



MUTUAL FUND ANALYSIS REPORT



kotak[®]
Mutual Fund

KOTAK ARBITRAGE FUND - DIR(G) - DirectPlan - Growth Option
40.519

NAV as on 15-Oct-25

71,517 Cr

AUM as on 30-Sep-25

7.11%

Return since inception

Basic fund & Scheme Details

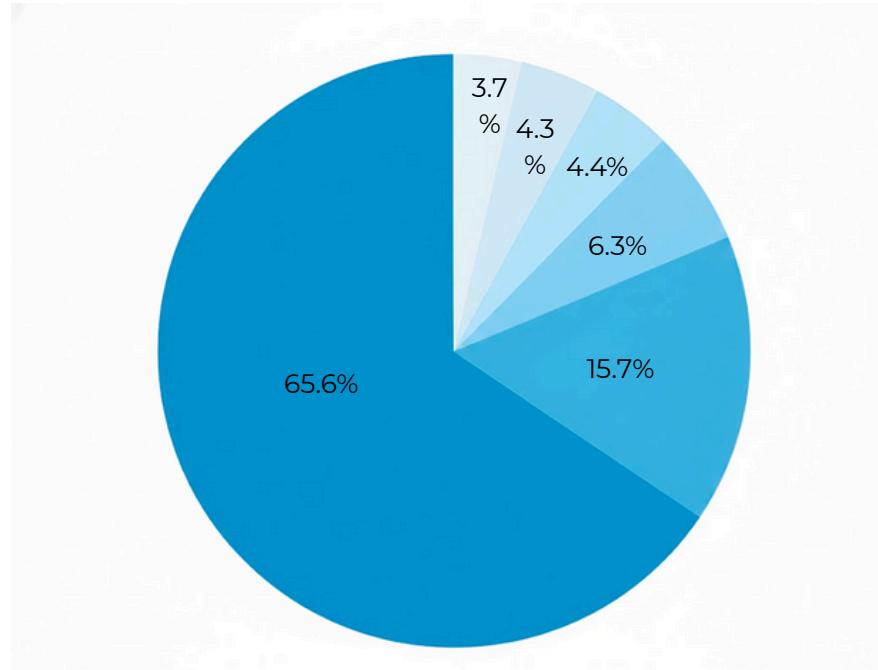
Inception Date:	1-Jan-13
Fund house:	Kotak Mahindra Mutual Fund
Fund Taxation:	Equity Oriented
Fund Type:	Hybrid (Arbitration)
Benchmark Index:	Nifty 50 Arbitrage TRI
Expense Ratio:	0.44%
Turnover Ratio:	2,200.36%
Min. Inv. Lumpsum/SIP:	₹100/-
Exit Load:	0.25%
Fund Manager:	Hiten Shah

Top 10 Stock holdings by the fund

Kotak Money Market Fund Direct - Growth	11.81%
Kotak Savings Fund Direct Growth	5.02%
Kotak Liquid Fund - Plan A - Direct Plan - Growth	4.98%
HDFC Bank Ltd.	4.01%
Reliance Industries Ltd.	3.51%
ICICI Bank Ltd.	3.44%
Axis Bank Ltd.	2.79%
Eternal Ltd.	2.05%
JSW Steel Ltd.	1.70%
Bharti Airtel Ltd.	1.62%

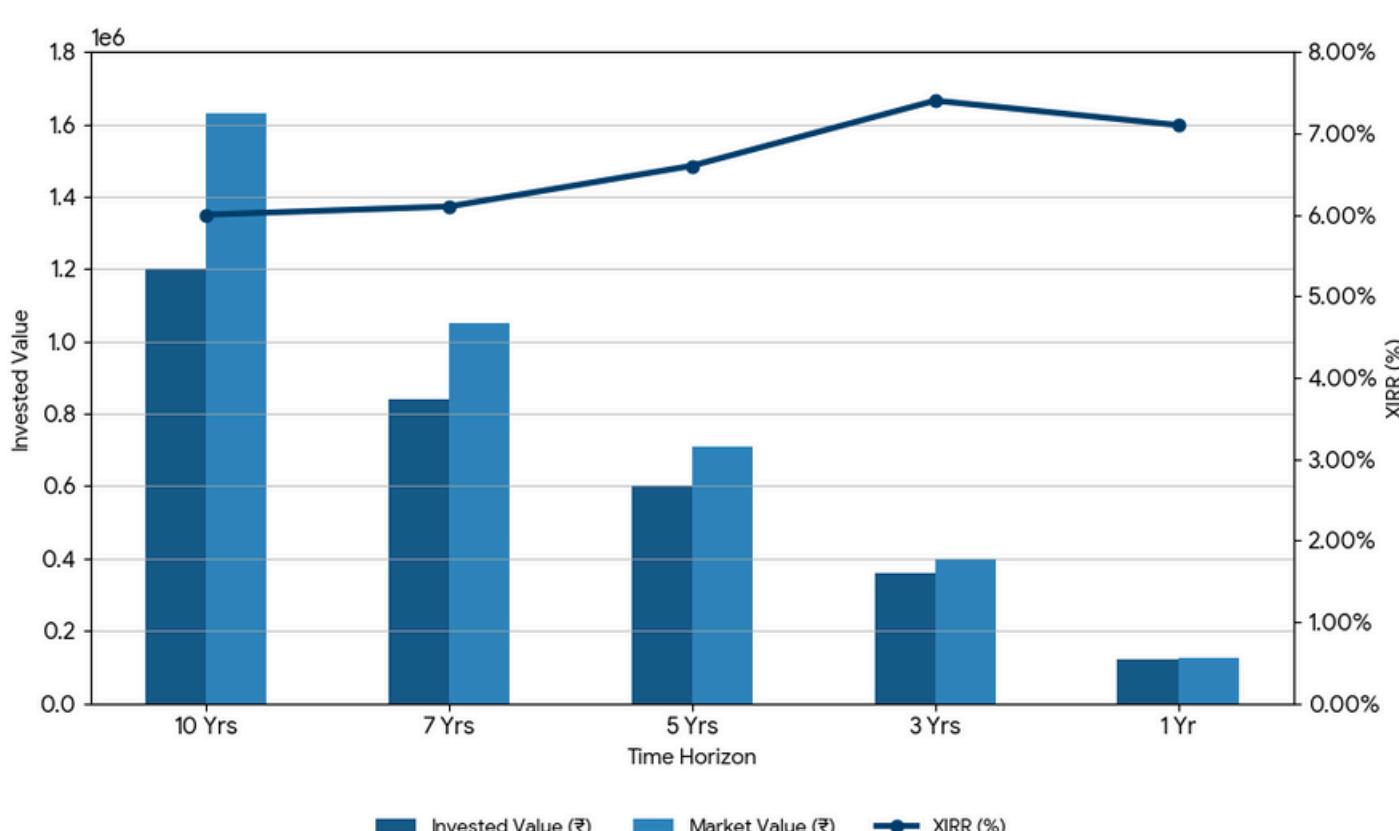
Investment Philosophy

This fund maintains a diversified portfolio with holdings in wide variety of assets. This approach is aimed at taking advantage of temporary price differences in the cash and derivatives market, rather than relying on the long - term prospects of a few select stocks. The fund engages in a high volume of trades across numerous stocks.

Top 5 Sector holdings by the fund


- Banks - 15.73%
- Finance - 6.3%
- Petroleum Products - 4.39%
- Automobiles - 4.34%
- Retailing - 3.67%
- Remaining Holdings - 65.57%

SIP Performance Chart



Step-up SIP Performance Chart



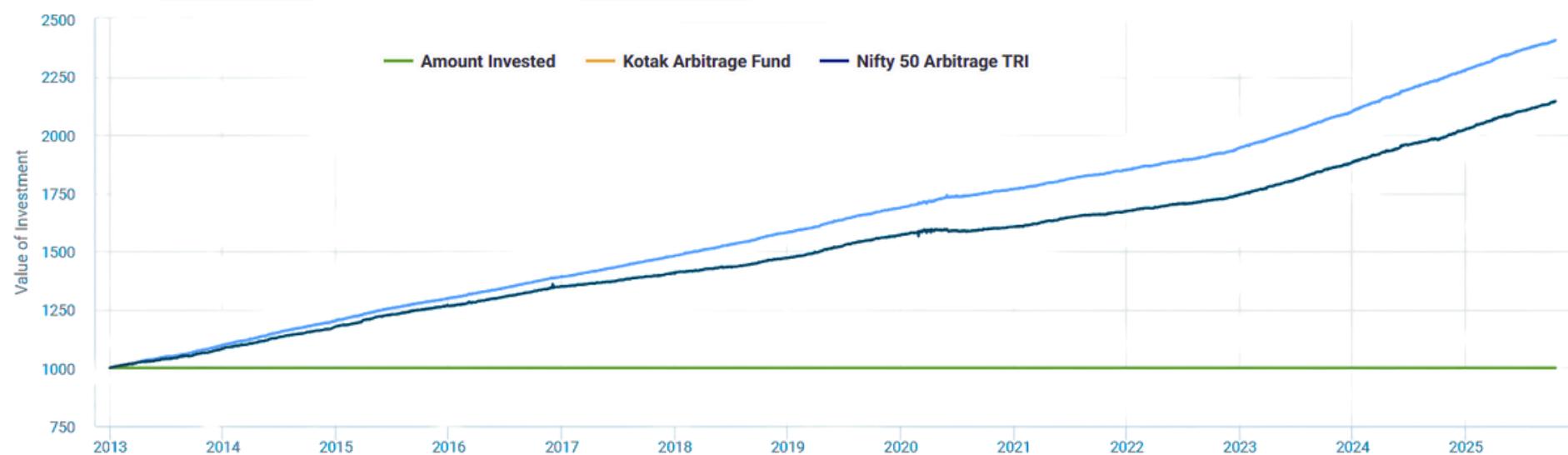
Brief Overview

1. Focused on investing in **arbitrage** opportunities to take advantage of price differences.
2. Considered a **low-risk** fund as arbitrage strategy aims for minimal directional exposure to the equity market.
3. Since inception, it has a **CAGR** of approximately **7.10%**.
4. It is a **large sized fund** in its category, with **AUM** of approximately **₹71,517 crores**.

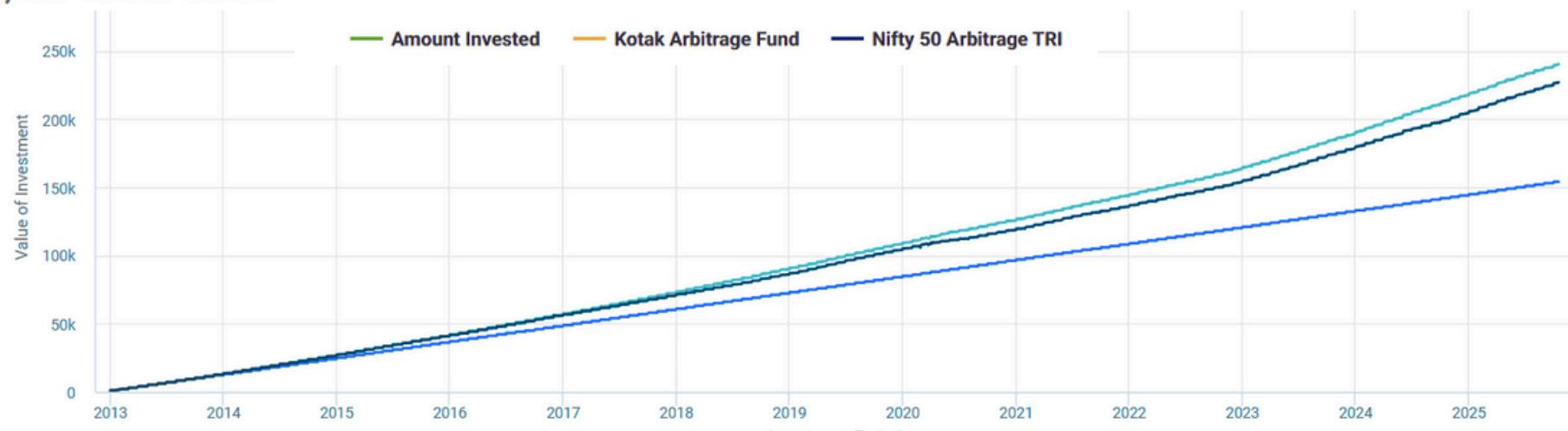
Return Analysis

Particulars	1Yr	2Yrs	3Yrs	5Yrs
Kotak Arbitrage Fund - Direct Plan - Growth	7.35%	7.83%	7.84%	6.54%
Nifty 50	3.88%	13.90%	14.08%	16.91%
Nifty 50 Arbitrage Index	7.99%	7.51%	7.56%	6.07%

If you had invested ₹ 1000 on 01/01/2013 via LUMPSUM and stayed invested till 17/10/2025 it would have become ₹2,408 i.e. CAGR of 7.11%



If you had invested ₹ 1000 every month via SIP from 01/01/2013 to 17/10/2025 Total Amount invested ₹1,54,000 Value of Investment ₹2,40,260 i.e. 6.69 % CAGR

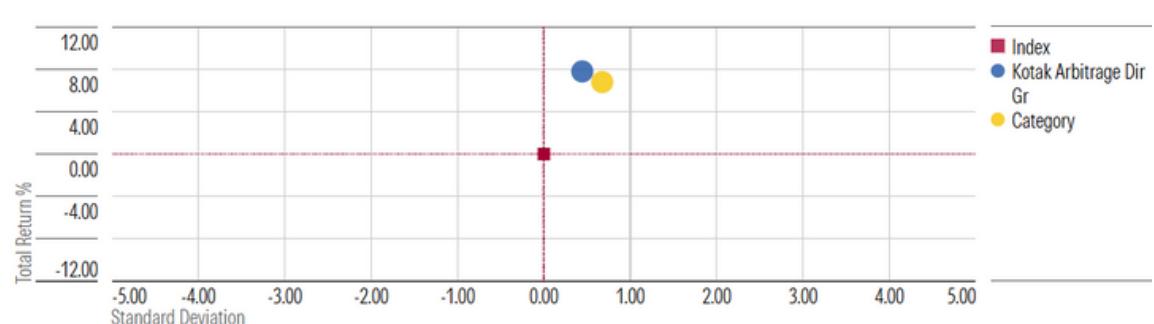


Kotak Equity Arbitrage Fund has provided stable, risk-mitigated returns in line with its category and benchmark, though much lower than the Nifty 50 index. It is suitable for conservative investors seeking consistent, predictable performance rather than high growth. Over 5 years, its returns are around 6.5%, aligning with the arbitrage fund category average.

Risk Analysis

Particulars	Std. Dev. (%)	Sharpe (%)	Beta (%)
Kotak Arbitrage Fund - Direct Plan - Growth	0.43	3.34	0.61
Nifty 50	11.78	0.63	0.95

The Kotak Arbitrage Fund offers higher returns and similar risk levels compared to its category, while maintaining much lower volatility than the index, as shown by its proximity to the category average on the risk-return graph and a low standard deviation. This confirms the fund's suitability for conservative investors aiming for steady, moderate growth without taking on the higher market risks presented by broader equity indices.



Comparative analysis

Particulars	AUM	Returns (3 yrs)	Exp. ratio	Std.Dev	Alpha	Sharpe	Sortino
ICICI Prudential Equity Arbitrage Fund	32,573	7.63%	0.4	0.41	1.62	2.53	3.8
SBI Arbitrage Opportunities Fund	39,217	7.71%	0.41	0.4	1.61	2.79	4.64
HDFC Arbitrage Fund	21,984	7.60%	0.42	0.4	1.37	2.55	4.36
Nippon India Arbitrage Fund	15,516	7.64%	0.38	0.39	1.5	2.67	3.83
Kotak Arbitrage Fund	71,518	7.82%	0.44	0.44	1.71	2.75	4.42

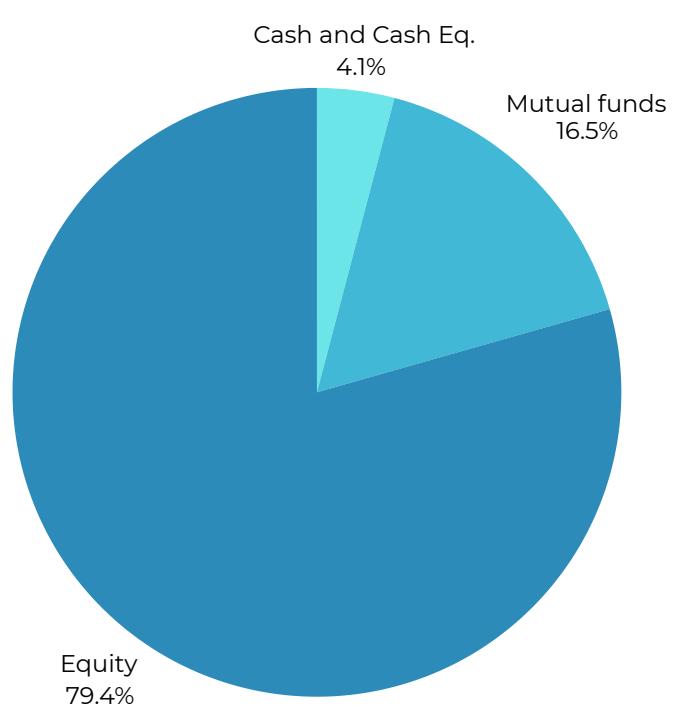
Source : The data for the above mentioned analysis has been taken from
<https://www.valueresearchonline.com/>

Key findings :

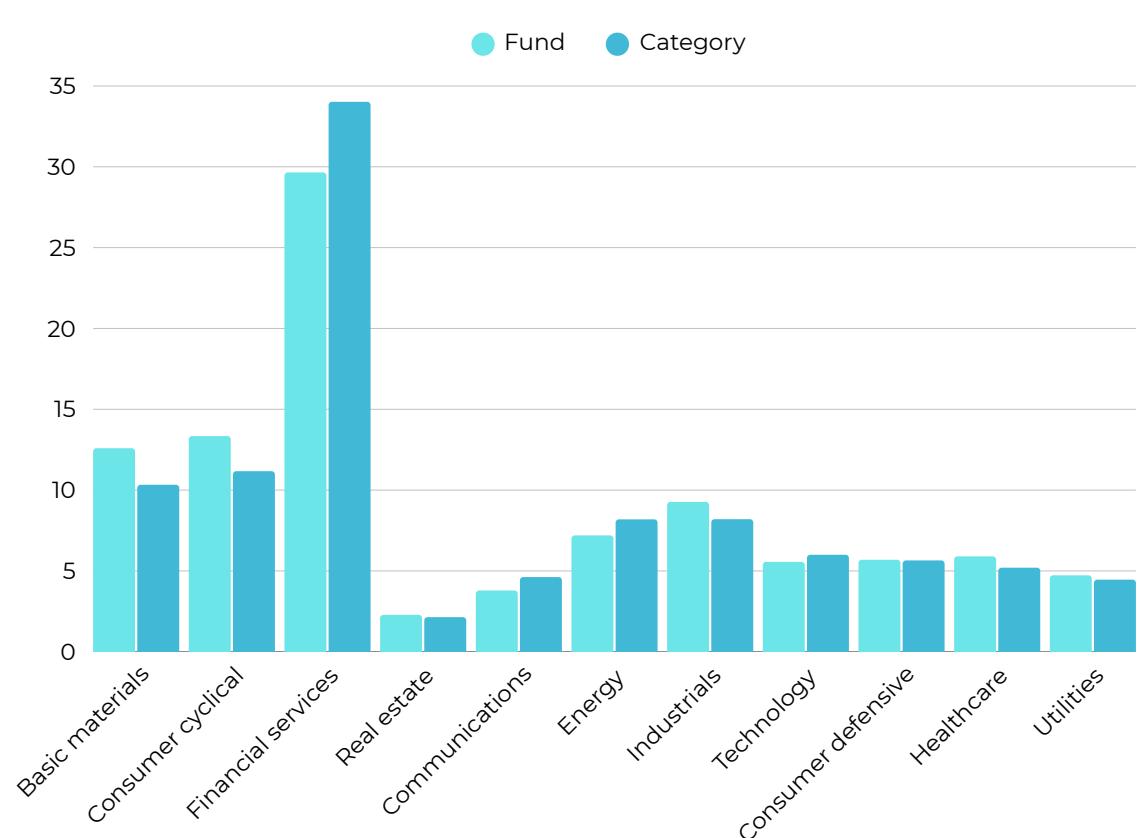
1. The Assets under management (AUM) of the Kotak Arbitrage fund is the highest among its peer group, indicating high investor confidence in the fund.
2. The Kotak Arbitrage Fund has the highest expense ratio, making it the most expensive among the funds.
3. The Kotak Arbitrage fund is the best-performing fund in the group, with a 3-year average return of 7.82%

Portfolio Analysis

Asset Allocation



Sector Allocation vs Category Average



Source: The aforementioned data has been taken from [Link](#)

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Scenario Analysis

Scenario analysis involves evaluating how different scenarios (combinations of variables) impact the outcome of a financial model. Each scenario represents a specific set of assumptions, such as best case, worst case, and base case, allowing you to test various possibilities and plan accordingly.

This approach helps investors and fund managers understand the potential impact on returns and risks from various plausible situations.

Scenario	Market Condition	Expected Returns (CAGR)	Volatility	Risk Profile	Investor Implication
Bull Market	Strong rally	8.5-9.0%	Low	Modest risk, lower than equity	Incremental upside but lags equities
Bear Market	Sharp correction	3.5-4.5%	Moderate	Lower than equity	Capital preservation focus
Stable/Sideways Market	Range-bound	~6.5%	Very low	Minimal risk	Predictable, steady returns
Interest Rate Hike	Rising rate zone	~5.5%	Low-moderate	Slight cost pressure	Stable with macroeconomic resilience

This scenario analysis highlights that the Kotak Arbitrage Fund Direct Growth aims for capital stability with moderate growth across market cycles, appealing to conservative investors wanting to balance risk and returns.



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