

Introducing



Arthaya SIF

BY UNION MUTUAL FUND

Arthaya draws from “Artha” (wealth) and “-ya” (purpose), reflecting a vision of purposeful, structured, and enduring wealth creation. It embodies the alignment of financial growth with clear objectives rooted in Indian ethos, relevant to modern investing.

SIF: Capturing Structural Synergies

Investment Avenues	SIF	Mutual Fund	PMS	AIF
Minimum Investment Amt.	₹10 Lacs	₹100	₹50 Lacs	₹1 Cr.
Taxation at Investor Level	Equity: LTCG 12.5% (12m) Debt – Slab Rate Other – LTCG 12.5% (24m)	Equity: LTCG 12.5% (12m) Debt – Slab Rate Other – LTCG 12.5% (24m)	Taxed in the hands of investor at each transaction level	Nil
Taxation at Fund Level	Nil	Nil	Nil	@ MMR of 39%*
Leverage	No leverage permitted.	No leverage permitted.	No leverage permitted.	Leverage permitted up to 200%, with certain restrictions on exposure levels.
Derivatives	Short exposure through unhedged shorting up to 25% + Shorting for hedging purpose & rebalancing.	Derivatives only for Hedging & rebalancing.	Derivatives only for Hedging & rebalancing.	No sub-limit of unhedged shorting.

SIF represents a new platform for innovation that democratizes access to sophisticated strategies, sitting in the sweet spot between traditional funds and high-ticket alternatives.

Understanding Long Short

Long Short Strategy*

- Markets swing between extremes of optimism and pessimism, creating valuation distortions.
- Long-short strategies offer the flexibility to manage downside risk and reduce volatility, with a focus on delivering better risk-adjusted returns.
- Strategy focuses on delivering asymmetrical returns.**
- Ability to profit from both strong and weak stocks with a broader opportunity set.



Shorting Basics

- Shorting opportunities arise from constant evaluation of global and economic factors and also stock-specific reasons.
- Disconnects between the stock prices and fundamentals, coupled with market excesses, create starting points for short ideas.
- High valuation multiple is not the sole metric for shorting; risk-reward and catalysts are key.
- A 'pair approach' is not followed; each idea, long or short, has independent merit.
- Characteristics of Stock Shorts: Corporate governance lapses/negative promoter actions, Disruption victims, Special Situations (frauds, failures), Cyclical stocks



What to expect from Long-Short strategy in different market scenarios?

Market Condition	Market Outlook	Strategy & Behaviour
<p>Bull Market</p>	<p>Prices tend to rise across most sectors (e.g. Indian markets from COVID lows in Mar'20 to Sep'24)</p>	<p>The strategy endeavours to be closer to “Long Only” strategies while aiming for better risk-return ratio.</p> <p>The strategy focuses on its Long positions to participate in the growth. While it aims for appreciation, the SIF (Long Short) strategy may lead to slightly lower gains than a 100% "Long Only" strategy while aiming for better risk adjusted returns.</p>
<p>Bear Market</p>	<p>Prices are falling or volatile (e.g. Indian markets between Feb'20 to Mar'20)</p>	<p>Long short strategy has the flexibility to hedge its long exposure as well as profit from falling prices by taking exposure in unhedged shorts (up to 25%). The strategy aims to focus on capital preservation and potentially reduce losses compared to “Long Only” strategy.</p>
<p>Flat Market</p>	<p>Prices are moving sideways (e.g. as seen in India between Jan'08 to Jan'13)</p>	<p>While “Long Only” strategies wait for the market to move, SIF (Long Short) strategy uses stock selection and shorting with an aim to find opportunities for returns even when the main index is stuck.</p>

A man with a beard, wearing a brown leather jacket and a tan helmet, is riding a maroon motorcycle on a desert dune. The motorcycle is in motion, with a blurred background of sand dunes under a bright sky. The man is smiling and looking towards the camera.

YOU DON'T PREDICT THE TERRAIN. YOU PREPARE FOR IT.

Similarly, the market isn't
an ally or an enemy.
It's terrain

A true strategy doesn't wait for
smooth roads, it is designed with
an aim to endure every turn.

**& that way, every move can
potentially be turned into an
opportunity.**



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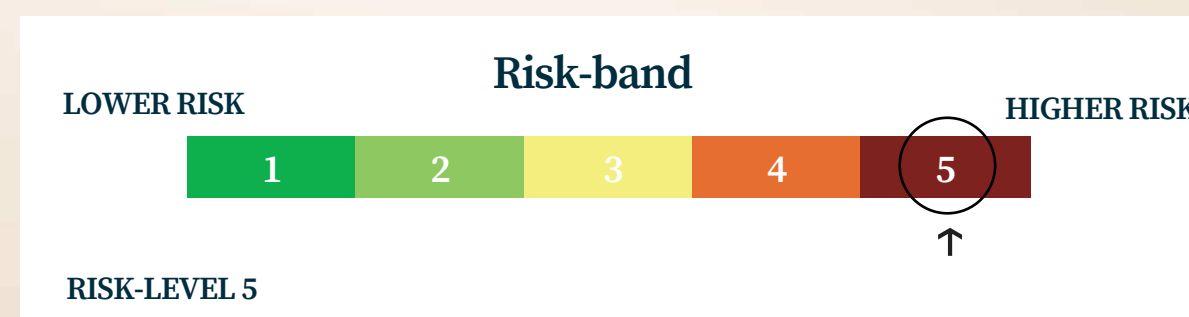
Presenting Arthaya Equity Long Short Fund

(An open-ended equity investment strategy investing in listed equity and equity related instruments including limited short exposure in equity through derivative Instruments)

This product is suitable for investors who are seeking#:

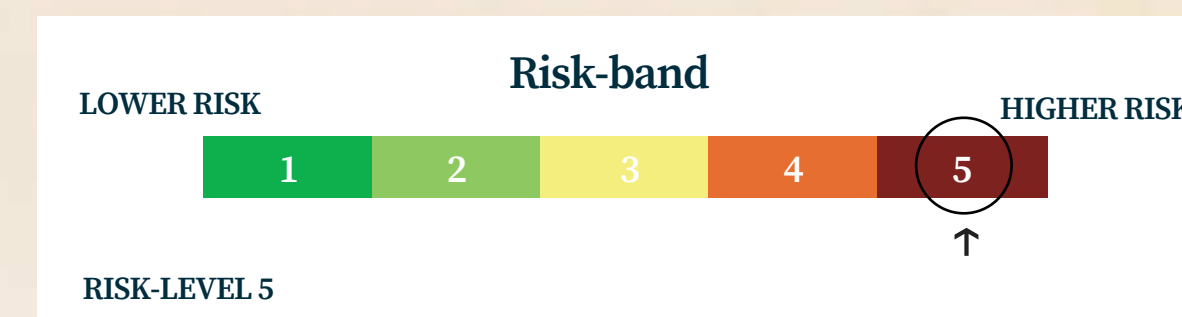
• To generate long-term capital appreciation by investing in a diversified portfolio of equity and equity-related instruments while employing limited short exposure through derivatives to enhance returns and manage risk efficiently.

Risk-band*



Risk Band Level 5

**Benchmark Risk-band*
[Nifty 200 (TRI) Index]^**



Risk Band Level 5
NIFTY 200 Total Return Index (TRI)

*The Risk Band has been as specified by AMFI.

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

^Refer slide 16 for benchmark disclaimer.

Note: The above product labelling assigned during the New Fund Offer (NFO) is based on internal assessment of the characteristics of the investment strategy or model portfolio and the same may vary post NFO when the actual investments are made. The benchmark risk-band would be evaluated on a monthly basis and the current risk band is based on the evaluation as of 31st March 2026.

Investment Philosophy



Stock prices tend to track fair business value over time.



Long-term is a series of short-terms



Listening to market/street signals complements fundamental analysis



Blend of top-down & bottom-up drives long & short ideas, with tactical positioning based on market risk-reward



Tactical maneuvering of the portfolio to suit the market risk-reward outlook



Focused on long-term wealth creation through upside participation and focus on capital preservation during drawdowns.

Investment Lead



Rajesh Aynor

Rajesh brings over 22 years of investment experience, with a strong foundation in both long-only and long-short strategies. A chemical engineer from Institute of Chemical Technology and postgraduate in Finance from Jamnalal Bajaj Institute of Management Studies, he has been associated with some of the most well-regarded institutions in the asset management space. He has been active in the long short space since 2017.

Investment Architecture

Our Goal

- Our aim is to generate asymmetric returns across market cycles, aiming to preserve capital during drawdowns, through active short positions and participating in up markets.
- The strategy endeavours to beat the market over full cycle (one up-move of ~20%+ and down move of ~12-15%)
- Investment horizon of more than 3 years

A “Three-Pillar” Strategy Construct

Component	Weight %	Focus
Cash & Cash Equivalents	Up to 64%	Cash & Cash Equivalents for near cash returns
Core	30%-70%	Long-term growth potential
Opportunistic	30%-70%	Opportunistic Long/Short exposure to capture shorter-term market moves

Core (Long Only)

- Stocks with strong fundamentals and long-term growth potential.
- Emphasis on margin of safety and sustainable participation.

Opportunistic (Long & Short)

- Event or cycle-driven opportunities with short-term potential.
- Aims to engage in regular profit booking during sharp market moves.
- Continuous evaluation under a conservative risk management framework.

Our Portfolio Stance under different market conditions

Dynamic Exposure Management:

- The Net Exposure would be calibrated based on our market outlook and risk-return analysis.
- During periods of high market conviction, we would endeavour to scale exposure to maximize upside capture.
- We will aim to systematically curtail exposure during market downturn to mitigate downside risk.

Regulatory Compliance*:

- The residual exposure in equity may be taken through arbitrage strategy to meet 80% equity investment criteria.

Break-up of Equity & Equity Related Instruments (Indicative)

Allocation Component	Weights %
Cash Equities	65%-100%
Derivative Equities	0%-35%
Non-Hedging Short	0%-25%
Hedging Short	Up to 100% of Cash Equity

Portfolio Stance (Indicative)*

Allocation Component	Bullish	Bearish	Flat
Gross Long (Unhedged Cash Equities + Future Long)	80%-95%	25%-50%	50%-75%
Gross Short (Unhedged Shorts)	0%-10%	10%-25%	0%-25%
Net Exposure (Gross Long - Gross Short)	70%-95%	0%-40%	25%-75%
Gross Equity Exposure	80%-100%		

***Cash & Cash Equivalents will be aimed to be maintained up to 64%**

*The said table is basis the current market scenario only and is subject to change as per the Investment Strategy.

Note: The investment approach will be as per ISID. The investment approach 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 approach shall be in line with the approach stated in the ISID. Please refer to the ISID for more details on the investment approach.

Endeavouring to Capture Market Regimes: Steering Through Cycles, Ignoring Noise

The fund aims at:

- **Capturing Structural Growth (The “Upside”)**
 - ✓ Participating in major market rallies (~20%+) that span months to years.
- **Mitigating Systematic Risk (The “Preservation”)**
 - ✓ Taking decisive action during the declining phase and global shocks aimed at preserving capital from erosion during phases of market correction.
- **Ignoring Market “Noise” (The “Philosophy”)**
 - ✓ Maintaining strategic patience during minor consolidations (e.g., ±2%). We prioritize long-range direction over monthly participation.



Source: NSE; Data as of 31st March, 2026

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Market Outlook

Positivity

- 2-week ceasefire recently announced between Iran & the US/Israel
- Various trade agreements negotiated by India will likely improve its competitiveness and boost trade
- Likely boost from last year's tax concessions
- Continuing focus on capex in this year's budget
- India's improving macro-economic fundamentals
- Robust corporate balance sheets
- Resilient domestic flows

Risk

- If the ceasefire does not hold and tensions escalate again, it can put further pressure on India's macro through high oil prices & supply disruptions.
- Geopolitics likely to stay volatile in near term.
- Competitive welfarism.

Market Commentary

- Recent market correction has made valuations attractive. However, crude oil price sustaining at high levels can lead to earnings downgrades for the market, along with inflation worries in medium term.
- Nifty 50 delivered high single digit topline and EPS growth for 9 months of FY26.
- The domestic factors are turning favourable incrementally, despite FY26 being lacklustre. We are seeing early green-shoots in the growth which is expected to support better earnings growth~15%+ for Nifty in FY27, while the valuation are turning attractive.
- On the flip side, the global uncertainties with potential impact on domestic market also remain high. Lack of any AI related trade has hurt the attractiveness of India so far.
- Overall, bias on market remains ambivalent. The internals of the market are on improving path, but global uncertainties and the vulnerability of domestic market to the same remains high.

Current Sector Stance

Positive Bias

- **Financials** - Risk reward is favourable for lending companies as the valuations are reasonable and the underlying business growth outlook is positive
- **Capital Goods/Industrial** - Select pockets of capital goods, such as power transmission/distribution and defence look attractive due to continued traction in the business activity
- **Telecom** - Telecom sector is expected to have a steady increase in underlying data consumption, coupled with regular tariff adjustments. Risk reward is favourable for the sector
- **Auto Original Equipment Manufacturers (OEM)** - Select OEMs appear attractively placed, enjoying the demand revival post GST reduction. Impending 8th pay commission provides additional tailwinds for the sector

Negative Bias

- **Capital market entities** - Sustained regulatory actions in the capital market to reduce speculative participation as well as to reduce the fees charged by asset managers could act as headwinds for the sector intermediaries
- **Home Improvement** - Home improvement segments such as paints, tiles, ply etc are under pressure with higher competitive intensity and lowering demand momentum
- **FMCG** - Raw material inflation led margin compression along with limited valuation comfort

Current Sector Stance

Under watch

- **IT Services** - After a sharp price correction in stocks, IT services companies may see a bounce back. However, the long term impact, their ability to pivot with evolving business environment could become clear over time

A word of caution

- In the current situation, several factors having significant bearing on the investment sentiment are changing very quickly. It is important to manage risk in the portfolio at such times and in such risk-off environments, portfolio action to curtail the risk supersedes the basic view on the sector/stocks.

The Long Short advantage

- SIF strategy offers flexibility to deal with such situations by manoeuvring the portfolio accordingly.

Key Fund Details

Name	Arthaya Equity Long Short Fund
NFO Opening Date	4th May 2026
NFO Closing Date	18th May 2026
Investment Objective	The investment objective of the Investment Strategy is to generate long-term capital appreciation over the investment cycle by deploying capital in equity and equity related instruments including limited short exposure through derivatives across the market capitalisation. There is no assurance that the investment objective of the Investment Strategy will be achieved.
Investment Manager	Union Asset Management Company Private Limited
Plans	Regular Plan & Direct Plan
Trustee	Union Trustee Company Private Limited
Minimum Contribution	Rs. 10 Lakhs and in multiples of Re. 1/- thereafter (during NFO & on a continuous basis)
Minimum Contribution for Accredited Investors	Rs.1,00,000/- and in multiples of Re. 1/- thereafter (during NFO & on a continuous basis)
Subscription/Redemption Windows	Daily (Business Days)
Fund Manager	Mr. Rajesh Aynor (Equity) & Mr. Hiten Bhadra (Arbitrage)
Benchmark Index	NIFTY 200 Total Return Index (TRI) [^]
NAV Frequency	Daily (Business Days)
Exit Load	<ul style="list-style-type: none"> • 1% if redeemed or switched out on or before completion of 1 year from the date of allotment of units. • Nil if redeemed or switched out after completion of 1 year from the date of allotment of units.

[^]For benchmark disclaimer refer slide 16.



Annexure

Asymmetrical returns refers to increasing the participation in market upside and curtailing it meaningfully during the downturns. The table below illustrates how the fund's dynamic management has the potential to create asymmetrical returns vis-a-vis the benchmark

In this scenario, the upside participation is 70% during market uptrends, while the downside participation is reduced to 30% during downturns to limit losses.

Returns calculation:

Scenario 1: 13% (Nifty 200 TRI)*70% = 9%

Scenario 2: -10% (Nifty 200 TRI)*30% = -3%

Scenario	From	To	Nifty 200 Return %	Long Short Fund Return %			
				70/30	65/35	60/40	50/50
1	30-Jun-21	29-Oct-21	13%	9%	8%	8%	6%
2	29-Oct-21	30-Jun-22	-10%	-3%	-4%	-4%	-5%
3	30-Jun-22	30-Nov-22	20%	14%	13%	12%	10%
4	30-Nov-22	31-Mar-23	-9%	-3%	-3%	-3%	-4%
5	31-Mar-23	30-Sep-24	65%	45%	42%	39%	32%
6	30-Sep-24	28-Feb-25	-17%	-5%	-6%	-7%	-8%
7	28-Feb-25	28-Nov-25	21%	15%	14%	13%	11%
8	28-Nov-25	30-Mar-26	-14%	-4%	-5%	-6%	-7%
Absolute Return			58%	78%	65%	53%	32%
Std Dev			28%	17%	16%	15%	14%
Sharpe Ratio			2.1	4.5	4.0	3.5	2.3

The point to note here is, how the application of Long Short strategy has the potential to reduce the volatility, thereby generating better Sharpe Ratio (risk adjusted returns) as compared to a Long Only strategy.

Note: We have selected dates with market swings of at least +/- 9%

^For benchmark disclaimer refer slide 16; Source: NSE; The above table is for reference purpose only. There is no assurance on returns or capital protection under any of the strategies mentioned above.

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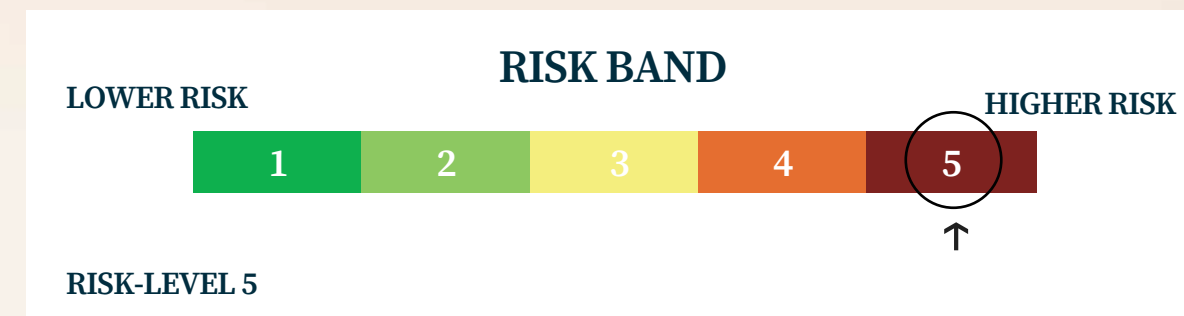
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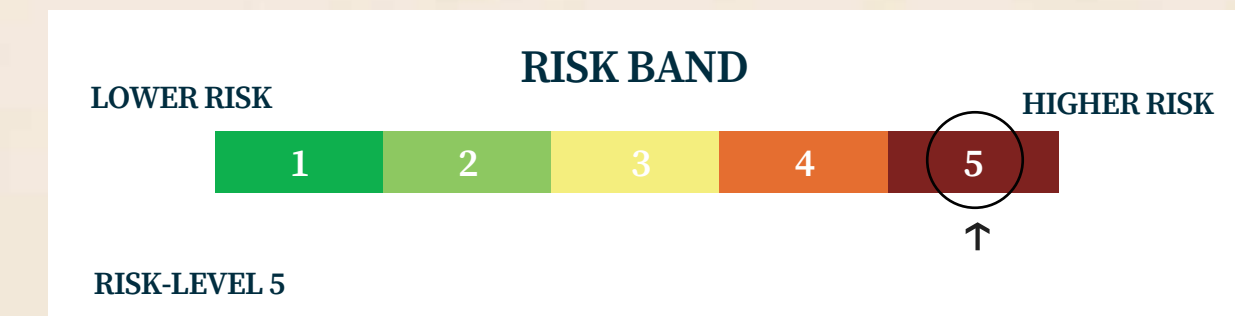
- To generate long-term capital appreciation by investing in a diversified portfolio of equity and equity-related instruments while employing limited short exposure through derivatives to enhance returns and manage risk efficiently.

Risk-band*



Risk Band Level 5

Benchmark Risk-band* [Nifty 200 (TRI) Index]^



Risk Band Level 5
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^Benchmark NIFTY 200 Index disclaimer: The “Product” offered by “the issuer” is not sponsored, endorsed, sold or promoted by NSE Indices Limited (formerly known as India Index Services & Products Limited). NSE Indices Limited does not make any representation or warranty, express or implied (including warranties of merchantability or fitness for particular purpose or use) and disclaims all liability to the owners of “the Product” or any member of the public regarding the advisability of investing in securities generally or in the “the Product” linked to NIFTY 200 Index or particularly in the ability of the NIFTY 200 Index, to track general stock market performance in India.

Please read the full Disclaimers in relation to the NIFTY 200 Index in the Investment Strategy Information Document.

Disclaimer

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Statutory Details: Constitution: Union Mutual Fund has been set up as a Trust under the Indian Trusts Act, 1882; **Sponsors:** Union Bank of India and Daiichi Life Group, Inc.; **Trustee:** Union Trustee Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198198], a company incorporated under the Companies Act, 1956 with a limited liability; **Investment Manager:** Union Asset Management Company Private Limited, [Corporate Identity Number (CIN): U65923MH2009PTC198201], a company incorporated under the Companies Act, 1956 with a limited liability. **Registered Office:** Unit 503, 5th Floor, Leela Business Park, Andheri Kurla Road, Andheri (East), Mumbai - 400059. **Toll Free No.** 18002002268/18005722268 • **Non Toll Free.** 022-67483333 • **Website:** www.unionmf.com/arthayasif • **Email:** investorcare@unionmf.com

Please refer the Investment Strategy Information Document for complete details. Copy of all Investment Strategy related documents along with the application form can be obtained from any of our AMC offices / Customer Service Centers/ distributors as well as from our website <https://www.unionmf.com/arthayasif>

INVESTMENTS IN SPECIALIZED INVESTMENT FUND INVOLVES RELATIVELY HIGHER RISK INCLUDING POTENTIAL LOSS OF CAPITAL, LIQUIDITY RISK AND MARKET VOLATILITY. PLEASE READ ALL INVESTMENT STRATEGY RELATED DOCUMENTS CAREFULLY BEFORE MAKING THE INVESTMENT DECISION.

Thank You