

**MAGNUM** / OFFERED BY  
**SIF** **SBI MUTUAL FUND**

**Backed by expertise.  
Built for you.**



MUTUAL FUND



AIF

RETURNS ON INVESTMENTS – OCCUPIED OR PRODUCTIVE !!

## **A LOOK AT ECONOMY & MARKETS**

# Global



Welcome certainty of – transactional globalisation, a political divide and differentiated fiscal stance.



A strong majority government influences the quantity or quality of fiscal deficits; if not both.



Having embarked upon an aggressive rate cycle, the Fed now finds itself entangled in balancing the political promise of lower taxes and a 'still loose' fiscal policy; as lower benchmark rates have 'yet' to be reflected in sovereign yields



This certainty weakened the US Economy's resilience, triggered a decline in dollar index, and steepened the yield curve



Federal Reserve's projections of lower growth expectation and higher inflation can pose incremental challenge in using fiscal and monetary ammunition.

# Domestic



Immunity of the economy is exceptionally strong with well anchored fiscal & current account deficit, implying 'stable' rates & currencies



Today's economy is characterised by abundant liquidity, low inflation, low rates, low credit growth and GDP consolidating at lower levels of 6.25% – 6.50%



RBI projections of lower inflation and higher growth bodes well for the combination of measured fiscal push and 'easier' monetary stance to revive growth momentum.



Collectively, at 5.50% operating rate, < 10% of credit growth, < 4% on inflation, 6.50% of economic growth and abundant banking liquidity – growth momentum and hence equity as an asset class has enough tailwinds to drive returns.

# Investment - in a nutshell



**Borrowing costs are going up for Governments across the world.**



**'Still elevated' benchmark rates in developed economies remain a solace** to withstand incremental impact on growth.



**Developed Markets Central Banks, influenced by fiscal adventure / political will are likely to cascade challenges to broader world** – first through currency, then inflation and eventually rates.



**Central bank's 'first love' will continue to remain currency followed by liquidity & interest rates;** particularly for Emerging Markets



**Indian economy finds cushion in not being over-heated with broad-based credit, leverage and fiscal pressures;** albeit the markets are likely to reprice the risk premia basis valuations and incremental growth.



**Markets will look up to Federal Reserve to address the steepening of US yield curve as a key enabler to redeploy risk capital. Extent & pace of steepness in the US yield curve remains a key monitorable for manoeuvring risk capital**



**Indian government is likely to 'buy time' in assessing the global backdrop before unleashing incremental ammunition to fast-track revival of growth momentum.**



**Collectively, at 5.50% operating rate, < 10% of credit growth, < 4% on inflation, 6.50% of economic growth and abundant banking liquidity – growth momentum and hence equity as an asset class has enough tailwind to drive returns.**

# Portfolio Returns - Navigating a challenging terrain



**It feels like a difficult terrain when**

- **Equity markets appear to have been caught between valuations and earnings**
- **Fall in fixed income yields looking up to find the balance between demand & supply**
- **We are about to go past the best of liquidity conditions**
- **Such low inflation prints are boon or curse?**
- **Growth regime looking for direction !!**
- **The world of T's – Trade, Tariffs, Taxes and Trump: Revisit or reimpose ?**
- **Investment portfolio bear more promise than business portfolio**
- **Risk appetite seeks immunity from volatility, drawdowns, visibility and some predictability in seeking returns**
- **Mileage seems to outlive speed !!**



## Drive Smart.. Invest Smarter...

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- **Smooth journey: Visibility is high**
- **Economy is stable, geopolitical factors are calm**
- **Market trends are predictable and growth-oriented**
- **Investors can drive with confidence and minimal caution**



- **Challenging path: Requires focus and caution**
- **Macro instability, geopolitical tensions, trade wars**
- **Market volatility demands strategic planning**
- **Use of tools like asset allocation, hedging, and diversification**



# For One, For All

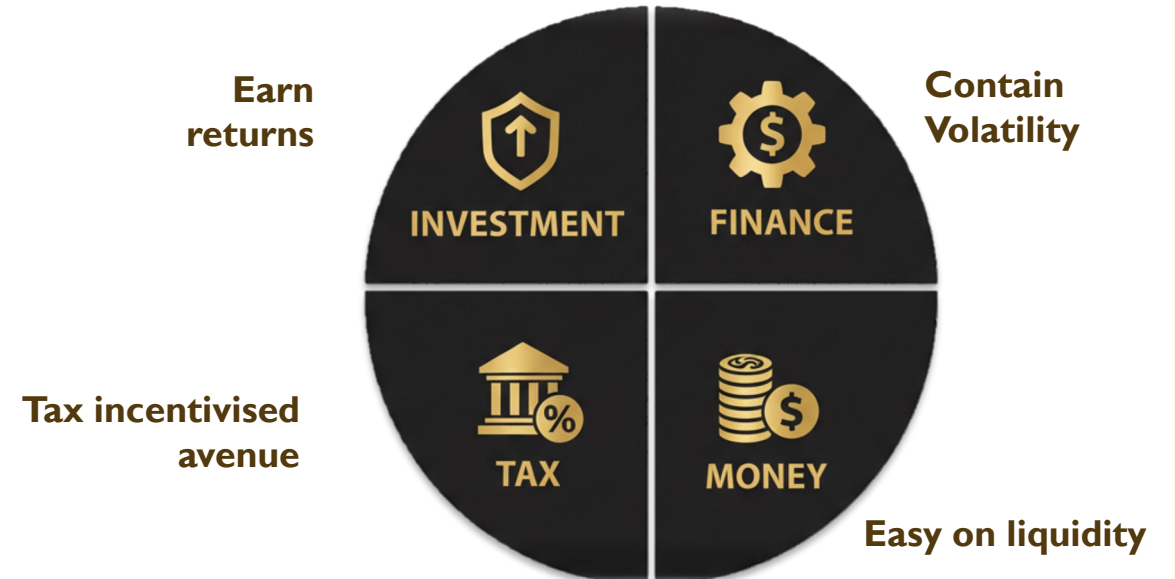
## ANXIOUS / NERVOUS

*When visibility on returns and volatility appears poor*

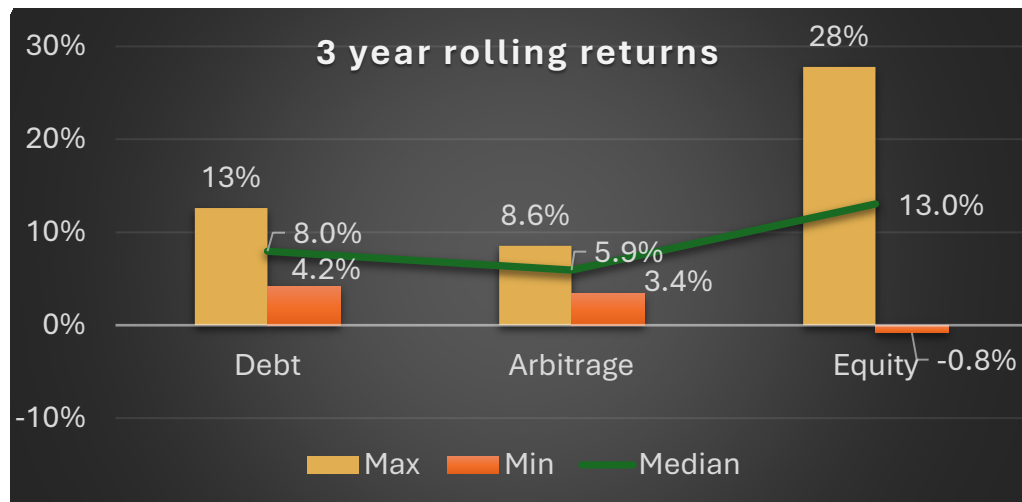
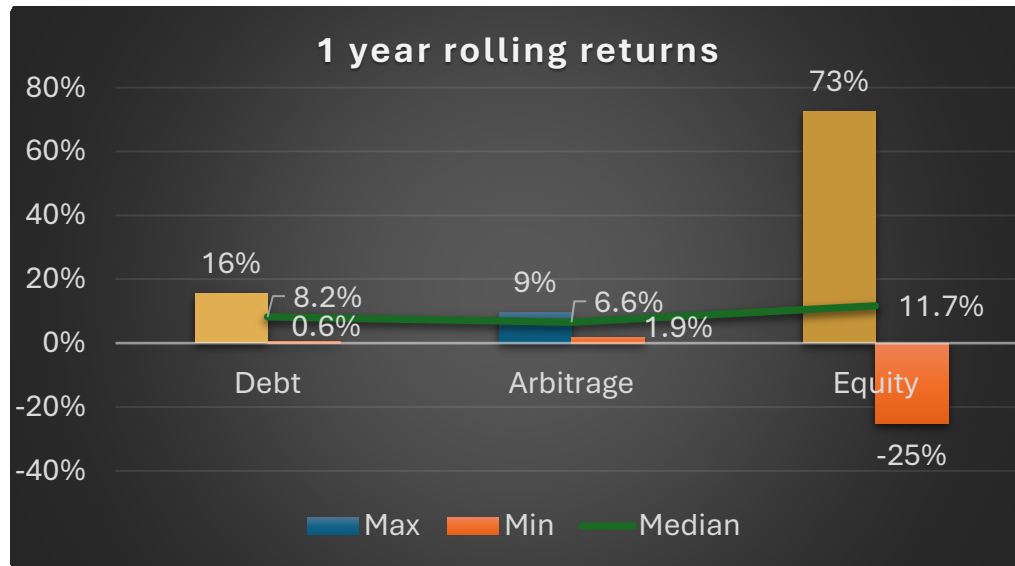


## CERTAIN / CONFIDENT

*When money can be required anytime, but not now*



## The Eternal Quest: Returns + Stability + Taxation!



### A COMMON MYTH ABOUT SIFs!

SIFs get more flexibility on use of derivatives

And derivatives are risky.....

So, SIFs must be for aggressive investors.

Right?

**WRONG!**

Derivatives can be used to both enhance as well as mitigate risk

Therefore, SIFs can be designed as aggressive as well as conservative!

# Little legroom for a firm footing



# Multi-Layered

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## EQUITY STRATEGY

Large cap skewed portfolio for ease in execution, agility and lower cost of liquidity



## FIXED INCOME STRATEGY

Accrual oriented portfolio for stable income generation as well as margin placement.



## DERIVATIVES

Arbitrage opportunities, collar strategies, and select unhedged short positions used for hedging and income generation

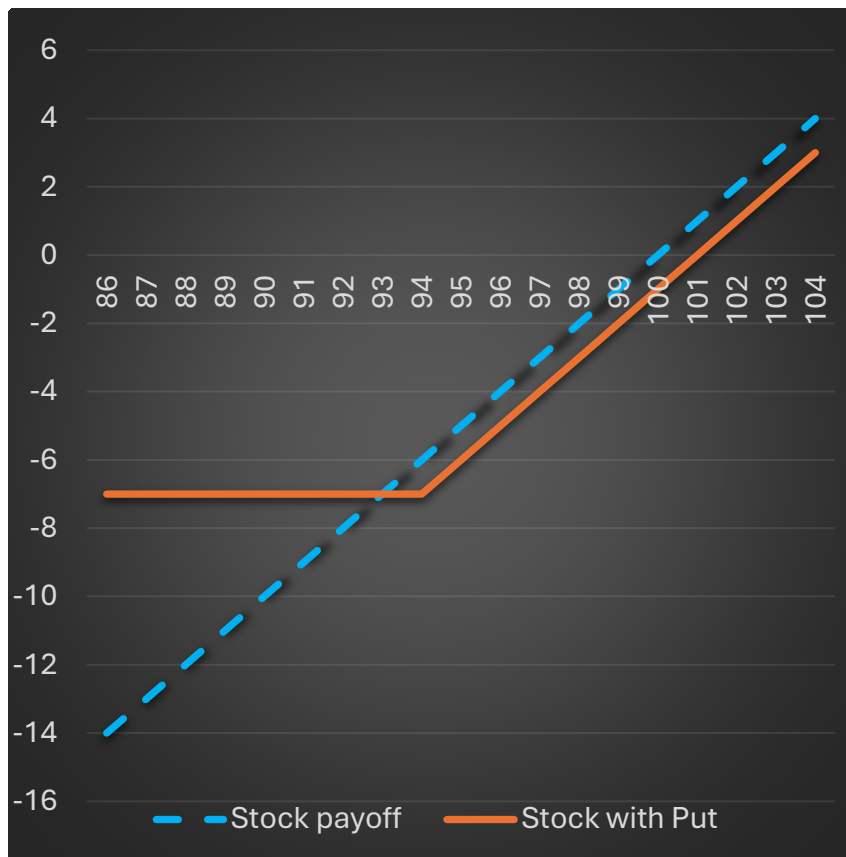


## PORTFOLIO

Allocation-attributes to enhance income generation by hedging as against risk optimisation for wealth creation.

Focus on equities with derivatives available to optimize risk management

# Derivatives For Risk Mitigation – Buying Puts



A put position becomes profitable for the buyer if the stock falls below the strike price. Buying it against an existing stock position can help protect downside.

The buyer however has to pay a premium upfront to buy the put. This is akin to buying insurance.

Eg: Jack holds the stock at ₹100 and pays a premium, of say ₹1, to buy a put option of ₹94 strike.

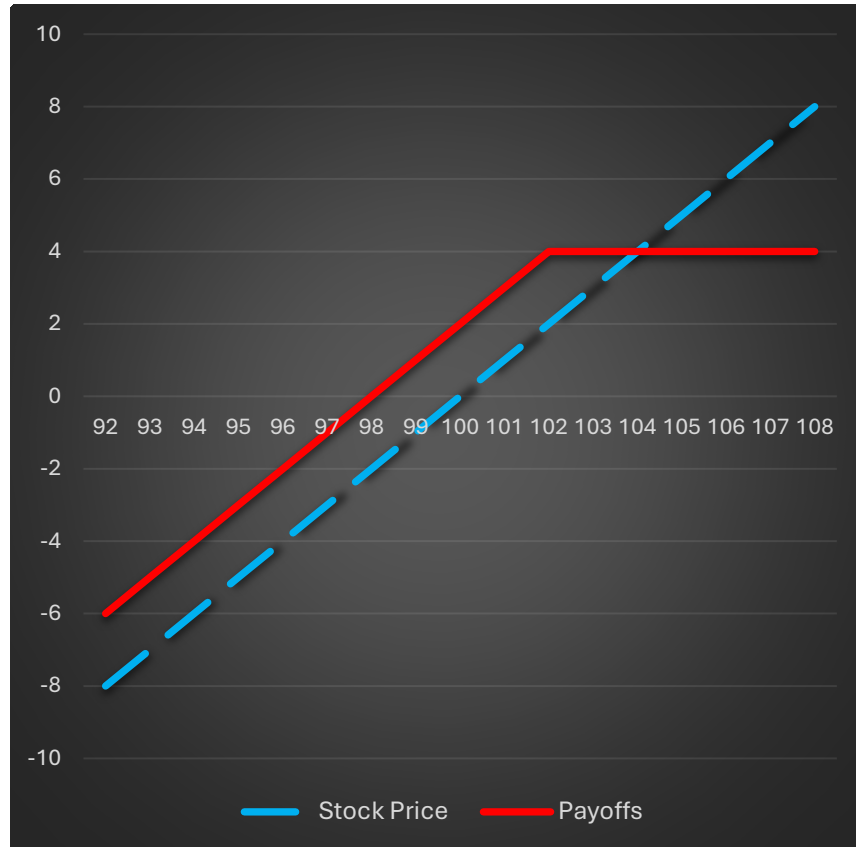
If the stock falls below the strike price (₹94), losses get limited as the profits from puts start to offset losses on further stock decline.

However, if the stock stays above 94, Jack ends up losing ₹1 (option premium).

Scenario	Stock Price at Expiry	Outcome
Very bearish	₹80	₹7 loss
Bearish	₹90	₹7 loss (max loss)
Neutral	₹100	₹1 loss (premium only)
Bullish	₹102	₹1 loss (premium only)



## Derivates for income generation – Covered Calls



A covered call involves holding a long position in an underlying asset and selling a call option on the same asset to generate income.

Eg: Jack earns the premium upfront (₹2 in this case).

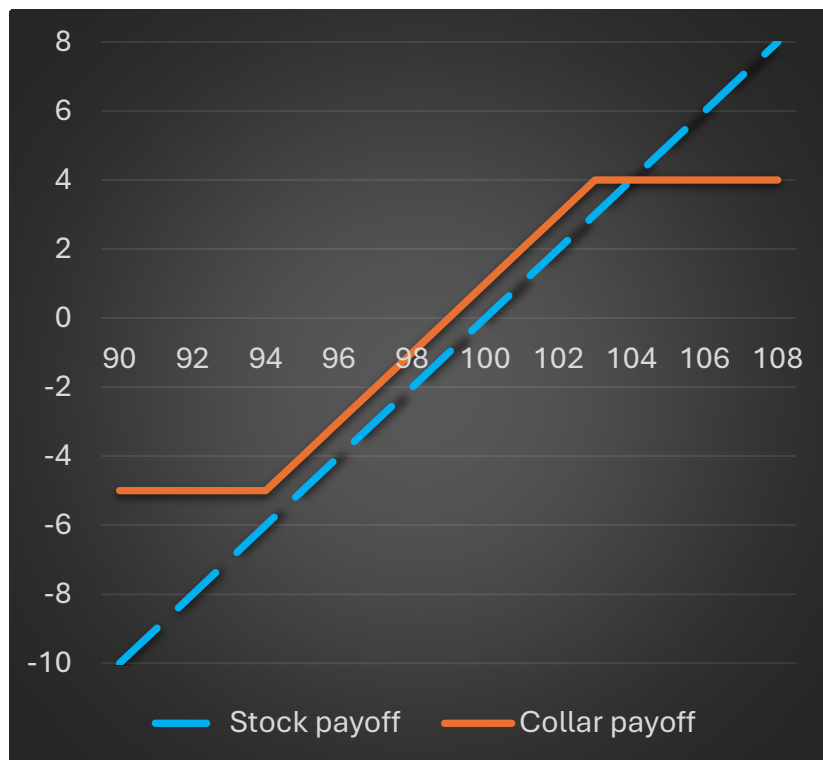
If the stock rises to or stays just below the strike price (₹102), Jack benefits from both capital appreciation and the premium to the extent of ₹4. Gains are capped at ₹4, however if the stock rallies beyond this, Jack misses out on further profits.

The premium lowers Jack's effective cost basis ( $₹100 - ₹2 = ₹98$ ) and helps in minor market declines.

If the stock stays flat or slightly up, the strategy can outperform a simple long position.

Scenario	Stock Price at Expiry	Outcome
Bearish	₹95	₹3 loss
Neutral	₹100	₹2 gain (premium only)
Bullish	₹102	₹4 gain (max profit)
Very Bullish	₹107	₹4 gain (capped)

## Can You Achieve Both? – Introducing Collars



Since covered calls carry unlimited downside risk, the fund will also use protective puts to create a **Collar Strategy**, providing downside protection while generating income.

A collar strategy involves holding a long position in an underlying asset (e.g., stock or futures), selling a call option on the same asset to generate income while also buying a put to protect against major downside.

Jack holds a stock at ₹100, he initiates -

- a long Put at ₹94 (Premium Paid: ₹1),
- a short Call at ₹103 (Premium Received: ₹2)
- Implying, net premium income: ₹1 received

The strategy allows Jack to receive net income through the options strategy. While the call option caps upside, the put position limits downside to his position. Herein, the collar strategy is enabled to reduce variability in returns either way.

In a nutshell, Premium reduces effective cost and helps generate income in sideways market.

Scenario	Stock Price at Expiry	Outcome
Very Bearish	₹92	₹5 loss (capped)
Bearish	₹97	₹2 loss
Neutral	₹100	₹1 gain
Bullish	₹102	₹3 gain
Very Bullish	₹107	₹4 gain (capped)

# Derivatives At Work – Arbitrage

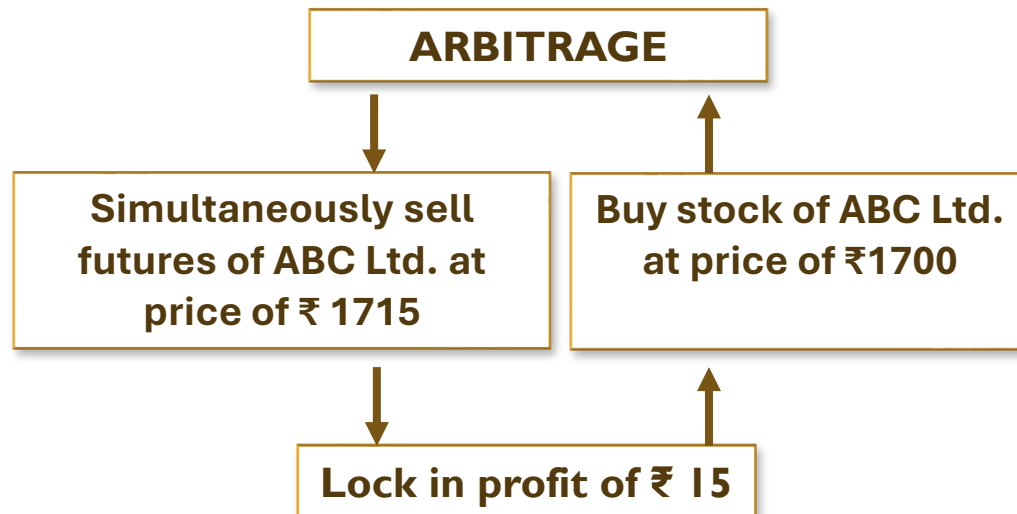
**Q. What is Arbitrage?**

**A:** Arbitrage is simultaneous purchase & sale of a security in different markets to profit from price differences. In equities and derivatives, such price variation known as a spread can be leveraged for arbitrage opportunities.

For Hedging

Lock-In risk free spread

Reduce Market Timing Risk



Cash and Carry Arbitrage	On the Day of Expiry		
	Scenario 1	Scenario 2	Scenario 3
	Profit/loss when Stock Price moves to ₹1800	Profit/loss when Stock Price moves to ₹1500	Remains at ₹1700
Buy Stock @ ₹1700	100	-200	0
Sell Futures @ ₹1715	-85	215	15
Net Profit*	15	15	15

\*For illustration purpose only

**MULTIPLE ASSET CLASS,  
MULTIPLE TOOLS  
ONE FUND**

## Income Generation vs. Wealth Creation: The Middle Path

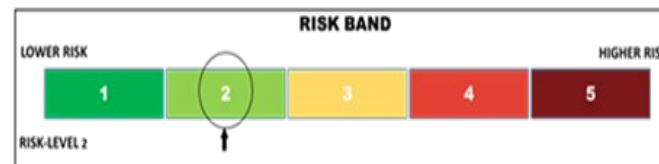
# PRESENTING MAGNUM HYBRID LONG SHORT FUND

(An interval investment strategy investing predominantly in equity and debt securities, including limited short exposure in equity and debt through derivatives)

**This product is suitable for investors who are seeking\*:**

- Long term Capital appreciation
- An Interval investment strategy investing predominantly in equity and debt securities, including limited short exposure in equity and debt through derivatives.

**Fund Risk Band**



**Benchmark- Risk Band**  
NIFTY 50 Hybrid Composite Debt 50:50 Index



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

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



# Portfolio Construction Strategy

ReIT & InVITs – 0 to 10%

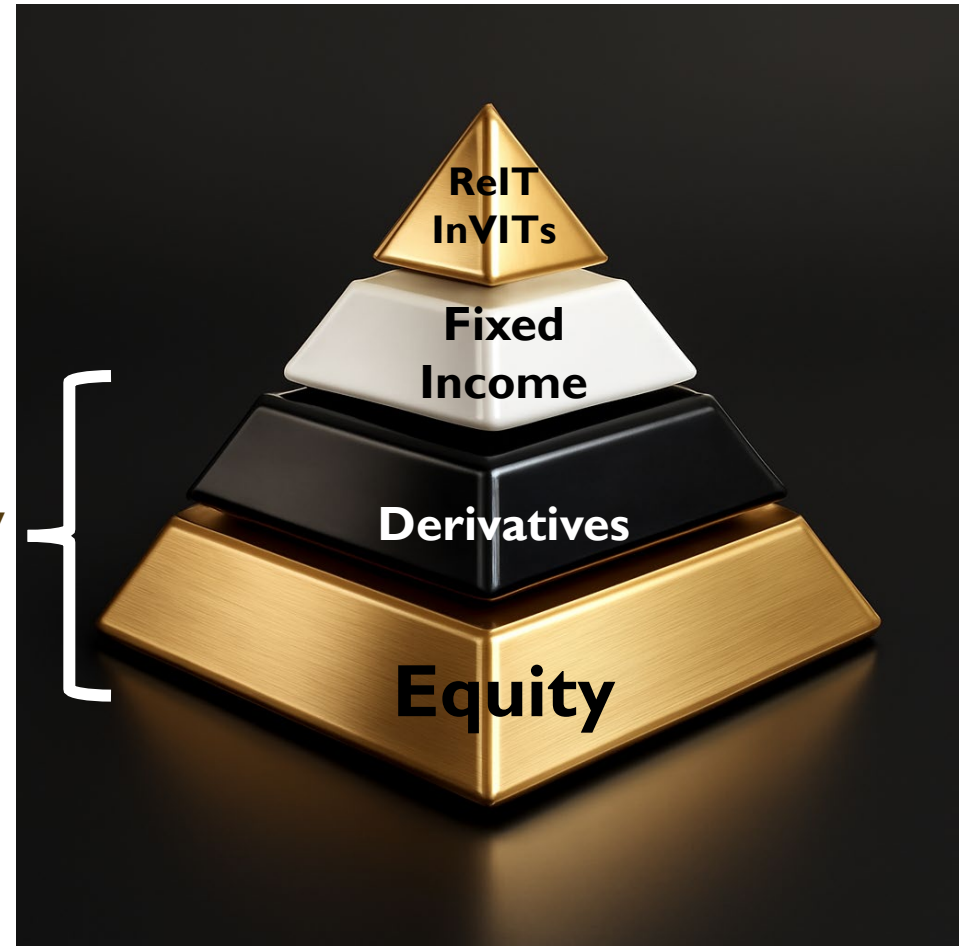
Debt – 25 to 35%

Unhedged derivatives – 0 to 25%

Covered Equity Exposure – 55% to 75%

Gross Equity – 65% to 75%

Net Equity  
0 to 10 %



# Reasons to Invest

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**Potential To Earn In  
Market Downturn**



**Multi Asset Holding**



**Reduced Volatility**



**Better Risk  
Adjusted Return**

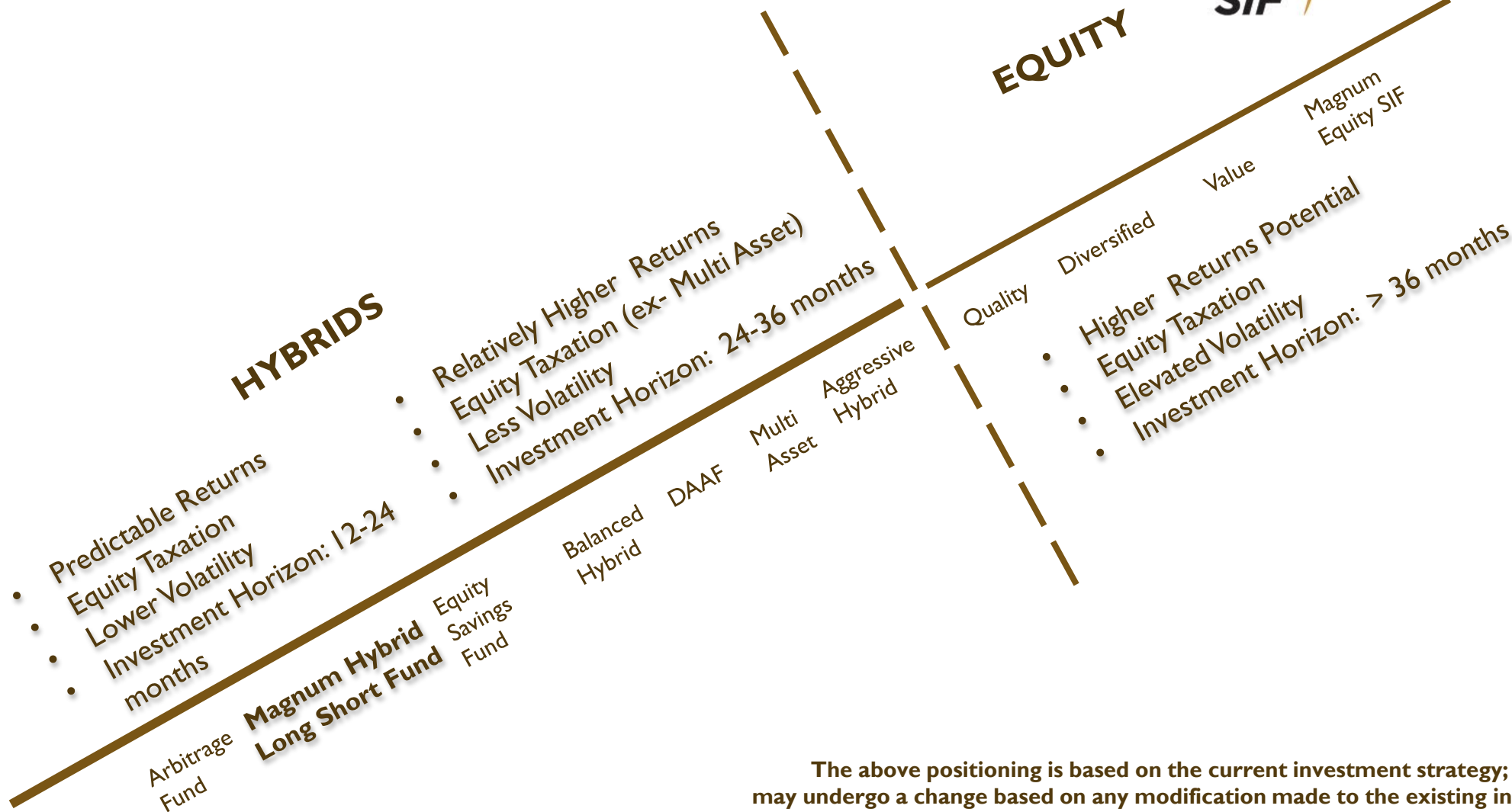


**Equity Taxation**



# Solution Laddering

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The above positioning is based on the current investment strategy; the positioning may undergo a change based on any modification made to the existing investment style.

# Fund Details



ATTRIBUTES	DESCRIPTION
Investment objective	The investment objective of the Investment Strategy is to generate regular income by predominantly investing in Derivatives strategies like covered calls, arbitrage opportunities in the cash and derivatives segments of the equity markets and debt and money market instruments and to generate long-term capital appreciation through unhedged exposure to equity and equity related instruments. There is no assurance that the investment objective of the Investment strategy will be achieved.
Benchmark	NIFTY 50 Hybrid Composite Debt 50:50 Index TRI
Category of investment strategy	Hybrid Long Short Fund
Type of investment strategy	Interval
Subscription frequency	Daily
Redemption frequency	Twice in a week (Monday and Thursday)
Plan & Options	Direct and Regular Plans with Growth and IDCW Options
Exit load	0.50% up to 15 days, 0.25% 16 days to 1 Month, No Exit Load After 1 Month
Minimum Application Amount	₹ 10 lakh
Notice Period for Redemption	NIL
Exchange Listing	To be listed on National Stock Exchange & Bombay Stock Exchange

**STILL WANT TO KNOW MORE ON SIF?**



# Balanced Exposure

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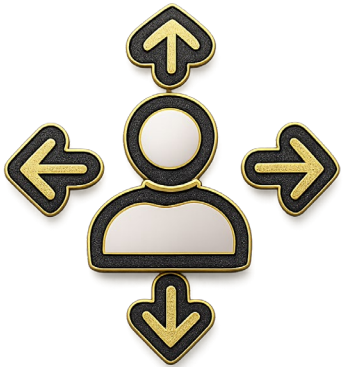


**REGULATED BY SEBI**  
Ensuring governance, transparency, and investor protection



## TAX EFFICIENCY

Enjoys the same pass-through taxation as mutual funds, making them attractive from a post-tax return perspective



**FLEXIBILITY OF STRATEGIES**  
Flexible Structure than Mutual Fund



## MINIMUM INVESTMENT

Investors can participate with a commitment of ₹10 Lakhs, making SIFs more accessible compared to PMS while offering a wider set of opportunities than mutual funds

**SIF - A Specialized Investment Fund (SIF)** is a new investment product framework introduced by **SEBI** to create a bridge between **Mutual Funds** and **Portfolio Management Services (PMS)**. It is designed for investors who seek a balance of regulatory safety, tax efficiency, and greater flexibility in managing their wealth.

## INVESTMENT AVENUES

### *LONG – SHORT EQUITY STRATEGIES*

Equity Long Short Fund

Equity Ex- Top 100 Long Short Fund

Sector Rotation Long Short Fund

### *INCOME GENERATION THROUGH ARBITRAGE & DERIVATIVES*

Magnum Hybrid  
Long Short Fund

Active Asset Allocator Long Short Fund

### *FIXED INCOME ALLOCATION FOR STABILITY & LIQUIDITY*

Debt Long Short Fund

Sector Debt Long Short Fund

# SIF & Other Investment Instruments...



	SIF	MF	PMS	AIF (CAT III)
Minimum Investment	Rs. 10 Lakh (Across SIF strategies)	Rs. 5000 (Lumpsum)	Rs.50 Lakh	Rs. 1 Crore
Taxation at Investor level	Equity - LTCG at 12.5% (after 12m) Debt – Marginal Tax rate Other – LTCG @ 12.5% (after 24 m)		Taxed to investor at each transaction level.	NA
Taxation at Fund Level	Nil as per Section 10 (23D)		NA	Capital gains @12.5% + Business Income @ MMR
Expense Ratio	Max at 2.25% and 2%		Management Fee + Performance Fee	
Derivatives + Leverage	Naked shorts upto 25% + Hedging NO Leverage Allowed	Only for Hedging No Leverage Allowed		Allowed gross exposure upto 200%

WHY <sup>NOT</sup><sub>^</sub> NOW?

# Disclaimer



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**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.**