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ADDENDUM

• **Religare Arbitrage Fund**

An equity oriented interval scheme

Investment Objective: To generate income through arbitrage opportunities emerging out of mis-pricing between the cash market and the derivatives market and through deployment of surplus cash in fixed income instruments.

Investors/Unit holders of Religare Arbitrage Fund, an equity oriented interval scheme (**‘the Scheme’**) are advised to take note that Religare Trustee Company Ltd. (**‘the Trustee to Religare Mutual Fund’**) has decided to change the liquidity provisions of the Scheme with effect from **April 1, 2011**. The existing and revised provisions are as follows:

Existing Provisions	Revised Provisions
<p>Liquidity: The Scheme offers units for subscription at NAV based prices on all business days on an ongoing basis. Redemption/ switch-out will be permitted during the interval period at NAV based prices.</p> <p>Interval Period will be the settlement Thursday (the settlement day for derivatives segment in the National Stock Exchange of India Ltd. (NSE) which is currently last Thursday of the month) or any day which is declared as the settlement day for derivatives segment by the NSE.</p>	<p>Liquidity: The Scheme offers Units for subscription and redemption at NAV based prices on all Business Days on an ongoing basis.</p>

Pursuant to above change in liquidity provisions, relevant provisions in the Scheme Information Document (**‘SID’**) & Key Information Memorandum (**‘KIM’**) of the Scheme will be revised as follows with effect from **April 1, 2011**:

1. Type of the Scheme

The type of the Scheme will be changed from **“An equity oriented interval scheme.”** to **“An open ended equity scheme.”**

2. Cut off timing for redemption / repurchase / switch-outs

The provisions for the Cut off timing for redemption / repurchase/ switch-outs will be revised as under:

- a. In respect of valid applications received at the Official Points of Acceptance upto 3.00 p.m. on a Business Day by the Fund, the closing NAV of the day on which application is received shall be applicable.
- b. In respect of valid applications received at the Official Points of Acceptance after 3.00 p.m. on a Business Day by the Fund, the closing NAV of the next Business day shall be applicable.

3. Risk Factors

Following scheme specific risk factor will be deleted:

“Being equity oriented interval Scheme, the Scheme offers repurchase facility only during an interval period, subject to the exit load prescribed by Trustees from time to time, if any, to that extent scheme has limited liquidity exposure.”

In accordance with the provisions of Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996 and SID of the Scheme, the change in liquidity provisions and type of Scheme amounts to change in fundamental attributes of the Scheme. Accordingly, pursuant to provisions of regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996, the Unit holders are hereby given an exit option at applicable NAV without payment of exit load. The Unit holders are entitled to exercise exit option during the period commencing from **March 1, 2011** and closing on **March 31, 2011** (both days inclusive) (**‘Option Exercise Period’**). During the Option Exercise Period, the Unit holders have following options:

- a) Redeem their units [partly or fully] at applicable NAV;
- b) Switch their units [partly or fully] to any of the schemes of Religare Mutual Fund at applicable NAV; or
- c) Remain invested in the Scheme.

Unit holders who do not opt for redemption/switch-out on or before **March 31, 2011** shall be deemed to have consented to above changes and shall continue to hold units in the Scheme. **This offer to exit is merely an option and is not compulsory.** Religare Asset Management Company Ltd. / Religare Mutual Fund would like the unit holders to remain invested in the Scheme.

Unit holders are requested to note that in case they have pledged or encumbered Units of the Scheme, they must procure a release of their pledges/ encumbrances prior to submission of redemption / switch requests. Redemption / switch request submitted without release of pledge or encumbrance will be rejected.

Pursuant to above changes in liquidity provisions and type of the Scheme, necessary changes will be carried out in the Scheme Information Document and Key Information Memorandum of the Scheme.

This addendum forms an integral part of the Scheme Information Document / Key Information Memorandum of the Scheme as amended from time to time.

For **Religare Asset Management Company Ltd.**
(Investment Manager for Religare Mutual Fund)

Sd/-
Saurabh Nanavati
Chief Executive Officer

Date: February 23, 2011

Risk Factors: All mutual funds and securities investments are subject to market risks and there can be no assurance that the objective of Scheme will be achieved. Investment in mutual fund units involve investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of capital. **As with any investment in securities, the NAV of the units issued under Scheme may go up or down depending upon the factors and forces affecting the securities markets.** Past performance of the Sponsor and its affiliates / AMC / Mutual Fund and its scheme(s) do not indicate the future performance of the Scheme of the Mutual Fund. Investors in the Scheme are not being offered any guaranteed / assured returns. **Religare Arbitrage Fund, an equity oriented interval scheme 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.** **Investment Objective:** To generate income through arbitrage opportunities emerging out of mis-pricing between the cash market and the derivatives market and through deployment of surplus cash in fixed income instruments. **Asset Allocation Pattern:** Equity & Equity related instruments: 65% - 80%. Equity Derivatives including stock futures and stock options: 65% - 80%, Money Market Instruments/ Debt Instruments and Fixed Income Derivatives: 20% - 35%. Securitized debt upto a maximum of 30% of net assets of the Scheme. **Load Structure: Entry Load:** Nil. **Exit Load:** Nil. **Please read the Scheme Information Document and Statement of Additional Information before investing.** The units will be available for subscription and redemption (after completion of exit option period) on all business days at applicable NAV, subject to applicable load, if any. The NAV of the Scheme will be disclosed on all Business Days. **Statutory Details:** Religare Mutual Fund has been set up as a trust sponsored by Religare Securities Ltd. (liability restricted to Rs. 1,50,000) with Religare Trustee Company Ltd. as the Trustee (Trustee under the Indian Trusts Act, 1882) and with Religare Asset Management Company Ltd. as the Investment Manager.