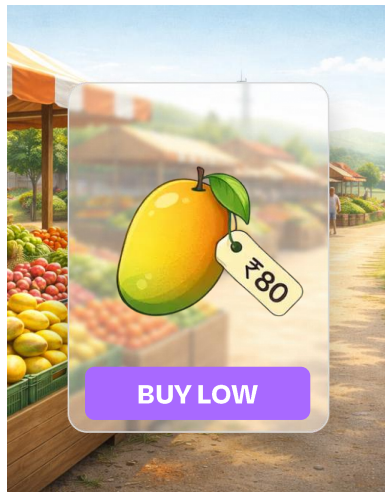


Capitalmind Arbitrage Fund

An open-ended scheme investing in arbitrage opportunities

What is Arbitrage?

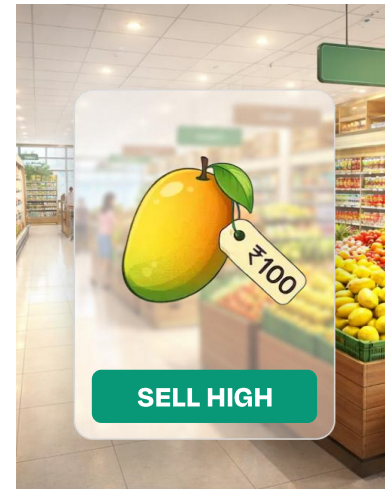
- Arbitrage is the practice of earning a low-risk profit by exploiting price differences for the same asset in different markets or forms.
- It involves buying low in one market and selling high simultaneously in another to lock in the difference ("spread").
- Spreads in an arbitrage fund are the price differences between the same asset in two related markets (e.g., cash vs futures).
- The fund earns returns by capturing this spread, after accounting for costs like brokerage, taxes, and impact costs
- Spreads tend to narrow as expiry approaches, which is when profits get realized.



Spread ₹20

—————→

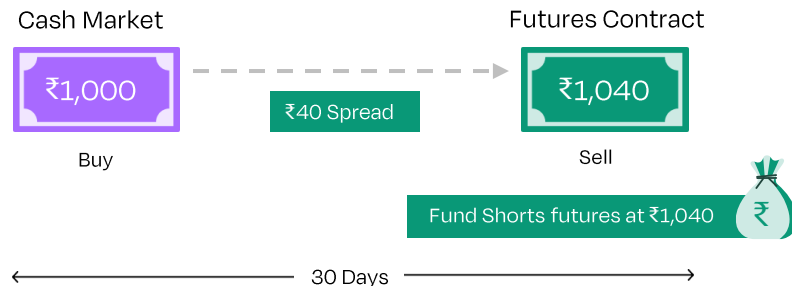
Same mango
different market price.



Larger spreads = Higher potential returns

Understanding how arbitrage works

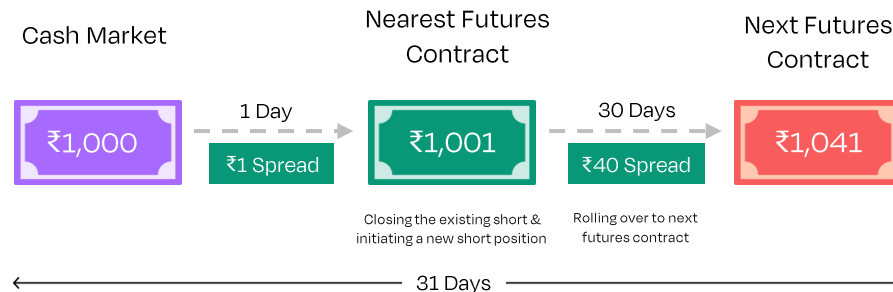
Entry Spread



Stock Price Arbitrage (Cash-Futures Arbitrage)

- The same stock trades at different prices in cash and futures markets.
- The fund buys the stock in the cash market and sells the futures contract at a higher price.
- The price difference (spread) is locked in upfront.
- At expiry, cash and futures prices converge, and the spread (minus costs) becomes the return.
- Returns depend on price convergence, not market direction

Roll Over Spread

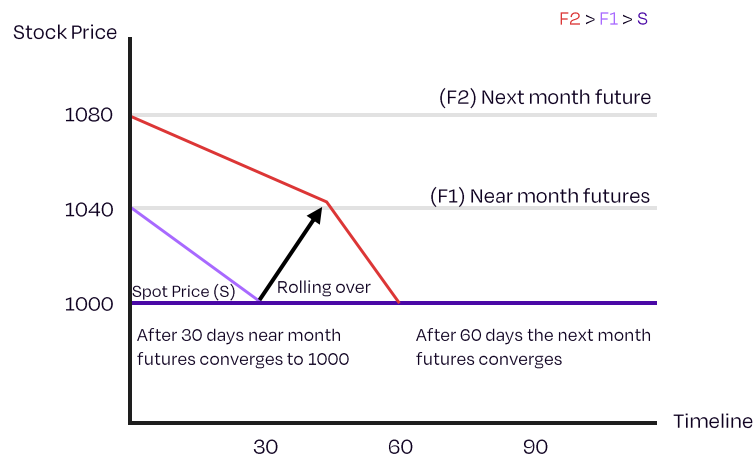


Roll-Over Arbitrage

- As futures near expiry, next-month futures may trade at a higher price than expiring futures.
- The fund squares off the expiring futures and sells the next-month futures at a higher price.
- This shift captures a roll-over spread over the current cash position.
- Roll-overs help extend arbitrage positions and improve return potential without taking directional risk.
- Returns still come from spreads, not stock price movement.

Why does arbitrage work?

*Roll-Over Arbitrage the illustrative disclaimer at footnote



Key Investment Insight:

Returns come from price convergence, not stock selection or market direction, making arbitrage funds low-volatility and suitable for lower risk investors

Convergence is the primary source of returns.

- **The Gap:** At the start, the futures price is typically higher than the spot price due to the cost of carry.
- **The Decay:** As the contract nears its end, the time value component of the futures contract shrinks toward zero.
- **The Capture:** By being long on the physical asset (spot) and short on the future, the fund earns that carry as the two prices meet at expiry.
- **The Roll:** Simultaneously close the expiring short position and open a new short position in the next month's contract. This process captures the "basis" (the difference between the spot and the new future) all over again.

1

Volatility creates opportunities

- Higher volatility leads to temporary price mismatches between cash and futures.
- These dislocations widen arbitrage spreads, creating more opportunities.
- Spreads often expand during events, earnings seasons, or sharp market moves.



2

Bullish markets = higher spreads

- In a bullish or risk-on environment, investors prefer futures for leverage.
- Increased demand for futures pushes futures prices above cash prices
- This demand imbalance increases the cash-futures spread.



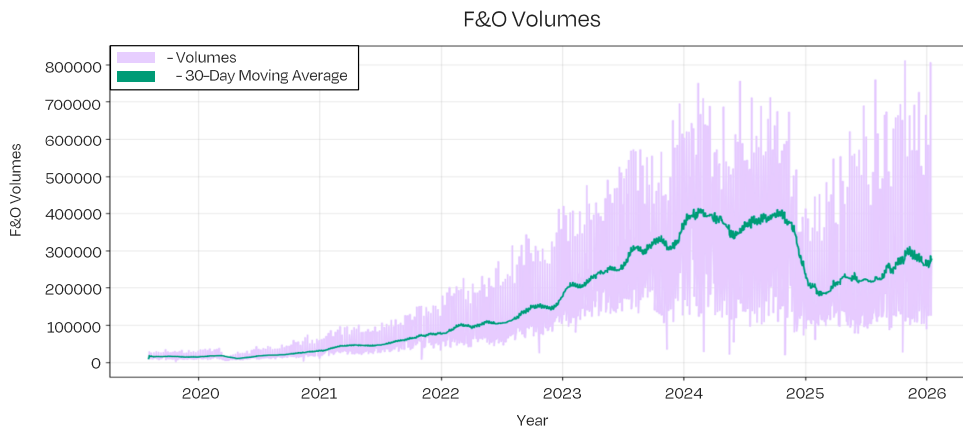
3

Reflects market interest rates

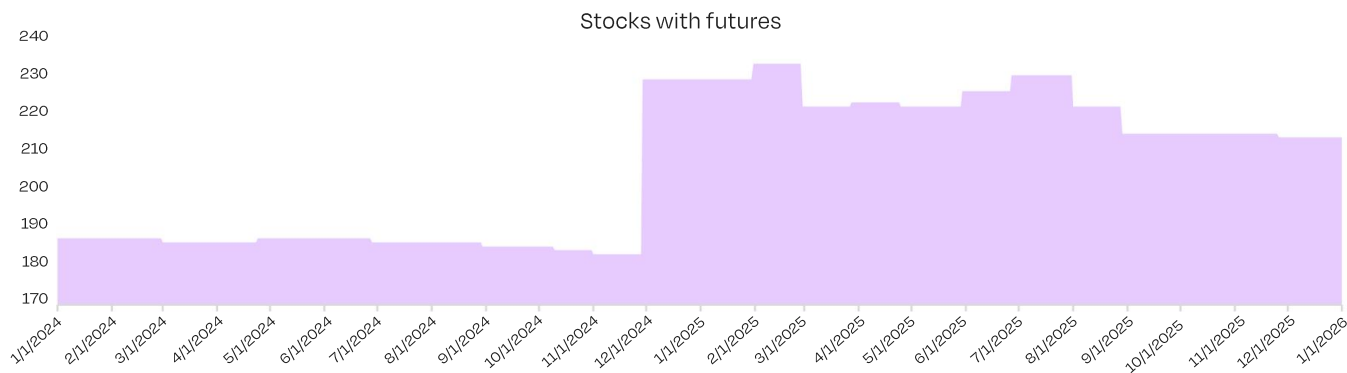
- Futures prices reflect the cost of carry, which includes short-term interest rates
- Higher short-term rates increase the cost of holding positions
- This typically results in higher futures premiums and wider spreads.



Opportunities in futures markets are on an increasing trend



Despite a dip in 2025 F&O volumes are trending upwards

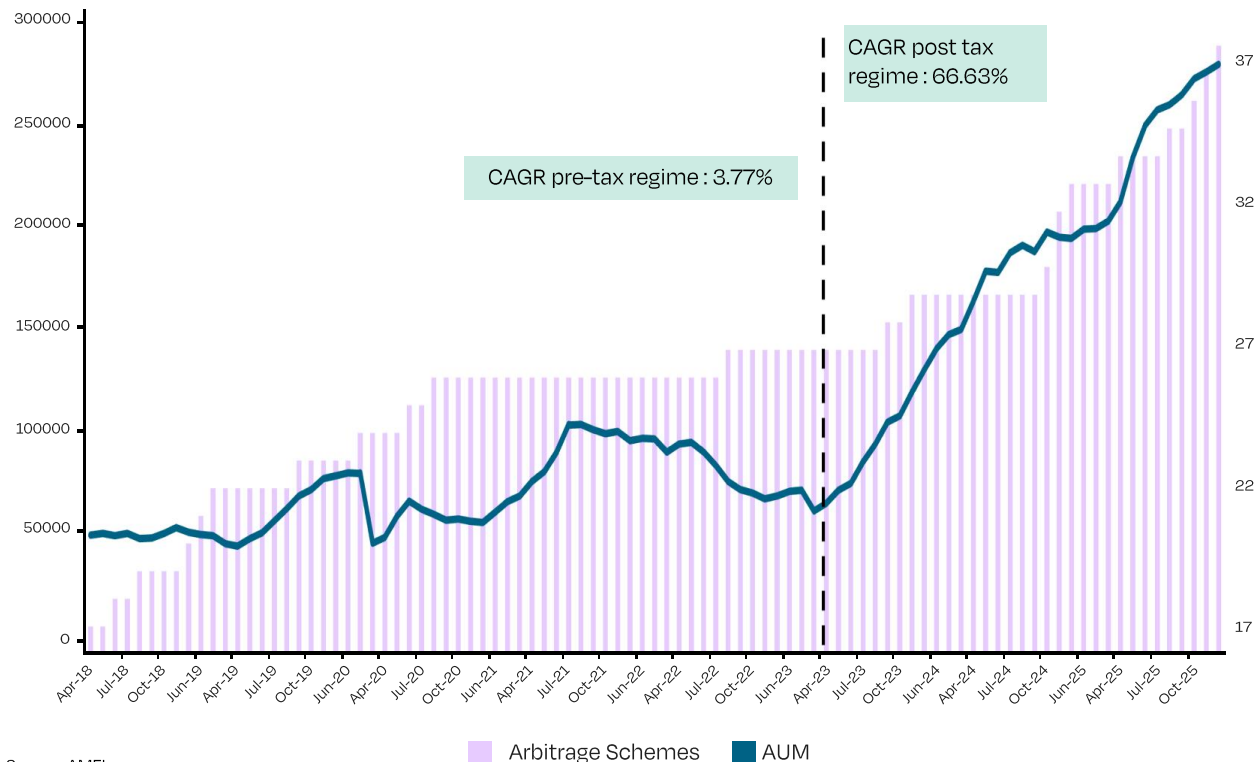


The number of stocks in F&O are above 200 increasing the market opportunity.

Source: F&O Volumes – Bloomberg, Stocks with futures – NSE

Rapid expansion of the Arbitrage Fund category in recent years

AUM and Arbitrage schemes universe



Source: AMFI

Due to the favorable tax treatment post 2023 the category expanded at a rapid pace.

A well regulated and trusted fund category has been established.

Annualized monthly returns

Nifty 50 Arbitrage Index

2011	6.92	6.75	6.34	11.07	5.07	6.40	6.64	9.93	7.77	7.67	12.45	10.26	6.53
2012	5.54	7.41	14.40	9.25	8.85	2.03	11.63	3.46	9.94	9.95	9.29	10.84	8.56
2013	10.23	8.32	4.88	6.66	5.15	8.98	3.41	11.99	6.20	10.27	10.93	11.08	8.26
2014	11.34	12.53	6.82	10.36	10.43	8.53	8.61	5.47	10.00	6.97	5.90	11.22	8.82
2015	5.57	7.71	16.76	6.97	6.82	6.94	5.20	7.68	3.60	5.87	5.53	5.44	7.64
2016	6.23	4.64	5.24	6.16	5.25	6.71	4.86	7.43	7.42	8.77	5.88	1.84	6.71
2017	1.29	3.65	5.13	2.65	3.51	7.19	5.16	4.53	5.46	2.31	4.93	5.34	4.37
2018	4.57	2.60	3.22	3.39	6.78	3.05	3.85	5.34	8.47	9.81	5.40	2.70	4.68
2019	6.14	4.91	9.12	10.82	8.53	4.24	8.92	7.10	4.46	8.01	3.58	4.18	6.61
2020	5.22	4.98	1.45	1.91	1.75	0.20	-1.08	4.30	5.91	3.82	0.31	3.30	2.27
2021	0.41	7.80	6.29	4.90	8.27	5.94	4.67	3.25	2.51	2.38	5.23	4.34	4.19
2022	4.80	4.68	1.28	2.64	6.38	1.91	2.00	4.83	4.35	3.85	6.22	7.60	4.17
2023	4.75	6.35	8.22	7.71	6.67	8.37	8.32	7.11	7.34	6.56	5.72	6.95	7.85
2024	9.85	5.38	6.27	6.17	8.47	6.99	4.47	3.66	1.31	8.27	6.36	7.54	7.48
2025	10.30	5.03	10.91	9.06	5.17	6.77	6.28	5.47	6.02	5.78	6.83	7.00	7.51
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual

Annualized Returns in %

Source: [Nifty indices](#)

Month



Cash-and-Carry Arbitrage

- Buy the stock in the cash market and sell its futures contract at a higher price.
- Locks in the cash-futures spread, held till expiry.
- Most common strategy in arbitrage funds; market-neutral



Futures-Futures Arbitrage

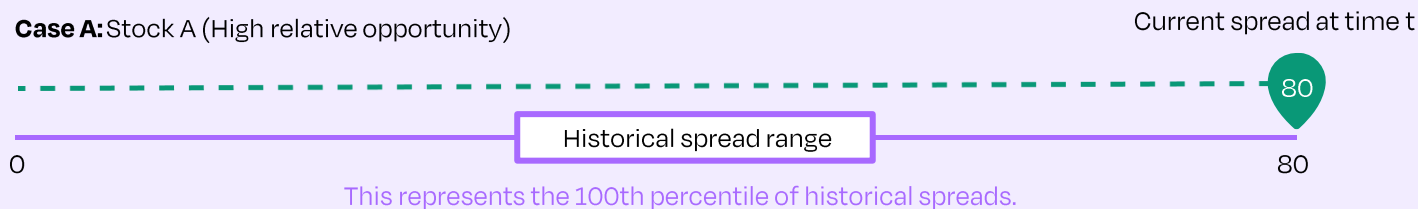
- Exploits price differences between futures contracts of the same underlying with different expiries (near-month vs far-month).
- Typically involves buying the cheaper futures and selling the costlier futures simultaneously.
- Profits from spread convergence as contracts approach expiry.



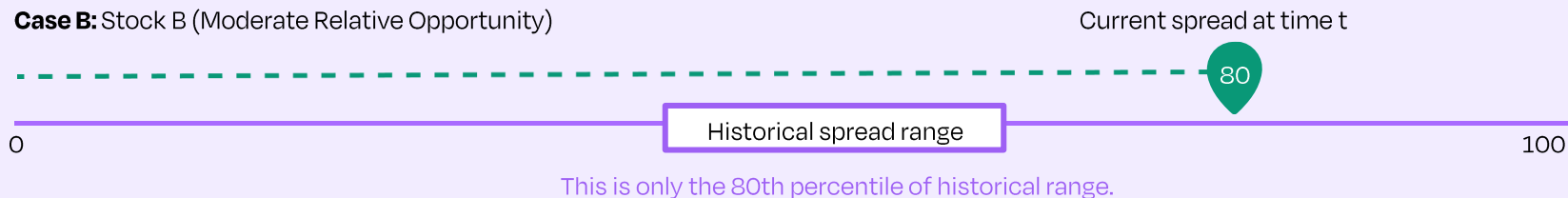
Corporate-Driven Arbitrage

- Mergers & acquisitions (target vs offer price spread)
- Buy-backs (market price vs buy-back price)
- Rights issues (rights price vs adjusted market price)
- Dividends (cash vs futures price adjustment)

Case A: Stock A (High relative opportunity)



Case B: Stock B (Moderate Relative Opportunity)



Stock A has a greater chance of convergence, so we will choose Stock A over stock B, despite spreads being similar.

Capitalmind Mutual Fund uses quantitative data analysis to build portfolios.

Arbitrage Funds Win on Tax

Tax* treatment of arbitrage funds		
Fund Type	Short-Term Capital Gains (≤ 1 year)	Long-Term Capital Gains (> 1 year)
Arbitrage Fund	20%	12.5%* (on gains above ₹1.25 lakh/year)
Debt Fund	30% (Slab Rate)	30% (Slab Rate)

Tax* analysis				
	Nifty 50 Arbitrage Index		NIFTY Liquid Index A-I	
	3 Month	1 Year	3 Month	1 Year
Amount invested	2,00,000	2,00,000	2,00,000	2,00,000
Returns	6.00%	6.00%	6.00%	6.00%
Redemption Value (Annualized)	2,02,927	2,12,000	2,02,927	2,12,000
Tax rate	20%	12.5%	30%	30%
Tax amount	585	1,500	878	3,600
Post-tax value	2,02,341	2,10,500	2,02,049	2,08,400
Post-tax returns	0.01	0.05	0.01	0.04
Post-tax returns (Annualized)	4.70%	5.25%	4.11%	4.20%

Arbitrage funds are treated as equity funds for taxation.

Post 1 Year it is significantly more tax-efficient than debt funds, where long-term gains are taxed at the investor's slab rate.

*Tax disclaimer: Assumes the highest tax slab for an individual investor. Tax rates and policies may change in the future

Refer Disclaimer on slide #16

Who is suited to invest in this Scheme?

1

Risk-averse investors

Seeking low volatility and stable, predictable returns with limited equity risk.



2

Short-term savers (3 months +)

Ideal for parking surplus funds with better return potential than liquid funds, while maintaining liquidity.



3

Tax-savvy individuals

Benefit from equity taxation (LTCG after 1 year, STCG at 20%), making arbitrage funds more tax-efficient than debt options.



4

Corporate treasurers

Providing stable returns with favourable tax incidents.



Offline

Application forms available at:

Capitalmind Application Form
(capitalmindmf.com/investor.html)

You may submit them at:

Corporate Office

KFIN Branches across India

Online

Also available on all major online platforms:



Capitalmind



Coin



Groww



ET Money



ICICI Direct



KFintech



Kuvera



Dhan



Paytm Money



INDmoney



MF Utilities



MFCentral

Key Facts - Capitalmind Arbitrage Fund

	Investment Objective	The investment objective of the scheme is to generate Income over short to medium term by predominantly investing in arbitrage opportunities in the cash & derivatives segment of the equity market The Scheme does not guarantee or assure any returns. There is no assurance that the investment objective of the Scheme will be achieved.
	Plan & Options	Regular & Direct Growth & IDCW
	Minimum Amount	Minimum application amount for fresh purchase (lumpsum): INR 5,000/- and in multiples of INR 1/- thereafter Minimum amount for switch-in: INR 1,000 and in multiples of INR 1/- thereafter Systematic Investment Plan (SIP): INR 1,000 and in multiples of INR 1/- thereafter.
	Type of Scheme	An open-ended scheme investing in arbitrage opportunities
	Benchmark	Nifty 50 Arbitrage TRI
	Exit Load	- Exit Load: 0.25% if redeemed/switched out on or before completion of 15 Days from the date of allotment of units. - No Exit Load is payable if Units are redeemed / switched-out after 15 Days from the date of allotment.
	Facilities Offered	SIP, STP, SWP, Inter-Scheme & Intra-Scheme Switching Facility. Please refer to SID for further details.
	Fund Manager(s)	Prateek Jain (Since Inception) & Anoop Vijaykumar (Since Inception)

Capitalmind Flexi Cap Fund

Equity



An open-ended dynamic equity scheme investing across large cap, mid cap & small cap stocks

(Since August 4, 2025)

₹ 476.28 Cr

Capitalmind Liquid Fund

Debt



An open-ended Liquid scheme. A relatively low-interest rate risk and relatively low credit risk fund

(Since November 28, 2025)

₹ 98.26 Cr

Capitalmind Multi Asset Allocation Fund

Hybrid



An open-ended scheme investing in equity and equity related instruments, debt and money market instruments, Commodities including Exchange Traded Commodity Derivatives

(Since March 16, 2026)

₹ 39.33 Cr

Capitalmind Arbitrage Fund

Hybrid

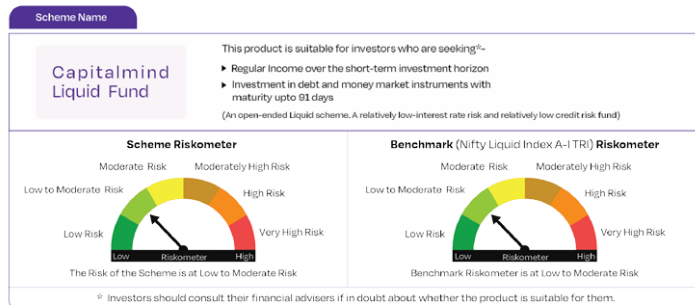
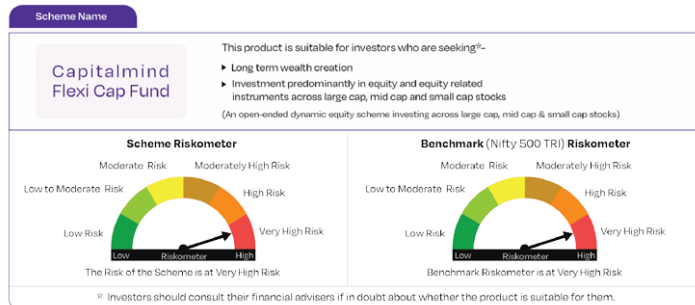


An open-ended scheme investing in arbitrage opportunities

(Since March 16, 2026)

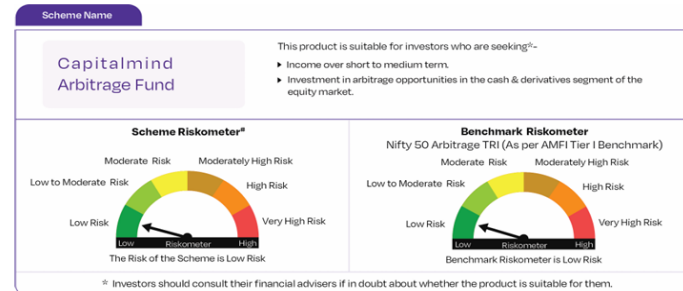
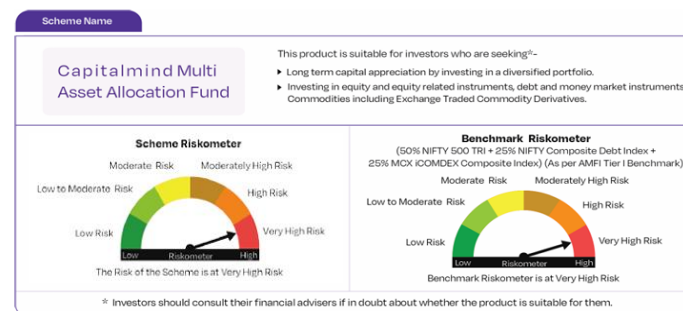
₹ 22.88 Cr

Product Labelling & Risk-o-meter



Potential Risk Class ("PRC") Matrix of the capitalmind Liquid Fund

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



Please visit the website for latest Riskometer updates:
[Capitalmind Asset Management](#)

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Past performance, illustrative examples, or strategy descriptions may or may not be sustained and is not a guarantee of future results. The performance of the scheme may vary depending on market conditions, economic developments, and fund manager decisions. Returns mentioned, if any, are for illustrative purposes only and should not be construed as a forecast or promise of returns.

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Product labeling, risk-o-meter classification, benchmark references, and investment suitability disclosures are as per SEBI (Mutual Funds) Regulations, 2026 and AMFI guidelines, and are subject to change. All information has been obtained from sources believed to be reliable, but no guarantee, warranty, or representation is made regarding its accuracy, completeness, or adequacy.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, READ ALL SCHEME RELATED DOCUMENTS CAREFULLY

Thank You

Capitalmind Mutual Fund

SEBI Reg. No. : MF/084/25/10

Registered Office: 1st Floor, Prakash Arcade, #2323, 17th
Cross Road, 1st Sector, HSR Layout, Bengaluru, Karnataka
560102

Name of the Asset Management Company:

Capitalmind Asset Management Private Limited

Name of the Trustee Company:

Capitalmind Trustee Private Limited



1800 570 5001



support@capitalmindmf.com

Annexure I: About Capitalmind

Founded and led by Deepak Shenoy

Rigorous Thinking. Plain Language. Making Markets Make Sense



@DeepakShenoy

CEO – Capitalmind Mutual Fund

20+ Years in Markets

5000+ Articles Authored

A recognized voice in Indian finance for over two decades.

Key Experience

- Founder and Director – Capitalmind
- Co-Founder and Chief Executive Officer – Moneyyoga.com
- Chief Executive Officer, India – FLOvate Technologies
- Co-Founder and Chief Executive Officer, Agni Software
- *Bachelors of Engineering from NITK Surathkal*

Thought Leadership

- Educating investors on markets, policy and personal finance – **278k followers** on X (formerly Twitter)
- *Long form conversations on investing, macroeconomics and market strategy:*
500,000+ Podcast Downloads
- Video content on markets, fund strategy and financial education on @CapitaindHQ with **27k Subscribers**



Media & Commentary

CNBC-TV18 · ET Now · Mint · Bloomberg Quint

Regular market commentator and guest expert — translating data and macro trends into clear, actionable insight for a mass audience.

Board of Directors - Trustee

Independent oversight ensuring investor interests are protected

Independent Director	Independent Director	Independent Director	Associate Director
Ajay Rotti Entrepreneur, Consultant, Investment Banker 	Rakesh Godhwani Entrepreneur, Author, IIM and IISc Faculty 	Jasnoor Gill Product Management leader 	Avijeet Sen Financial Services Expert 
Experience • Founder, Tax Compass • Founding Partner, Dhruva Advisors LLP • Partner (International Taxation) – KPMG • BMR Advisors • Ernst & Young • Member, ICAI Education • LLB, Karnataka State Law University • Advanced Diploma – Management Accounting – Chartered Institute of Management Accountants UK • Gold Medalist (B. Com) – Bangalore University	Experience • MD and CEO, School of Meaningful Experiences P/L • Adjunct Faculty of Communication, IIM Bangalore • Head, IIMB Alumni Association Office Education • PhD, Cardiff Metropolitan University, Wales (UK) • PGSEM (MBA), IIM Bangalore • BE, Computer Science, NIT Karnataka	Experience • Senior Director of Product Mgmt., Nutanix Technologies • Product Director, Idea Device Technologies Education • PGPM (IT Management, Strategy and Leadership), Indian School of Business • BE, Electronics & Telecommunications, Army Institute of Technology	Experience • Director, Convergery P/L, Singapore • Director, Open Banking at Mastercard Asia Pacific • Head of Strategic Partnerships, Grab Financial Group • Strategy & Corporate Development, Standard Chartered Bank Education • BE, Electrical & Electronics, Nanyang Technological University, Singapore

Board of Directors - AMC

Seasoned professionals with deep expertise across finance, technology and regulation

Independent Director	Independent Director	Associate Director	Associate Director
Samit Singh Entrepreneur, Banking and Wealth Management Expert 	Vinay Kesari Entrepreneur & Lawyer with expertise in Financial Services sector 	Deepak Shenoy Founder and CEO Capitalmind 	Vashistha Iyer Founding team & COO Capitalmind 
Experience • Founder, Happy Retirement • Executive Director, Corporate & Investment Banking, JP Morgan • Executive Director, Asset & Wealth Management, JP Morgan Education • MBA (Marketing & Finance), Faculty of Management Studies, ML Sukhadia University • B.Sc. (Hons) Physics, Delhi University	Experience • General Counsel & Founding Team, Setu (now part of Pine Labs) • Director - Operations & Strategy, Setu AA (now part of Pine Labs) • Managing Associate (Policy & Advisory), Luthra & Luthra Law Offices Education • B.A. LL.B. (Hons), Nalsar University of Law, Hyderabad	Experience • Director and CEO, Capitalmind Financial Services leading fund management, wealth management and research Education • PGDBM (Banking & Finance), Narsee Monjee Institute of Management Studies • BE, Computer Science, NIT Karnataka	Experience • Chief Operating Officer, Capitalmind Financial Services leading operations and technology • Chief of Staff, Office of Mr. PD Raj, Lok Sabha Member of Parliament • Fellow - Legislative Assistants to Members of Parliament (LAMP) Fellowship Education • PGDM (Finance), IMT Ghaziabad • Bachelor of Fashion Technology, NIFT Gandhinagar

Equity and Fixed Income Expertise

Systematic, evidence-driven approach



Anoop Vijaykumar
@CalInvestor

Earlier associated with Capitalmind PMS as Fund Manager and Head of Investment Research during 2019-2025, driving systematic, evidence-based portfolio construction.

Head of Equity, Capitalmind Mutual Fund
Overall 20+ Years Experience

Funds Managed:

- 1) Capitalmind Flexi Cap Fund (Since Inception)
- 2) Capitalmind Liquid Fund (Since Dec 2025)
- 3) Capitalmind Multi Asset Allocation Fund (Since Inception)
- 4) Capitalmind Arbitrage Fund (Since Inception)

Previously associated with



AT Kearney

Alumnus of



Prateek Jain
@Prateekonomics

Expertise in fixed-income portfolio management, managing liquid and overnight funds, duration and asset allocation strategies, yield-curve positioning, and daily cash-flow management.

Head of Fixed Income, Capitalmind Mutual Fund
Overall 15+ Years Experience

Funds Managed:

- 1) Capitalmind Flexi Cap Fund (Since Aug 2025)
- 2) Capitalmind Liquid Fund (Since Inception)
- 3) Capitalmind Multi Asset Allocation Fund (Since Inception)
- 4) Capitalmind Arbitrage Fund (Since Inception)

Previously associated with



Alumnus of



Divyansh Agnani
@DivyanshAgnani

Expertise in building quantitative strategies. Previously a quant analyst across Capitalmind's PMS, AIF, and MF mandates.

Associate Fund Manager, Capitalmind Mutual Fund
Overall 3.5+ Years Experience

Funds Managed:

- 1) Capitalmind Flexi Cap Fund (Since 20 April 2026)
- 2) Capitalmind Multi Asset Allocation Fund (Since 20 April 2026)

Previously associated with



Alumnus of



Annexure II: Factsheet Disclosures

Allocation of Net Assets

