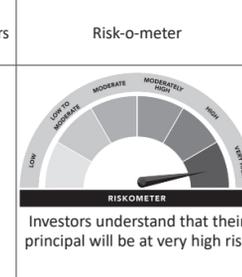
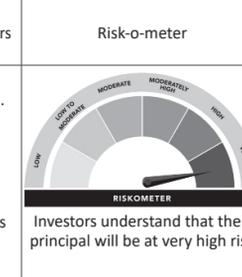


**NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT AND KEY INFORMATION MEMORANDUM OF EDELWEISS MAIDEN OPPORTUNITIES FUND – SERIES 1**
**Conversion of Edelweiss Maiden Opportunities Fund - Series 1, a Close-ended Equity Scheme into an Open-ended Thematic Equity Scheme**

Notice is hereby given to the Unit holders of Edelweiss Maiden Opportunities Fund – Series 1 (“the Scheme”) that Edelweiss Trusteeship Company Limited, Trustee to Edelweiss Mutual Fund (“the Fund”) and Edelweiss Asset Management Limited, Investment Manager to the Fund, has decided to convert the Scheme from a Close-ended Equity Scheme to an Open-ended Thematic Equity Scheme following investment theme of investing in recently listed companies or upcoming Initial Public Offer (IPOs) i.e. with effect from June 29, 2021 (“Effective Date”):

Section	Existing Provision	Revised Provision (proposed)																					
<b>Scheme Name</b>	Edelweiss Maiden Opportunities Fund – Series 1	Edelweiss Recently Listed IPO Fund																					
<b>Type of the Scheme</b>	A close ended equity scheme investing across large cap, mid cap and small cap stocks	An open ended equity scheme following investment theme of investing in recently listed 100 companies or upcoming Initial Public Offer (IPOs).																					
<b>Investment Objective</b>	The investment objective of the Scheme is to seek to provide capital appreciation by investing in equity and equity related securities of companies across various market capitalization, which are new in the sector, early in their growth stage and are poised to benefit from the India growth story in the long-term.  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.	The investment objective of the Scheme is to seek to provide capital appreciation by investing in equity and equity related securities of recently listed 100 companies or upcoming Initial Public Offers (IPOs).  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.																					
<b>Asset Allocation</b>	Under normal circumstances, the anticipated asset allocation under each Series of the Scheme, will be as follows:  <table border="1"> <thead> <tr> <th>Investments</th> <th>Indicative Allocation (% to net assets)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity related instruments* including derivatives</td> <td>65% to 100%</td> <td>Medium to High</td> </tr> <tr> <td>Debt and money market instruments</td> <td>0% to 35%</td> <td>Low</td> </tr> </tbody> </table> <p>*Includes investment in equity and equity related securities of companies of across various market capitalisation i.e. large cap, mid cap, small cap.</p> <ul style="list-style-type: none"> <li>The Scheme will not invest in credit default swaps.</li> <li>Investment in Securitized Debt will be up to 50% of debt allocation.</li> <li>The Scheme may invest in derivatives up to 50% of the Net Assets of the Scheme.</li> <li>Investment in ADRs/ GDRs/ Foreign Securities, whether issued by companies in India and foreign Securities, as permitted by SEBI Regulation, can be up to 35% of the Net Assets of the Scheme.</li> <li>The Scheme may, if the Trustees permit, engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI. The Scheme shall not deploy more than 20% of its net assets in stock lending and not more than 5% of the net assets of the Scheme will be deployed in Stock lending to any single counterparty.</li> <li>The Scheme can invest in debt / money market instruments, having residual maturity up to the residual maturity of the Scheme.</li> </ul> <p>The cumulative gross exposure through equity, debt and derivative positions should not exceed 100% of the net assets of the Scheme. The exposure to Derivatives mentioned as a percentage to the Net Assets means Gross Notional Exposure. Cash or cash equivalents with residual maturity of less than 91 days will be treated as not creating any exposure.</p>	Investments	Indicative Allocation (% to net assets)	Risk Profile	Equity and Equity related instruments* including derivatives	65% to 100%	Medium to High	Debt and money market instruments	0% to 35%	Low	Under normal circumstances, the anticipated asset allocation of the Scheme, will be as follows:  <table border="1"> <thead> <tr> <th>Investments</th> <th>Indicative Allocation (% to net assets)</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Equity and Equity related instruments including derivatives of recently listed 100 companies or upcoming Initial Public Offer (IPOs)</td> <td>80% to 100%</td> <td>Medium to High</td> </tr> <tr> <td>Equity and Equity related instruments including derivatives of other than recently listed 100 companies or upcoming Initial Public Offer (IPOs)</td> <td>0% to 20%</td> <td>High</td> </tr> <tr> <td>Debt and money market instruments</td> <td>0% to 20%</td> <td>Low to Medium</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>The Scheme will not invest in credit default swaps, ADRs/ GDRs/ Foreign Securities, unrated debt securities, instruments having structured obligations and credit enhancement and debt instruments with special features (AT1/AT2 Bonds).</li> <li>Investment in Securitized Debt will be up to 20% of debt allocation.</li> <li>The Scheme may invest in equity and fixed income derivatives up to 50% of their respective equity and debt allocations.</li> <li>Subject to SEBI (MF) Regulations and the applicable guidelines, circulars and directives issued by SEBI, the Scheme intends to invest in repo /reverse repo in corporate debt securities. The Scheme shall not lend/borrow more than 10% of its net assets in repo/ reverse repo against corporate debt securities.</li> <li>The Scheme may, if the Trustees permit, engage in short selling of securities in accordance with the framework relating to short selling and securities lending and borrowing specified by SEBI. The Scheme shall not deploy more than 20% of its net assets in stock lending and not more than 5% of the net assets of the Scheme will be deployed in Stock lending to any single intermediary.</li> </ul> <p>The cumulative gross exposure through equity, debt, repo in corporate debt securities and derivative positions should not exceed 100% of the net assets of the Scheme. The exposure to Derivatives mentioned as a percentage to the Net Assets means Gross Notional Exposure. Cash or cash equivalents with residual maturity of less than 91 days will be treated as not creating any exposure.</p>	Investments	Indicative Allocation (% to net assets)	Risk Profile	Equity and Equity related instruments including derivatives of recently listed 100 companies or upcoming Initial Public Offer (IPOs)	80% to 100%	Medium to High	Equity and Equity related instruments including derivatives of other than recently listed 100 companies or upcoming Initial Public Offer (IPOs)	0% to 20%	High	Debt and money market instruments	0% to 20%	Low to Medium
Investments	Indicative Allocation (% to net assets)	Risk Profile																					
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<b>Benchmark</b>	<b>Nifty 500 Total Return Index</b>  Rationale for adoption of benchmark: Nifty 500 TR Index is an appropriate representation for a combination of Large-cap, Mid-cap & Small-cap stocks and hence considered to be an appropriate benchmark for the Scheme.	<b>India Recent 100 IPO Index</b>  Rationale for adoption of benchmark: India Recent 100 IPO Index is a customized created by Nifty Indices Limited which will represent recently listed 100 IPOs which is in line with the universe of the Scheme.																					
<b>Exit Load (Subsequent to conversion of Scheme into an open-ended Scheme)</b>	Not Applicable.  The Units under the Plan cannot be directly redeemed with the Fund as the Units are listed on the stock exchange(s).	Exit Load: Upto 180 days – 2% After 180 days – Nil  Please note that there will not be any exit load to the investments of the unitholders at the time of conversion, if they redeem any time after conversion.  AMC reserves the right to revise the load structure from time to time. Such changes will become effective prospectively from the date such changes are incorporated.  Please refer Section on ‘Load Structure’.																					
<b>Investment Strategy</b>	The Scheme will be a diversified equity fund which will invest in equity and equity related securities of the companies that are new in the sector, early in their growth phase and are likely to benefit in the long term from the macro and demographic aspects of the Indian economy. New companies in the sector will cover companies which have been listed on the exchange in the last three years and companies that will be listed during the tenure of the scheme. These companies can be large, mid and small in terms of market capitalization. The Fund further intend to invest in companies in their early growth phase and shall include companies that are at a nascent stage, are planning to expand their business and are getting ready for the next growth phase. These companies may be small-cap and mid-cap by market capitalization. The universe of such companies would be Nifty 500 Total Return index. The Fund would identify companies for investment, based on the following criteria amongst others: 1. Track record of the company 2. Potential for future growth 3. Industry economic scenario & its outlook. The fund manager proposes to concentrate on business and economic fundamentals driven by in-depth research techniques and employing the potential of the research team at the AMC. Key to the manager’s investment strategy is the identification of triggers for potential appreciation of stocks in the universe over the medium to long term time frame. As and when the fund manager is of the view that a specific investment has met its desired objective, the investment maybe liquidated.	The Scheme will be a thematic equity fund which will invest in equity and equity related securities of last 100 newly listed companies on BSE and NSE and companies that will be listed on an ongoing basis. These companies can be large, mid and small in terms of market capitalization. The Scheme further intends to invest in companies in their early growth phase and shall include companies that are at a nascent stage, are planning to expand their business and are getting ready for the next growth phase. The universe of such companies would be 100 recently listed IPOs. The Scheme would identify companies for investment, based on the following criteria amongst others: 1. Track record of the company 2. Potential for future growth 3. Industry economic scenario & its outlook. The fund manager proposes to concentrate on business and economic fundamentals driven by in-depth research techniques and employing the potential of the research team at the AMC. Key to the manager’s investment strategy is the identification of triggers for potential appreciation of stocks in the universe over the medium to long term time frame. As and when the fund manager is of the view that a specific investment has met its desired objective, the investment maybe liquidated.																					
<b>Listing / liquidity / Ongoing subscription / redemptions</b>	The Units of the Plan will not be available for Subscriptions / Switch-in / redemption / switch out after the closure of NFO period. The Mutual Fund will list the Units of the Plan offered under the Scheme on the Capital Market Segment of the NSE and BSE within 5 Business Days of allotment of Units under NFO.  The Units can be purchased / sold during the trading hours like any other publicly traded stock, until the date of suspension of trading by stock exchange(s) where the Scheme / Plan is listed.	Sale and Redemption of Units shall be offered on continuous basis by the Mutual Fund (subject to completion of lock-in period, if any) at Applicable NAV on any Business Day. Hence, the Units of the Scheme are not proposed to be listed on any stock exchange. However, the Mutual Fund may at its sole discretion list the Units under the Scheme on one or more stock exchange at a later date.																					
<b>Total Recurring expenses</b>	1.25% p.a. of the daily net assets	On the first ₹ 500 crores of the daily net assets - 2.25% p.a. On the next ₹ 250 crores of the daily net assets - 2.00% p.a. On the next ₹ 1,250 crores of the daily net assets - 1.75% p.a. On the next ₹ 3,000 crores of the daily net assets - 1.60% p.a. On the next ₹ 5,000 crores of the daily net assets - 1.50% p.a. On the next ₹ 40,000 crores of the daily net assets – Total expense ratio reduction of 0.05% for every increase of ₹ 5,000 crores of daily net assets or part thereof. On balance of the assets - 1.05% p.a.																					
<b>Special Products to be available</b>	Not Applicable	Facilities like Systematic Investment Plan / Systematic Transfer Plan, Multi Goal SIP and Step Facility are available.																					

<b>Covered Call Strategy- Derivatives</b>	Not Applicable	The Scheme may write options as part of its derivatives strategy under covered call strategy as per the exposure limits and other norms specified in SEBI circular no SEBI/HO/IMD/DF2/ CIR/P/2019/17 dated January 16, 2019 as amended from time to time.  (Refer Note -1)		
<b>Imperfect hedging</b>	Not Included	The Scheme may undertake Imperfect hedging in accordance with SEBI guidelines and limits as specified under Circular No. SEBI/HO/IMD/DF2/CIR/P/ 2017/109 dated September 27, 2017 as amended from time to time. (Refer Note -2)		
<b>Repo in Corporate Debt</b>	No included	The Scheme may undertake repo / reverse repo transactions in Corporate Debt Securities not more than 10% of the net assets of the scheme or as permitted by extant SEBI regulation		
<b>Plans / Options</b>	Each Plan under the Scheme offers a choice of two options: <ul style="list-style-type: none"><li>Growth Option</li><li>Dividend Option</li></ul> Under the Growth Option, no dividend will be declared and the Dividend Option offers Payout of Income Distribution cum capital withdrawal option and Transfer of Income Distribution cum capital withdrawal plan.	Each Plan under the Scheme offers a choice of two options: <ul style="list-style-type: none"><li>Growth Option</li><li>Dividend Option</li></ul> Under the Growth Option, no dividend will be declared and the Dividend Option offers Payout of Income Distribution cum capital withdrawal option, Reinvestment of Income Distribution cum capital withdrawal option and Transfer of Income Distribution cum capital withdrawal plan.		
<b>Cut off Time</b>	<b>For Purchases including switch-ins:</b> The Units of the Scheme will not be available for subscriptions / switch-in after the closure of NFO Period. <b>For Redemptions including switch-outs:</b> No redemption/repurchase of units shall be allowed prior to the Maturity Date of the scheme. Investors holding units in demat mode and wishing to exit may do so by selling their units through Stock Exchanges. The Scheme shall be fully redeemed on the Maturity date and redemption proceeds shall be dispatched within 10 Business Days, subject to availability of all relevant documents and details.	<b>For Purchase of any amount:</b> <ul style="list-style-type: none"><li>In respect of valid applications received upto 3.00 p.m. and where the funds for the entire amount are available for utilization before the cut-off time i.e. 3.00 p.m. - the closing NAV of the day shall be applicable.</li><li>In respect of valid applications received after 3.00 p.m. and where the funds for the entire amount are available for utilization on the same day or before the cut-off time of the next business day - the closing NAV of the next Business Day shall be applicable.</li></ul> Irrespective of the time of receipt of application, where the funds for the entire amount are available for utilization before the cut-off time on any subsequent Business Day - the closing NAV of such subsequent Business Day shall be applicable. <b>For Redemption:</b> a. Where the application is received up to 3.00 p.m. on a Business Day - Closing NAV of the day of receipt of application; and b. Where the application is received after 3.00 p.m. on a Business Day - Closing NAV of the next Business Day. Note: In case of applications received on a Non-Business Day the closing NAV of the next Business Day shall be applicable. <b>For Switches:</b> Valid applications for ‘Switch-out’ shall be treated as applications for Redemption and valid applications for ‘Switch-in’ shall be treated as applications for Purchase, and the provisions of the cut-off time and the Applicable NAV mentioned above as applicable to purchase and redemption shall be applied respectively to the ‘Switch-in’ and ‘Switch-out’ applications.  For Switch-ins of any amount: In case of switch from one scheme to another scheme received before cut-off i.e. upto 3 p.m. having business day for both the schemes, closing NAV of the Business Day shall be applicable for switch-out scheme and for Switch-in scheme, the closing NAV of the Business Day shall be applicable, on which funds are available for utilization in the switch-in scheme (allocation shall be in line with the redemption payout).  To clarify, for investments through systematic investment systematic investment and trigger routes such as Systematic Investment Plans (SIP), Systematic Transfer Plans (STP), Dividend Sweep, Power SIP, Power STP, Multi SIP, Combo SIP, STeP Facility, Retirement Plan, Gain Switch Mechanism, Switch on Arbitrage etc. the units will be allotted as per the closing NAV of the day on which the funds are available for utilization by the Target Scheme irrespective of the installment date of the SIP, STP or record date of dividend etc.		
<b>Risk-o-meter</b>	<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>Long-term capital growth.</li> <li>Investment in equity and equity-related securities of companies across various market capitalisations.</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p>Risk-o-meter</p>  <p>Investors understand that their principal will be at very high risk</p>	<p>This product is suitable for investors who are seeking*:</p> <ul style="list-style-type: none"> <li>Long-term capital growth.</li> <li>Investment in equity and equity-related securities recently listed 100 companies or upcoming Initial Public Offer (IPOs).</li> </ul> <p>*Investors should consult their financial advisers if in doubt about whether the product is suitable for them.</p>	<p>Risk-o-meter</p>  <p>Investors understand that their principal will be at very high risk</p>

Further, the following provisions have been included:

Section	Particulars
<b>Segregated Portfolio</b>	<p><b>Creation of a Segregated Portfolio:</b> Creation of a Segregated Portfolio shall be subject to guidelines specified by SEBI from time to time and includes the following:</p> <ol style="list-style-type: none"> <li>Segregated Portfolio may be created, in case of a credit event at issuer level i.e. downgrade in credit rating by a SEBI registered Credit Rating Agency (CRA), as under:             <ol style="list-style-type: none"> <li>Downgrade of a debt or money market instrument to ‘below investment grade’, or</li> <li>Subsequent downgrades of the said instruments from ‘below investment grade’, or</li> <li>Similar such downgrades of a loan rating.</li> </ol> </li> <li>In case of difference in rating by multiple CRAs, the most conservative rating shall be considered. Creation of Segregated Portfolio shall be based on issuer level credit events as mentioned above and implemented at the ISIN level.</li> <li>Creation of Segregated Portfolio is optional and is at the discretion of the AMC.</li> </ol> <p><b>Process for Creation of Segregated Portfolio:</b></p> <ol style="list-style-type: none"> <li>On the date of credit event, the AMC shall decide on creation of Segregated Portfolio and once the decision is made, the AMC shall:             <ol style="list-style-type: none"> <li>seek approval of Trustees prior to creation of the Segregated Portfolio;</li> <li>immediately issue a press release disclosing its intention to segregate such debt/money market instrument and its impact on the investors. The AMC will also disclose that the segregation will be subject to Trustee approval. Additionally, the said press release will be prominently disclosed on the website of the AMC;</li> <li>ensure that till the time the Trustee approval is received, which in no case shall exceed 1 Business Day from the day of credit event, the subscription and redemption in the Scheme will be suspended for processing with respect to creation of units and payment on redemptions.</li> </ol> </li> <li>Once Trustee approval is received by the AMC:             <ol style="list-style-type: none"> <li>Segregated Portfolio will be effective from the day of credit event;</li> <li>AMC will issue a press release immediately with all relevant information pertaining to the Segregated Portfolio. The said information will also be submitted to SEBI;</li> <li>An e-mail or SMS will be sent to all unit holders of the Scheme;</li> <li>The NAV of both Segregated and Main Portfolios will be disclosed from the day of the credit event;</li> <li>All existing investors in the Scheme as on the day of the credit event will be allotted equal number of units in the Segregated Portfolio as held in the Main Portfolio;</li> <li>No redemption and subscription will be allowed in the Segregated Portfolio.</li> <li>AMC will enable listing of Units of Segregated Portfolio on the recognized stock exchange within 10 working days of creation of Segregated Portfolio and also enable transfer of such Units on receipt of transfer requests;</li> <li>Unit holders, who wish to redeem their units under the Scheme will receive redemption proceeds only for the units held under the Main Portfolio of the Scheme based on its NAV and will continue to hold the Units of Segregated Portfolio. However, upon recovery of money from Segregated Portfolio, whether partial or full, it will be immediately distributed to the unit holders in proportion to their holding in the Segregated Portfolio;</li> </ol> </li> <li>If the Trustees do not approve the proposal to segregate portfolio, the AMC will issue a press release immediately informing investors of the same. In that case, subscription and redemption applications will be processed based on the NAV of Total Portfolio.</li> </ol>

Section	Particulars
Segregated Portfolio	<b>Valuation and Processing of Subscription and Redemption Requests subsequent to the credit event under the Scheme:</b>
	Notwithstanding the decision to segregate the debt/money market instrument, the valuation will take into account the credit event and the portfolio shall be valued based on the Valuation Policy of the AMC which is based on principles of fair valuation (i.e. realizable value of the assets) in accordance with SEBI Regulations and circulars issued thereunder.
	Further, all subscription and redemption requests received from the unit holders of the Scheme by the AMC, for which NAV of the day of credit event or subsequent day is applicable, will be processed as under:
	i. Till the time the Trustee approval is received for creating a Segregated Portfolio, which in no case shall exceed 1 Business Day from the day of credit event, the subscription and redemption in the Scheme will be suspended for processing with respect to creation of units and payment on redemptions
	ii. Upon receiving Trustees' approval to create a Segregated Portfolio -
	<ul style="list-style-type: none"> <li>Unit holders, who wish to redeem their units under the Scheme will receive redemption proceeds only for the units held under the Main Portfolio of the Scheme based on its NAV and will continue to hold the Units of Segregated Portfolio.</li> <li>Investors subscribing to the Scheme will be allotted units only in the Main Portfolio based on its NAV.</li> </ul>
	iii. In case Trustees do not approve the proposal of Segregated Portfolio, subscription and redemption applications will be processed based on the NAV of Total Portfolio.
	<b>Disclosure:</b>
	The AMC shall make the following disclosures:
	<ol style="list-style-type: none"> <li>A statement of account indicating the units held by the unit holders in the Segregated Portfolio along with the NAV of both Segregated Portfolio and Main Portfolio as on the day of the credit event shall be communicated to the unit holders within 5 Business Days of creation of the Segregated Portfolio.</li> <li>Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio statements and in the Annual Report of the Scheme.</li> <li>The NAV of the Segregated Portfolio shall be declared on daily basis.</li> <li>The information regarding number of Segregated Portfolios created in the Scheme shall appear prominently under the name of the Scheme at all relevant places such as SID, KIM, Application Form, advertisement, AMC and AMFI websites, etc.</li> <li>The scheme performance required to be disclosed at various places shall include the impact of creation of Segregated Portfolio. The Scheme performance will clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.</li> <li>The disclosures at 4 and 5 above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in Segregated Portfolio are fully recovered/ written-off.</li> <li>The investors of the Segregated Portfolio shall be duly informed of the recovery proceedings of the investments of the Segregated Portfolio. Status update shall be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.</li> <li>Any other disclosures as may be mandated by SEBI from time to time.</li> </ol>

**Disclosure:**

The AMC shall make the following disclosures:

- A statement of account indicating the units held by the unit holders in the Segregated Portfolio along with the NAV of both Segregated Portfolio and Main Portfolio as on the day of the credit event shall be communicated to the unit holders within 5 Business Days of creation of the Segregated Portfolio.
- Adequate disclosure of the segregated portfolio shall appear in all scheme related documents, in monthly and half-yearly portfolio statements and in the Annual Report of the Scheme.
- The NAV of the Segregated Portfolio shall be declared on daily basis.
- The information regarding number of Segregated Portfolios created in the Scheme shall appear prominently under the name of the Scheme at all relevant places such as SID, KIM, Application Form, advertisement, AMC and AMFI websites, etc.
- The scheme performance required to be disclosed at various places shall include the impact of creation of Segregated Portfolio. The Scheme performance will clearly reflect the fall in NAV to the extent of the portfolio segregated due to the credit event and the said fall in NAV along with recovery(ies), if any, shall be disclosed as a footnote to the scheme performance.
- The disclosures at 4 and 5 above regarding the segregated portfolio shall be carried out for a period of at least 3 years after the investments in Segregated Portfolio are fully recovered/ written-off.
- The investors of the Segregated Portfolio shall be duly informed of the recovery proceedings of the investments of the Segregated Portfolio. Status update shall be provided to the investors at the time of recovery and also at the time of writing-off of the segregated securities.
- Any other disclosures as may be mandated by SEBI from time to time.

**Total Expense Ratio (TER) for the Segregated Portfolio:**

- AMC will not charge investment and advisory fees on the Segregated Portfolio. However, TER (excluding the investment and advisory fees) can be charged, on a pro-rata basis only upon recovery of the investments in Segregated Portfolio.
- The TER so levied shall not exceed the simple average of such expenses (excluding the investment and advisory fees) charged on daily basis on the Main Portfolio (in % terms) during the period for which the Segregated Portfolio was in existence.
- The legal charges related to recovery of the investments of the Segregated Portfolio may be charged to the Segregated Portfolio in proportion to the amount of recovery. However, the same shall be within the maximum TER limit as applicable to the Main Portfolio. The legal charges in excess of the TER limits, if any, shall be borne by the AMC.
- The costs related to Segregated Portfolio shall in no case be charged to the Main Portfolio.

**Definition:**

- The term 'Segregated Portfolio' means a portfolio, comprising of debt or money market instrument affected by a credit event that has been segregated in the Scheme.
- The term 'Main Portfolio' means the Scheme's portfolio excluding the Segregated Portfolio.
- The term 'Total Portfolio' means the Scheme's portfolio including the securities affected by the credit event.

**Risks associated with Segregated Portfolio:**

- Unit holder holding units of Segregated Portfolio may not able to liquidate their holdings till the recovery of money from the issuer.
- Portfolio comprising of Segregated Portfolio may not realise any value or may have to be written down.
- Listing of units of Segregated Portfolio in recognised stock exchange does not necessarily guarantee their liquidity. There may not be active trading of units in the stock market. Further trading price of units on the stock market may be significantly lower than the prevailing NAV.
- Illustration of Segregated Portfolio

<b>Portfolio Date:</b>	1/7/2021
<b>NAV:</b>	12.0000
<b>Credit Event Date:</b>	2/7/2021
<b>Credit Event:</b>	Credit Rating Downgrade of secured NCD issued by Company "C Limited" from AA+ to D
<b>Sector of affected Security:</b>	Infrastructure
<b>Valuation Impact:</b>	Affected asset to be valued at 50% of the face value
	Accrued interest has to be valued at 50%

**Portfolio of Affected Scheme before the Credit Event:**

Security	LT Credit Rating	Type of Security	Face Value	Price	Market Value	YTM	% of Assets
A Limited	AAA	Bond	100,000,000.00	100.5	100,500,000.00	8.50%	9.90%
B Limited	AAA	Bond	100,000,000.00	100.6	100,600,000.00	8.45%	9.91%
C Limited	AA+	Bond	100,000,000.00	100.7	100,700,000.00	8.40%	9.92%
D Limited	AAA	Bond	100,000,000.00	100.8	100,800,000.00	8.35%	9.93%
E Limited	AAA	Bond	100,000,000.00	100.7	100,700,000.00	8.40%	9.92%
F Limited	AAA	Bond	100,000,000.00	100.6	100,600,000.00	8.35%	9.91%
G Limited	AAA	Bond	100,000,000.00	100.5	100,500,000.00	8.40%	9.90%
H Limited	AAA	Bond	100,000,000.00	100.4	100,400,000.00	8.45%	9.89%
I Limited	AAA	Bond	100,000,000.00	100.3	100,300,000.00	8.50%	9.88%
J Limited	AAA	Bond	100,000,000.00	100.2	100,200,000.00	8.55%	9.87%
Cash	-	CBLO	10,000,000.00	100	10,000,000.00	6%	0.98%
<b>TOTAL</b>			<b>1,010,000,000.00</b>		<b>1,015,300,000.00</b>		<b>100%</b>

**Affected Security:**

Security	LT Credit Rating	Type of Security	Face Value	Price	Market Value	YTM	% of Assets
C Limited	AA+	Bond	100,000,000.00	100.7	100,700,000.00	8.40%	9.92%

**Old NAV of Main Portfolio prior to Segregation:** ₹ 12.0000

**New NAV of Main Portfolio post Segregation:** ₹ 10.8098

**Main Portfolio:**

Security	LT Credit Rating	Type of Security	Face Value	Price	Market Value	YTM	% of Assets
A Limited	AAA	Bond	100,000,000.00	100.5	100,500,000.00	8.50%	10.99%
B Limited	AAA	Bond	100,000,000.00	100.6	100,600,000.00	8.45%	11.00%
D Limited	AAA	Bond	100,000,000.00	100.8	100,800,000.00	8.35%	11.02%
E Limited	AAA	Bond	100,000,000.00	100.7	100,700,000.00	8.40%	11.01%
F Limited	AAA	Bond	100,000,000.00	100.6	100,600,000.00	8.35%	11.00%
G Limited	AAA	Bond	100,000,000.00	100.5	100,500,000.00	8.40%	10.99%
H Limited	AAA	Bond	100,000,000.00	100.4	100,400,000.00	8.45%	10.98%
I Limited	AAA	Bond	100,000,000.00	100.3	100,300,000.00	8.50%	10.97%
J Limited	AAA	Bond	100,000,000.00	100.2	100,200,000.00	8.55%	10.96%
Cash	-	CBLO	10,000,000.00	100	10,000,000.00	6%	1.09%
<b>TOTAL</b>			<b>910,000,000.00</b>		<b>914,600,000.00</b>		<b>100%</b>

Section	Particulars								
Segregated Portfolio:	<b>Security</b>	<b>LT Credit Rating</b>	<b>Type of Security</b>	<b>Face Value</b>	<b>Price</b>	<b>Market Value</b>	<b>YTM</b>	<b>% of Assets</b>	
	C Limited	D	Bond	100,000,000.00	50.35	50,350,000.00	-	100.00%	
	<b>NAV of Segregated Portfolio:</b> ₹ 0.5951								
	<b>Net Impact on Investor:</b>								
	<b>NAV Movement</b>		<b>Main Portfolio</b>	<b>Segregated Portfolio</b>	<b>MTM Loss</b>		<b>Total</b>		
	Before the Credit Event:		12.0000	NA	NA		12.0000		
	After the Credit Event:		10.8098	0.5951	0.5951		12.0000		
	<i>Assumptions: There is no change in the valuation of the rest of assets on the day of credit event.</i>								

**Note – 1: Covered Call Strategy**

When the Scheme sells a covered call (also known as writing a covered call), it would mean that the Scheme would already be owning shares of the underlying stock and is selling a call which grants the buyer right, but not the obligation, to buy that stock at a set price until the option expires. The Scheme would earn income known as option price or value (commonly known as the option premium) premium. An option's premium is based on several factors, like time value, intrinsic value, and implied volatility etc.

**Illustration – Covered Call strategy using stock call options:**

A fund manager buys equity stock of ABC Ltd. for ₹ 1000 and simultaneously sells a call option on the same stock at a strike price of ₹ 1100. Further, it is assumed that the scheme has earned a premium of ₹ 50 and the fund manager is of the opinion that the stock price will not exceed ₹ 1100, during the expiry period of the option.

**Scenario 1: Stock price exceeds ₹ 1100**

The call option will get exercised and the fund manager will sell the stock to settle his obligation on the call at ₹ 1100 (earning a return of 10% on the stock purchase price). Also, since the scheme has earned a premium of ₹ 50, this has reduced the purchase cost of the stock (₹ 1000 – ₹ 50 = ₹ 950).

Hence, the Net Gain = ₹ 150 (₹ 100 stock appreciation + ₹ 50 call option premium)

*(However, please note that in a scenario where the stock price reaches ₹ 1300, investment in long only equity would be more beneficial than a covered call strategy as the net gain under the covered call strategy would be ₹ 150, against a net gain of ₹ 300 under a pure long only equity strategy.)*

**Scenario 2: Stock prices stays below ₹ 1100**

The call option will not get exercised and will expire worthless. The premium earned on call option will generate alpha for the scheme.

Hence, the Net Gain = ₹ 50.

**Benefits:**

The key benefit of writing a covered call option is to generate additional income (i.e. the proceeds of the options sale or option premium) on a stock already owned by the Scheme. This enhances returns on a security that, in the fund manager's view, is not expected to move in the short-term. It can also be used as used as an exit strategy for a long position.

**Risk:**

Incorrectly pricing the option premium before writing the covered call by ignoring factors which determine pricing like number of days to expiry, adjustment with respect to announced corporate actions like dividend etc.

**Note – 2: Imperfect hedging**

IRF can be taken at portfolio level to reduce the interest rate risk of the portfolio or part of the portfolio (including one or more securities). However, in case the IRF used for hedging the interest rate risk has different underlying security(s) than the existing position being hedged, it would result in imperfect hedging i.e. basis risk. In order to reduce the basis risk for the portfolio hedging strategy, the correlation between the portfolio or part of the portfolio (excluding the hedged portions, if any) and the IRF would be atleast 0.9 at the time of initiation of hedge. The correlation should be calculated for a period of last 90 days. Additionally, Imperfect hedging using IRFs would be restricted upto maximum of 20% of the total assets of the scheme.

**Example:**

Date: 15/06/2020

Total Assets of the Scheme: ₹ 100 cr.

Modified Duration of the Scheme: 4.75

August 2020 Future Price of IRF contract of 6.79 GOI 2030: 103.24

Modified Duration of 6.79 GOI 2030: 7.13

Correlation between IRF and Portfolio during last 90 days: 0.95

On 15/06/2020, the fund manager anticipates that the interest rates will rise in near future. Therefore, to hedge the exposures of the portfolio he sells 19,00,000 IRF contracts of August 2020 6.79 GOI 2030 at 103.24. Thus, the value of Futures contract is ₹ 19.62 cr., which is less than 20% of Scheme value.

On 15/07/2020, due to interest rate increase by 5 basis points, the values of securities in the portfolio is reduced to ₹ 99.76 cr. and the price of IRF contract for August 2020 6.79 GOI 2030 is reduced to ₹ 102.88. This results in loss in the value of the securities of ₹ 0.24 cr. (₹ 100 cr. – ₹ 99.76 cr.) and profit in the futures position of ₹ 0.07 cr. ((103.24-102.88)\*19,00,000)

Given that there was imperfect correlation between portfolio and the IRF (i.e. basis risk) as well as cap on the maximum portfolio hedging allowed as per extant regulation, the loss in the value of portfolio was not completely matched by the gain from the IRF contract. Nevertheless, the fund manager was able to protect the value of the portfolio, to an extent, using the IRF contract. The loss on proportionate basis (i.e. ~20% of portfolio) would have been only ₹ 0.05 cr. as against gain of ₹ 0.07 cr. of gain from IRF.

Apart from above, other features and terms and conditions of the Scheme such as Asset Allocation Pattern, Investment Objective etc. shall remain unchanged.

The Securities and Exchange Board of India has vide its communication dated May 11, 2021 conveyed its no objection for conversion of the Scheme from a close ended equity scheme to an open ended thematic equity scheme.

As per Regulation 33(3)(b) of SEBI (Mutual Funds) Regulations, 1996 ("MF Regulations") and SEBI Circular dated January 30, 2003, conversion of a close ended scheme into an open ended scheme can be carried out if the Unit holders of the Scheme are provided with an option to redeem their units in full and informed of the change via written communication containing prescribed disclosures.

Accordingly, the Scheme will be delisted during the Exit Option Period and Unit holders under the Scheme as on May 27, 2021 who do not agree with the proposed changes are given an option to exit i.e. redeem their units (**fully or partly**) or switch to other schemes of the Fund at the Applicable NAV of the Scheme without any exit load for a period of 30 days starting from May 28, 2021 till June 28, 2021 [up to 3.00 p.m. on June 28, 2021] (**both days inclusive**). Redemption/switch-out requests can be submitted at any of the Investor Service Centres of the Fund or the Registrar and Transfer Agents of the Fund viz. KFin Technologies Private Limited on or before June 28, 2021 (upto 3.00 p.m. on June 28, 2021). The redemption request for units held in demat mode should be submitted to the Depositories. The redemption will be processed at the Applicable NAV for the day on which redemption request is received as per applicable cut-off timing guidelines. The redemption proceeds will be paid out either electronically or by a cheque within 10 Business Days of receipt of valid redemption request to those Unit holders who choose to exercise the exit option. Unit holders who have pledged their units will not have the option to exit unless they procure a release of their pledge prior to submitting the redemption request. The Scheme will adopt the revised features with effect from June 29, 2021.

However, redemption of units from the Scheme and/or switch-out of units of the Scheme to any other scheme of the Fund during the exit period option shall be considered as redemption in Scheme and will result in short term/long term capital gain/loss in the hands of the unit holders depending on the period of holding of the investment. In case of NRI investors, TDS shall be deducted in accordance with applicable tax laws for redemption/switch-out of units from the Scheme during the exit period and same would be required to be borne by such investor only. Securities Transaction Tax (STT) on redemption / switch-out of units, if any, exercised during the Exit Option Period shall be borne by EAML. Redemption / Switch-out by the Unit holders due to conversion of the Scheme from close ended to open ended or due to any other reasons may entail tax consequences. **In view of the individual nature of financial and tax implications, each Unit holder is advised to consult his or her own tax advisors / financial advisors.**

If the Unit holder has no objection to the aforesaid changes, no action is required to be taken and it would be deemed that such Unit holder has consented to the changes. **It may however be noted that the offer to exit is purely optional and not compulsory.** A detailed communication in this regard will be sent to the Unit holders under the Scheme as on May 27, 2021, through an appropriate mode of communication i.e. by email wherever email ids are available, by SMS wherever mobile numbers are available and by post/courier wherever postal/courier service is available.

For any further assistance/clarification, Unit holders may contact us on 1-800-425-0090 (Toll free – BSNL/MTNL lines only) or 040-23001181 (non MTNL/BSNL lines and mobile phone users) or alternatively, email us at [emfhelp@edelweissfn.com](mailto:emfhelp@edelweissfn.com) or visit our website [www.edelweissmf.com](http://www.edelweissmf.com).

This addendum shall form an integral part of the Scheme Information Document and Key Information Memorandum of the Scheme, as amended from time to time. All other features and terms and conditions of the Scheme shall remain unchanged.

For **Edelweiss Asset Management Limited**  
(Investment Manager to Edelweiss Mutual Fund)  
Sd/-  
Radhika Gupta  
**Managing Director & CEO**

Place : Mumbai  
Date : May 19, 2021

For more information please contact:  
**Edelweiss Asset Management Limited** (Investment Manager to Edelweiss Mutual Fund)  
CIN: U65991MH2007PLC173409  
**Registered & Corporate Office:** Edelweiss House, Off C.S.T Road, Kalina, Mumbai – 400098; **Tel No:-** 022 4093 3400 / 4097 9821  
**Toll Free No. 1800 425 0090 (MTNL/BSNL), Non Toll Free No. 91 40 23001181, Fax: 022 4093 3401 / 4093 3402 / 4093 3403**  
**Website: www.edelweissmf.com**

**MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS,  
READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.**