



Portfolio Management Services

Disclosure Document

Updated as on November 30, 2017

**Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)**

Portfolio Management Services

SEBI Registration Number - INP000004631

CIN : U67120MH2009PTC194273

**Key Information and Disclosure Document for Portfolio Management Services
provided by**

**Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)**

- This Disclosure Document (the Document) has been filed with the Board along with the certificate in the prescribed format in terms of Regulation 14 of the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.
- The purpose of the Document is to provide essential information about the portfolio management services in a manner to assist and enable the investors in making an informed decision for engaging a Portfolio Manager.
- The Document contains the necessary information about the Portfolio Manager required by an investor before investing, and the investor is advised to carefully read this entire document before making any investment decision and to retain it for future reference.
- Investors are encouraged to seek clarifications on this document from the Portfolio Manager.
- The Principal Officer designated by the Portfolio Manager is:

Name : Ms. Rashida Kalolwala

**Address : Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)
Edelweiss House, Off C.S.T Road, Kalina, Mumbai – 400 098**

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Date : December 07, 2017

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1 **DISCLAIMER CLAUSE:**

This Disclosure Document has been prepared in accordance with the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993 and Securities Exchange Board of India (Investment Advisers) Regulations, 2013. This Disclosure Document has been filed with SEBI. This Document has neither been approved nor disapproved by SEBI nor has SEBI certified the accuracy or adequacy of the contents of this Document. This document is not for public distribution and has been furnished to you solely for your information and may not be reproduced or redistributed to any other person. While the Company shall endeavor to update on a reasonable basis the information disclosed in this document, the Company does not undertake to update such information to reflect the impact of circumstances or events, including regulatory or compliance changes that arise after the date of these disclosures. No part of this Disclosure Document may be duplicated in any form and/or redistributed without Edelweiss Multi Strategy Funds Management Private Limited's (Formerly known as Forefront Capital Management Private Limited) ("Edelweiss") prior written consent.

2 **DEFINITIONS:**

In this Disclosure Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

- a) **"Act"** means the Securities and Exchange Board of India Act, 1992.
- b) **"Advisory Services"** means the investment advisory in terms of the Regulations, and shall include the responsibility of advising on the portfolio strategy, investment and divestment of individual Securities in the Clients' Portfolio, for an agreed fee structure and for a period hereinafter described, entirely at the Client's risk, to all eligible categories of investors.
- c) **"Agreement"** means any agreement including Discretionary Portfolio Investment Management Agreement, Non-Discretionary Portfolio Investment Management Agreement and Advisory Agreement-Quant Asset Allocation executed between the Portfolio Manager and its Clients in terms of Regulation 14 of SEBI (Portfolio Managers) Regulations, 1993 issued by the Securities and Exchange Board of India & includes any amendment thereto.
- d) **"Board"** means the Securities and Exchange Board of India.
- e) **"Client" or "Investor"** means any person/entity that enters into an agreement or arrangement for availing portfolio management services with the portfolio manager by executing the agreement
- f) **"Custodian(s)"** means Custodian(s)/Depository Participant(s) as may be appointed by the Portfolio Manager, from time to time, for Custody of Securities

of the Client and to perform such other functions like keeping track of corporate benefits associated with the securities etc.

- g) **“Depository”** means Depository as defined in the Depositories Act, 1996 (22 of 1996).
- h) **“Disclosure Document”** means this disclosure document issued by Edelweiss Multi Strategy Funds Management Private Limited for offering portfolio management services, prepared in terms of Schedule V of the SEBI (Portfolio Managers) Regulations, 1993 as amended from time to time.
- i) **“Discretionary Portfolio Management Services”** means the portfolio management services rendered to the Client, by the Portfolio Manager on the terms and conditions contained in the Discretionary Portfolio Investment Management agreement, where under the Portfolio Manager exercises any degree of discretion in investments or management of the Assets of the Client.
- j) **“Edelweiss Multi Strategy Funds Management Private Limited” “Portfolio Manager” or “Company” or “Edelweiss”** means a company incorporated under the Companies Act, 1956, as a private limited company in the name and style as Forefront Capital Management Private Limited and registered with SEBI to act as a Portfolio Manager in terms of SEBI (Portfolio Managers) Regulations, 1993 *vide* SEBI Registration No. INP000004631, having its registered office at Edelweiss House, Off C. S. T. Road, Kalina, Mumbai – 400 098.
- k) **Foreign Portfolio Investor:** Foreign Portfolio Investor means a person registered by SEBI as a Foreign Portfolio Investor (FPI) under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 as amended from time to time.
- l) **“Financial Year”** means the year starting from April 1 to March 31 the following year.
- m) **“Funds”** means the money placed by the Client with the Portfolio Manager and any accretions thereto.
- n) **“Investment Amount”** shall mean the funds deployed/securities introduced by the Client for investment by the Portfolio Manager in accordance with the provisions of the Agreement.
- o) **“Investment Strategy (ies)”** means any of the current investment strategies or such strategies that may be introduced at any time in the future by the Portfolio Manager.
- p) **“Non-discretionary Portfolio Management Services”** means Portfolio Management Services under which the Portfolio Manager, subject to express prior instructions issued by the Client from time to time in writing/on recorded

lines / by e-mail, for an agreed fee structure and for a definite described period, invests in respect of the Client's account in any type of security entirely at the Client's risk and to ensure that all benefits accrue to the Client's Portfolio.

- q) **"NRI" or "Non-Resident Indian"** means a Non-Resident Indian or a Person of Indian origin residing outside India as defined under Foreign Exchange Management Act, 1999.
- r) **"Parties"** means the Portfolio Manager and the Client; and "Party" shall be construed accordingly.
- s) **"Person"** includes any individual, partners in partnership, central or state government, company, body corporate, cooperative society, partnership firm, Limited Liability Partnership, corporation, trust, society, Hindu Undivided Family or any other body of persons, whether incorporated or not.
- t) **"Portfolio"** means the total holdings of securities belonging to any Person.
- u) **"Portfolio Management Services"** means the Discretionary Portfolio Management Services or Non-Discretionary Portfolio Management Services or Advisory Services, as the context may be.
- v) **"Regulations"** means the Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993, as amended from time to time and shall also mean to refer to Regulation 18 of Chapter III of SEBI (Investment Advisers) Regulations, 2013 where applicable.
- w) **"SEBI"** means the Securities and Exchange Board of India established under sub-section (1) of Section 3 of the Securities and Exchange Board of India Act, 1992, as amended from time to time.
- x) **"Securities"** includes: -
 - i. "Securities" as defined under the Securities Contracts (Regulation) Act, 1956;
 - ii. shares, scrips, stocks, bonds, warrants, convertible and non-convertible debentures, fixed return investments, equity linked instruments, negotiable instruments, deposits, money market instruments, commercial paper, certificates of deposit, units issued by the Unit Trust of India and/or by any mutual funds, mortgage backed or other asset backed securities, derivatives, derivative instruments and any other securities issued by any company or other body corporate, any entity, the Central Government, any State Government or any local or statutory authority including Structured Products;
 - iii. gold related securities; and
 - iv. Any other instruments or investments as may be permitted by applicable law from time to time.

INTERPRETATION

- Words and expressions used in this Disclosure Document and not expressly defined shall be interpreted according to their general meaning and usage. The definitions are not exhaustive.
- They have been included only for the purpose of clarity and shall also carry meanings assigned to them in regulations governing Portfolio Management Services.
- All references to the masculine shall include the feminine and all references, to the singular shall include the plural and vice-versa.
- All references “Rs.” refer to Indian Rupees. A “crore” means “ten million” and a “lakh” means a “hundred thousand”.

3 DESCRIPTION

3.1 HISTORY, PRESENT BUSINESS & BACKGROUND OF THE PORTFOLIO MANAGER:

Edelweiss Multi Strategy Funds Management Private Limited (Edelweiss) {formerly known as Forefront Capital Management Private Limited} is a Company incorporated under the Companies Act, 1956 on July 21, 2009. The Company provides portfolio management services.

The Company is registered with SEBI as a Portfolio Manager vide Certificate of Registration No. INP000004631 dated January 20, 2015. The Company provides Discretionary PMS, Non-Discretionary PMS and Investment Advisory Services. Strategies are customized with different risk levels for client risk preferences, different equity indices and benchmarks based on individual client needs and client specific constraints such as not being able to hold a particular security or industry.

Effective April 30, 2014, 100% of the Equity Share capital of the Company is held by Edelweiss Financial Services Limited (EFSL) and its nominees resulting in change in control under SEBI (Portfolio Managers) Regulations, 1993. Pursuant to change in control, SEBI granted fresh Certificate of Registration No. INP000004631 as Portfolio Manager w.e.f. January 20, 2015.

3.2 PROMOTERS OF THE PORTFOLIO MANAGER, DIRECTORS AND THEIR BACKGROUND:

➤ **Promoter**

The Company is a wholly-owned subsidiary of EFSL. EFSL was incorporated on November 21, 1995 as a public limited company by the name Edelweiss Capital Limited. The Company received its certificate for commencement of business on January 16, 1996 and commenced investment banking activities and registered with SEBI as a “Category I Merchant Banker” (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. The equity shares of EFSL are listed on the National Stock Exchange of India Limited and BSE Limited on

12th December 2007. The name of the company was changed from Edelweiss Capital Limited to Edelweiss Financial Services Limited w.e.f. August 1, 2011. Today, EFSL and its subsidiaries provide financial services consisting of Credit, Capital Markets, Asset Management, Housing finance and Life Insurance.

➤ **Directors**

Mr. Nikhil Johari

Mr. Johari, Executive Vice President, Edelweiss Financial Services Ltd., is associated with Edelweiss for more than 15 years. His previous assignments include COO of Edelweiss Commodities Ltd. and SVP of the Global Risk Group of Edelweiss. Mr. Johari has done his MBA from S.P. Jain Institute of Management & Research.

Mr. Anurag Madan

Mr. Madan, Executive Vice President, Edelweiss Financial Services Ltd. has more than 42 years of experience in financial services sector including banking and asset management. Mr. Madan holds a Bachelor's degree in Economics from St. Stephen's College, Delhi and is Member of Indian Institute of Bankers as a Certified Associate as well as a Certified Financial Planner. He is with Edelweiss for more than 10 years where his previous assignments include Whole Time Director of Edelweiss Asset Management Company Ltd. and COO of Edelweiss Financial Services Ltd.

Mr. Nalin Moniz

Mr. Moniz, Head - Multi Strategy Funds of Edelweiss Group, graduated magna cum laude from the Management and Technology program at the Wharton School (University of Pennsylvania) with a B.S. in Economics (Finance, Statistics) and a B.S.E. in Computer Engineering. Mr. Moniz is a CFA charter holder. Prior to co-founding Forefront he was a portfolio manager at Goldman Sachs Asset Management (GSAM) in New York, USA. Mr. Moniz was a member of the Quantitative Investment Strategies team, the systematic asset management arm of GSAM, which managed \$50 billion in hedge-fund and long-only assets. Mr. Moniz has been a portfolio manager for twelve global macro strategies trading emerging and developed equities, emerging and developed currencies, developed credit, and global commodities. He also managed \$9 billion in benchmarked long only equity portfolios for pension funds, endowments, and governments. Mr. Moniz developed five new strategies for Global Alpha's portfolio including the emerging equities timing strategy which has traded the BRIC countries very successfully. He also developed the fund's tactical index allocation strategy and yield curve group of strategies. Currently, he also heads the Investment Team at Edelweiss Multi Strategy Fund Advisors LLP, an Edelweiss Group Entity in the alternative investment space for Indian Equity Markets.

3.3. DETAILS OF THE TOP TEN GROUP COMPANIES:

The details of group entities of Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited) as on 31st March, 2017 reckoned on the basis of their total turnover as per the latest audited financial statements as on 31st March, 2017 are given below.

Name of Entities

1. Edelweiss Commodities Services Limited
2. ECL Finance Limited
3. Aster Commodities DMCC
4. Edelweiss Agri Value Chain Limited
5. Edelweiss Commodities Pte. Ltd
6. Edelweiss Tokio Life Insurance Company Limited
7. Edelweiss Housing Finance Limited
8. Edelweiss Securities Limited
9. Edelweiss Asset Reconstruction Company Limited
10. Edelweiss Finance & Investments Limited

3.4 DETAILS OF SERVICES BEING OFFERED:

The Portfolio Manager offers Discretionary PMS, Non-Discretionary PMS and Investment Advisory services. For more details, please refer Section 5 below.

4 PENALTIES, PENDING LITIGATIONS OR PROCEEDINGS ETC.:

- a. All cases of penalties imposed by the SEBI or the directions issued by the SEBI under the Act or Rules or Regulations made there under against the portfolio manager : **None**
- b. The nature of penalty / direction against the portfolio manager : **None**
- c. Penalties imposed for any economic offence and/or for violation of any securities laws against the portfolio manager : **None**
- d. Any pending material litigation/legal proceedings against the portfolio manager /key personnel with separate disclosure regarding pending criminal cases, if any **None**
- e. Any deficiency in the systems and operations of the portfolio manager observed by SEBI or any regulatory agency : **None**
- f. Any enquiry/adjudication proceedings initiated by SEBI against the portfolio manager or its directors, principal officer or employee or any person directly or

indirectly connected with the portfolio manager or its directors, principal officer or employee, under the Act or Rules or Regulations made there under:

Sr. No	Names of the Party	*Nature of Dispute
1	Edelweiss Financial Services Limited	<p>1. In the matter of IPO of Electrosteel Steels Limited, Edelweiss Financial Services Limited (EFSL), along with other Merchant Bankers have received an adjudication order dated March 31, 2016 from SEBI imposing penalty of Rs. 1,00,00,000/- on all the Merchant Bankers, which the Merchant Bankers are liable to pay jointly and severally.</p> <p>EFSL along with other Merchant Bankers have filed an Appeal before Securities Appellate Tribunal against the Adjudicating order. The matter is currently pending.</p> <p>2. SEBI passed an adjudication order dated November 28, 2014 in the matter of IPO of CARE Limited imposing penalty of Rs. 1,00,00,000/- on the Merchant Bankers, which the Merchant Bankers were liable to pay jointly and severally. Edelweiss Financial Services Limited along with other Merchant Bankers had filed an Appeal before Securities Appellate Tribunal against the said Adjudicating order. The Securities Appellate Tribunal by a majority order dated September 30, 2016, has set aside the order passed by SEBI as well as the penalty imposed on the merchant bankers.</p>
2	Edelweiss Broking Limited (Refer note 1)	<p>1. SEBI – Show Cause Notice in the scrip of S. J. Corporation Ltd. (Refer Note 1)</p> <p>SEBI has issued Show Cause Notice vide letter EAD-1/SRP/JP/31503/2011 dated October 10, 2011 in the matter of buying, selling and dealing in the shares of M/s. S. J. Corporation Ltd by our clients. Edelweiss Broking Limited submitted detailed reply to the aforesaid notice/s giving its clarification/documents in the matter; vide its letter dated 18th November, 2011.</p>

		<p>SEBI has vide its order in the matter of S J Corporation Ltd dated March 27, 2012 levied penalty on Edelweiss Broking Ltd (EBL) for a sum of Rs 50,000/- for the trades executed in the scrip of S J Corporation Ltd in BSE by the clients of a Sub broker on Sub Broker's terminal. EBL has accordingly paid Rs. 50,000/- to SEBI towards the penalty on April 17, 2012. The issue was pertaining to the trades executed by clients in the years 2008 & 2009 through a registered sub-broker of erstwhile Anagram Stock Broking Ltd. Anagram Stock Broking Ltd was acquired by Edelweiss Group in the year 2010. EBL has now put in place additional due diligence mechanism to identify early detection of such instances. EBL is an organization committed to maintaining high standards of compliance and have since the acquisition of the erstwhile Anagram Stock Broking Limited introduced and currently maintaining a rigorous surveillance and compliance framework.</p> <p>2. EBL has received Show Cause Notice from SEBI vide its letter dated December 31, 2014 for the observations pointed out by SEBI during the course of Inspection for the period September 2011 to March 2013 pertaining to Client Master.</p> <p>With regard to Show Cause Notice, EBL has replied to SEBI vide its letter dated February 02, 2015 requesting SEBI to provide it the inspection of records SEBI has relied upon for being able to effectively respond to the Show Cause Notice.</p> <p>Further EBL had received a letter dated November 02, 2017 from Adjudication officer for granting personal hearing on November 14, 2017 enclosing the list of observation instances. Hearing was held on November 14, 2017 wherein EBL had requested for inspection of documents for the instances provided by SEBI. Request letter dated November 17, 2017 filed with SEBI requesting inspection of</p>
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		<p>documents.</p> <p>The matter is pending before Adjudication Officer and EBL is awaiting response from SEBI for further course of action.</p>
3	Edelweiss Securities Limited	<p>1. SEBI has appointed an Adjudication Officer (AO) to inquire into and adjudge u/s 15HA and 15HB of SEBI Act, 1992 and Rule 3 of SEBI (Procedure for Holding Inquiry and imposing penalties by Adjudication officer) Rules, 1995 for the alleged violations of provisions under Clauses A (1), A(2) and B(1) of the Code of Conduct for stock Brokers as specified under Schedule II read with Regulation 9 of SEBI (Stock Brokers and Sub brokers) Regulations, 1992 and Regulation 1(1) and 4(2)(m) of SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to Securities market) Regulations, 2003.</p> <p>Edelweiss Securities Limited (ESL) vide its letter dated April 11, 2016 has replied to SEBI clarifying on the observations raised by SEBI.</p> <p>SEBI vide AO order dated January 31, 2017 has disposed the Show Cause Notice.</p> <p>2. ESL has received Administrative warning from SEBI vide letter ref. no. SEBI/HO/MIRSD/MIRSD 2 / OW / DB / SKS / 2016 /28580/1 dated October 17, 2016 regarding certain observations reported in inspection for the period April 2013 to December 2014.</p> <p>ESL vide its letter dated November 16, 2016 has replied to SEBI clarifying the observations raised by SEBI.</p>

Note 1: The cases referred to are related to Edelweiss Broking Limited (EBL) [Formerly known as Anagram Stock broking Limited] which is now amalgamated with its Holding Company, Edelweiss Financial Advisors Limited, pursuant to the Orders of the Hon'ble High Court of Gujarat at Ahmedabad, under the scheme of arrangement vide its order dated March 30, 2012 under Section 391 and 394 of the Companies Act, 1956. Further Edelweiss Financial Advisors Limited is merged with Edelweiss Broking Limited with effect from February 13, 2015

*The above information pertains to its Promoter and Group Company for last five years.

5.1 TYPES OF SERVICES OFFERED:

(i) Discretionary Portfolio Management (DPM) Services:

The Portfolio Manager shall be acting in a fiduciary capacity with regard to Clients' Portfolio and shall have sole and absolute discretion to invest Clients' Funds in any type of Securities and in any market as he deems fit for the benefit of the Client as per the Discretionary Portfolio Investment Management Agreement. The Securities invested / disinvested by the Portfolio Manager may differ from Client to Client. The Securities traded or held by the Portfolio Manager for different Client's Portfolios, even if invested in the same Investment Strategy, may differ from Client to Client. The Portfolio Manager's decision (taken in good faith) in deployment of the Client's Portfolio is absolute and final and cannot be called in question or be open to review at any time during the currency of the Agreement or any time thereafter except on the grounds of malafide, fraud, conflict of interest or gross negligence.

(ii) Non Discretionary Portfolio Management Services:

Under these services, the Clients decide their own investments, with the Portfolio Manager facilitating the execution of transactions. The Portfolio Manager's role is limited to providing research, investment advice, guidance and trade execution at the Client's request.

The rights and obligations of the Portfolio Manager shall be exercised strictly in accordance with the relevant acts, rules and regulations, guidelines and notifications in force from time to time. Periodical statements in respect to Client's Portfolio shall be sent to the respective Client.

(iii) Advisory Services:

The Portfolio Manager will provide Advisory Services, in terms of Regulation, which shall be in the nature of investment advisory and shall include the responsibility of advising on the Portfolio strategy, investment and divestment of individual Securities on the Clients Portfolio, for an agreed fee structure and for a period agreed in the Agreement, entirely at the Client's risk, to all eligible categories of investors who can invest in Indian market.

The Portfolio Manager shall, provide advisory services in accordance with such guidelines and/ or directives issued by the regulatory authorities and /or the Client , from time to time, in this regard.

5.2 Minimum Investment Amount:

The Client shall deposit with the Portfolio Manager, an initial corpus consisting of Securities and /or funds of an amount prescribed by Portfolio Manager for a Portfolio, subject to minimum amount as specified under Regulations, as amended from time to time

5.3 Policy for investment in associates/ group Companies of the Portfolio Manager

Portfolio Manager Will, before investing in the securities of its associate / group companies, evaluate such investments, the criteria for the evaluation being the same as is applied to other similar investments to be made under the Client's Portfolio. The investments in associate / group companies at time of investments may be upto 100% of Client's Portfolio. The investments in securities of the associate / group companies would be within the overall framework of Regulations and in terms of Agreement executed with the Client.

5.4 Transactions with associates/ group Companies

The Portfolio Manager is a wholly owned subsidiary of Edelweiss Financial Services Limited. EFSL is one of the leading integrated financial services groups. The major activities and offerings of subsidiaries / associates / group companies/ joint venture of EFSL are equity broking, depository participant services, institutional broking & research, insurance broking, custodial services etc. The Portfolio Manager may utilize services of subsidiaries / associates / joint ventures of EFSL relating to and incidental to Portfolio Management Services. Such utilisation will be purely on commercial, arms-length basis and at a mutually agreed terms and conditions to the extent and limits permitted under the Regulations.

5.5 TYPES OF INVESTMENT STRATEGIES OFFERED

A. The Discretionary Portfolio Management Investment Strategies being offered are as follows:

a) Equities Portfolio

This offering trades a book of large cap and mid cap Indian equities. The objective of the offering is to generate relative return strategy to generate returns beating NIFTY returns by holding stocks based on factors like Value, quality and safety. Portfolio is constructed using a quantitative model for market timing, stock and sector selection.

b) Edelweiss Smart Asset Allocation Strategy

This is a multi-asset class quant strategy that aims to generate positive absolute returns by investing in equities, debt and gold by dynamically selecting asset classes based on a systematic model, and taking significantly less risk than equities

and gold. It holds tactical asset allocation views based on a quant model of macroeconomics/asset class fundamentals. It aims to generate consistent absolute returns and outperform CRISIL Liquid Fund Index. It holds large cap equities (replicated via a basket of single stocks), debt (implemented through debt mutual offerings) and gold (implemented through Gold ETF's).

c) Edelweiss Cash Futures Arbitrage Strategy

This is a quantitative strategy that aims to generate positive absolute returns by systematically investing in arbitrage opportunities in the equity markets (cash and futures). It aims to outperform the CRISIL Liquid Fund Index.

d) Event Arbitrage Portfolio

This is a fundamental absolute return strategy that aims to generate positive absolute returns by investing in stocks with special situations in the equity markets. It aims to outperform the CRISIL Liquid Fund Index.

e) Long Only Fundamental Strategy (LOFS) - Hexagon Portfolio

Long Only Fundamental Strategy (LOFS) is an umbrella strategy with series of portfolios running under it, the first of which will be known as LOFS - Hexagon Portfolio. It may be noted that each portfolio under LOFS shall be treated as separate PMS strategy.

LOFS on an overall basis will be a portfolio strategy with a growth driven approach attempting to capture the upside by investing into stocks which offer wealth creation opportunities at reasonable price/valuations. The Strategy mainly focuses on companies that offer long-term business growth through sustainable competitive advantage, promoter integrity and capabilities, strong correlation between cash Flows and profits etc., executed through a well defined model portfolio. The model portfolio, in turn, is fine tuned from time to time keeping in view additional attributes such as strong incremental returns on capital, quality of earnings, reasonable valuations etc.

The Portfolio Manager would follow a bottom-up, research-based investment style. The Portfolio Manager may invest in derivatives or any other instrument as may be permitted by SEBI / RBI / such other Regulatory Authority from time to time including Units of Schemes of Mutual Funds the Portfolio Manager may also participate in the Securities Lending Scheme. Strategy aims to outperform the S&P BSE SmallCap*. (**With effect from 1st April 2017*)

f) Long Only Fundamental Strategy – Liquity Strategy

Under this strategy, the amount invested by an Investor will initially be deployed in Liquid Fund(s). The Investor will be given some pre-defined intervals, based on which a pre-defined amount will be shifted from the Liquity Strategy to Hexagon Portfolio. Triggers would be based on specific interval on a given day and the amount to be shifted from Liquity to Hexagon Portfolio will be based on pre-defined % of the initial amount invested. This will ensure that Investors gets separate entry point into the Hexagon Portfolio as the shifts are happening on specific intervals using benefits of principles of averaging.

g) Customized Family Office Strategy

This is a multi-asset class strategy that aims to generate positive absolute returns by investing in equities, fixed income and other asset classes based on the clients customized risk profile. It can hold equities, debt, mutual funds, ETFs and other instruments depending on the clients' requirements. It aims to outperform the CRISIL Liquid Fund Index.

h) Edelweiss Structured Solutions Strategy

This is a strategy that invests in structured products, fixed income and debentures, equity linked debentures and other securities to generate absolute returns over a fixed tenure. It aims to outperform the CRISIL Liquid Fund Index.

i) Edelweiss Structured Investment Solutions Strategy

Edelweiss Structured Investment Solutions PMS is a strategy that aims to generate absolute returns over a fixed tenure by investing in structured products, equity linked debentures and other securities.

j) Rubik Equity Portfolio

The Strategy will focus on companies which have sound business fundamentals and promoters who are aligned to the minority shareholders. Aim of the Strategy is to generate alpha over long term. Investment philosophy of the Strategy is to buy and hold a portfolio of high growth companies acquired at moderate valuations delivering superior returns over the medium to long term.

Investment Strategy: The Portfolio Manager shall pursue an investment strategy where it will endeavour to identify and select stocks through a value approach. The

Strategy is not expected to have any specific sector bias and shall be sector and industry agnostic.

- It would make investments in businesses with sound fundamentals which have good growth prospects, and;
- Which are mispriced; and
- Where there is a possible alignment between the interest of promoters with those of minority shareholders

Over and above the proprietary model the Portfolio Manager will do a qualitative assessment to build a multi-cap and sector-agnostic portfolio. The Portfolio Manager seeks to invest in large, mid and small cap companies listed on the major Indian Stock Exchanges via equities. The Strategy does not intend to engage in any complex trading strategies and does not intend to employ leverage. Strategy aims to outperform NSE 500.

B. The Non- Discretionary Portfolio Management Investment Strategies being offered are as follows:

a) Edelweiss Smart Asset Allocation PMS

This is a multi-asset class quant strategy that aims to generate positive absolute returns by investing in equities, debt and gold by dynamically selecting asset classes based on a systematic model, and taking significantly less risk than equities and gold. It holds tactical asset allocation views based on a quant model of macroeconomics/asset class fundamentals. It aims to generate consistent absolute returns and outperform CRISIL Liquid Fund Index. It holds large cap equities (replicated via a basket of single stocks), debt (implemented through debt mutual offerings) and gold (implemented through Gold ETF's).

b) Customised Absolute Return

This is a customized absolute return strategy that aims to generate absolute returns by investing in equities and mutual funds and outperform CRISIL Liquid Fund Index depending upon the clients risk and return objectives.

The PMS Investment Strategies stated in this Disclosure Document are available to unsolicited NRI/PIO/FPI (Foreign Portfolio Investors) clients. With effect from the date of this Disclosure Document the Principal Officer may, in her sole discretion, permit, as an exception, provision of PMS services as stated in this Disclosure Document to an unsolicited NRI client on completion of certain KYC related additional formalities.

6 RISK FACTORS

The investments made in the Securities are subject to market risk and there is no assurance or guarantee that the value of or return on the investments made will always appreciate, it could depreciate to an unpredictable extent. Following are the risk factors as perceived by management:

- (i) Investment in equities, derivatives and mutual funds are subject to market risks and there is no assurance or guarantee that the objective of the Investment Strategy will be achieved.
- (ii) Past performance of the Portfolio Manager does not indicate the future performance.
- (iii) Investors may note that Portfolio Manager's investment decisions may not be always profitable, as actual market movements may be at variance with anticipated trends.
- (iv) The Portfolio Manager is neither responsible nor liable for any losses resulting from Portfolio Management Services.
- (v) The liquidity of the Portfolio Manager's investments is inherently restricted by trading volumes in the securities in which it invests.
- (vi) The Portfolio Manager may, considering the overall level of risk of the portfolio, invest in lower rated/ unrated securities offering higher yields. This may increase the risk of the portfolio. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- (vii) The Net Asset Value of the Portfolio may be affected by changes in settlement periods and transfer procedures.
- (viii) As with any investment in securities, the NAV of the portfolio can go up or down depending upon the factors and forces affecting the capital markets.
- (ix) The performance of the Investment Strategies may be affected by changes in Government policies, general levels of interest rates and risks associated with trading volumes, liquidity and settlement systems in equity and debt markets.
- (x) The names of the Investment Strategies do not in any manner indicate their prospects or returns. The performance of equity related investment strategies may be adversely affected by the performance of individual companies, changes in the market place and industry specific and macro economic factors.
- (xi) Investments in debt instruments are subject to default risk and interest rate risk. Interest rate risk results from changes in demand and supply for money and other macroeconomic factors and creates price changes in the value of the debt instruments. Consequently, the NAV of the portfolio may be subject to fluctuation.
- (xii) Interest Rate Risk: As with all debt securities, changes in interest rates may affect valuation of the Portfolios, as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of long-term securities generally fluctuate more in response to interest rate changes than prices of short-term securities. Indian debt markets can be volatile leading to the possibility of price movements up or down in fixed income securities and thereby to possible movements in the valuations of Portfolios.
- (xiii) Liquidity or Marketability Risk: This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer.

- (xiv) **Credit Risk:** Credit risk or default risk refers to the risk that an issuer of a fixed income security may default (i.e., will be unable to make timely principal and interest payments on the security). Because of this risk corporate debentures are sold at a higher yield above those offered on Government Securities which are sovereign obligations and free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the changes in the perceived level of credit risk as well as any actual event of default. The greater the credit risk, the greater the yield required for someone to be compensated for the increased risk.
- (xv) **Re-investment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities under a particular Portfolio are reinvested. The additional income from re-investment is the “interest on interest” component. The risk is that the rate at which interim cash flows can be reinvested may be lower than that originally assumed.
- (xvi) **Spread risk:** Investments in corporate bonds are exposed to the risk of widening of the Spread between corporate bonds and gilts. Prices of corporate bonds tend to fall if this spread widens which will affect the returns accordingly.
- (xvii) **Prepayment Risk:** There may be unscheduled return of principal on a particular security, which may result in reinvestment risk.
- (xviii) **Non-Diversification Risk:** This risk arises when the Portfolio is not sufficiently diversified by investing in a wide variety of instruments. The Portfolio Manager will attempt to maintain a diversified Portfolio.
- (xix) **Currency Risk:** The Portfolio Manager may also invest in overseas Fixed Income or other Securities/ instruments as permitted by the concerned regulatory authorities in India. To the extent that the portfolio of the Investment Strategy will be invested in securities/ instruments denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes/fluctuation in the value of certain foreign currencies relative to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.
- (xx) The Investment Strategy may invest in non-publicly offered debt securities and unlisted equities. This may expose the Investment Strategy to liquidity risks. Such investments shall be subject to the scope of investments as laid down in the Agreement.
- (xxi) Investment in schemes of mutual funds is subject to risk factors defined in the offer document of the respective schemes.
- (xxii) The Portfolio Manager may, subject to authorization by the Client in writing, participate in securities lending. The Portfolio Manager may not be able to sell / lend out securities, which can lead to temporary illiquidity. There are risks inherent in securities lending, including the risk of failure of the other party, in this case the approved intermediary to comply with the terms of the agreement. Such failure can result in a possible loss of rights to the collateral, the inability of the Approved Intermediary to return the securities deposited by the lender and the possible loss of corporate benefits accruing thereon.
- (xxiii) **Risk factors associated with derivatives:** Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the Investor. The Portfolio manager may use derivatives instruments like equity

futures & options, or other derivative instruments as permitted under the Regulations and guidelines. Execution of strategies depends upon the ability of the Portfolio Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Portfolio Manager involve uncertainty and the decision of Portfolio Manager may not always be profitable. No assurance can be given that the Portfolio Manager will be able to identify or execute such strategies. Usage of derivatives will expose the strategies to liquidity risk, open position risk, and opportunities risk etc. Such risks include the risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments. In case of the derivative strategies, it may not be possible to square off the cash position against the corresponding derivative position at the exact closing price available in the Value Weighted Average Period. The Portfolio Manager might buy options to enhance yield. In buying options the profit potential is unlimited, where as the maximum risk is the premium paid to buy the options. Investment Strategies using derivatives/futures and options products are affected by risks different from those associated with stocks and bonds. Such products are highly leveraged instruments and their use requires a high degree of skill, diligence and expertise. Small price movements in the underlying security may have a large impact on the value of derivatives, futures and options. Some of the risks relate to mispricing or the improper valuation of derivatives and the inability to co-relate the positions with underlying assets, rates and indices. Also, the derivatives market is nascent in India.

Trading in Derivatives has the following risks:

- An exposure to derivatives, when used for hedging purpose, can also limit the profits from a genuine investment transaction.
- Derivatives carry the risk of adverse changes in the market price.
- Illiquidity Risk i.e. risk that a derivative trade may not be executed or reversed quickly enough at a fair price, due to lack of liquidity in the market.

(xxiv) Risks pertaining to the index linked securities:

- a) Performance of the Reference Index will have a direct bearing on the performance of the strategy.
- b) In the event the Reference Index is dissolved or withdrawn by the Index Provider, such as, India Index Services Ltd. (IISL) (for NSE- Nifty), BSE for S&P BSE Sensex etc., in case of securities such as Debenture, the Debenture Trustees upon request by the issuer may modify the terms of issue of debentures, so as to track a different and suitable index and appropriate intimation will be sent to the debenture holders.
- c) Tracking errors are inherent in any equity index linked security and such errors may cause the equity index-linked security to generate returns which are not in line with the performance of the reference index or one or more securities covered and/or included in the Reference Index. Such variations, referred to as tracking error, are expected to be around 2% per annum, but may vary substantially due to several factors.

- d) Any delay experienced in the purchase or sale of securities due to liquidity of the market, settlement and realisation of sales proceeds and the registration of any security transfer and any delays in receiving cash and scrip dividends and resulting delays in reinvesting them.
 - e) The Reference Index reflects the prices of securities at close of business hours.
 - f) The Index Provider undertakes a periodic review of the scripts that comprise the Reference Index and may either drop or include new securities.
- (xxv) Risks pertaining to investment in Gold Exchange Traded Funds (Gold ETFs): The risk associated with the Gold Exchange traded Funds will be as provided in the risk disclosure document of various schemes. Some of the specific risk factors pertaining to investments in Gold ETFs as part of the strategy include, but are not limited to the following:

Market Risk: The value of the Units of the Gold ETF relates directly to the value of the gold held by the relevant Gold ETF and fluctuations in the price of gold could adversely affect investment value of the Units of the Gold ETF. The factors that may affect the price of gold, inter-alia, include economic and political developments, changes in interest rates and perceived trends in bullion prices, exchange rates, inflation trends, market movements, etc.

Currency Risk: The formula for determining NAV of the Units of the relevant Gold ETF is based on the imported (landed) value of gold. The landed value of gold is computed by multiplying international market price by US dollar value. The value of gold or NAV of the relevant Gold ETF, therefore will depend upon the conversion value of US dollar into Indian rupee and attracts all the risks attached to such conversion.

Counter party Risk: There is no Exchange for physical gold in India. The relevant Gold ETF Scheme (“Scheme”) may have to buy or sell gold from the open market, which may lead to counter party risks for the Scheme for trading and settlement.

Asset Class Risk: The returns from physical Gold in which the relevant Gold ETF Scheme invests may underperform returns from the securities or other asset classes.

Physical gold held by Gold ETFs: There is a risk that part or all of the Scheme’s gold could be lost, damaged or stolen. Access to the Scheme’s gold could also be restricted by natural events or human actions. Any of these actions may have adverse impact on the operations of the Scheme and consequently on investment in Units.

Liquidity Risk: A Gold ETF has to sell gold only to bullion bankers/traders who are authorized to buy gold. Though, there are adequate number of players (commercial or bullion bankers) to whom the Scheme can sell gold, the Scheme may have to resort to distress sale of gold if there is no or low demand for gold to meet its cash needs of redemption or expenses.

Regulatory Risk: Any changes in trading regulations by the stock exchange(s) or SEBI may affect the ability of Authorised Participant to arbitrage resulting into wider premium/ discount to NAV of the relevant Gold ETF. Any changes in the regulations relating to import and export of gold or gold jewellery (including customs duty, sales tax and any such other statutory levies) may affect the ability of the Scheme to buy/sell gold against the purchase and redemption requests received.

Passive Investments: An ETF Scheme may not be actively managed. The performance of the Scheme may be affected by a general price decline in the Gold prices. The Scheme invests in the physical Gold regardless of their investment merit. The relevant scheme may not attempt to take defensive positions in declining markets.

Indirect taxation: For the valuation of gold by the Scheme, indirect taxes like customs duty, VAT, etc. would also be considered. Hence, any change in the rates of indirect taxation would affect the valuation of the Scheme.

Operational Risks: Gold ETFs are relatively new products and their value could decrease if unanticipated operational or trading problems arise. Any Gold ETF is therefore subject to operational risks. In addition, investors should be aware that there is no assurance that gold will maintain its long-term value in terms of purchasing power.

Redemption Risk: The Scheme would ordinarily repurchase Units in Creation Unit Size. Unit holding less than Creation Unit Size can only be sold through the secondary market on the Exchange. Further, the price received upon the redemption of Units of the Scheme may be less than the value of the gold represented by them.

The units of Gold ETFs are issued only in demat form through depositories. The records of the depository are final with respect to the number of units available to the credit of unit holder. Settlement of trades, repurchase of units by the mutual funds depends up on the confirmations to be received from depository (ies) on which the mutual fund has no control. Accordingly, the Portfolio Manager shall not have any control on the above said transactions either.

(xxvi) In case of investments in Mutual Fund units, the Client shall bear the recurring expenses of the Portfolio Management Services in addition to the expenses of the underlying mutual fund schemes. Hence, the Client may receive lower pre-tax returns compared to what he may receive had he invested directly in the underlying mutual fund schemes in the same proportions.

(xxvii) After accepting the corpus for management, the Portfolio Manager may not get an opportunity to deploy the same or there may be delay in deployment in a particular Investment Strategy. In such situation the Clients may suffer opportunity loss.

(xxviii) Clients will not be permitted to withdraw the funds/Portfolio (unless in accordance with the terms agreed with the Client). In addition, they are not allowed to transfer any of the interests, rights or obligations with regard to the Portfolio except as may be provided in the Agreement and in the Regulations.

(xxix) Changes in Applicable Law may impact the performance of the Portfolio.

7 CLIENT REPRESENTATION

CATEGORIES OF CLIENTS SERVICED FOR LAST 3 YEARS: (Rs. In Lakhs)

Category of Clients	No. of Clients	Funds Managed (Rs. in Lakhs)	Discretionary/Non – Discretionary/Advisory
Associates/Group Companies	Nil	Nil	Nil
As on Sept 30, 2013	54	2665.99	Discretionary
	5	898	Non-Discretionary
	50	6518	Advisory
As on March 31, 2014	119	4659.99	Discretionary
	5	1015	Non-Discretionary
	51	6498	Advisory
As on Sept 30, 2014	237	13854	Discretionary
	5	6453.99	Non-Discretionary
	38	3587	Advisory
As on March 31, 2015	242	16052.68	Discretionary
	4	4631.19	Non-Discretionary
	37	3232.33	Advisory
As on September 30, 2015	291	30,380.06	Discretionary
	4	3,567.46	Non-Discretionary
	37	4,469.17	Advisory
As on March 31, 2016	343	37266.00	Discretionary
	5	18796.00	Non-Discretionary
	40	5,911.00	Advisory
As on September 30, 2016	553	56942.22	Discretionary
	5	20436.53	Non-Discretionary
	37	7196.79	Advisory

As on December 31, 2016	686	63,257.02	Discretionary
	5	18,281.66	Non-Discretionary
	38	7,782.36	Advisory
As on March 31, 2017	843	76,799.56	Discretionary
	4	19,233.93	Non-Discretionary
	37	11,256.24	Advisory
As on September 30, 2017	1381	1,46,129.84	Discretionary
	4	10,473.07	Non-Discretionary
	37	10,876.94	Advisory
As on November 30, 2017	1506	1,27,372.77	Discretionary
	4	10,297.66	Non-Discretionary
	38	10,331.56	Advisory

- 8 Complete disclosure in respect of transactions with related parties as per the standards specified by the Institute of Chartered Accountants of India on the basis of the audited financial statement as at March 31, 2017 is under**

Capital Account transaction during the year:

I. Issue of equity share capital

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Financial Services Limited	700

Current Account Transaction during the year:

II. Share of losses in Partnership Firm

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Multi Strategy Fund Advisors LLP	284.23

III. Short Term Loans taken from

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Financial Services Limited	33.79
Edelweiss Commodities Services Limited	2,384.08

IV. Short term loans repaid

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Financial Services Limited	1022.00
Edelweiss Commodities Services Limited	217.30

V. Short term Loans given

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Commodities Services Limited	222.00
Edelweiss Multi Strategy Fund Advisors LLP	5742.56

VI. Short term Loans repaid

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Multi Strategy Fund Advisors LLP	2697.39
Edelweiss Commodities Services Limited	1591.35

VII. Cost reimbursements paid

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Commodities Services Limited	30.50
Edelweiss Business Services Ltd	0.34
Edelweiss Broking Limited	3.26
Eternity Business Centre Limited	1.19
Edelweiss Financial Services Limited	3.63

VIII. Interest expenses on loan taken

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Financial Services Limited	176.24
Edelweiss Commodities Services Limited	64.21

IX. Cost reimbursements recovered

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Multi Strategy Fund Advisors LLP	8.62

X. Interest income on loans given

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Commodities Services Limited	57.34
Edelweiss Multi Strategy Fund Advisors LLP	202.43

XI. Reimbursement paid

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Commodities Services Limited	158.24
Edelweiss Business Services Ltd	118.79
Edelweiss Multi Strategy Fund Advisors LLP	88.99

XII. Commission and brokerage paid to

Name	Amt. (Rs. In Lakhs) FY 16-17
ECL Finance Limited	15.58
Edelweiss Broking Limited	1.17
Edelweiss Global Wealth Management Limited	246.18

XIII. Processing fees paid

Name	Amt. (Rs. In Lakhs) FY 16-17
Edelweiss Business Services Ltd	0.09

XIV. Remuneration paid

Name	Amt. (Rs. In Lakhs) FY 16-17
Rashida Kalolwala	12.13

Balances with Related Parties
XV. Investment in Equity Shares

Name	Amt. (Rs. In Lakhs) Balance As on 31 st Mar 2017
Edelweiss India Capital Management	66.62

XVI. Current account - debit balance

Name	Amt. (Rs. In Lakhs) Balance As on 31 st Mar 2017
Edelweiss Multi Strategy Fund Advisors LLP	283.23

XVII. Short term loans taken

Name	Amt. (Rs. In Lakhs) Balance As on 31 st Mar 2017
Edelweiss Commodities Services Limited	2,166.77
Edelweiss Financial Services Limited	1,111.93

XVIII. Trade payables

Name	Amt. (Rs. In Lakhs) Balance As on 31 st Mar 2017
Edelweiss Commodities Services Limited	1.94
Edelweiss Business Services Ltd	0.46
Edelweiss Global Wealth Management Limited	626.63
ECL Finance Limited	17.14

XIX. Advances payable

Name	Amt. (Rs. In Lakhs) Balance As on 31 st Mar 2017
Edelweiss Assset Management Limited	17.14

XX. Interest payable on loans taken

Name	Amt. (Rs. In Lakhs) Balance As on 31 st Mar 2017
Edelweiss Commodities Services Limited	17.34
Edelweiss Financial Services Limited	14.87

XXI. Short term loans given

Name	Amt. (Rs. In Lakhs) Balance As on 31st Mar 2017
Edelweiss Multi Strategy Fund Advisors LLP	4020.64

XXII. Trade receivable

Name	Amt. (Rs. In Lakhs) Balance As on 31st Mar 2017
Edelweiss Multi Strategy Fund Advisors LLP	9.05
Edelweiss Broking Limited	0.01
Edelweiss Financial Services Limited	1.06
Edelweiss Asset Reconstruction Company Limited	0.69

XXIII. Advances receivable

Name	Amt. (Rs. In Lakhs) Balance As on 31st Mar 2017
Edelweiss Commodities Services Limited	0.09
Edelweiss Agri Value Chain Limited	0.23

XXIV. Accrued interest on loans given

Name	Amt. (Rs. In Lakhs) Balance As on 31st Mar 2017
Edelweiss Multi Strategy Fund Advisors LLP	52.65

XXV. Nomination deposits payable

Name	Amt. (Rs. In Lakhs) Balance As on 31st Mar 2017
Edelweiss Multi Strategy Fund Advisors LLP	1.00

XXVI. Remuneration payable

Name	Amt. (Rs. In Lakhs) Balance As on 31st Mar 2017
Rashida Kalolwala	20.00

9 LIST OF STOCKBROKERS WHOSE SERVICES ARE UTILIZED FOR PMS ACTIVITIES

List of approved stock brokers -

1. Axis Securities Limited
2. Kotak Securities Limited
3. Edelweiss Securities Limited
4. Edelweiss Broking Limited
5. ICICI Securities Limited
6. Ambit Capital Pvt Ltd

The Company may avail securities broking services from other the SEBI registered stock brokers empanelled by the Company from time to time.

10 FINANCIAL PERFORMANCE OF THE PORTFOLIO MANAGER:

Summarized Financial Statements – Balance Sheet

	As at 31 st March 2017	As at 31 st March 2016	As at 31 st March 2015
	(Rs. In Lakhs)	(Rs. In Lakhs)	(Rs. In Lakhs)
EQUITY AND LIABILITIES			
Shareholder's Funds	452.20	363.89	267.00
Non-current Liabilities	11.35	26.50	9.31
Current Liabilities	15,287.17	6,995.21	2,035.47
Total	15,750.72	7,385.60	2,311.78
ASSETS			
Net Fixed Assets	17.92	19.64	7.18
Non-current Investments	66.62	66.62	66.62
Deferred Tax Asset	4.26	8.97	33.37
Long-term Loans and Advances	54.87	81.12	0.00
Current Assets	15,607.06	7,209.24	2,204.60
Total	15,750.72	7,385.60	2,311.78

Summarized Financial Statements – Profit and Loss Account

	As at 31st March 2017	As at 31st March 2016	As at 31st March 2015
	(Rs. In Lakhs)	(Rs. In Lakhs)	(Rs. In Lakhs)
Total Income	1101.85	553.48	385.93
Total Expenses	1708.83	825.29	499.10
Profit/Loss Before Depreciation & Tax	(594.55)	(259.42)	(109.02)
Depreciation	12.43	12.38	4.15
Profit/Loss Before Tax	(606.98)	(271.81)	(113.17)
Provision for Tax	4.71	31.30	(26.09)
Profit/Loss After Tax	(611.69)	(303.11)	(87.09)

11. PERFORMANCE OF THE PORTFOLIO MANAGER:

- (a) Disclosure of Performance of the Portfolio Manager for the last 3 years (Regulation 14(2b)(iv) of SEBI (Portfolio Managers) Regulations, 1993

Portfolio Performance (Net of all costs and fees)	(April 1st 2016 till March 31st, 2017)	(April 1st 2015 till March 31st 2016)	(April 1st 2014 till March 31st, 2015)
Equities Portfolio	21.95%	-2.85%	13.60%
NIFTY	18.55%	-8.86%	29.14%
Edelweiss Smart Asset Allocation PMS (Formerly known as Forefront Smart Asset Allocation PMS) (Discretionary)	14.04%	-0.59%	20.14%
CRISIL Liquid Fund Index	7.24%	7.87%	8.97%
Edelweiss Smart Asset Allocation PMS (Formerly known as Forefront Smart Asset Allocation PMS) (Non Discretionary)	16.63%	-2.76%	9.73%
CRISIL Liquid Fund Index	7.24%	7.87%	8.97%
Edelweiss Cash Futures Arbitrage PMS (Formerly known as Forefront Cash Futures Arbitrage PMS)	6.43%	14.27%	8.73%
CRISIL Liquid Fund Index	7.24%	7.87%	8.97%

Event Arbitrage Portfolio	15.43%	9.45%	13.76%
CRISIL Liquid Fund Index	7.24%	7.87%	8.97%
Customised Absolute Return (Non Discretionary)	-17.87%	-19.85%	9.73%
CRISIL Liquid Fund Index	7.24%	7.87%	8.97%
Long Only Fundamental Strategy (LOFS)-Hexagon Portfolio	29.70%	-5.27%	N.A
BSE 200	22.66%	1.07%	N.A
Edelweiss Structured Solutions PMS (Formerly known as Forefront Structured Solutions PMS) (Discretionary)	-0.74%	N.A	N.A
CRISIL Liquid Fund Index	7.24%	N.A	N.A

12. NATURE OF COSTS AND EXPENSES:

The following are indicative types of costs and expenses incurred by the Portfolio Manager for and on behalf of clients availing the Portfolio Management Services, and would be recovered by the Portfolio Manager from respective clients.

- a. **Investment management and advisory fees/Portfolio Management Fees:** The fee may be a fixed charge or a percentage of the quantum of funds managed or may be linked to the portfolio returns achieved or a combination of any of these. Profit/performance shall be computed on the basis of high water mark principle over the life of the investment for charging of performance/profit sharing fees.

High Water Mark Principle: High Water Mark shall be the highest value that the portfolio/account has reached. Value of the portfolio for computation of high watermark shall be taken to be the value on the date when performance fees are charged. For the purpose of charging performance fee, the frequency shall not be less than quarterly.

The portfolio manager shall charge performance based fee only on increase in portfolio value in excess of the previously achieved high water mark.

- b. **Custodian/Depository fee:** The charges relating to opening and operation of dematerialized stock accounts, custody and transfer charges for shares, bonds, and units, dematerialization, rematerialization and other charges in connection with the operation and management of clients' depository accounts.

- c. **Registrar and transfer agent fee:** Charges payable to registrars and transfer agents in connection with effecting transfer of securities and bonds including stamp charges, cost of affidavits, notary charges, postage stamp and courier charges.
- d. **Brokerage and transaction costs:** The investments under the Portfolio Management would be usually done through registered members of stock exchange who charge brokerage up to a maximum of 1% of contract value. In addition to the brokerage, transaction cost, stamp duty, transaction costs, turnover tax, Securities Transaction Tax or any other tax levied by statutory authority (ies), foreign transaction charges (if any) and other charges on the purchase and sale of shares, stocks, bonds, debt, deposits, other financial instruments would also be levied by the broker. Any entry or exit loads (if any) and all asset management fees applicable on units of Mutual Funds will also be borne by the clients.
- e. **Audit Fees:** Fees paid to auditors appointed by the Portfolio Manager with respect to the periodic audit of the Client's accounts maintained by the Portfolio Manager.
- f. **Fund accounting charges:** The charges depend on the Average Investments and Investment strategies.
- g. **Primary clearing member (PCM) charges (for accounts trading derivatives):** The charges depend on the Investments and Investment strategies.
- h. **Any other miscellaneous expenses including all applicable taxes and duties:** Miscellaneous expenses include but are not limited to documentation costs, administrative expenses incurred by Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited) to manage the clients portfolio for which supporting statements shall be provided to the client (if requested by the client). All expenses will be as per the Client Agreement as entered into with the client.

13. TAX IMPLICATIONS TO THE DIFFERENT CATEGORIES OF INVESTORS

The following information is based on the law in force in India at the date hereof. This information is neither a complete disclosure of every material fact of the Income-tax Act, 1961 nor does constitute tax or legal advice. This information is based on the Portfolio Manager's understanding of the Tax Laws as of this date of Disclosure Document. Investors / clients 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 the individual nature of the tax consequences, each investor / client is advised to consult his/ her/its own professional tax advisor. The information/ data herein alone is not sufficient and shouldn't be used for the development or implementation of an investment strategy and should not be construed as investment advice.

Income Tax

The tax rates applicable to different categories of tax payers are as follows:

A. Resident individual & HUF Tax Rate (as below) + surcharge + education cess

Total Income	Tax Rates
Up to Rs. 250,000 (a) (b)	NIL
Rs. 250,001 to Rs. 500,000 (c)	5%
Rs. 500,001 to Rs. 1,000,000	20%
Rs. 1,000,001 and above	30%

(a) In the case of a resident individual of the age of 60 years or above but below 80 years, the basic exemption limit is Rs 300,000.

(b) In case of a resident individual of age of 80 years or above, the basic exemption limit is Rs. 500,000.

(c) A rebate upto Rs.2,500 for individual having total Income upto Rs. 350,000

B. Partnership Firms & Indian Companies 30% *+ surcharge + education cess

C. Non-resident Indians 30% + surcharge + education cess

D. Foreign companies 40% + surcharge + education cess

Category	Rate of Surcharge Applicable
Individuals (including NRIs/PIOs), HUFs, Non-Corporate Foreign Institutional Investors where the net taxable income is up to Rs. 10,000,000 for the relevant year	10% surcharge will be levied if income exceeds Rs 50 lakhs but does not exceed Rs 1 crore . Total amount of tax to increase by way of education cess at the rate of 2% and secondary & higher education cess at the rate of 1%.
Individuals (including NRIs/PIOs), HUFs, Non-Corporate Foreign Institutional Investors where the net taxable income is in excess of Rs. 10,000,000 for the relevant year	Surcharge at the rate of 15 % is leviable on Tax amount. The amount of tax to increase by way of education cess at the rate of 2% and secondary & higher education cess at the rate of 1% calculated on total amount of tax plus surcharge.
Companies where the net taxable income does not exceed Rs. 10,000,000/-	No surcharge would be levied. Total amount of tax to increase by way of education cess at the rate of 2% and secondary & higher education cess at the rate of 1%.
Companies where the net taxable income is in excess of Rs. 10,000,000/- but less than Rs. 100,000,000/-	Surcharge at the rate of 7% is leviable on Tax amount (2% in case of Foreign Company). The amount of tax to increase by way of education cess at the rate of 2% and secondary & higher education cess at the rate of 1% calculated on total amount of tax plus surcharge.

Companies where the net taxable income exceeds Rs. 100,000,000/-	Surcharge at the rate of 12% is leviable on Tax amount (5% in case of Foreign Company). The amount of tax to increase by way of education cess at the rate of 2% and secondary & higher education cess at the rate of 1% calculated on total amount of tax plus surcharge.
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*Domestic companies to be taxed at 29% for AY 2017-18 where its turnover or gross receipts during FY 2014-15 does not exceed Rs.5 crores.

Domestic companies to be taxed at 25% for AY 2018-19 where its turnover or gross receipts during FY 2015-16 does not exceed Rs.50 crores

The Dividend received in respect of the shares and income received in respect of units of any Mutual Fund held in the Portfolio is exempt from tax in the hands of resident investors. However, the dividend or income distribution on securities and units received by the Portfolio will be after distribution tax on the amount of dividend/income distribution.

The rates of tax on the dividend/ income distribution on units would be as under:

Type of Distribution	Rate of Tax (%)*
Dividend distribution by Domestic Companies (Sec 115-O)	15%
Income distribution by Money Market Mutual Fund or a Liquid Fund	Individuals / HUF – 25% Others - 30%
Income distribution from Equity Oriented Funds	Individuals / HUF – Nil Others – Nil
Income distribution by a fund other than Money Market Mutual Fund or a Liquid Fund	Individuals / HUF – 25% Others - 30%

* Excluding Surcharge and Education Cess

Tax on distribution of Dividend by Domestic Companies and tax on distribution of Income by Mutual Funds to be grossed up: Finance (No.2) Act, 2014 made an amendment clarifying that for the purposes of calculating Dividend Distribution Tax u/s.115-O the amount of Dividend shall be increased to such amount as would, after reduction of the tax on such increased amount at the rate specified in sub-section (1), be equal to the net distributed profits. This would result in an increase in the effective rate of tax on dividend distribution to 20.3576%. Similarly, an amendment made to provide for the purpose of calculating Income Distribution Tax u/s. 115-R payable by a Mutual Fund, on distribution of income to unit holders of other than equity oriented Mutual Fund, the amount of distributed income shall be increased to such amount as would, after reduction of the additional income-tax on such increased amount at the rate specified in sub-section (2), be equal to the amount of income distributed by the Mutual Fund. This would result in an

increase in the effective rate of tax on income distribution to 38.4533% in respect of Income distribution to Individual / HUF and 49.44% in respect of income distribution to person other than Individual / HUF. This amendment will be effective from 1st October, 2014.

Capital Gains Tax

Long Term Capital Gains Tax

For Individuals, HUF, Partnerships Firm and Domestic Companies

As per Finance (No. 2) Act, 2014, period of holding for short term capital asset in respect of units of equity oriented mutual fund schemes or listed equity shares is less than or equal to 12 months and in case of other securities, it is less than or equal to 36 months. A capital asset other than a short term capital asset is considered as long term capital asset. As per Finance Act, 2016 (No. 28 of 2016) in case of shares of unlisted company, the period of holding is reduced from 36 months to 24 months for classifying unlisted shares as Long Term Capital Asset.

As per Section 10(38) of the Act, any long-term capital gains arising from the sale of equity shares or units of an equity-oriented fund where such transaction of sale is held on recognized stock exchange and chargeable to STT, shall be exempt from tax subject to the Note 1 below.

As per Chapter VII of the Finance (No. 2) Act, 2004, STT shall be payable at the rate of 0.1% on both the purchase and sale of equity shares and at the rate of 0.001% on sale of a unit of an equity oriented fund to the Mutual Fund. STT would be payable at the rate of 0.025% on sale of equity shares, units of equity oriented fund (non-delivery based). With effect from June 1, 2016, STT in case of derivatives would be 0.05% of option premium in case of sale of option (payable by seller), 0.125% of settlement price in case of sale of an option where option is exercised (payable by purchaser) and 0.01% of the price in case of sale of futures (payable by seller).

Long-term capital gains in respect of other Mutual Fund units will be chargeable under Section 112 of the Act, at concessional rate of tax, at 20% (plus applicable surcharge, education cess and secondary and higher education cess) after extending benefit of indexation. However, where the tax payable on such long-term capital gains, exceeds 10% (plus applicable surcharge, education cess and secondary and higher education cess) of the amount of capital gains computed before indexation, such excess tax shall not be payable by the Unit holder, at his option for units transferred on or before July 10, 2014.

Short Term Capital Gains Tax

Note:

1. *Section 10(38) of the Income-tax Act, 1961, prior to its amendment by Finance Act, 2017, provided that the income arising by way of a transfer of long term capital asset, being equity share in a company, shall be exempt from tax if such transfer is undertaken after 1st October,*

2004 and chargeable to Securities Transaction Tax (STT) under Chapter VII of the Finance (No. 2) Act, 2004.

In order to curb the practice of declaring unaccounted income as exempt long term capital gain by entering into sham transactions, the Finance Act, 2017 amended the provisions of section 10(38) of the Act to provide that exemption under this section for income arising on transfer of equity share acquired or on after first day of October, 2004 shall be available only if the acquisition of share is chargeable to STT.

However, to protect the exemption for genuine cases where the STT could not have been paid like acquisition of share in IPO, FPO, bonus or rights issue by a listed company acquisition by non-resident in accordance with FDI policy of the Government etc, it was also provided that the Central Government shall notify the acquisition for which the condition of chargeability to STT shall not apply.

In view of the above, the Central Board of Direct Taxes (CBDT) on 5th June 2017 has released the final notification in this regard prescribing a negative list of transactions under section 10(38). This notification applies to all transactions on or after 01 April, 2017. Except the negative list, all the transactions are eligible for benefit under section 10(38) of the IT Act

For Individuals, HUF, Partnerships Firm and Indian Companies

Short-term Capital Gains is added to the total income. Total income including short-term capital gain is chargeable to tax as per the relevant slab rates. However, tax on short term capital gains on sale of shares and units of equity oriented funds on a recognized stock exchange, which are subject to Securities Transaction Tax, would be at 15% (plus applicable surcharge and an education cess).

Provisions regarding Dividend income and Bonus

According to the provisions of Section 94(7) of the Act, losses arising from the sale/redemption of units purchased within 3 months prior to the record date (for entitlement of dividends) and sold within 3 months in case of securities and within 9 months in case of units after such date, is disallowed to the extent of income on such units (other than on sale/redemption) claimed as tax exempt.

According to the provisions of Section 94(8) of the Act, if an investor purchases units within 3 months before the record date (for entitlement of bonus) and sells/redeems the units within 9 months after that date, and by virtue of holding the original units, he becomes entitled to bonus units, then the loss arising on transfer of original units shall be ignored for the purpose of computing his income chargeable to tax. In fact, the loss so ignored will be treated as cost of acquisition of such bonus units.

Dividend

The Finance Act 2016 had introduced an additional income tax of 10% (plus applicable surcharge and education cess) if the amount of dividend received by a resident individual, firm or Hindu Undivided Family (HUF) exceeds Rs. 10 lakhs on gross basis.

Tax Deduction at Source

No income-tax is deductible at source from income by way of capital gains under the present provisions of the Act in case of residents. However, the provisions of section 195 of the Act may apply to non-residents (other than Foreign Institutional Investors and long-term capital gains exempt under section 10(38) of the Act).

Dividend

As Dividend/ income distribution on securities and units is not taxable in the hands of resident investor, no tax will be deducted at source, irrespective of amount of dividend/ income distribution on units.

Interest

TDS is deducted on interest income at the rate of 10% for interest income if in excess of Rs.10,000/- from Bank and Rs.5,000/- from others in case of resident investors.

Other relevant provisions under the Act

The other relevant provisions of the Act are as below:

- **Introduction of General Anti-avoidance Rule (“GAAR”)**

The Income Tax Act contains GAAR provisions which are currently applicable from April 1, 2017. GAAR provisions empower the Revenue authorities to consider a transaction as an impermissible avoidance arrangement. An impermissible avoidance arrangement has been defined to mean an arrangement whose main purpose is to obtain a tax benefit and which is, inter-alia, lacking in commercial substance. Tax treaty relief may be denied by the Revenue authorities if GAAR provisions are invoked in the case of a taxpayer. There is limited commentary available with regard to how the GAAR provisions should be interpreted or how these provisions may be applied in practice. Material adverse consequences could result for the Fund and / or its investors should GAAR provisions be applied. Investments prior to 1 April 2017 has been grandfathered under the GAAR provisions.

14. ACCOUNTING POLICIES/VALUATIONS:

Edelweiss will follow an accounting and reporting system that is consistent with the Global Investment Performance Standards (GIPS) methodology. The important accounting policies are:

- a) **Client Accounts:** All client accounts will be maintained separately on an accrual basis based on market values. Accounting will be trade date based (not settlement data based)
- b) **Income Accrual:** Dividend income shall be recognized on the ex-dividend date. Interest income shall be accrued on due dates. Profit or loss on the sale of investments shall be recognized on trade dates. Bonus shares/units to which the security/scrip in the portfolio becomes entitled will be recognized only when the original share/scrip on which bonus entitlement accrues are traded on the stock exchange on an ex-bonus basis. Similarly, right entitlements will be recognized only when the original shares/security on which the right entitlement accrues is traded on the stock exchange on the ex-right basis.
- c) **Recognition:** Transactions for purchase or sale of investments shall be recognised as of the trade date and not as of the settlement date, so that the effect of all investments traded during a Financial Year are recorded and reflected in the financial statements for that year. Where investment transactions take place outside the stock exchange, for example, acquisitions through private placement or purchases or sales through private treaty, the transactions shall be recorded, in the event of a purchase, as of the date on which the scheme obtains an enforceable obligation to pay the price or, in the event of a sale, when the scheme obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.
- d) **Cost of investments:** The cost of investments acquired or purchased shall include brokerage, stamp charges and any charge customarily included in the broker's contract note. In respect of privately placed debt instruments any front-end discount offered shall be reduced from the cost of the investment.
- e) **Portfolio Management Fees:** Portfolio management fees could include a fixed management fee and a variable performance fee. The amount of fixed and variable fees will be as agreed with the client and defined in the Client Agreement. Issues related to the frequency at which fees are charged and how they are calculated will also be as defined in the Client Agreement with each individual

client. The fixed management fee will be as agreed in the Client Agreement terms and conditions and is payable monthly. The performance fees as agreed with the client in the Client Agreement will be based on returns over a hurdle rate as agreed in the Client Agreement, with a high watermark. Performance fees will be charged on performance over the hurdle rate, management fee and any costs of trading. They will be charged quarterly or annually.

- f) **Brokerage:** The client understands that Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited) shall conduct all securities transactions with its registered brokers or any registered broker at a brokerage/commission in line with market practices between 0.05% and 0.30% of the value of each transaction. The client shall keep Edelweiss Multi Strategy Funds Management Private Limited (formerly known as Forefront Capital Management Private Limited) indemnified of such charges.
- g) **Other Expenses:** Besides this the client will be liable for custodian fees annual. The custodian fees will be between 0.02-0.10% of the assets under management annually (paid in monthly increments) and 0.02%-0.10% of each transaction as stated exactly in the Client Agreement. All relevant taxes apply.
- h) **Valuation of Investments:** Edelweiss will value traded securities on the basis of closing market rates on the NSE on the relevant valuation date. If security is not listed on the NSE, latest available quote within a period of thirty days prior to the valuation date on any other major stock exchange (e.g. the BSE) where the security is listed will be considered. In the event of this date being a holiday at the exchange, the rates as on the immediately preceding trading day shall be adopted. If no such quote is available, the security may be considered non-traded. Government securities shall be valued at the prices released by an agency recommended by the AMFI. Unlisted, non-traded and all other securities where a valued cannot be ascertained shall be valued as determined in good faith by the Portfolio Manager.
- i) **Aggregation of trades:** In the event of aggregation of purchases or sales for economy of scale inter se, the Portfolio Manager shall do allocation on pro rata basis at weighted average price of the day's transaction. The Portfolio Manager will not keep open position in respect of allocation of sales or purchases in a day.
- Holding cost:** In determining the holding cost of investments and the gains or loss on sale of investments, the "first in first out" method will be followed.

15. INVESTOR SERVICES:

- (a) Name, address and telephone number of the investor relation's officer who shall attend to investor queries and complaints.

Name: Ms. Rashmi Kode
Add: Edelweiss House,
Off C.S.T. Road, Kalina
Tele: 022- 4040 7572
E-mail: rashmi.kode@edelweissfin.com

Grievances, if any, that may arise pursuant to the Agreement entered into shall as far as possible be redressed through the administrative mechanism by the Portfolio Manager and are subject to SEBI (Portfolio Managers) Regulations 1993 and any amendments made thereto from time to time.

The Portfolio Manager will endeavor to resolve Investor Grievance at the earliest. All grievances can be sent to Edelweiss on the designated email id: Investorgrievance.Pms@edelweissfin.com. Accordingly, the nature of the grievance, the type of account, and the name and contact information of the client will be recorded.

Currently, Ms. Bansi Bhavsar (Operations) will endeavor to respond within five working days of receipt of the grievances through an email.

If within two working days from the fifth day as mentioned above the grievance has not been resolved or a response has not been received from Edelweiss, the issue can be escalated to Ms. Rashmi Kode, Associate, and Edelweiss by sending an email to investorrelations.pms@edelweissfin.com.

If the Investor remains dissatisfied with the remedies offered or the stand taken by Ms. Rashmi Kode, the investor and the Portfolio Manager shall abide by the following mechanisms: -

All disputes, differences, claims and questions whatsoever arising between the Client and the Portfolio Manager and/or their respective representatives shall be settled in accordance with the provision of The Arbitration and Conciliation Act, 1996 or any statutory requirement, modification or re-enactment thereof for the time being in force. Such arbitration proceedings shall be held at Mumbai or such other place as the Portfolio Manager thinks fit. Arbitration shall be held in English. The Arbitration Award shall be treated as final and shall be binding on the Parties. This arbitration clause is subject to the jurisdiction of courts in Mumbai only.

Each party will bear the expenses / costs incurred by it in appointing the arbitrator and for the arbitration proceedings. However, the cost of appointing the presiding

arbitrator will be borne equally by both the Parties. Investor shall have the recourse to visit the SEBI SCORES portal for lodging their complaints, if any in case they are not satisfied with the response of the Portfolio Manager.

16. GENERAL:

The Portfolio Manager and the Client can mutually agree to be bound by specific terms through a written two-way agreement (“Discretionary Portfolio Investment Management Agreement, Non-Discretionary Portfolio Investment Management Agreement and Advisory Agreement”) between themselves.

The PMS Investment Strategies stated in this Disclosure Document are not available to unsolicited NRI/PIO/FPI (Foreign Portfolio Investors) clients. With effect from the date of this Disclosure Document the Principal Officer may, in her sole discretion, permit, as an exception, provision of PMS services as stated in this Disclosure Document to an unsolicited NRI client on completion of certain KYC related additional formalities.

**For Edelweiss Multi Strategy Funds Management Private Limited
 (Formerly known as Forefront Capital Management Private Limited)**

Sr. No.	Name of Director	Signature
1.	Nalin Moniz	Sd/-
2.	Nikhil Johari	Sd/-

Date: December 07, 2017

Place: Mumbai

FORM C

**Securities and Exchange Board of India (Portfolio Managers) Regulations, 1993
[Regulation 14]**

We confirm that:

- 1) The Disclosure Document (the document) forwarded to SEBI is in accordance with the SEBI (Portfolio Managers) Regulations, 1993 and the guidelines and directives issued by the Board from time to time;
- 2) The disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision regarding entrusting the management of the portfolio to us / investment in the Portfolio Management;
- 3) The document has been duly certified by M/s. A. M. Jain & Co., Chartered Accountants, having its office at 103—33 1st Floor, Malhotra Chamber, Police Court Lane, Near Handloom House, Fort, Mumbai 400 001, having firm Registration Number FRN 103883W vide certificate issued on December 07, 2017 to the effect that the disclosures made in the document are true, fair and adequate to enable the investors to make a well informed decision.

**For Edelweiss Multi Strategy Funds Management Private Limited
(Formerly known as Forefront Capital Management Private Limited)**

**Sd/-
Rashida Kalolwala
Principal Officer**

**Date: December 07, 2017
Place: Mumbai**