

Edelweiss Asset Management Limited - Investment Manager: Edelweiss Mutual Fund
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NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT (SID)/ KEY INFORMATION MEMORANDUM (KIM) OF EDELWEISS ABSOLUTE RETURN EQUITY FUND

Notice is hereby given to the Unit holders of Edelweiss Absolute Return Equity Fund ("the Scheme") that the Board of Directors of Edelweiss Trusteeship Company Limited, Trustee to Edelweiss Mutual Fund ("the Fund"), have approved the following changes to the fundamental attributes of the Scheme with effect from November 4, 2010:

Features	Existing	Proposed
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. However, there is no assurance that the investment objective of the scheme will be realized.	The primary objective of the Scheme will be to generate absolute returns with low volatility over a longer tenure of time. The Scheme will accordingly invest in arbitrage opportunities and debt and money market instruments on the one hand and in pure equity investments and equity derivative strategies on the other. However, there is no assurance that the investment objective of the Scheme will be realized.
Asset Allocation & Investment Pattern	For the purpose of achieving the investment objective, the Scheme will invest in arbitrage opportunities, equity derivative strategies, pure equity investments and the balance in debt and money market instruments. The Fund Manager will deploy a combination of strategies described in the Section on Investment Strategies to achieve the investment objective of the Scheme. Investments will be made substantially using the arbitrage opportunities and the residual will be a combination of special situations, other derivative strategies and use of quantitative models.	For the purpose of achieving the investment objective, the Scheme will invest in arbitrage opportunities and in debt and money market instruments on the one hand and in pure equity investments and equity derivative strategies on the other. The Fund Manager will deploy a combination of strategies described in the Section on Investment Strategies to achieve the investment objective of the Scheme. Investments will be made using the arbitrage opportunities and in debt and money market instruments and the residual will be a combination of special situations, other derivative strategies and use of quantitative models.
Change In Asset Allocation	The Scheme proposes to allocate assets primarily to equity, equity related instruments and derivatives and the residual in debt markets, based upon the market view. This allocation shall be steadily monitored, and as and when the market movements demand, a switch would be made. The Scheme may at any point of time lose its Status of an Equity oriented Scheme to protect its objective of giving absolute returns with low volatility, there by investing its entire allocation in debt and money market securities, such conversion may have tax consequences. It may be noted that no prior intimation/indication would be given to investors in such case.	The Scheme proposes to allocate assets in arbitrage opportunities and in debt and money market instruments on the one hand and in pure equity investments and equity derivative strategies on the other, based upon the market view. This allocation shall be steadily monitored and as and when the market movements demand, a switch would be made to protect its objective of giving absolute returns with low volatility. The Scheme may even invest its entire corpus in debt and money market securities. Therefore, the Scheme may at any point of time lose its status of an equity oriented scheme and such conversion may have tax consequences. It may be noted that no prior intimation/indication would be given to investors in such cases.
Investment Strategy & Approach	The Scheme will deploy Absolute Return Strategy to achieve the Scheme's Investment Objective. The Scheme will invest in arbitrage opportunities, equity derivative strategies, pure equity investments and the balance in debt and money market instruments. The Fund Manager will deploy a combination of strategies to achieve the investment objective of the Scheme. Depending on the market conditions, investments will be made substantially using the arbitrage opportunities and the residual will be a combination of special situations, other derivative strategies and use of quantitative models.	The Scheme will deploy Absolute Return Strategy to achieve the Scheme's investment objective. The Scheme will accordingly invest in arbitrage opportunities and in debt and money market instruments on the one hand and in pure equity investments and equity derivative strategies on the other, taking care that, as far as possible, the equity oriented nature of the Scheme remains intact. The Fund Manager will deploy a combination of strategies to achieve the investment objective of the Scheme. Depending on the market conditions, investments will be made in arbitrage opportunities and in debt and money market instruments and the residual will be a combination of special situations, other derivative strategies and use of quantitative models.
The section 'Investment in debt/ money market instruments' under Investment Strategy & Approach	To achieve its investment objective, the Scheme may also invest, on defensive considerations, in Debt Instruments which are listed/unlisted and/or rated / unrated debt or money market instruments / securities, securities issued / guaranteed by the Central / State Governments, securities issued by public/private sector companies / corporations, short term deposits with banks like Fixed Deposits, financial institutions and/or money market instruments such as commercial paper, certificates of deposit, permitted securities under a reverse-repo agreement, securitized debt, etc.	To achieve its investment objective, the Scheme may also invest in Debt Instruments which are listed/unlisted and/or rated/unrated debt or money market instruments/ securities, securities issued/guaranteed by the Central/ State Governments, securities issued by public/private sector companies/ corporations, short term deposits with banks like Fixed Deposits, and/or money market instruments such as commercial paper, certificates of deposit, permitted securities under a reverse-repo agreement, securitized debt, etc.

In accordance with Regulation 18(1A) of the SEBI (Mutual Funds) Regulations, 1996, all the existing Unit holders under the Scheme as on September 28, 2010 are given an option to exit the Scheme at the Applicable Net Asset Value **without any exit load on such redemption** for a period of 30 days commencing from **October 5, 2010 to November 3, 2010 (both days inclusive)**. Accordingly, the above changes to the fundamental attributes of the Scheme are proposed to be effective from November 4, 2010.

If a Unit holder has no objection to the above proposal, no action needs to be taken by him/her and it would be deemed that such Unit holder has consented to the above proposal. However, in case the Unit holder does not agree to the same, he/she has the option to redeem/ switch-out units held by them under the Scheme by filling out the redemption/switch-out transaction slip and submitting the same to any of the Investor Service Centres of the Fund or the Registrar and Transfer Agents of the Fund viz. Karvy Computershare Private Limited between **October 5, 2010 upto 3.00 p.m. on November 3, 2010**. It may however, be noted that the offer to exit is purely optional and not compulsory.

Further, the option to exit the Scheme is available to all Unit holders except for Unit holders:

- who have pledged their units, unless they procure a release of their pledges and exercise their exit option on or before 3:00 p.m. upto November 3, 2010.
- whose units are marked under lien/injunction in accordance with the instructions of any Court of Law/Income Tax Authority/other Regulatory Authority unless they get the vacation order & exercise their exit option on or before 3.00 p.m. upto November 3, 2010.

Unit holders under the Scheme as on September 28, 2010 are being sent a detailed communication in this regard, through an appropriate mode of communication (post, courier, email, etc). For any further assistance/clarification, Unit holders may contact us on 1-800-425-0090 (Toll free - BSNL/MTNL lines only) or +91404-23310090 (non MTNL/BSNL lines and mobile phone users) or alternatively, email us at investor.amc@edelcap.com or visit our website www.edelweissmf.com.

This addendum forms an integral part of the Scheme Information Document and Key Information Memorandum of the Scheme.

All other terms and conditions of the Scheme remain unchanged.

For Edelweiss Asset Management Limited
(Investment Manager to Edelweiss Mutual Fund)

Sd/-

Anurag Madan

Whole Time Director

Place: Mumbai

Date: September 27, 2010

Edelweiss Absolute Return Equity Fund (An Open Ended Equity Scheme) 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. **Load Structure: Entry Load: Nil; 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 after 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. **General Services Offered:** The Scheme will offer subscription and redemption facility at the Applicable NAV on every Business Day.

Risk Factors: All Mutual Fund and securities investments are subject to market risk and there can be no assurance that the scheme's 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 and uncertainty of dividend distribution. As the price / value / interest rates of the securities in which the scheme invests fluctuate, the value of your investment in the scheme may go up or down. **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 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 Edelweiss Mutual Fund. Investors are not being offered any guaranteed/assured returns under any scheme of Edelweiss Mutual Fund. Investors should be aware that the fiscal rules / tax laws may change and there can be no guarantee that the current tax position may continue indefinitely. In view of individual nature of tax consequences, each investor is advised to consult his / her own professional tax advisor.

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/Asset Management Company (AMC):** Edelweiss Asset Management Limited (EAML), a Company registered under the Companies Act, 1956. Copy of Statement of Additional Information (SAI) / Scheme Information Document (SID) and Key Information Memorandum (KIM) can be obtained from any of our Investor Services Centers as well as from our website www.edelweissmf.com.

Mutual Fund Investments are subject to market risks. Please read the all the Scheme related documents carefully before investing.