

August 31, 2020

In equity market arbitrage is a popular strategy used by market participants that involves buying equities and selling equivalent equity futures.

The NIFTY 50 Arbitrage Index aims to measure the performance of such arbitrage strategies. The index measures performance of portfolio involving investment in equity and equivalent short position equity futures, short-term debt market investments and cash.

Portfolio Characteristics

Methodology	Price Returns
Launch Date	July 08, 2016
Base Date	April 01, 2010
Base Value	1000
Calculation Frequency	EOD Daily

Statistics

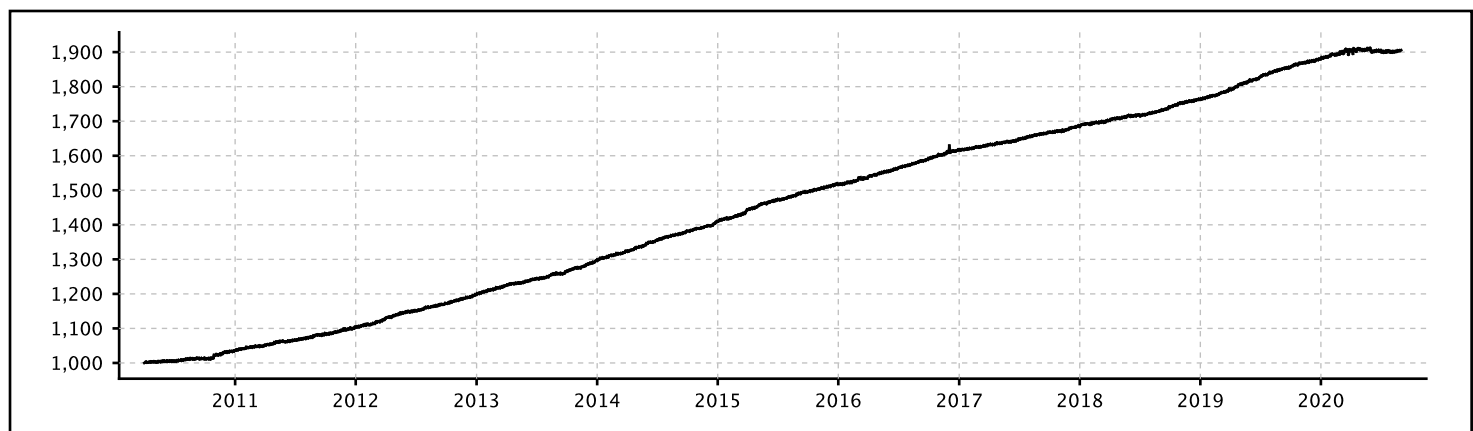
	QTD	YTD	1 Year	5 Years	Since Inception
Returns (%) #	0.26	1.38	3.00	5.07	6.38

	1 Year	5 Years	Since Inception
Std. Deviation *	2.03	1.55	1.55

QTD, YTD and 1 year returns are absolute returns. Returns for greater than one year are CAGR returns. * Average daily standard deviation annualised

Weights of Index Constituents

	Near-Month
NIFTY 50 Index Futures	65%
1 Month MIBOR	30%
Cash	5%



Index Methodology

- i. Index is constructed representing strategy of long position in NIFTY 50 Price Returns index and equivalent short position in NIFTY 50 index futures contracts traded on NSE in equity and equity derivatives segment respectively.
- ii. 65% weight is assigned to net returns from investment in long NIFTY 50 index and equivalent NIFTY 50 index short futures.
- iii. 30% weight is assigned to returns from 1 month MIBOR. The 1 month MIBOR is considered to represent the short term investments and 5% weight is assigned to cash.
- iv. Dividends received on equity investment are considered for index calculation on the Ex-dividend date.

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