Zerodha
Fund House

Key Information Memorandum (KIM)

Zerodha Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

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(An open ended scheme investing in arbitrage opportunities)

This product is suitable for investors who are seeking*:	Risk-o-meter of the Scheme	Risk-o-meter of the Benchmark (NIFTY 50 Arbitrage Index TRI - As per AMFI Tier I Benchmark)
Short term parking of funds A low volatility investment strategy based on arbitrage opportunities in equity markets along with exposure to debt and money market instruments		
Investors should understand that their principal will be at **Low Risk.**		

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

The product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when actual investments are made.

(Offer for face value of ₹ 10/- per unit during New Fund Offer and at continuous offer for units at NAV based prices)

New Fund Offer opens on	**August 12, 2026**
New Fund Offer closes on	**August 14, 2026**
Scheme reopens on	**Scheme will reopen for continuous Sale and Repurchase within 05 Business Days from the date of allotment of units under NFO**

Name of Sponsor	**Zerodha Broking Limited**
Name of Mutual Fund	**Zerodha Mutual Fund**
Name of Asset Management Company	**Zerodha Asset Management Private Limited**
Name of Trustee Company	**Zerodha Trustee Private Limited**
Address	**Indiqube Penta, New No. 51 (Old No. 14), Richmond Road, Bangalore - 560 025**
Website	**www.zerodhafundhouse.com**

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

The scheme particulars have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations, 2026, 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.

The Key Information Memorandum is dated August 06, 2026.

<table>
<tr><td>Investment Objective</td><td>The investment objective of the Scheme is to generate income and capital appreciation by investing in arbitrage opportunities in the cash and derivatives segments of the equity market, including opportunities within the derivatives segment, and by investing the remaining portion in debt and money market instruments.

There is no assurance that the investment objective of the Scheme will be achieved.</td></tr>
<tr><td>Asset Allocation Pattern of the Scheme</td><td>a. Under the normal circumstances, the asset allocation of the Scheme will be as follows:

<table>
<tr><th rowspan="2">Type of Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity & Equity related instruments including derivatives.</td><td>65%</td><td>100%</td></tr>
<tr><td>Debt and Money Market Instruments*, Cash & Cash Equivalents, Including units of Mutual funds</td><td>0%</td><td>35%</td></tr>
</table>
*Debt and money market instruments include, but are not limited to Treasury Bills, Commercial Paper of Public Sector Undertakings and, Tri-party repo, Certificates of Deposit of Scheduled Commercial Banks, Financial Institutions and Development Financial Institutions, Government securities with maturity upto 1 Year and other such debt and money market securities as may be permitted by SEBI / RBI from time to time and in the manner prescribed under the Regulations.

The asset allocation specified under normal circumstances is indicative and may vary depending on market conditions and the availability of arbitrage opportunities, at the discretion of the Fund Manager.

In situations where adequate arbitrage opportunities are not available in the equity and derivatives markets, or where the returns from such strategies are not considered attractive relative to fixed income securities, the Scheme may adopt a defensive investment strategy and increase exposure to debt and money market instruments, in line with the asset allocation specified above.

b. The asset allocation under defensive circumstances will be as follows:

<table>
<tr><th rowspan="2">Type of Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity & Equity related instruments including derivatives.</td><td>0%</td><td>65%</td></tr>
</table>
</td></tr>
</table>

*Debt and Money Market Instruments, Cash & Cash Equivalents, Including units of Mutual funds	35%	100%

**Debt and money market instruments include, but are not limited to Treasury Bills, Commercial Paper of Public Sector Undertakings and, Tri-party repo, Certificates of Deposit of Scheduled Commercial Banks, Financial Institutions and Development Financial Institutions, Government securities with unexpired maturity upto 1 Year and other such debt and money market securities as may be permitted by SEBI / RBI from time to time and in the manner prescribed under the Regulations.*

In accordance with para 13.18.2 of the SEBI Master Circular for Mutual Funds, dated March 20, 2026, the cumulative gross exposure through equity and equity instruments, debt, money market instruments and derivative position will not exceed 100% of the net assets of the scheme.

However, cash and cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

Indicative Table

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

Sr. No.	Type of Instrument	Percentage of Exposure	Circular References*
1.	**Securities Lending**	The Scheme shall adhere to the following limits while engaging in Stock Lending: • Not more than 20% of the net assets of the Scheme can be deployed in Stock Lending. • Not more than 5% of the net assets of the Scheme can be deployed in Stock Lending to any single approved intermediary.	Subject to Clause 13.6 of the SEBI Master Circular dated March 20, 2026, the Scheme intends to engage in Stock Lending.
2.	**Derivatives for hedging purposes**	Upto 100% of the net assets of the Scheme for hedging purpose.	In accordance with Clauses 13.15 and 13.18 of the SEBI Master Circular dated March 20, 2026.
3.	**Derivatives for non-hedging purposes**	Exposure to equity derivative instruments (long exposure) for non-hedging purposes shall	In accordance with Clauses 13.15 and 13.18 of the SEBI Master Circular dated March 20, 2026.

		not exceed 50% of the total portfolio.	
4.	**Real Estate Investment Trusts (REITs)**	Investments in REITs shall be considered as investment in equity related instruments in accordance with the 2026 Master Circular. Exposure limits shall be subject to applicable equity concentration limits under the SEBI (Mutual Funds) Regulations, 2026 and the Master Circular.	In accordance with Clause 13.13 of the SEBI Master Circular March 20, 2026 and SEBI (Mutual Funds) Regulations, 2026.
5.	**Inter-scheme Investments**	Aggregate inter-scheme investment made by all schemes of the Mutual Fund shall not exceed 5% of the NAV of the Mutual Fund. No fees shall be charged on such inter-scheme investments.	In accordance with Clause 13.14 of the SEBI Master Circular dated March 20, 2026 read with Clause 3 of Sixth Schedule of the SEBI (Mutual Funds) Regulations, 2026.

The Scheme does not intend to undertake/ invest/ engage in the following:

S.No.	Type of Instrument	Percentage of exposure	Circular references
1.	Securitized Debt	The Scheme will not invest/engage in these instruments.	
2.	Short selling of securities		
3.	Repo in corporate debt		
4.	Unrated instruments (except TREPs/ Government Securities/ SDL / Repo in Government Securities);		
5.	Foreign securities/ADR/GDR		
6.	InvITs		
7.	Instruments having Special Features as defined in SEBI Circular no. SEBI/HO/IMD/DF4/CIR/P/2021/ 032 dated March 10, 2021;		
8.	Credit Enhancements & Structured Obligations; and		

9.	Credit Default Swap transactions	

The Scheme may invest in other scheme(s) under the same AMC or any other mutual fund without charging any fees, provided that aggregate inter-scheme investment made by all Schemes under the same AMC or in Schemes under the management of any other asset management shall not exceed 5% of the net asset value of the Mutual Fund. Further, the Scheme shall not invest in any fund of funds scheme.

Subject to the Regulations and the applicable guidelines, the Scheme may engage in Stock Lending activities. The Scheme will participate in stock lending not more than 20% of total Net Assets of the Scheme and would limit its exposure with regard to stock lending for a single intermediary to the extent of 5% of the total net assets at the time of lending.

The scheme shall make investment in derivatives as permitted under the SEBI (MF) regulations for hedging and non hedging purposes within the exposure limits as may be prescribed under the SEBI Master Circular for Mutual Funds.

<u>Change in Asset Allocation:</u>

The above mentioned investment pattern is indicative and subject to the SEBI (MF) Regulations, the asset allocation pattern indicated above may vary from time to time, on account of receipt of maturity proceeds, interest and/or receipt of subscription. As per SEBI Circular no. SEBI/HO/IMD/DF2/CIR/P/2021/024 dated March 04, 2021, the Fund Manager, may deviate from the above investment pattern for a short term period on defensive considerations. The same will be rebalanced within 30 calendar days and further action may be taken as specified under SEBI Circulars/ AMFI guidelines issued from time to time.

Short term defensive consideration:

Subject to para 1.9.1(b) of the SEBI Master Circular for Mutual Funds, dated March 20, 2026 and circulars issued thereunder, the asset allocation pattern indicated above may change for a short term period on defensive considerations, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. These proportions may vary depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be rebalanced within 30 calendar days from the date of deviation and further action may be taken as specified under SEBI Circulars/ AMFI guidelines issued from time to time.

Portfolio rebalancing in case of passive breach:

Further, as per Paragraph 3.11 of the Master Circular dated March 20, 2026, as may be amended from time to time, in the event of deviation from mandated asset allocation due to passive breaches (occurrence of instances not arising out of omission and commission of the AMC), the fund manager shall rebalance the portfolio of the Scheme within 30 Business Days. In case the portfolio of the Scheme is not rebalanced within the period of 30 Business Days, justification in writing, including details of efforts taken to rebalance the portfolio shall be placed before the Investment Committee of the AMC. The Investment Committee, if it so desires, can extend the timeline for rebalancing up to sixty (60) Business Days from the date of completion of the mandated rebalancing period. Further, in case the portfolio is not rebalanced within the aforementioned mandated plus extended timelines the AMC

	shall comply with the prescribed restrictions, the reporting and disclosure requirements as specified in Paragraph 3.11 of the Master Circular dated March 20, 2026. **Timelines for deployment of Funds mobilized in a New Fund Offer (NFO)** Pursuant to SEBI Circular dated February 27, 2025, the funds mobilized during the New Fund Offer (NFO) shall be deployed in accordance with the asset allocation pattern of the scheme within 30 business days from the date of allotment of units. In exceptional cases where the AMC is not able to deploy the funds within this period, shall provide an explanation, including details of the efforts made to deploy the funds, to the Investment Committee of the AMC. The Investment Committee may extend the deployment timeline by up to 30 business days and shall provide recommendations to ensure timely deployment in the future.
Investment Strategy	The Scheme will seek to generate income by identifying and investing in arbitrage opportunities arising from price differentials between the cash and derivatives segments of the equity markets, including opportunities across different derivative contracts and expiry periods. The arbitrage strategy typically involves simultaneous purchase of securities in the cash market and sale of corresponding futures in the derivatives market, with an intent to hold positions till expiry or roll over positions, where considered appropriate. In the absence of adequate arbitrage opportunities, the Scheme may invest in debt and money market instruments, including cash and cash equivalents, in line with the asset allocation. The Scheme will maintain a market-neutral approach and may also invest in other permitted instruments as per regulatory guidelines, with appropriate risk management practices. A part of the funds may be invested in debt and money market instruments, to meet the liquidity requirements. The Scheme may also invest in the schemes of Mutual Funds in terms of the prevailing SEBI (MF) Regulations. **Though every endeavor will be made to achieve the objective of the Scheme, the AMC/Sponsors/Trustee do not guarantee that the investment objective of the Scheme will be achieved. No guaranteed returns are being offered under the Scheme.** **EQUITY INVESTMENT STRATEGY:** The Scheme will invest in equity and equity-related instruments with the objective of generating income and capital appreciation by primarily investing in arbitrage opportunities in the cash and derivatives segments of the equity market, including opportunities within the derivatives segment. The strategy involves taking offsetting positions in equity and corresponding derivative instruments to capture price differentials, thereby maintaining a market-neutral portfolio. Pending deployment in arbitrage opportunities or during periods when such opportunities are limited, the Scheme may temporarily invest in cash, cash equivalents, and other permitted instruments, including debt and money market securities.

	However, there is no assurance that all such buying and selling activities would necessarily result in benefit for the Fund. **DEBT AND MONEY MARKET INVESTMENT STRATEGY:** A small portion of the net assets will be held as cash or will be invested in debt and money market instruments permitted by SEBI/RBI including TREPS or in alternative investment for the TREPS as may be provided by the RBI, to meet the liquidity requirements under the Scheme. **STRATEGIES FOR INVESTMENT IN DERIVATIVES:** The Scheme may take derivatives positions based on the opportunities available subject to the guidelines provided by SEBI from time to time and in line with the overall investment objective of the Scheme. The Scheme intends to use derivatives mainly for the purpose of hedging and portfolio balancing. Losses may arise as a result of using derivatives, but these are likely to be compensated by the gains on the underlying cash instruments held by the Scheme. The Scheme will not assume any leveraged exposure to derivatives. Derivatives can be traded over the exchange or can be structured between two counterparties.
Risk Profile of the scheme	Mutual Fund Units involve investment risks including the possible loss of principal. Please read the SID carefully for details on risk factors before investment. Scheme specific Risk Factors are summarized at page no 14. For details on risk factors and risk mitigation measures, please refer to the Scheme Information Document (SID).
Plans and Options	The scheme offers only Direct Plan. The scheme offers only Growth Option. The Trustees/ AMC reserves the right to introduce further Plan/ Options as and when deemed fit, subject to the SEBI (MF) Regulations. For detailed disclosure on default plans and options, kindly refer to SAI.
Applicable NAV (after the scheme opens for subscriptions and redemptions)	The NAV applicable for purchase or redemption or switching of Units based on the time of the Business Day on which the application is accepted, subject to the provisions of 'realization of funds' and 'cut off timings' as described in the Scheme Information Document.
Minimum Application Amount/ Number of Units	**During NFO:** ₹ 5000 and ‘any amount’ thereafter.

	During Ongoing offer period: Investors can invest under the Scheme during the ongoing offer period with a minimum investment of: <u>Lumpsum</u>: ₹5000 and in multiples of 'any amount' thereafter. <u>SIP</u>: ₹1000 and in multiples of 'any amount' thereafter. The Minimum Application shall not be applicable to the mandatory investments made in the Scheme pursuant to the provisions of para 7.13 and 7.14 of SEBI Master Circular dated March 20, 2026, as amended from time to time.
Despatch of Repurchase (Redemption request)	Redemption: Within three working days of the receipt of the redemption request.
Benchmark Index	The performance of the scheme will be benchmarked to the performance of the following: NIFTY 50 Arbitrage Index TRI. The composition of the aforesaid benchmark is such that it is most suited for comparing performance of the scheme. The Trustees reserves the right to change the benchmark in future, if a benchmark better suited to the investment objective of the Scheme is available post prior intimation/ approval of SEBI.
Dividend Policy	Not Applicable
Name of the Fund Manager	Mr. Kedarnath Mirajkar
Name of the Trustee Company	Zerodha Trustee Private Limited
Performance of the scheme	This scheme is a new scheme and does not have any performance track record.
Additional Scheme Related Disclosures	This scheme is a new scheme and does not have any portfolio holdings.
Expenses of the scheme **(i) Load Structure**	**New Fund Offer Period** Exit/ Redemption Load: <table><tr><th>Type of Load</th><th>Load Chargeable (% of NAV)</th></tr><tr><td>Exit / Redemption Load</td><td>(i) For redemptions / switch outs within 30 days from the date of allotment - 0.25% of the applicable NAV.</td></tr></table>

	(ii) For redemptions / switch outs after 30 days from the date of allotment - Nil.

The Trustee reserves the right to change/ modify the Load structure of the Scheme, subject to maximum limits as prescribed under the Regulations.

For further details on load structure refer to the SID.

(ii)Recurring expenses

These are the fees and expenses incurred for the Scheme. These expenses include but are not limited to Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs, listing fee, etc.

The AMC has estimated that the following expenses will be charged to the Scheme as permitted under Regulation 66 and Regulation 67 of SEBI (MF) Regulations. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund viz.www.zerodhafundhouse.com

Expense Head	% of daily net assets (estimated) (p.a.)
Investment Management and Advisory Fees	**Upto 2.10%**
Trustee Fees and Expenses[1]	
Audit Fees and Expenses	
Custodian Fees and Expenses	
RTA Fees and Expenses	
Marketing and Selling Expenses	
Cost related to Investor Communication	
Cost of fund transfer from one location to another	
Cost of providing account statements	
Cost of Statutory Advertisements	
Cost towards investor education and awareness[2]	
Brokerage and Transaction cost over and above 0.06% and 0.02% on value of trades for cash and derivative market trades only	
Other Expenses	
Maximum Base Expense Ratio (BER) permissible under Regulation 66 (7)[4]	
Statutory levies (including GST) on expenses other than Investment Management and Advisory Fees[3]	**As per Prevailing rates**
Statutory levies (including GST) on Investment Management and Advisory Fees[3]	
Statutory levies (including GST) on brokerage and transaction cost[3]	

	Recurring expenses (BER) under Regulation 66(7)(c): On the first Rs. 500 crores of the daily net assets — 2.10% p.a. On the next Rs. 250 crores of the daily net assets — 1.90% p.a. On the next Rs. 1,250 crores of the daily net assets — 1.60% p.a. On the next Rs. 3,000 crores of the daily net assets — 1.50% p.a. On the next Rs. 5,000 crores of the daily net assets — 1.40% p.a. On the next Rs. 40,000 crores of the daily net assets — Base expense ratio reduction of 0.05% for every increase of Rs. 5,000 crores of daily net assets or part thereof. On balance of the assets — 0.95% p.a. The base expense ratio of the scheme shall be the sum of expenses mentioned at regulation 66(4), 66(5) and 66 (6) but excluding statutory levy applicable, if any, on the said expenses and transaction cost^ specified under regulation 66(10). *^Transaction cost incurred for the purpose of execution of a trade shall mean regulatory levies and any other expenses charged by the stock exchanges, clearing corporation, and clearing house, as applicable. Such transaction costs shall not form part of the base expense ratio.* *Total Expense Ratio (TER)* *The total of all expenses charged to the investors of the Scheme, as mentioned under the definition of 'Total Expense Ratio' under the SEBI (Mutual Funds) Regulations, 2026, shall comprise: (a) expenses charged within the Base Expense Ratio (BER) limit specified under Regulation 66(7); (b) brokerage and transaction costs permitted under Regulation 66(9); (c) transaction costs incurred for the purpose of execution of trade as referred to under Regulation 66(10); and (d) statutory levies charged to the investors.* *[1] Trustee Fees and Expenses* *In accordance with the Trust Deed constituting the Mutual Fund, the Trustee is entitled to receive, in addition to the reimbursement of all costs, charges, and expenses, a fee of upto INR 15,00,000 per quarter (aggregate across all schemes), to be allocated to individual schemes in proportion to their average AUM for the preceding quarter.* *[2] Investor Education and Awareness initiatives* *As per para 11.9 of Master Circular, the AMC shall annually set apart at least 2 basis points p.a. (i.e. 0.02% p.a.) on daily net assets of the Scheme within the limits of base expense ratio limit prescribed under Regulation 66 of SEBI (MF) Regulations for investor education and awareness initiatives undertaken* *[3] Refer Point (3) below on GST on various expenses.*

	[4] *The expenses towards Investment Management and Advisory Fees under Regulation 66 (4) and the various sub-heads of recurring expenses mentioned under Regulation 66 (5) of SEBI (MF) Regulations are fungible in nature. Thus, there shall be no internal sub-limits within the expense ratio for expense heads mentioned under Regulation 66 (4) and (5) respectively.* *The purpose of the above table is to assist the Investor in understanding the various costs and expenses that an Investor in the Plan(s) under the Scheme will bear directly or indirectly. The figures in the table above are estimates. The actual expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI (MF) Regulations.* **GST** GST shall be charged as follows: - a. GST on investment management and advisory fees shall be charged to the Scheme in addition to the maximum limit of TER as prescribed in Regulation 66 (7) of the SEBI (MF) Regulations. b. GST on other than investment management and advisory fees, if any, shall be charged to the Scheme in addition to the maximum limit of BER as prescribed in Regulation 66 (7) of the SEBI (MF) Regulations. *Such expenses include, by way of illustration and without limitation: (a) Trusteeship fees; (b) Custodian fees; and (c) Index / benchmark licensing fees etc.* c. GST on brokerage and transaction cost paid for execution of trade, if any, shall be charged to the Scheme in addition to the maximum limit of BER as prescribed under Regulation 66 of the SEBI (MF) Regulations. The base expense ratio (excluding statutory expenses such as GST) of the Scheme including the Investment Management and Advisory Fee shall not exceed the limits stated in Regulation 66 of the SEBI (MF) Regulations. The mutual fund would update the current expense ratios on the website (www.zerodhafundhouse.com) at least three working days prior to the effective date of the change and update the TER under the Section titled "Statutory Disclosures" under the sub-section titled "Total Expense Ratio of Mutual Funds".
Tax Treatment for the Investors (Unitholders)	Investors are advised to refer to the paragraph on '**Taxation'** in the '**Statement of Additional Information (SAI)**' and to consult their own tax advisors with respect to the specific amount of tax and other implications arising out of their participation in the scheme.
Daily Net Asset Value (NAV) Publication	The NAV will be calculated by the AMC for each Business Day except in special circumstances. AMC shall disclose the NAV for each Business Day as below: 1. On the website of the Fund/AMC - **11.00 P.M. every Business Day.** 2. On the website of Association of Mutual Funds in India (AMFI) - **11.00 P.M. every Business Day.**

<table>
<tr>
<td>For Investor Grievances please contact</td>
<td>Investors can lodge any service request or complaints or enquire about NAVs, Unit Holdings, etc. by sending an email to support@zerodhafundhouse.com

The investor service representatives may require personal information of the Investor for verification of his / her identity in order to protect confidentiality of information.

The AMC will at all times endeavor to handle transactions efficiently and to resolve any investor grievances promptly.

Any complaints should be addressed to the Investor Relations Officer.

Address:
Investor Relation Officer
Zerodha Asset Management Private Limited
New No.51, IndiQube Penta, 2nd Floor, Richmond Road, Bangalore - 560025
Email - iro@zerodhafundhouse.com

For any grievances with respect to transactions through BSE StAR, the investors / Unit Holders should approach either the stockbroker or the investor grievance cell of the stock exchange.

Investors may escalate to the Compliance Officer at compliance@zerodhafundhouse.com and/ or CEO at ceo@zerodhafundhouse.com if they do not receive a response/ not satisfied with the response from the Investor Relations Team.</td>
<td>Registrar and Transfer Agent

Computer Age Management Services Limited (CAMS)

Rayala Tower-1, 158 Anna Salai, Chennai - 600 002
Website: www.camsonline.com

<u>Please note that the Investor Grievances are being handled by AMC, so Investors are requested to reach out directly to the AMC.</u></td>
</tr>
<tr>
<td>Unitholders' Information</td>
<td colspan="2">ACCOUNT STATEMENTS DURING ONGOING OFFER PERIOD

The AMC shall send an allotment confirmation specifying the units allotted by way of email and/or SMS within 5 Business 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 via electronic mode (e-CAS) by the twelfth (12th) day from the month end and to investors that have opted for delivery via physical mode by the fifteenth (15th) day from the month end.</td>
</tr>
</table>

	Half-yearly CAS shall be issued at the end of every six months (i.e. September/ March) to investors that have opted for e-CAS on or before the eighteenth (18th) day of April and October and to investors that have opted for delivery via physical mode by the twenty first (21st) day of April and October. For further details, refer to SAI. **<u>Annual Report</u>** Scheme Annual report in the format prescribed by SEBI, will be hosted on the website of the Fund viz. www.zerodhafundhouse.com and on the website of Association of Mutual Funds in India (AMFI) viz. www.amfiindia.com as soon as may be but not later than four months from the date of closure of the relevant accounts year (i.e. 31st March each year). Mutual Fund / AMC will publish an advertisement every year, in the 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 Fund and on the website of Association of Mutual Funds in India (AMFI). Mutual Fund / AMC will email the Scheme Annual Report or Abridged Summary thereof to the unitholders registered email address with the Mutual Fund. Mutual Fund / AMC will provide a physical copy of the abridged summary of the Annual Report, without charging any cost, on specific request received from a unitholder through any mode. A physical copy of the scheme wise annual report shall be made available for inspection to the investors at the registered office of the AMC. A link of the scheme annual report or abridged summary thereof shall be displayed prominently on the website of the Fund and shall also be displayed on the website of Association of Mutual Funds in India (AMFI). *Email ID for communication: First / Sole Holders should register their own email address and mobile number in their folio for speed and ease of communication in a convenient and cost-effective manner, and to help prevent fraudulent transactions.* **Disclosure of Risk-o-meter** The risk-o-meter of the Scheme shall be evaluated on a monthly basis and shall be disclosed along with portfolio disclosure on the AMC website and on AMFI website within 10 days from the close of each month. Notice about changes in Scheme's Risk-o-meter, if any, shall be issued. The product labeling assigned during the NFO is based on internal assessment of the scheme characteristics and the same may vary post NFO when the actual investments are made. For latest Risk-o-meter of the Scheme and the Benchmark, investors may refer to the monthly portfolios disclosed on the website of the Fund viz. www.zerodhafundhouse.com. The risk level of the Scheme as on March 31 of every year, along with the number of times the risk level has changed over the year, shall be disclosed on the AMC website and AMFI website. The scheme wise changes in Risk-o-meter shall be disclosed in scheme wise Annual Reports and Abridged summary.

Risk Factors

Standard Risk Factors

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price/ value/ interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down depending on the various factors and forces affecting the capital markets and money markets.
- Past performance of the Sponsors and their affiliates / AMC / Mutual Fund does not guarantee future performance of the Scheme of the Mutual Fund.
- The name of the Scheme does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The Sponsors are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of ₹ 1 lakh each made by them towards setting up the Fund.
- The present Scheme is not a guaranteed or assured return Scheme.

Scheme Specific Risk Factors

The Scheme is subject to the specific risks that may adversely affect the Scheme's NAV, return and / or ability to meet its investment objective. The specific risk factors related to the Scheme include, but are not limited to the following:

Risks associated with Equity and Equity Related Instruments:

Equity and equity related instruments by nature are volatile and prone to price fluctuations on a daily basis due to macro and micro economic factors. The value of Equity and Equity Related Instruments may fluctuate due to factors affecting the securities markets such as price volatility, volumes traded, interest rates, currency exchange rates, changes in law/policies of the Government, taxation laws, political, economic or other developments, which may have an adverse impact on individual securities, a specific sector or all sectors. Consequently, the NAV of the Units issued under the Scheme may be adversely affected.

Equity and Equity related instruments listed on the stock exchange carry lower liquidity risk; however the Scheme's ability to sell these investments is limited by the overall trading volume on the stock exchanges. In certain cases, settlement 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's portfolio may result, at times, in potential losses to the Scheme, if there is a subsequent decline in the value of securities held in the Scheme's portfolio.

Investments in equity and equity related instruments involve a degree of risk and investors should not invest in the Scheme unless they can afford to take the risk of losing their investment.

Risks associated with Debt and Money Market Instruments or Fixed Income Securities

Debt and Money Market Instruments or Fixed Income 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.

Credit Risk: This is the risk associated with the issuer of a debenture/bond or a Money Market Instrument defaulting on coupon payments or in paying back the principal amount on maturity. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It is to be noted here that a Government Security is a sovereign security and is the safest. Corporate bonds carry a higher amount of credit risk than Government Securities. Within corporate bonds also there are different levels of safety and a bond rated higher by a particular rating agency is safer than a bond rated lower by the same rating agency.

Interest-Rate Risk: Fixed income securities such as government bonds, corporate bonds and Money Market Instruments run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices depends upon the coupon and maturity of the security. It also depends upon the yield level at which the security is being traded.

Liquidity Risk: The Indian debt market is such that a large percentage of the total traded volumes on particular days might be concentrated in a few securities. Traded volumes for particular securities differ significantly on a daily basis. Consequently, the scheme might have to incur a significant “impact cost” while transacting large volumes in a particular security.

Reinvestment Risk: Investments in fixed income securities carry reinvestment risk as interest rates prevailing on the coupon payment or maturity dates may differ from the original coupon of the bond.

Basis Risk: The underlying benchmark of a floating rate security or a swap might become less active or may cease to exist and thus may not be able to capture the exact interest rate movements. This may result in loss of value of the portfolio.

Spread Risk: In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. During the tenure of the security this spread may move adversely or favourably leading to fluctuations 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.

Risk of Rating Migration: It may be noted that the price of a rated security would be impacted with the change in rating and hence, there is risk associated with such migration.

Counterparty and Settlement Risk: Corporate Bond Repo will be settled between two counterparties in the OTC segment unlike in the case of TREPS transactions where CCIL stands as central counterparty on all transactions (no settlement risk).Settlement risk in reverse repo will be mitigated by requiring the counterparty (entity borrowing funds from the Mutual Fund) to deliver the defined collateral in the account of the MF before the cash is lent to the counterparty. Further, the Mutual Fund will also have a limited universe of counterparties, but not limited to, comprising Scheduled Commercial Banks, Primary Dealers, Mutual Funds and National Financial Institutions.

Legislative 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.

Risk factors associated with processing of transactions through Stock Exchange Mechanism

The trading mechanism introduced by the Stock Exchange(s) is configured to accept and process transactions for mutual fund Units in both Physical and Demat Form. The allotment and/or redemption of Units through NSE and/or BSE or any other authorised Stock Exchange(s), on any Business Day will depend upon the modalities of processing viz. collection of application form, order processing /settlement, etc. upon which the Fund has no control. Moreover, transactions conducted through the Stock Exchange mechanism shall be governed by the operating guidelines and directives issued by respective recognized Stock Exchange(s). Accordingly, there could be negative impacts to the investors such as delay or failure in allotment / redemption of units. The Fund and the AMC are not responsible for the negative impacts.

Risk associated with Securities Lending

Securities Lending is a lending of securities through an approved intermediary to a borrower under an agreement for a specified period with the condition that the borrower will return equivalent securities of the same type or class at the end of the specified period along with the corporate benefits accruing on the securities borrowed. 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 the collateral, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.

The AMC shall adhere to the following limits should it engage in Stock Lending:

- Not more than 20% of the net assets of a Scheme can generally be deployed in Stock Lending.
- Not more than 5% of the net assets of a Scheme can generally be deployed in Stock Lending to any single approved intermediary / counterparty.

Risks associated with segregated portfolio:

The unit holders may note that no redemption and subscription shall be allowed in the segregated portfolio. However, in order to facilitate exit to unit holders in the segregated portfolio, the AMC shall enable listing of units of segregated portfolio on the recognized stock exchange.

The risks associated in regard to the segregated portfolio are as follows:

- The investors holding units of the segregated portfolio may not be able to liquidate their holdings till the time of recovery of money from the issuer.
- The security comprising the segregated portfolio may not realize any value.
- Listing units of the segregated portfolio on a recognized stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units of the segregated portfolio on the stock exchange.
- The trading price of units on the stock exchange may be significantly lower than the prevailing Net Asset Value (NAV) of the segregated portfolio.

Risk associated with Equity Derivatives

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of the fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Trading in derivatives has the following risks:

1. An exposure to derivatives in excess of the hedging requirements can lead to losses.
2. An exposure to derivatives, when used for hedging purpose, can also limit the profits from a genuine investment transaction.
3. Derivatives carry the risk of adverse changes in the market price.
4. Illiquidity Risk i.e., risk that a derivative trade may not be executed or reversed quickly enough at a fair price, due to lack of liquidity in the market.

The Fund may use derivatives instruments like equity futures & options, or other derivative instruments as permitted under the Regulations and Guidelines. Usage of derivatives will expose the Scheme to liquidity risk, open position risk, and opportunities risk etc. Such risks include the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. In case of the derivative strategies, it may not be possible to square off the cash position against the corresponding derivative position at the exact closing price available in the Value Weighted Average Period.

Numerical Example:

The following illustrative examples are provided to help investors understand the risks arising from the use of derivative instruments by the Scheme. These examples are hypothetical and for illustrative purposes only; actual outcomes will vary based on market conditions and portfolio composition at any given time.

Example 1: Risk Associated with Equity Derivatives

Assume the Scheme's equity portfolio is Rs. 80 crore and the Scheme receives a fresh inflow of Rs. 10 crore pending deployment into equities. The Fund Manager buys Nifty 50 index futures worth Rs. 10 crore to gain immediate market exposure pending direct equity investment. The following scenarios illustrate the impact of equity futures on portfolio returns:

Scenario	Equity Portfolio(Rs. Crore)	Futures Position(Rs. Crore)	Market Move	Equity Gain/ (Loss)(Rs. Crore)	Futures Gain/ (Loss)(Rs. Crore)	Net Portfolio Gain/ (Loss)(Rs. Crore)
No derivatives,Market rises	80	Nil	+10%	+8.00	Nil	**+8.00**
With long futures,Market rises	80	+10 (Long)	+10%	+8.00	+1.00	**+9.00**
No derivatives,Market falls	80	Nil	−10%	(8.00)	Nil	**(8.00)**
With long futures,Market falls	80	+10 (Long)	−10%	(8.00)	(1.00)	**(9.00)**

Assumptions: Equity portfolio = Rs. 80 crore; Futures long position = Rs. 10 crore (notional); Market move applied uniformly to both equity portfolio and futures position. The above is a simplified illustration; actual futures P&L will depend on contract price, lot size, margin requirements and settlement price on NSE/BSE.

As the above illustration shows, equity derivatives amplify both gains and losses relative to holding only the underlying equity portfolio. When the market rises, the futures position generates an additional gain; however, when the market falls, the futures position magnifies the loss. This risk is inherent in the leveraged nature of derivative instruments.

Risk associated with Debt Derivatives

The Scheme may invest in debt derivative instruments as may be allowed under the SEBI (Mutual Funds) Regulations, 2026 and applicable SEBI guidelines from time to time. These instruments may be used for hedging interest rate risk or managing portfolio duration, and may also be used for non-hedging purposes within the limits prescribed under the applicable SEBI Master Circular for Mutual Funds dated March 20, 2026.

The risks associated with the use of debt derivatives are different from or possibly greater than the risks associated with investing directly in debt and money market instruments. Key risks include:

(i) Basis Risk — the underlying benchmark of a swap or floating rate instrument, such as MIBOR or T-Bill rates, may become less active or cease to accurately reflect prevailing market interest rate movements, resulting in an imperfect hedge and potential loss of portfolio value;
(ii) Counterparty Risk — debt derivatives such as IRS and FRAs are predominantly over-the-counter (OTC) instruments in India and do not carry a central counterparty guarantee, exposing the Scheme to the credit risk of the counterparty to the transaction;
(iii) Interest Rate Risk — adverse movements in interest rates may result in mark-to-market losses on derivative positions held by the Scheme; and
(iv) Valuation Risk — the valuation of OTC debt derivatives may be based on pricing models or indicative market quotes that may not always reflect the realisable value of the instrument. An exposure to debt derivatives in excess of hedging requirements can lead to losses, and where used for hedging, may limit the upside from the underlying debt portfolio.

Numerical Example:

The following illustrative examples are provided to help investors understand the risks arising from the use of derivative instruments by the Scheme. These examples are hypothetical and for illustrative purposes only; actual outcomes will vary based on market conditions and portfolio composition at any given time.

Assume the Scheme holds Rs. 50 crore in fixed rate bonds with an average modified duration of 5 years and enters into an IRS on a notional of Rs. 25 crore (hedging 50% of the portfolio), paying a fixed rate of 8% per annum and receiving 6-month MIBOR. The following scenarios illustrate the impact of a 100 basis point (1%) change in interest rates:

Scenario	Fixed Rate Bond Portfolio(Rs. Crore)	IRS Notional(Rs. Crore)	Rate Change(bps)	Bond MTM Gain/(Loss)(Rs. Crore)	IRS Gain/(Loss)(Rs. Crore)	Net Impact(Rs. Crore)
No IRS hedge,Rates rise 100 bps	50	Nil	+100 bps	(2.50)	Nil	(2.50)
With IRS hedge,Rates rise 100 bps	50	25(pay fixed,receive floating)	+100 bps	(2.50)	+1.25	(1.25)
No IRS hedge,Rates fall 100 bps	50	Nil	−100 bps	+2.50	Nil	+2.50
With IRS hedge,Rates fall 100 bps	50	25(pay fixed,receive floating)	−100 bps	+2.50	(1.25)	+1.25

Assumptions: Debt portfolio = Rs. 50 crore; Average modified duration = 5 years; IRS notional = Rs. 25 crore (partial hedge); Bond MTM Gain/(Loss) = Modified Duration × Rate Change × Portfolio Value; IRS Gain/(Loss) = Modified Duration × Rate Change × IRS Notional (with sign reversed for pay-fixed/receive-floating structure). The above is a simplified illustration; actual IRS P&L will depend on MIBOR levels, counterparty terms, accrued interest and AMFI/SEBI prescribed valuation norms.

As illustrated above, the IRS hedge reduces the portfolio's sensitivity to adverse interest rate movements (rising rates), thereby limiting mark-to-market losses on the bond portfolio. However, in a scenario where interest rates fall (favourable for bond prices), the IRS position generates a loss that offsets a portion of the bond portfolio's mark-to-market gain. This demonstrates that derivative hedging, while reducing downside risk, also limits upside participation — a trade-off inherent in the use of hedging instruments. Additionally, in case the IRS hedge is imperfect (i.e., the underlying benchmark, such as MIBOR, does not move in line with the portfolio's interest rate exposure), the hedge may not fully offset the bond portfolio's gains or losses, resulting in residual basis risk

Risk associated for investments in Mutual Fund Schemes

1. Movements in the Net Asset Value (NAV) of these Schemes may impact the performance. Any change in the investment policies or fundamental attributes of these Schemes will affect the performance of the Scheme to the extent of investment in such schemes.
2. Redemptions by in these Schemes would be subject to applicable exit loads.

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