

Edelweiss Asset Management Limited - Investment Manager: Edelweiss Mutual Fund
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NOTICE CUM ADDENDUM TO THE STATEMENT OF ADDITIONAL INFORMATION AND SCHEME INFORMATION DOCUMENT/KEY INFORMATION MEMORANDUM OF ALL THE SCHEMES OF EDELWEISS MUTUAL FUND
A. Investments in derivative instruments:

Notice is hereby given that, in accordance with SEBI Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010, the following exposure limits for investment in derivatives will be applicable to the schemes as indicated below with effect from October 1, 2010:

Sr. No.	Exposure Limits for investment in derivatives and disclosure thereof								
1.	<p>a. Edelweiss Diversified Growth Equity Top 100 Fund, Edelweiss Nifty Enhancer Fund¹ and Edelweiss Absolute Return Equity Fund: The cumulative gross exposure through equity, debt and derivative positions shall not exceed 100% of the net assets of the scheme. However, cash or cash equivalents with residual maturity of less than 91 days shall be treated as not creating any exposure.</p> <p>b. Edelweiss Liquid Fund, Edelweiss Short Term Bond Fund, Edelweiss Gilt Fund and Edelweiss Income Advantage Fund: The cumulative gross exposure through debt and derivative positions shall not exceed 100% of the net assets of the scheme. However, cash or cash equivalents with residual maturity of less than 91 days shall be treated as not creating any exposure.</p>								
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.	<p>Exposure due to hedging positions may not be included in the above mentioned limits subject to the following:</p> <p>a. Hedging positions are the derivative positions that reduce possible losses on an existing position in securities and till the existing position remains.</p> <p>b. Hedging positions cannot be taken for existing derivative positions. Exposure due to such positions shall be added and treated under limits mentioned in point 1. a. or 1. b. above.</p> <p>c. Any derivative instrument used to hedge shall have the same underlying security as the existing position being hedged.</p> <p>d. The quantity of underlying associated with the derivative position taken for hedging purposes shall not exceed the quantity of the existing position against which hedge has been taken.</p>								
5.	The scheme may enter into plain vanilla interest rate swaps for hedging purposes. The counter party in such transactions shall have to be an entity recognized as a market maker by RBI. Further, the value of the notional principal in such cases shall not exceed the value of respective existing assets being hedged by the scheme. Exposure to a single counterparty in such transactions shall 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 treated as exposure for the limit mentioned in point 1. a. or 1. b. above.								
7.	<p>Definition of Exposure in case of Derivative Positions:</p> <p>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:</p> <table border="1"> <thead> <tr> <th>Position</th> <th>Exposure</th> </tr> </thead> <tbody> <tr> <td>Long Future</td> <td>Futures Price * Lot Size * Number of Contracts</td> </tr> <tr> <td>Short Future</td> <td>Futures Price * Lot Size * Number of Contracts</td> </tr> <tr> <td>Option bought</td> <td>Option Premium Paid * Lot Size * Number of Contracts.</td> </tr> </tbody> </table>	Position	Exposure	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.
Position	Exposure								
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.								
8.	Disclosure of Derivatives shall be made in the half-yearly portfolio / annual report of the schemes in line with the requirements of the aforementioned SEBI circular.								

B. Revision in Know Your Customer (KYC) compliance requirements for certain category of investors:

Notice is hereby given that pursuant to the revised guidelines issued by the Association of Mutual Funds in India (AMFI) on implementation of KYC norms under Prevention of Money Laundering Act, 2002 (PMLA), it shall be mandatory for the following category of investors to be KYC compliant and provide a copy of KYC Acknowledgement letter issued by CDSL Ventures Limited (CVL), for all fresh investment transactions such as purchase, additional purchase, switch-in, systematic investment plans, systematic transfer plans, etc., irrespective of the amount of investment with effect from October 1, 2010:

- All non-individual investors such as Companies, Body Corporates, Association of Persons, Banks, Financial Institutions, Funds, Trusts, Societies, Hindu Undivided Family (HUF), Partnership Firms, Foreign Institutional Investors, Limited Liability Partnerships etc.;
- Non-Resident Investors (NRIs), including Persons of Indian Origin (PIOs);
- Investors (individual and non-individual) investing through the Channel Distributors*.

*Channel Distributors are those distributors who execute their clients' investments/other transactions electronically with Edelweiss Asset Management Limited.

The above category of investors for the purpose of KYC compliance shall include their constituted Power of Attorney (POA) holder, in case of investment through a POA and each of the applicants, in case of application in joint names.

The existing provisions in the Statement of Additional Information ("SAI") and Key Information Memorandum ("KIM") of various schemes of Edelweiss Mutual Fund ("the Fund") shall stand modified to the extent mentioned above.

C. Transferability of units of schemes of Edelweiss Mutual Fund:

Notice is hereby given that, in accordance with SEBI Circular No. Cir/IMD/DF/10/2010 dated August 18, 2010 on transferability of mutual fund units, units of all the schemes of the Fund which are held in demat form shall be freely transferable under the depository system with effect from October 1, 2010. However, restrictions on transfer of units of Edelweiss ELSS Fund during the lock-in period shall continue to be applicable as per the ELSS guidelines. Accordingly, units held under Edelweiss ELSS Fund can only be transferred after a period of 3 years from the date of allotment of units, whether the same is in physical or demat form.

The relevant provision in the SAI shall stand modified to the extent mentioned above.

The provisions of this addendum shall be applicable on a prospective basis, effective from October 1, 2010. This addendum shall form an integral part of the SAI/SID/KIM of all the schemes of the Fund. All other features, terms and conditions of the schemes remain unchanged.

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

Sd/-
Anurag Madan
Whole Time Director

Place: Mumbai

Date: September 29, 2010

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Scheme Objective - Edelweiss Diversified Growth Equity Top 100 (E.D.G.E. Top 100) Fund (An Open Ended Equity Scheme): Investment Objective: The primary objective of the scheme is to generate capital appreciation, from a portfolio that is substantially constituted of equity securities and equity related securities of the 100 largest corporate by market capitalization, listed in India. 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. **Edelweiss Nifty Enhancer Fund (An Open Ended Equity Scheme):** Investment Objective: The primary objective of the Fund is to generate capital appreciation and income distribution by investing in a portfolio that endeavours to outperform the S & P CNX Nifty Index. 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. "Edelweiss Nifty Enhancer Fund" is only the name of the Fund. The scheme is not an Index Fund. The equity stocks/ weightages of the equity stocks in the scheme Portfolio may differ vis-à-vis the underlying stocks of Nifty Index. **Edelweiss Absolute Return Equity Fund (An Open Ended Equity Scheme)** Investment Objective: The primary objective of the Fund is 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. **Edelweiss ELSS Fund (An Open Ended Equity Linked Savings Scheme)** Investment Objective: The primary objective of the scheme is to generate long-term capital appreciation with an option of periodic payouts at the end of lock in periods from a portfolio that invests predominantly in equity and equity related instruments. 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. **Edelweiss Liquid Fund (An Open Ended Liquid Scheme):** Investment Objective: The objective of the Scheme is to provide optimal returns, commensurate with low risk and high degree of liquidity, through a portfolio constituted of money market & short term debt instruments. 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. **Edelweiss Short Term Bond Fund (An Open Ended Debt Scheme):** Investment Objective: The objective of the Scheme is to provide reasonable returns, commensurate with moderate level of risk and high degree of liquidity, through a portfolio constituted of money market and debt instruments. 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. **Edelweiss Gilt Fund (An Open Ended Gilt Scheme):** Investment Objective: The investment objective of the scheme is to generate income and capital appreciation by investing predominantly in securities issued by the Government of India or State Governments. 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. **Edelweiss Income Advantage Fund (An Open Ended Debt Scheme):** Investment Objective: The investment objective of the scheme is to generate returns that are consistent with the moderate levels of risk and liquidity through active management of a diversified portfolio constituted of debt and money market instruments, securitized debt, Government securities, and equity & equity related instruments. 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.

Risk Factors: 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 schemes 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) do not indicate the future performance of the schemes 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 schemes invest fluctuate, the value of your investment in the schemes may go up or down. **The names of the schemes do not in any manner indicate either the quality of the schemes, their future prospects or returns.** The sponsor is not responsible or liable for any loss resulting from the operation of the schemes 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.

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 (liability restricted to initial contribution of Rs. 1 Lac). **Trustee:** Edelweiss Trusteeship Company Limited, a Company incorporated under the Companies Act, 1956. **Investment Manager:** Edelweiss Asset Management Limited, a Company incorporated 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 Statement of Additional Information (SAI) & Scheme Information Document (SID) of the respective schemes carefully before investing.