

## Update on Kotak Arbitrage Fund post March 2026 Expiry

Dear all,

### Key F&O Highlights:

- Markets were down by ~12.16% for the current series
- On the last day of March series, market-wide rollovers stand at 91% (vs. average rollovers of 90% seen in last three series).
- Stock futures rollovers stand at 93%, which is higher compared to last 3-month average rollover of 92%.
- Single stock future open interest has reduced compared to last one month and is currently at ~4,48,329 cr. compared to ~4,88,876 cr. seen in last expiry.

### Kotak Arbitrage Fund Roll update:

**The roll spread (annualized) on the arbitrage book is approximately 7%. Including debt and money market instruments, gross yield would be ~7.1%. We have maintained cash future Arbitrage exposure at ~62.61%. The rest ~37.39% of corpus is invested in debt and money market instruments.**

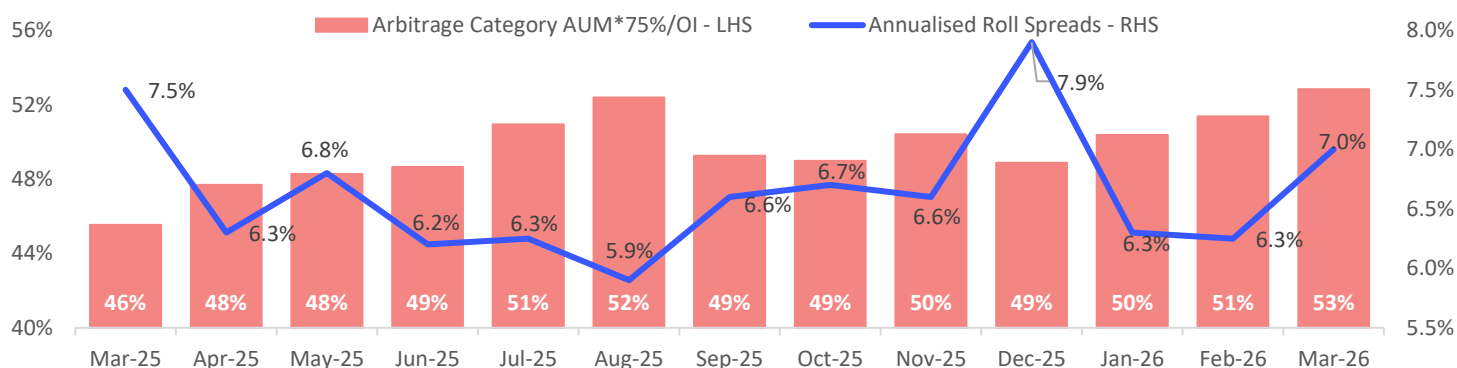
Average arbitrage spreads on the expiry day were trading in the range of 38-42 bps compared to 58-62 bps during the expiry week.

Arbitrage category AUM as on 27th March is at ~3,15,811 cr. (Source: AMFI website). Deployment in cash future arbitrage, assuming 65% of the category allocation is into Cash future arbitrage stands at ~2,05,277 cr. Arbitrage as percentage of total open interest now stands at ~45.8%. The arbitrage fund category has witnessed strong growth during the financial year. The category AUM has grown by ~28.58%, increasing from ₹2,45,606 crore as of 31 March 2025 to ₹3,15,811 crore as of 27 March 2026.

Against this backdrop, Kotak Arbitrage Fund has continued to deliver competitive outcomes for investors. For FY 2025-26, the Kotak Arbitrage Fund Direct Growth plan generated returns of 6.81% and the Kotak Arbitrage Fund Growth plan generated 6.16% returns, highlighting consistent execution amid evolving market conditions. From a market opportunity perspective, arbitrage depth has improved meaningfully. Single-stock futures open interest has expanded from approximately ₹3.99 lakh crore to ₹4.48 lakh crore over the financial year, indicating enhanced liquidity and a broader opportunity set for arbitrage strategies.®

Further supporting arbitrage opportunities, 8 new stocks are being added to the derivatives segment from the April expiry, taking the total number to 213 stocks in derivatives segment.

**Key takeaway:** Strong category growth, steady fund performance, and improving derivatives market depth continue to support the case for arbitrage funds for investors.



During Mar'26, **annualised roll spreads moved to ~7.0%, improving from ~6.3% in Feb'26**, indicating better carry conditions at the current expiry. The **arbitrage category deployment ratio** (assumed as AUM×75%/OI) **increased further to ~53%**, remaining above earlier levels. Overall, while roll spreads continue to vary across expiries, participation remains steady, reflecting a **stable arbitrage environment** under prevailing market conditions.

^NDF- Non Deliverable Forward. Data as on 30th March 2026. #AUM data as on 27th March 2026 \*Source: Bloomberg, AMFI and KMAMC Internal Research | @FY25-26 data is for the period of Apr'25 to Mar'26. Scheme Inception date is 29/09/2005. Past performance may or may not be sustained in the future. For complete performance, please refer below.

- Past performance is not an indicator of future performance.
- A good indicator to benchmark Arbitrage fund performance can be Liquid fund or an overnight fund over a 3-6 months period on a post-tax basis
- Investment horizon should be in the range of 3-6 months

As stated earlier, going forward the following conditions, either in isolation or together need to play out for the returns to increase:

- Indian equity market bounces back further and thereby FII, HNI and Retail investors increase their participation in F&O segment to take leveraged long bets. This increases the spread for Short rollers like arbitrage funds.
- Markets continue to witness heightened volatility with big intra-day moves. This will increase the ability of arbitrage funds to enhance the returns intra month by exiting stocks where spreads have gone down and investing the money either in debt or in stocks where spreads are higher.
- The INR hedging cost and consequently NDF spreads inches up

On the debt side, we continue to run a conservative portfolio as far as credit and duration are concerned. Investors need to analyze the debt component of arbitrage funds and evaluate if higher returns are a function of credit or duration risk.

We have always informed investors that a 3-6-month time frame is ideal horizon for investment in Arbitrage funds.

## Performance and Disclaimers

### Performance Disclaimer (as on 30th March 2026):

	Kotak Arbitrage Fund - Growth	Nifty 50 Arbitrage TRI #	ALPHA	NIFTY 1 Year T-Bill Index ##	Kotak Arbitrage Fund - Direct Plan - Growth	Nifty 50 Arbitrage TRI #	NIFTY 1 Year T-Bill Index ##
Since Inception	6.88%	NA	NA	6.57%	39,150	NA	36,908
Last 1 Year	6.12%	7.24%	-1.12%	6.32%	10,615	10,729	10,636
Last 3 Years	7.16%	7.68%	-0.52%	6.75%	12,305	12,487	12,166
Last 5 Years	6.15%	6.41%	-0.26%	5.72%	13,475	13,643	13,204

Scheme Inception date is 29/09/2005. Mr. Hiten Shah has been managing the fund since 03/10/2019. Different plans have different expense structure. **The performance details provided herein are of regular plan- growth option** Past performance may or may not be sustained in future. All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Returns >= 1 year: CAGR (Compounded Annualized Growth Rate). N.A stands for data not available. Note: Point to Point (PTP) Returns in INR shows the value of 10,000/- investment made at inception. Source: ICRA MFI Explorer. # Name of Scheme Benchmark. ## Name of Additional Benchmark. TRI - Total Return Index, In terms of Para no 7.23 of SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the performance of the scheme is benchmarked to the Total Return variant (TRI) of the Benchmark Index instead of Price Return Variant (PRI). Alpha is difference of scheme return with benchmark return.

	Kotak Arbitrage Fund - Direct Plan - Growth	Nifty 50 Arbitrage TRI #	ALPHA	NIFTY 1 Year T-Bill Index ##	Kotak Arbitrage Fund - Direct Plan - Growth	Nifty 50 Arbitrage TRI #	NIFTY 1 Year T-Bill Index ##
Since Inception	7.10%	6.20%	0.90%	6.67%	24,815	22,182	23,537
Last 1 Year	6.77%	7.24%	-0.47%	6.32%	10,681	10,729	10,636
Last 3 Years	7.80%	7.68%	0.12%	6.75%	12,527	12,487	12,166
Last 5 Years	6.78%	6.41%	0.36%	5.72%	13,879	13,643	13,204

Scheme Inception date is 29/09/2005. Scheme Inception date for Direct Plan Growth Option is 01/01/2013 Mr. Hiten Shah has been managing the fund since 03/10/2019. Different plans have different expense structure. **The performance details provided herein are of direct plan- growth option** Past performance may or may not be sustained in future. All payouts during the period have been reinvested in the units of the scheme at the then prevailing NAV. Returns >= 1 year: CAGR (Compounded Annualized Growth Rate). N.A stands for data not available. Note: Point to Point (PTP) Returns in INR shows the value of 10,000/- investment made at inception. Source: ICRA MFI Explorer. # Name of Scheme Benchmark. ## Name of Additional Benchmark. TRI - Total Return Index, In terms of Para no 7.23 of SEBI Master Circular no. HO/24/13/11(1)2026-IMD-POD-1/I/7602/2026 dated March 20, 2026, the performance of the scheme is benchmarked to the Total Return variant (TRI) of the Benchmark Index instead of Price Return Variant (PRI). Alpha is difference of scheme return with benchmark return.

# Performance and Disclaimers

## Funds Managed By Mr. Hiten Shah as of 30th Mar'26



**Name: Mr. Hiten Shah**

Mr. Hiten Shah manages 4 funds of Kotak Mahindra Mutual Fund. Different plans shall have a different expense structure. The performance details provided herein are of regular plan. Kotak Balanced Advantage Fund (Aug. 03, '18), Kotak Equity Savings Fund (Oct. 13, '2014), Kotak Arbitrage Fund (Erstwhile known as Kotak Equity Arbitrage Fund) (Sep. 29, '05) & Kotak Multi Asset Allocation Fund (Sept. 22'23).

**Business Experience**

Mr. Hiten Shah, is a MMS in Finance with over 12 years of work experience. Prior to joining Kotak Mahindra Mutual Fund, he was associated with Edelweiss Asset Management for more than 8 years as a Co-Fund manager and Chief dealer in equities segment. Mr. Hiten Shah was also associated with Edelweiss securities Ltd. as low risk arbitrage trader for more than 3 years.

Scheme Names	Benchmark	1 YEAR		3 YEARS		5 YEARS	
		Scheme Returns (%)	Benchmark Returns (%)*	Scheme Returns (%)	Benchmark Returns (%)*	Scheme Returns (%)	Benchmark Returns (%)*
Kotak Multi Asset Allocation Fund - Growth	Nifty 500 TRI (65) + Nifty Short Duration Debt Index (25) + Domestic Price of Gold (5) + Domestic Price of Silver (5)	18.39	7.53	NA	NA	NA	NA
Kotak Balanced Advantage Fund - Growth	Nifty 50 Hybrid Composite Debt 50:50 Index TRI	-0.30	-0.62	8.93	8.39	7.99	7.99
Kotak Equity Savings Fund - Growth	Nifty Equity Savings TRI	3.94	3.11	9.75	8.64	9.07	7.86
Kotak Arbitrage Fund - Growth (Erstwhile known as Kotak Equity Arbitrage Fund)	Nifty 50 Arbitrage TRI	6.12	7.24	7.16	7.68	6.15	6.41

Kotak Multi Asset Allocation Fund - Growth, \*Name of the Benchmark - Nifty 500 TRI (65) + Nifty Short Duration Debt Index (25) + Domestic Price of Gold (5) + Domestic Price of Silver (5). Scheme Inception date is 22/09/2023. Mr. Devender Singhal, Mr. Abhishek Bisen, Mr. Hiten Shah & Mr. Jeetu Valechha Sonar have been managing the fund since 22/09/2023  
 Kotak Balanced Advantage Fund - Growth, \*Name of the Benchmark - Nifty 50 Hybrid Composite Debt 50:50 Index TRI. Scheme Inception date is 03/08/2018. Mr. Rohit Tandon has been managing the fund since 22/1/2024 and Mr. Abhishek Bisen has been managing the fund since 03/08/2018. Mr. Hiten Shah has been managing the fund since 03/10/2019.  
 Kotak Equity Savings Fund - Growth, \*Name of the Benchmark - Nifty Equity Savings TRI, Scheme Inception date is 13/10/2014. Mr. Devender Singhal has been managing the fund since 01/04/2021. Mr. Abhishek Bisen has been managing the fund since 17/09/2014. Mr. Hiten Shah has been managing the fund since 03/10/2019.  
 Kotak Arbitrage Fund - Growth, \*Name of the Benchmark - Nifty 50 Arbitrage TRI, Scheme Inception date is 29/09/2005. Mr. Hiten Shah has been managing the fund since 03/10/2019.

## Funds Managed By Mr. Hiten Shah as of 30th March'26



**Name: Mr. Hiten Shah**

Mr. Hiten Shah manages 4 funds of Kotak Mahindra Mutual Fund. Different plans shall have a different expense structure. The performance details provided herein are of direct plan.

Kotak Balanced Advantage Fund (Aug. 03, '18), Kotak Equity Savings Fund (Oct. 13, '2014), Kotak Arbitrage Fund (Erstwhile known as Kotak Equity Arbitrage Fund) (Sep. 29, '05) & Kotak Multi Asset Allocation Fund (Sept. 22'23).


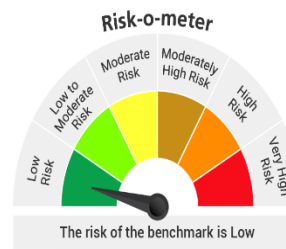
**Business Experience**

Mr. Hiten Shah, is a MMS in Finance with over 12 years of work experience. Prior to joining Kotak Mahindra Mutual Fund, he was associated with Edelweiss Asset Management for more than 8 years as a Co-Fund manager and Chief dealer in equities segment. Mr. Hiten Shah was also associated with Edelweiss securities Ltd. as low risk arbitrage trader for more than 3 years.

Scheme Names	Benchmark	1 YEAR		3 YEARS		5 YEARS	
		Scheme Returns (%)	Benchmark Returns (%)*	Scheme Returns (%)	Benchmark Returns (%)*	Scheme Returns (%)	Benchmark Returns (%)*
Kotak Multi Asset Allocation Fund - Direct Plan - Growth	Nifty 500 TRI (65) + Nifty Short Duration Debt Index (25) + Domestic Price of Gold (5) + Domestic Price of Silver (5)	17.79	12.28	NA	NA	NA	NA
Kotak Balanced Advantage Fund - Direct Plan - Growth	Nifty 50 Hybrid Composite Debt 50:50 Index TRI	0.80	-0.62	10.16	8.39	9.27	7.99
Kotak Equity Savings Fund - Direct Plan - Growth	NIFTY Equity Savings TRI	5.08	3.11	10.95	8.64	10.23	7.86
Kotak Arbitrage Fund - Direct Plan - Growth (Erstwhile known as Kotak Equity Arbitrage Fund)	Nifty 50 Arbitrage	6.77	7.24	7.80	7.68	6.78	6.41

Kotak Multi Asset Allocation Fund - Growth, \*Name of the Benchmark - Nifty 500 TRI (65) + Nifty Short Duration Debt Index (25) + Domestic Price of Gold (5) + Domestic Price of Silver (5). Scheme Inception date is 22/09/2023. Mr. Devender Singhal, Mr. Abhishek Bisen, Mr. Hiten Shah & Mr. Jeetu Valechha Sonar have been managing the fund since 22/09/2023  
 Kotak Balanced Advantage Fund - Growth, \*Name of the Benchmark - Nifty 50 Hybrid Composite Debt 50:50 Index TRI. Scheme Inception date is 03/08/2018. Mr. Rohit Tandon has been managing the fund since 22/1/2024 and Mr. Abhishek Bisen has been managing the fund since 03/08/2018. Mr. Hiten Shah has been managing the fund since 03/10/2019.  
 Kotak Equity Savings Fund - Growth, \*Name of the Benchmark - Nifty Equity Savings, Scheme Inception date is 13/10/2014. Mr. Devender Singhal has been managing the fund since 01/04/2021. Mr. Abhishek Bisen has been managing the fund since 17/09/2014. Mr. Hiten Shah has been managing the fund since 03/10/2019.  
 Kotak Arbitrage Fund - Growth, \*Name of the Benchmark - Nifty 50 Arbitrage, Scheme Inception date is 29/09/2005. Scheme Inception date for Direct Plan Growth Option is 01/01/2013. Mr. Hiten Shah has been managing the fund since 03/10/2019.

### Kotak Arbitrage Fund (An open-ended scheme investing in arbitrage opportunities)

KOTAK ARBITRAGE FUND	Fund	Benchmark
<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>Income from arbitrage opportunities in the equity market</li> <li>Investment in arbitrage opportunities in the cash &amp; derivatives segment of the equity market.</li> </ul> <p>* Investors should consult their financial advisors if in doubt about whether the product is suitable for them.</p>	 <p>The risk of the scheme is Low</p>	 <p>The risk of the benchmark is Low Nifty 50 Arbitrage TRI</p>

For latest Riskometer, investors may refer to an addendum issued or updated on website at [www.kotakmf.com](http://www.kotakmf.com)

## Disclaimers and Disclosures

General Disclaimer: The information contained in this document is extracted from different public sources. All reasonable care has been taken to ensure that the information contained herein is not misleading or untrue at the time of publication. Neither Kotak Mahindra Asset Management Company Limited, Kotak Mahindra Trustee Company Limited, its Directors or representatives shall be liable for any damages whether direct or indirect, incidental, punitive special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

The material includes statements/opinions which contain words or phrases such as "will", "believe", "expect" and similar expressions or variations of such expressions, that are forward looking statements. Actual results may differ materially from those suggested by the forward looking statements due to risk or uncertainties associated with the statements mentioned with respect to but not limited to exposure to market risks, general and exposure to market risks, general economic and political conditions in India and other countries globally, which have an impact on investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices etc. Past performance may or may not be sustained in future.

This is not intended for distribution or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. The distribution of it, in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this material are required to inform themselves about, and to observe, any such restrictions. The sector(s) referred, should not be construed as any kind of recommendation and are for general information only.

These materials are not intended for distribution to or use by any person in any jurisdiction where such distribution would be contrary to local law or regulation. The distribution of this document in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this document are required to inform themselves about, and to observe, any such restrictions.

For detailed portfolio and related disclosures for the scheme please refer our website <https://www.kotakmf.com/Information/forms-and-downloads>. The portfolio and its composition is subject to change and the same position may or may not be sustained in future. The fund manager may make the changes, as per different market conditions and in the best interest of the investors. To view the latest complete performance details of the Scheme kindly refer to the factsheet on our website <https://www.kotakmf.com/Information/forms-and-downloads>

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