Invesco Mutual Fund

Smarter than traditional debt. Simpler than you think.

Presenting

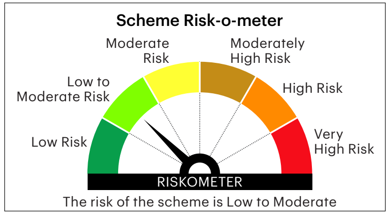
Invesco India Income Plus Arbitrage Active Fund of Fund

(An open ended fund of fund scheme investing in units of actively managed debt oriented schemes and equity Arbitrage schemes)

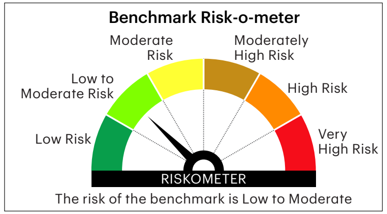
NFO Period:
2 July - 16 July 2025

This product is suitable for investors who are seeking*:

- Income over medium-term
- Investment in units of actively managed debt oriented and Arbitrage schemes



60% Nifty Corporate Bond Index A-II + 35% Nifty 50 Arbitrage + 5% Nifty 1D Rate Index



***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 (NFO) is based on internal assessment of the scheme characteristics or model portfolio and the same may vary post NFO when the actual investments are made.

The investor will bear the recurring expenses of the scheme, in addition to the expenses of underlying schemes.

Invesco Mutual Fund

A conservative investor’s conundrum

I have a low risk appetite and prefer stability through debt investments

I am often worried about low post-tax returns of these investments

Can there be an investment option that suits my risk tolerance and enhances tax efficiency?

Note: It should be noted that the fiscal rules/tax laws may change and there can be no guarantee that the current tax position may continue in future. In view of individual nature of tax consequences, each investor is advised to consult his/her own professional tax advisor.

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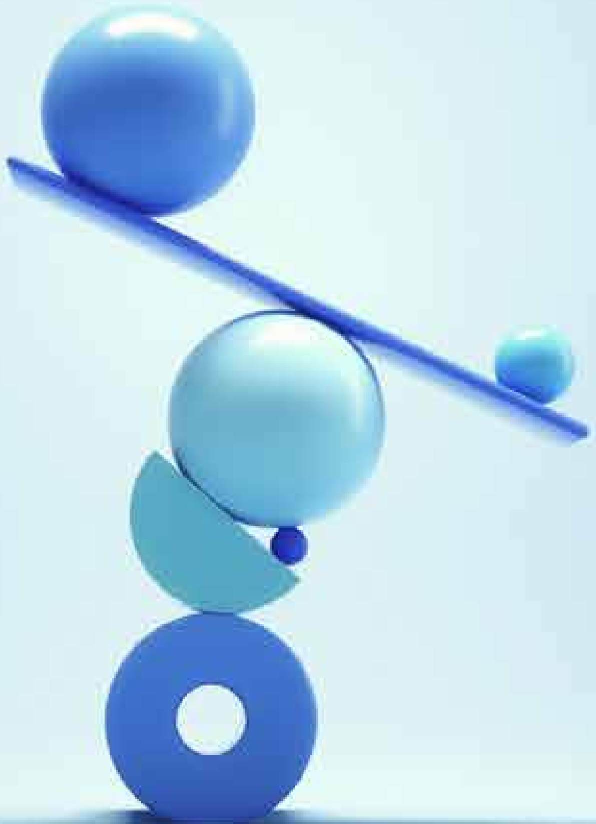

Invesco India Income Plus Arbitrage Active Fund of Fund

Active allocation across actively managed debt and arbitrage funds

Debt Funds

- Allocation to actively managed debt schemes **will be less than 65%**
- Investments in debt-oriented schemes will be made based on interest rate outlook, prevailing liquidity, yield curve movements, credit risk etc.

+

Arbitrage Funds

- Minimum 35% of the portfolio will be allocated to Arbitrage Fund
- Equity portion of Arbitrage Fund will be fully hedged

→

Invesco India Income Plus Arbitrage Active Fund of Fund

Note: Minimum investment in the underlying funds will be 95% of net assets. For details on asset allocation, please refer Scheme Information Document (SID) of the Scheme.

Key reasons to invest in
Invesco India Income Plus Arbitrage Active Fund of Fund

Particulars	Debt Funds	Arbitrage Funds	Invesco India Income Plus Arbitrage Active Fund of Fund
Asset allocation	Investments only in debt and money market securities as per mandate	Fully hedged equity allocation and remaining in debt & money market instruments	**Active allocation** across debt oriented and arbitrage funds
Fund selection	Single fund. Investors make fund selection call	Single fund. Investors make fund selection call	Multiple funds & professional management. **Fund manager allocates** across actively managed debt and arbitrage funds depending on market conditions
Return/Risk profile	Provides stability and have relatively low risk	Captures equity market spreads, low risk due to fully hedged equity exposure	Exposure to both debt and arbitrage; **debt exposure provides stability while fully hedged equity exposure reduces the risk** associated with directional call to equities
Operational convenience	Single Fund, Single Transaction	Single Fund, Single Transaction	Multiple Funds, Single Transaction
Taxation on switch	Switching between schemes leads to taxation for investors	Switching between schemes leads to taxation for investors	**No tax liability on scheme due to switch between schemes**
Taxation on redemption	Investor's Income Tax Slab Rate irrespective of holding period	Equity taxation - STCG (<12 months): 20%; LTCG (>12 months): 12.5%	**Holding Period ->24 months: 12.50%** Upto 24 months: Investor's Income Tax Slab Rate

Notes: The above rates excludes surcharge and cess. No indexation benefit is available on redemption of units of the above scheme.
Source: Finance (No. 2) Act, 2024, Internal.
Disclaimer: The above is for illustration purposes only. It should not be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party. It should be noted that the fiscal rules/tax laws may change and there can be no guarantee that the current tax position may continue in future. In view of individual nature of tax consequences, each investor is advised to consult his/her own professional tax advisor.

Fund of fund schemes investing **less than 65% in debt and money market instrument** are **more tax efficient** compared to debt funds for holding period exceeding 2 years.

For units redeemed on or after 1st April 2025

Particulars	Holding Period	Short Term Capital Gains Tax (STCG)	Long Term Capital Gains Tax (LTCG)
Debt schemes	Not applicable (Deemed short term)	Investor's Income Tax Slab Rate	Investor's Income Tax Slab Rate
Fund of Funds investing less than 65% in debt and money market instruments	Upto 24 months – STCG > 24 months – LTCG	Investor's Income Tax Slab Rate	12.50%

Notes: The above rates excludes surcharge and cess. No indexation benefit is available on redemption of units of the above scheme.

Source: Finance (No. 2) Act, 2024

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Invesco Mutual Fund

Provides tax advantage if investment horizon exceeds 2 years

Example: Pre & Post tax returns

Particulars	Debt funds	Fund of Funds (investing <65% in debt instruments)
Taxation	Applicable Slab Rate	STCG - upto 24 months - applicable slab rate LTCG (>24 months) - 12.5%
Amount invested (a)	1,00,000	1,00,000
Assumed rate of return	7.0%	7.0%
Holding period	>2 Years	**>2 Years**
Value at redemption (b)	1,14,490	**1,14,490**
Tax Rate (excluding surcharge & cess)	30.0%	**12.5%**
Taxable Amount (b-a)	14,490	**14,490**
Applicable Tax	4,347	**1,811**
Post Tax Value	1,10,143	**1,12,679**
Post Tax Return (CAGR)	4.95%	**6.15%**

Notes: For the investment horizon upto 2 years capital gains will be taxed at applicable tax rate. The above rates excludes surcharge and cess. No indexation benefit is available on redemption of units of the above scheme.

Source: Finance (No. 2) Act, 2024.

Disclaimer: The above investment simulation is for illustration purposes only. The rate of return used in simulation is assumed and the actual return for the Scheme may be different. The simulation is based on assumption that the investor is an individual investor falling under highest tax slab. It should not be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party or a promise on minimum returns and safeguard of capital. Invesco Asset Management (India) Pvt. Ltd./Invesco Mutual Fund is not guaranteeing or promising or forecasting any returns. It should be noted that the fiscal rules/tax laws may change and there can be no guarantee that the current tax position may continue in future. In view of individual nature of tax consequences, each investor is advised to consult his/her own professional tax advisor.

In the past, combining debt investments with arbitrage has fared well on post tax returns for holding period exceeding 2 years

Rolling returns analysis considering investment horizon of above 2 years

Time period: May 2015-May 2025

2 years daily Rolling Returns (pre-tax) (% CAGR)			
Particulars	60% Nifty Corporate Bond Index A-II + 35% Nifty 50 Arbitrage + 5% Nifty 1D Rate Index	NIFTY Corporate Bond Index A-II Index	NIFTY 50 Arbitrage Index
Minimum	3.51%	3.31%	2.82%
Maximum	10.01%	10.97%	9.02%
Average	6.73%	7.44%	5.66%

2 years daily Rolling Returns (post-tax) (% CAGR)			
Particulars	60% Nifty Corporate Bond Index A-II + 35% Nifty 50 Arbitrage + 5% Nifty 1D Rate Index[1]	NIFTY Corporate Bond Index A-II Index[2]	NIFTY 50 Arbitrage Index[3]
Minimum	3.07%	2.32%	2.47%
Maximum	8.75%	7.68%	7.89%
Average	5.89%	5.21%	4.95%

Relatively better post tax returns

Past performance may / may not be sustained in the future and is not a guarantee of any future returns.
Source: MFIE, AMFI; Time Period: May 31, 2015 to May 31, 2025.
Notes: The above rates excludes surcharge and cess. No indexation benefit is available on redemption of units of the above scheme.
[1]As long-term capital gains tax for Fund of Funds is applicable for a holding period greater than 24 months, rolling period considered is 2 years and 1 day.
[2]Specified mutual funds would be deemed short term irrespective of holding period. Assuming the investor falls under the maximum tax bracket of 30%.
[3]Tax on LTCG including on transfer of equity-oriented fund @12.5% applicable on aggregate gains under section 112A of the Act exceeding Rs. 1,25,000 in a financial year, without indexation and subject to payment of STT.
Disclaimer: The above investment simulation is for illustration purposes only. The simulation is based on assumption that the investor is an individual investor falling under highest tax slab. The rolling returns are calculated on a daily basis for 2 years and 1 day. Returns are CAGR. It should not be used for the development or implementation of an investment strategy. It should not be construed as investment advice to any party or a promise on minimum returns and safeguard of capital. Invesco Asset Management (India) Pvt. Ltd./Invesco Mutual Fund is not guaranteeing or promising or forecasting any returns. It should be noted that the fiscal rules/tax laws may change and there can be no guarantee that the current tax position may continue in future. In view of individual nature of tax consequences, each investor is advised to consult his/her own professional tax advisor.

Fund positioning

Our current investment preferences

Debt Funds (~60%-65% allocation[4])

Investment predominantly in
Invesco India Corporate Bond Fund

Arbitrage Funds (~35%-40% allocation)

Investment predominantly in
Invesco India Arbitrage Fund

The allocations to debt and arbitrage funds will be managed based on the prevalent opportunities and market outlook across asset classes and within the sub-segment.

[4]**Note:** Allocation to debt schemes will be less than 65%

Disclaimer: The Portfolio allocation will be based on views of fund manager and is subject to change from time to time. Please refer to Scheme Information Document, for asset allocation and investment strategy to the Scheme.

Market view – Fixed income market remains in a sweet spot

Demand supply dynamics

G-sec

- **Demand supply is supportive** for G-sec due to rapid fiscal consolidation and complemented by healthy domestic demand & FPI buying, and **will further help to push yields lower**

Corporate Bonds

- With demand picking up for corporate bonds, spreads are expected to contract further. Currently, relatively high yield offered by corporate bonds over G-sec provide an attractive entry point

Supportive Monetary policy

Repo Rate

- RBI has cut policy rates by 100 bps since February'25, which has not been fully captured by market pricing as of now

Liquidity

- For smoother transmission of rates, RBI is continuously providing liquidity to the system through OMOs and Forex swaps
- Further, the current CRR cut will help bond yields go down gradually

Opportunities on the yield curve

G-sec

- The current steepness in 5 to 15 years segment of the G-sec yield curve makes it a value buy on the back of favourable demand–supply dynamics

Corporate Bonds

- Corporate bonds are offering attractive spreads in 2-5 years segment
  - 2-Year AAA bond spreads over 2 year G-sec - 87 bps
  - 3-Year AAA bond spreads over 3 year G-sec - 77 bps
  - 5-Year AAA bond spreads over 5 year G-sec - 71 bps

Risk-reward remains favourable and provides opportunity for diversification

OMO: Open Market Operation, FPI: Foreign Portfolio Investor, CRR: Cash Reserve Ratio. Data as on June 6, 2025.

Source: Bloomberg/Internal

Invesco Mutual Fund

Underlying fund

Invesco India Corporate Bond Fund

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

Positioned to capture spread compression from 2-5 years segment of corporate bond yield curve and benefit from capital gain opportunities from duration calls in 5-15 years segment of G-sec yield curve

Invesco India Corporate Bond Fund

Overview

A good of mix of AAA rated Corporate bonds (~71%) and Sovereign securities (~24%) in the portfolio

Tactical exposure to G-sec complements the corporate bond allocation

Positioned to capture two distinct opportunities

G-Sec rally on continuing buying momentum

Corporate bonds spread compression as investors chase higher yields

Active duration management based on evolving macros

Focus on quality & liquidity

Investments only in AAA and sovereign bonds

An opportunity to benefit from likelihood of spread compression due to benign liquidity

Data as on May 31, 2025.
Note: The above positioning is based on our current views & market conditions and are subject to change from time to time.

Invesco India Corporate Bond Fund

Positioning

Our aim is to optimize positioning across two distinct ends of the Corporate Bond as well as G-sec yield curve

G-sec

- G-sec exposure is at higher end (~24%). **We are largely invested in upto 15 years segment**, which is expected to benefit from Duration

Corporate Bond

- **We are finding more value at the shorter-end**
- Short term AAA corporate bonds are offering good spreads over similar maturity G-sec and their own long-term averages
  - 2 year AAA spreads at ~87 bps compared to around 10-year average of ~64 bps.
  - 3 year AAA spreads at ~77 bps compared to around 10-year average of ~58 bps
  - 5 year AAA spreads at ~71 bps compared to around 10-year average of ~52 bps

Portfolio Allocation (% of net assets) as on May 31, 2025

Corporate Bonds	Sovereign securities
Largely targeting 2-5 yrs of the yield curve	Targeting 5-15 yrs of the yield curve
~71% Provides accrual	**~24%** For duration

Spreads data source: Bloomberg. Spreads data as on June 6, 2025.
Portfolio Data as on May 31, 2025. Rest of the portfolio allocation is in Corporate Debt Market Development Fund: 0.22%, Cash & Cash Equivalent: 4.66%. Money Market Instruments: 0.14%
Note: The above positioning is based on our current views & market conditions and are subject to change from time to time.

Invesco India Corporate Bond Fund

Portfolio details

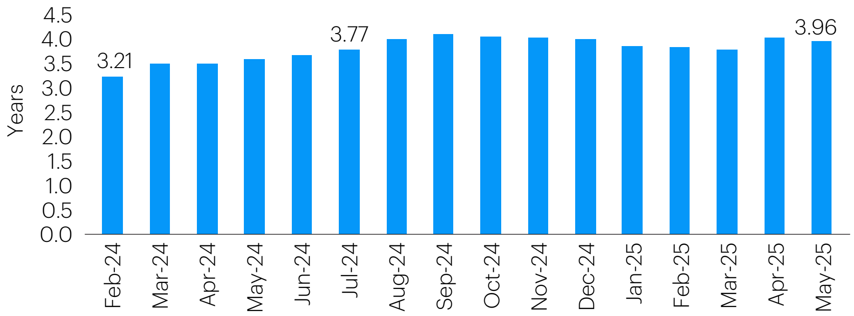
Portfolio details as on May 31, 2025

Instrument	% Weightage
Corporate Debt^	71.22%
Government Security	23.76%
Money Market Instruments	0.14%
Corporate Debt Market Development Fund	0.22%
Cash & Cash Equivalent	4.66%

Rating Profile	% Weightage
AAA	71.22%
Sovereign	23.76%
Corporate Debt Market Development Fund	0.22%
A1+	0.14%
Cash & Cash Equivalent	4.66%

Portfolio statistics	
YTM*	6.64%
Average Maturity	5.04 years
Macaulay Duration	3.96 years
Modified Duration	3.77 years

Portfolio Macaulay Duration



Maturity Year (% of Net Assets)	Sovereign	Corporate Bond
Up to 2026	0.02%	5.60%
2027 to 2028	0.15%	35.73%
2029 to 2030	0.88%	22.47%
2031 to 2035	17.24%	7.56%
2035 Plus	5.47%	-

Data as of May 31, 2025. ^Including PTC (Pass-through certificates). *Yield to maturity should not be construed as minimum return offered by scheme.

Note: The above positioning is based on our current views & market conditions and are subject to change from time to time.

Market view - Arbitrage spreads appear attractive

Equity market sentiments play an important role in determining arbitrage spreads. When markets are bullish, investors expect to make higher returns and therefore are willing to pay high spreads. When equity markets are sideways, investors tend to pay lower spreads at the time of rollovers but the intra month churn[5] opportunities rise. Only prolonged bearish markets are bad for arbitrage spreads.

Currently, we seem to be in bull market characterized by high volatility with valuations remaining elevated. This is good from an arbitrage fund's perspective as roll spreads are also buoyant while the intermittent bouts of volatility due to various reasons like valuations, geopolitical tensions, news flow from US, etc. create opportunities to churn the portfolio.

Based on participant wise Open Interest (OI) and trading volume data, FIIs have increased their net long position in stock futures and are now at par with Retail/HNI investors. Net long position by FIIs in stock futures have more than doubled over the past 8 months, while overall net long position in stock futures remain flat compared to 8 months ago.

FII: Foreign Institutional Investor, HNI: High Net-Worth Individual

[5]Churn in the context of arbitrage fund means getting out of stock where arbitrage spreads have shrunk and deploying that money in stocks where spreads are still elevated

Invesco Mutual Fund

Underlying fund

Invesco India Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

Invesco Mutual Fund

Invesco India Arbitrage Fund

Overview

Equity Allocation

Fully hedged equity exposure at all times – Buys in cash market and simultaneously sells in derivative market to capture difference **between prices**

No directional exposure to equities

Looks at opportunities to enhance portfolio returns potential – At times, the fund can churn the equity portfolio aggressively to capitalize on the changing "spreads" in the spot and futures market

Debt Allocation

Debt component comprises of tactical and strategic allocation to enhance return potential

Focus on safety of debt investments – Primarily invests in high credit quality (AAA/AA+/A1+) rated papers

Note: Based on our current views & market conditions and are subjected to change from time to time.

Invesco India Arbitrage Fund

Portfolio details

Portfolio data as on May 31, 2025

Top 10 Equity Holdings	% of Net Assets	
	Equity Exposure	Derivate Exposure
HDFC Bank Limited	4.37%	-4.39%
State Bank of India	3.41%	-3.44%
ITC Limited	2.94%	-2.94%
ICICI Bank Limited	1.98%	-1.99%
IDFC First Bank Limited	1.64%	-1.65%
Larsen & Toubro Limited	1.52%	-1.51%
Varun Beverages Limited	1.43%	-1.44%
Bajaj Finance Limited	1.41%	-1.42%
Vodafone Idea Limited	1.40%	-1.41%
Hindustan Unilever Limited	1.27%	-1.26%

Total equity exposure: 71.90% of net assets

Corresponding derivative exposure: -72.30% of net assets

Asset Profile	% of Net Assets
Equity	71.90%
Corporate Bond	1.33%
Mutual Fund Units	19.11%
Money Market Instruments	3.02%
Cash & Cash equivalent	4.64%

Source: Internal.

Disclaimer: The stocks referred above should not be construed as recommendations from Invesco Asset Management (India) Private Limited and/or Invesco Mutual Fund. The Scheme may or may not have any present or future positions in these stocks/sectors.

Invesco Mutual Fund

Here's why you should consider
Invesco India Income Plus Arbitrage Active Fund of Fund?

Relatively lower volatility
Fixed income exposure offers stability, while fully hedged equity arbitrage exposure eliminates risk associated with directional equity movements.

Active management
Active allocation across debt and arbitrage funds.

Tax efficient
Investments held over 24 months are subject to long-term capital gains tax of 12.5%.

Aims to navigate all market conditions
Can work in all market conditions and provides optimal investment outcomes.

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Invesco Mutual Fund

Who should invest?

- Suitable for conservative investors seeking income generation with lower risk and improved tax efficiency
- Investors looking for alternative to traditional debt investments
- Best suited for investors with an investment horizon of above 2 years

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Key facts - Invesco India Income Plus Arbitrage Active Fund of Fund

Type	An open ended fund of fund scheme investing in units of actively managed debt oriented schemes and equity Arbitrage schemes
Category of the Scheme	Hybrid FoF - Income plus Arbitrage FoF
Investment Objective	To generate income by investing in units of actively managed debt oriented and equity Arbitrage schemes. There is no assurance that the investment objective of the Scheme will be achieved.

Asset Allocation

Under normal circumstances, the asset allocation pattern will be:

Instruments	Indicative Allocation (% of Net Assets)	
	Minimum	Maximum
Units of Mutual Fund schemes out of which:	95	100
a. Units of actively managed Debt oriented schemes	35	65
b. Units of actively managed Arbitrage schemes	35	65
Debt and Money Market Instruments including Government Securities, T-Bills and Repo on Government Securities	0	5

The scheme can invest in the schemes managed by Invesco Mutual Fund or any other Mutual Fund(s) as per the above stated asset allocation.
The exposure to units of actively managed debt oriented schemes, Debt and Money Market Instruments shall be below 65%.

Plans[6]/ Options

Regular Plan and Direct Plan
- Growth Option
- Income Distribution cum Capital Withdrawal (IDCW)
  - IDCW Payout
  - IDCW Reinvestment

(if IDCW payable under IDCW Payout option is equal or less than Rs. 100/-, then the IDCW would be compulsory reinvested in the respective plan/option of the scheme)

Minimum Application Amount
(During NFO and ongoing basis)

Lumpsum: Rs. 1,000/- per application and in multiples of Re. 1/- thereafter.

For Systematic Investment Plan (SIP):

Options	Monthly	Quarterly
Minimum Installments	6	4
Minimum Amount	Rs.1,000	Rs.1,500

And in multiples of Re.1 thereafter

Load	Exit Load[7]: Nil
Fund Managers	Vikas Garg (Fixed Income) and Deepak Gupta (Arbitrage)
Benchmark Index	60% Nifty Corporate Bond Index A-II + 35% Nifty 50 Arbitrage + 5% Nifty 1D Rate Index

[6]Direct Plan will have a lower expense ratio excluding distribution expenses, commission for distribution of Units etc. [7]Exit Load changed, if any, will be credited back to the scheme, net of Goods & Services Tax.

Note: The investor will bear the recurring expenses of the scheme, in addition to the expenses of underlying schemes.

Invesco Mutual Fund

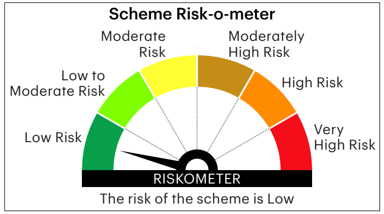
Invesco India Arbitrage Fund

(An open ended scheme investing in arbitrage opportunities)

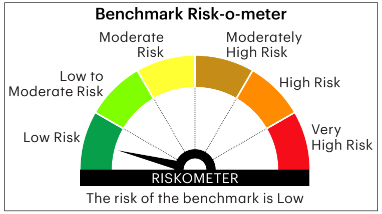
Data as on May 31, 2025

This product is suitable for investors who are seeking*:

- Income over medium-term
- Income through opportunities emerging out of difference in pricing between cash and derivatives markets and through deployment of surplus cash in fixed income instruments



As per AMFI Tier I Benchmark i.e. **Nifty 50 Arbitrage**



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Invesco Mutual Fund

Invesco India Corporate Bond Fund

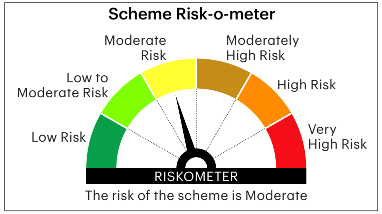
(An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds. A relatively high interest rate risk and relatively low credit risk)

Data as on May 31, 2025

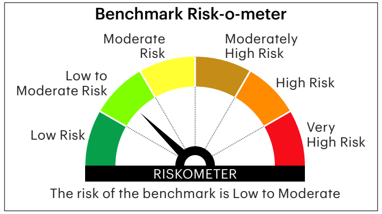
Potential Risk Class Matrix			
Credit Risk → Interest Rate Risk ↓	Relatively Low (Class A)	Moderate (Class B)	Relatively High (Class C)
Relatively Low (Class I)			
Moderate (Class II)			
Relatively High (Class III)	**A-III**		

This product is suitable for investors who are seeking*:

- Income over medium to long term
- Investments in AA+ and above rated corporate bonds



As per AMFI Tier I Benchmark i.e. **Nifty Corporate Bond Index A-II**



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Invesco Mutual Fund

Get in touch

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