

Edelweiss Arbitrage Fund

An Open Ended Equity Scheme

NFO Opens: June 12, 2014
NFO Closes: June 20, 2014

**Scheme reopens for ongoing subscription on:
 June 30, 2014**

This product is suitable for investors who are seeking*:

To generate income by predominantly investing in arbitrage opportunities. | Investments predominantly in arbitrage opportunities in the cash and derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments. | Low risk ■ (BLUE)

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

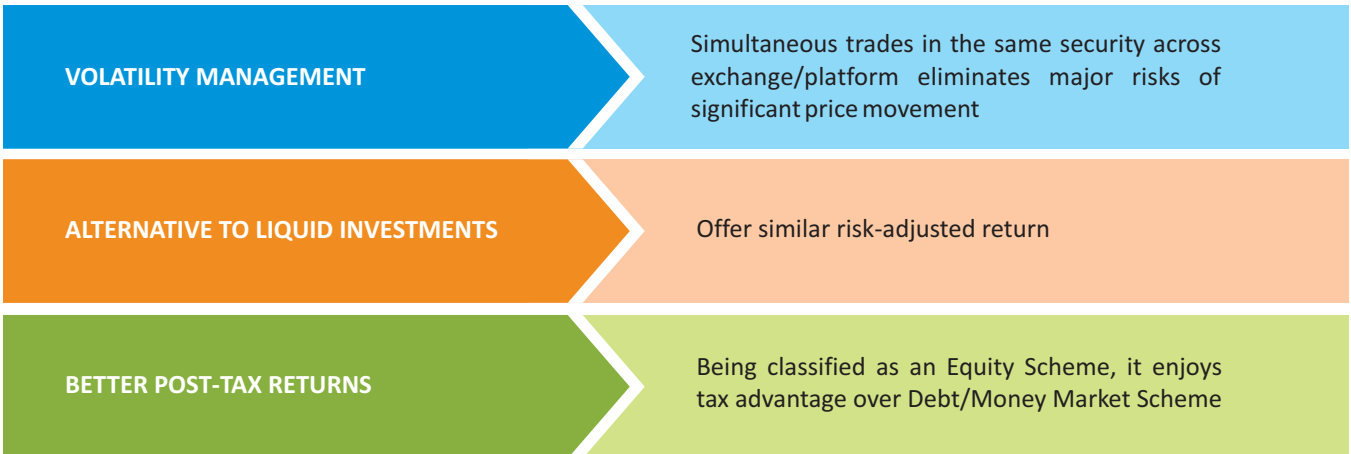
Note: Risk may be represented as: ■ (BLUE) investors understand that their principal will be at low risk ■ (YELLOW) investors understand that their principal will be at medium risk ■ (BROWN) investors understand that their principal will be at high risk

Investment Objective

The investment objective of the Scheme is to generate income by predominantly investing in arbitrage opportunities in the cash and the derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments.

However, there is no assurance that the investment objective of the scheme will be realized.

Why invest in Edelweiss Arbitrage Fund



Edelweiss Arbitrage Fund - Investment Strategy

- Invest predominantly in arbitrage opportunities between spot and futures prices of exchange traded equities
- The Scheme would also look to avail of opportunities between one futures contract and another
- Build market neutral positions that offer an arbitrage potential for e.g. buying the basket of index constituents in the cash or futures segment and selling the index futures
- Concentrated portfolio
- The margin money requirement for the purposes of derivative exposure will be held in the form of Term Deposits, cash or cash equivalents

Who should invest?

Investors seeking

- To generate income by investing in arbitrage opportunities available in the equity markets
- To earn higher post tax returns compared to Debt and Money Market funds
- Arbitrage Funds being equity oriented schemes :
 - Dividends are not subject to DDT
 - Short Term Capital Gains is taxed at flat 15%* as compared to applicable income tax rate for Individuals / Corporates in case of Debt and Money Market instruments
 - Long Term Capital Gains Tax is 'NIL' as compared to 22.66% (with indexation benefit) or 11.33% (without indexation benefit) for Debt and Money Market Schemes
- To invest with medium to long-term investment horizon

*Plus applicable Cess and Surcharge

Product Features:

Investment Objective	The investment objective of the Scheme is to generate income by predominantly investing in arbitrage opportunities in the cash and the derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments. However, there is no assurance that the investment objective of the scheme will be realized.
Benchmark	CRISIL Liquid Fund Index
Plans/Options	The Scheme offers two Plans: Regular Plan and Direct Plan Each Plan offers: Growth Option, Dividend Option and Bonus Option Dividend Option offers: Reinvestment, Payout and Sweep facility
Fund Manager	Mr. Bhavesh Jain, Fund Manager Mr. Paul Parampreet, Co-Fund Manager
Exit Load Structure	If the Units are redeemed / switched out on or before 3 months from the date of allotment – 0.50% If the Units are redeemed / switched out after 3 months from the date of allotment – Nil
Minimum Application amount (For lump sum application)	₹5000/- and in multiples of ₹1/- thereafter

Under normal circumstances, the anticipated asset allocation pattern would be as follows:

Instruments	Risk Profile	Indicative Allocation
Equity & Equity related instruments including Derivatives	Medium to High	65%-100%
Debt & Money Market instruments including the margin money deployed in derivative transactions	Low	0% -35%

The entire Equity portfolio will be hedged i.e. the Scheme will not take any directional calls on Equities and will not have any un-hedged positions.

Under defensive circumstances, the anticipated asset allocation pattern would be as follows:

Instruments	Risk Profile	Indicative Allocation
Equity & Equity related instruments including Derivatives	Medium to High	0% -35%
Debt & Money Market instruments including the margin money deployed in derivative transactions	Low	65%-100%

NOTE : Defensive circumstances are when the arbitrage opportunities in the market place are negligible or returns are lower than alternative investment opportunities as per the allocation pattern. The allocation under defensive circumstances will be made keeping in view the interest of the unit holders. The portfolio under such defensive circumstances will be rebalanced within 30 days.

Disclaimer: Scheme classification and objective: Edelweiss Arbitrage Fund (An Open-ended Equity Scheme) Investment Objective: The investment objective of the Scheme is to generate income by predominantly investing in arbitrage opportunities in the cash and the derivative segments of the equity markets and the arbitrage opportunities available within the derivative segment and by investing the balance in debt and money market instruments. However, there is no assurance that the investment objective of the Scheme will be realized and the Scheme does not assure or guarantee any returns. Asset Allocation Pattern: Equity and equity related instruments including derivatives: 65% to 100% of the net assets; Debt and money market instruments including margin money deployed in derivative: 0% to 35% of the net assets. The Scheme will not invest in securitized debt, Foreign Securities, ADRs/GDRs issued by Indian or foreign companies or in Stock Lending and Short Selling. Terms of the Issue: Units of Rs. 10/- per unit for cash during the NFO period and at applicable NAV based prices on re-opening. NAVs will be calculated and published on all Business Days. Plans/Options: The Scheme offers two Plans – Regular and Direct Plan. Each Plan will have three options, Growth, Dividend & Bonus. Dividend Option offers Dividend Reinvestment, Payout and Sweep Facilities. Minimum Application Amount: Rs.5,000/- and in multiples of Re. 1/- thereafter. Minimum Redemption Amount: Re.1/- or any number of Units. Load Structure: Entry Load: Nil; Exit Load: If redeemed on or before 3 months from date of allotment: 0.50%; If redeemed after 3 months from the date of allotment: Nil. New Fund Offer (NFO) expenses: NFO expenses shall be borne by the AMC. Scheme Recurring Expenses: Subject to a percentage limit of average daily net assets prescribed under SEBI Regulations, expenses over and above the prescribed ceiling will be borne by the AMC.

Statutory Details: Edelweiss Mutual Fund is set up as a Trust under the Indian Trusts Act, 1882 by Edelweiss Financial Services Limited. Sponsor: Edelweiss Financial Services Limited (EFSL) [liability restricted to initial contribution of Rs. 1,00,000]. Trustee: Edelweiss Trusteeship Company Limited (ETCL), a Company registered under the Companies Act, 1956. Investment Manager: Edelweiss Asset Management Limited (EAML), a Company registered under the Companies Act, 1956. Copy of Statement of Additional Information (SAI) / Scheme Information Document (SID) and Key Information Memorandum (KIM) can be obtained from any of our Investor Services Centers as well as from our website www.edelweissmf.com.

Mutual fund investments are subject to market risks, read all scheme related documents carefully.

Contact us:

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