

MONTHLY ARBITRAGE NOTE

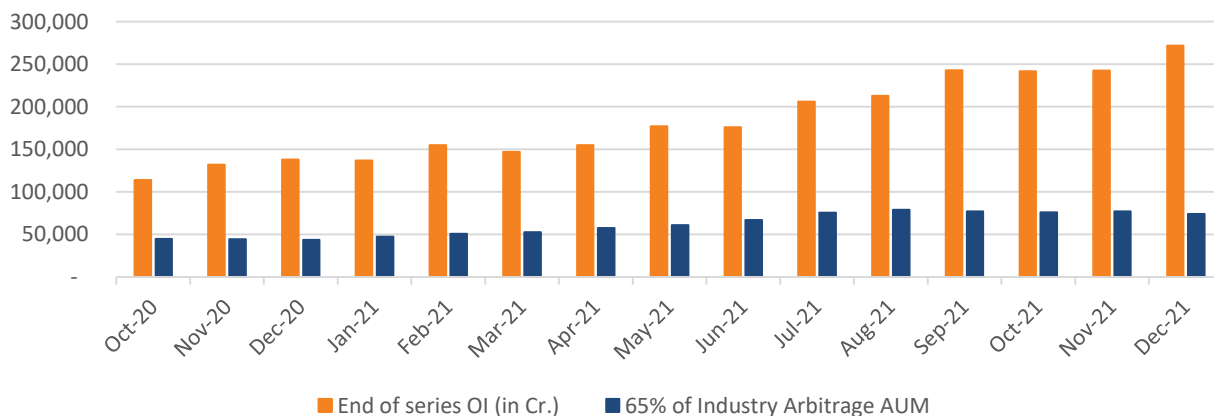
Market update

In the month of December, Resurgence of Covid cases and lockdowns in Europe hampered Indian markets as FII continue to dump heavy in cash markets. Post heavy sell off in first half of the series sharp comeback from lows seen on Nifty from 16400 to back above 17,200 levels. The month also witnessed some of the highest readings of inflation globally and fears of Omicron strain enforcing lockdowns. The weak sentiments were evident in the markets, as stocks corrected globally. FPIs squared most of their futures short positioning in the first half of the month, however selling in the cash segment continued. Going forward, expect January to remain more volatile with expectations building towards the budget.

Highlights:

- Market-wide rollover stood at 93% lower compared to 94% in previous expiry (95% in Oct)
- Nifty futures rollover at 79% are higher compared to 81 average in last three months (83% in previous expiry)
- Banknifty rollovers stood at 85% compared to average of 83%.
- Total OI value at the start of Jan series is at INR 5242 bn compared to 5757 bn in Dec (Nov INR 6446 bn)
- VIX closed at 16.45 vs. 16.65 at the start of series (down 1%)

With Rising AUM of Arbitrage Category, OI is also increasing leading to reducing the risk of lower spreads

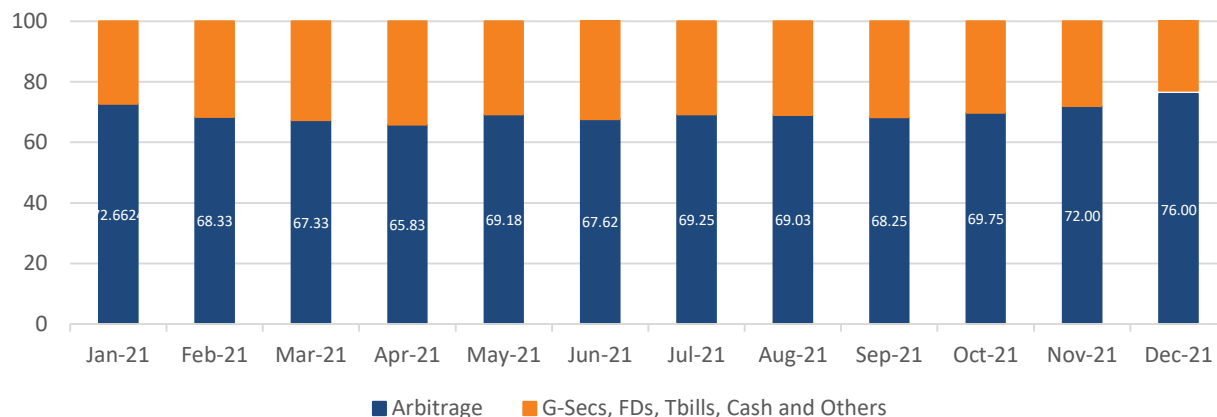


Option Distribution: In January series, 17000, 17500 and 18000 calls have maximum build up, while 16000, 16500 and 17000 calls have highest OI; Option data suggests wide trading range of 16800 – 17500.

Portfolio Commentary

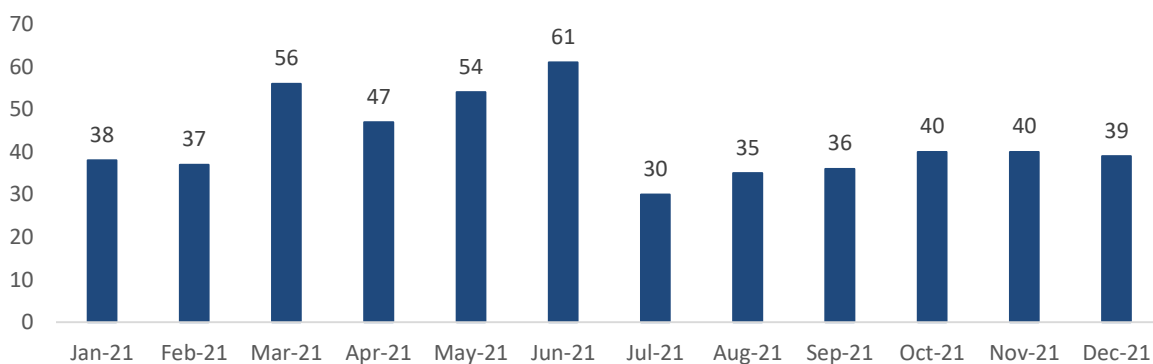
- Our portfolio holding of Mirae Asset Arbitrage Fund is 76.11% in arbitrage strategy, 14.02% in Government Securities, 9.87% in Money Market Instruments and equivalent as on 31st December 2021. Historically as well, the asset allocation has remained in line with the investment strategy.

Historic Portfolio composition of Mirae Asset Arbitrage Fund



- The spreads have inched down by 1 bps compared to previous month.

Portfolio Rollover (Avg bps)



Our View

- Key triggers for coming expiry –: Result Session, New Covid Variant, its Speed and how it spreads, FII flows, Global markets sentiments.
- Small size of Mirae Asset Arbitrage Fund might seem to work in favor as deployment to capture better spreads without compromising on quality of the portfolio is an adhoc advantage.

About The Fund

Mirae Asset Arbitrage Fund - An open ended scheme investing in arbitrage opportunities

Allotment Date	19th June 2020
Fund Managers	Mr. Jignesh Rao, (Equity portion) Mr. Jigar Sethia, (Equity portion) & Mr. Mahendra Jajoo (Debt portion)
Load Structure	Entry load: NA Exit load: 0.25% if redeemed or switched out within 30 days from the date of allotment Nil after 30 day
Plans Available	Direct and Regular
Minimum Investment Amount	Minimum Investment Amount Rs. 5,000/- and in multiples of Re. 1/-thereafter. Minimum Additional Application Amount: Rs. 1,000/- per application and in multiples of Re. 1/- thereafter

Disclaimer

The information contained in this document is compiled from third party and publically available sources and is included for general information purposes only. There can be no assurance and guarantee on the yields. Investments in the sectors may or may not remain the same. Views expressed by the Fund Manager cannot be construed to be a decision to invest. The statements contained herein are based on current views and involve known and unknown risks and uncertainties. Whilst *Mirae Asset Investment Managers (India) Private Limited (the AMC) shall have no responsibility/liability whatsoever for the accuracy or any use or reliance thereof of such information. The AMC, its associate or sponsors or group companies, its Directors or employees accepts no liability for any loss or damage of any kind resulting out of the use of this document. The recipient(s) before acting on any information herein should make his/her/their own investigation and seek appropriate professional advice and shall alone be fully responsible / liable for any decision taken on the basis of information contained herein. Any reliance on the accuracy or use of such information shall be done only after consultation to the financial consultant to understand the specific legal, tax or financial implications.

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

PRODUCT LABELLING

Mirae Asset Arbitrage Fund is suitable for investors who are seeking*

- Income over short term
- Investments predominantly in arbitrage opportunities in the cash and derivative segments and the arbitrage opportunities available within the derivative segment

*Investors should consult their financial advisers, if they are not clear about the suitability of the product.

