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PORTFOLIO BENEFIT
FROM
MARKET VOLATILITY.

UTI ARBITRAGE FUND

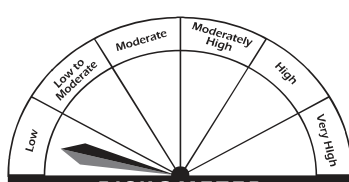
Contact your mutual fund distributor or
give a missed call on **8655019940**.

SMS "UTIAF" TO **5676756**
www.utimf.com

Riskometer

Fund

Benchmark**



This product is suitable for investors who are seeking*:

- Capital appreciation over medium to long term
- Takes advantage of arbitrage opportunities in cash and derivative market without taking any directional/ unhedged position in either equity or derivative instruments

*Investors should consult their financial advisers if in doubt about whether the product is suitable for them. **Nifty 50 Arbitrage Index

Risk-o-meter for the fund is based on the portfolio ending March 31, 2022. The Risk-o-meter of the fund/s is/are evaluated on monthly basis and any changes to Risk-o-meter are disclosed vide addendum on monthly basis, to view the latest addendum on Risk-o-meter, please visit addenda section on <https://utimf.com/forms-and-downloads/>

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

What is Arbitrage?

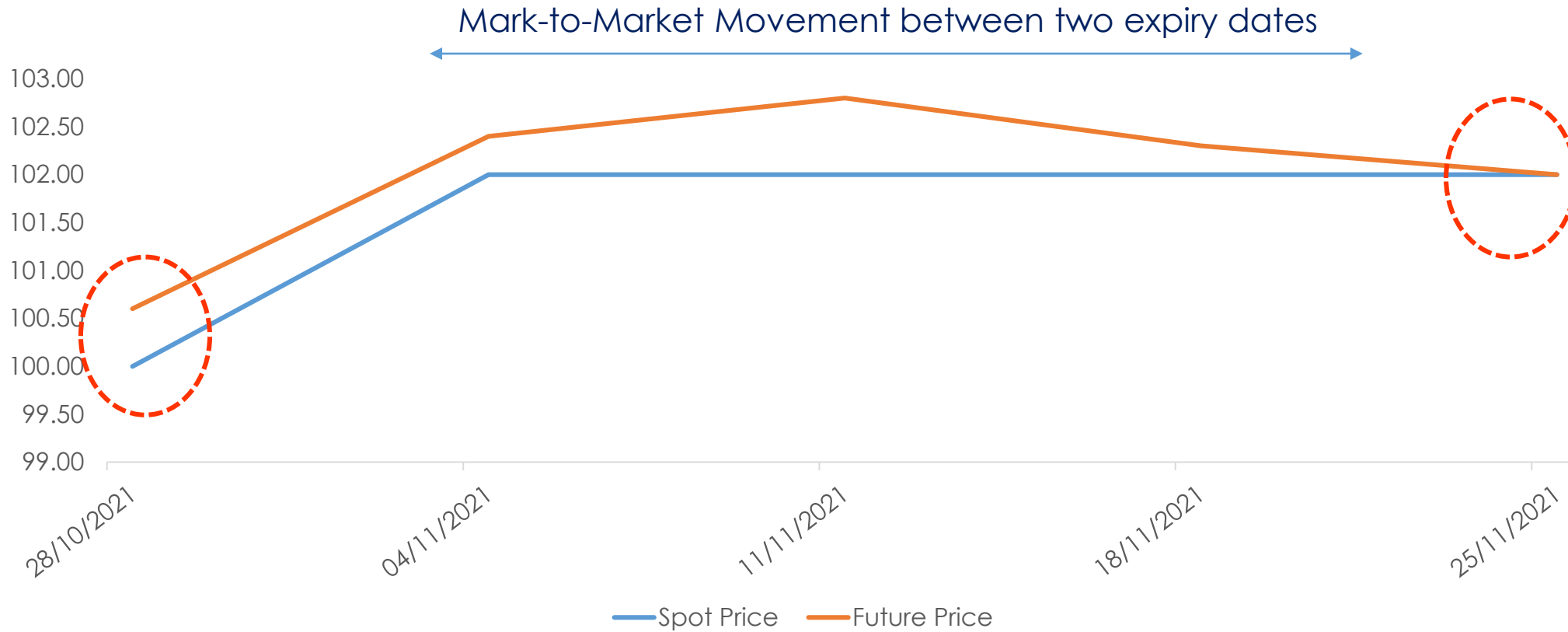
A process of identifying price gap between cash (spot) & futures segment of Equity market at a particular time

Equity arbitrage identifies such spread available in the market and locks into for profit in an efficient manner

The demand for contract increases and future prices starts falling - leading to the convergence of future price with the spot price on the day of derivatives expiry day.

The positions are fully hedged with no directional exposure. Hence the market movements do not impact the strategy.

An example of Arbitrage



The above illustration does not include the cost of executing the arbitrage transaction which can include the STT & brokerage charges. The above illustration is only meant for the basic understanding and does not guarantee any return. It may be noted that future price will converge with cash price on expiry date i.e. last Thursday of every month.

Continuing with the example of Arbitrage

Date	Spot Price	Future Price	Futures Premium	Returns for the fund
28/10/2021	100	100.6	0.60	
04/11/2021	102	102.4	0.40	0.20
11/11/2021	102	102.8	0.80	-0.40
18/11/2021	102	102.3	0.30	0.50
25/11/2021	102	102	0.00	0.30
				0.60

- The concept of mispricing works on mispricing of assets / stocks in different markets due to cost of carry & market inefficiency.
- The portfolio is fully hedged at all point of time and this mitigates the risk associated with market volatility.

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What are Arbitrage funds?

Arbitrage Funds are equity-oriented funds under the hybrid category that simultaneously invest (buy in cash and sell in future) in the same company 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.

Factors affecting Arbitrage spreads



Market Sentiments

Participation in the markets

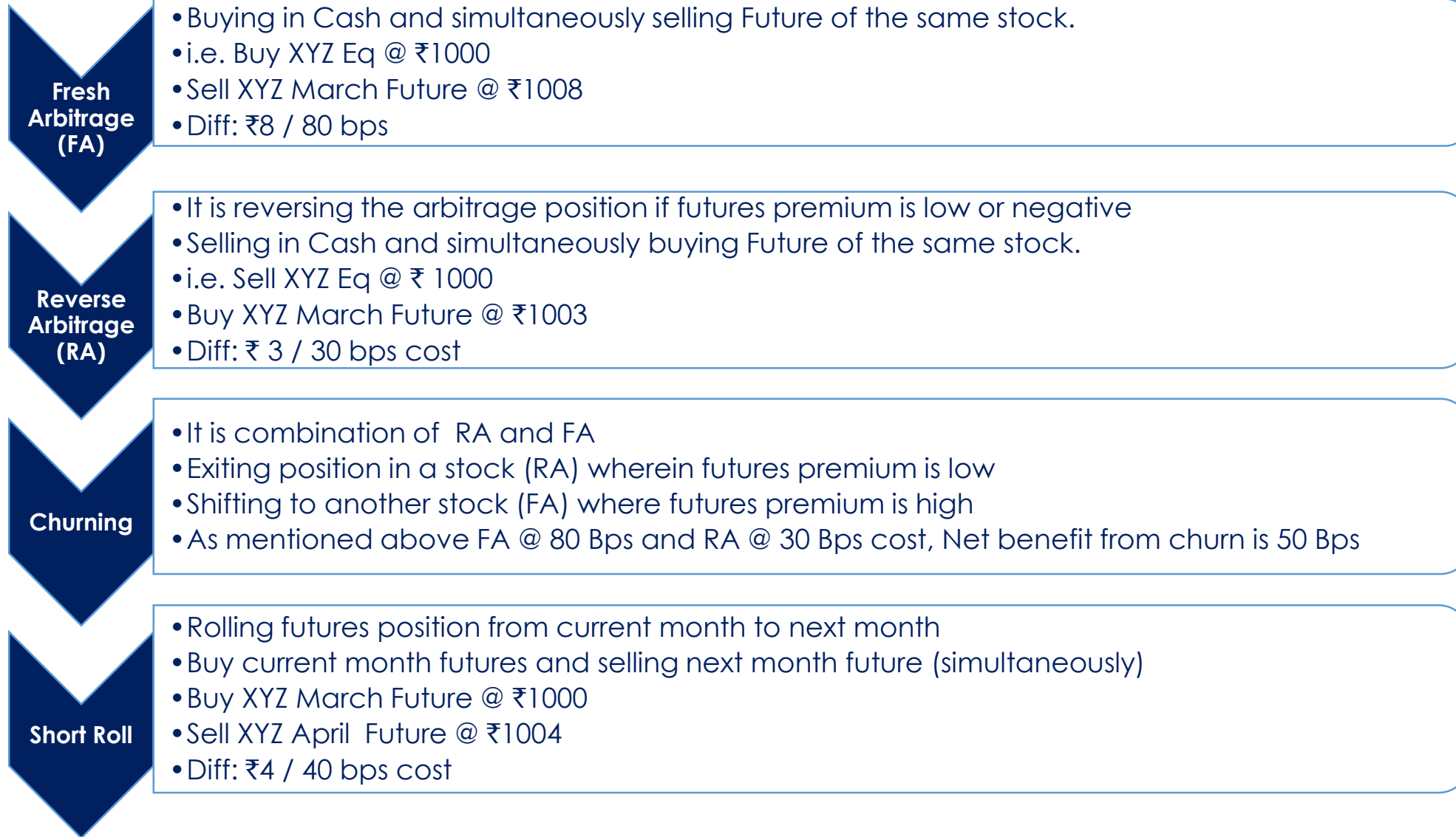


Interest Rates

Stocks in F&O category and liquidity of instruments



Types of Arbitrage Activities



How does the fund generate returns?

Equity: Hedged Position

- Through strategies such as Fresh Arbitrage, Reverse Arbitrage, Churning and Short Rolls

Debt: Conservative Approach

- Controlled interest rate risk with duration management in short maturity buckets.
- Controlled risk management with exposure to high credit quality instruments

How to interpret rollover / yields?

Asset Class	Rollover Spread / YTM	% of Portfolio	Yield
Equity	Monthly spread 0.42%	70%	3.53%
Debt	Annualized yield 4.39%	30%	1.30%
Gross* (Rollover + YTM)			4.83%

*Does not include Brokerage, STT and TER.
The above is illustration.



Haq, ek behtar zindagi ka.

How Arbitrage Fund benefits in a rising interest rate scenario?

Futures Price = Spot price * [1+ rf*(x/365)]- d, where rf = Risk-free rate, d = dividend and x = number of days to expiry.

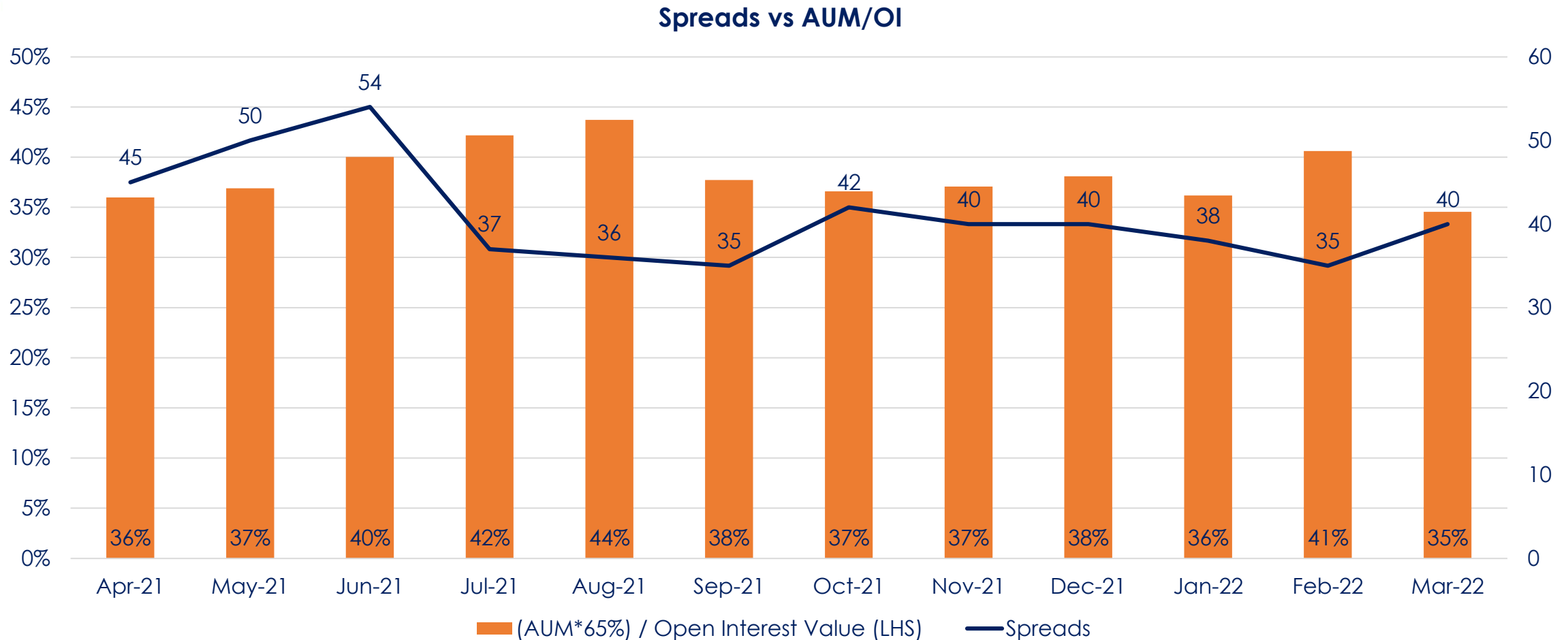
Generally, one can take the RBI's 91 day Treasury bill as a proxy for the short term risk-free rate. Here is an illustration below:

	Point A	Point B
Spot Price	100	100
Rf	3.50%	5.00%
d	0	0
Days to expiry	30	30
Future Price	100.29	100.41
Spread	0.29	0.41

As the risk free rate rises, the risk premium of Future vis-à-vis Cash also resets itself with it.

Arbitrage funds yields are closely linked with short term interest rate.

Spreads vs AUM/Open Interest



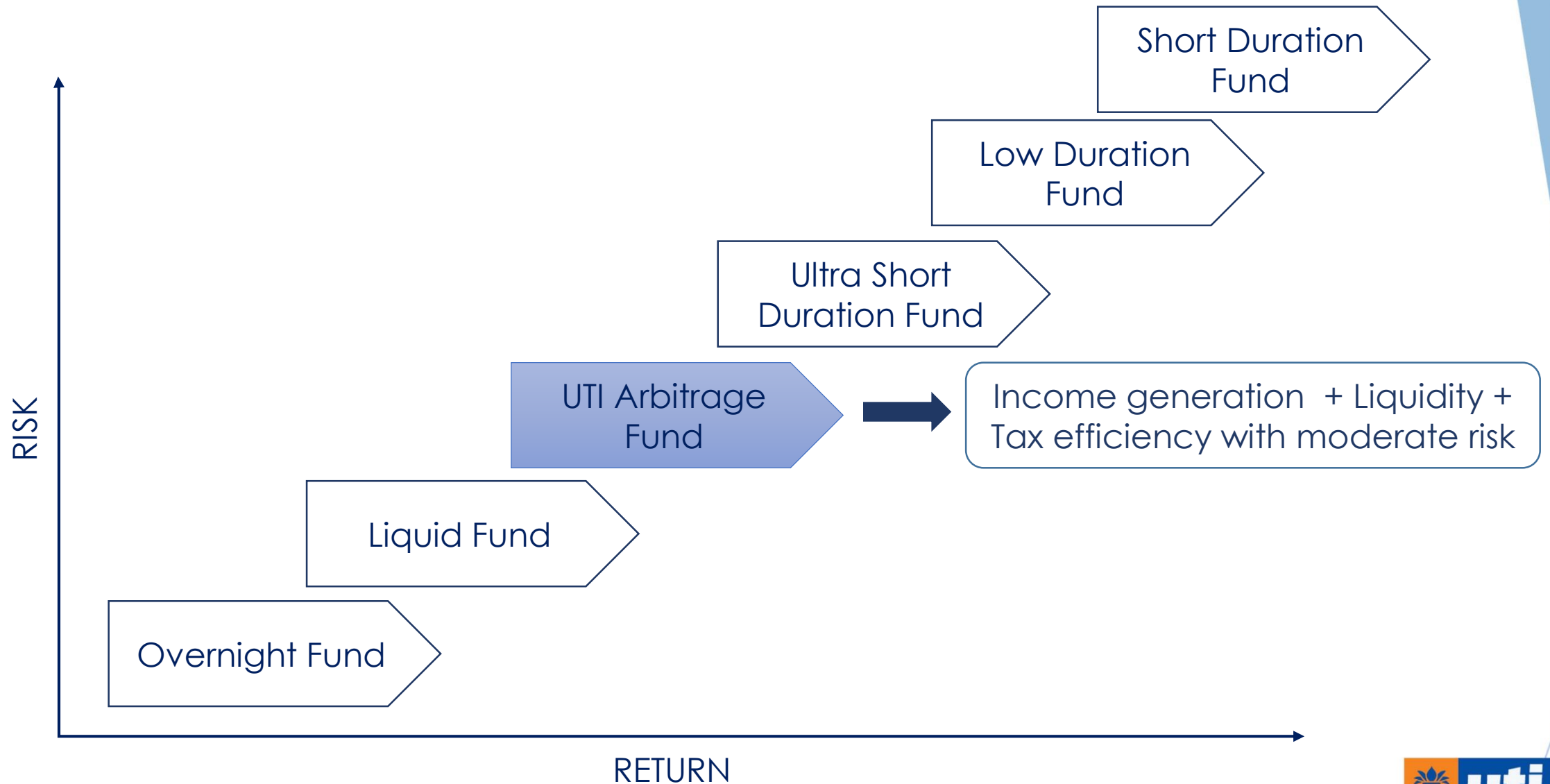
**Generally higher the contribution of MFs in the Open Interest, the lower the spreads and vice versa.
One year average spreads has been around 41 bps**

Note: Mar -22 was a five week expiry



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Product Positioning



Product Suitability



Short term parking
of surpluses



One of the alternatives to
liquid & bank deposits



Low volatility returns
with tax efficiency

Why invest in UTI Arbitrage Fund?

Volatility management

- Fully hedged portfolio eliminates the risk normally attached to directional calls

Equity Tax Advantage

- Equity status of the fund lowers the incidence of capital gains tax

Long term performance track

- 15 year track record comprising of different market cycles

Cost effective

- Low expense structure compared to peer average

Debt Portfolio - Conservative

- Modified duration has been in a range of 0.29 yrs. to 0.47 yrs. (based on month end data since last 12 months) – March end data : 0.40 yrs.
- Exposure to high quality debt papers

Comparative analysis of Performance

Schemes	1 Months	3 Months	6 Months	1 Year
UTI Arbitrage Fund	1.25	3.91	3.91	4.45
Industry average Overnight Fund	3.33	3.39	3.35	3.27
Industry average Liquid Fund	3.76	3.62	3.56	3.45
Industry average Ultra Short Term Fund	4.76	4.30	4.18	4.46

Data as of March 31, 2022. Returns are simple annualized for <1 Yr
Returns : Direct Plan – Growth Option

Tax efficiency of the fund

Growth Option	Resident Individual /HUF/ Domestic Companies	
	UTI Arbitrage Fund	Liquid/Overnight Funds
Details	UTI Arbitrage Fund	Liquid/Overnight Funds
Investment period	Up to 1 year	
Investment yield (annualized)	6.00%	6.00%
Short Term Capital Gains Tax rate	15.60%	31.20%*
Returns (Annualized)	5.06%	4.13%

Short Term capital gains

Tax Arbitrage of ~ 0.94%

Growth Option	Resident Individual /HUF/Domestic Companies	
	UTI Arbitrage Fund	Liquid/Overnight Funds
Details	UTI Arbitrage Fund	Liquid/Overnight Funds
Investment period	More than 1 year but up to 3 years	
Investment yield (assumed)	6.00%	6.00%
Long Term Capital Gains Tax rate	10.40%	31.20%**
Returns (Annualized)	5.38%	4.13%

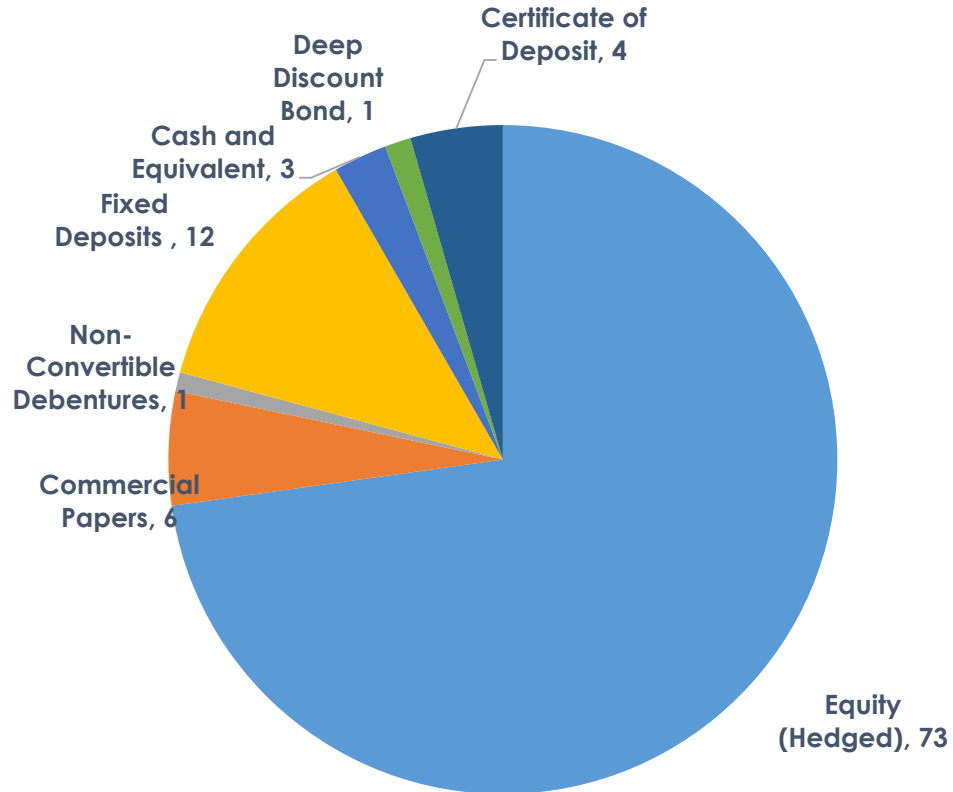
Long Term capital gains

Tax Arbitrage of ~ 1.25%

This is only for illustration purpose and the information provided is very brief and not exhaustive by any means. This is not a tax advice. Surcharge, if applicable, considering the category and income of the investor may also be payable. If surcharge is applicable, cess would also increase as it is payable on income tax and surcharge. Tax rates assumed for individuals/HUFs are for highest Tax bracket as on date. * - Rate mentioned is for domestic companies other than domestic companies for which lower rates of taxation apply as per the provisions of the Income Tax Act subject to the conditions specified therein, the rate for resident individuals & HUFs is 20.80 % including cess for long term capital gains. STT is also payable over and above capital gains tax, as per applicable rates for Equity Oriented Funds Rates mentioned may be subject to MAT also. UTI Mutual Fund/UTIAMC/UTI Trustee Company shall not be responsible in any manner whatsoever including for any information given herein. Investors are advised to consult their financial and tax advisor and read and understand the concerned Scheme Information Document and the SAI before arriving at any investment decision. Differential rate of returns assumed considering the tenure of investment i.e. 6 months period & 1-year period. #Long term period for other than Equity Fund is more than 36 months.

Portfolio details

Asset Allocation (%)



Month-End AUM: ₹ 5,380 cr.
 Monthly Average AUM: ₹ 5,701 cr.

Quantitative indicators (Fund)

Rollover Yield:	40 bps
Std Deviation:	1.09
Beta:	0.18
Sharpe Ratio:	0.60
Portfolio turnover ratio (Annual)	11.42

Key Debt Statistics

Yield to Maturity:	4.70%
Wtd Avg Maturity:	0.42 yrs.
Modified Duration:	0.40 yrs.



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Rolling Returns

Return Bucketing (3 months rolling return)			Fund
Less than 0	0%	Minimum	1%
0-4%	12%	Maximum	14%
4%-6%	25%	Average	7%
Above 6%	63%	Std.Deviation	2%

Return Bucketing (6 months rolling return)			Fund Returns
Less than 0	0%	Minimum	2%
0-4%	11%	Maximum	12%
4%-6%	23%	Average	7%
Above 6%	66%	Std.Deviation	2%

- UTI Arbitrage fund has given average return of around 7% on a 3 & 6 months rolling return basis since inception.
- The fund has shown positive returns irrespective of the market situation and volatility
- Nil instances of negative returns on a 3 & 6 months horizon since inception of the fund.

Source: Internal. Data of UTI Arbitrage Fund Regular Growth.
Data period: Daily rolling return since inception. Data as on Mar 31, 2022

Performance of UTI Arbitrage Fund

Fund Performance Vs Benchmark (as of 31/03/2022)

Period	Fund Performance Vs Benchmark			Growth of ₹ 10,000/-		
	Scheme Returns (%)	B:Nifty 50 Arbitrage (%)	AB:Crisil 1 Yr. T-Bill Index (%)	Scheme Returns (₹)	B: Nifty 50 Arbitrage (₹)	AB:Crisil 1 Yr. T-Bill Index (₹)
1 Year	3.84	3.82	3.76	10,384	10,382	10,376
3 Years	4.55	4.07	5.28	11,429	11,273	11,671
5 Years	5.14	4.38	5.82	12,850	12,392	13,271
Since Inception	6.84	6.17	6.19	28,413	25,728	25,804

Systematic Investment Plan (SIP) Returns (as of 31/03/2022)

Period	Investment Amount (₹)	Fund (₹)	B: Nifty 50 Arbitrage (₹)	AB:Crisil 1 Yr. T-Bill Index (₹)	Fund (%)	B: Nifty 50 Arbitrage (%)	AB:Crisil 1 Yr. T-Bill Index (%)
1 Year	1,20,000	1,22,229	1,22,314	1,22,477	3.48	3.61	3.87
3 Years	3,60,000	3,82,342	3,80,354	3,85,169	3.96	3.61	4.45
5 Years	6,00,000	6,74,245	6,65,828	6,86,814	4.62	4.12	5.35
7 Years	8,40,000	10,02,895	9,81,667	10,29,322	4.99	4.39	5.72
10 Years	12,00,000	15,96,386	15,56,978	16,49,624	5.57	5.09	6.2
Since Inception	18,80,000	31,49,878	20,19,497	31,60,343	6.27	5.46	6.3

B - Benchmark, AB - Additional Benchmark, TRI - Total Return Index

Past performance may or may not be sustained in future. Different plans shall have a different expense structure. The performance details provided herein are of regular plan (growth option). Returns greater than 1 year period are Compound Annual Growth Rate (CAGR). Inception of scheme/plan June 22, 2006. Date of allotment in the scheme/plan has been considered for inception date. The current fund manager Mr. Sharwan Goyal is managing the scheme since December 2020 and Mr. Amit Sharma is managing the scheme since July 2018. Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement. In case, the start/end date of the concerned period is a non-business day, the NAV of the previous date is considered for computation of returns. When scheme/additional benchmark returns are not available, they have been shown as N/A.

Systematic Investment Plan (SIP) returns are worked out assuming investment of ₹10,000/- every month at NAV per unit of the scheme as on the first working day for the respective time periods.



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Fund Facts

Key Attributes	Details
Type of Scheme	An open ended scheme investing in arbitrage opportunities
Investment objective	To generate capital appreciation through arbitrage opportunities between cash and derivative market and arbitrage opportunities within the derivative segment and by deployment of surplus cash in debt securities and money market instruments . However, there can be no assurance or guarantee that the investment objective of the scheme would be achieved.
Plan & Option	Regular Plan & Direct Plan / Growth & IDCW option
Benchmark	Nifty 50 Arbitrage Index
Min. Investment amt.	Minimum initial amount of ₹ 5000/-under both the plans
Load Structure	Entry Load: Nil Exit Load : (A) Redemption / Switch out within 21 days from the date of allotment , (i) upto 10% of the allotted Units - NIL (ii) beyond 10% of the allotted Units - 0.25 % (B) Redemption / Switch out after 21 days from the date of allotment - NIL
Fund Manager	Sharwan Goyal (Equity) & Amit Sharma (Debt)
Expense Ratio	Direct Plan : 0.34 bps Regular Plan: 0.93 bps (as on March 31, 2022)

About Fund Managers:



Sharwan Kumar Goyal is Vice President & Fund Manager – Equity. He is a CFA Charter holder from CFA Institute, USA and also holds a Post-graduate degree in Management (MMS) from Welingkar Institute of Management Development & Research, Mumbai. He began his career with UTI Mutual Fund in June 2006 and has over 16 years of experience in Risk Management, Equity Research and Portfolio Analysis. Presently he is working as Equity Fund Manager.



Amit Sharma is Vice President & Fund Manager – Debt. He joined UTI Mutual in 2008. He has worked in Department of Fund Accounts. He has been associated with the Dept. of Fund Management for the past 5 years.

Performance details of other schemes managed by the fund manager

Funds Managed by Mr. Sharwan Kumar Goyal

Scheme/s	Fund Benchmark	Period - Compounded Annualized					
		1 Year		3 Years		5 Years	
		Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
UTI Nifty 200 Momentum 30 Index Fund	Nifty 200 Momentum 30 Index TRI	35.31	37.73	NA	NA	NA	NA
UTI S&P BSE Sensex Next 50 ETF	S&P BSE SENSEX Next 50 TRI	21.91	22.25	13.05	13.92	NA	NA
UTI Nifty Next 50 ETF	Nifty Next 50 TRI	21.37	21.58	14.32	14.38	NA	NA
UTI Multi Asset Fund (along with Mr. Vetri Subramaniam, Equity/Gold Portion)	S&P BSE 200, Gold & CRISIL Bond Fund Index	9.99	29.35	9.12	15.29	7.30	13.17
UTI Bank ETF	Nifty Bank TRI	9.43	9.61	NA	NA	NA	NA
UTI Arbitrage Fund (Equity Portion)	Nifty 50 Arbitrage Index	3.84	3.82	4.55	4.06	5.14	4.38

- Mr. Sharwan Kumar Goyal manages 10 open-ended schemes of UTI Mutual Fund.
- Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement.
- Different plans shall have a different expense structure. The performance details provided herein are of Growth Plan (Regular Plan).
- The performance data of the top 3 and bottom 3 schemes managed by Mr. Sharwan Kumar Goyal has been provided herein.
- UTI Bank ETF, UTI Nifty 200 Momentum 30 Index Fund has been in existence for more than 1 year but less than 3 years. UTI Nifty Next 50 ETF, UTI S&P BSE Sensex Next 50 ETF has been in existence for more than 3 years but less than 5 years.

Assuming that all payouts during the period have been reinvested in the units of the scheme at the immediate ex-div NAV. Past performance may or may not be sustained in future. N.A. - Not Available, *Compounded annualized Growth Rate. Past performance may or may not be sustained in the future. Returns as on March 31, 2022.



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Performance details of other schemes managed by the fund manager

Funds Managed by Mr. Amit Sharma

Scheme/s	Fund Benchmark	Period - Compounded Annualized					
		1 Year		3 Years		5 Years	
		Scheme	Benchmark	Scheme	Benchmark	Scheme	Benchmark
UTI Money Market Fund (along with Mr. Anurag Mittal)	CRISIL Money Market Index	3.90	4.19	5.52	5.37	6.31	6.21
UTI Arbitrage Fund (Debt Portion)	Nifty 50 Arbitrage Index	3.84	3.82	4.55	4.06	5.14	4.38
UTI Liquid Cash Plan (along with Mr. Amandeep Chopra)	CRISIL Liquid Fund Index	3.39	3.68	4.36	4.70	5.46	5.71
UTI Overnight Fund	CRISIL Overnight Index	3.21	3.36	3.79	3.90	4.54	4.79

- Mr. Amit Sharma manages 4 open-ended schemes of UTI Mutual Fund.
- Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement.
- Different plans shall have a different expense structure. The performance details provided herein are of Growth Plan (Regular Plan).

Assuming that all payouts during the period have been reinvested in the units of the scheme at the immediate ex-div NAV. Past performance may or may not be sustained in future. N.A. - Not Available, *Compounded annualized Growth Rate. Past performance may or may not be sustained in the future. Returns as on March 31, 2022.



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Key terms

Margin Money

The money which is required to enter into derivative contracts of underlying securities of a portfolio. Generally, the margin money is held in the form of term deposits, cash or cash equivalents. The margin needs to be paid to the broker on an up-front basis before taking the position.

Roll over

Rolling over of the futures transaction means unwinding the short position in the futures of the current month & simultaneously shorting futures of the subsequent month maturity, and holding onto the spot position

Expiry date

It is the date specified in the futures contract. This is the last day on which the contract will be traded, at the end of which it will cease to exist.

Marking to Market

In the futures market, at the end of each trading day, the margin account is adjusted to reflect the investor's gain or loss depending upon the future closing price. This is called marking to market.

Basis

The difference between the spot price & the future price is called the basis. The basis reduces to zero near expiration of the future contract. This means that there is convergence of the future price to the price of underlying asset.

Thank You

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



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