


# Edelweiss Exchange Traded Scheme - Nifty (Nifty EES)

(An Open Ended Exchange Traded Fund)

## Scheme Information Document (SID)

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

- Long term capital appreciation.
- Investment in securities covered by CNX Nifty Index.
- High risk  **(BROWN)**

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

**Note:** Risk is represented as:

<b>(BLUE)</b> investors understand that their principal will be at low risk	<b>(YELLOW)</b> investors understand that their principal will be at medium risk	<b>(BROWN)</b> investors understand that their principal will be at high risk
---	--	---

Offer of Units of ₹10/- each for cash issued at a premium approximately equal to the difference between the face value and allotment price during the New Fund Offer Period and continuous offer for Units in Creation Unit Size at NAV based prices.

NEW FUND OFFER OPENS ON: April 24, 2015  
 NEW FUND OFFER CLOSES ON: May 5, 2015  
 SCHEME RE-OPENS : ON OR BEFORE May 14, 2015

The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document

The Scheme Information Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document incorporated after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Edelweiss Mutual Fund, Tax and Legal issues and general information on [www.edelweissmf.com](http://www.edelweissmf.com).

This Document should be read in its entirety before making application and should be retained for future reference.

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

Edelweiss Exchange Traded Scheme – Nifty (Nifty EES) is a Scheme to be launched by Edelweiss Mutual Fund (EMF) which will be managed through its Asset Management Company i.e. Edelweiss Asset Management Limited (EAML).

This Scheme Information Document is dated April 15, 2015.

### Disclaimer clause of National Stock Exchange of India Limited (NSE)

"As required, a copy of this Scheme Information Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter NSE/LIST/248212-X dated August 20, 2014 permission to the Mutual Fund to use the Exchange's name in this Scheme Information Document as one of the stock exchanges on which the Mutual Fund's units are proposed to be listed subject to, the Mutual Fund fulfilling various criteria for listing. The Exchange has scrutinized this Scheme Information Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Scheme Information Document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Scheme Information Document; nor does it warrant that the Mutual Fund's units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund.

Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

### Disclaimer of BSE Limited (BSE)

"BSE Ltd. ("the Exchange") has given vide its letter DCS/IPO/NP/MF-IP/985/2013-14 dated February 27, 2015 permission to Edelweiss Mutual Fund to use the Exchange's name in this SID as one of the Stock Exchanges on which this Mutual Fund's Unit are proposed to be listed. The Exchange has scrutinized this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to Edelweiss Mutual Fund. The Exchange does not in any manner: -

i) warrant, certify or endorse the correctness or completeness of any of the contents of this SID; or

ii) warrant that this Scheme's unit will be listed or will continue to be listed on the Exchange; or

iii) take any responsibility for the financial or other soundness of this Mutual Fund, its promoters, its management or any scheme or project of this Mutual Fund;

and it should not for any reason be deemed or construed that this SID has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any unit of Edelweiss Exchange Traded Scheme – Nifty (Nifty EES) of this Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

### Disclaimer of India Index Services & Products Limited, the Licensor of the Benchmark Index

The Product(s) are not sponsored, endorsed, sold or promoted by India Index Services & Products Limited ("IISL"). IISL does not make any representation or warranty, express or implied, to the owners of the Product(s) or any member of the public regarding the advisability of investing in securities generally or in the Product(s) particularly or the ability of the CNX Nifty to track general stock market performance in India. The relationship of IISL to the Issuer is only in respect of the licensing of the Indices and certain trademarks and trade names associated with such Indices which is determined, composed and calculated by IISL without regard to the Issuer or the Product(s). IISL does not have any obligation to take the needs of the Issuer or the owners of the Product(s) into consideration in determining, composing or calculating the CNX Nifty. IISL is not responsible for or has participated in the determination of the timing of, prices at, or quantities of the Product(s) to be issued or in the determination or calculation of the equation by which the Product(s) is to be converted into cash. IISL has no obligation or liability in connection with the administration, marketing or trading of the Product(s).

IISL do not guarantee the accuracy and/or the completeness of the CNX Nifty or any data included therein and IISL shall have not have any responsibility or liability for any errors, omissions, or interruptions therein. IISL does not make any warranty, express or implied, as to results to be obtained by the Issuer, owners of the product(s), or any other person or entity from the use of the CNX Nifty or any data included therein. IISL makes no express or implied warranties, and expressly disclaim all warranties of merchantability or fitness for a particular purpose or use with respect to the index or any data included therein. Without limiting any of the foregoing, IISL expressly disclaim any and all liability for any claims, damages or losses arising out of or related to the Products, including any and all direct, special, punitive, indirect, or consequential damages (including lost profits), even if notified of the possibility of such damages.

An investor, by subscribing or purchasing an interest in the Product(s), will be regarded as having acknowledged, understood and accepted the disclaimer referred to in Clauses above and will be bound by it.

### MUTUAL FUND:

#### Edelweiss Mutual Fund

Edelweiss House, Off. C.S.T Road,  
 Kalina, Mumbai - 400 098  
[www.edelweissmf.com](http://www.edelweissmf.com)

### TRUSTEE:

#### Edelweiss Trusteeship Company Limited

Edelweiss House, Off. C.S.T Road,  
 Kalina, Mumbai - 400 098

### SPONSOR:

#### Edelweiss Financial Services Limited

Edelweiss House, Off.C.S.T Road,  
 Kalina, Mumbai - 400 098  
[www.edelweissfin.com](http://www.edelweissfin.com)

### INVESTMENT MANAGER:

#### Edelweiss Asset Management Limited

Edelweiss House, Off. C.S.T Road,  
 Kalina, Mumbai - 400 098  
[www.edelweissmf.com](http://www.edelweissmf.com)

**TABLE OF CONTENTS**

	<b>HIGHLIGHTS – SUMMARY OF THE SCHEME</b>	<b>3</b>
<b>I.</b>	<b>INTRODUCTION</b>	<b>8</b>
A.	RISK FACTORS	12
B.	REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME	12
C.	SPECIAL CONSIDERATIONS	12
D.	DEFINITIONS AND ABBREVIATIONS	14
E.	DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY	19
<b>II.</b>	<b>INFORMATION ABOUT THE SCHEME</b>	<b>21</b>
A.	NAME & TYPE OF SCHEME	21
B.	INVESTMENT OBJECTIVE	21
C.	ASSET ALLOCATION AND INVESTMENT PATTERN	21
D.	WHERE WILL THE SCHEME INVEST?	22
E.	INVESTMENT STRATEGY & APPROACH	24
F.	FUNDAMENTAL ATTRIBUTES	26
G.	BENCHMARK	27
H.	FUND MANAGER(S) FOR THE SCHEME	27
I.	INVESTMENT RESTRICTIONS	28
J.	INVESTMENTS BY THE AMC IN THE SCHEME	32
K.	SECURITIES/STOCK LENDING	32
L.	SCHEME PERFORMANCE	33
M.	HOW THE SCHEME IS DIFFERENT FROM OTHER EXISTING SCHEMES OF EDELWEISS MUTUAL FUND	33
N.	INVESTMENT OF SUBSCRIPTION MONEY	33
O.	ABOUT THE INDEX	33
P.	INTRODUCTION TO EXCHANGE TRADED FUNDS (ETF)	36
<b>III.</b>	<b>UNITS &amp; OFFER</b>	<b>38</b>
A.	NEW FUND OFFER (NFO)	38
B.	ONGOING OFFER DETAILS	47
C.	PERIODIC DISCLOSURES & OTHER INFORMATION	58
D.	COMPUTATION OF NET ASSET VALUE	62
<b>IV.</b>	<b>FEES AND EXPENSES</b>	<b>64</b>
A.	NEW FUND OFFER (NFO) EXPENSES	64
B.	ANNUAL SCHEME RECURRING EXPENSES	64
C.	TRANSACTION CHARGES	66
D.	LOAD STRUCTURE	67
E.	WAIVER OF ENTRY LOAD FOR DIRECT APPLICATIONS	68
<b>V.</b>	<b>RIGHTS OF UNIT HOLDERS</b>	<b>69</b>
<b>VI.</b>	<b>PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY</b>	<b>69</b>

### HIGHLIGHTS – SUMMARY OF THE SCHEME

<b>Name of the Scheme</b>	Edelweiss Exchange Traded Scheme – Nifty (Nifty EES)
<b>Type of the Scheme</b>	An Open Ended Exchange Traded Fund
<b>Investment Objective</b>	<p>The investment objective of the scheme is to provide returns before expenses that closely correspond to the total returns of the CNX Nifty subject to tracking errors.</p> <p>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.</p>
<b>Suitable for</b>	Investors who believe in investing in mutual fund schemes that follow a passive investment strategy.
<b>Investment Plans/Options</b>	<p>The Scheme does not offer any Plans/Options for investment.</p> <p>The AMC/Trustee reserve the right to introduce Plans/Option(s) as may be deemed appropriate at a later date.</p>
<b>Minimum Application Amount</b>	<p><b>During New Fund Offer Period:</b></p> <p>Minimum of Rs. 10,000/- and in multiples of Re. 1/- thereafter per application which includes switch-ins from other Schemes of the Edelweiss Mutual Fund.</p> <p><b>During Ongoing Offer Period:</b></p> <p><b>a. Directly with the Mutual Fund:</b></p> <p>Subscription facility directly from the Mutual Fund would be restricted to Authorized Participants/Large Investors provided the value of units to be purchased is in Creation Unit size and in multiples thereof. The Creation Unit size will be 300 units.</p> <p><b>b. On the Stock Exchange(s):</b></p> <p>All categories of investors may purchase the Units of the Scheme through the Stock Exchange(s) on which the units of the Scheme are listed, on any trading day in round lot of one (1) Unit and multiples thereof.</p>
<b>Minimum Redemption Amount</b>	<p><b>During Ongoing Offer Period:</b></p> <p><b>a. Directly with Mutual Fund:</b></p> <p>Mutual Fund will repurchase units only from Authorised</p>

	<p>participants / Large Investors on any Business Day in Creation Unit size and in multiples thereof.</p> <p><b>b. On the Stock Exchange(s):</b> All categories of investors may sell the Units of the Scheme through the Stock Exchange(s) on which the units of the Scheme are listed, on any trading day in round lot of one (1) Unit and multiples thereof.</p>
<b>Target Amount to be raised during the NFO</b>	Rs.10 crores.
<b>Dematerialization (Demat)</b>	<p>The Units of the Scheme will be available only in Dematerialized ('Demat') form. Investors intending to invest in the Scheme are required to have a beneficiary account with a Depository Participant (DP) (registered with NSDL / CDSL as may be indicated by the Fund at the time of launch of the Scheme) and are required to indicate their DP's name, DP ID Number and the Beneficiary Account Number held with the DP in the application form at the time of subscribing to the Units during the NFO and on an ongoing basis at the time of purchasing Units directly from the Fund in 'Creation Unit Size'.</p> <p>Units of the Scheme will be issued, traded and settled compulsorily in dematerialized form. Applications without relevant details of their depository accounts are liable to be rejected.</p>
<b>New Fund Offer Price</b>	During the New Fund Offer, the units being offered will have a face value of Rs.10 each. Units will be issued at a premium equivalent to difference between face value and allotment price.
<b>Benchmark Index</b>	CNX Nifty Index.
<b>Fund Manager</b>	Fund Manager: Mr. Ashish Sahay Co-Fund Manager: Mr. Bhavesh Jain
<b>Load</b>	<p><b>Entry Load:</b> Not Applicable.</p> <p>No entry load will be charged for purchase / switch-in transaction(s) accepted by the Fund. The upfront commission, if any, on investment made by the investor shall be paid by the investor directly to the ARN Holder based on the investor's assessment of various factors including service rendered by the ARN Holder.</p> <p><b>Exit Load:</b> NIL</p> <p>There will be no Exit Load for units sold through the second</p>

	<p>market on the stock exchange(s). Investors shall note that the brokerage on sales of the units of the Scheme on the Stock Exchange(s) shall be borne by the investors.</p> <p>Investors other than Authorised Participants can redeem units directly with the Fund for less than Creation Unit size at Applicable NAV based prices and no exit load shall be charged for redemption of units if:</p> <ol style="list-style-type: none"> <li>1. the traded price of the units of the Scheme is at a discount of more than 3% to the NAV for continuous 30 days; or</li> <li>2. discount of bid price to NAV over a period of 7 consecutive days is greater than 3%, or</li> <li>3. there are no quotes available on the Stock Exchange(s) for 3 consecutive trading days, or</li> <li>4. total bid size on the exchange is less than half of Creation Units size daily, averaged over a period of 7 consecutive trading days.</li> </ol> <p><b><u>Other charges for transactions through Stock Exchange Mode –</u></b></p> <p>The units of the Scheme are compulsorily traded on Stock Exchange(s) in dematerialized form, and hence, there shall be no entry/exit load for the units purchased or sold through Stock Exchanges. However, the investor shall have to bear costs in the form of bid/ask spread and brokerage and such other costs as charged by his broker for transacting in the units of the Scheme through secondary market.</p> <p>For more details on load structure, please refer Section on “Load Structure” in this Document.</p>
<p><b>Liquidity</b></p>	<p>The Ongoing Offer Period of the Scheme will commence within 5 Business Days from the date of allotment of Units under the Scheme.</p> <p>Units of the Scheme will be listed on the Capital Market Segment of the NSE and BSE and/or on any other recognized Stock Exchange(s) as may be decided by the AMC from time to time.</p> <p>The Units of the Scheme can be purchased / sold on a continuous basis on the exchange(s) during the trading hours like any other publicly traded stock.</p> <p>The AMC will appoint at least two Authorised Participants to provide liquidity in secondary market on an ongoing basis. Currently, it is proposed that, Edelweiss Securities Limited and</p>

	<p>Reliance Securities Limited shall act as Authorised Participants. The Authorised Participant(s) would provide daily two-way quote (buy and sell quotes) in the secondary market for ensuring liquidity.</p> <p>Only Authorised Participants and Large Investors can directly subscribe to /redeem units of the Scheme with the Mutual Fund in 'Creation Unit Size' on all Business Days on an ongoing basis.</p>
<p><b>Transparency/NAV Disclosure</b></p>	<p>The AMC will calculate and disclose the first NAV not later than 5 Business Days from the date of allotment. Subsequently, the Fund shall calculate NAV on daily basis and publish the same in at least two daily newspapers having circulation all over India. The NAVs declared, will also be uploaded on the AMFI website (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) by 9.00 p.m. and also on Edelweiss Mutual Fund's website (<a href="http://www.edelweissmf.com">www.edelweissmf.com</a>) every Business Day. In case of any delay in uploading the NAV on AMFI website, the reasons for such delay would be explained to AMFI by the next business day. If the NAVs are not available before the commencement of business hours on the following business day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV. Investors can also visit the website of the Fund <a href="http://www.edelweissmf.com">www.edelweissmf.com</a> or contact any of the Investor Service Centres (ISCs) of the Fund for the latest NAV.</p> <p>The Fund may also calculate intra-day indicative NAV (computed based on snapshot prices received from NSE) and will be updated during the market hours on Edelweiss Mutual Fund's website (<a href="http://www.edelweissmf.com">www.edelweissmf.com</a>). Intra-day indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.</p> <p>The AMC shall disclose portfolio (along with ISIN) as on the last day of the month for the Scheme on its website on or before the tenth day of the succeeding month in a user-friendly and downloadable format. The AMC shall also communicate the portfolio of the Scheme on a half-yearly basis to the Unit holders within one month from the close of each half year (i.e. 31st March and 30th September) either by sending a complete statement to all the Unit holders or by publishing the same by way of advertisement in one national English daily newspaper in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is located. The portfolio will also be displayed on the website of AMC and AMFI.</p> <p>The Fund/AMC shall within one month from the close of each half</p>

	<p>year, i.e. on 31<sup>st</sup> March and on 30<sup>th</sup> September, host a soft copy of its unaudited financial results on their website <a href="http://www.edelweissmf.com">www.edelweissmf.com</a> and AMFI website (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) in a user-friendly and downloadable format.</p> <p>The AMC will make available the Annual Report of the Scheme within four months of the end of the financial year.</p>
--	--

## I. INTRODUCTION

### **A RISK FACTORS:**

---

Apart from the risk factors mentioned in SAI, following are some of the additional risk factors which investors are advised to go through before investing:

#### **a) *STANDARD RISK FACTORS:***

- Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down depending on various factors and forces affecting the capital markets. The value of investments may be affected, inter-alia, by changes in the market, interest rates, changes in credit rating, trading volumes, settlement periods and transfer procedures; the NAV is also exposed to Price/Interest-Rate Risk and Credit Risk and may be affected inter-alia, by government policy, volatility and liquidity in the money markets and pressure on the exchange rate of the rupee.
- Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- Edelweiss Exchange Traded Scheme – Nifty (Nifty EES) is the name of the Scheme & does not in any manner indicate either the quality of the Scheme or its future prospects and returns.
- The sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs.1,00,000 made by it towards setting up the Fund.
- The Scheme is not a guaranteed or assured return Scheme.

#### **b) *SCHEME SPECIFIC RISK FACTORS:***

The performance of the Scheme may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems, etc. Some of the Risks are listed below:

##### **1. Risk Factors Associated with Equity & Equity related instruments:**

The value of the Scheme's investments may be affected generally by factors affecting securities markets, such as price and volume volatility in the capital markets, etc. Settlement periods and transfer procedures may restrict the liquidity of the investments made by the Scheme. The Scheme may face liquidity risk or execution risk or redemption risk or the risk of NAV going below par. For details, please refer SAI.

##### **Risks related to Corporate Action:**

Corporate Action trades are subject to all such risks that any equity security may have; however in certain cases the risks can be more specific as mentioned below:

- The promoter may choose not to accept the discovered prices;
- Regulatory hurdles may delay any specific corporate action.

##### **2. Risk Factors associated with Exchange traded schemes:**

###### **a. Passive Investments:**



As the scheme proposes to invest not less than 95% of the net assets in the securities of the benchmark Index, the Scheme will not be actively managed. The Scheme may be affected by a general decline in the Indian markets relating to its Underlying Index. The Scheme invests in the securities included in its underlying index regardless of their investment merit. The AMC does not attempt to individually select stocks or to take defensive positions in declining markets.

***b. Tracking Error Risk:***

The Fund Manager would not be able to invest the entire corpus exactly in the same proportion as in the Index due to certain factors such as the fees and expenses of the Scheme, Corporate Actions, Cash balance, changes to the Underlying Index and regulatory policies which may affect AMC's ability to achieve close correlation with the Underlying Index of the Scheme. The Scheme's returns may therefore deviate from those of its Underlying Index. "Tracking Error" is defined as the standard deviation of the difference between daily returns of the Index and the NAV of the Scheme. Tracking Error may arise due to the following reasons:

- a. Expenditure incurred by the Scheme and the Management Fee charged to the Scheme.
- b. The Funds may not be invested at all times as a portion of the funds may be kept in cash to meet redemptions or for corporate actions of securities in the Index.
- c. Securities trading may halt temporarily due to circuit filters.
- d. Corporate actions such as debenture or warrant conversion, rights, merger, change in constituents etc.
- e. Rounding off of quantity of shares underlying the Index.
- f. Income received by way of dividend.
- g. NSE undertakes a periodical review of the scrips that comprise the underlying Index and may either exclude or include new scrips. In such an event, the Scheme will try to reallocate its portfolio but the available investment/reinvestment opportunity may not permit absolute mirroring immediately.

The Fund Manager would monitor the Tracking Error of the Scheme on an ongoing basis and would seek to minimize the Tracking Error to the maximum extent possible. There can be no assurance or guarantee that the Scheme will achieve any particular level of Tracking Error relative to performance of the underlying Index.

***c. Market Trading Risks:***

***i. Absence of Prior Active Market:***

Although the Scheme will be listed on NSE and BSE, there can be no assurance that an active secondary market will develop or be maintained. Hence there could be a time when trading in the Units of the Scheme would be infrequent.

***ii. Trading in Units may be halted:***

Trading in the units of the scheme on NSE/BSE may be halted because of market conditions or for reasons that in view of NSE/BSE or SEBI, trading in the units of the scheme is not advisable.

In addition, trading of the units of the scheme are subject to trading halts caused by extraordinary market volatility and pursuant to stock exchange(s) and SEBI 'circuit filter' rules.

There can be no assurance that the requirements of NSE/BSE necessary to maintain the listing of the units of the Scheme will continue to be met or will remain unchanged.

iii. Lack of Market Liquidity:

The Scheme may not be able to immediately sell certain types of illiquid Securities. The purchase price and subsequent valuation of restricted and illiquid Securities may reflect a discount, which may be significant, from the market price of comparable Securities for which a liquid market exists.

iv. Units of the scheme may trade at prices other than NAV:

The units of the scheme may trade above or below their NAV. The NAV of the scheme will fluctuate with changes in the market value of the Scheme's holdings. The trading prices of the units of the scheme will fluctuate in accordance with changes in their NAV as well as market supply and demand for the units of the scheme. However, given that units of the scheme can be created and redeemed in creation units directly with the Fund, it is expected that large discounts or premiums to the NAV of units of the scheme will not sustain due to arbitrage opportunity available.

v. Regulatory Risk:

Any changes in trading regulations by the Stock Exchange(s)/SEBI may affect the ability of market maker to arbitrage resulting into wider premium/discount to NAV.

vi. Asset Class Risk:

The returns from the types of Securities in which the Scheme invests may under-perform returns of general Securities markets or different asset classes. Different types of securities tend to go through cycles of out-performance and under-performance in comparison of Securities markets.

**d. Redemption Risk:**

Investors should note that even though the Scheme is an open ended Scheme, subscription/redemptions directly with the Fund would be limited to such investors who have the ability to subscribe/redeem the units of the Scheme in specific lot sizes. Generally, these lot sizes are larger as compared to normal funds. Thus, even though this Scheme is open ended, due to large lot size, very few investors can directly subscribe and redeem the units of the Scheme. However, investors wishing to subscribe/redeem units in other than specific lot sizes can do so by buying/selling the same on NSE/BSE.

e. The units will be issued only in demat form through depositories. The records of the depository are final with respect to the number of units available to the credit of unit holder. Settlement of trades, repurchase of units by the Mutual Fund depends up on the confirmations to be received from depository (ies) on which the Mutual Fund has no control.

**3. Risk factors associated with Derivatives:**

Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.

The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Trading in derivatives has the following risks:

- a. An exposure to derivatives in excess of the hedging requirements can lead to losses.

- b. An exposure to derivatives, when used for hedging purpose, can also limit the profits from a genuine investment transaction.
- c. Derivatives carry the risk of adverse changes in the market price.
- d. Illiquidity Risk i.e. risk that a derivative trade may not be executed or reversed quickly enough at a fair price, due to lack of liquidity in the market.

The Fund may use derivatives instruments like equity futures & options, or other derivative instruments as permitted under the Regulations and Guidelines. Usage of derivatives will expose the Scheme to liquidity risk, open position risk, and opportunities risk etc. Such risks include the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. In case of the derivative strategies, it may not be possible to square off the cash position against the corresponding derivative position at the exact closing price available in the Value Weighted Average Period. Debt derivatives instruments like interest rate swaps, forward rate agreements or other derivative instruments also involve certain risks. For details, please refer SAI.

#### **4. Risk factors associated with Fixed Income and Money Market Instruments:**

Nifty EES will invest not less than 95% of its corpus in the securities representing CNX Nifty index as this Scheme endeavors to earn returns that closely correspond to the total returns represented by CNX Nifty index. The Scheme will have insignificant cash or debt/money market investments. Therefore, the scheme is not significantly susceptible to risks associated with debt/money markets. Risks associated with debt /money market instruments are as under:

- **Interest rate risk:** Price of a fixed income instrument generally falls when the interest rates move up and vice-versa. The extent of fall or rise in the prices depends upon the coupon and maturity of the security. It also depends upon the yield level at which the security is being traded. The NAV of the Scheme is expected to increase from a fall in interest rates while it would be adversely affected by an increase in the level of interest rates.
- **Spread risk:** In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.
- **Credit risk or default risk:** Credit risk is the risk that the issuer of a debenture/ bond or a money market instrument may default on interest and/or principal payment obligations. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It is to be noted here that a Government Security is a sovereign security and is the safest. Corporate bonds carry a higher amount of credit risk than Government Securities. Within corporate bonds also there are different levels of safety and a bond rated higher by a particular rating agency is safer than a bond rated lower by the same rating agency.
- **Liquidity & Settlement Risk:** The liquidity of a fixed income security may change, depending on market conditions leading to changes in the liquidity premium attached to the price of such securities. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio. Different segments of the financial markets have different settlement cycle/periods and such settlement cycle/periods may be impacted by unforeseen circumstances, leading to Settlement Risk. This can adversely affect the ability of the Fund to swiftly execute trading strategies which can lead to adverse movements in NAV.

- **Reinvestment risk:** Interest rates may vary from time to time. The rate at which intermediate cash flows are reinvested may differ from the original interest rates on the security, which can affect the total earnings from the security.
- **Performance Risk:** Performance of the Scheme may be impacted with changes in factors, which affect the capital market and in particular the debt market.
- **Prepayment Risk:** The Scheme may receive payment of monthly cashflows earlier than scheduled, which may result in reinvestment risk.
- **Market risk:** Lower rated or unrated securities are more likely to react to developments affecting the market as they tend to be more sensitive to changes in economic conditions than higher rated securities

## **5. Risks Associated With Stock Lending:**

The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, in this case the approved intermediary, to comply with the terms of agreement entered into between the lender of securities i.e. the Scheme and the approved intermediary. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. It may be noted that this activity would have the inherent probability of collateral value drastically falling in times of strong downward market trends, rendering the value of collateral inadequate until such time as that diminution in value is replenished by additional security. It is also possible that the borrowing party and/or the approved intermediary may suddenly suffer severe business setback and become unable to honour its commitments. This, along with a simultaneous fall in value of collateral would render potential loss to the Scheme. Besides, there can be temporary illiquidity of the securities that are lent out and the Scheme will not be able to sell such lent out securities until they are returned. There is also a possibility of Opportunity loss.

## **B REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

As per SEBI Circular SEBI/IMD/CIR No. 10/22701/03 dated December 12, 2003, the provisions with respect to minimum number of investors and maximum holding for single investor are not applicable to an exchange traded fund. Accordingly, these provisions shall not be applicable to the Scheme.

## **C SPECIAL CONSIDERATIONS**

The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs.1,00,000/- (Rupees One Lakh) collectively made by them towards setting up the Scheme or such other accretions and additions to the initial corpus set up by the Sponsor.

Neither this Document nor the Units have been registered in any other jurisdiction. The distribution of Units /this Statement in certain jurisdictions may be restricted or totally prohibited and accordingly, persons who come into possession of this Document are required to inform themselves about, and to observe, any such restrictions.

The AMC can invest in any of the Schemes of Edelweiss Mutual Fund subject to the limits as prescribed by the SEBI Regulations and in such case it will not be entitled to charge any fees on such investments. The Sponsor, entities managed or sponsored by the affiliates or associates of the Sponsor, Funds managed/ advised by the Sponsor/and their associated entities, the Asset Management Company, the Custodian, the Registrar, any Associate, any Distributor, Dealer, any Company, Corporate Bodies, Trusts, any Service

Provider, investor (resident or non-resident), any Scheme / Mutual Fund managed by the Asset Management Company or by any other Asset Management Company may invest in this Scheme, subject to the limits specified by SEBI. While at all times the Trusteeship Company and the Asset Management Company will endeavor that excessive holding of Units in the Scheme among a few Unit holders is avoided, however, the funds invested by these aforesaid persons may acquire a substantial portion of the Scheme's outstanding Units and collectively may constitute a majority unit holder in the Scheme. Redemption of Units held by such persons may have an adverse impact on the value of the Units of the Scheme because of the timing of any such redemption. It may also have impact on the liquidity of the Scheme, which may lead to an adverse impact on the NAV of the Scheme.

Prospective investors should review / study this document in addition with Statement of Additional Information in its entirety and shall not construe the contents hereof or regard the summaries contained herein as advice relating to legal, taxation, or financial / investment matters and are advised to consult their own professional advisor(s) as to the legal, tax, financial or any other requirements or restrictions relating to the subscription, gifting, acquisition, holding, disposal (by way of sale, switch or redemption or conversion into money) of Units and to the treatment of income (if any), capitalisation, capital gains, any distribution, and other tax consequences relevant to their subscription, acquisition, holding, capitalisation, disposal (by way of sale, transfer, switch or conversion into money) of Units within their jurisdiction of nationality, residence, incorporation, domicile etc. or under the laws of any jurisdiction to which they or any managed funds to be used to Purchase / gift Units are subject, and also to determine possible legal, tax, financial or other consequences of subscribing / gifting, purchasing or holding Units before making an application for Units.

The tax benefits described in this Document in addition with Statement of Additional Information are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely.

If the units are held by any person in breach of the Regulations, law or requirements of any Governmental, statutory authority including, without limitation, Exchange Control Regulations, the Fund may mandatorily redeem all the units of any Unit holder where the units are held by a Unit holder in breach of the same. The Trustee may further mandatorily redeem units of any Unit holder in the event it is found that the Unit holder has submitted information either in the application or otherwise that is false, misleading or incomplete. If a Unit holder makes a redemption request immediately after purchase of units, the Fund shall have a right to withhold the redemption request till sufficient time has elapsed to ensure that the amount remitted by the Unit holder (for purchase of units) is realized and the proceeds have been credited to the Scheme's Account. However, this is only applicable if the value of redemption is such that some or all of the freshly purchased units may have to be redeemed to effect the full redemption.

In accordance with the SEBI Regulations, an AMC subject to certain conditions is permitted to undertake activities in the nature of portfolio management services and management and advisory services to pooled assets including offshore funds, insurance funds, pension funds, provident funds, if any of such activities are not in conflict with the activities of the Mutual Fund. Subject to these activities being assessed as desirable and economically viable, the AMC may undertake any or all of these activities after satisfying itself that there is no potential conflict of interest. With regard to the above provision, the AMC

confirms that there is no conflict of interest between its Mutual Fund and Portfolio Management Services business.

In terms of the Prevention of Money Laundering Act, 2002 (“PMLA”) the rules issued there under and the guidelines/circulars issued by SEBI regarding the Anti Money Laundering Laws, all intermediaries, including mutual funds, are required to formulate and implement a client identification programme, and to verify and maintain the record of identity and addresses of investors. If any necessary due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, the AMC shall report such transactions to competent authorities under PMLA and the circulars thereunder, further any further information in connection therewith to such authorities and take any actions as may be required for the purposes of fulfilling its obligations under PMLA and rules/guidelines issued thereunder by SEBI and / or RBI without obtaining the prior approval of the investor/unit holder.

## **D DEFINITIONS & ABBREVIATIONS**

The following Scheme Specific definitions/terms which apply throughout this Statement in addition to the definitions mentioned in the Statement of Additional Information unless the context requires otherwise:

AMC or Investment Manager or EAML	Edelweiss Asset Management Limited, the asset management company set up under the Companies Act, 1956 and authorized by SEBI to act as the Asset Management Company to the Schemes of Edelweiss Mutual Fund.
Applicable NAV	The Net Asset Value (NAV) applicable for purchases or redemptions or switches, based on the time of the Business Day & relevant cut off time by which the application is accepted at the Investor Service Centres and/or at Branches.
Application Supported by Blocked Amount (ASBA)	An application containing an authorization to the Self Certified Syndicate Banks (SCSB) to block the application money in the bank account maintained with SCSB for subscribing to the NFO.
Authorised Participant	Authorised Participant means the member of the National Stock Exchange of India Ltd. (NSE) or any other Recognized Stock Exchange(s) as defined under Section 2(f) of the Securities Contracts (Regulation) Act, 1956 and their nominated entities/persons or any person who are appointed by the AMC/Fund to act as Authorised Participant to give two way quotes on the stock exchanges and who deal in Creation Unit size for the purpose of purchase and sale of units directly from the AMC.
Allotment Price	The face value of each unit will be Rs. 10 per unit. On allotment, value of each unit will be approximately equal to the value of CNX Nifty.
Business Day	Business Day is a day other than: (a) Saturday and Sunday or (b) a day on which banks in Mumbai including Reserve Bank of India are closed for business or clearing or (c) a day on which the Stock Exchanges are closed or (d) a day which is a public and/or bank holiday at AMC’s branch offices or (e) a day on which sale and repurchase of Units is suspended by the

	<p>AMC or</p> <p>(f) a day on which normal business could not be transacted due to storms, floods, bandhs, strikes, etc. or</p> <p>(g) a day on which money markets are closed for business / not accessible or</p> <p>(h) a day on which funds accompanying applications cannot be realized and / or are not available for utilisation for investments or investments cannot be liquidated and / or funds are not available for utilization for redemption / repurchase or</p> <p>(i) A day on which NSDL and/or CDSL is closed for the purpose of transfer of securities between depository (demat) accounts.</p> <p>(j) The day when banks in any location where the AMC's Investor service centers are located, are closed due to local holiday, such days will be treated as non-business days at such centers for the purpose of accepting subscriptions.</p> <p>The AMC reserves the right to change the definition of Business Day</p> <p>The AMC reserves the right to declare any day as Business Day or otherwise at any of its branches.</p>
Cash Component	<p>Cash Component represents the difference between the Applicable NAV of a Creation Unit size and the market value of Portfolio Deposit. This difference will represent accrued dividends, accrued annual charges including management fees and residual cash in the Scheme. In addition, the Cash Component will include transaction cost as charged by the Custodian/DP, equalization of dividend and other incidental expenses for Creating Units including statutory levies, if any.</p> <p>The Cash Component will vary from time to time and will be decided and announced by the AMC.</p>
Creation Unit size	<p>Creation Unit size is fixed number of units of the Scheme, which is exchanged for a basket of securities underlying the designated index called the Portfolio Deposit and a Cash Component equal to the value of 300 units of the Scheme.</p> <p>For redemption of units it is vice versa i.e. fixed number of units of Scheme are exchanged for Portfolio Deposit and Cash Component equal to the value of 300 units of the Scheme.</p> <p>The Portfolio Deposit and Cash Component will change from time to time.</p> <p>Each Creation Unit size consists of 300 units of Edelweiss Exchange Traded Scheme - Nifty. Each unit of Edelweiss Exchange Traded Scheme – Nifty will be approximately equal to the value of the CNX Nifty Index.</p> <p>The Creation Unit size may be changed by the AMC at their</p>

	discretion and the notice of the same shall be published on AMC's website.
Custodian	Citibank N.A., Mumbai registered under the Securities and Exchange Board of India (Custodian of Securities) Regulations 1996, acting as Custodian for the Scheme, and includes such Custodian(s) as may be appointed from time to time.
Day	Any day (including Saturday, Sunday and holiday) as per English Calendar viz. 365 days in a year. For the filing of an official request, if the day is a Saturday, Sunday, or federal (or gazetted or statutory) holiday, or any occurrence causes the closure of the designated accepting office (for part or whole of the day), the next day that office is open is counted as the day.
Debt Instruments	Corporate debentures, bonds, promissory notes, money market instruments, pass-through obligations and other possible similar securities.
Depository	Depository as defined in the Depositories Act, 1996 (22 of 1996) and includes National Securities Depository Ltd (NSDL) and Central Depository Services Ltd (CDSL).
Depository Participant or DP	'Depository Participant' or 'DP' means a person registered as such under subsection (1A) of section 12 of the Securities and Exchange Board of India Act, 1992.
Exchange Traded Fund/Scheme (ETF)	Exchange Traded Funds are passively managed funds tracking a benchmark index and reflect the performance of that index. They have the flexibility of trading on stock exchanges like a share and offer the best features of open and close ended funds.
Electronic Fund Transfer/ EFT	Electronic Fund Transfer includes all the means of electronic transfer like Direct Credit / Debit, Electronic Clearing System (ECS), RTGS, NEFT, Wire Transfer or such like modes as may be introduced by relevant authorities from time to time.
Exchange or Stock Exchange	National Stock Exchange of India Limited ("NSE"), The BSE Ltd. ("BSE") and such other recognized stock exchange(s) where the Units of the Scheme are listed.
Foreign Institutional Investor or FII	Means an institution established or incorporated outside India and registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
Fund / Mutual Fund / EMF	Edelweiss Mutual Fund, a trust set up under the provisions of the Indian Trusts Act, 1882 and registered as a Mutual Fund with SEBI bearing SEBI Registration No. MF/057/08/02 dated April 30, 2008.
Gilt or Government Securities	Under the Government Securities Act 2006, "Government security" means a security created and issued by the Government for the purpose of raising a public loan or for any other purpose as may be notified by the Government in the Official Gazette and having one of the forms mentioned in section 3 of the said Act, as amended or re-enacted from time to time.
Investor Service Centre / ISC	Investor Service Centres, as designated from time to time by the AMC, whether of the Registrar or AMC's own branches, being official points of acceptance, authorized to receive Application Forms for



	Purchase/ Redemption /Switch and other service requests/queries from investors/Unit Holders. For details please refer to the application form and/or website of the Mutual Fund at <a href="http://www.edelweissmf.com">www.edelweissmf.com</a> .
Large Investors	Means investors (other than Authorised Participants) who are eligible to invest in the Scheme and who would be subscribing to / redeeming the Units of the Scheme in Creation Unit size.
Load	In the case of redemption of a Unit, the sum of money deducted from the Applicable NAV and in the case of subscription / switch in of a Unit, a sum of money to be paid by the prospective investor on the Sale / Switch in of a Unit in addition to the Applicable NAV.
Money Market Instruments	Money Market Instruments as defined in the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time. Money market instruments include commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, CBLO, certificates of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.
NAV or Net Asset Value	Net Asset Value of the Units of the Scheme calculated in the manner provided in this Document and in conformity with the SEBI Regulations as prescribed from time to time.
New Fund Offer or NFO	Offer for purchase of Units under the Scheme during the NFO Period as described hereinafter.
New Fund Offer Period or NFO Period	The date on or the period during which the initial subscription of Units of the Scheme can be made subject to extension, if any.
Official Points of Acceptance	Places, as specified by AMC from time to time where application for subscription / redemption / switch will be accepted on ongoing basis.
Portfolio Deposit	Portfolio Deposit consists of pre-defined basket of securities that represent the underlying index and as announced by AMC from time to time.
Reserve Bank of India or RBI	Reserve Bank of India established under the Reserve Bank of India Act, 1934 as amended from time to time.
Registrar and Transfer Agent/R&TA	Karvy Computershare Pvt. Ltd., currently acting as registrar to the Scheme, or any other registrar appointed by the AMC from time to time.
Repo/Reverse Repo	Sale/Purchase of Securities as may be allowed by RBI from time to time with simultaneous agreement to repurchase/resell them at a later date.
Redemption or Repurchase	The Units of the Scheme which will be brought back by the Fund.
Scheme	Edelweiss Exchange Traded Scheme – Nifty (Nifty EES) offered through this Document.
Scheme Information Document or SID or Document	This document issued by Edelweiss Mutual Fund offering Units of the Scheme for Subscription.
SEBI	Securities and Exchange Board of India established under the SEBI

	Act, 1992.
SEBI Regulations or Regulations or SEBI (MF) Regulations	The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time, including its Circulars, Notification & Guidelines.
Securities	As defined in The Securities Contract (Regulation) Act, 1956 & includes notes, bonds, debentures, debenture stock, warrants, etc., futures, options, derivatives, etc. or other transferable securities of a like nature in or of any incorporated company or other body corporate, Gilts / Government Securities, Mutual Fund Units, Money Market Instruments like Commercial Paper, Treasury Bills, etc. and such other instruments as may be declared by GOI and / or SEBI and / or RBI and / or any other regulatory authority to be securities and rights or interest in securities.
Statement of Additional Information / SAI	The document issued by Edelweiss Mutual Fund containing details of Edelweiss Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the SID.
Tracking error	The extent to which the NAV of the Scheme moves in a manner inconsistent with the movements of the Scheme's benchmark index on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the Scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc.
Trustee or Trustee Company/ETCL	Edelweiss Trusteeship Company Limited, a Company set up under the Companies Act 1956, to act as the Trustee to Edelweiss Mutual Fund.
Unit	The interest of an investor, which consists of one undivided share in the assets of the Scheme.
Unit holder	A person holding Unit(s) in the Scheme offered under this Document.
Volatility	The relative rate at which the price of a security moves up and down. Volatility is found by calculating the annualized standard deviation of daily change in price. If the price of a stock moves up and down rapidly over short time periods, it has high volatility. If the price almost never changes, it has low volatility.

**Abbreviations:**

AMFI	Association of Mutual Fund in India	NSE/ BSE	National Stock Exchange of India Limited/ The BSE Limited
EMF	Edelweiss Mutual Fund	NRI	Non Resident Investor
ISC	Investor Service Centre	PAN	Permanent Account Number
IMA	Investment Management Agreement	RTGS	Real Time Gross Settlement
I.T. Act	Income Tax Act, 1961 as amended from time to time.	SEBI or the Board	Securities and Exchange Board of India established under the SEBI Act, 1992
IISL	India Index Services & Products Limited	SEBI Act	Securities and Exchange Board of India Act, 1992

KYC	Know Your Customer	SAI	Statement of Additional Information
NEFT	National Electronic Fund Transfer Service	SID	Scheme Information Document

**Interpretation:**

For all purposes of this Document, except as otherwise expressly provided or unless the context otherwise requires:

(a) Words denoting any gender shall include all genders.

(b) Words used in singular would include plural form and vice-versa.

(c) A reference to a thing includes a part of that thing.

(d) Any reference to any statute or statutory provision shall be construed as including a reference to any statutory modifications or re-enactment from time to time.

(e) Clause headings are for ease of reference only and shall not affect the construction or interpretation of this Document.

(f) Words and expressions used herein but not defined shall have the meaning specified in the Companies Act, 1956, Securities Contract (Regulations) Act, 1956, SEBI Act, 1992, SEBI (Mutual Funds) Regulations, 1996, Depositories Act, 1996, Reserve Bank of India Act, 1934, Public Debts Act, 1944, Information Security Act, 2000 and the Rules, Income Tax Act 1961, Contract Act 1872, Prevention of Money Laundering Act, 2002, Foreign Exchange Management Act & Regulations and the Rules, Regulations and Guidelines issued thereunder from time to time.

**E DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

A Due Diligence Certificate, duly signed by the Chief Executive Officer of Edelweiss Mutual Fund, has been submitted to SEBI which reads as follows:

**DUE DILIGENCE CERTIFICATE**

It is confirmed that:

- \* The draft Scheme Information Document forwarded to SEBI is in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time.
- \* All legal requirements connected with the launching of the Scheme and also the Guidelines, instructions, etc. issued by the Government of India and any other competent authority in this behalf, have been duly complied with.

- \* The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investments in the proposed Scheme.
- \* The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.
- \* The contents of Scheme Information Document including figures, data, yields, etc. have been checked and are factually correct.

Place: Mumbai  
Date: September 18, 2014

Signed: sd/-  
Name: **Vikaas M Sachdeva**  
Designation: **Chief Executive Officer**

## II INFORMATION ABOUT THE SCHEME

### A NAME & TYPE OF SCHEME

---

Edelweiss Exchange Traded Scheme – Nifty (Nifty EES) is an Open Ended Exchange Traded Fund.

### B INVESTMENT OBJECTIVE

---

The investment objective of the Scheme is to provide returns before expenses that closely correspond to the total returns of the CNX Nifty subject to tracking errors.

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.

### C ASSET ALLOCATION AND INVESTMENT PATTERN

---

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

Asset Class	Indicative Allocation (% to net assets)	Risk Profile
Stocks constituting CNX Nifty Index	95% to 100%	Medium to High
Debt and money market instruments	0% to 5%	Low

Exposure to equity derivatives of the index itself or its constituent stocks may be undertaken when equity shares are unavailable, insufficient or for rebalancing in case of corporate actions for a temporary period. The gross position to such derivatives will be restricted to 5% of net assets of the Scheme.

#### Notes:

- The Scheme shall neither make investments in any Fund of Funds Scheme, Securitised Debt instrument, Credit Default Swap, Foreign Securities and/or ADRs/GDRs nor will it engage in short selling of securities.
- Presently the Scheme does not intend to participate in repo in corporate debt securities. However, Scheme may participate in repo in corporate debt securities by ensuring necessary compliance with SEBI circular No. CIR/IMD/DF/19/2011 dated November 11, 2011 and SEBI circular No. CIR/IMD/DF/23/2012 dated November 15, 2012.
- The funds under the Scheme shall be deployed in eligible securities, in accordance with the investment objective of the scheme within 5 Business Days from closure of NFO Period.
- The Scheme can take derivative exposure upto a limit as stated in the tables above. The total exposure related to options premium paid will not exceed 5% of the net assets of the Scheme.
- The cumulative gross exposure through equity, debt and derivative positions will not exceed 100% of the net assets of the Scheme. However, cash or cash equivalents with residual maturity of less than 91 days may be treated as not creating any exposure.

- The Scheme may engage in Stock Lending in accordance with SEBI guidelines in this regard. Not more than 20% of the net assets of the Scheme invested in the stocks constituting CNX Nifty Index would generally be deployed in stock lending and not more than 5% of the net assets of the Scheme invested in the stocks constituting CNX Nifty Index would be deployed in Stock Lending to any single counterparty.
- From time to time, the Scheme may hold cash and/or invest in the Collateralized Borrowing & Lending Obligations (CBLO) or repo to meet the liquidity requirements.
- Pending deployment of funds of the Scheme in securities in terms of the investment objective of the Scheme, the AMC may park the funds of the Scheme in short term deposits of scheduled commercial banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as amended from time to time.
- The Fund will endeavor to keep the tracking error as low as possible. Under normal circumstances, such tracking error is not expected to exceed 2% per annum.

#### **Change In Asset Allocation:**

The Scheme is a passively managed exchange traded open-ended index scheme, therefore change in investment pattern is normally not foreseen. However for short durations part of the corpus may be pending for deployment, in cases of extreme market conditions, special events or corporate events, like declaration of dividend by the companies comprising the index.

Subject to the Regulations, the asset allocation pattern indicated above may change, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors or due to voluntary / involuntary corporate actions. Voluntary Corporate Actions are events in which the Fund as shareholders have the choice whether to participate in the event or not eg. buyback. Involuntary Corporate Actions are events where participation of shareholders is mandatory eg. dividend payment.

It must be clearly understood that the percentages stated above are only indicative and not absolute. Such changes in the investment pattern will be for short term and defensive considerations. In the event of the asset allocation falling outside the limits specified in the asset allocation table due to any of the events, other than involuntary corporate actions, the Scheme will rebalance the portfolio within seven days. However, if market conditions do not permit the Fund Manager to rebalance the portfolio of the Scheme within the stipulated period of 5 days then the AMC would notify the Board of the Trustee Company and the Investment Committee of the AMC with appropriate justifications. In case of involuntary corporate actions, the AMC shall rebalance/realign the portfolio as soon as possible.

Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the Regulations, as detailed later in this document.

## **D WHERE WILL THE SCHEME INVEST?**

---

### **Investment in Equity and Equity related instruments:**

The Scheme shall invest in stocks which are constituents of the underlying Index viz. CNX Nifty Index, in the same proportion as the Index. The Scheme shall also invest in debt and money market instruments to

meet the liquidity requirements.

The investment restrictions and limits are specified in Schedule VII of SEBI Regulations, which are mentioned under the heading 'Investment Restrictions'.

#### **Investment in Debt and Money Market securities:**

The Scheme shall invest in a range of Debt & Money Market Instruments to meet liquidity and expense requirements. Some of these instruments are:

- a. Securities created and issued by Governments of India and/or repos/ reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- b. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
- c. Corporate debt securities (of both public and private sector undertakings) including Bonds, Debentures, Notes, etc.
- d. Money market instruments permitted by SEBI/RBI, having maturities upto one year and call money market or in alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements.
- e. Any other domestic fixed income securities.
- f. Any other like instruments as may be permitted by RBI/SEBI/ such other Regulatory Authority from time to time.

The above-mentioned securities could be listed, unlisted, secured, unsecured, and may be acquired through Primary, secondary market offerings, private placements, rights offer etc. Further, investments in debentures, bonds and other fixed income securities will usually be in instruments, which have been assigned investment grade ratings by an approved rating agency.

#### **Investments in Derivative Instruments:**

The Scheme may invest in Derivative Instruments to the extent permitted under SEBI Circulars DNPD/Cir-29/2005 dated September 14, 2005, DNPD/Cir-29/2005 dated January 20, 2006, SEBI/DNPD/Cir-31/2006 dated September 22, 2006 and CIR/IMD/DF/11/2010 dated August 18, 2010 on 'Trading by Mutual Funds on Exchange Traded Derivatives' as amended from time to time. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of derivatives requires an understanding not only of the underlying instrument but also of the derivative instruments itself. The Scheme may use derivative instruments such as index futures and options, stock futures and options contracts, warrants, convertible securities, swap or forward rate agreements or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with the investment objective of the Scheme.

Index futures/options are meant to be an efficient way of buying/selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures/options can be an efficient way of achieving the Scheme's investment objective. Notwithstanding the pricing, they can help in reducing the Tracking Error in the Scheme. Index futures/options may avoid the need for trading in individual components of the index, which may not be possible at times, keeping in mind the circuit filter system and the liquidity in some of the individual stocks. Index futures/options can also be helpful in reducing the transaction costs and the processing

costs on account of ease of execution of one trade compared to several trades of shares comprising the Underlying Index and will be easy to settle compared to physical portfolio of shares representing the Underlying Index. In case of investments in index futures/options, the risk/reward would be the same as investments in portfolio of shares representing an index. However, there may be a cost attached to buying an index future/option. Further, there could be an element of settlement risk, which could be different from the risk in settling physical shares. This settlement risk is likely to be minimized if the exchange acts as the clearing corporation and the counter party, as is the practice in the developed markets. The Scheme will not maintain any leveraged or trading positions.

#### **Investments in the Schemes of Mutual Fund:**

The Scheme may invest in units of money market/liquid Schemes managed by the AMC, provided it is in conformity with the investment objectives of the Scheme and in terms of the prevailing SEBI Regulations. As per SEBI Regulations, no Investment Management fees will be charged for such investments and the aggregate inter Scheme investment made by all Schemes in the schemes of the Mutual Fund shall not exceed 5% of the Net Asset Value of the Mutual Fund.

### **E INVESTMENT STRATEGY & APPROACH**

---

The Scheme will track CNX Nifty Index and will use a “Passive” or indexing approach to try and achieve Scheme’s investment objective. The Scheme will not attempt to beat the markets it tracks and will not seek defensive positions at any point in time, irrespective of the market movements. Passive approach means the Scheme will deliver index-linked returns and eliminates risks pertaining to over/underperformance vis-à-vis a benchmark. The Scheme shall invest all of its funds as per its investment objective and asset allocation pattern, except to meet its liquidity requirements.

The Scheme shall also invest upto 5% in Money Market Instruments, Government Securities, bonds, debentures and cash at call, as per its investment allocation pattern.

#### **Risk Mitigation Measures:**

The Scheme will predominantly invest in stocks which are constituents of the underlying Index viz. CNX Nifty Index, in the same proportion as the Index. The Scheme shall also invest in debt and money market instruments to meet the liquidity requirements.

This allocation will be steadily monitored and it shall be ensured that investments are made in accordance with the Scheme objective and within the regulatory and internal investment restrictions prescribed from time to time.

Since disciplined investing requires risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process.

The Fund has designed a detailed process to identify, measure, monitor and manage the portfolio risk. The aim is not to eliminate the risk completely but to have a structured mechanism towards risk management thereby maximizing potential opportunities and minimize the adverse effects of risk. Few of the key risk identified are:



<b>Risk &amp; Description specific to the Scheme</b>	<b>Risk mitigants / Management Strategy</b>
<b>Market/Volatility Risk</b> Risk arising due to vulnerability to price fluctuations and volatility, having material impact on the overall returns of the Scheme.	ETF, being a passive investment, carries lesser risk as compared to active fund management. The portfolio follows the index and therefore the level of stock concentration in the portfolio and its volatility would be the same as that of the index, subject to Tracking Error. Thus there is no additional element of volatility or stock concentration on account of fund manager decisions.
<b>Derivatives Risk</b> Various inherent risks arising as a consequence of investing in derivatives.	Continuous monitoring of the derivatives positions and strict adherence to the regulations and internal norms.
<b>Credit risk</b> Risk associated with repayment of investment	Investment universe carefully selected to only include issuers with high credit quality
<b>Performance risk</b> Risk arising due to change in factors affecting the market	Understand the working of the markets and respond effectively to market movements
<b>Liquidity risk</b> Risk arising due to inefficient Asset Liability Management, resulting in high impact costs	Control portfolio liquidity at portfolio construction stage. Having optimum mix of cash & cash equivalents along with the debt papers in the portfolio
<b>Interest rate risk</b> Price volatility due to movement in interest rates	Control the portfolio duration and periodically evaluate the portfolio structure with respect to existing interest rate scenario
<b>Event risk</b> Price risk due to company or sector specific event	Understand businesses to respond effectively and speedily to events. Usage of derivatives: Hedge portfolios, if required, in case of predictable events with uncertain outcomes

#### **Portfolio Turnover:**

The Scheme is an open-ended Exchange Traded Fund and it is expected that there may be a number of subscriptions and repurchases on a daily basis through Stock Exchange(s) or Authorised Participants and Large Investors. Generally, turnover will depend upon the extent of purchase and redemption of units and the need to rebalance the portfolio on account of change in the composition, if any, and corporate actions of securities included in CNX Nifty Index. However, it will be the endeavour of the Fund Manager to maintain an optimal portfolio turnover rate commensurate with the investment objective of the Scheme and the purchase/redemption transactions on an ongoing basis in the Scheme.

#### **Tracking Error:**

Tracking Error means the extent to which the NAV of the fund moves in a manner inconsistent with the movements of the benchmark index on any given day or over any given period of time due to any cause or reason whatsoever including but not limited to expenditure incurred by the Scheme, dividend payouts if any, whole cash not invested at all times as it may keep a portion of funds in cash to meet redemption etc. The Fund will endeavor to keep the tracking error as low as possible. Under normal circumstances, such tracking error is not expected to exceed 2% per annum.

Tracking error could be the result of a variety of factors including but not limited to:

- Delay in the purchase or sale of stocks within the benchmark due to
  - » Illiquidity in the stock,
  - » Delay in realisation of sale proceeds,
- The Scheme may buy or sell the stocks comprising the index at different points of time during the trading session at the then prevailing prices which may not correspond to its closing prices.
- The potential for trades to fail, which may result in the Scheme not having acquired the stocks at a price necessary to track the benchmark price.
- The holding of a cash position and accrued income prior to distribution of income and payment of accrued expenses.
- Disinvestments to meet redemptions, recurring expenses, dividend payouts etc.
- Execution of large buy / sell orders
- Transaction cost and recurring expenses
- Delay in realisation of Unit holders' funds
- Levy of margins by exchanges

## **F. FUNDAMENTAL ATTRIBUTES**

---

Following are the Fundamental Attributes of the Scheme, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

**(i) Type of a Scheme** – The Scheme is an Open Ended Exchange Traded Fund.

### **(ii) Investment Objective-**

**Main Objective** – The investment objective of the Scheme is to provide returns before expenses that closely correspond to the total returns of the CNX Nifty subject to tracking errors. 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.

**Investment pattern** – The tentative portfolio break-up with minimum and maximum asset allocation is disclosed in the Section II-C on “Asset Allocation and Investment Pattern” in this Document.

### **(iii) Terms of Issue**

**Liquidity Provisions:** Authorised Participants and Large Investors can directly buy and sell units of the Scheme from the Mutual Fund in Creation Unit size. Units of the Scheme will be listed on the Capital Market Segment of the NSE and BSE and/or on any other recognized Stock Exchange(s) as may be decided by the AMC from time to time, provide liquidity through the secondary market. All categories of investors may purchase the units through secondary market on any trading day.

The AMC will appoint at least two Authorised Participants to provide liquidity in secondary market on an ongoing basis. Currently, it is proposed that, Edelweiss Securities Limited and Reliance Securities Limited and shall act as Authorised Participants. The Authorised Participant(s) would provide daily two-way quote (buy and sell quotes) in the secondary market for ensuring liquidity.

As per SEBI Regulations, the Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving a valid Redemption request. In case the Redemption proceeds are not made within 10 Business

Days of the date of receipt of a valid Redemption request, interest will be paid @ 15% per annum or such other rate from the 11th day onwards as may be prescribed by SEBI from time to time.

**Aggregate fees and expenses charged to the Scheme:** The aggregate fees and expenses charged to the Scheme will be in line with the limits defined in the SEBI Regulations as amended from time to time. The aggregate fee and expenses to be charged to the Scheme are detailed in Section IV of this Document.

**Any safety net or guarantee provided:** The Scheme does not provide any guaranteed or assured return.

**Change in Fundamental Attributes:**

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Board of Trustees shall ensure that no change in the fundamental attributes of the Scheme or the trust or fee and expenses payable or any other change which would modify the Scheme and affect the interests of Unit holders is carried out unless:

- A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

**G. BENCHMARK**

---

The Benchmark for the Scheme will be the CNX Nifty Index.

The same has been chosen as the Scheme will predominantly invest in stocks which are constituents of CNX Nifty Index. Thus, the composition of the aforesaid benchmark is such that it is most suited for comparing the performance of the Scheme.

The Trustee reserves the right to change the said benchmark and/or adopt one/more other benchmarks to compare the performance of the Scheme in conformity with the investment objectives and appropriateness of the benchmark subject to SEBI (MF) Regulations, and other prevailing guidelines, if any.

**H. FUND MANAGERS FOR THE SCHEME**

---

Mr. Ashish Sahay is the Fund Manager and Mr. Bhavesh Jain is the Co - Fund Manager of the Scheme. Details of the Fund Managers are as stated below:

<b>Fund Manager</b>	<b>Age &amp; Qualification</b>	<b>Experience</b>	<b>Name of other schemes of the Fund under his management.</b>
Mr. Ashish Sahay, Fund Manager	28 years, B. Tech (Hons.)– IIT Kharagpur, PGDM– IIM (Bangalore)	Ashish Sahay has a work experience of more than 4 years. Prior to joining Edelweiss Asset Management Ltd. in November 2012,	<b>Fund Manager:</b> Edelweiss Diversified Growth Equity Top 100 Fund, Edelweiss Absolute Return Fund, Edelweiss Select Midcap Fund, Edelweiss ELSS Fund and Edelweiss Value Opportunities Fund

		he was associated with Procter & Gamble Ltd., India as Senior Financial Analyst for over 2 years.	<b>Co Fund Manager:</b> Edelweiss Arbitrage Fund, Edelweiss Debt and Corporate Opportunities Fund (Co-Fund Manager for the Equity portion)
Mr. Bhavesh Jain, Co- Fund Manager	28 years, Masters in Management Studies (Finance) from the Mumbai University	Mr. Jain has a total work experience of over five years in the equity market segment. He has been associated with the AMC for over three years, formerly as an Equity Dealer and presently as Assistant Fund Manager of the schemes of the Fund. He was previously associated with Edelweiss Securities Limited as SGX Nifty Arbitrage Trader.	<b>Fund Manager :</b> Edelweiss Arbitrage Fund  <b>Assistant Fund Manager:</b> Edelweiss ELSS Fund, Edelweiss Value Opportunities Fund, Edelweiss Select Midcap Fund, Edelweiss Liquid Fund, Edelweiss Ultra Short Term Bond Fund, Edelweiss Short Term Income Fund, Edelweiss Gilt Fund and Edelweiss Debt & Corporate Opportunities Fund (fixed income portion).

## I. INVESTMENT RESTRICTIONS

As per the Regulations, the following investment restrictions are currently applicable to the Scheme:

1. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer, which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act, 1992. Provided that, such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Board of Trustees and the Board of the AMC.

Provided that, such limit shall not be applicable for investments in Government securities.

2. No mutual fund scheme shall invest more than 30% of its net assets in money market instruments of an issuer.

Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.

3. No Mutual Fund under all its schemes should own more than 10% of any company's paid up capital carrying voting rights.

4. Transfer of investments from one scheme to another scheme in the same Mutual Fund shall be allowed only if:

a) Such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); and

b) The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.

5. The Scheme may invest in other Schemes of the AMC or any other Mutual Fund without charging any fees, provided the aggregate inter-Scheme investment made by all the Schemes under the same management or in Schemes under management of any other Asset Management Company shall not exceed 5% of the Net Asset Value of the Fund.

6. The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relevant securities and in all cases of sale, deliver the securities:

Provided further that sale of government security already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

Further, the Scheme may enter into derivatives transactions in a recognized stock exchange, subject to the framework specified by SEBI.

7. The Fund shall get the securities purchased or transferred in the name of the Fund on account of the concerned Scheme, wherever investments are intended to be of a long-term nature.

8. Pending deployment of funds of the Scheme in securities in terms of the investment objectives of the Scheme, the Fund may invest the funds of the Scheme in short term deposits of scheduled commercial banks subject to the following guidelines as specified by SEBI.

- a. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.
- b. Short Term deposits shall be held in the name of the Scheme.
- c. Total investment of the Scheme in short term deposit(s) of all the Scheduled Commercial Banks put together shall not exceed 15% of the net assets. However, this limit can be raised upto 20% of the net assets with prior approval of the Board of Trustees.
- d. Investments in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
- e. The Scheme shall not invest more than 10% of the net assets in short term deposit(s) of any one scheduled commercial bank including its subsidiaries.
- f. The Scheme shall not invest in short term deposit of a bank which has invested in the Scheme.

The aforesaid limits shall not apply to term deposits placed as margins for trading in cash and derivatives market.

The AMC shall not be permitted to charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks.

9. The Scheme shall not make any investment in:

- a) Any unlisted security of an associate or group company of the Sponsor; or
- b) Any security issued by way of private placement by an associate or group company of the Sponsor; or
- c) The listed securities of group companies of the Sponsor, which is in excess of 25% of the net assets of the Scheme of the Fund.

10. The Scheme shall not make any investment in any fund of funds Scheme.

11. The scheme shall not invest more than 10 % of its NAV in the equity shares or equity related instruments of any company. Provided that the limit of 10% shall not be applicable for investments in case of index fund or sector or industry specific scheme.

12. The scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments, being an open ended scheme.

13. No loans for any purpose shall be advanced by the Scheme.

14. The Scheme will comply with any other regulations applicable to the investments of Mutual Funds from time to time.

These investment restrictions shall be applicable at the time of investment. Changes, if any, do not have to be effected merely because, owing to appreciations or depreciations in value, or by reason of the receipt of any rights, bonuses or benefits in the nature of capital or of any Schemes of arrangement or for amalgamation, reconstruction or exchange, or at any repayment or redemption or other reason outside the control of the Fund, any such limits would thereby be breached. If these limits are exceeded for reasons beyond its control, AMC shall as soon as possible take appropriate corrective action, taking into account the interests of the Unit holders.

In addition, certain investment parameters may be adopted internally by AMC, and amended from time to time, to ensure appropriate diversification / security for the Fund. The Trustee Company / AMC may alter these above stated limitations from time to time, and also to the extent the SEBI (Mutual Funds) Regulations, 1996 change, so as to permit the Scheme to make its investments in the full spectrum of permitted investments for Mutual Funds to achieve its investment objective. As such all investments of the Scheme will be made in accordance with SEBI (Mutual Funds) Regulations, 1996.

#### **Investments Limitations and Restrictions in Derivatives:**

In accordance with SEBI guidelines, the following conditions shall apply to the Scheme's participation in the derivatives market. Please note that the investment restrictions applicable to the Scheme's participation in the derivatives market will be as prescribed or varied by SEBI or by the Trustees (subject to SEBI requirements) from time to time.

#### **Position limit for the Fund in index options contracts:**

The position limit for the Mutual Fund in index options contracts shall be as follows:

- The Fund's position limit in all index options contracts on a particular underlying index shall be Rs. 500 Crores or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
- This limit would be applicable on open positions in all options contracts on a particular underlying index.

#### **Position limit for the Fund in index futures contracts:**

The position limit for the Mutual Fund in index futures contracts shall be as follows:

- The Fund's position limit in all index futures contracts on a particular underlying index shall be Rs. 500 Crores or 15% of the total open interest of the market in index futures, whichever is higher, per Stock Exchange.

- This limit would be applicable on open positions in all futures contracts on a particular underlying index.

**Additional position limit in index derivatives for hedging of the Fund:**

In addition to the position limits above, the Fund may take exposure in equity index derivatives subject to the following limits:

- Short positions in index derivatives (short futures and long puts) shall not exceed (in notional value) the Fund's holding of stocks.
- Long positions in index derivatives (long futures and long calls) shall not exceed (in notional value) the Fund's holding of cash, government securities, T-Bills and similar instruments.

**Position limit for the Fund for stock based derivative contracts:**

The position limit for the Mutual Fund in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts shall be as follows:

- For stocks having an applicable market-wise position limit (MWPL) of Rs. 500 Crores or more, the combined futures and options position limit shall be 20% of applicable MWPL or Rs. 300 Crores, whichever is lower and within which stock futures position cannot exceed 10% of applicable MWPL or Rs. 150 Crores, whichever is lower.
- For stocks having an applicable market-wise position limit (MWPL) less than Rs. 500 Crores, the combined futures and options position limit would be 20% of applicable MWPL and futures position cannot exceed 20% of applicable MWPL or Rs. 50 Crores whichever is lower.

**Position limit for the Scheme:**

The position limit / disclosure requirements for the Scheme shall be as follows:

- For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of the Scheme shall not exceed the higher of:  
1% of the free float market capitalization (in terms of number of shares) OR  
5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts (Shares)).
- For index based contracts, the Fund shall disclose the total open interest held by its Scheme or all Schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

These position limits shall be applicable on the combined position in all derivative contracts on an underlying stock at a stock exchange.

**Exposure Limit:**

1. The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the Scheme.
2. The Scheme shall not write options or purchase instruments with embedded written options.
3. The total exposure related to option premium paid shall not exceed 20% of the net assets of the Scheme.
4. Cash or cash equivalent instruments under the Scheme, with residual maturity of less than 91 days shall be treated as not creating any exposure.

5. Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:
  - a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.
  - b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall have to be added and treated as exposure while calculating cumulative gross exposure.
  - c. Any derivative instrument used to hedge shall have the same underlying security as the existing position being hedged.
  - d. The quantity of underlying associated with the derivative position taken for hedging purposes does not exceed the quantity of the existing position against which hedge has been taken.

The Scheme shall enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions shall be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases will not exceed the value of respective existing assets being hedged by the Scheme. Exposure to a single counterparty in such transactions should not exceed 10% of the net assets of the Scheme.

6. Exposure due to derivative positions taken for hedging purposes in excess of the underlying position against which the hedging position has been taken, shall be included while calculating cumulative gross exposure.
7. Each position taken in derivatives shall have an associated exposure as defined under. Exposure is the maximum possible loss that may occur on a position. However, certain derivative positions may theoretically have unlimited possible loss. Exposure in derivative positions shall be computed as follows:

<b>Position</b>	<b>Exposure</b>
Long Future	Futures Price * Lot Size * Number of Contracts
Short Future	Futures Price * Lot Size * Number of Contracts
Option bought	Option Premium Paid * Lot Size * Number of Contracts.

The Trustee may alter the above restrictions from time to time to the extent that changes in the Regulations may allow and as deemed fit in the general interest of the Unit Holders.

#### **J. INVESTMENTS BY THE AMC IN THE SCHEME:**

---

The AMC reserves the right to invest its own funds in the Scheme as may be decided by the AMC from time to time. The AMC is not permitted to charge any investment management and advisory services fee on its own investment in the Scheme.

#### **K. SECURITIES/STOCK LENDING**

---

The Scheme may engage in stock lending in accordance with SEBI Regulations and applicable guidelines in this regard. Stock Lending means the lending of stocks to another person or entity for a fixed period of time, at a negotiated compensation. Stock lending will be done through an approved intermediary to a



borrower under an agreement for a specified period with the condition that the borrower will return equivalent stocks of the same type or class at the end of the specified period along with the corporate benefits accruing on the stocks borrowed.

Securities lending shall enable the Scheme to earn income that may partially offset its expenses and thereby reduce the effect these expenses have on the Scheme's ability to provide investment returns that correspond generally to the performance of its Index. The Scheme will pay reasonable administrative and custodial fees in connection with the lending of securities. The Scheme will be exposed to the risk of loss should a borrower default on its obligations to return the borrowed securities. The Scheme share of income from the lending collateral will be included in the Scheme's gross income. The Fund will comply with the conditions for securities lending as specified by SEBI from time to time.

The Fund will apply following limits, should it desire to engage in Securities Lending:

- i. Not more than 20% of the net assets of the Scheme invested in the stocks constituting CNX Nifty Index would generally be deployed in stock lending and
- ii. not more than 5% of the net assets of the Scheme invested in the stocks constituting CNX Nifty Index would be deployed in Stock lending to any single counterparty.

#### **L. SCHEME PERFORMANCE**

---

This Scheme is a new Scheme and does not have any performance track record.

#### **M. HOW THE SCHEME IS DIFFERENT FROM OTHER EXISTING SCHEMES OF EDELWEISS MUTUAL FUND**

---

Edelweiss Exchange Traded Scheme – Nifty is the first Exchange Traded Fund. No other exchange traded fund has been launched by the Fund till date.

#### **N. INVESTMENT OF SUBSCRIPTION MONEY**

---

Pending deployment in securities as per the investment objectives of the Scheme & also taking into consideration the current SEBI Regulations, the Fund may invest subscription money received from the investing public in bank deposits, or money market instruments before finalisation of the allotment of Units. AMC, on being satisfied of the receipt of the minimum subscription amount, can commence investment out of the funds received in accordance with the investment objectives of the Scheme and as per the existing Regulations on or after the closure of the NFO period. The income earned out of such investments would be merged with the corpus of the Scheme on completion of the allotment of the Units.

#### **O. ABOUT THE INDEX**

---

##### **Service Provider:**

India Index Services & Products Ltd. ("IISL"), a subsidiary of NSE Strategic Investment Corporation Limited is the Index Service Provider. IISL has been formed with the objective of providing a variety of indices and index related services and products for the capital market. CNX Nifty Index, the underlying index for the Scheme, has been licensed from IISL. CNX Nifty is a public Index.

Index Maintenance plays a crucial role in ensuring stability of the Index as well as in meeting its objective of being a consistent benchmark of the equity markets. IISL has constituted an Index Policy Committee, which is involved in policy and guidelines for managing the CNX Indices. The Index Maintenance Subcommittee takes all decisions on addition/ deletion of companies in any Index. The index is reviewed

every six months (on half-yearly basis) and a four weeks' notice is given before making changes to the index set. The index values are calculated by IISL on daily basis and put up on the NSE website ([www.nseindia.com](http://www.nseindia.com)).

**Details about the index:**

CNX Nifty is a well diversified 50 stocks index accounting for 23 sectors of the economy. It is computed using a free float market capitalisation weighted method wherein the level of the index reflects the total market value of all the stocks in the index relative to a particular base period. The method also takes into account constituent changes in the index and importantly corporate actions such as stock splits, rights, etc without affecting the index value. Stocks are selected based on their float adjusted market capitalization, liquidity and other factors. An important aspect of CNX Nifty Index is that the impact cost (cost of executing the entire set of CNX Nifty Securities) is low. CNX Nifty Index is a broad based diversified index. It has a base period of November 3, 1995 with a base index value of 1000.

**Criteria for Selection of constituent stocks:**

Selection of the index set is based on the following criteria:

- **Liquidity (Impact Cost)**

For inclusion in the index, the security should have traded at an average impact cost of 0.50% or less during the last six months for 90% of the observations for a basket size of Rs. 2 Crores. Impact cost is cost of executing a transaction in a security in proportion to the weightage of its free float market capitalisation as against the index free float market capitalisation at any point of time. This is the percentage mark up suffered while buying / selling the desired quantity of a security compared to its ideal price (best buy + best sell) / 2.

- **Floating Stock**

Companies eligible for inclusion in CNX Nifty should have atleast 10% floating stock. For this purpose, floating stock shall mean stocks which are not held by the promoters and associated entities (where identifiable) of such companies.

- **Others**

a) A company which comes out with an IPO will be eligible for inclusion in the index, if it fulfills the normal eligibility criteria for the index like impact cost, market capitalisation and floating stock, for a 3 month period instead of a 6 month period.

b) Replacement of Stock from the Index:

A stock may be replaced from an index for the following reasons:

- i. Compulsory changes like corporate actions, delisting etc. In such a scenario, the stock having largest free float market capitalization and satisfying other requirements related to liquidity, turnover and free float will be considered for inclusion.
- ii. When a better candidate is available in the replacement pool, which can replace the index stock i.e. the stock with the highest free float market capitalization in the replacement pool has at least twice the free float market capitalization of the index stock with the lowest free float market capitalization.

With respect to (ii) above, a maximum of 10% of the index size (number of stocks in the index) may be changed in a calendar year. Changes carried out for (ii) above are irrespective of changes, if any, carried out for (i) above.

From June 26, 2009, CNX Nifty is computed using Free Float Market Capitalisation weighted method, wherein the level of index reflects the free float market capitalisation of all stocks in Index.

**Index Constituents (as on April 10, 2015):**

<b>SECURITY NAME</b>	<b>WEIGHTAGE</b>	<b>SECURITY NAME</b>	<b>WEIGHTAGE</b>
ACC LTD.	0.50	INFOSYS LTD.	7.31
AMBUJA CEMENTS LTD.	0.65	I T C LTD.	6.35
ASIAN PAINTS LTD.	1.28	KOTAK MAHINDRA BANK LTD.	2.01
AXIS BANK LTD.	3.16	LARSEN & TOUBRO LTD.	4.73
BAJAJ AUTO LTD.	0.92	LUPIN LTD.	1.54
BANK OF BARODA	0.54	MAHINDRA & MAHINDRA LTD.	1.95
BHARTI AIRTEL LTD.	1.87	MARUTI SUZUKI INDIA LTD.	1.59
BHARAT HEAVY ELECTRICALS LTD.	0.70	NMDC LTD.	0.35
BHARAT PETROLEUM CORPORATION LTD.	0.69	NTPC LTD.	1.05
CAIRN INDIA LTD.	0.42	OIL & NATURAL GAS CORPORATION LTD.	1.82
CIPLA LTD.	1.17	PUNJAB NATIONAL BANK	0.40
COAL INDIA LTD.	1.64	POWER GRID CORPORATION OF INDIA LTD.	1.10
DR. REDDY'S LABORATORIES LTD.	1.58	RELIANCE INDUSTRIES LTD.	4.89
GAIL (INDIA) LTD.	0.61	STATE BANK OF INDIA	2.90
GRASIM INDUSTRIES LTD.	0.79	SESA STERLITE LTD.	0.73
HCL TECHNOLOGIES LTD.	1.72	SUN PHARMACEUTICAL INDUSTRIES LTD.	2.76
HOUSING DEVELOPMENT FINANCE CORPORATION LTD.	6.66	TATA MOTORS LTD.	3.50
HDFC BANK LTD.	6.64	TATA POWER CO. LTD.	0.47
HERO MOTOCORP LTD.	1.02	TATA STEEL LTD.	0.75
HINDALCO INDUSTRIES LTD.	0.58	TATA CONSULTANCY SERVICES LTD.	4.45
HINDUSTAN UNILEVER LTD.	2.17	TECH MAHINDRA LTD.	1.32
ICICI BANK LTD.	6.05	ULTRATECH CEMENT LTD.	1.00
IDEA CELLULAR LTD.	0.72	WIPRO LTD.	1.33
IDFC LTD.	0.77	YES BANK LTD.	0.90
INDUSIND BANK LTD.	0.75	ZEE ENTERTAINMENT ENTERPRISES LTD.	0.62

## **P. INTRODUCTION TO EXCHANGE TRADED FUNDS (ETF)**

---

ETFs are innovative products that provide exposure to an index or a basket of securities or physical gold that trade on the exchange like a single stock. ETFs have a number of advantages over traditional open-ended index funds as they can be bought and sold on the exchange at prices that are usually close to the actual intra-day NAV of the Scheme. ETFs are an innovation to traditional mutual funds as ETFs provide Investors a fund that closely tracks the performance of an index / physical gold with the ability to buy/sell on an intra-day basis. Unlike listed close ended funds, which trade at substantial premiums or more frequently at discounts to NAV, ETFs are structured in a manner which allows to create new Units and Redeem outstanding Units directly with the fund, thereby ensuring that ETFs trade close to their actual NAVs.

ETFs are usually passively managed funds wherein subscription /redemption of units work on the concept of exchange with underlying securities. In other words, Large Investors/institutions can purchase Units by depositing the underlying securities with the Fund/AMC and can redeem by receiving the underlying shares in exchange of Units. Units can also be bought and sold directly on the exchange.

ETFs have all the benefits of indexing such as diversification, low cost and transparency. As ETFs are listed on the exchange, costs of distribution are much lower and the reach is wider. These savings in cost are passed on to the Investors in the form of lower costs. Further more, exchange traded mechanism helps reduce minimal collection, disbursement and other processing charges. The structure of ETFs is such that it protects long-term Investors from inflows and outflows of short-term Investor. This is because the Fund does not bear extra transaction cost when buying/selling due to frequent subscriptions and redemptions.

Tracking Error of ETFs is likely to be low as compared to a normal index fund. Due to the creation/redemption of units through the in-kind mechanism the fund can keep lesser funds in cash. Also, time lag between buying/selling units and the underlying shares is much lower.

ETFs are highly flexible and can be used as a tool for gaining instant exposure to the equity markets, equitising cash or for arbitraging between the cash and futures market.

### **Benefits of ETFs**

1. Can be easily bought / sold like any other stock on the exchange through terminals spread across the country.
2. Can be bought/sold anytime during market hours at prices that are expected to be close to actual NAV of the schemes. Thus, investor invests at real-time prices as opposed to end of day prices.
3. No separate form filling for buying / selling units. It is just a phone call to your broker or a click on the net.
4. Ability to put limit orders.
5. Minimum investment for an ETF is one unit.
6. Protects long-term investors from the inflows and outflows of short-term investors.
7. Flexible as it can be used as a tool for gaining instant exposure to the respective equity/gold markets, equitising cash, hedging or for arbitraging between the cash and futures market.
8. Helps in increasing liquidity of underlying cash market.
9. Aids low cost arbitrage between futures and cash market.
10. An investor can get a consolidated view of his investments without adding too many different account statements as the Units issued would be in demat form.

### Uses of ETFs

1. **Investors with a long-term horizon:** Allows diversification of portfolio at one shot thereby reducing scrip specific risk at a low cost.
2. **FIs, Institutions and Mutual Funds:** Allows easy asset allocation, hedging and equitising cash at a low cost.
3. **Arbitrageurs:** Low impact cost to carry out arbitrage between the cash and the futures market.
4. **Investors with a shorter term horizon:** Allows liquidity due to ability to trade during the day and expected to have quotes near NAV during the course of trading day.

### Risks of ETFs

1. **Absence of Prior Active Market:** Although the units of ETFs are listed on the Exchange for trading, there can be no assurance that an active secondary market will develop or be maintained.
2. **Lack of Market Liquidity:** Trading in units of ETFs on the Exchange on which it is listed may be halted because of market conditions or for reasons that, in the view of the concerned stock exchange or market regulator, trading in the ETF units is inadvisable. In addition, trading in the units of ETFs is subject to trading halts caused by extraordinary market volatility pursuant to 'circuit filter' rules. There can be no assurance that the requirements of the concerned stock exchange necessary to maintain the listing of the units of ETFs will continue to be met or will remain unchanged.
3. **Units of Exchange Traded Funds may trade at prices other than NAV:** Units of ETFs may trade above or below their NAV. The NAV of units of ETFs may fluctuate with changes in the market value of a Scheme's holdings. The trading prices of units of ETF will fluctuate in accordance with changes in their NAVs as well as market supply and demand. However, given that ETFs can be created/redeemed in creation units, directly with the Fund, large discounts or premiums to the NAVs will not sustain due to arbitrage possibility available.

### III UNITS & OFFER

This section provides details you need to know for investing in the Scheme.

#### **A NEW FUND OFFER (NFO):**

<p><b>New Fund Offer Period</b></p> <p>This is the period during which a new Scheme sells its units to the investors.</p>	<p>NFO opens on: April 24, 2015 NFO closes on: May 5, 2015</p> <p>The AMC/Trustee reserves the right to close the Scheme earlier by giving at least one day's notice in one national newspaper. The AMC/Trustee reserve the right to extend the closing date of the NFO Period, subject to the condition that the NFO shall not be kept open for more than 15 days. Any such extension shall be announced by way of a notice in one national newspaper.</p>
<p><b>New Fund Offer Price:</b></p> <p>This is the price per unit that the investors have to pay to invest during the NFO.</p>	<p>During the New Fund Offer, the Units being offered will have a face value of Rs.10 each.</p> <p>Units will be issued at a premium equivalent to the difference between allotment price and the face value of Rs. 10.</p> <p>On allotment, the value of each unit will be approximately equal to the value of CNX Nifty Index.</p>
<p><b>Minimum Amount for Application in the NFO</b></p>	<p>Minimum of Rs. 10,000/- and any amount in multiples of Re. 1/- thereafter per application which includes switch-ins from other Schemes of Edelweiss Mutual Fund.</p>
<p><b>Minimum Target amount</b></p> <p>This is the minimum amount required to operate the Scheme and if this is not collected during the NFO period of the Scheme, then all the investors would be refunded the amount invested without any return. However, if the AMC fails to refund the amount within 5 Business Days from the date of closure of the NFO Period, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of fifth business day of the closure of the subscription period.</p>	<p>The minimum target amount to be raised during the NFO Period shall be Rs. 10 Crores.</p>
<p><b>Maximum Amount to be raised (if any)</b></p> <p>This is the maximum amount</p>	<p>There will be no upper limit on the total corpus collected under the Scheme during the NFO Period.</p>

<p>which can be collected during the NFO period, as decided by the AMC.</p>	
<p><b>Plans/Options offered</b></p>	<p>The Scheme does not offer any Plans/Options for investment.</p> <p>The AMC/Trustee reserve the right to introduce Plan(s)/Option(s) as may be deemed appropriate at a later date.</p>
<p><b>Dividend Policy</b></p>	<p>Dividend will be declared at the discretion of the Trustees, subject to availability of distributable surplus as computed in accordance with SEBI Regulations.</p>
<p><b>Allotment</b></p>	<p>Allotment will be made to all applicants in the New Fund Offer provided the applications are complete in all respects and are in order.</p> <p>Subject to SEBI (MF) Regulations, the Trustee reserves the right, at their discretion without assigning any reason thereof, to reject any application in case the application is found invalid/incomplete. Allotment of units and dispatch of allotment advice to FIIs will be subject to RBI approval if required.</p> <p>For applicants applying through the ASBA mode, on intimation of allotment to the banker, the investors account shall be debited to the extent of the amount due thereon. On allotment, units will be credited to the Investor's demat account as specified in the ASBA application form.</p> <p>The process of allotment of Units and mailing of allotment confirmation reflecting the allotments will be completed within 5 (five) Business days from the date of closure of the NFO Period.</p> <p>In case of Unitholders who have provided their e-mail address/mobile number, the Fund will provide the allotment confirmation only through e-mail message/SMS, subject to SEBI Regulations and unless otherwise required.</p> <p>All allotments will be provisional, subject to realisation of payment instrument and subject to the AMC having been reasonably satisfied about receipt of clear funds.</p> <p>All Units will rank pari passu, among Units within the Scheme concerned as to assets, earnings and the receipt of dividend distributions, if any, as may be declared by the Trustee.</p>

	<p>The Allotment Price in the NFO will be calculated as follows:</p> <p>Allotment Price = Amount collected in the NFO - Refunds, if any / Number of Units allotted in the NFO.</p> <p>No. of Units to be allotted = Net Assets of the Scheme on the date of allotment / Value of benchmark Index (CNX Nifty) on the date of allotment.</p> <p>Example of issue of Units during the NFO:</p> <table border="1" data-bbox="683 583 1393 1024"> <tr> <td>Suppose an investor invests (Rs.)</td> <td>A</td> <td>50,000/-</td> </tr> <tr> <td>Cost per unit (Allotment Price. Value of index being 8300)</td> <td>B</td> <td>8,300/-</td> </tr> <tr> <td>Units allotted (rounded off to a whole number)</td> <td>C =A/B</td> <td>6</td> </tr> <tr> <td>Value of units allotted (Rs.)</td> <td>D = B*C</td> <td>49,800/-</td> </tr> <tr> <td>Balance amount refunded to investor (Rs)</td> <td>E = A- D</td> <td>200/-</td> </tr> </table> <p>All units would be allotted in whole numbers and no fractional units will be allotted. Upon allotment, an Allotment Advice will be sent by ordinary post/email to each unit-holder, stating the number of units allotted and the units will be credited to the DP account of the applicant as per the details provided in the application form. Excess amount, if any, would be refunded to the investor within 5 business days after the closure of the New Fund Offer.</p> <p><b>Account Statement:</b> Investors should note that, no separate Account Statement will be issued to the Unitholders since the Statement of Account furnished by the Depository Participant will contain the details of all transactions.</p>	Suppose an investor invests (Rs.)	A	50,000/-	Cost per unit (Allotment Price. Value of index being 8300)	B	8,300/-	Units allotted (rounded off to a whole number)	C =A/B	6	Value of units allotted (Rs.)	D = B*C	49,800/-	Balance amount refunded to investor (Rs)	E = A- D	200/-
Suppose an investor invests (Rs.)	A	50,000/-														
Cost per unit (Allotment Price. Value of index being 8300)	B	8,300/-														
Units allotted (rounded off to a whole number)	C =A/B	6														
Value of units allotted (Rs.)	D = B*C	49,800/-														
Balance amount refunded to investor (Rs)	E = A- D	200/-														
<p><b>Dematerialization</b></p>	<p>The units of the Scheme will be available in the dematerialized (electronic) mode only. The Applicants under the Scheme will be required to have a beneficiary account with a Depository Participant of the NSDL/CDSL and will be required to mention in the application form the name of the DP, DP ID Number and Beneficiary Account Number with the DP at the time of purchasing Units during the NFO of the Scheme. The Units allotted will be credited to the DP account of the Unit holder as per the details provided in the application form. A Statement of Account</p>															



	<p>giving details of the number of units held in demat form will be sent by the respective DP, periodically. The units of the Scheme will be issued / repurchased and traded compulsorily in dematerialized form only.</p> <p>The details provided by investors in the application form should be same as the details registered with the DP. In case of any conflict, details registered with the DP will prevail. Applications without relevant details of the investor's depository account are liable to be rejected.</p>
<p><b>Refund</b></p>	<p>Refund of subscription money to applicants, in case of Minimum Target Amount not being raised or on account of units being allotted in whole numbers and not fractional units or applications rejected for any reason whatsoever, will be made within 5 Business Days from the date of closure of the NFO period in a manner as permitted under the Regulations. Investors should note that no interest will be payable on any subscription money so refunded within 5 Business Days from the date of closure of the NFO period. If the Mutual Fund refunds the amount after 5 Business Days, interest at the rate of 15% p.a. will be paid to the applicant and borne by the AMC for the period from the day following the date of expiry of 5 Business Days until the actual date of the refund.</p> <p>Refund orders will be marked "A/c. Payee only" and drawn in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases. In both cases, the bank name and bank account number, as specified in the application, will be mentioned in the refund order. The bank and/or collection charges, if any, will be borne by the applicant.</p>
<p><b>Who can invest</b></p> <p>This is an indicative list and you are requested to consult your financial advisor to ascertain whether the Scheme is suitable to your risk profile.</p>	<p>The following persons are eligible and may apply for subscription to the Units of the Scheme (subject, wherever relevant, to purchase of units of Mutual Funds being permitted and duly authorised under their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions etc):</p> <ol style="list-style-type: none"> <li>1. Resident adult Indian individuals either singly or jointly (not exceeding three), or on an Anyone or Survivor basis;</li> <li>2. Karta of Hindu Undivided Family (HUF in the name of Karta);</li> <li>3. Partnership Firms in the name of any one of the partner(constituted under the Indian partnership law) &amp; Limited Liability Partnerships (LLP);</li> <li>4. Minors (Resident or NRI) through parent / legal</li> </ol>

	<p>guardian;</p> <ol style="list-style-type: none"> <li>5. Schemes of Mutual Funds registered with SEBI, including schemes of Edelweiss Mutual Fund, subject to the conditions and limits prescribed by SEBI Regulations and the respective Scheme Information Documents;</li> <li>6. Companies, Bodies Corporate, Public Sector Undertakings (PSU), Association of Persons (AOP) or bodies of individuals (BOI) and societies registered under the Societies Registration Act, 1860 (so long as the purchase of units is permitted under the respective constitutions);</li> <li>7. Banks, including Scheduled Bank, Regional Rural Bank, Co-Operative Bank etc. &amp; Financial Institutions;</li> <li>8. Special Purpose Vehicles (SPV) approved by appropriate authority;</li> <li>9. Religious and Charitable Trusts, Wakfs or endowments of private trusts and Private trusts (subject to receipt of necessary approvals as required &amp; who are authorised to invest in Mutual Fund schemes under their trust deeds);</li> <li>10. Non-Resident Indians (NRIs) / Persons of Indian origin residing abroad (POI) on repatriation or non repatriation basis;</li> <li>11. Foreign Institutional Investors (FIIs) registered with SEBI on fully repatriation basis;</li> <li>12. Foreign Portfolio Investors (FPIs) subject to the applicable Regulations;</li> <li>13. Provident / Pension / Gratuity and such other funds to the extent they are permitted to invest;</li> <li>14. Army, Air Force, Navy and other para-military units and bodies created by such institutions;</li> <li>15. Scientific and Industrial Research Organisations;</li> <li>16. Multilateral Funding Agencies / Bodies Corporate incorporated outside India with the permission of Government of India / Reserve Bank of India;</li> <li>17. Trustee, the AMC, their Shareholders or Sponsor, their associates, affiliates, group companies may subscribe to Units under the Scheme;</li> <li>18. Any other category of individuals / institutions / body corporate etc., so long as wherever applicable they are in conformity with SEBI Regulations/other applicable Regulations/the constituent documents of the applicants.</li> </ol> <p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>1. Returned cheques are not liable to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges, if any, are liable to</li> </ol>
--	---

	<p>be debited to the investor.</p> <p>2. It is expressly understood that at the time of investment, the investor/Unit holder has the express authority to invest in Units of the Scheme and AMC / Trustees / Mutual Fund will not be responsible if such investment is ultravires the relevant constitution. Subject to the Regulations, the Trustee may reject any application received in case the application is found invalid/ incomplete or for any other reason in the Trustee's sole discretion.</p> <p>3. Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) residing abroad/Overseas Citizens of India (OCI) / Foreign Institutional Investors (FIIs) have been granted a general permission by Reserve Bank of India under Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations. If a person who is a resident Indian at the time of subscription becomes a resident outside India subsequently, he/she shall have the option to either be paid repurchase value of Units, or continue into the Scheme if he/she so desires and is otherwise eligible.</p> <p>However, the AMC shall not be liable to pay interest or any compensation, arising on account of taxation law or otherwise, on redemption, dividend or otherwise, to such a person during the period it takes for the Fund to record change in residential status, bank mandates, and change in address due to change in tax status on account of change in residential status.</p> <p>Notwithstanding the aforesaid, the Trustee reserves the right to close the Unit holder's account and to pay the repurchase value of Units, subsequent to his becoming a person resident outside India, should the reasons of cost, interest of other Unit holders and any other circumstances make it necessary for the Fund to do so.</p> <p>4. Investors desiring to invest / transact in the Scheme are required to comply with the KYC norms applicable from time to time. Under the KYC norms, Investors are required to provide prescribed documents for establishing their identity and address such as copy of the Passport / PAN Card / Memorandum and Articles of Association / bye-laws / Trust Deed / Partnership Deed/ Certificate of Registration along with the proof of authorization to invest, as</p>
--	--

	<p>applicable, to the KYC Registration Agency (KRA) registered with SEBI.</p> <p>The Fund / AMC / Trustees / other intermediaries will rely on the declarations/affirmations provided by the Investor(s) in the Application/ Transaction Form(s) and the documents furnished to the KRA that the Investor(s) is permitted/ authorised by the constitution document/ their Board of Directors etc. to make the investment / transact. Further, the Investor shall be liable to indemnify the Fund / AMC / Trustee / other intermediaries in case of any dispute regarding the eligibility, validity and authorization of the transactions and / or the applicant who has applied on behalf of the Investors. The Fund / AMC / Trustee reserves the right to call for such other information and documents as may be required by it in connection with the investments made by the investor.</p> <p>5. Investors are requested to view full details on eligibility /non-eligibility for investment in the Scheme mentioned in the SAI under the head “Who Can Invest” &amp; also note that this is an indicative list and you are requested to consult your financial advisor to ascertain whether the Scheme is suitable to your risk profile.</p>
<p><b>Who cannot invest?</b></p>	<p>The following persons/entities cannot invest in the Scheme:</p> <ol style="list-style-type: none"> <li>1. Overseas Corporate Bodies pursuant to RBI A.P. (DIR Series) Circular No. 14 dated September 16, 2003.</li> <li>2. Non-Resident Indians residing in the Financial Action Task Force (FATF) declared Non Compliant Countries or Territories (NCCTs)</li> <li>3. United States Person (US Person) as defined under the extant laws of the United States of America and persons residing in Canada.</li> </ol> <p>The Fund reserves the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time in case the application is found invalid / incomplete or for any other reason in the Trustee’s sole discretion, subject to SEBI Regulations and other than prevailing statutory regulations, if any.</p>
<p><b>Where can you submit the filled up applications.</b></p>	<p>Duly completed application form for purchase of Units under the Scheme during the NFO period along with the instrument for payment may be submitted at any of the Official Point of Acceptance/ISC of the AMC or the Registrars - Karvy Computershare Private Limited (KCPL) (please refer the back cover page of this Document). The Investors can also purchase Units of the Scheme during NFO by placing an order with the members (stock brokers)</p>

	<p>of stock exchanges. Please refer to section "Special Products/facilities available during the NFO" herein below.</p> <p>Further, Investors may also apply through ASBA process during the NFO period of the Scheme by filling in the ASBA form and submitting the same to their respective banks, which in turn will block the amount in the account as per the authority contained in ASBA form, and undertake other tasks as per the procedure specified therein. Please refer to section "Special Products/facilities available during the NFO" herein below.</p>
<b>How to Apply</b>	Investors are requested to refer to the SAI and Application form for instructions.
<b>Listing</b>	<p>The units of the Scheme will be listed on NSE and BSE and/or on any other recognized Stock Exchange/s as may be decided by the AMC from time to time.</p> <p>AMC has proposed to engage AP(s) for creating liquidity for ETFs in the stock exchange(s) so that retail investors (investors other than AP(s) and Large Investors) are able to buy or redeem units on the stock exchange(s) using the services of a stockbroker.</p>
<b>Special facilities available during the NFO</b>	<p><b>Facility to purchase Units of the Scheme through 'Applications Supported by Blocked Amount' (ASBA):</b> Investors have an option to subscribe to Units of the Scheme during the NFO period under the Applications Supported by Blocked Amount (ASBA) facility. Thus, apart from the process of accepting payment for subscription through cheques/demand drafts, investors also have the ASBA facility as an additional mode of payment. Banks which provide this facility and are empanelled with SEBI shall extend the same facility to all eligible investors subscribing to the Units during the NFO Period of the Scheme. Investors are requested to refer to SAI for complete details on the ASBA facility.</p> <p><b>Facility to purchase Units of the Scheme through Stock Exchange Infrastructure Facility:</b> During NFO of the Scheme, the AMC may make available facility to investors to subscribe to the Units of the Scheme through Mutual Fund Services System (MFSS) of the National Stock Exchange of India Ltd. (NSE) and BSE STAR MF platform of the BSE Limited. For more information on this facility, please refer to SAI.</p> <p><b>Switching Options:</b> During the NFO Period, Unit holders will be able to invest in the Scheme by switching part or all of their holdings held in</p>

	<p>the respective option(s) / plan(s) of the existing scheme(s) established by the Mutual Fund. Application for switch of units from existing schemes to the Scheme will be accepted upto 3.00 p.m. on the last day of the NFO.</p> <p>This option will be useful to Unit holders who wish to alter the allocation of their investment among the scheme(s) /plan(s) of the Mutual Fund (subject to completion of lock-in period, if any, of the units of the scheme(s) from where the units are being switched) in order to meet their changed investment needs.</p> <p>The switch will be effected by way of a redemption of units from the Plan/Option of the existing scheme and a reinvestment of the redemption proceeds in the Scheme during NFO and accordingly, to be effective, the switch must comply with the redemption rules of the existing scheme/ plan and the issue rules of the Scheme (e.g. as to the minimum number of units that may be redeemed or issued, exit load etc). The price at which the units will be switched out of the scheme/ plan will be based on the redemption price and the proceeds will be invested in the Scheme at the allotment price.</p>
<b>The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the Scheme or the AMC) involved in the same.</b>	The Scheme does not propose to reissue redeemed units. The number of Units held by the Unit holder in his Beneficiary (Demat) account will stand reduced by the number of Units redeemed.
<b>Restrictions, if any, on the right to freely retain or dispose of units being offered.</b>	As the units of the Scheme will be issued in demat (electronic) form, the units will be transferred and transmitted in accordance with the provisions of SEBI (Depositories and Participants) Regulations, as may be amended from time to time.
<b>Bank Mandate</b>	It is mandatory for every applicant to provide the name of the bank, branch, address, account type and number as per requirements laid down by SEBI and any other requirements stated in the Application Form. Applications without these details will be treated as incomplete. Such incomplete applications will be rejected. The Registrar/AMC may ask the investor to provide a blank cancelled cheque or its photocopy for the purpose of verifying the bank account number. The bank details as updated in/linked to the demat account should be provided.
<b>Static details</b>	<ul style="list-style-type: none"> <li>• The details provided by investors in the Application Form for subscribing to Units should be same as the details registered with the DP.</li> <li>• In the event of any conflict, the details registered with the DP will prevail.</li> </ul>

	<ul style="list-style-type: none"> <li>• Applications without relevant details of his or her depository account are liable to be rejected.</li> </ul>
<b>Multiple Bank Account Registration</b>	<p>The Mutual Fund offers a facility to register multiple bank accounts for pay-in &amp; payout purposes and designate one of the registered bank account as “Default Bank Account”. Individuals, HUFs, Sole proprietor firms can register upto five bank accounts and a non-individual investor can register upto ten bank accounts in a folio. This facility can be availed by using a designated “Bank Accounts Registration Form” available at Investor Service Centers and Registrar and Transfer Agent’s offices. In case of new investors, the bank account mentioned on the purchase application form, used for opening the folio, will be treated as default bank account till the investor gives a separate request to register multiple bank accounts and change the default bank account to any of other registered bank account. Registered bank accounts may also be used for verification of pay-ins (i.e. receiving of subscription funds) to ensure that a third party payment is not used for mutual fund subscription. Default Bank Account will be used for all dividends and redemptions payouts unless investor specifies one of the existing registered bank account in the redemption request for receiving redemption proceeds. However, in case a Unit holder does not specify the default account, the Mutual Fund reserves the right to designate any of the registered bank accounts as default bank account.</p> <p>Consequent to introduction of “Multiple Bank Accounts Facility”, a new non-registered bank account specified in the specific redemption request for receiving redemption proceeds will be considered only after a cooling period of not more than 10 days from the date of registration of new bank account.</p>

**B ONGOING OFFER DETAILS**

<b>Ongoing Offer Period</b> This is the date from which the Scheme will reopen for subscriptions/redemptions after the closure of the NFO period.	The Scheme will reopen for subscriptions/redemptions within 5 Business Days from the date of allotment of Units.
<b>Ongoing price for subscription (purchase) by investors</b> This is the price you need to pay for purchase	<b>a. For Subscription of units directly with the Mutual Fund:</b> Ongoing purchases directly from the Mutual Fund would be restricted to Authorized Participants and Large Investors, provided the value of units to be purchased is in Creation Unit

size and in multiples thereof. Authorized Participants / Large Investors may buy the units on any Business Day of the Scheme directly from the Mutual Fund:

- i. in exchange of the Portfolio Deposit, Cash Component and any other applicable transaction charges; or
- ii. by depositing basket of securities comprising CNX Nifty Index along with the cash component and applicable transaction charges.

The Creation Unit size will be 300 units.

The Fund may from time to time change the size of the Creation Unit in order to equate it with marketable lots of the underlying instruments.

**b. For Subscription through Stock Exchange(s):**

All categories of investors may purchase the Units of the Scheme through the Stock Exchange(s) on which the units of the Scheme are listed, on any trading day in round lot of one (1) Unit and multiples thereof at the prevailing listed price. The transactions (trading) in the Stock Exchange(s) shall be subject to the Regulations, Bye laws and Rules applicable to the Stock Exchanges and its clearing house respectively.

The trading members shall be responsible for delivering the units to the demat account of the investors on successful completion of settlement. Investors are advised to contact their trading members to understand the various cut-off times to meet their fund pay-in obligations for ensuring successful settlement of their transactions.

**Note:**

In addition to the NAV, any person transacting with the Fund will have to reimburse transaction handling charges. Transaction handling charges include brokerage, Securities transaction tax, regulatory charges if any, depository participant charges, uploading charges and such other charges that the mutual fund may have to incur in the course of cash subscription/redemption or accepting the Portfolio Deposit or for giving a portfolio of securities as consideration for a redemption request. Such transaction handling charges shall be recoverable from the transacting Authorised Participant or Large Investor.

The units will be listed on NSE and BSE to provide liquidity through secondary market. It may also be listed on any other exchanges subsequently. All categories of Investors may



	<p>purchase the units through secondary market on any trading day.</p> <p>The AMC will appoint at least two Authorised Participants to provide liquidity in secondary market on an ongoing basis. Currently, it is proposed that, Edelweiss Securities Limited and Reliance Securities Limited shall act as Authorised Participants. The Authorised Participant(s) would offer daily two-way quote in the market.</p> <p>The applicant under the Scheme will be required to have a beneficiary account with a Depository Participant of NSDL/CDSL and will be required to indicate in the Application Form the Depository Participants (DP's) name, DP ID Number and the beneficiary account number of the applicant.</p>
<p><b>Procedure for Purchasing in Creation Unit size</b></p>	<p>The requisite Securities constituting the Portfolio Deposit have to be transferred to the Fund's Depository Participant account while the Cash Component has to be paid to the Custodian/AMC. On confirmation of the same by the Custodian/AMC, the AMC will create and transfer the equivalent number of Units of the Scheme into the Investor's Depository Participant account. The Portfolio Deposit and Cash Component for units of the Scheme may change from time to time due to changes in the Underlying Index on account of corporate actions and changes to the index constituents. The AMC reserves the right to adjust the number of Units to be credited in case the instrument towards the Cash Component is not honoured.</p> <p>The Fund may allow cash Purchases of Units of the Scheme in Creation Unit size by Large Investors/Authorised Participants. Purchase request for Creation Unit shall be made by such Investor to the Fund/AMC where upon the Fund/AMC will arrange to buy the underlying portfolio Securities. The Portfolio Deposit and Cash Component will be exchanged for units of the Scheme in Creation Unit size.</p>
<p><b>Ongoing price for redemption (sale) by investors.</b> This is the price you will receive for redemptions.</p>	<p><b>a. For Redemption of units directly with the Mutual Fund:</b></p> <p>Mutual Fund will repurchase units from Authorised participants / Large Investors on any Business Day in Creation Unit size at applicable NAV based prices, subject to applicable exit load; if any. Currently there is no Exit Load. However, transaction charges payable to Custodian/Depository Participants, and other incidental charges relating to conversion of units into basket of securities may be deducted from redemption proceeds. Investors other than Authorised Participants can redeem units directly with the Fund for less than Creation Unit size at Applicable NAV based prices and no exit load shall be charged for redemption of units if:</p>

	<ol style="list-style-type: none"><li>1. the traded price of the units of the Scheme is at a discount of more than 3% to the NAV for continuous 30 days; or</li><li>2. Discount of bid price to NAV over a period of 7 consecutive days is greater than 3%, or</li><li>3. there are no quotes available on the Stock Exchange(s) for 3 consecutive trading days, or</li><li>4. Total bid size on the exchange is less than half of Creation Units size daily, averaged over a period of 7 consecutive trading days.</li></ol> <p><b>b. For Redemption through Stock Exchange(s):</b></p> <p>All categories of investors may sell the Units of the Scheme through the Stock Exchange(s) on which the units of the Scheme are listed, on any trading day in round lot of one (1) Unit and multiples thereof.</p> <p><b>Note:</b></p> <p>The transaction handling charges which include brokerage, Securities transaction tax, regulatory charges if any, depository participant charges, uploading charges and such other charges that the mutual fund may have to incur in the course of cash subscription/redemption or accepting the portfolio deposit or for giving a portfolio of securities as consideration for a redemption request, shall be recoverable from the transacting Authorised Participant or Large Investor. As required under the Regulations, the Fund will ensure that the Redemption Price is not lower than 93% of the NAV and the Purchase Price is not higher than 107% of the NAV, provided that the difference between the Redemption Price and Purchase Price of the Units shall not exceed the permissible limit of 7% of the Purchase Price, as provided for under the Regulations.</p> <p><b>Suspension of acceptance of subscription:</b></p> <p>In the interest of the investors and in order to protect the portfolio from market volatility, the Trustees reserve the right to discontinue subscriptions under the Scheme for a specified period of time or till further notice.</p> <p><b>Suspension of Sale and Redemption of Units</b></p> <p>The Trustee and the Board of Directors of the AMC may decide to temporarily suspend determination of NAV of the Scheme offered under this Document, and consequently sale and redemption of Units, in any of the following events:</p>
--	--

	<p>1. When one or more stock exchanges or markets, which provide basis for valuation for a substantial portion of the assets of the Scheme are closed otherwise than for ordinary holidays.</p> <p>2. When, as a result of political, economic or monetary events or any circumstances outside the control of the Trustee and the AMC, the disposal of the assets of the Scheme is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unitholders.</p> <p>3. In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities of the Scheme cannot be accurately calculated.</p> <p>4. During periods of extreme volatility of markets, which in the opinion of the AMC are prejudicial to the interests of the Unitholders of the Scheme.</p> <p>5. In case of natural calamities, strikes, riots and bandhs.</p> <p>6. In the event of any force, majeure or disaster that affects the normal functioning of the AMC or the Registrar.</p> <p>7. If so directed by SEBI.</p> <p>In the above eventualities, the time limits indicated above, for processing of requests for purchase and redemption of Units will not be applicable.</p> <p>Suspension or restriction of repurchase/ redemption facility under any scheme of the mutual fund shall be made applicable only after obtaining the approval from the Boards of Directors of the AMC and the Trustees.</p> <p>After obtaining the approval from the AMC Board and the Trustees, intimation would be sent to SEBI in advance providing details of circumstances and justification for the proposed action shall also be informed.</p> <p><b>Right to Limit Redemptions</b></p> <p>Investors can approach the Fund directly for other than Creation Unit size on occurrence of various events as listed in this document.</p> <p>After complying with the regulatory requirements, the Trustee and the Board of Directors of the AMC may, in the general</p>
--	---

	<p>interest of the Unitholders of the Scheme offered under this Scheme Information Document (SID) and keeping in view the unforeseen circumstances/unusual market conditions, limit the total number of Units which may be redeemed on any Business Day to 5% of the total number of Units then in issue, or such other percentage as the Trustee may determine.</p> <p>Any Units, which by virtue of these limitations are not redeemed on a particular Business Day, will be carried forward for Redemption to the next Business Day, in order of receipt. Redemptions so carried forward will be priced on the basis of the Applicable NAV (subject to the prevailing load) of the Business Day on which Redemption is made. Under such circumstances, to the extent multiple Redemption requests are received at the same time on a single Business Day, Redemptions will be made on pro-rata basis, based on the size of each Redemption request, the balance amount being carried forward for Redemption to the next Business Day(s).</p> <p>Suspension or restriction of repurchase/ redemption facility under any scheme of the mutual fund shall be made applicable only after obtaining the approval from the Boards of Directors of the AMC and the Trustees.</p> <p>After obtaining the approval from the AMC Board and the Trustees, intimation would be sent to SEBI in advance providing details of circumstances and justification for the proposed action shall also be informed.</p> <p><b>Procedure for Redemption in Creation Unit size</b> The requisite number of Units of the Scheme equalling the Creation Unit has to be transferred to the Fund's Depository Participant account and the Cash Component to be paid to the AMC/Custodian. On confirmation of the same by the AMC, the AMC will transfer the Portfolio Deposit to the Investor's Depository Participant account and pay the Cash Component, if applicable.</p> <p>The Fund may allow cash Redemption of the Units of the Scheme in Creation Unit size by Large Investors/Authorized Participant. Such Investors shall make Redemption request to the Fund/AMC whereupon the Fund/AMC will arrange to sell underlying portfolio Securities on behalf of the Investor. Accordingly, the sale proceeds of portfolio Securities, after adjusting transaction handling charges will be remitted to the Investor.</p>
<b>Cut off timing for subscriptions/redemptions</b>	<b>In case of Purchase / Redemption directly with Mutual Fund:</b>

<p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>The Cut-off time for receipt of valid application for Subscriptions and Redemptions is 3.00 p.m. However, as the Scheme is an Exchange Traded Fund, the Subscriptions and Redemptions of Units would be based on the Portfolio Deposit and Cash Component as defined by the Fund for that respective Business Day.</p> <p><b>In case of Purchase/Redemption through Stock Exchange(s):</b> An investor can buy/sell Units on a continuous basis on the NSE or BSE or such other stock exchange where the Scheme shall be listed during the trading hours on all trading days.</p>
<p><b>Where can the applications for purchase/redemption- be submitted?</b></p>	<p>Investors can submit the Application Forms for purchase or redemption only at the Registered/Head Office of the AMC. For details please visit AMC website (<a href="http://www.edelweissmf.com">www.edelweissmf.com</a>)</p>
<p><b>Minimum amount for purchase/redemption/swiches</b></p>	<p><b>a. For Subscription of units directly with the Mutual Fund:</b></p> <p>Subscription facility directly from the Mutual Fund would be restricted to Authorized Participants/Large Investors provided the value of units to be purchased is in Creation Unit size and in multiples thereof. Authorised Participants/Large Investors may buy the units of the Scheme on any business day directly from the Mutual Fund at applicable NAV based prices and transaction handling charges. The Creation Unit size will be 300 units.</p> <p><b>b. For Subscription through Stock Exchange(s):</b></p> <p>All categories of investors may purchase the Units of the Scheme through the Stock Exchange(s) on which the units of the Scheme are listed, on any trading day in round lot of one (1) Unit and multiples thereof.</p> <p>The AMC will appoint at least two Authorised Participants to provide liquidity in secondary market on an ongoing basis. Currently, it is proposed that, Edelweiss Securities Limited and Reliance Securities Limited shall act as Authorised Participants. The Authorised Participant(s) would offer daily two-way quote in the market.</p>
<p><b>Minimum balance to be maintained and consequences of non maintenance.</b></p>	<p>Not applicable.</p>
<p><b>Special Products available</b></p>	<p>None</p>
<p><b>Account Statements</b></p>	<p>On acceptance of application for subscription, an Allotment Confirmation specifying the number of units allotted will be sent by way of email and/or SMS and/or mail to the Unit holder's registered e-mail address and/or mobile number and/or correspondence address within 5 Business Days from the close of the NFO Period of the Scheme.</p>

	<p><b>For transactions during ongoing subscription and redemption:</b></p> <p>As the Units of the Scheme are in demat, the holding statement issued by the Depository Participant would be deemed to be adequate compliance with requirements of SEBI regarding dispatch of statements of account.</p>
<p><b>Dividend Policy</b></p>	<p>Dividend will be declared at the discretion of the Trustees, subject to availability of distributable surplus as computed in accordance with SEBI Regulations.</p> <p>If and when dividends are declared, dividends will be distributed to all unit holders registered on the registers of the depositories on the record date.</p> <p>The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend.</p> <p>In the event of failure to dispatch dividend within 30 days, the AMC shall be liable to pay interest at 15% per annum to the unit holders.</p> <p>The Trustee may declare Dividend to the Unit holders under the Scheme subject to the availability of distributable surplus and the actual distribution of Dividends and the frequency of distribution will be entirely at the discretion of the Trustee. Such Dividend will be payable to the Unit holders whose names appear on the register of Unit holders on the record date as fixed for the Scheme. The Dividend declared will be paid net of tax deducted at source, wherever applicable, to the Unit holders within 30 days from the declaration of the Dividend.</p> <p>There is no assurance or guarantee to the Unit holders as to the rate of Dividend distribution nor that the Dividend will be paid regularly. If the Fund declares Dividend, the NAV of the Scheme will stand reduced by the amount of Dividend and Dividend distribution tax (if applicable) paid. All the Dividend payments shall be in accordance and compliance with SEBI &amp; Stock Exchange Regulations, as applicable from time to time.</p>
<p><b>Redemption/Repurchase Proceeds</b></p>	<p>Redemption cheques will generally be sent to the Unitholder's address, (or if there is more than one joint holder, the address of the first-named holder) when the unit balance is confirmed with the records of the depository, not later than 10 (Ten) Working Days from the date of redemption.</p> <p>Redemption proceeds may also be paid to the Unitholder in any other manner like through ECS, direct credit, RTGS, demand draft, etc as the AMC may decide, from time to time,</p>

	<p>for the smooth and the efficient functioning of the Scheme.</p> <p>Note: The Mutual Fund will rely on the address and the bank account details recorded in the depository system. Any changes to the address and bank account details can be made only through the depository system.</p> <p>As per SEBI Regulations, the Mutual Fund shall dispatch redemption proceeds within 10 Business Days of receiving a valid redemption request.</p>
<p><b>Delay in payment of redemption / repurchase proceeds</b></p>	<p>The AMC shall be liable to pay interest to the Unit Holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum). However, the AMC will not be liable to pay any interest or compensation or any amount otherwise, in case the AMC/Trustee is required to obtain from the Unit Holder verification of identity or such other details as may be required under any applicable law or as may be required by a regulatory authority which may result in delay in processing the application.</p>
<p><b>Settlement of Purchase / Sale on stock exchange(s)</b></p>	<p>Buying / Selling units of the Scheme on the stock exchange(s) is similar to buying / selling any other listed securities. If an investor has bought units, the investor has to pay the purchase amount to the broker / sub-broker such that the amount paid is realized before funds pay-in day of the settlement cycle on the exchange. If an investor has sold units, the investor has to deliver the units to the broker/ sub-broker before the securities pay-in day of the settlement cycle on the exchange. The units (in case of units bought) and the funds (in the case of units sold) are paid out to the broker on the payout day of the settlement cycle on the exchange. The trading member would pay the money or units to the investor in accordance with the time prescribed by the stock exchange(s) regulation. If an investor has bought units, he/she should give standing instructions for 'Delivery-In' to his/her DP for accepting units in his/her beneficiary account. An investor should give the details of his/her beneficiary account and the DP-ID of his/her DP to his/her trading member. The trading member will transfer the units directly to his/her beneficiary account on receipt of the same from exchange's clearing corporation.</p> <p>An investor who has sold units should instruct his/her Depository Participant (DP) to give 'Delivery Out' instructions to transfer the units from his/her beneficiary account to the Pool Account of his/her trading member through whom he/she has sold the units. The details of the Pool Account of investor's trading member to which the units are to be transferred, unit quantity, etc. should be mentioned in the</p>

	<p>delivery out instructions given by him/her to the DP. The instructions should be given well before the prescribed securities pay-in day. SEBI has advised that the delivery out instructions should be given at least 24 hours prior to the cut off time for the prescribed securities pay in to avoid any rejection of instructions due to data entry errors, network problems, etc. All investors including Authorized Participants, Large Investors and other investors may sell their units in the stock exchange(s) on which these units are listed on all the Trading Days of the stock exchange(s).</p>												
<p><b>Rolling Settlement</b></p>	<p>The Fund intends to follow the settlement pattern and practices of the NSE.</p> <p>The rolling settlement on T+2 basis for all trades was commenced from April 1, 2003 onwards. The pay-in and pay-out of funds and the Securities/Units takes place within 2 working days after the trading date.</p> <p>The pay-in and pay-out days for funds and Securities are prescribed as per the settlement cycle. A typical settlement cycle of rolling settlement is given below:</p> <p><b>Day Activity</b></p> <table border="1" data-bbox="651 1012 1393 1413"> <thead> <tr> <th>Day</th> <th>Activity</th> </tr> </thead> <tbody> <tr> <td>T</td> <td>The day on which the transaction is executed by a trading member</td> </tr> <tr> <td>T+1</td> <td>Confirmation of all trades including custodial trades by 11.00 a.m.</td> </tr> <tr> <td>T+1</td> <td>Processing and downloading of obligation files to brokers /Custodians by 1.30 p.m.</td> </tr> <tr> <td>T+2</td> <td>Pay-in of funds and Securities by 11.00 a.m.</td> </tr> <tr> <td>T+2</td> <td>Pay out of funds and Securities by 1.30 p.m.</td> </tr> </tbody> </table> <p>While calculating the days from the Trading day (Day T), weekend days (i.e. Saturday and Sundays), Exchange holidays and bank holidays are not taken into consideration.</p>	Day	Activity	T	The day on which the transaction is executed by a trading member	T+1	Confirmation of all trades including custodial trades by 11.00 a.m.	T+1	Processing and downloading of obligation files to brokers /Custodians by 1.30 p.m.	T+2	Pay-in of funds and Securities by 11.00 a.m.	T+2	Pay out of funds and Securities by 1.30 p.m.
Day	Activity												
T	The day on which the transaction is executed by a trading member												
T+1	Confirmation of all trades including custodial trades by 11.00 a.m.												
T+1	Processing and downloading of obligation files to brokers /Custodians by 1.30 p.m.												
T+2	Pay-in of funds and Securities by 11.00 a.m.												
T+2	Pay out of funds and Securities by 1.30 p.m.												



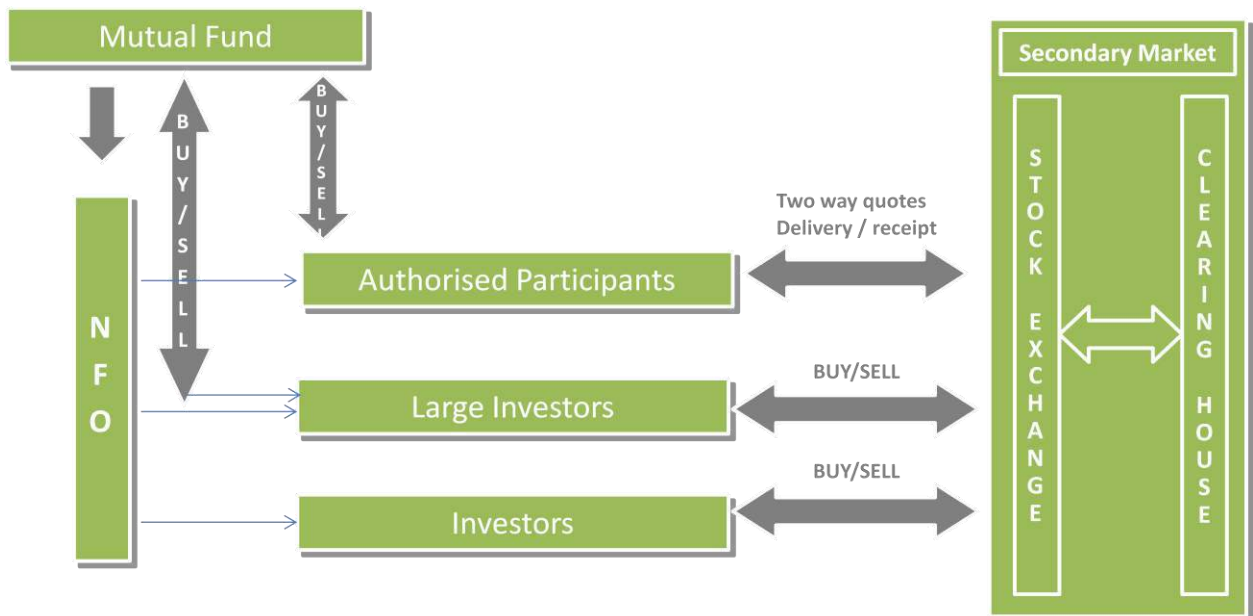
The procedure relating to purchase and sale of units by different types of investors/participants in the Scheme is tabulated for easy reference:

Type of investor and transaction details	Sale of units by Mutual Fund	Redemption of units by unit holders
<b>During Continuous offer</b>		
Authorized Participants/ Large Investor	Any Business Day in Creation Unit* Size and in multiple thereof.	Any Business Day in Creation Unit* Size and in multiple thereof.
Other investors	Only through stock exchange(s)	Only through stock exchange(s).
Role of Authorised Participant	Gives two way quotes in the secondary market. Stands as a seller for a buy order.	Gives two-way quotes in the secondary market. Stands as a buyer against a sell order.
Role of large investor	Only an investor – no other role in the scheme operations.	

\* Creation unit

Each creation unit consists of 300 units of Edelweiss Exchange Traded Scheme - Nifty.

Each unit of Edelweiss Exchange Traded Scheme – Nifty will be approximately equal to the value of the CNX Nifty.



**Example for Calculation of the allotment price and the units receivable by the investor on allotment:**

Amount collected (Rupees)	A	1,000,000,000.00
Cost per unit (Allotment Price)	B	8300.00
Actual Investment in stocks say	C	992,434,757.00
Balance cash for expenses say	$D = (A-C)$	75,65,243.00
Units allotted say	$E = (A/B)$	1,20,481.93
NAV	$F = (A/E)$	8,300.00
Portfolio Value	$G = C/E$	8,237.2083
Cash Component	$H = F-G$	62.7917

The number of units cannot be fractional and will be rounded off to the earlier decimal but this will be done investor wise and not just at the scheme level.

Suppose an investor invests (in Rupees)	A	50,000.00
Cost per unit (Allotment Price)	B	8300.00
Units allotted rounded off	$C = A/B$	6
Value of units allotted	$D = B * C$	49,800.00
Balance fractional units refunded to investor (Rs.)	$E = A-D$	200.00

**C PERIODIC DISCLOSURES & OTHER INFORMATION**

<p><b>Net Asset Value</b></p> <p>This is the value per unit of the Scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>Units of the Scheme will be listed on NSE and BSE and all purchase and sale of units by investors other than Authorised Participants and Large Investors can be done on the stock exchange(s). The NAV has a reference value for investors and will be useful for Authorised Participants for offering quotes on the Stock Exchange(s).</p> <p>The AMC will calculate and disclose the first NAVs of the Scheme not later than 5 Business days from the date of allotment. NAVs will be calculated up to four decimal places.</p> <p>On an on-going basis, the Fund shall calculate NAV on daily basis and publish the same in at least two daily newspapers having circulation all over India day in accordance with SEBI Regulations. The NAVs declared, will also be uploaded on the AMFI website (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) by 9.00 p.m. and also on Edelweiss Mutual Fund's website (<a href="http://www.edelweissmf.com">www.edelweissmf.com</a>) every Business Day. In case of any delay, the reasons for such delay would be explained to AMFI by the next business day. If the NAVs are not available before the commencement of business hours on the following business day due to any reason, the Mutual Fund shall issue a press release giving reasons and explaining when the Mutual Fund would be able to publish the NAV.</p> <p>NAV shall also be communicated to Stock Exchanges where the</p>
---	---

	<p>units of the Scheme are listed.</p> <p>The Fund may also calculate intra-day indicative NAV (computed based on snapshot prices received from NSE) and will be updated during the market hours on Edelweiss Mutual Fund's website (<a href="http://www.edelweissmf.com">www.edelweissmf.com</a>). Intra-day indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.</p>
<b>Monthly Portfolio</b>	<p>The Fund/AMC will disclose the portfolio (along with ISIN) of the Scheme as on the last day of the month on its website <a href="http://www.edelweissmf.com">www.edelweissmf.com</a> on or before the tenth day of the succeeding month in a user-friendly and downloadable format.</p>
<p><b>Half yearly Disclosures: Portfolio / Halfyearly Financial Results</b></p> <p>This is a list of securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>The AMC shall communicate the portfolio of the Scheme on a half-yearly basis to the Unit holders within one month from the close of each half year (i.e. 31st March and 30th September) either by sending a complete statement to all the Unit holders or by publishing the same by way of advertisement in one national English daily newspaper in the whole of India and in a newspaper published in the language of the region where the Head Office of the Mutual Fund is located. The portfolio will also be displayed on the website of AMC and AMFI.</p> <p>The Fund/AMC shall within one month from the close of each half year, i.e. on 31<sup>st</sup> March and on 30<sup>th</sup> September, host a soft copy of its unaudited financial results on their website <a href="http://www.edelweissmf.com">www.edelweissmf.com</a>. Such half-yearly unaudited financial results shall contain details as specified in Twelfth Schedule of SEBI Regulations and such other details as are necessary for the purpose of providing a true and fair view of the operations of the Fund.</p> <p>The Fund/AMC shall publish an advertisement disclosing the hosting of such unaudited financial results on their website, in at least one English daily newspaper having nationwide circulation and in a newspaper having wide circulation published in the language of the region where the Head Office of the Fund is situated.</p>
<b>Annual Report</b>	<p>As per SEBI Regulation, Scheme wise annual report or an abridged summary thereof shall be sent in the following manner:</p> <ul style="list-style-type: none"> <li>• By email only to the Unit holders whose email address is available with the AMC/Fund.</li> <li>• In physical form to the Unit holders whose email address is not available with the AMC/Fund and/or in case of receipt of specific request from the Unit holders for a physical copy.</li> </ul> <p>The Scheme wise annual report or an abridged summary thereof shall be sent by mail/e-mail not later than four months from the date of closure of the relevant accounting year (i.e. 31st March</p>

	<p>each Year). The physical copy of the same shall be made available to the investors at the registered office of the AMC.</p> <p>A link of the Scheme annual report or abridged summary thereof shall be displayed prominently on the website of the Fund and shall also be displayed on the website of Association of Mutual Funds in India (AMFI).</p>			
<b>Associate Transactions</b>	Please refer to the Statement of Additional Information.			
<p><b>Taxation</b></p> <p>The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the Scheme.</p>		<b>Resident Investors</b>	<b>Non resident investors</b>	<b>Mutual Fund</b>
	<b>Tax on Dividend Distributed</b>	<i>Nil</i>	<i>Nil</i>	<p>25% on income distributed to any person being an individual or HUF.</p> <p>30% on income distributed to any other person.</p> <p>The tax will be increased by applicable surcharge (currently 12%). Additionally, Education cess @ 2% and Secondary and higher education cess@ 1% shall be levied for all categories of Tax Payers.</p> <p>Calculation has been provided for computing DDT wherein the tax needs to be calculated considering the dividend distributed as net of taxes.</p>
	<b>Tax on Capital</b>	<b>Resident Individuals</b>	<b>FII's/ Overseas financial</b>	<b>Mutual Fund</b>

	<b>Gains :</b>	<b>&amp; HUF</b>	<b>Organisations</b>	
	<u>Long Term</u>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
	<u>Short term</u>	<i>15%</i>	<i>15%</i>	<i>Nil</i>
		<b>Partnership Firms</b>	<b>Non resident Indians</b>	
	<u>Long Term</u>	<i>Nil</i>	<i>Nil</i>	
	<u>Short term</u>	<i>15%</i>	<i>15%</i>	
		<b>Indian Companies</b>	<b>Foreign Companies</b>	
	<u>Long Term</u>	<i>Nil</i>	<i>Nil</i>	
	<u>Short term</u>	<i>15%</i>	<i>15%</i>	
	<p>Note:  The tax rate in case of Capital Gains tax would be increased by a surcharge of:  (a) 7% in case of domestic corporate unit holders where the income exceeds Rs.1 crore but is less than 10 crores and 12% where income exceeds Rs. 10 crores.  (b) 2% in case of foreign corporate unit holders where the income exceeds Rs.1 crore is less than 10 crores, 5% where income exceeds Rs. 10 crores.  (c) At the rate of 12% in case of Individuals, Hindu Undivided Family, Local Authorities and Co-operative Societies where income exceeds Rs. 1 crore.  Education cess @ 2% and Secondary and higher education cess @ 1%. This shall apply to all the categories of tax payers.  <i>In addition to the above, Education cess @2% and Secondary and higher education cess @ 1% is applicable for all categories of Tax Payers.</i></p>			
<p><b>For further details on taxation please refer to the clause on Taxation in the SAI. Investors are advised to consult their Tax Advisor for further details.</b></p>				
<b>Investor services</b>	Investors can enquire about NAVs, Unit Holdings, Dividends, etc or lodge any service request including change in the name, address, designated bank account number and bank branch, loss of Account Statement / Unit Certificates, etc. to M/s. Karvy Computershare Private Limited - UNIT EMF, '3rd Floor, Karvy Plaza, #8-2-596, Street No 1, Banjara Hills, Hyderabad – 500034. Tel: 040-23312454/40308000 or can also call us at our toll free number 1800 425 0090 (MTNL/BSNL) and non toll free number +91-040-23433150 for others and investors outside India. The Toll Free Number and the Non-Toll Free Number will be available between			

	<p>9.00 am to 7.00 pm from Monday to Saturday.</p> <p>Alternatively, the Unit holder can call at the EAML branch office for any services / information. Some service requests can be processed only upon receipt of a written request with required supporting documents. In order to protect confidentiality of information, the service representatives at our branches/ ISC's may require personal information of the investor for verification of his / her identity.</p> <p>Unit holder's grievances should be addressed to Investor Services Centres (ISC's) at the EAML branch offices, or Karvy Computershare Pvt. Ltd (KCPL) Investor Service Centres. All grievances will then be forwarded to the Registrar, if required, for necessary action. The complaints will be closely monitored /followed up with the Registrar to ensure timely redressal.</p> <p>EAML will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly. A comprehensive complaint management system is in place for managing complaints with features for tracking each complaint through its lifecycle from recording and initiation to investigation, reporting, and closure - following the appropriate process to ensure that nothing slips through the cracks enabling EAML to conduct root cause analysis and trigger corrective and preventive action. There is a built in customised workflow process as well as assignment and escalation process to EAML officials. Investors can also address their queries/grievances to Mr. George Jose, Head – Investor Services at Edelweiss Mutual Fund, Edelweiss House, Off. C.S.T Road, Kalina, Mumbai – 400098.</p> <p>Contact Details:  Tel. No. (022)40979900  Fax no. (022) 40979878  E-mail id: <a href="mailto:EMFHelp@edelweissfin.com">E-mail id: EMFHelp@edelweissfin.com</a></p>
--	---

**D COMPUTATION OF NET ASSET VALUE**

The Net Asset Value (NAV) of the Units will be determined as of every Business Day and for such other days as may be required for the purpose for transaction of Units. The NAV shall be calculated in accordance with the following formula, or such other formula as may be prescribed by SEBI from time to time.

$$\begin{array}{l}
\text{Market or Fair Value of Scheme's investments} \\
+ \text{Current assets - Current Liabilities and Provisions} \\
\hline
\text{No. of Units outstanding under the Scheme}
\end{array}
= \text{NAV (Rs.)}$$

The NAV of the Scheme will be calculated and declared upto 4 decimal places & the fourth decimal will be rounded off higher to next digit if the fifth decimal is or more than 5 i.e., if the NAV is 10.12345 it will be rounded off to 10.1235.

The Fund may also calculate intra-day indicative NAV and will be updated during the market hours on Edelweiss Mutual Fund's website ([www.edelweissmf.com](http://www.edelweissmf.com)). Intra-day indicative NAV will not have any bearing on the creation or redemption of units directly with the Fund by the AP/LI.

#### IV FEES AND EXPENSES

This section outlines the expenses that will be charged to the Schemes.

##### ***A. NEW FUND OFFER (NFO) EXPENSES***

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc. The New Fund Offer Expenses in relation to the Scheme will be borne by the AMC. Thus, the entire amount received from the Unit Holder will be available for investment.

##### ***B. ANNUAL SCHEME RECURRING EXPENSES***

These are the fees and expenses for operating the Scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated the following recurring expenses of the daily net assets of the Scheme that will be charged to the Scheme as expenses. The total expenses may be more or less than as specified in the table below. For the actual current expenses being charged, the investor should refer to the website of the Mutual Fund. The mutual fund would update the current expense ratios on the website within two business days mentioning the effective date of the change:

Expense Head	% of daily Net Assets
Investment Management and Advisory Fees	Upto 1.50%
Trustee fee	
Audit fees	
Custodian fees	
RTA Fees	
Marketing & Selling expenses	
Cost related to investor communications	
Cost of fund transfer from location to location	
Cost of providing account statements and dividend redemption cheques and warrants	
Costs of statutory Advertisements	
Cost towards investor education & awareness (at least 2 bps)	
Brokerage & transaction cost over and above 0.12% and 0.05% for cash and derivative market trades, respectively	
Service tax on expenses other than investment and advisory fees	
Service tax on brokerage and transaction cost	
Other Expenses*	
<b>Maximum total expense ratio (TER) permissible under Regulation 52 (6) (c) (i) and (6) (a)</b>	<b>Upto 1.50%</b>
Additional expenses under regulation 52 (6A) (c)	Upto 0.20%
Additional expenses for gross new inflows from specified cities	Upto 0.30%
^ As per SEBI Circular no. CIR/IMD/DF/24/2012 dated November 19, 2012, the brokerage and transaction cost incurred for the purpose of execution of trade may be capitalized to the extent of 0.12% for cash market transactions and 0.05% for derivatives transactions. Any payment towards brokerage and transaction cost, over and above the said 0.12% for cash market transactions and 0.05% in case of derivatives transactions may be charged to the scheme within the maximum limit	



of Total Expense Ratio as prescribed under Regulation 52 (6) of the SEBI (MF) Regulations. Any expenditure in excess of the said prescribed limit shall be borne by the AMC/Trustees.

\*Subject to the Regulations and as permitted under Regulation 52 of SEBI (MF) Regulations, 1996, any other expenses which are directly attributable to the Scheme may be charged with the approval of the Trustee within the overall limits as specified in the Regulations.

The purpose of the above table is to assist the investor in understanding the various costs and expenses that an investor in the Scheme will bear directly or indirectly. These estimates have been made in good faith by AMC and are subject to change inter se. The total recurring expenses that can be charged to the Scheme will be subject to limits prescribed from time to time under the SEBI Regulations. Expenses over and above the limits prescribed under the SEBI Regulations shall be borne by AMC or by the trustee or sponsors.

The Scheme shall not incur any distribution expenses and no commission shall be paid by this Scheme. The aforesaid expenses are fungible within the overall maximum limit prescribed under SEBI Regulations. This means that mutual fund can charge expenses within overall limits, without any internal cap on the aforesaid expenses head.

**Additional Expenses under Regulation 52 (6A):**

1. To improve the geographical reach of the Fund in smaller cities/towns as may be specified by SEBI from time to time, expenses not exceeding of 0.30 % p.a. of daily net assets, if the new inflows from such cities (i.e. beyond Top 15 cities\*) are at least:
  - (i) 30% of gross new inflows in the Scheme, or;
  - (ii) 15% of the average assets under management (year to date) of the Scheme, whichever is higher:

In case the inflows from beyond Top 15 cities\* is less than the higher of (i) or (ii) above, such additional expenses on daily net assets of the Scheme shall be charged on proportionate basis. The expenses so charged under this clause shall be utilised for distribution expenses incurred for bringing inflows from such cities.

Further, the additional expense charged on account of new inflows from beyond Top 15 cities\* shall be credited back to the Scheme, in case the said inflows are redeemed within a period of 1 year from the date of investment.

\*The Top 15 cities shall mean top 15 cities based on Association of Mutual Funds in India (AMFI) data on 'AUM by Geography – Consolidated Data for Mutual Fund Industry' as at the end of the previous financial year.

2. Expenses not exceeding 0.20 % p.a. of daily net assets of the Scheme, towards different heads mentioned under Regulation 52(2) and Regulation 52(4) of SEBI Regulations.
3. Brokerage and transactions costs incurred for the purpose of execution of trades and are included in the cost of investments shall be charged to the Scheme in addition to the limits on total expenses prescribed under Regulation 52(6) and will not exceed 0.12% in case of cash market transactions and 0.05% in case of derivatives transactions.

As per SEBI Circular no. CIR/IMD/DF/24/2012 dated November 19, 2012, the brokerage and transaction cost incurred for the purpose of execution of trade may be capitalized to the extent of 0.12% for cash market transactions and 0.05% for derivatives transactions.

Any payment towards brokerage and transaction cost, over and above the said 0.12% for cash market transactions and 0.05% in case of derivatives transactions may be charged to the scheme within the maximum limit of TER as prescribed under Regulation 52 (6) of the SEBI (MF) Regulations. Any expenditure in excess of the said prescribed limit shall be borne by the AMC/Trustees.

#### **Service Tax:**

In addition to the expenses under Regulation 52 (6) and (6A), AMC shall charge service tax as below:

1. Service tax on investment and advisory fees will be charged to the Scheme in addition to the maximum limit of TER as prescribed in Regulation 52 (6).
2. Service tax on other than investment and advisory fees, if any, will be borne by the Scheme within the maximum limit of TER as prescribed in Regulation 52 (6).
3. Service tax on brokerage and transaction cost paid for execution of trade, if any, shall be within the limit prescribed under Regulation 52.
4. Service tax on exit load, if any, shall be paid out of the exit load proceeds and exit load net of service tax, if any, shall be credited to the Scheme

The AMC may incur expenses on behalf of the Mutual Fund which can be reimbursed on actual basis to the AMC to the extent such expenses are permissible & are within the prescribed SEBI limit.

#### **C. TRANSACTION CHARGES**

The AMC will deduct Transaction Charges on purchase/subscription of Rs.10,000/- and above made through a valid ARN Holder i.e. AMFI Registered distributors/intermediaries, provided such distributor has opted to receive the Transaction Charges. The distributors have an option either to opt in or opt out of levying transaction charge based on type of the product. Such Transaction Charges collected by the AMC will be paid to the ARN Holder in the following manner:

(i) **For the First Time Investor in Mutual Funds** (across all mutual funds): Transaction Charge of Rs. 150/- for subscription of Rs. 10,000/- and above will be deducted from the subscription amount and paid to the distributor/agent of such First Time Investor and the balance amount will be invested.

(ii) **For Investor other than First Time Mutual Fund Investor** (existing investors in any mutual fund): Transaction Charge of Rs. 100/- per subscription of Rs.10,000/- and above will be deducted from the subscription amount and paid to the distributor/agent of the investor and the balance amount will be invested.

(iii) **No Transaction Charges shall be deducted:**

1. where the ARN Holder/distributor of the investor has not opted to receive any Transaction Charges;
2. for purchases/subscriptions of an amount less than Rs. 10,000/-;
3. for transactions other than purchases/ subscriptions relating to new inflows such as Switches etc;
4. for purchases/subscriptions made directly with the Mutual Fund (i.e. not through any distributor);
5. for purchase/subscription routed through the Stock Exchange Platform.

Identification of investors as "first time" or "existing" will be based on Permanent Account Number (PAN) at the First/Sole Applicant/ Guardian level. Hence, Unit holders are urged to ensure that their PAN / KYC

is updated with the Fund. Unit holders may approach any of the Official Points of Acceptances of the Fund in this regard.

The Account Statement / Consolidated Account Statement sent to the Unit holders shall clearly state the net investments as gross subscription less Transaction Charges and shall also show the number of units allotted against the net investments.

#### **D. LOAD STRUCTURE**

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time.

The Load Structure would comprise of an Entry Load and /or an Exit Load / CDSC, as may be permissible under the Regulations. The current load structure is stated as under:

Type of Load	Load chargeable (as %age of Applicable NAV)
<b>Entry Load*</b>	Nil
<b>Exit Load<sup>#</sup></b>	Nil

\*No entry load will be charged for purchase / additional purchase / switch-in transaction(s) accepted by the Fund. The upfront commission shall be paid by the investor directly to the ARN Holder based on the investor's assessment of various factors including service rendered by the ARN Holder.

<sup>#</sup> Investors other than Authorised Participants can redeem units directly with the Fund for less than Creation Unit size at Applicable NAV based prices and no exit load shall be charged for redemption of units if:

1. the traded price of the units of the Scheme is at a discount of more than 3% to the NAV for continuous 30 days; or
2. Discount of bid price to NAV over a period of 7 consecutive days is greater than 3%, or
3. there are no quotes available on the Stock Exchange(s) for 3 consecutive trading days, or
4. Total bid size on the exchange is less than half of Creation Units size daily, averaged over a period of 7 consecutive trading days, or

The exit load charged, if any, shall be credited to the Scheme net of service tax.

For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres.

***The investor is requested to check the prevailing load structure of the Scheme before investing.***

#### **Changing the Load Structure:**

Under the Scheme, the AMC, in consultation with the Trustee, reserves the right to change the Load structure if it so deems fit in the interest of investors & for the smooth and efficient functioning of the

Scheme. Any imposition or enhancement in the load shall be applicable on prospective investments only. However, the AMC shall not charge any load on issue of bonus units and units allotted on reinvestment of dividend for existing as well as prospective investors. At the time of changing the load structure, the AMC shall issue a public notice in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated. Unit Holders / Prospective investors will be informed of the changed / prevailing Load structures through various means of communication such as public notice and / or display at ISCs / Distributors' offices, on Account Statements, acknowledgements, investor newsletters etc. The addendum detailing the changes may be attached to Scheme Information Documents and Key Information Memorandum. The addendum may be circulated to all the distributors/brokers so that the same can be attached to all Scheme Information Documents and Key Information Memorandum already in stock.

**Unitholder Expenses and Load:**

The repurchase price shall not be lower than 93% of the NAV and the Sale Price will not be higher than 107% of the NAV and the difference between the repurchase price and sale price shall not exceed 7% on the sale price.

**E. WAIVER OF LOAD FOR DIRECT APPLICATIONS**

---

Not Applicable

## **V RIGHTS OF UNITHOLDERS**

Please refer to SAI for details.

## **VI PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed. N.A

2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed:

- U.S. Securities Exchange Commission (SEC) on November 27, 2012 passed an order in the matter of Edelweiss Financial Services Ltd (EFSL) instituting administrative proceedings pursuant to Section 15(b) of the Securities Exchange Act of 1934, and imposing remedial sanctions and a Censure. EFSL had without admitting or denying the findings therein consented to the entry of this order and based on the advice of SEC, EFSL paid disgorgement amount to the United States Treasury. The proceedings arose out of EFSL and some of its subsidiaries soliciting and providing brokerage services to U.S. institutional investors without registering as a broker-dealer and for acting as a Book Running Lead Manager /Co lead manager in the private placement / initial public offering / further public offering of securities of Indian issuers.
- Edelweiss Financial Services Ltd (EFSL) had received a notice from the RBI to make a compounding application for non-compliance of the FEMA provisions in respect of the inward foreign remittance. On an application made in this regard, RBI vide Compounding Order CA No 2230/2012 dated June 11, 2012 levied a penalty of Rs. 10,000. The said penalty has been discharged by EFSL.

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

- Edelweiss Financial Services Limited (“EFSL”) (formerly Edelweiss Capital Limited), sponsor of Edelweiss Mutual Fund, received a Show Cause Notice (“SCN”) dated September 8, 2010 from SEBI with respect to the alleged violation of the provisions of SEBI (Merchant Bankers) Regulations, 1992, SEBI (Disclosure and Investor Protection) Guidelines, 2000, SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and SEBI Circular No. MRD/DoP/Cir-05/2007 dated April 27, 2007 with respect to the inspection of its Merchant Banking operations. Subsequently, EFSL has paid the requisite settlement charges to SEBI towards the acceptance of consent proposal dated April 19, 2011.

- Edelweiss Financial Services Ltd has received show cause notice dated September 20, 2013 along with other Lead Managers for the alleged violations of the provisions of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and SEBI (Merchant Bankers) Regulations, 1992 by the Book Running Lead Managers for failing to ensure that adequate disclosures were made in DRHP/RHP Prospectus of Electrosteel Steels Limited regarding rejection of the proposal for forest clearance of Kodolibad iron ore mine. Reply to the show cause notice was filed with SEBI and personal hearing was held before the Adjudicating Officer. The matter is currently pending.
  - Edelweiss Financial Services Ltd has received Show Cause Notice dated October 7, 2013 along with other Lead Managers for the alleged violations of the provisions of SEBI (Issue of Capital and Disclosure Requirement) Regulations, 2009 and SEBI (Merchant Bankers) Regulations, 1992 by the Book Running Lead Managers in the matter of IPO of Credit Analysis and Research Ltd (CARE). Joint reply to the show cause notice was filed with SEBI by all the Book Running Lead Managers and a personal hearing was held before the Adjudicating Officer. The matter is currently pending.
4. Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately. Nil
5. Any deficiency in the systems and operations of the sponsor(s) and/ or the AMC and/ or the Board of Trustees/Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed. Nil

**Notes:**

1. Further, any amendments / replacement / re-enactment of SEBI Regulations subsequent to the date of the Document shall prevail over those specified in this Document.
2. The Scheme under this Document was approved by the Board of Trustees on August 13, 2014.
3. The Board of the Trustees has ensured that, Edelweiss Exchange Traded Scheme – Nifty (Nifty EES) approved by it, is a new product offered by Edelweiss Mutual Fund and is not a minor modification of the existing Fund.
4. The information contained in this Document regarding taxation is for general information purposes only and is in conformity with the relevant provisions of the Tax Act, and has been included relying upon advice provided to the Fund's tax advisor based on the relevant provisions prevailing as at the currently applicable Laws.
5. Any dispute arising out of this issue shall be subject to the exclusive jurisdiction of the Courts in India.

**Notwithstanding anything contained in the Scheme Information Document the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines there under shall be applicable.**

**For and on behalf of the Board of Directors of Edelweiss Asset Management Limited**

Sd/-

Vikaas M Sachdeva  
**Chief Executive Officer**

PLACE: MUMBAI  
DATE: April 15, 2015

# Investor Service Centers (ISC) / Official Point of Acceptance (OPA)

## Edelweiss Asset Management Limited - ISC / OPA

<b>Ahmedabad:</b>	Madhusudan House, Basement, Near Navrangpura Telephone Exchange, Off CG Road, Navrangpura, Ahmedabad – 380 009 Tel - 079 - 6514 1246
<b>Bengaluru:</b>	S M Tower, 3rd floor, 3/2 & 4/3/1, 11th Main Road, Jayanagar 3rd Block East, Above Nike Showroom, Bengaluru – 560011 Tel - 080 - 4059 2935
<b>Chennai:</b>	7th Avenue, 2nd floor Ammayi Eye hospital building, Ashok Nagar, Chennai- 600083 Tel: 044- 42895741
<b>Delhi:</b>	104,1st Floor, Mercantile House, 15 Kasturba Gandhi Marg, New Delhi – 110001 Tel - 011 - 4357 1105
<b>Indore:</b>	312-313, D.M. Tower, Third Floor, Race Course Road, Indore, Madhya Pradesh - 452001 Tel - 0731 6701522
<b>Kolkata:</b>	Savitri Tower, 2nd Floor, 3A Upper Wood Street, Kolkata - 700017 Tel - 033 - 4421 8800
<b>Mumbai:</b>	Edelweiss House, 6th Floor, Off. C.S.T Road, Kalina, Mumbai - 400098 Tel - 022 - 4097 9821

## Edelweiss Asset Management Limited - ISC / OPA (During ongoing Period)

Edelweiss House, 6th Floor, Off. C.S.T Road, Kalina, Mumbai - 400098 Tel - 022 - 4097 9821