KEY INFORMATION MEMORANDUM

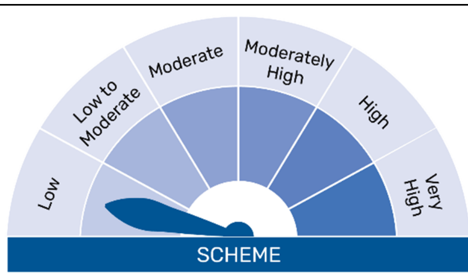
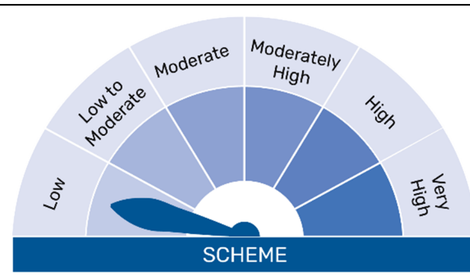
Bajaj Finserv Arbitrage Fund

An open ended scheme investing in arbitrage opportunities

This product is suitable for investors who are seeking*:

- Short term income generation
- income through arbitrage opportunities in the cash and derivatives segments of the equity markets

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

Riskometer	
Scheme	**Benchmark**
 Investors understand that their principal will be at low risk	 Nifty 50 Arbitrage Index (TRI)

Continuous offer of units at NAV based prices

Name of Mutual Fund	Name of Asset Management Company	Name of Trustee Company
Bajaj Finserv Mutual Fund	Bajaj Finserv Asset Management Limited	Bajaj Finserv Mutual Fund Trustee Limited
Address: 8th floor, E-core, Solitaire Business Park, Viman Nagar, Pune – 411014	Address: S. No. 208/1B, Lohagaon, Viman Nagar, Pune – 411014 (registered office) 8th floor, E-core, Solitaire Business Park, Viman Nagar, Pune – 411014 (corporate office)	Address: S. No. 208/1B, Lohagaon, Viman Nagar, Pune – 411014 (registered office) 8th floor, E-core, Solitaire Business Park, Viman Nagar, Pune – 411014 (corporate office)
www.bajajamc.com	www.bajajamc.com	www.bajajamc.com

This Key Information Memorandum (KIM) sets forth the information, which a prospective investor ought to know before investing. **For further details of the scheme/Mutual Fund, due diligence certificate by the AMC, Key Personnel, investors' rights & services, risk factors, penalties & pending litigations etc. investors should, before investment, refer to the Scheme Information Document and Statement of Additional Information available free of cost at any of the Investor Service Centres or distributors or from the website www.bajajamc.com.**

The Scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996, as amended till date, and filed with Securities and Exchange Board of India (SEBI). The units being offered for public subscription have not been approved or disapproved by SEBI, nor has SEBI certified the accuracy or adequacy of this KIM.

This Key Information Memorandum is dated June 26, 2024

Investment Objective	The investment objective of the Scheme is to seek to generate returns by investing in arbitrage opportunities in the cash and derivatives segments of the equity markets and by investing balance in debt and money market instruments. However, there is no assurance that the investment objective of the Scheme will be achieved.
Scheme code	BFAM/O/E/ARB/23/05/0005

Asset Allocation Pattern of the scheme

The asset allocation pattern for the scheme under normal circumstance is detailed in the table below:

Instruments	Indicative allocations (% of total assets)	
	Minimum	Maximum
Equity and Equity related instruments including derivatives and stock options[$]	65%	100%
Debt & Money Market instruments including the margin money deployed in derivative transactions (including units of liquid schemes of Bajaj Finserv Mutual Fund)**	0%	35%
Non-convertible preference shares	0%	10%

$: The exposure to derivative shown in the above asset allocation table is exposure taken against the underlying equity investments i.e. in case the scheme shall have a long position in a security and a corresponding short position in the same security, then the exposure for the purpose of asset allocation will be counted only for the long position. The intent is to avoid double counting of exposure and not to take additional asset allocation with the use of derivative. If suitable arbitrage opportunities are not available in the opinion of the Investment manager, the Scheme may hedge the equity portfolio by using derivatives or may invest in short term debt / money market instruments.

The notional value of exposure in equity derivatives would be reckoned for equity securities exposure. The notional value of exposure in debt derivatives would be reckoned for debt and money market securities exposure.

Note: (i) **Debt securities / instruments are deemed to include securitized debt and investment in securitized debt will not exceed 50% of the debt portion of the scheme.

(ii) The asset allocation as given under normal circumstances is indicative and may vary according to circumstances at the sole discretion of the Fund Manager. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above, within a reasonable period of time.

Under defensive circumstances, the asset allocation may be as follows:

Instruments	Indicative allocations	
	Minimum	Maximum
Equity and Equity related instruments including derivatives and stock options[$]	0%	65%
Debt & Money Market instruments including the margin money deployed in derivative transactions (including units of liquid schemes of Bajaj Finserv Mutual Fund)**	35%	100%
Non-convertible preference shares	0%	10%

$: The exposure to derivative shown in the above asset allocation table is exposure taken against the underlying equity investments i.e. in case the scheme shall have a long position in a security and a corresponding short position in the same security, then the exposure for the purpose of asset allocation will be counted only for the long position. The intent is to avoid double counting of exposure and not to take additional asset allocation with the use of derivative. If suitable arbitrage opportunities are not available in the opinion of the Investment manager, the Scheme may hedge the equity portfolio by using derivatives or may invest in short term debt / money market instruments.

The notional value of exposure in equity derivatives would be reckoned for equity securities exposure. The notional value of exposure in debt derivatives would be reckoned for debt and money market securities exposure.

Note: (i) **Debt securities / instruments are deemed to include securitized debt and investment in securitized debt will not exceed 50% of the debt portion of the scheme.

(ii) The asset allocation as given under normal circumstances is indicative and may vary according to circumstances at the sole discretion of the Fund Manager. Review and rebalancing will be conducted when the asset allocation falls outside the range indicated above, within a reasonable period of time.

Defensive circumstances are when the arbitrage opportunities in the market place are negligible or returns are lower than alternative investment opportunities as per allocation pattern. The allocation under defensive considerations will be made keeping in view the interest of the unitholders.

Investment in Equity Derivatives shall be upto 50% of Equity assets of the scheme for non-hedging purpose.
Investment in Fixed Income Derivatives shall be upto 10% of Fixed Income assets of the scheme for non-hedging purpose.
Securitised debt up to 40% of debt portfolio
Investment in ADR/GDR/Foreign Securities and Overseas ETFs shall be upto 35% of net assets in accordance with the guidelines stipulated by SEBI and RBI from time to time.

Investment in ADR/GDR/Foreign Securities and Overseas ETFs would be as per SEBI Master Circular for Mutual Funds dated May 19, 2023 as may be amended from time to time. The Scheme may invest up to US $ 30 million in ADR/GDR/foreign securities. As per SEBI Master Circular for Mutual Funds dated May 19, 2023, Mutual Funds can make overseas investments subject to a maximum of US $ 1 billion per Mutual Fund within the overall industry limit of US $ 7 billion. The overall ceiling for investment in overseas ETFs that invest in securities is US$ 1 billion subject to a maximum of US$ 300 million per mutual fund. The Scheme may invest up to US $ 20 million in overseas ETFs.

Invest in stock lending shall be upto 20% of net assets. Further, the Scheme shall not deploy more than 5% of the Scheme's net assets in securities lending through a single intermediary. These limits shall be applicable at the time of participating in the securities lending by the Scheme.

The Scheme shall invest in repo in Corporate debt securities (including listed AA and above rated corporate debt securities and Commercial Papers (CPs) and Certificate of Deposits (CDs)) upto 10% of the net assets of the scheme.

The scheme may invest in other schemes under the same AMC or any other Mutual Fund without charging any fees, provided the aggregate inter scheme investment made by all the schemes under the same management or in schemes under management of any other asset management company shall not exceed 5% of the Net Asset Value of the Fund. No investment management fees shall be charged for investing in other schemes of the Fund or in the schemes of any other mutual fund.

Indicative Table (Actual instrument/percentages may vary subject to applicable SEBI circulars)

Sl. no	Type of Instrument	Percentage of exposure	Circular references
1.	Securities Lending	Upto 20% of net assets of scheme	SEBI Master Circular for Mutual Funds dated May 19, 2023
2.	Equity Derivatives for non- hedging purposes	Upto 50% of equity assets of the scheme	
3.	Fixed Income Derivatives for non-hedging purposes	Upto 10% of Fixed Income assets of the scheme	
4.	Securitized Debt	Upto 25% of the debt portfolio of the scheme	
5.	Overseas Securities	Upto 35% of net assets of the scheme	
6.	ReITs and InvITs	0%	
7.	AT1 and AT2 Bonds (Instruments with special features)	0%	
8.	Any other instrument	Upto 10% of net	

	• repo transactions in corporate debt securities	assets of the scheme	

The scheme will not invest in following securities:

Sr. No.	Securities
1.	Special features bonds
2.	REITS and InvITS
3.	Credit enhancements and structured obligation instruments.

The cumulative gross exposure through equity, derivatives, debt, money market instruments, units of mutual fund schemes, securitised debt, equity derivatives, fixed income derivatives, ADR/GDR/Foreign securities and Overseas ETFs, repo transactions in corporate debt securities and such other securities/assets as may be permitted by the Board from time to time should not exceed 100% of the net assets of the scheme in accordance with SEBI Master Circular for Mutual Funds dated May 19, 2023.

In accordance with SEBI Master Circular for Mutual Funds dated May 19, 2023, in the event of asset allocation falling outside the limits specified in the asset allocation table mentioned above, due to passive breaches, the fund manager will review and rebalance the same within 30 business days from the date of such deviation. In case the portfolio is not rebalanced within the period of 30 business days, justification in writing for the same including efforts taken to rebalance the portfolio shall be placed before the Investment Committee. The Investment Committee, if so desires, can extend the timelines upto 60 business days from the date of completion of mandated rebalancing period.

In case the scheme is not rebalanced within the aforementioned mandate plus extended timelines:

a. The AMC shall not be permitted to launch any new scheme till the time the portfolio is rebalanced.
b. The AMC shall not levy any exit load, (if any), on the investor exiting the Scheme.

In case the AUM of the deviated portfolio is more than 10% of the AUM of the main portfolio of the scheme.

i. The AMC shall immediately communicate the same to the investors of the scheme after the expiry of the mandated rebalancing period (i.e. 30 Business Days) through SMS and email/ letter including details of portfolio not rebalanced.
ii. The AMC shall also immediately communicate to the investors through SMS and email/letter when the portfolio is rebalanced.
iii. The AMC shall disclose scheme wise deviation of the portfolio (beyond aforesaid 10% limit) from the mandated asset allocation beyond 30 business days, on the AMC 's website i.e. www.bajajamc.com.

	The AMC shall also disclose any deviation from the mandated asset allocation to investors along with periodic portfolio disclosures as specified by SEBI from the date of lapse of mandated plus extended rebalancing timelines. At the time of building up the portfolio post NFO, the Fund Manager may deploy the funds in units of liquid mutual fund schemes to the extent permitted under SEBI (Mutual Funds) Regulations, 1996, in case suitable debt / money market instruments are not available or the Fund Manager is of the view that the risk-reward is not in the best interest of the unit holders. All of the Scheme's assets will be invested in transferable securities. The corpus of the Scheme shall not in any manner be used in option trading, short selling or carry forward transactions as stipulated in SEBI Regulations and amended from time to time. Pending deployment of the funds in securities in terms of investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of the Scheduled Commercial Banks, subject to the guidelines issued by SEBI Master Circular for Mutual Funds dated May 19, 2023, as may be amended from time to time. **Short term defensive consideration**: When the Fund Manager/s believes market or economic conditions are unfavourable for investors, the scheme may invest up to 100% of its assets in a temporary defensive manner by holding all or a substantial portion of its assets in cash, cash equivalents or other high quality short-term investments. Temporary defensive investments generally may include permitted money market instruments, TREPS/reverse repo, etc. Such changes in the investment pattern will be for short term and defensive considerations only which would be rebalanced to either of the above asset allocations within 30 calendar days from the date of deviation and in accordance with SEBI Master Circular for Mutual Funds dated May 19, 2023 and any other circulars issued there under, from time to time.
Investment Strategy	The Fund Manager will identify and take advantage of market neutral arbitrage opportunities by executing deals simultaneously in both markets. In compliance with SEBI guidelines, the Scheme will not engage in short selling in the cash market at any time. The debt component of the Scheme will be invested in debt securities and money market instruments, with the primary aim of generating income while minimizing interest rate risk. Some of the arbitrage strategies that may be employed by the fund manager include: Cash-Future Arbitrage: For example, let's say the price of XYZ stock in the spot market is Rs 100, while the price of the same stock in the futures market is Rs 105. After adjusting for taxes and other costs, the Scheme will buy the stock in the spot market for Rs 100 and simultaneously sell the same stock in

	the futures market for Rs 105, earning the cost of carry between the stock and its futures. Rolling over of the Futures Transaction: This strategy involves unwinding the short position in the current month's futures and simultaneously selling futures of the subsequent month, while holding onto the spot position. For example, if the fund manager anticipates a change in market conditions, they may choose to unwind their current month's futures position and roll it over to the subsequent month. Dividend Arbitrage: For example, prior to a dividend declaration, the stock futures/options market may provide a profitable opportunity. Typically, the stock price declines by the dividend amount when the stock goes ex-dividend. The fund manager may take advantage of this by buying the stock in the spot market and selling the same stock in the futures market. Buy-back Arbitrage: This strategy involves taking advantage of the price differential between the buy-back price and the traded price when a company announces a buy-back of its own shares. For example, if a company announces a buy-back at Rs 100 per share, while the current market price is Rs 95, its futures prices is likely to be higher in anticipation of the buy back price. Here, the fund manager may choose to buy the stock at Rs 95 and sell its futures price at say Rs 100 to capture the high arbitrage opportunity. Nifty Spot-Nifty Futures: This strategy involves exploiting the difference in pricing between the Nifty and Nifty futures. For example, if the Nifty is currently at 20,000 and the Nifty futures are at 21,050, the fund manager may choose to buy the Nifty futures and sell the portfolio comprising of index stocks, earning the difference between the two. Buy Option: This strategy involves actively managing the options component to take advantage of market volatility. For example, if the fund manager believes that a stock's price will increase, they may choose to buy a call option on that stock. It's important to note that the above strategies are just examples and the fund manager may adopt other strategies as well, depending on market conditions and regulatory compliance. Additionally, the provision for trading in derivatives is an enabling provision and it is not binding on the Scheme to undertake trading on a day-to-day basis. Considering the inherent characteristics of the Scheme, equity positions would have to built-up gradually and also sold off gradually. This would necessarily entail having large cash position before the portfolio is fully invested and during periods when equity positions are being sold off to book profits/losses or to meet redemption needs. Investors may note that securities which endeavor to provide higher returns typically, display higher volatility. Accordingly, the investment portfolio of the Scheme would reflect moderate to high volatility in its equity and equity related investments and low to moderate volatility in its debt and money market investments.

Risk Profile of the Scheme	**Scheme specific risk factors:** **1. <u>Risks associated with investing in equities:</u>** • Investors may note that AMC/Fund Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends. Trading volumes, settlement periods and transfer procedures may restrict the liquidity of these investments. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases due to settlement problems could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme portfolio would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme portfolio. • The value of the Scheme's investments may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, interest rates, currency exchange rates, changes in policies of the Government, taxation laws or any other appropriate authority policies and other political and economic developments which may have an adverse bearing on individual securities, a specific sector or all sectors including equity and debt markets. Consequently, the NAV of the Units of the Scheme may fluctuate and can go up or down. • The Mutual Fund may not be able to sell securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to be collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon. • Investors may note that dividend is due only when declared and there is no assurance that a company (even though it may have a track record of payment of dividend in the past) may continue paying dividend in future. As such, the scheme is vulnerable to instances where investments in securities may not earn dividend or where lesser dividend is declared by a company in subsequent years in which investments are made by scheme. As the profitability of companies are likely to vary and have a material bearing on their ability to declare and pay dividend, the performance of the scheme may be adversely affected due to such factors. • While securities that are listed on the stock exchange carry lower liquidity risk, the ability to sell these investments is limited by the overall trading volume on the stock exchanges. The liquidity of the Scheme's investments is inherently restricted by trading volumes in the securities in which it invests. • Fund manager endeavors to generate returns based on certain past statistical trend. The performance of the scheme may get affected if there is a change in the said trend. There can be no assurance that such

	historical trends would continue. • In case of abnormal circumstances, it will be difficult to complete the square off transaction due to liquidity being poor in stock futures/spot market. However, the scheme will aim to take exposure only into liquid stocks where there will be minimal risk to square off the transaction. • Changes in Government policy in general and changes in tax benefits applicable to mutual funds may impact the returns to investors in the Scheme or business prospects of the Company in any particular sector. • Investments in equity and equity related securities involve a certain degree of risk and Investors should not invest in the equity scheme unless they can afford to take the risk of losing their investment. **2. <u>Risks associated with investing in fixed income:</u>** • Market Risk: The NAV of the scheme, to the extent invested in Debt and Money Market securities, will be affected by changes in the general level of interest rates. The NAV of the scheme is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates. • Liquidity Risk: Money market securities, while fairly liquid, lack a well-developed secondary market, which may restrict the selling ability of the scheme and may lead to the scheme incurring losses till the security is finally sold. The liquidity of a bond may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the bond. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio. • Price Risk: Government securities where a fixed return is offered run price-risk like any other fixed income security. Generally, when interest rates rise, prices of fixed income securities fall and when interest rates drop, the prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates. The new level of interest rate is determined by the rates at which government raises new money and/or the price levels at which the market is already dealing in existing securities. This risk is not unique to Government Securities. It exists for all fixed income securities. However, Government Securities are unique in the sense that their credit risk generally remains zero. Therefore, their prices are influenced only by movement in interest rates in the financial system. • Settlement risk: The inability of the scheme to make intended securities purchases due to settlement problems could cause the scheme to miss certain investment opportunities. By the same rationale, the inability to sell securities held in the scheme's portfolio due to the extraneous factors that may impact liquidity would result, at times, in potential losses in case of a subsequent decline in the value of securities held in the scheme's portfolio. • Regulatory Risk: Changes in government policy in general and changes in tax benefits applicable to Mutual Funds may impact the returns to investors in the scheme. • Reinvestment Risk: This risk refers to the interest rate levels at which

	cash flows received from the securities in the scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed. • Credit Risk: Investments in Debt Securities are subject to the risk of an issuer's inability to meet interest and principal payments on its obligations and market perception of the creditworthiness of the issuer. • Risks associated with investment in unlisted securities: Subject to applicable Regulations, the scheme can invest in unlisted securities. These securities are subject to greater price fluctuations, less liquidity and greater risk than the listed securities. Except for any security of an associate or group company, the scheme has the power to invest in securities which are not listed on a stock exchange ("unlisted Securities") which in general are subject to greater price fluctuations, less liquidity and greater risk than those which are traded in the open market. Unlisted securities may lack a liquid secondary market and there can be no assurance that the Scheme will realise their investments in unlisted securities at a fair value. • Different types of fixed income securities in which the scheme would invest as given in the Scheme Information Document carry different levels and types of risk. Accordingly, the scheme risk may increase or decrease depending upon its investment pattern. e.g. corporate bonds carry a higher level of risk than Government securities. Further even among corporate bonds, bonds, which are AAA rated, are comparatively less risky than bonds, which are AA rated. AA rated corporate bonds are comparatively less risky when compared with A rated corporate bonds. • The AMC may, considering the overall level of risk of the portfolio, invest in lower rated securities offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute level of risk of the portfolio. • As zero coupon securities does not provide periodic interest payments to the holder of the security, these securities are more sensitive to changes in interest rates. Therefore, the interest rate risk of zero coupon securities is higher. The AMC may choose to invest in zero coupon securities that offer attractive yields. This may increase the risk of the portfolio. • The scheme at times may receive large number of redemption requests leading to an asset-liability mismatch and therefore requiring the AMC to make a distress sale of the securities leading to realignment of the portfolio and consequently resulting in investment in lower yield instruments. • Basis Risk: Basis risk arises due to a difference in the price movement of the derivative vis-à-vis that of the security being hedged. • Spread Risk: In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security, this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.

	• Counterparty Risk: This is the risk of failure of counterparty to a transaction to deliver securities against consideration received or to pay consideration against securities delivered, in full or in part or as per the agreed specification. There could be losses to the Scheme in case of a counterparty default. • Duration Risk: Duration risk refers to the movement in price of the underlying invested money market / debt instruments due to movement/change in interest rates over different durations of maturity of instruments. In a portfolio of debt assets, the duration risk is measured by the average duration of the portfolio. Duration, expressed in years, is used as a measure of the sensitivity of the fixed income instrument to a change in interest rates. Usually, individual duration of fixed income instruments in the portfolio is calculated and the portfolio duration is weighted average of such individual instrument duration. A longer portfolio duration is associated with greater price fluctuations. A rise in interest rates could normally lead to decrease in prices and generally negatively affects portfolios having longer duration vis-a-vis portfolios having shorter duration. A fall in interest rate generally benefits portfolio having longer duration. A longer duration portfolio is also generally associated with greater volatility vis-a-vis a shorter duration portfolio. • Sovereign Risk: Sovereign risk is the likelihood that a Government will default on its loan obligation by failing to meet its principal payments or interest. It comes in different forms and may result in losses to investors in addition to negative political consequences. The Central Government of a country is the issuer of the local currency in that country. The Government (Central / State) raises money to meet its capital and revenue expenditure by issuing debt or discounted securities. Since payment of interest and principal amount has a sovereign status implying no default, such securities are known as securities with sovereign credit. For domestic borrowers and lenders, the credit risk on such sovereign credit is minimal, even lower than a security with "AAA" rating and hence commands a yield, which is lower than a yield on "AAA" security. For details on risk factors and risk mitigation measures, please refer SID.
Plans/Options	**Plans:** Bajaj Finserv Arbitrage Fund – Direct Plan Bajaj Finserv Arbitrage Fund – Regular Plan **Options:** Growth Option Income Distribution cum Capital Withdrawal (IDCW) option with Payout of Income Distribution cum Capital Withdrawal sub-option, Reinvestment of Income Distribution cum Capital Withdrawal sub-option and Transfer of Income Distribution cum Capital Withdrawal sub-option. The Scheme will have a common portfolio across various Plans/Options/Sub-options.

	Investors are requested to note that Growth and IDCW Option (Payout, Reinvestment and Transfer) under Regular and Direct Plans will have different NAVs. These NAVs will be separately declared. Default Plan would be as mentioned below: <table><tr><th>ARN Code mentioned/not mentioned by investor</th><th>Plan mentioned by investor</th><th>Default Plan</th></tr><tr><td>Not mentioned</td><td>Not mentioned</td><td>Direct Plan</td></tr><tr><td>Not mentioned</td><td>Direct Plan</td><td>Direct Plan</td></tr><tr><td>Not mentioned</td><td>Regular Plan</td><td>Direct Plan</td></tr><tr><td>Mentioned</td><td>Direct Plan</td><td>Direct Plan</td></tr><tr><td>Direct</td><td>Not mentioned</td><td>Direct Plan</td></tr><tr><td>Direct</td><td>Regular Plan</td><td>Direct Plan</td></tr><tr><td>Mentioned</td><td>Regular Plan</td><td>Regular Plan</td></tr><tr><td>Mentioned</td><td>Not mentioned</td><td>Regular Plan</td></tr></table> In cases of wrong/ invalid/ incomplete ARN codes mentioned on the application form, the application shall be processed under Direct Plan. The AMC shall endeavour on best effort basis to obtain the correct ARN code within 30 calendar days of the receipt of the application form from the investor. In case the correct code is received within 30 calendar days, the AMC shall reprocess the transaction under Regular Plan from the date of application without any exit load. Bajaj Finserv Arbitrage Fund - Direct Plan is only for investors who purchase /subscribe units in a Scheme directly with the Fund. Default option will be Growth Option. Default sub-option will be Reinvestment of Income Distribution cum capital withdrawal sub-option. For detailed disclosure on default plans and options, kindly refer SAI.

Applicable NAV (after the scheme opens for subscriptions and redemptions)	Cut off timing for subscriptions/ redemptions/ switches: In case of Subscription/Switch-in for any amount: • In respect of valid applications received upto 3.00 p.m. on a Business Day at the official point of acceptance of transactions and where the funds for the entire amount of subscription/purchase as per the application/Switch-in request, are available for utilization before the cut-off time i.e. 3.00 p.m. - the closing NAV of the day shall be applicable. • In respect of valid applications received after 3.00 p.m. on a Business Day at the official point of acceptance of transactions and where the funds for the entire amount of subscription/purchase as per the application/Switch-in request, are available for utilization either on the same day or before the cut-off time of the next business day - the closing NAV of the next Business Day shall be applicable. • Irrespective of the time of receipt of application at the official point of acceptance of transactions, where the funds for the entire amount are available for utilization before the cut-off time on any subsequent Business Day - the closing NAV of such subsequent Business Day shall be applicable. In case of investments through Systematic Investment Plan (SIP), Systematic Transfer Plans (STP), Other STP methods as may be offered by the AMC, IDCW Transfer, Trigger etc. the units would be allotted as per the closing NAV of the day on which the funds are available for utilization irrespective of the instalment date of the SIP, STP or record date of IDCW etc. Since different payment modes have different settlement cycles including electronic transactions (as per arrangements with Payment Aggregators/Banks/Exchanges etc), it may happen that the investor's account is debited, but the money is not credited within cut-off time on the same date to the Scheme's bank account, leading to a gap/delay in Unit allotment. Investors are therefore urged to use the most efficient electronic payment modes to avoid delays in realization of funds and consequently in Unit allotment. **Redemptions including switch-outs:** In respect of valid applications received upto 3.00 pm on a business day by the Mutual Fund, same day's closing NAV shall be applicable. In respect of valid applications received after the cut off time by the Mutual Fund, the closing NAV of the next business day shall be applicable.

Minimum Application Amount/ Number of Units	• **During ongoing offer:** **Fresh Purchase (Incl. Switch-in) -** Rs. 500/- and in multiples of Re. 1/- thereafter **Systematic Investment Plan (SIP) –** Rs. 500 and above: minimum 6 instalments. **Minimum amount for switch-in:** Rs. 500 and in multiples of Re. 1. Two-Factor Authentication will be applicable for subscription as well as redemption transactions in the units of Mutual Fund. Minimum application amount will not be applicable for investments made in the scheme pursuant to SEBI Master Circular for Mutual Funds dated May 19, 2023, on alignment of interest of designated employees of the AMC with the unitholders of mutual fund schemes. For more information, please refer SAI. **Additional Purchase:** Rs. 100/- and in multiples of Re. 1/- thereafter. **Redemption:** **Minimum redemption amount -** Rs. 500 and in multiples of Re. 0.01/- or the account balance of the investor whichever is less. **Minimum amount for switch-out -** Rs. 500 and in multiples of Re. 0.01/- or the account balance of the investor whichever is less.
Despatch of Redemption Request	Within three working days of the receipt of the redemption request at the authorised centre of the Bajaj Finserv Mutual Fund.
Benchmark Index	Nifty 50 Arbitrage Index (TRI)
Dividend Policy	The Scheme may declare IDCW subject to the availability of distributable surplus and approval from Trustees. IDCW would become payable to the unitholders whose names appear on the register of unitholders on the record date as fixed for the scheme. The IDCW declared will be paid net of tax deducted at source, wherever applicable. There is no assurance or guarantee to the Unit holders as to the rate of IDCW distribution nor that the IDCW will be paid regularly. If the Fund declares IDCW, the NAV of the Scheme would stand reduced by the amount of IDCW paid. All the IDCW payments shall be in accordance and compliance with SEBI, Stock Exchange Guidelines, as applicable from time to time. IDCW is the amount that can be distributed out of equalisation reserve which is part of the sale price that represents realised gains. Any IDCW upto Rs. 100/- shall be compulsorily reinvested in the same option under the scheme at prevailing NAV on record date.

<table>
<tr><td>Name of the Fund Manager</td><td>Mr. Ilesh Savla (Equity portion)
Mr. Siddharth Chaudhary (Debt portion)</td></tr>
<tr><td>Name of the Trustee Company</td><td>Bajaj Finserv Mutual Fund Trustee Limited</td></tr>
<tr><td>Performance of the scheme:</td><td>The performance of the scheme as on May 31, 2024, is as follows:
<table>
<tr><th rowspan="2">Absolute Return</th><th colspan="2">Scheme Returns %</th><th colspan="2">Benchmark Returns (%)</th></tr>
<tr><th>Regular</th><th>Direct</th><th>Regular</th><th>Direct</th></tr>
<tr><td>Returns for the last 1 year</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Returns for the last 3 years</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Returns for the last 5 years</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Returns since inception</td><td>4.87%</td><td>5.39%</td><td>5.56%</td><td>5.56%</td></tr>
</table>
Notes:

Past performance may or may not be sustained in future.
Different Plans i.e. Regular Plan and Direct Plan under the scheme have different expense structure.
Benchmark: Nifty 50 Arbitrage Index (TRI)
Inception Date: September 13, 2023
Returns less than 1 year period are absolute.
</td></tr>
<tr><td>Additional Scheme Related Disclosures</td><td>1. Scheme’s portfolio holdings (top 10 holdings by issuer and fund allocation towards various sectors to be provided through a functional website link that contains detailed description.): Investors can refer to this data on AMC website at link: https://www.bajajamc.com/sid-disclosure

2. Disclosure of name and exposure to Top 7 issuers, stocks, groups and sectors as a percentage of NAV of the scheme in case of debt and equity ETFs/index funds through a functional website link that contains detailed description: Not Applicable

3. Portfolio Turnover Rate: The scheme has not completed 1 year. Hence, this disclosure is not applicable.</td></tr>
<tr><td>Expenses of the Scheme</td><td>New Fund Offer Period:

These are the expenses incurred for the purpose of new fund offer of the scheme including marketing, advertising, communication, registrar expenses, statutory expenses, printing expenses, stationery expenses, bank charges, exchange related charges, service provider related charges etc. As required in SEBI Regulations, all NFO expenses will be borne only by the AMC and not by the scheme. Accordingly, the NFO expenses would be incurred from AMC books and not from scheme books.</td></tr>
</table>

Load Structure	Exit Load is an amount which is paid by the investor to redeem the units from the scheme. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website www.bajajamc.com or may call at (toll free no. 18003093900 or your distributor.

Type of Load	Load chargeable (as %age of NAV)
Entry Load	Nil
Exit*	0.25% of applicable NAV if redeemed/switched out within 15 days from the date of allotment. Nil if redeemed/switched out after 15 days from the date of allotment. The Scheme will not levy exit load in case the timelines for rebalancing portfolio as stated in SEBI Master Circular for Mutual Funds dated May 19, 2023, is not complied with.

* The load on other types of transaction could be Income Distribution cum Capital Withdrawal reinvestment, Switch in/out, SIP/SWP/STP (as applicable)

In accordance with the requirements specified by the SEBI Master Circular for Mutual Funds dated May 19, 2023, no entry load will be charged for subscription /additional subscription /switches accepted by the Mutual Fund. Similarly, no entry load will be charged with respect to applications for registrations under the SIP/STP accepted by the Mutual Fund. For the purpose of charging of exit load, units would be considered on First in First out (FIFO) basis. Any imposition or enhancement of exit load shall be applicable only on prospective investments.

In case of redemption/switch undertaken in excess of 25% holding of an investor on account of compliance with the requirements of SEBI Master Circular for Mutual Funds dated May 19, 2023, shall not be subject to exit load imposed in the scheme.

The upfront commission on investment made by the investor, if any, shall be paid to the ARN Holder (AMFI registered distributor) directly by the investor, based on the investor's assessment of various factors including service rendered by the ARN Holder.

Exit load (if any) charged to the unitholders by the Mutual Fund on redemption (including switch-out) of units shall be credited to the respective scheme net of Goods & Services Tax.
Goods & Services Tax on exit load, if any, shall be paid out of the exit load proceeds.

Exit Load for switches within the Scheme:-

a) Where the investments were routed through a distributor (i.e. made with distributor code), any Switch of Units from the Regular Plan to Direct Plan of a Scheme shall be subject to applicable exit load, if any. However, any subsequent switch – out or redemption of such investments from the Direct Plan will not be subject to any exit load;

	b) Where investments were made directly i.e. without any distributor code, exit load will not be levied on switch of Units from Regular Plan to Direct Plan of that Scheme. However, any subsequent switch-out or redemption will be subject to exit load applicable from the original date of investment; c) No exit load shall be levied in case of switch of Units from Direct Plan to Regular Plan of a Scheme. However, any subsequent switch-out or redemption of such investment from the Regular Plan shall be subject to exit load based on the original date of investment in the Direct Plan. The AMC/Trustee reserves the right to change / modify the Load structure of the Scheme, subject to maximum limits as prescribed under the Regulations. However, the Redemption /Repurchase Price will not be lower than 95% of the NAV. Load on bonus/ re-investment of Income Distribution cum capital withdrawal units: In terms SEBI Master Circular for Mutual Funds dated May 19, 2023, no entry and exit load shall be charged on bonus units or units allotted on reinvestment of Income Distribution cum capital withdrawal. The Trustee / AMC reserves the right to change the load structure any time in future if they so deem fit on a prospective basis. The investor is requested to check the prevailing load structure of the scheme before investing. In case of changes to load structure, the AMC would endeavor to do the following: 1. An addendum would be attached to the SID and Key Information Memorandum (KIM). The same may be circulated to brokers/distributors so that the same can be attached to all SID and abridged SID in stock. Further the addendum would be sent along with a newsletter to unitholders immediately after the changes. 2. Arrangement would be made to display the changes in the SID in the form of a notice in all the official point of acceptance of transactions and distributor's/broker's office. 3. The introduction of the exit load along with the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such load. 4. A public notice shall be provided on the website in case of changes undertaken to the exit load. The AMC/Trustee reserves the right to change / modify the Load structure of the Scheme, subject to maximum limits as prescribed under the Regulations. However, the Redemption /Repurchase Price will not be lower than 95% of the NAV.
Recurring expenses	**Annual Scheme Recurring Expenses** These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC,

Registrar and Transfer Agents’ fee, marketing and selling costs etc. as given in the table below:

Limits specified by SEBI in SEBI MF Regulations for scheme recurring expenses:

a. on the first Rs. 500 crore of the Scheme's daily net assets - upto 2.25%;
b. on the next Rs. 250 crore of the Scheme's daily net assets – upto 2.00%;
c. on the next Rs. 1,250 crore of the Scheme’s daily net assets – upto exceed 1.75%;
d. on the next Rs. 3,000 crore of the Scheme’s daily net assets – upto exceed 1.60%;
e. on the next Rs. 5,000 crore of the Scheme’s daily net assets – upto exceed 1.50%;
f. on the next Rs. 40,000 crore of the Scheme’s daily net assets - Total Expense Ratio reduction of 0.05% for every increase of Rs. 5,000 crores of daily net assets or part thereof;
g. on balance of the assets – upto 1.05%.

In addition to the recurring expense mentioned above, additional expenses of 0.05% of daily net assets of the scheme shall be chargeable.

Expense Head	**% p.a. of daily Net Assets* (Estimated p.a.)**
Investment Management & Advisory Fee	Up to 2.25
Audit fees/fees and expenses of trustees	
Custodial Fees	
Registrar & Transfer Agent Fees including cost of providing account statements / IDCW / redemption cheques/ warrants	
Marketing & Selling Expenses including Agents Commission and statutory advertisement	
Costs related to investor communications	
Costs of fund transfer from location to location	
Cost towards investor education & awareness[&]	
Brokerage & transaction cost pertaining to distribution of units[%]	
Goods & Services Tax on expenses other than investment and advisory fees	
Goods & Services Tax on brokerage and transaction cost	
Other Expenses (to be specified as per Reg 52 of SEBI MF Regulations)[#]	
Maximum Total expenses ratio (TER) permissible under Regulation 52 (6) (c)	**Upto 2.25**
Additional expenses under Regulations 52(6A)(c)	Upto 0.05
Additional expenses for gross new inflows from specified cities	Upto 0.30*

*SEBI vide letter no. SEBI/HO/IMD/IMD-SEC3/P/OW/2023/5823/1 dated February 24, 2023 and AMFI vide letter no. 35P/MEM-COR/85/2022-23 dated March 02, 2023 has advised AMCs to keep B-30 incentive in abeyance till AMCs put in place effective controls. Accordingly, applicability of this expense ratio will be subject to any further communication issued by SEBI / AMFI in this regard.

[#]As permitted under the Regulation 52 of SEBI (MF) Regulations, 1996 and pursuant to SEBI Master Circular for Mutual Funds dated May 19, 2023.

[&]In terms of SEBI Master Circular for Mutual Funds dated May 19, 2023, the AMC / Mutual Fund shall annually set apart at least 2 basis points (i.e. 0.02%) on daily net assets of the scheme within the maximum limit of Total Expense Ratio as per Regulation 52 of the SEBI (MF) Regulations for investor education and awareness initiatives.

[%]Brokerage and transaction costs incurred for the execution of trades and included in the cost of investment, not exceeding 0.12% of the value of trades of cash market transactions and 0.05% of the value of trades of derivative market transactions. It is hereby clarified that the brokerage and transaction costs incurred for the execution of trades may be capitalized to the extent of 0.12% of the value of trades of cash market transactions and 0.05% of the value of trades of derivative market transactions. Any payment towards brokerage and transaction costs (including Goods & Services Tax, if any) incurred for the execution of trades, over and above the said 0.12% for cash market transactions and 0.05% of the value of trades of derivative market transactions may be charged to the scheme within the maximum limit of Total Expense Ratio (TER) as prescribed under Regulation 52 of the SEBI (MF) Regulations.

Illustration in returns between Regular and Direct Plan

Particulars	**Regular Plan**	**Direct Plan**
Amount invested at the beginning of the year (Rs,)	10,000	10,000
Returns before Expenses (Rs.)	1,500	1,500
Expenses other than Distribution Expenses (Rs.)	150	150
Distribution Expenses (Rs.)	50	-
Returns after Expenses at the end of the year (Rs.)	1,300	1,350
Returns (%)	13.00%	13.50%

The expense of 30 bps shall be charged if the new inflows from retail investors from B30 cities as specified from time to time are at least -
(i) 30% of gross new inflows from retail investors in the scheme, or; (ii) 15% of the average assets under management (year to date) of the scheme, whichever is higher:
Provided that if inflows from retail investors from B30 cities is less than the higher of subclause (i) or sub- clause (ii), such expenses on daily net assets of the scheme shall be charged on proportionate basis.

	Provided further that expenses charged under this clause shall be utilized for distribution expenses incurred for bringing inflows from retail investors from B30 cities. Provided further that amount incurred as expense on account of inflows from retail investors from B30 cities shall be credited back to the scheme in case the said inflows are redeemed within a period of one year from the date of investment. In case inflows from retail investors from beyond top 30 cities is less than the higher of (i) or (ii) above, additional TER on daily net assets of the scheme shall be charged as follows: <u>Daily net assets X 30 basis points X new inflows from individuals beyond top 30 cities</u> 365* X Higher of (i) or (ii) above * 366, wherever applicable. For the above purposes, 'B30 cities' shall be beyond Top 30 cities as at the end of previous financial year as communicated by AMFI. Retail investors would mean individual investors from whom inflows into the scheme would amount upto Rs. 2,00,000/- per transaction. Direct Plan shall have a lower expense ratio excluding distribution expenses, commission, etc and no commission for distribution of units will be paid / charged under Direct Plan. All fees and expenses charged in a Direct Plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in other than Direct Plan. The AMC shall adhere provisions of SEBI Master Circular for Mutual Funds dated May 19, 2023 and various guidelines specified by SEBI as amended from time to time, with reference to charging of fees and expenses. Accordingly: a. All scheme related expenses including commission paid to distributors, shall be paid from the scheme only within the regulatory limits and not from the books of the AMC, its associates, sponsor, trustee or any other entity through any route. Provided that, such expenses that are not specifically covered in terms of Regulation 52 (4) can be paid out of AMC books at actual or not exceeding 2 bps of the Scheme AUM, whichever is lower. b. The Mutual Fund shall adopt full trail model of commission in the scheme, without payment of any upfront commission or upfronting of any trail commission, directly or indirectly, in cash or kind, through sponsorships, or any other route. c. All fees and expenses charged in a Direct Plan (in percentage terms) under various heads including the investment and advisory fee shall not exceed the fees and expenses charged under such heads in Regular Plan.

	d. No pass back, either directly or indirectly, shall be given by the Fund / the AMC / Distributors to the investors. **<u>Disclosure on Goods & Services Tax:</u>** Goods & Services Tax on investment management and advisory fees shall be in addition to the above expense. Further, with respect to Goods & Services Tax on other than management and advisory fees: • Goods & Services Tax on other than investment and advisory fees, if any, shall be borne by the scheme within the maximum limit of TER as per regulation 52 of the Regulations. • Goods & Services Tax on exit load, if any, shall be paid out of the exit load proceeds and exit load net of Goods & Services Tax, if any, shall be credited to the scheme. • Goods & Services Tax on brokerage and transaction cost paid for asset purchases, if any, shall be within the limit prescribed under regulation 52 of the Regulations. For the actual current expenses being charged to the scheme, investors should refer to the website of the mutual fund at link: https://bajajamc.com/downloads?ter=. Any change proposed to the current expense ratio will be updated on the website at least three working days prior to the change. As per the Regulations, the total recurring expenses that can be charged to the scheme shall be subject to the applicable guidelines. The total recurring expenses of the scheme will however be limited to the ceilings as prescribed under Regulation 52(6) of the Regulations. Total Expense Ratio (TER) accrual rate as on May 31, 2024 (inclusive of GST and Additional TER, if any): Regular Plan: 0.97% Direct Plan: 0.27%
No. of Folios and AUM (as on May 31, 2024)	Folios – 4,422 AUM – Rs. 428.34 crore
Tax treatment for the Investors (Unitholders)	Investor will be advised to refer to the details in the Statement of Additional Information and also independently refer to his tax advisor.

Daily Net Asset Value (NAV) Publication	NAV shall be calculated for every business days, except under special circumstances. NAV shall be disclosed on AMC website (www.bajajamc.com) and on AMFI website (www.amfiindia.com). NAV shall be available on all centers for acceptance of transactions. NAV shall also be made available at all Investor Service Centres and the Toll free number of the AMC i.e. 18003093900. NAV will be calculated upto three decimal places and shall be disclosed before 11.00 p.m. on all business days. In case NAV is not uploaded within the stipulated timing of 11.00 p.m. on any business day, explanation shall be provided to AMFI for non adherence of time limit. If the NAV is not available before the commencement of business hours on the following day due to any reason, the Mutual Fund shall issue a press release giving reasons for the delay and explaining when the Mutual Fund would be able to publish the NAV.
For Investor Grievances please contact	• Name and Address of Registrar: KFIN Technologies Limited SEBI Registration - INR000000221 Address – Selenium Building, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, R. R. District, Telangana India - 500 032 Contact no. – 040-67162222/ 040-79611000 Website – www.kfintech.com • Contact details for general service requests: You may call on Toll Free: 1800-309-3900 (Monday to Friday 9:00 am to 6:00 pm) or write us on email id: service@bajajamc.com or raise a service ticket on our website at link: https://bajajfinservasset.my.site.com/Web2Case/s/ • Contact details for complaint resolution: **Ms. Priya Singh** **Investor Relations Officer** Tel No: 020 67672500 Fax No: 020 67672550 Email: service@bajajamc.com
Unitholders' Information	The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 working days of receipt of valid application/transaction to the Unit holders registered e-mail address and/ or mobile number (whether units are held in demat mode or in account statement form). A Consolidated Account Statement (CAS) detailing all the transactions across all mutual funds (including transaction charges paid to the distributor) and holding at the end of the month shall be sent to the Unit holders in whose folio(s) transaction(s) have taken place during the month by mail or email on or before 15th of the succeeding month. Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) on or before 21st day of succeeding month, to all investors providing

	the prescribed details across all schemes of mutual funds and securities held in dematerialized form across demat accounts, if applicable For further details, refer SAI. **Portfolio Disclosure:** Portfolio shall be disclosed as on last day of the month/half year within 10 days from the end of month/half year. Portfolio shall be disclosed on AMC website at link: https://www.bajajamc.com/downloads?portfolio and on AMFI website www.amfiindia.com. Portfolio shall be disclosed in a user-friendly and downloadable spreadsheet format. Portfolio shall also be sent by e-mail to all unitholders by the AMC/Mutual Fund. The Mutual Fund shall publish an advertisement disclosing uploading of half year scheme portfolio on its website, in one English daily newspaper and in one Hindi daily newspaper having nationwide circulation. Physical copy of the scheme portfolio shall be provided to unitholders on receipt of specific request from the unitholder, without charging any cost. **Half Yearly Financial Results:** The Mutual Fund shall within one month from the close of each half year, that is on March 31 and on September 30, host a soft copy of its unaudited financial results on the AMC website www.bajajamc.com and shall publish an advertisement disclosing the hosting of financial results on the AMC website, in atleast one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the mutual fund is situated. The unaudited financial results would be displayed on AMC website www.bajajamc.com and AMFI website www.amfiindia.com. **Annual Report:** Scheme wise Annual Report or an abridged summary thereof shall be mailed to all unitholders within four months from the date of closure of the relevant financial year i.e. 31st March each year as under: • by email to the unitholders whose email address is available with the Mutual Fund. • in physical form to the unitholders whose email address is not available with the Fund and/or to those Unit holders who have opted / requested for the same. An advertisement shall also be published in all India edition of at least two daily newspapers, one each in English and Hindi, disclosing the hosting of the scheme wise annual report on the website of the AMC www.bajajamc.com and AMFI website www.amfiindia.com. The physical copy of the scheme wise annual report or abridged summary shall be made available to the investors at the registered office of the AMC.

	The AMC shall also provide a physical copy of abridged summary of the annual report without charging any cost, on specific request received from the unitholder. A copy of scheme wise annual report shall also be made available to unitholders on payment of nominal fees.

Please refer to the Statement of Additional Information and Scheme Information Document for any further details.

Note: The Trustees have ensured that the Scheme approved by them is a new product offered by Bajaj Finserv Mutual Fund and is not a minor modification of an existing scheme / fund / product.

For Bajaj Finserv Asset Management Limited

Sd/-
Ganesh Mohan
CEO

Place: Pune
Date: June 26, 2024