


Data as on 30th September 2021

This product is suitable for investors who are seeking*:

- Income over a short term investment horizon
- Investments predominantly in arbitrage opportunities in the cash and derivative segments of the equity markets and by investing the balance in debt and money market instruments.

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



RISK - O - METER
Investors understand that their principal will be at Low Risk



Benchmark Riskometer

Benchmark: Nifty 50 Arbitrage Index

UPDATE ON THE CURRENT SCENARIO

Arbitrage yields have visibly improved over previous month, and market volatility & open interest is supportive of a good set up. Open interest is at an all-time high and could have paved the way for good returns. However, this was offset by Arbitrage trades from other MF categories which took away some juice.

In the coming months, one much watch out for factors such as:

- 1) Earnings season which should keep markets humored could be a positive.
- 2) Global yields inching higher may keep markets in tenterhooks leading to volatility which augurs well for the fund.
- 3) Large dividends are expected to keep select stock counters active and open up opportunities.
- 4) Events in the United States like the debt ceiling will be closely watched

Overall, the set up looks good for a better trading month coupled with the yield visibility. We maintain that the fund is a suitable investment for a 6 months and above horizon.

Rollover: Rollover involves carrying forward of the current futures positions from the current series, which is nearing expiry date, to the next one.

| Rollovers | |
|------------------------------|-----|
| September 2021 | 92% |
| June-21 to August-21 Average | 92% |

Rollover Spreads: Rollover spread for a portfolio is the difference in yield that is obtained when the position is carried over from one month to another. On an average the rollover spreads at the end of the September-21 series were ~32-33 bps (premium), compared to ~31-33 bps in the August-21 series. This yield can be realized at the expiry or before.

Open Interest: Open interest is the total value of outstanding derivative positions in the market. It provides a picture of trading activity, and whether money flows into the futures market is increasing or decreasing.

| Open Interest in Stock Futures | |
|--------------------------------|----------------------|
| September 2021 | ~Rs. 1,96,600 Crores |
| August 2021 | ~1,67,400 Crores |

Source: BhavCopy/Internal Calculations

Open Interest in Futures have increased compared to the past month.

Movement of Arbitrage Spreads

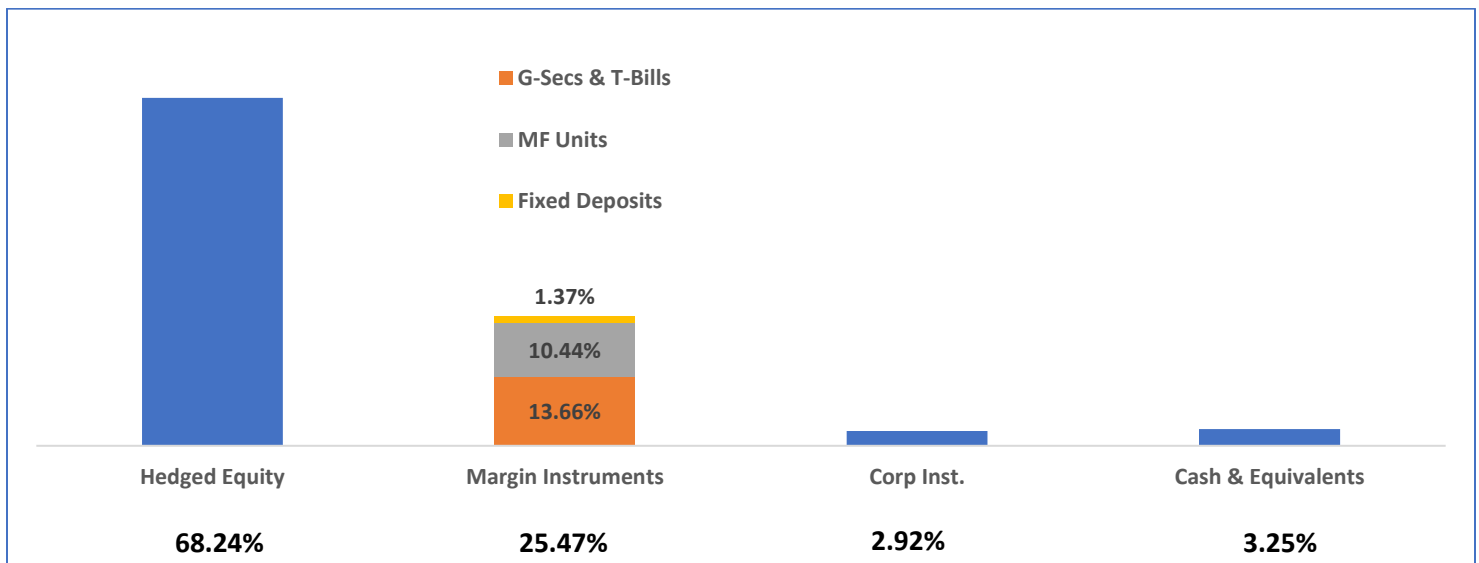
Spreads between cash equity and futures may move up under the following scenarios:

| Arbitrage Spreads Scenario | Possible Reasons |
|----------------------------|-----------------------|
| Spreads Move Up | Markets remain strong |
| Spreads Move Down | Markets remain flat |

Higher volatility in the markets can help enhance returns.

FACTORS AFFECTING THE FUND

Asset Allocation



Exposure to cash futures arbitrage ranges from 65-70%. This exposure is a function of the view on the market by the FM and to some extent the level of margins required for the positions.

When markets stabilize or retail and HNI participation in the market increases, broad basing of the market happens, spreads tend to go up. When that happens, exposure towards cash futures arbitrage also moves up.

If the FM finds stocks with decent spreads available even in the current scenario, the exposure can touch the higher side of the band, else can be toned down to a minimum of 65%. Open Interest is an indicator of stability in the market – increase in open interest may lead to increase in spreads.

Debt Portfolio: The debt portfolio of the fund is comprised of highly rated securities, entirety of which is invested in G-Secs and AAA-PSU bonds.

Debt Portfolio Metrics

| | |
|-------------------|-------------|
| YTM | 3.95% |
| Average Maturity | 7.81 Months |
| Macaulay Duration | 7.58 Months |

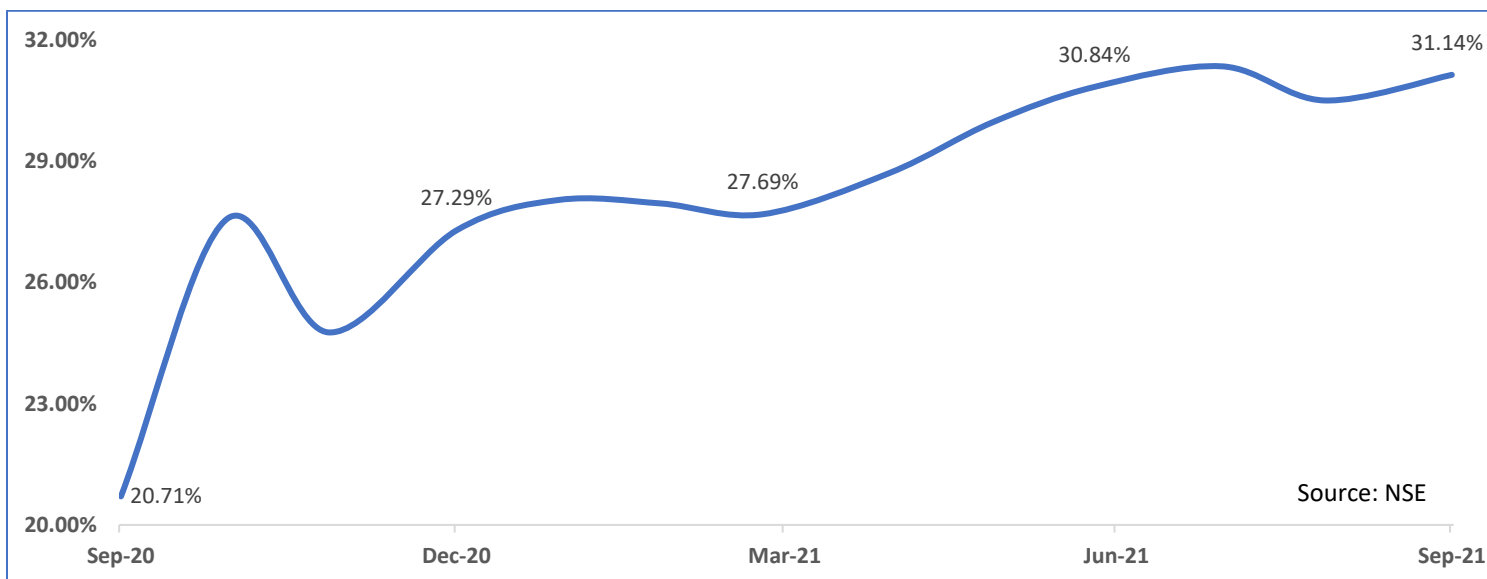
Return Drivers

Broad Sources of Returns for the fund:

| | |
|---------------------|--------|
| Rollover Spreads | 60-70% |
| Intra-Month Trading | 30-40% |

Factors which have recently impacted spreads between Cash and Derivative Markets*

a) **Impact of increase/decrease in Market Participation:** Open Interest or trading activity in stock futures increased from ~Rs.90,000 lakh crores in September-20 to the ~Rs.1.96 lakh crores level in September-2021, indicating a significant increase in activity over the past year.



Retail participation in the stock futures market increased from ~21% of total futures contracts in September 2020 to ~31% in September-21.

b) **Liquidity in Stock Futures:** Demand and supply from various segments like traders, proprietary books, FIIs, Mutual funds impacts liquidity. Higher increased participation from retail & HNI helps stabilizing the spreads. There has been a steady increase in market participation from Retail & HNI players after a significant fall at the start of the pandemic.

Factors that Impact Returns from Intra-Month Trading*

1. **Allocation between the Market caps** i.e., large cap, Mid cap & Small cap: The fund manager deftly shifts allocations to market caps to reflect the current situation. This helps to take advantage of the volatility within the segment, thus allowing an enhancement in the return. The performance varies with how you adjust allocations among the market caps.
2. **Stock Selection-** This is a crucial part in the management of the arbitrage fund. Criteria for stock selection includes:
 - a. How much interest is there in the stocks & direction of price movement- which means whether the stock will be volatile or not and whether the stock will trend in one direction or not. The fund manager is biased towards volatile stocks as it allows for easy exits leading to return enhancement.

b. Corporate Actions- Understanding the corporate actions viz. dividends, mergers and fundamentals are critical and acting on them gives the fund an edge.

c. Generally, the fund takes a top-down approach towards market cap allocation, however positions can be built in individual stocks based on the fund manager's convictions.

**Based on current market conditions and may change in the future*

FUND PERFORMANCE

| Period | Tata Arbitrage Fund | | Nifty 50 Arbitrage Index* | | CRISIL 1 Year T-Bill Index# | |
|-----------------|---------------------|--------|---------------------------|--------|-----------------------------|--------|
| | Return % | Rs. | Return % | Rs. | Return % | Rs. |
| 1 Year | 3.93% | 10,393 | 3.93% | 10,393 | 3.89% | 10,389 |
| 3 Year | NA | NA | NA | NA | NA | NA |
| 5 Year | NA | NA | NA | NA | NA | NA |
| Since Inception | 5.17% | 11,507 | 4.44% | 11,287 | 5.94% | 11,745 |
| Inception Date | 18-Dec-18 | | Managing Since | | 10-Dec-18 | |

Fund Manager: Sailesh Jain

***Scheme Benchmark**

#Scheme Additional Benchmark

For Other Scheme Managed by Sailesh Jain, please refer to page 5.

FUND OVERVIEW

Fund Snapshot

| | |
|-----------------------|---|
| Benchmark | Nifty 50 Arbitrage Index |
| Inception Date | 18 th December 2018 |
| AUM | Rs. 11,971.49 Crores |
| Expense Ratio | Regular: 1.09 Direct: 0.32 |
| Fund Manager | Sailesh Jain (Managing Since 8 th December-18) |

About the Fund

Arbitrage is the simultaneous buying and selling of securities, currency, or commodities in different markets or in derivative forms to take advantage of differing prices for the same asset.

The scheme invests primarily in arbitrage opportunities between spot and futures prices of exchange traded equities and the arbitrage opportunities available within the derivative segment.

The investment objective of the Scheme is to seek to generate reasonable returns by investing predominantly in arbitrage opportunities in the cash and derivatives segments of the equity markets and by investing balance in debt and money market instruments

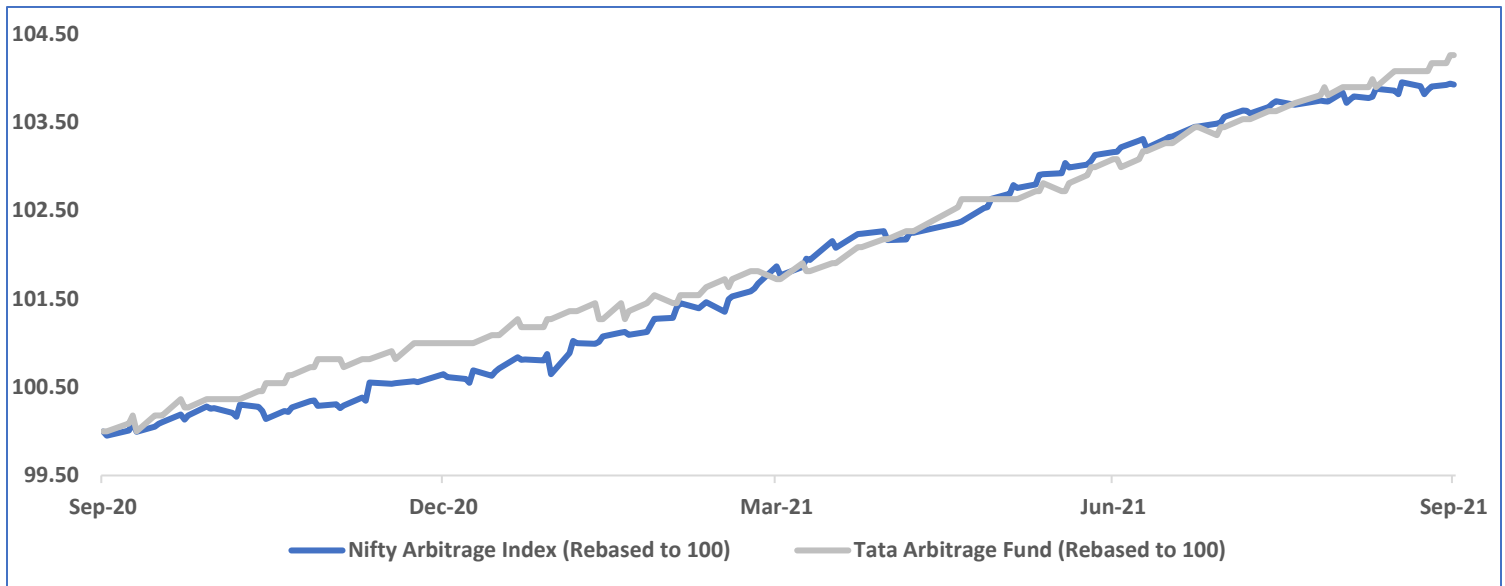
Top 5 Sectors

| Sector | Allocation |
|--------------------|------------|
| Financial Services | 13.93% |
| Auto | 9.28% |
| Consumer Goods | 7.81% |
| Pharmaceuticals | 5.05% |
| Oil & Gas | 3.44% |

Top 10 Cash Equity Holdings

| Holding | Allocation |
|------------------------------------|------------|
| ITC Ltd. | 2.24% |
| State Bank Of India | 2.05% |
| Bajaj Auto Ltd. | 2.03% |
| Tata Consultancy Services Ltd. | 1.95% |
| JSW Steel Ltd. | 1.76% |
| Tata Motors Ltd. | 1.64% |
| Sun Pharmaceutical Industries Ltd. | 1.61% |
| Adani Ports and SEZ Ltd. | 1.49% |
| Vedanta Ltd. | 1.44% |
| Apollo Hospitals Enterprise Ltd. | 1.42% |

NAV Movement



Performance of Other Scheme Managed by Sailesh Jain

| Period | Tata Arbitrage Fund | | Nifty 50 Arbitrage Index* | | CRISIL 1 Year T-Bill Index# | |
|-----------------|---------------------|--------|---------------------------|--------|-----------------------------|--------|
| | Return % | Rs. | Return % | Rs. | Return % | Rs. |
| 1 Year | 3.93% | 10,393 | 3.93% | 10,393 | 3.89% | 10,389 |
| 3 Year | NA | NA | NA | NA | NA | NA |
| 5 Year | NA | NA | NA | NA | NA | NA |
| Since Inception | 5.17% | 11,507 | 4.44% | 11,287 | 5.94% | 11,745 |
| Inception Date | 18-Dec-18 | | Managing Since | | 10-Dec-18 | |

| Period | Tata Balanced Advantage Fund^ | | CRISIL Hybrid 35+65 - Aggressive Index* | | S&P BSE Sensex TRI# | |
|-----------------|-------------------------------|--------|---|--------|---------------------|--------|
| | Return % | Rs. | Return % | Rs. | Return % | Rs. |
| 1 Year | 28.19% | 12,819 | 39.66% | 13,966 | 56.96% | 15,696 |
| 3 Year | NA | NA | NA | NA | NA | NA |
| 5 Year | NA | NA | NA | NA | NA | NA |
| Since Inception | 14.86% | 14,483 | 19.16% | 15,982 | 22.26% | 17,115 |
| Inception Date | 28-Jan-19 | | Managing Since | | 09-Jan-19 | |

| Period | Tata Multi Asset Opportunities Fund^ | | 65% S&P BSE 200 TRI + 15% CRISIL Short Term Bond Fund Index + 20% iCOMDEX Composite Index* | | S&P BSE Sensex TRI# | |
|-----------------|--------------------------------------|--------|--|--------|---------------------|--------|
| | Return % | Rs. | Return % | Rs. | Return % | Rs. |
| 1 Year | 38.54% | 13,854 | 42.74% | 14,274 | 56.96% | 15,696 |
| 3 Year | NA | NA | NA | NA | NA | NA |
| 5 Year | NA | NA | NA | NA | NA | NA |
| Since Inception | 30.16% | 15,148 | 27.28% | 14,623 | 33.13% | 15,696 |
| Inception Date | 04-Mar-20 | | Managing Since | | 12-Mar-20 | |

| | Tata Equity Savings Fund^^ | | NIFTY Equity Savings Index* | | CRISIL 10 Year Gilt Index# | |
|-----------------|----------------------------|--------|-----------------------------|--------|----------------------------|--------|
| Period | Return % | Rs. | Return % | Rs. | Return % | Rs. |
| 1 Year | 19.16% | 11,916 | 21.83% | 12,183 | 3.88% | 10,388 |
| 3 Year | 9.16% | 13,016 | 11.35% | 13,818 | 9.17% | 13,020 |
| 5 Year | 6.87% | 13,946 | 10.27% | 16,309 | 6.17% | 13,491 |
| Since Inception | 7.34% | 45,702 | NA | NA | NA | NA |
| Inception Date | 27-Apr-00 | | Managing Since | | 09-Nov-18 | |

| | Tata Nifty Exchange Traded Fund | | Nifty 50 TRI* | |
|-----------------|---------------------------------|--------|----------------|--------|
| Period | Return % | Rs. | Return % | Rs. |
| 1 Year | 58.14% | 15,814 | 58.54% | 15,854 |
| 3 Year | NA | NA | NA | NA |
| 5 Year | NA | NA | NA | NA |
| Since Inception | 20.40% | 16,656 | 20.50% | 16,695 |
| Inception Date | 01-Jan-19 | | Managing Since | |

| | Tata Nifty Private Bank Exchange Traded Fund | | Nifty Private Bank TRI* | | Nifty 50 TRI# | |
|-----------------|--|--------|-------------------------|--------|---------------|--------|
| Period | Return % | Rs. | Return % | Rs. | Return % | Rs. |
| 1 Year | 65.50% | 16,550 | 65.05% | 16,505 | 58.54% | 15,854 |
| 3 Year | NA | NA | NA | NA | NA | NA |
| 5 Year | NA | NA | NA | NA | NA | NA |
| Since Inception | 13.31% | 12,980 | 12.32% | 12,744 | 26.53% | 16,343 |
| Inception Date | 30-Aug-19 | | Managing Since | | 16-Aug-19 | |

| | Tata Quant Fund | | S&P BSE 200 TRI* | | S&P BSE Sensex TRI# | |
|-----------------|-----------------|--------|------------------|--------|---------------------|--------|
| Period | Return % | Rs. | Return % | Rs. | Return % | Rs. |
| 1 Year | 36.75% | 13,675 | 61.22% | 16,122 | 56.96% | 15,696 |
| 3 Year | NA | NA | NA | NA | NA | NA |
| 5 Year | NA | NA | NA | NA | NA | NA |
| Since Inception | 4.91% | 10,844 | 28.63% | 15,305 | 25.49% | 14,679 |
| Inception Date | 22-Jan-20 | | Managing Since | | 03-Jan-20 | |

*Scheme Benchmark

#Scheme Additional Benchmark

^Manages Hedge/derivative exposure of the scheme

^^Manages Equity Portfolio

Number of Schemes managed by Sailesh Jain: 8

Disclosures

- 1) Scheme returns in terms of CAGR are provided for past 1 year, 3 years, 5 years and since inception.
- 2) Point-to-point returns on a standard investment of Rs. 10,000/- are in addition to CAGR for the schemes. Mutual Fund Investments are subject to market risks, read all scheme related documents carefully.
- 3) Different plans shall have a different expense structure. The performance details provided herein are of regular plan growth option

- 4) NA stands for schemes in existence for more than 1 year but less than 3 years or 5 years, or instances when benchmark data for corresponding period not available.
- 5) Period for which schemes performance has been provided is computed basis last day of the month - ended preceding the date of advertisement.
- 6) Past performance may or may not be sustained in future. For computation of since inception returns the allotment NAV has been taken as Rs. 10.00
- 7) For Benchmark Indices Calculations, Total Return Index (TRI) has been used
- 8) Tata Dividend Yield Fund has not completed 6 months of performance, hence performance is not shown

Mutual Fund Investments are subject to market risk read all scheme related documents carefully