



# The Arbitrage Funds

ADVISED BY WATER ISLAND CAPITAL

**IMPORTANT:** To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. What this means for you: when you open an account, we will ask for your name, address, date of birth, and information that will allow us to identify you. We may also ask to see your driver's license or other government issued photo identification card.

## REGULAR ACCOUNT APPLICATION

### SECTION 1: Account Registration

Individual Account     Joint Account

Owner's Name (First, Middle, Last)

Owner's Social Security Number      Date of Birth (MM/DD/YY)

Address of Residence - P.O. Box is not accepted

City, State, Zip Code

Mailing Address - If different from above (P.O. Boxes accepted)

City, State, Zip Code

(    )      (    )  
Day Phone      Evening Phone

E-mail Address

Joint Owner's Name (First, Middle, Last) (if applicable)

Joint Owner's Social Security Number      Date of Birth (MM/DD/YY)

Address of Residence - P.O. Box is not accepted

City, State, Zip Code

Mailing Address - If different from above (P.O. Boxes accepted)

City, State, Zip Code

(    )      (    )  
Day Phone      Evening Phone

If you do not wish to have joints with rights of survivorship, please check here for tenants in common.

Uniform Transfer to Minors Account

Custodian's Name (First, Middle, Last)

Custodian's Social Security Number      Date of Birth (MM/DD/YY)

Address of Residence - P.O. Box is not accepted

City, State, Zip Code

Mailing Address - If different from above (P.O. Boxes accepted)

City, State, Zip Code

### SECTION 1: Account Registration (continued)

(    )      (    )  
Day Phone      Evening Phone

E-mail Address

Minor's Name (First, Middle, Last)

Minor's Social Security Number      Date of Birth (MM/DD/YY)

#### TRUST INFORMATION - Non-Statutory Trusts Only

For statutory trusts and other entities, please fill out the Entity Account Application.

Trust (Non-Statutory) Name

Trust Date (MM/DD/YY)      Tax ID Number (Use for Tax Reporting Purposes)

Address of Residence - P.O. Box is not accepted

City, State, Zip Code

Mailing Address - If different from above (P.O. Boxes accepted)

City, State, Zip Code

(    )  
Phone

Name of Trustee

Social Security Number      Date of Birth (MM/DD/YY)

Name of Co-Trustee

Social Security Number      Date of Birth (MM/DD/YY)

**Note:** Please include copies of any certified trust documents. Additional documentation and certification may be requested. Please call 1-800-295-4485 to learn more.

### SECTION 2: Residency (You must indicate residency)

U.S. citizen or resident alien **OR**

Foreign citizen of \_\_\_\_\_  
(Please see information below regarding W-8 form)

**Foreign citizens only** Please provide a photocopy of a government issued identification, including:

- Number and Photo
- Place of Birth
- City State/Providence Country

**SECTION 2: Residency (You must indicate residency)  
(continued)**

Immigration status:

Permanent resident  Non-permanent resident  Non-resident

Check the document you are providing:

U.S. driver's license  INS permanent resident alien card  
 Passport with U.S. Visa\*  Foreign national identity document\*

**\* Document number and country of issuance**

To insure proper tax classification and to claim your eligibility for tax treaty benefits, please obtain and complete IRS Form W-8 BEN and submit with your application.

**SECTION 3: Investment Selection**

Make your personal check payable to The Arbitrage Funds and enclose it with your application. We do not accept third party checks (see prospectus for acceptable method of payment).

**Investment Minimums:** Class I \$100,000  
 Class A, R and C \$2,000

Fund Name	Amount
The Arbitrage Fund ___ Class A ___ Class C ___ Class I ___ Class R	\$ _____
The Arbitrage Event-Driven Fund ___ Class A ___ Class C ___ Class I ___ Class R	\$ _____
The Water Island Credit Opportunities Fund ___ Class A ___ Class C ___ Class I ___ Class R	\$ _____
The Arbitrage Tactical Equity Fund ___ Class A ___ Class C ___ Class I ___ Class R	\$ _____
<b>Total Amount</b>	\$ _____

**SECTION 4: Automatic Investment Plan**

This option allows you to make automatic investments (investment amount must be the equivalent of at least \$100) into your Fund account directly from your bank checking or savings account.

Fund Name	Amount
The Arbitrage Fund Class I	\$ _____
The Arbitrage Fund Class R	\$ _____
The Arbitrage Event-Driven Fund Class I	\$ _____
The Arbitrage Event-Driven Fund Class R	\$ _____
The Water Island Credit Opportunities Fund Class I	\$ _____
The Water Island Credit Opportunities Fund Class R	\$ _____
The Arbitrage Tactical Equity Fund Class I	\$ _____
The Arbitrage Tactical Equity Fund Class R	\$ _____
<b>Total Amount</b>	\$ _____

How often would you like automatic investment?

Monthly  Quarterly  Annually  
 15th day of the month or (previous business day)  
 Last day of the month or (previous business day)  
 Both the 15th and last day of the month

If no date is specified, withdrawals will be made on the 15th day of the month or previous business day.

■ Please provide **bank information** in Section 6, if applicable.

**SECTION 5: Distribution Options**

All dividends and capital gains will be reinvested unless otherwise indicated below.

Dividend distribution:  Cash  
 Capital Gains distribution:  Cash

Check here if you would like cash distributions deposited directly to your bank account.

■ Please provide **bank information** in Section 6, if applicable.

**SECTION 6: Bank Information**

Please provide bank information if you are establishing an automatic investment plan and/or are having cash distributions deposited into your account.

Account type:  Checking  Savings

Name on Bank Account \_\_\_\_\_

Bank Name \_\_\_\_\_

ABA Routing Number (First 9 digits at the bottom of the check or deposit slip) \_\_\_\_\_

Bank Account Number (Second set of numbers at the bottom of check or deposit slip) \_\_\_\_\_

**Please attach a voided check or savings deposit slip from the specified bank account.**

I authorize The Arbitrage Funds to initiate credit and debit entries to my account at the bank that I have indicated. I further agree that The Arbitrage Funds will not be held accountable for any loss, liability, or expense for acting upon my instructions. It is understood that this authorization may be terminated by me at any time by written notification to The Arbitrage Funds. The termination request will be effective as soon as The Arbitrage Funds has had reasonable time to act upon it.

**SECTION 7: Telephone Privileges**

As a shareholder, you will automatically have access to your accounts via our automated telephone unless you specifically decline from them below.

I (We) **DO NOT** authorize telephone privileges  
 I (We) **DO NOT** want exchange privileges

**SECTION 8: Cost Basis Accounting Method Election<sup>1</sup>**

On October 3, 2008, the Emergency Economic Stabilization Act, HR 1424, was signed into law, which included provisions from the Energy Improvement and Extension Act of 2008, requiring mutual funds to provide cost basis reporting to their customers.

Arbitrage Funds will provide cost basis information to you for shares purchased on and after January 1, 2012 (covered shares). The elected method will be used for all accounts established by this application and any future accounts established.

**SECTION 8: Cost Basis Accounting Method Election<sup>1</sup> (continued)**

The Arbitrage Funds offers the following Cost Basis Accounting Methods:

- **Average Cost** – Values the cost of shares in an account by averaging the effect of all covered share purchases made in the account. Shares will be redeemed in a first-in first-out order for the average cost method.
- **First-In First-Out** – Shares acquired first in the account are the first shares depleted.
- **Last-In First-Out** – Shares acquired last in the account are the first shares depleted.
- **High Cost** – Shares acquired with the highest cost per share are the first shares depleted.
- **Low Cost** – Shares acquired with the lowest cost per share are the first shares depleted.
- **Loss/Gain Utilization** – Depletes shares with losses before gains, consistent with the objective of minimizing taxes. For shares that yield a loss, shares owned one year or less (short-term) will be redeemed ahead of shares owned more than one year (long-term). For gains, long-term shares will be redeemed ahead of short-term gains. With favorable long-term gains rates, long-term gains are given priority over short-term gains to reduce taxes assessed.
- **Specific Lot** – Shareholder selects which lots to deplete at time of each redemption.

**Note:** When selecting Specific Lot, please choose a secondary method to be used as an alternate in the event specific lot depletion information is not provided.

- First-In First-Out
- Last-In First-Out
- High Cost
- Low Cost
- Loss/Gain Utilization

**Note:** The Arbitrage Fund's default method of Average Cost will be used if a choice is not indicated.

In order to provide you and the IRS with accurate cost basis accounting, please make a selection from the following cost basis methods:

Fund Name Cost Basis Selection will be applied to: \_\_\_\_\_

- Average Cost
- First-In, First-Out
- Last-In, Last-Out
- High Cost
- Low Cost
- Gain/Loss Utilization
- Specific Lot

Fund Name Cost Basis Selection will be applied to: \_\_\_\_\_

- Average Cost
- First-In, First-Out
- Last-In, Last-Out
- High Cost
- Low Cost
- Gain/Loss Utilization
- Specific Lot

Fund Name Cost Basis Selection will be applied to: \_\_\_\_\_

- Average Cost
- First-In, First-Out
- Last-In, Last-Out
- High Cost
- Low Cost
- Gain/Loss Utilization
- Specific Lot

**SECTION 9: Signature & Authorization**

I am of legal age, have received and read the Prospectus for the Funds in which I am investing and agree to the terms therein. Under penalties of perjury, I hereby certify that (1) my Tax ID (Social Security) number is correct and (2) I am not subject to backup withholding because: a) I am exempt from the backup withholding; (b) I have not been notified by the Internal Revenue Service (IRS) of being subject to backup withholding as a result of a failure to report all interest or dividends; or (c) The IRS has provided notification to me that I am no longer subject to backup withholding (3) I am a U.S. person (including a U.S. Resident Alien).

I understand that if I have been notified by the IRS that I am subject to backup withholding as a result of dividend or interest underreporting, and I have not received a notice from the IRS advising me that backup withholding is terminated, I must strike or cross out the information contained in item 2 above. The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

I authorize The Arbitrage Funds, and its agents to act upon instructions (by phone or in writing) believed to be genuine for this account or any account into which exchanges are made. I agree that neither The Arbitrage Funds nor its agents and affiliates will be liable for any loss, cost, or expense for acting on such instructions, provided the Funds employ reasonable procedures to confirm that instructions are genuine.

**Notice to all shareholders:**

A shareholder's property may be transferred to the appropriate state if no activity occurs in the account within the time period specified by state law.

Signature \_\_\_\_\_ Date (MM/DD/YY) \_\_\_\_\_

Signature (if applicable) \_\_\_\_\_ Date (MM/DD/YY) \_\_\_\_\_

Distributor: ALPS Distributors, Inc. for the The Arbitrage Funds

Shares of the The Arbitrage Funds are offered by the Distributor. The Distributor is not a bank, and shares of the Fund are not deposits, obligations of, guaranteed, or endorsed by any bank, nor are they federally insured or otherwise supported by the FDIC, the Federal Reserve Board or any other agency.

**Please mail completed form to:**

**Mailing Address**  
The Arbitrage Funds  
P.O. Box 219842  
Kansas City, MO 64121-9842

**Overnight Address**  
The Arbitrage Funds  
c/o DST Systems, Inc.  
430 West 7th Street  
Kansas City, MO 64105

If you have any questions, please contact an Investor Services Representative at 1-800-295-4485 or visit [www.arbitragefunds.com](http://www.arbitragefunds.com).

For Broker/Dealer Use Only	
Broker/Dealer Name	Broker/Dealer Number
Representative Name	Representative Number
Street Address (Street, City, State, Zip Code)	

<sup>1</sup> Please see the prospectus for detailed information regarding the Cost Basis Regulations.