direct & Regular Plan

Options: Growth & Dividend Payout & Reinvestment

<b>Minimum Investment amount</b>	₹5,000/- and in multiples of ₹1/- thereafter
<b>Minimum Additional Investment Amount</b>	₹1,000/- and in multiples of ₹1/- thereafter



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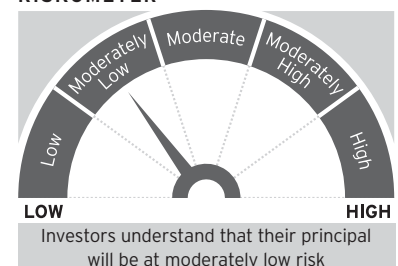
www.itimf.com

**This product is suitable for investors who are seeking\***

- To generate income by predominantly investing in arbitrage opportunities
- Investments predominantly in arbitrage opportunities in cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments

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

**RISKOMETER**



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