

Edelweiss Absolute Return Equity fund



As on 31st December, 2009

Scheme Features

Scheme Type

An Open Ended Equity Scheme

Benchmark

CRISIL MIP Blended Index

Date of Allotment

20th August 2009

Entry Load

Nil[§]

[§]In 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

- Upto 30 days - 1%
- Above 30 days - Nil

Total Expense Ratio (Current)**

1.25%

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 Re. 1/- thereafter.

Minimum Additional Investment Amount

Minimum of Rs. 1000/- and in multiples of Re. 1/- thereafter

Minimum Redemption Amount

Minimum of Rs. 1000/- and in multiples of Re. 1/- thereafter

Ratios

| | |
|---------------------------------|-------|
| Standard deviation (Annualized) | 5.23% |
| Sharpe ratio | 0.24 |
| Portfolio beta | 0.64 |
| R squared | 0.60 |

Risk Free Rate considered for the above = 7.70% pa. (10 year G sec bond)

Since the scheme has been launched on Aug 09 and the performance history is available only for a very short period Portfolio Turnover have not been computed for this month.

Fund Manager

Mr. Tarbir Shahpuri

Experience : 5 years

Managing the fund since inception

AUM as on December 31st, 2009

Rs. 13.97 (in Cr.)

Investment Objective

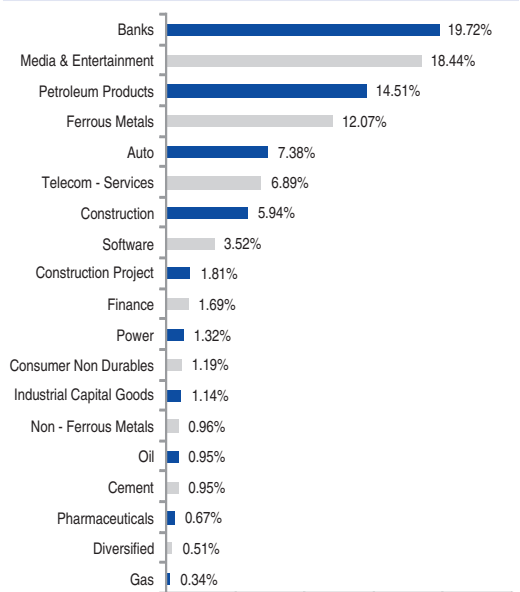
The primary objective of the scheme will be to generate absolute returns with low volatility over a longer tenure of time. The scheme will invest in arbitrage opportunities, equity derivative strategies, pure equity investments and the balance in debt and money market instruments. The Scheme proposes 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 | Sector | % of Net Assets |
|--|--------------------------|-----------------|
| Equity & Equity Related Instruments Listed / awaiting listing on the stock exchanges | | |
| 66.25 | | |
| ICI/CI Bank | Banks | 2.73 |
| Tata Motors | Auto | 2.50 |
| Tata Steel | Ferrous Metals | 2.44 |
| Idea Cellular | Telecom - Services | 2.35 |
| Hindustan Petroleum Corporation | Petroleum Products | 2.22 |
| Housing Development and Infrastructure | Construction | 2.18 |
| Punjab National Bank | Banks | 2.10 |
| Indraprastha Corporation | Petroleum Products | 2.06 |
| JSW Steel | Ferrous Metals | 2.03 |
| Canara Bank | Banks | 1.94 |
| Reliance Industries | Petroleum Products | 1.40 |
| Infosys Technologies | Software | 0.91 |
| Larsen & Toubro | Construction Project | 0.72 |
| Housing Development Finance Corporation | Finance | 0.49 |
| ITC | Consumer Non Durables | 0.47 |
| HDFC Bank | Banks | 0.43 |
| State Bank of India | Banks | 0.43 |
| D.B. Corporation # | Media & Entertainment | 0.36 |
| Bharti Airtel | Telecom - Services | 0.29 |
| Oil & Natural Gas Corpn | Oil | 0.29 |
| Tata Consultancy Services | Software | 0.28 |
| Bharat Heavy Electricals | Industrial Capital Goods | 0.28 |
| Sterile Industries (India) | Non - Ferrous Metals | 0.25 |
| Hindustan Unilever | Diversified | 0.20 |
| Jindal Steel & Power | Ferrous Metals | 0.20 |
| Axis Bank | Banks | 0.17 |
| Tata Power Co. | Power | 0.16 |
| Mahindra & Mahindra | Auto | 0.16 |
| Maruti Suzuki India | Auto | 0.15 |
| WIPAC | Power | 0.15 |
| Wipro | Software | 0.15 |
| GAIL (India) | Gas | 0.14 |
| Hindalco Industries | Non - Ferrous Metals | 0.13 |
| Grasim Industries | Cement | 0.12 |
| Cipla | Pharmaceuticals | 0.12 |
| Jaiprakash Associates | Cement | 0.12 |
| Reliance Infrastructure | Power | 0.12 |
| Hero Honda Motors | Auto | 0.11 |
| Infrastructure Development Finance Company | Finance | 0.11 |
| Steel Authority of India | Ferrous Metals | 0.10 |
| DLF | Construction | 0.10 |
| Cairn India | Oil | 0.09 |
| Sun Pharmaceuticals Industries | Pharmaceuticals | 0.09 |
| Reliance Communications | Telecom - Services | 0.09 |
| Unitech | Construction | 0.08 |
| Reliance Capital | Finance | 0.07 |
| Siemens | Industrial Capital Goods | 0.07 |
| ACC | Cement | 0.07 |
| Ambuja Cement | Cement | 0.06 |
| Bharat Petroleum Corpn. | Petroleum Products | 0.06 |
| HCL Technologies | Software | 0.06 |
| Ranbaxy Laboratories | Pharmaceuticals | 0.06 |
| ABE | Industrial Capital Goods | 0.06 |
| Power Grid Corporation of India | Power | 0.05 |
| Suzlon Energy | Industrial Capital Goods | 0.05 |
| Reliance Power | Power | 0.04 |
| Listed / awaiting listing on the stock exchanges: Reversed Positions | | |
| IDBI Bank Jan 2010 | Banks | -0.88 |
| IDBI Bank | Banks | 0.88 |
| India Infoline Jan 2010 | Finance | -1.39 |
| India Infoline | Finance | 1.38 |
| Jaiprakash Associates Jan 2010 | Cement | -1.79 |
| Jaiprakash Associates | Cement | 1.77 |
| Reliance Natural Resources Jan 2010 | Gas | -1.79 |
| Reliance Natural Resources | Gas | 1.78 |
| Kingfisher Airlines Jan 2010 | Transportation | -2.32 |
| Kingfisher Airlines | Transportation | 2.31 |
| Indiabulls Real Estate Jan 2010 | Construction | -2.76 |
| Indiabulls Real Estate | Construction | 2.76 |
| Essar Oil Jan 2010 | Petroleum Products | -2.83 |
| Essar Oil | Petroleum Products | 2.82 |
| Reliance Industries Jan 2010 | Petroleum Products | -4.70 |
| Reliance Industries | Petroleum Products | 4.69 |
| Zee Entertainment Enterprises Jan 2010 | Media & Entertainment | -6.47 |
| Zee News | Media & Entertainment | 6.95 |
| K.S. Oils Jan 2010 | Consumer Non Durables | -8.29 |
| K.S. Oils | Consumer Non Durables | 8.27 |
| Derivatives | | |
| NIFTY Index Future Jan 2010 | Index Future | 8.21 |
| Others | | |
| Fixed Deposit | | |
| IDBI Bank | Unrated | 7.16 |
| HDFC Bank | Unrated | 7.09 |
| HDFC Bank | Unrated | 3.65 |
| HDFC Bank | Unrated | 3.58 |
| CBLO / Reverse Repo Investments | | |
| Net Receivable/Payable | | |
| | | -1.73 |
| Grand Total | | 100.00 |
| Notes: | | |
| Total Exposure to derivative instruments(excluding reversed positions) as on 31/12/2009 : Rs.114.73 (In Lakhs) | | |
| Fixed deposits placed under margin : Rs. 200 (In Lakhs) | | |
| #Pending Listing on Stock Exchange | | |

**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.

Sector Classification (% to equity holdings)



NAV as on 31st December, 2009 In Rs. Per Unit

| | |
|-----------------|-------|
| Growth Option | 10.13 |
| Dividend Option | 10.13 |

Performance as on 31st December, 2009

| Scheme Name | NAV (31-Dec-09) | Absolute Returns (In %) | | |
|---|-----------------|-------------------------|----------|------------------|
| | | 1 Month | 3 Months | *Since Inception |
| Edelweiss Absolute Return Equity Fund - Growth*** | 10.13 | 1.0000 | 0.2000 | 1.30 |
| CRISIL MIP Blended Index | | 0.4500 | 1.6600 | 3.9900 |

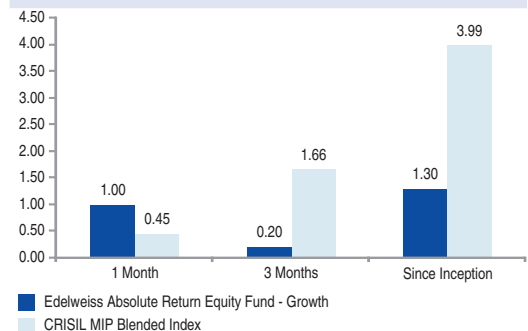
Source: www.mutualfundsindia.com

Past performance may or may not be sustained in future.

*Inception Date August 20, 2009

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

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 of 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. 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 Trust 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.**