



The Arbitrage Funds

ADVISED BY WATER ISLAND CAPITAL

ENTITY ACCOUNT APPLICATION

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.

SECTION 1: Account Registration

For the purposes of this form, a legal entity includes a corporation, limited liability company, statutory trust, or other entity created by filing a public document with a Secretary of state. This does not include sole proprietorships, unincorporated associations, or natural persons.

Name of Natural Person Opening Account (First, Middle, Last)

Title of Natural Person Opening Account

Name of Corporation or Other Entity

Type of Entity

Business Address)

City, State, Zip Code

Taxpayer Identification Number

SECTION 2: Beneficial Owner Information

MANAGEMENT INFORMATION - Required

List one individual with significant responsibility for managing the legal entity, such as: executive officer, senior manager or other individual who regularly performs similar functions. (If appropriate, an individual listed above may also be listed in this section.)

Name of Natural Person Opening Account (First, Middle, Last)

Title of Natural Person Opening Account

Address (Residential or Business Street Address)

City, State, Zip Code

Date of Birth (MM/DD/YY)

For U.S. Persons: Social Security Number

For Foreign Persons: Passport Number and Country of Issuance*

** In lieu of a passport number, foreign persons may also provide an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.*

BENEFICIAL OWNER INFORMATION - 1 (if any)

List each individual, if any, who owns, directly or indirectly 25% or more of the equity interest of the legal entity and an individual with significant responsibility for managing the legal entity. If no individual meets this definition, please write "Not Applicable".

Name of Natural Person Opening Account (First, Middle, Last)

SECTION 2: Beneficial Owner Information (continued)

Title of Natural Person Opening Account

Address (Residential or Business Street Address)

City, State, Zip Code

Date of Birth (MM/DD/YY)

For U.S. Persons: Social Security Number

For Foreign Persons: Passport Number and Country of Issuance*

** In lieu of a passport number, foreign persons may also provide an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.*

BENEFICIAL OWNER INFORMATION - 2 (if any)

Name of Natural Person Opening Account (First, Middle, Last)

Title of Natural Person Opening Account

Address (Residential or Business Street Address)

City, State, Zip Code

Date of Birth (MM/DD/YY)

For U.S. Persons: Social Security Number

For Foreign Persons: Passport Number and Country of Issuance*

** In lieu of a passport number, foreign persons may also provide an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.*

BENEFICIAL OWNER INFORMATION - 3 (if any)

Name of Natural Person Opening Account (First, Middle, Last)

Title of Natural Person Opening Account

Address (Residential or Business Street Address)

City, State, Zip Code

Date of Birth (MM/DD/YY)

For U.S. Persons: Social Security Number

SECTION 2: Beneficial Owner Information (continued)

For Foreign Persons: Passport Number and Country of Issuance*

* In lieu of a passport number, foreign persons may also provide an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

BENEFICIAL OWNER INFORMATION - 4 (if any)

Name of Natural Person Opening Account (First, Middle, Last)

Title of Natural Person Opening Account

Address (Residential or Business Street Address)

City, State, Zip Code

Date of Birth (MM/DD/YY)

For U.S. Persons: Social Security Number

For Foreign Persons: Passport Number and Country of Issuance*

* In lieu of a passport number, foreign persons may also provide an alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

CERTIFICATION - Required

I, _____ (name of natural person opening account), hereby certify, to the best of my knowledge, that the information provided above is complete and correct.

Signature: _____

Date: _____

Legal Entity Identifier: _____

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	\$ _____
Total Amount	\$ _____

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	\$ _____
Total Amount	\$ _____

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 Election¹

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.

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

SECTION 8: Cost Basis Accounting Method Election¹ (continued)

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

¹ Please see the prospectus for detailed information regarding the Cost Basis Regulations.

SECTION 9: Signature and 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
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If you have any questions, please contact an Investor Services Representative at 1-800-295-4485 or visit 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)	