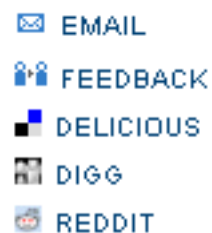


## Edelweiss to Launch an Arbitrage Fund

By Research Desk | Nov 18, 2008

To diversify its offering Edelweiss Mutual Fund has filed an offer with SEBI to launch Edelweiss Arbitrage Fund, an open-end equity scheme.



Arbitrage funds make profit through simultaneous purchase and sale of an asset in order to profit from a difference between the spot and future prices of exchange traded equities.

This fund will offer two different plans, Protector Plan and Booster Plan with different portfolios. Both the plans will

invest in arbitrage opportunities. The difference between these two plans is that, the Protector Plan will have a fully

protected portfolio but the Booster Plan will have equity exposure limited to 5 per cent of the total asset.

The Protector Plan will allocate minimum 65 per cent of its assets in equity and equity related instruments and up to

35 per cent in debt and money market instruments. The Booster Plan will spread its asset across equity and equity related instruments and derivatives up to 100 per cent, debt and money market instruments up to 35 per cent and debt derivatives up to 20 per cent.

Both the plans will have no entry load. The exit load under both the plans will be charged at 1 per cent for redemption within 180 days of the allotment of the units and 0.25 per cent for redemption request after 180 days but before and including 365 days of the allotment of the units. Under the

trigger facility provided by the fund, an investor can generate any event or action in advance, which may be related to time or specific action, the activation request for partial redemption will attract an exit load of 0.25 per cent if the investor is holding units for less than 180 days.

The fund will be benchmarked against CRISIL Liquid Fund Index. It will be managed by Mr. Gaurav Khandelwal. He has an overall experience of five years in securities market and prior to joining Edelweiss Mutual Fund, he was working with Edelweiss Securities Limited managing Options and Arbitrage trading desk.

Arbitrage funds are ideal for risk averse investors. These funds are more tax efficient than debt funds as they are treated in line with equity funds and they are less volatile in nature but their returns are more or less in line with the debt funds. This is the reason; this fund category does not draw much attention of the investors. Currently there are fourteen funds in the Arbitrage category.

Edelweiss Mutual funds started its operation in September 2008 and currently manages three funds in its debt category but it does not have any equity fund. The fund house has three offer documents pending for approval in equity category; Edelweiss Absolute Return Equity Fund, Edelweiss Diversified Growth Equity Fund and Edelweiss Nifty Enhancer Fund.