



— THE — **JUGALBANDI** of DEBT & TAX EFFICIENCY**

Union
Mutual Fund

UNION INCOME PLUS ARBITRAGE ACTIVE FOF

New Fund Offer Opens On

22nd May 2025

New Fund Offer Closes On

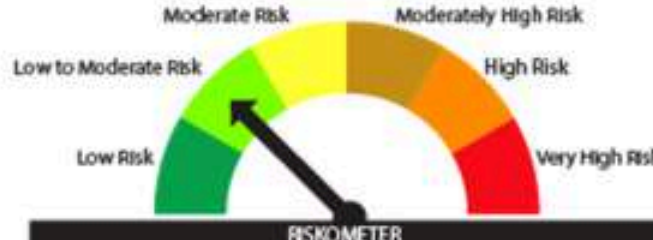
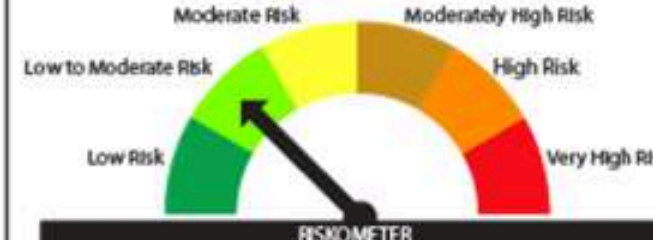
5th June 2025

Scheme Re-opens

Within 5 Business Days from Allotment

UNION INCOME PLUS ARBITRAGE ACTIVE FOF

(An open-ended FoF investing in units of Arbitrage and Debt Oriented Schemes.)

This product is suitable for investors who are seeking*:	Riskometer	Benchmark Riskometer
<ul style="list-style-type: none"> Income generation over medium to long term Investment predominately in units of Arbitrage Fund and Debt Funds. 	 <p>The risk of the scheme is Low to Moderate risk.</p>	 <p>The risk of the 60% Nifty Composite Debt Index + 40% Nifty 50 Arbitrage Index TRI # (Benchmark) is Low to Moderate risk.</p>

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

Note: The above product labelling assigned during the New Fund Offer is based on internal assessment of the Scheme Characteristics or model portfolio and the same may vary post NFO when actual investments are made. The Benchmark riskometer are based on the evaluation of the portfolios for the month ended April 30, 2025.

#For Benchmark Disclaimer please refer to slide 19.

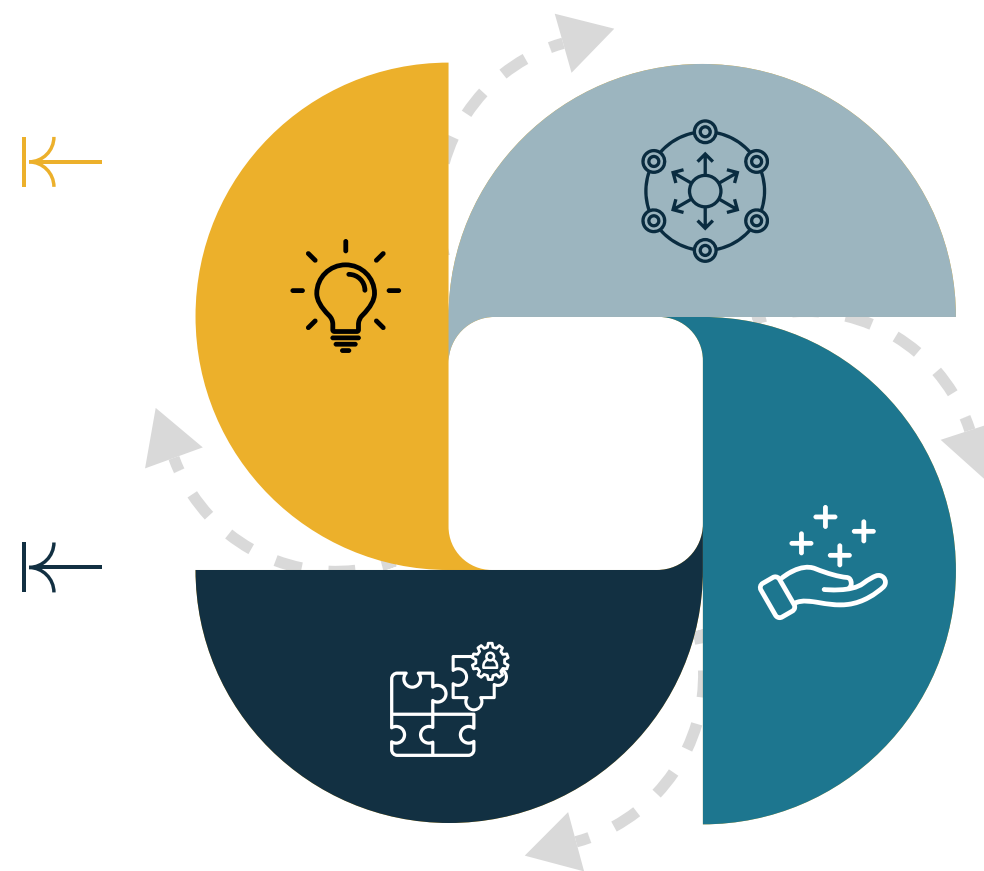
Understanding Fund of Funds (FOFs)

A FOF invests in other Mutual Fund schemes based on the asset allocation instead of creating portfolio of stocks or bonds directly.

The fund structure is best suited for investors looking for:

**01
Simplified Investing**
One Fund to gain access to all relevant funds based on the Mandate.

**04.
Skilled Management**
Professional Fund Managers select and monitor the underlying funds.



**02.
Automatic Diversification**
Diversification through relevant underlying Mutual Fund schemes.

**03.
Taxation Benefit***
Fund reallocations are tax-neutral, unlike individual portfolio adjustments.

Revised Taxation on FOFs – A new beginning to this category

Previously;

All FOFs were taxed like debt Mutual Funds, irrespective of their underlying investments.

Revised (Post Finance Act 2024)

Under the 2024 tax rules, FOFs are now taxed based on the updated Income Tax bill.*

For determining the Taxation, the FOFs are now classified as:

Type	Equity Oriented	Debt Oriented	Hybrid Oriented
Description	Invests >=90% in Equity Oriented Fund traded on stock exchange and such Equity Oriented Funds also invests 90% of proceeds in listed Equity shares in India	Invests >= 65% in Debt Oriented Funds and Money Market Instruments	Invests <65% in Debt Oriented Funds
Short Term			
Holding Period	<= 12 Months	Short Term	<= 24 Months
Tax Rate	20%	Applicable Slab Rate	Applicable Slab Rate
Long Term			
Holding Period	>12 Months	Long Term	> 24 Months
Tax Rate	12.50%	Applicable Slab Rate	12.50%



Presenting

UNION INCOME PLUS ARBITRAGE ACTIVE FOF

(An open-ended FoF investing in units of
Arbitrage and Debt Oriented Schemes.)

Understanding the Portfolio allocation

The allocation to debt schemes will be actively managed according to market conditions, with the remaining balance invested in arbitrage fund units.

35% - 65%



Debt

Units of Debt & Money
Market Funds

35% - 65%



Equity

Units of
Arbitrage Fund

0% - 5%



Money Market

Money Market
Instruments and Cash &
Cash Equivalent*

Understanding the Portfolio construction

Aims for better risk-adjusted returns via investments in units of Debt & Arbitrage Mutual Funds

Debt Component

Dynamically managed portfolio of Debt Schemes based on medium-term views on:

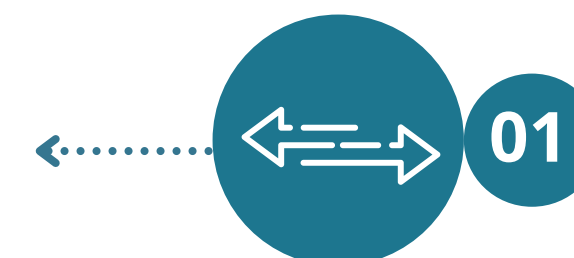


The portfolio will include mutual fund schemes primarily investing in high-rated bonds and sovereign, aligned with current market conditions.

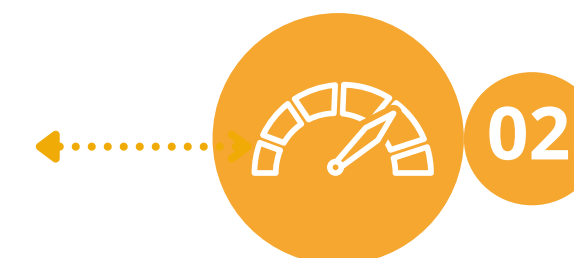
Arbitrage Component

Exposure to equities through market neutral strategy:

Captures price differences between cash and futures markets.



Underlying fund holds maximum near-month cash-futures position.



The portfolio construction is such that it capitalizes on price discrepancies between cash and futures markets.

Dynamic Debt Funds selection across different rate cycles

01

The FOF adjusts underlying debt scheme mixes, allowing for forward-looking portfolios.



02

Schemes adapt duration and accrual strategies to optimize risk-adjusted returns based on market conditions.



03

In a falling interest rate cycle the fund will endeavour into longer duration schemes and in rising rate cycle fund will endeavour in short duration schemes.

07

Outlook for Fixed Income Markets

Rate Cuts

MPC has reduced rates by 50bps this year, with potential for more to boost growth.

02

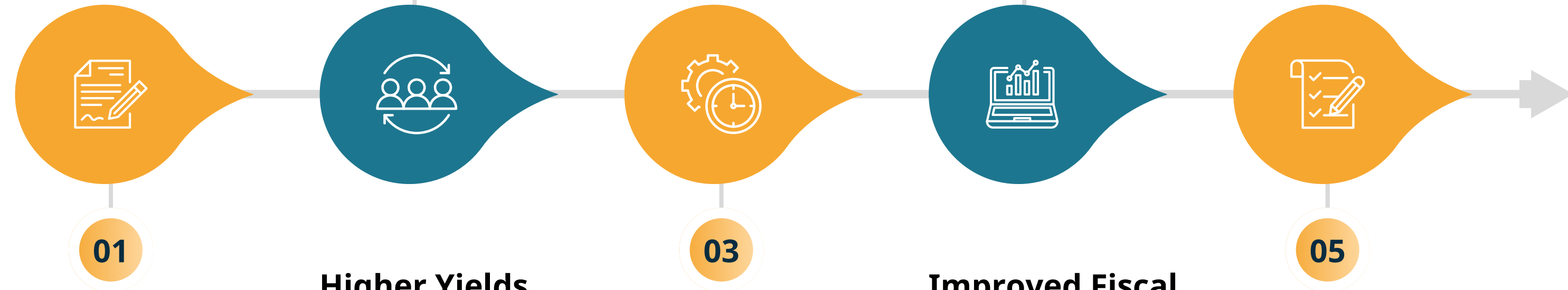
Slower GDP Growth

GDP growth is below expectations due to weak consumption and industrial slowdown.

04

Increased Bond Demand

FII and domestic institutions are driving higher demand for sovereign bonds.



Higher Yields

Increased spreads and yields offer opportunities for accrual and capital gains.

Improved Fiscal Health

Fiscal deficit remains well below target, showing improving fiscal health.

Current Intended Scheme Allocation

UNION CORPORATE BOND FUND[^]

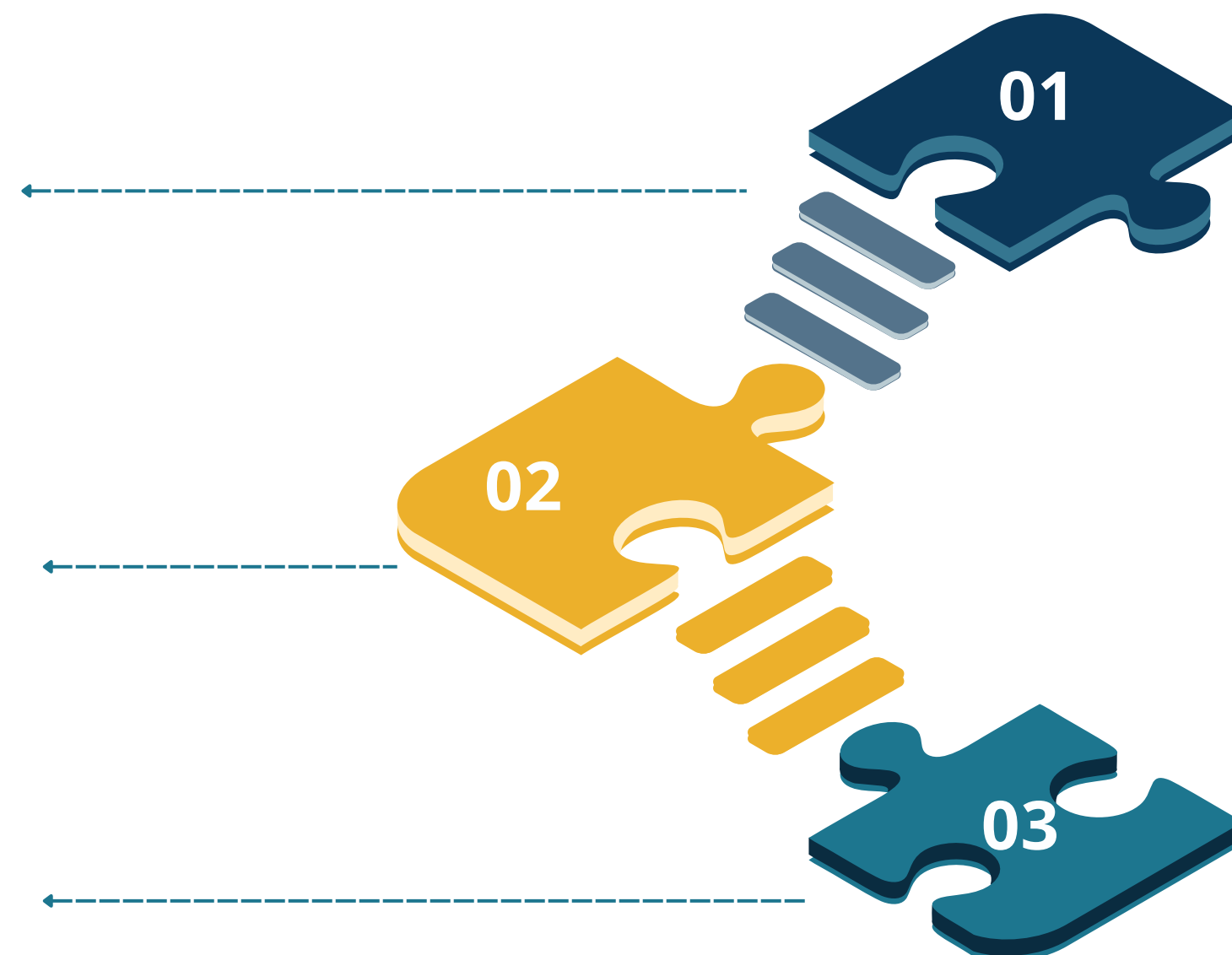
An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk

UNION GILT FUND

An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk

UNION ARBITRAGE FUND

An Open Ended Scheme investing in Arbitrage Opportunities



[^]Considering the current market conditions, the scheme intends to invest in the Union Corporate Bond Fund, Union Arbitrage Fund and Union Gilt Fund. The Fund Manager may at its discretion invest in any other debt-oriented schemes of Union Mutual Fund as listed in Scheme Information Document. The investment strategy of the Scheme will be reviewed from time to time and might change considering the best interest of the unitholders and if the market conditions warrant it. However, the investment strategy shall be in line with the strategy stated in the SID of the Scheme For further details on asset allocation, investment strategy and risk factors of the Scheme please refer to SID available on our website (www.unionmf.com).

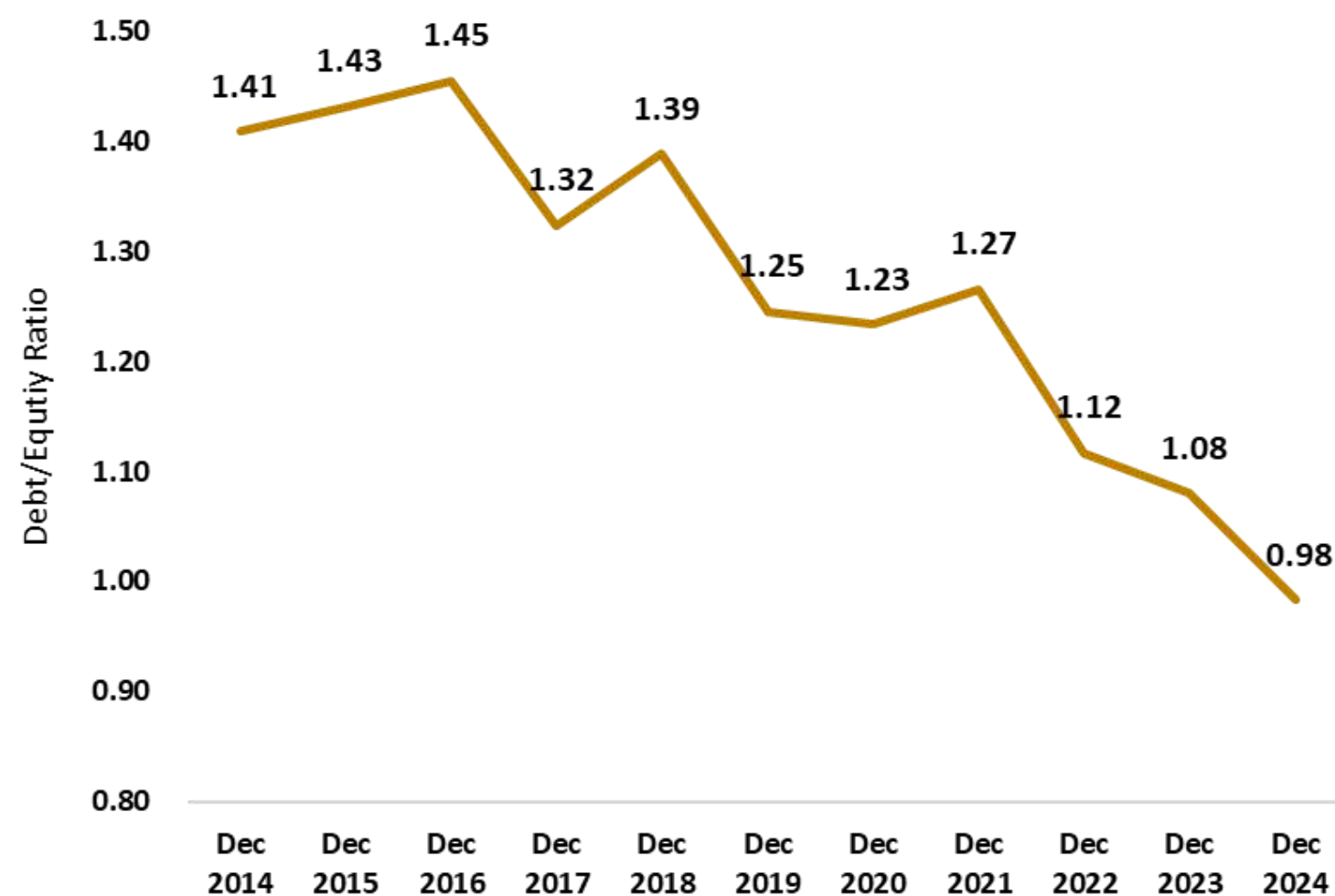
India Corporate Balance Sheet seems to be quality robust

Stronger Balance sheet for India :
Leverage ratio of NSE500 companies is on the downward trend.

The Ratings credit ratio, (ratio of number of upgrades to downgrades), stood at 2.75 times, higher than long period average highlighting the improvement in credit environment.

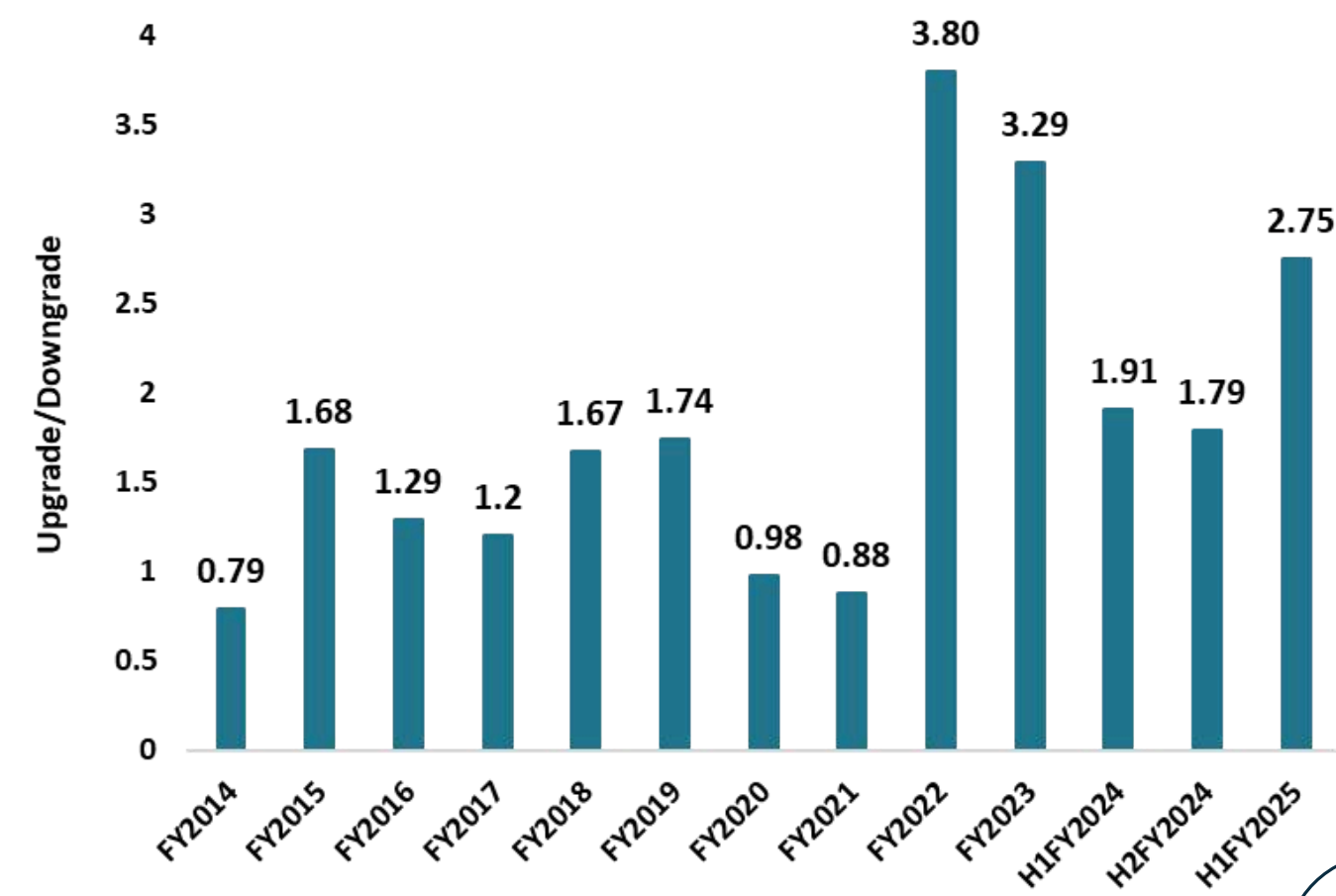
Overall credit environment is benign on account of healthy cashflows and leaner corporate balance sheets.

Debt to Equity Ratio of NSE 500 Companies



Data as on CY December 2024

Credit Ratio (Upgrades to Downgrades)



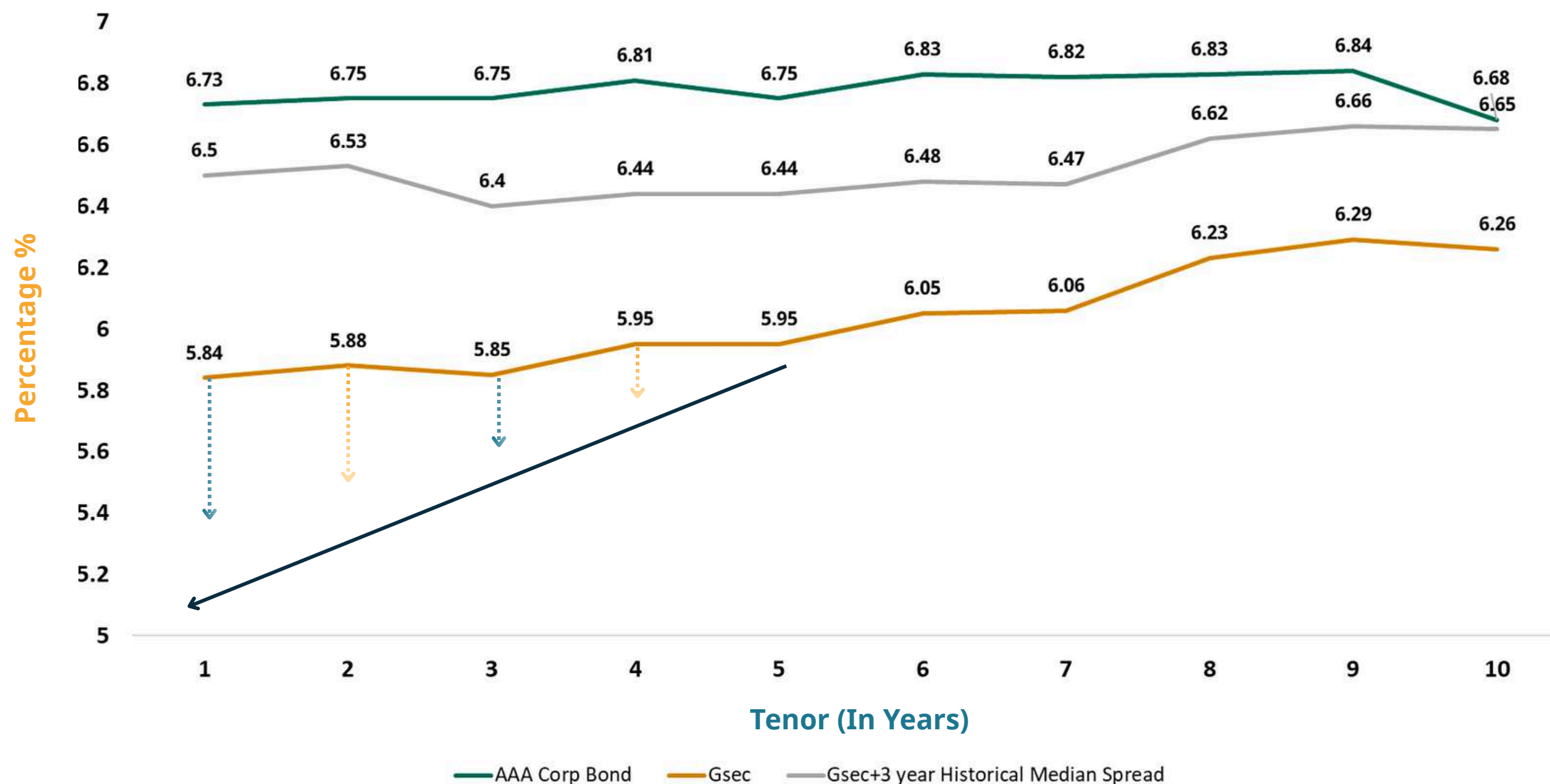
Data as on FY March 2025

Credit spreads are relatively attractive

Rate cut might shift the front end of the yield curve down by more than 50bps.

Longer end of the curve could remain buoyant on account of strong demand from investors.

Spreads between short term and long term securities are higher than their long term average.



Tax-Smart Income: The Debt & Equity Arbitrage Advantage

Tax Efficiency**

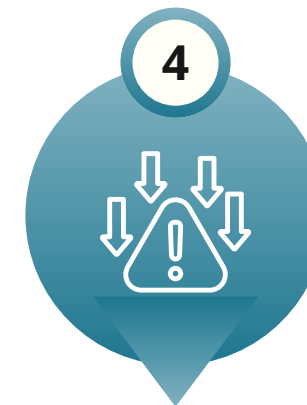
LTCG of 12.5% and no tax impact on investors on rebalancing.

Ease of Transaction

One transaction provides access to multiple underlying schemes*, simplifying the investment process.

Active Fund Selection

The fund manager adjusts allocations according to market trends and conditions.



Resilience Through Market Cycles

Aims to deliver returns in both rising and falling markets.

Relatively Lower Volatility

The Debt Portion generally reduces volatility, while arbitrage targets equity market opportunities.

**Refer slide 19 for disclaimer

*For details of underlying Scheme refer SID available at www.unionmf.com The investment strategy of the Scheme will be reviewed from time to time and might change considering the best interest of the unitholders and if the market conditions warrant it. However, the investment strategy shall be in line with the strategy stated in the SID of the Scheme.

Please refer to the SID for more details on the investment strategy.

Back Testing

As the investment time period increased, the minimum returns improved

Over Longer durations , the maximum returns became more consistent.

Investing for a longer period improved the probability of getting better returns.

	2 YEARS	5 YEARS	7 YEARS	10 YEARS
Total Observations	4749	3654	2923	1827
Minimum	3.35%	5.55%	5.72%	6.70%
Maximum	11.02%	9.51%	8.43%	7.90%
Average	7.25%	7.31%	7.21%	7.31%
Standard Deviation	1.76%	0.95%	0.76%	0.38%
<0%	0	0	0	0
Above 0% < 6%	1194	251	104	0
6% and above	3555	3403	2819	1827
% Observations for 6% and above	75%	93%	96%	100%



Returns Distribution

10-yr G-Sec vs. Benchmark Rolling Returns Comparison

Over longer investment periods (5, 7, and 10 years), benchmark rolling returns showed greater consistency and often outperformed the 10-year G-Sec yield, suggesting the potential for better returns with a longer-term perspective.

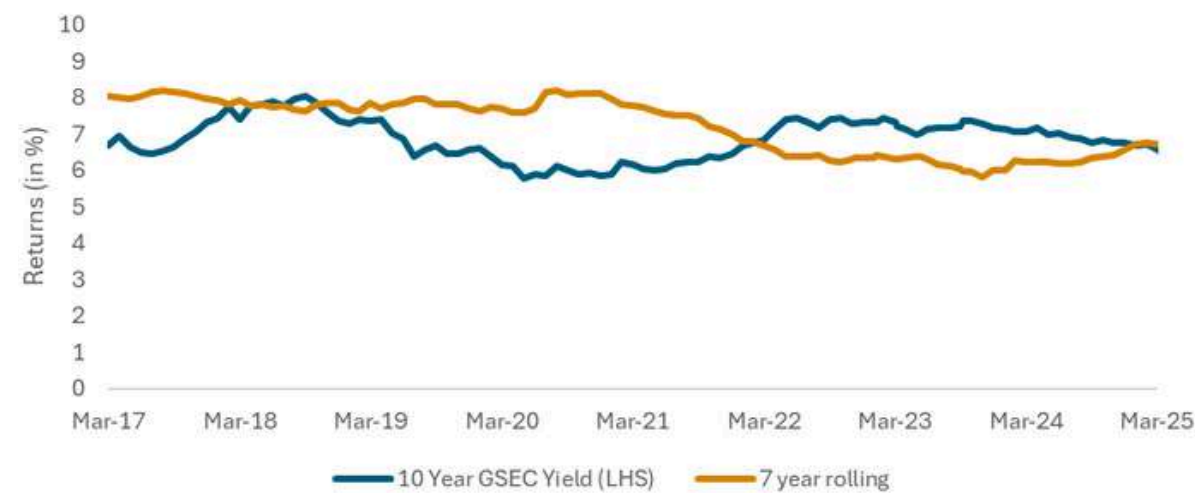
10 yr Gsec Yield vs 2 yr Rolling Returns



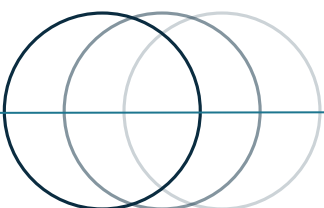
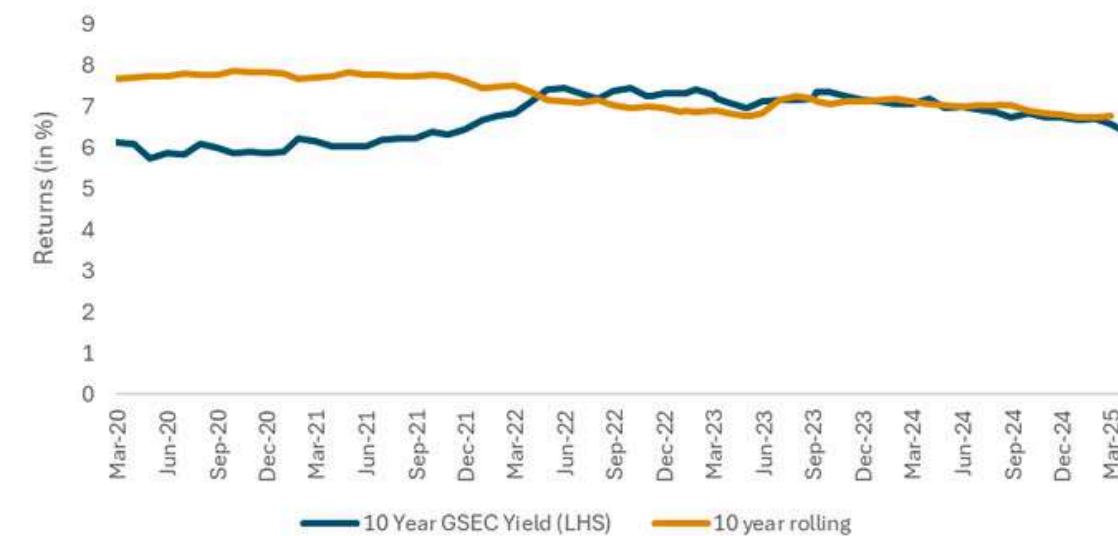
10 yr Gsec Yield vs 5 yr Rolling Returns



10 yr Gsec Yield vs 7 yr Rolling Returns



10 yr Gsec Yield vs 10 yr Rolling Returns



Investment Growth & Tax Impact Overview

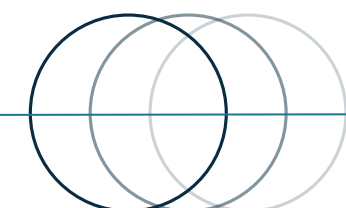
	Debt Mutual Fund Taxation at Slab rate 30%	Fund of Funds (FOF) LTCG at 12.50%
Amount Invested	₹ 1,00,000	₹ 1,00,000
Assumed CAGR(%)	7.25%	7.25%
Investment Period	> 24 Months	> 24 Months
Market Value of Investment	₹ 1,15,026	₹ 1,15,026
Capital Gains	₹ 15,026	₹ 15,026
Tax Rate	30.00%	12.50%
Tax on Capital Gains	₹ 4508	₹ 1878
Net Returns	₹ 10,518	₹ 13,147
Net Proceeds	1,10,518	₹ 1,131,47
% Returns - CAGR	5.13%	6.37%

Assumption: Tax rate for debt schemes is 30% (excluding cess and surcharges) for retail investors and 12.5% (excluding cess and surcharges) for the Fund of Funds

Investors are advised to seek professional advice from financial, tax and legal advisor before investing.

We've arrived at the 7.25% assumption by observing historical rolling returns across various timeframes, which have consistently averaged between 7.21% to 7.31%

Tax rate as announced in union budget 2024. The above returns are based on an assumed rate of return and for illustration purposes only. **Past performance may or may not be sustained in future and is not a guarantee of any future returns.** For disclaimer refer slide 19




Union Income Plus Arbitrage Active FOF: Fund Facts^{\$}

Scheme Name	Union Income Plus Arbitrage Active FOF
NFO Open Date	22 nd May 2025
NFO Close Date	5 th June 2025
Plans & Options	The Scheme has two plans viz. Regular plan & Direct plan. Both plans provide two options for investment – Growth Option and Income Distribution cum Capital Withdrawal (IDCW) Option Facility for “IDCW Re- investment”, “IDCW Pay-out” and “ IDCW Transfer” are available.
Application Amount	Minimum Investment Amount : Rs. 1000/- and in multiples of Re. 1 thereafter; Additional Purchase Amount: Rs. 1000/- and in multiples of Re. 1 thereafter
Benchmark	60% Nifty Composite Debt Index + 40% Nifty 50 Arbitrage Index*
Fund Manager	Mr. Vishal Thakker Fund Manager (Arbitrage Portion) , Mr. Anindya Sarkar Fund Manager – Fixed Income (Debt Portion) and Mr. Shrenuj Parekh Co- Fund Manager – Fixed Income (Debt Portion)
Exit Load	NIL

Other Scheme Product Labelling


Union Corporate Bond Fund

An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and moderate credit risk

This product is suitable for investors who are seeking*:	Riskometer
<ul style="list-style-type: none"> Regular income over Medium to Long term Income by investing in fixed income securities of varying maturities and credit 	 <p>RISKOMETER The risk of the scheme is moderate risk</p>

Union Gilt Fund

An open ended debt scheme investing in government securities across maturity. A relatively high interest rate risk and relatively low credit risk

This product is suitable for investors who are seeking*:	Riskometer
<ul style="list-style-type: none"> Credit risk free return over the medium to long term Investments in Government Securities across maturities 	 <p>RISKOMETER The risk of the scheme is moderate risk</p>

Union Arbitrage Fund

An Open Ended Scheme investing in Arbitrage Opportunities

This product is suitable for investors who are seeking*:	Riskometer
<ul style="list-style-type: none"> Income over short term from arbitrage opportunities in equity market. Investment in arbitrage opportunities in the cash & derivatives segment of the equity market 	 <p>RISKOMETER The risk of the scheme is low risk</p>

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

Note: The Scheme riskometers are evaluated on a monthly basis and the current riskometers are based on the evaluation of portfolios as on April 30, 2025.

Potential Risk Class Matrix of Debt Schemes

Union Corporate Bond Fund

Potential Risk Class Matrix ("PRC Matrix") of the Scheme			
Credit Risk of Scheme	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk of the Scheme →			
Relatively Low (Class I) ↓			
Moderate (Class II)			
Relatively High (Class III)		B-III	

Union Gilt Fund

Potential Risk Class Matrix ("PRC Matrix") of the Scheme			
Credit Risk of Scheme →	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Interest Rate Risk of the Scheme ↓			
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	A-III		

Disclaimer

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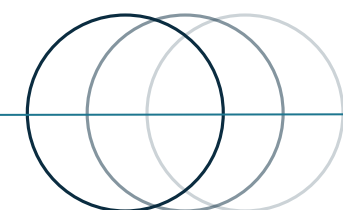
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THANK YOU

