

## Invesco India Arbitrage Fund

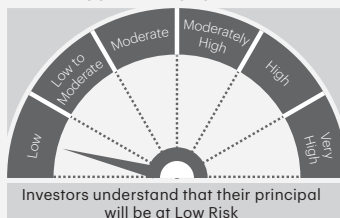
(An open ended scheme investing in arbitrage opportunities)

### Suitable for investors who are seeking\*

- Income over medium-term
- Income through opportunities emerging out of difference in pricing between cash and derivatives markets and through deployment of surplus cash infixed income instruments.

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

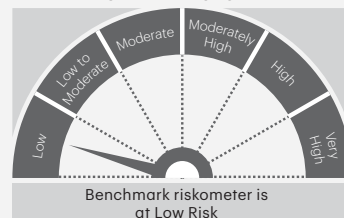
### SCHEME RISKOMETER



### SCHEME BENCHMARK

NIFTY 50 Arbitrage

### BENCHMARK RISKOMETER



## Presenting Invesco India Arbitrage Fund

- The scheme does not take any directional exposure to equities and predominantly observes a 'Long Cash - Short Future' strategy.
- It maintains a 'fully hedged equity exposure', which means each position in equity stock is hedged by corresponding position in stock future
- Looks at opportunities to enhance potential portfolio returns – at times, the fund can churn the equity portfolio aggressively to capitalize on the changing “spreads” in the spot and futures market.
- The scheme's debt component (up to 35%) comprise of tactical and strategic allocation to enhance return potential with focus on safety of investments
- The scheme maintains average equity and equity related exposure at 65%<sup>2</sup> to qualify for the status of equity fund taxation.

### What is arbitrage?

Arbitrage is a strategy to buy and sell an asset, such as equity shares, simultaneously in two or more markets or different segments of the market to take advantage of the price differential due to inefficiencies between these markets. Gains are pocketed due to mismatch in the price of the asset in these markets/segments of the market. Arbitrage strategy is however different from trading as it calls for simultaneous execution of both sale and purchase transactions to avert an exposure to brisk price fluctuations in the market.

To illustrate, assume an equity share of 'X' Ltd. trades at Rs. 100 in spot market while its 1-month future trades at Rs. 115. For arbitrage to ensue, the investor will buy the security in spot and short its future thereby locking a gain of Rs. 15. If on the settlement day, the security trades at Rs. 120, the future price will converge towards the spot. To unwind the position, the investor will sell the underlying security at Rs. 120 at a loss of Rs. 5, ensuring the net gains of Rs. 15 (which were earlier locked in at the time of initiation of the trade).

Note: If on the settlement date, when the arbitrage strategy is to be unwound, the price in the spot market and in futures do not converge wholly, the actual net gains could be different at the time of initiation of trade.

Disclaimer: The above simulation is for illustration purpose only and should not be construed as recommendation from Invesco Asset Management (India) Pvt. Ltd. / Invesco Mutual Fund.

### Why arbitrage mutual funds?

Arbitrage mutual funds seek to generate risk-free returns by exploiting the price differential of equity securities in two or more markets or in different segments of the market. This price differential arises on account of market inefficiencies. For instance, an arbitrage strategy will attempt to exploit the price mismatch in an equity security in the cash and the derivative segment of the market.

Being market neutral and given the fact that this strategy does not participate in the market highs and lows, arbitrage mutual fund schemes are relatively indifferent to market volatility and are not much impacted by frequent corrections in the market. These schemes are thus reckoned to have low risk and suit the investment needs of conservative investors who do not wish to take direct exposure in equities.

### Why consider Invesco India Arbitrage Fund?

- **Experienced fund manager** - Long track record in arbitrage space
- **Proprietary algorithms** - Uniquely positioned with algorithms developed in conjunction with brokers. Active management of rolls with different mandates for each stock
- **Higher midcap allocation** - Increases potential for relatively better spreads
- **Actively churning the portfolio and using strategies like dividend arbitrage**
- **Low risk profile** - No credit risk, minimal duration risk
- **Size** - Smaller the size, better to capture the arbitrage opportunities

## as on June 30, 2022

Particulars	% of Net assets
Adani Ports and Spl. Eco. Zone Ltd.	3.69%
Housing Dev. Fin. Corp. Ltd.	3.55%
Multi Comm. Exchange of India Ltd.	3.22%
HCL Technologies Limited	3.19%
IDFC Limited	2.35%
Bajaj Finance Limited	2.31%
Tata Communications Limited	1.87%
Zee Entertainment Enterprises Ltd.	1.86%
Vodafone Idea Limited	1.84%
Punjab National Bank	1.81%

**Total equity exposure:**  
**64.27% of net assets**

**Corresponding derivatives exposure:**  
**64.26% of net assets**

Performance as on June 30, 2022						
Period	Returns % (CAGR)			Value of Rs.10,000/-invested		
	Fund	Benchmark Nifty 50 Arbitrage <sup>1</sup>	Addi. Benchmark CRISIL 1 Yr T Bill Index	Fund	Benchmark Nifty 50 Arbitrage <sup>1</sup>	Addi. Benchmark CRISIL 1 Yr T Bill Index
1 Year	3.98%	3.61%	2.97%	10,398	10,361	10,297
3 Years	4.36%	3.81%	4.74%	11,368	11,191	11,493
5 Years	4.95%	4.38%	5.58%	12,735	12,394	13,122
7 Years	5.30%	4.80%	6.01%	14,358	13,886	15,051
10 Years	6.19%	5.91%	6.46%	18,233	17,765	18,719
Since Inception (30 April, 2007)	6.50%	NA	6.16%	26,018	NA	24,776

**Past Performance may or may not be sustained in future.** The performance details provided herein are of existing plan (Regular) – Growth Option. Different plans have different expense structure. For calculating returns since inception, NAV as on the date of allotment is taken as Rs. 10/-. Face Value per unit is Rs. 10/-. Returns above 1 year are Compounded Annualised Growth Rate (CAGR). Fund Manager(s) : Deepak Gupta since 11 November, 2021

Asset Profile	% Weightage
Equity Holding	64.27%
Money Market Instruments	8.58%
Mutual Fund Units	18.40%
Cash & Cash Equivalent :	8.75%

SIP investment	Total amount invested (Rs.)	Fund		Nifty 50 Arbitrage <sup>1, 2</sup>		CRISIL 1 Yr T Bill Index <sup>2</sup>	
		Market value (Rs.)	SIP returns (%) XIRR	Market value (Rs.)	SIP returns (%) XIRR	Market value (Rs.)	SIP returns (%) XIRR
1 Year	1,20,000	1,22,824	4.42%	1,22,417	3.78%	1,21,569	2.45%
3 Years	3,60,000	3,82,909	4.06%	3,80,632	3.66%	3,80,678	3.67%
5 Years	6,00,000	6,72,573	4.52%	6,65,614	4.11%	6,77,707	4.82%
7 Years	8,40,000	9,97,921	4.85%	9,80,147	4.35%	10,14,478	5.32%
10 Years	12,00,000	15,84,166	5.42%	15,49,942	5.00%	16,24,119	5.90%
Since Inception	18,20,000	29,41,967	6.04%	NA	NA	29,65,544	6.14%

<sup>1</sup>Scheme Benchmark. <sup>2</sup>Additional Benchmark. The inception date of the Scheme is 30 April, 2007 which is prior to the date (i.e. 01 April, 2010) from which figures for Nifty 50 Arbitrage Index (Benchmark Index) are available. Hence returns since inception are not available for Nifty 50 Arbitrage Index. Other schemes managed by the Fund Manager – Nil.

**Note:** XIRR method is used to calculate SIP returns. The above investment simulation is for illustrative purpose only and should not be construed as a promise on minimum returns and safeguard of capital. Invesco Asset Management (India) Private Limited/Invesco Mutual Fund is not guaranteeing or promising or forecasting any returns. SIP does not ensure a profit or guarantee protection against a loss in a declining market. Please refer SIP Enrolment Form or contact nearest ISC for Load Structure.

## Invesco Asset Management (India)

Invesco Asset Management (India) offers expertise across equity and fixed income investments, with a broad range of funds to suit your every investment need. Our aim is to provide best-in-class investment products across asset classes, regions and risk spectrum, with high standards of customer service.

### Invesco Limited – One of the world's leading independent global investment management firms

- US\$1.5 trillion in assets under management around the globe
- Specialised investment teams managing investments across a wide range of asset classes and investment styles
- More than 8,400 employees worldwide
- On-the-ground presence in more than 20 countries, serving clients in more than 120 countries

Source: AUM of \$1,555.9 billion, client-related data, investment professional and employee data as of March 31, 2022. AUM includes all assets under advisement, distributed and overseen by Invesco.

## Key Facts

**Category:** Arbitrage Fund

**Type:** An open ended scheme investing in arbitrage opportunities

**Investment Objective:** To generate income through arbitrage opportunities emerging out of difference in pricing between the cash market and the derivatives market and through deployment of surplus cash in fixed income instruments

Asset Allocation		
Instruments	Indicative Allocation (% of Net Assets) Minimum      Maximum	Risk Profile High/Medium/ Low
Equity & Equity Related Instruments	65–100%	High
<sup>1</sup> Equity Derivatives including stock future and stock options <sup>2</sup>	65–100%	High
Debt & Money Market Instruments	0–35%	Low to medium

Debt instruments may include securitized debt upto 35% of the net assets of the Scheme. The Scheme will not invest in foreign securitized debt.

<sup>1</sup>The exposure to derivative shown in the above asset allocation table is the exposure taken against the underlying equity investments and should not be considered for calculating the total asset allocation. The idea is not to take additional asset allocation with the use of derivatives.

<sup>2</sup>The notional value exposure in derivatives securities would be reckoned for the purposes of the specified limits, the margin money deployed on these positions would be included in the Money Market category.

The maximum derivative position will not exceed 100% of the net assets of the Scheme. The cumulative gross exposure through equity, debt, derivative positions, other permitted securities/assets and such other securities/assets as may be permitted by SEBI from time to time should not exceed 100% of the net assets of the scheme.

Minimum Application Amount		
<b>Lumpsum:</b> Rs. 1,000/- per application and in multiples of Re. 1 thereafter. For Systematic Investment Plan (SIP):		
Options	Minimum Amount	Minimum Installments
Monthly	Rs. 500 per month and in multiples of Rs. 1/thereafter	12
	Rs. 1,000 or more per month and in multiples of Rs. 1/thereafter	6
Quarterly	Rs. 1,500 per quarter and in multiples of Rs. 1/thereafter	4

### Plans<sup>^</sup>/Options (Applicable for Direct Plan also)

- Growth Option
- Income Distribution cum Capital Withdrawal (IDCW) option
- IDCW Payout
- IDCW Reinvestment
- (If IDCW under payout of IDCW is equal to or less than Rs.100/- then the IDCW would be compulsorily reinvested in the respective plan/option of the scheme)

**Fund Manager:** Deepak Gupta

**Loads:** Entry Load: Nil\*, Exit Load: #

If redeemed/switched-out on or before 15 Days from the date of allotment: 0.5%  
If redeemed/switched-out after 15 Days from the date of allotment: Nil  
Switch between the Plans under the Scheme: Nil

**Benchmark :** Nifty 50 Arbitrage



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