

Scheme features

Scheme Type

An Open Ended Equity scheme

Benchmark

CRISIL MIP Blended Index

Date of Allotment

20th August 2009

Entry Load

Nil⁵

⁵In terms of SEBI circular no. SEBI/IMD/CIR No. 4/ 168230/09 dated June 30, 2009, no entry load will be charged by the Scheme to the investor effective August 1, 2009. Upfront commission shall be paid directly by the investor to the AMFI registered Distributors based on the investors' assessment of various factors including the service rendered by the distributor.

Exit Load

Under normal circumstances as well as under

Expiry Day Trigger Facility:

- If the Units are redeemed/switched-out on or before 180 days from the date of allotment: 1%
- If the Units are redeemed/switched-out on or before 180 days but on or before 365 days from the date of allotment: 0.50%
- If the Units are redeemed/switched-out after 365 days from the date of allotment: Nil

Total Expense Ratio⁶

1.57%

Options

Growth and Dividend

Facilities (Under Dividend Option)

Reinvestment, payout & Sweep Facility

(Default Facility - Dividend Reinvestment)

Default Option

Growth

Minimum Investment

Minimum of Rs. 5,000/- and in multiples of

Rs.1/- thereafter.

Minimum Additional Investment Amount

Minimum of Rs. 1,000/- and in multiples of

Rs.1/- thereafter.

Minimum Redemption Amount

• Minimum of 50 units & in multiples of 1

unit thereafter or Rs. 500 & in multiples of

Rs. 1/- thereafter.

• For demat transactions, minimum redemption would be mandatorily 50 units.

• In case of the investors/ units holders having available balance less than Rs. 500/- or less than 50 units in their respective folio on the day of submission of valid redemption request, for the respective plan, the minimum redemption limit would be the available balance.

Ratios

Standard deviation 6.63%

Sharpe ratio 1.14

Portfolio beta 0.19

R squared 0.47

Risk Free rate considered for the above

= 8.13% pa. (10 years G sec bond)

Please note: Standard deviation and Sharpe

ratio are Annualized.

Portfolio Turnover Ratio ^ 2.77 times

^ Lower of sales or purchase divided by

average AUM for last rolling 12 months.

Co-Fund Managers

Mr. Paul Parampreet - Experience: 5 years

Managing the fund since: February 4,2010

Mr. Gavrav Khandelwal - Experience: Overall

6 years Managing the fund since : June

29,2010

AUM as on October 31, 2010

Rs. 44.24 (in Cr.)

Investment Objective

The primary objective of the scheme will be to generate absolute returns with low volatility over a longer tenure of time. The scheme will invest in arbitrage opportunities, equity derivative strategies, pure equity investments and the balance in debt and money market instruments. The Scheme proposes to allocate assets to both equity and debt markets based upon the market view. However there is no assurance that the investment objective of the scheme will be realized.

Portfolio

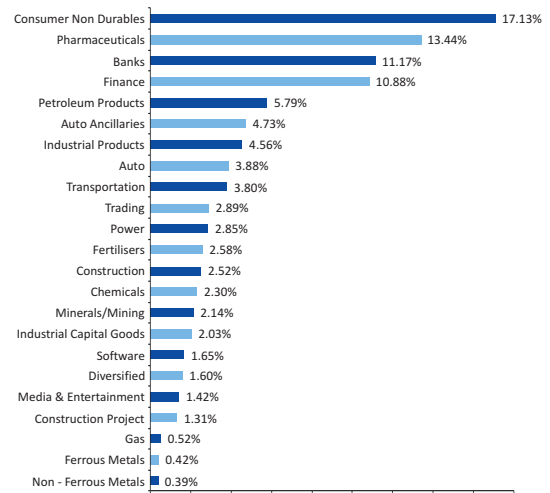
| Name of Instrument | Industry | % to Net Assets |
|---|--------------------------|-----------------|
| EQUITY & EQUITY RELATED | | |
| Listed / awaiting listing on the stock exchanges | | |
| Balaji Distilleries | Consumer Non Durables | 2.07 |
| Titan Industries | Consumer Non Durables | 1.97 |
| Asian Paints | Consumer Non Durables | 1.68 |
| Shriram Transport Finance Co. | Finance | 1.60 |
| Mahindra & Mahindra Financial Services | Finance | 1.40 |
| UCO Bank | Banks | 1.34 |
| Central Bank of India | Banks | 1.33 |
| Coromandel International | Fertilisers | 1.32 |
| Oriental Bank of Commerce | Banks | 1.32 |
| Jet Airways (India) | Transportation | 1.23 |
| Bosch | Auto Ancillaries | 1.23 |
| LIC Housing Finance | Finance | 1.20 |
| Bharat Forge | Auto Ancillaries | 1.20 |
| Godrej Industries | Chemicals | 1.18 |
| Opto Circuits (India) | Pharmaceuticals | 1.16 |
| Cummins India | Industrial Products | 1.14 |
| Emami | Consumer Non Durables | 1.14 |
| Coal India # | Minerals/Mining | 1.10 |
| Sun Pharmaceuticals Industries | Pharmaceuticals | 1.09 |
| Lupin | Pharmaceuticals | 1.06 |
| Adani Enterprises | Trading | 1.00 |
| Capila Healthcare | Pharmaceuticals | 0.97 |
| Dr. Reddy's Laboratories | Pharmaceuticals | 0.90 |
| Cipla | Pharmaceuticals | 0.86 |
| GlaxoSmithKline Pharmaceuticals | Pharmaceuticals | 0.86 |
| Canara Bank | Banks | 0.83 |
| Bharat Petroleum Corpn. | Petroleum Products | 0.83 |
| Indian Oil Corporation | Petroleum Products | 0.82 |
| Hindustan Unilever | Diversified | 0.77 |
| United Breweries | Consumer Non Durables | 0.77 |
| ITC | Power | 0.74 |
| Dabur India | Consumer Non Durables | 0.74 |
| Hindustan Petroleum Corporation | Petroleum Products | 0.74 |
| Parvathi Developers | Construction | 0.74 |
| Sun TV Network | Media & Entertainment | 0.73 |
| Torrent Power | Power | 0.72 |
| Container Corporation of India | Transportation | 0.71 |
| Bharat Electronics | Industrial Capital Goods | 0.70 |
| Power Finance Corporation | Finance | 0.69 |
| Andhra Bank | Banks | 0.67 |
| Volta | Construction Project | 0.67 |
| Bajaj Auto | Auto | 0.65 |
| Exide Industries | Auto Ancillaries | 0.62 |
| Ashok Leyland | Auto | 0.62 |
| Castrol India | Petroleum Products | 0.57 |
| Matherson Sumi Systems | Auto Ancillaries | 0.57 |
| Godrej Properties | Construction | 0.55 |
| Mahindra & Mahindra | Auto | 0.53 |
| Rural Electrification Corporation | Finance | 0.49 |
| MMTC | Trading | 0.48 |
| Wipro | Software | 0.48 |
| Tata Consultancy Services | Software | 0.39 |
| Crompton Greaves | Industrial Capital Goods | 0.35 |
| BOC India | Gas | 0.27 |
| Bank of Baroda | Banks | 0.24 |
| Pioneer Distilleries | Consumer Non Durables | 0.23 |
| JSW Steel | Ferrous Metals | 0.22 |
| Tata Motors | Auto | 0.21 |
| Infrastructure Development Finance Company | Finance | 0.20 |
| Hindustan Zinc | Non - Ferrous Metals | 0.20 |
| ITC | Consumer Non Durables | 0.19 |

Listed / awaiting listing on the stock exchanges: Reversed Positions

| | | |
|--|--------------------------|---------------|
| IDBI Bank Nov 2010 (Expiry 25-Nov-2010) | Banks | (0.41) |
| IDBI Bank | Banks | 0.41 |
| Steel Authority of India Nov 2010 (Expiry 25-Nov-2010) | Ferrous Metals | (0.71) |
| Steel Authority of India | Ferrous Metals | 0.70 |
| Kingfisher Airlines Nov 2010 (Expiry 25-Nov-2010) | Transportation | (0.91) |
| Kingfisher Airlines | Transportation | 0.89 |
| Essar Oil Nov 2010 (Expiry 25-Nov-2010) | Petroleum Products | (0.94) |
| Essar Oil | Petroleum Products | 0.93 |
| Praj Industries Nov 2010 (Expiry 25-Nov-2010) | Industrial Capital Goods | (0.94) |
| Praj Industries | Industrial Capital Goods | 0.94 |
| Aban Offshore Nov 2010 (Expiry 25-Nov-2010) | Oil | (1.12) |
| Aban Offshore | Oil | 1.11 |
| Hindustan Petroleum Corporation Nov 2010 (Expiry 25-Nov-2010) | Petroleum Products | (1.22) |
| Hindustan Petroleum Corporation | Petroleum Products | 1.21 |
| Larsen & Toubro Nov 2010 (Expiry 25-Nov-2010) | Construction Project | (1.38) |
| Larsen & Toubro | Construction Project | 1.37 |
| Oil & Natural Gas Corpn Nov 2010 (Expiry 25-Nov-2010) | Oil | (1.48) |
| Oil & Natural Gas Corpn | Oil | 1.47 |
| Videcon Industries Nov 2010 (Expiry 25-Nov-2010) | Consumer Durables | (1.50) |
| Videcon Industries | Consumer Durables | 1.49 |
| IVRCL Infrastructures & Projects Nov 2010 (Expiry 25-Nov-2010) | Construction | (1.87) |
| IVRCL Infrastructures & Projects | Construction | 1.86 |
| GVK Power & Infrastructure Nov 2010 (Expiry 25-Nov-2010) | Power | (2.17) |
| GVK Power & Infrastructure | Power | 2.15 |
| United Spirits ⁸ Nov 2010 (Expiry 25-Nov-2010) | Consumer Non Durables | (2.46) |
| United Spirits ⁸ | Consumer Non Durables | 2.46 |
| DERIVATIVES | | |
| NIFTY 6300 Put Nov 2010 (Expiry 25-Nov-2010) | Index Option | (19.02) |
| NIFTY Index Future Nov 2010 (Expiry 25-Nov-2010) | Index Future | 0.65 |
| | | (19.67) |
| MONEY MARKET INSTRUMENT | | |
| Certificate of Deposit** | | 11.12 |
| Axis Bank | P1+ | 11.12 |
| Others | | |
| Cash & Cash Equivalents | | |
| Fixed Deposit | | |
| HDFC Bank (Maturity 03-Dec-10) | Unrated | 1.13 |
| Citibank N.A. (Maturity 21-Jan-11) | Unrated | 1.13 |
| Citibank N.A. (Maturity 14-Mar-11) | Unrated | 1.13 |
| Citibank N.A. (Maturity 23-Mar-11) | Unrated | 0.57 |
| Citibank N.A. (Maturity 22-Mar-11) | Unrated | 0.57 |
| CBLO / Reverse Repo Investments | | 7.14 |
| Net Receivable/Payable | | 11.39 |
| Grand Total | | 100.00 |

Notes:
 ** Total Exposure to illiquid securities is 0.00% of the portfolio; i.e. Rs.0.00 lakhs
 #Pending Listing on Stock Exchange
 Fixed Deposit placed under margin : Rs. 200 (in Lakhs)
 Total Exposure to derivative instruments (excluding reversed positions) as on 31/10/2010 : Rs. 898.90 (in Lakhs)
 @The short future positions are taken as hedge against pending corporate actions
 *Current year to date ratio to average AUM. AMC reserves the right to change the expense ratio within the limits prescribed in the Scheme Information Document.

Asset Allocation



NAV as on October 29, 2010

Rs. Per Unit

| | |
|-----------------|-------|
| Growth Option | 11.60 |
| Dividend Option | 11.60 |

Performance as on October 29, 2010

| Plan/ Option Name | *Returns (In %) | | |
|--------------------------|-----------------|--------|------------------|
| | 6 Months | 1 Year | *Since Inception |
| Growth*** | 10.06 | 17.17 | 13.26 |
| CRISIL MIP Blended Index | 3.59 | 8.48 | 8.51 |

Source: www.mutualfundsindia.com

Past performance may or may not be sustained in future.

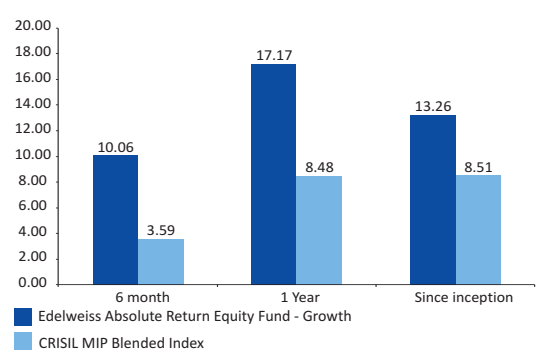
The above information is not necessarily indicative of future results and may not necessarily provide a basis for comparison with other investments.

*Inception Date is August 20, 2009

***Performance of the dividend option for the investor would be net of the dividend distribution tax, as applicable.

#Returns less than one year are absolute and returns equal to or greater than one year are compounded annualized (CAGR).

Fund Performances VS Benchmark Index



Risk Factors: Edelweiss Absolute Return Equity Fund is only the name of the scheme and does not in any manner indicate either the quality of the scheme, its future prospects and return. All Mutual Fund and securities investments are subject to market risk and there can be no assurance that the schemes' objectives will be achieved. As with any investment in securities, the NAV of the Units issued under the Scheme can go up or down depending on the factors and forces affecting the capital markets. Past performance of the Sponsor and their Affiliates/AMC/Mutual Fund & its Scheme(s) does not indicate the future performance of the Scheme and may not necessarily provide a basis for comparison with other investments. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal and uncertainty of dividend distribution. 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. Investors are not being offered any guaranteed / assured returns under any scheme of Edelweiss Mutual Fund.

Statutory Details: Edelweiss Mutual Fund is set up as a Trust under the Indian Trusts Act, 1882 by Edelweiss Capital Limited. **Sponsor:** Edelweiss Capital Limited (ECL)(liability restricted to initial contribution of Rs. 1 Lac). **Trustee:** Edelweiss Trusteeship Company Limited (ETCL), a Company registered under the Companies Act, 1956 **Investment Manager:** Edelweiss Asset Management Limited (EAML), a Company registered under the Companies Act, 1956. Copy of the Statement of Additional Information (SAI) / Scheme Information Document (SID) and Key Information Memorandum (KIM) can be obtained from any of our Investor Services Centers as well as from our website www.edelweissmf.com. **Mutual Fund investments are subject to market risks. Please read the Statement of Additional Information (SAI) & Scheme Information Document (SID) of the respective schemes carefully before investing.**