

## Scheme Information Document

### Open Ended Debt / Money Market Schemes

Canara Robeco Floating Rate

Canara Robeco Treasury Advantage Fund

Canara Robeco Gilt PGS

Canara Robeco Short Term Fund

Canara Robeco InDiGo Fund

Canara Robeco Liquid

Canara Robeco Income

Canara Robeco Dynamic Bond Fund

Canara Robeco Monthly Income Plan

### Canara Robeco Mutual Fund

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Trust : Canara Robeco Mutual Fund

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The particulars of the Scheme have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996 (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with the Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

This Scheme Information Document sets forth concisely the information about the Canara Robeco Mutual Fund that a prospective investor should know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date 08.06.2011 of this document from the Mutual Fund/ Investor Services Centres/Web site/Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Canara Robeco Mutual Fund, Tax and Legal issues and general information on [www.canararobeco.com](http://www.canararobeco.com).

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is Dated 08th June, 2011

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<b>Canara Robeco Floating Rate</b>	<b>Canara Robeco Liquid</b>	<b>Canara Robeco Treasury Advantage Fund</b>	<b>Canara Robeco Monthly Income Plan</b>
<b>Type &amp; Category :</b> Open Ended Debt Scheme	<b>Type &amp; Category :</b> Open Ended Cash Management Scheme	<b>Type &amp; Category :</b> Open Ended Debt Scheme	<b>Type &amp; Category :</b> Open Ended Debt Scheme
<b>Investment Objective :</b> The scheme seeks to generate income by investing in a portfolio comprising of short term debt instruments and money market instruments with weighted average portfolio duration of equal to or less than 1 year. However there can be no assurance that the investment objective of the scheme will be realized.	<b>Investment Objective :</b> The scheme has been formulated with the objective of enhancement of income, while maintaining a level of high liquidity, through investment in a mix of Money Market Instrument & Debt Securities. However, there can be no assurance that the investment objective of the Scheme will be realized.	<b>Investment Objective :</b> To generate income / capital appreciation through a low risk strategy by investment in Debt securities and Money Market Instruments. However there can be no assurance that the investment objective of the scheme will be realized.	<b>Investment Objective :</b> To generate Income by investing in Debt instruments, MMI and small portion in equity.
<b>Minimum Application Amount :</b> <b>I. Lump sum Investment</b> Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP)/Systematic withdrawal plan(SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount :</b> <b>I. Lump sum Investment</b> <b>Retail Plan:</b> Minimum amount: Rs. 5,000.00 and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Institutional Plan:</b> Minimum amount: Rs. 100.00 Lacs and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Super Institutional Plan:</b> Minimum amount: Rs. 500.00 Lacs and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (STP)/Systematic Withdrawal Plan(SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount :</b> <b>I. Lump sum Investment</b> <b>Retail Plan:</b> Minimum amount: Rs. 5,000.00 under each option and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Institutional Plan:</b> Minimum amount: Rs. 100.00 Lacs under each option and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Super - Institutional Plan:</b> Minimum amount: Rs. 500.00 Lacs under each option and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP)/Systematic Withdrawal Plan(SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount :</b> <b>I. Lump sum Investment</b> Minimum amount: Rs. 5,000.00 and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP)/Systematic withdrawal plan(SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.

**NAV :** NAV / Repurchase / Sale price will be announced on a daily basis (on all Business days) except Public Holidays and during book closure period. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI ([www.amfiindia.com](http://www.amfiindia.com)) and the website of the AMC ([www.canararobeco.com](http://www.canararobeco.com)) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

**Applicable NAV for Sale of Units / Switch In :**

**(I) Applicable NAV for sale of Units for Liquid Scheme(s):**

- where the application is received upto 2.00 p.m. (cut off time for investments in liquid scheme(s)) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective Liquid scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day immediately preceding the day of receipt of application;
- where the application is received after 2.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective Liquid scheme(s) i.e. available for utilization on the same day – the closing NAV of the day immediately preceding the next business day ; and
- irrespective of the time of receipt of application, where funds for entire amount of subscription/ purchase as per application are not credited to the Bank account of the respective Liquid schemes before the cut-off time i.e. not available for utilization before the cut-off time – the closing NAV of the day immediately preceding the day on which the funds are available for utilization.

**(II) For switch-in to Liquid scheme(s) from other schemes of Canara Robeco Mutual Fund:**

- Application for switch-in is received before the applicable cut-off time i.e 2.00PM.
- Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the respective switch-in Liquid scheme(s) before the cut-off time i.e.2.00PM.
- The funds are available for utilization before the cut-off time by the respective switch-in schemes.

**Applicable NAV for Sale of Units / Switch In : ( other than Liquid Schemes)**

- For applications received up to 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable.
- For applications received after 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.
- For applications received with outstated instruments not payable at par at the place of receipt, closing NAV of the day of realization of the instruments shall be applicable.
- For applications received on non-business day along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable
- Where the Application for amount equal to or more than Rs.1 crore is received upto 3 p.m (i.e. cut off time for Debt/ Income Scheme(s) other than Liquid schemes) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable.
- where the application for amount equal to or more than Rs.1 crore is received after 3.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day- the closing NAV of the next business day shall be applicable and
- irrespective of the time of receipt of application for amount equal to or more than Rs.1 crore, where funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any subsequent business day – the closing NAV of such subsequent business day shall be applicable.

Canara Robeco Floating Rate	Canara Robeco Liquid	Canara Robeco Treasury Advantage Fund	Canara Robeco Monthly Income Plan
<b>Applicable NAV for Repurchase of Units / Switch Out :</b> <b>I) Applicable NAV for Repurchase of Units for Liquid Scheme(s):</b> a. For application received up to 3.00 p.m., the closing NAV of the day immediately preceding the next business day shall be applicable. b. For application received after 3.00 p.m. closing NAV of next business day shall be applicable. <b>II) Applicable NAV for Repurchase of units other than Liquid Schemes</b> a) For applications received up to 3 p.m., same day's closing NAV shall be applicable. b) For applications received after 3 p.m., closing NAV of next business day shall be applicable. The Trustees reserve the right to amend the cut off timings subject to SEBI regulations for the smooth and efficient functioning of the Scheme/s			
<b>Load Structure :</b> Kindly refer to Section on "Load Structure" on page nos 72 to 74			
<b>Bench Mark Index :</b> CRISIL Liquid Fund Index	<b>Bench Mark Index :</b> CRISIL Liquid Fund Index	<b>Bench Mark Index :</b> CRISIL Liquid Fund Index	<b>Bench Mark Index :</b> CRISIL MIP Blended Index
The Trustees reserve the right to change the benchmark if due to a change in market conditions, a different index appears to be providing a more appropriate basis for comparison of fund performance or if the indicated benchmark ceases to exist or undergoes a substantial change that renders it an ineffective base for performance comparison and analysis.			
<b>Liquidity :</b> Being an Open-Ended Scheme, Units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of entry / exit load / CDSC, if any. The AMC reserves the right to reject further subscription/ application for units of the Scheme on an on-going basis, depending on the prevailing market conditions and to protect the interest of the Investors. Such change will be notified to the Investors by display of notice at various investor service centres of the AMC and on its website. Units can be redeemed (i.e. sold back to the Mutual Fund) on or Switched out (i.e. to another scheme of the Mutual Fund or Option(s) offered within the Scheme, if any) every Business Day, at the Applicable NAV subject to applicable Load, if any. The Units of the Scheme will not be listed on any exchange, for the present.			
<b>Transparency / NAV Disclosure :</b> The NAV will be disclosed at the close of every Business Day and released to the Press, News Agencies and the Association of Mutual Funds of India (AMFI) except in case of "Suspension of Sale or Repurchase of Units". The NAVs will also be displayed on the website of the AMC ( <a href="http://www.canararobeco.com">www.canararobeco.com</a> ). The AMC may disclose details of the portfolio of the Scheme on the website of the AMC ( <a href="http://www.canararobeco.com">www.canararobeco.com</a> ). As presently required by the SEBI Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in a newspaper within one month from the close of each half year (i.e. March 31 & September 30) or mailed to the Unit holders. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI ( <a href="http://www.amfiindia.com">www.amfiindia.com</a> ) and the website of the AMC ( <a href="http://www.canararobeco.com">www.canararobeco.com</a> ) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI and number of such instances would be reported to SEBI on bimonthly basis. If the NAVs are not available before the commencement of the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.			
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Canara Robeco Income	Canara Robeco Gilt PGS	Canara Robeco Dynamic Bond Fund	Canara Robeco Short Term Fund	Canara Robeco InDiGo Fund
<b>Type &amp; Category :</b> Open Ended Debt Scheme	<b>Type &amp; Category :</b> Open Ended Gilt Scheme	<b>Type &amp; Category :</b> Open Ended Debt Fund	<b>Type &amp; Category :</b> Open Ended Debt Fund	<b>Type &amp; Category :</b> An Open Ended Debt Scheme
<b>Investment Objective :</b> To generate income through investment in Debt and Money Market securities of different maturity and issuers of different risk profiles. However there can be no assurance that the investment objective of the Scheme will be realized.	<b>Investment Objective :</b> To provide risk free return (except interest rate risk) and long term capital appreciation by investing only in Govt. Securities. However, there can be no assurance that the investment objective of the Scheme will be realized.	<b>Investment Objective :</b> The objective of the Fund is to seek to generate income from a portfolio of debt and money market securities. However, there is no assurance that the objective of the Fund will be realised and the Fund does not assure or guarantee any returns.	<b>Investment Objective :</b> The objective of the Fund is to generate income from a portfolio constituted of short term to medium term debt and money market securities. However, there can be no assurance that the investment objective of the Scheme will be realized.	<b>Investment Objective :</b> To generate income from a portfolio constituted of debt & money market securities along with investments in Gold ETFs. However, there can be no assurance that the investment objective of the Scheme will be achieved
<b>Minimum Application Amount</b> <b>I. Lump sum Investment</b> Minimum amount: Rs. 5,000.00 and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) / Systematic Withdrawal Plan (SWP)</b> Minimum instalment amount -Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount</b> <b>I. Lump sum Investment</b> Minimum amount: Rs. 5,000.00 under each option and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) / Systematic Withdrawal Plan (SWP)</b> Minimum instalment amount -Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount</b> <b>I. Lump sum Investment</b> <b>Retail Plan:</b> Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Institutional Plan:</b> Minimum amount: Rs. 100.00 Lacs and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter.	<b>Minimum Application Amount</b> <b>I. Lump sum Investment</b> <b>Retail Plan:</b> Minimum amount: Rs. 5,000.00 and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Institutional Plan:</b> Minimum amount: Rs. 100.00 Lacs and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and in multiples of Re. 1.00 thereafter.	<b>Minimum Application Amount</b> <b>I. Lumpsum Investment</b> Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP)/Systematic Transfer Plan (STP)/Systematic Withdrawal Plan (SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.

**NAV :** NAV / Repurchase / Sale price will be announced on a daily basis (on all Business days) except Public Holidays and during book closure period. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI ([www.amfiindia.com](http://www.amfiindia.com)) and the website of the AMC ([www.canararobeco.com](http://www.canararobeco.com)) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

**Applicable NAV for Sale of Units / Switch In :**

- For applications received up to 3 p.m., along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable.
- For applications received after 3 p.m., along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.
- For applications received with outstation instruments not payable at par at the place of receipt, closing NAV of the day of realization of the instruments shall be applicable.
- For applications received on non-business day along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable
- Where the Application for amount equal to or more than Rs.1 crore is received upto 3 p.m. (i.e. cut off time for Debt/ Income Scheme(s) other than Liquid schemes) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable.
- where the application for amount equal to or more than Rs.1 crore is received after 3.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day- the closing NAV of the next business day shall be applicable and
- irrespective of the time of receipt of application for amount equal to or more than Rs.1 crore, where funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any subsequent business day– the closing NAV of such subsequent business day shall be applicable.

**Applicable NAV for Repurchase of Units / Switch Out :**

- For applications received up to 3 p.m., same day's closing NAV shall be applicable.
- For applications received after 3 p.m., closing NAV of next business day shall be applicable.

The Trustees reserve the right to amend the cut off timings subject to SEBI regulations for the smooth and efficient functioning of the Scheme/s

Canara Robeco Income	Canara Robeco Gilt PGS	Canara Robeco Dynamic Bond Fund	Canara Robeco Short Term Fund	Canara Robeco InDiGo Fund
<b>Load Structure :</b> Kindly refer to Section on "Load Structure" on page nos 72 to 74				
<b>Bench Mark Index</b> CRISIL Composite Bond Fund Index	<b>Bench Mark Index</b> I-SEC LI-BEX	<b>Bench Mark Index</b> CRISIL Composite Bond Fund Index	<b>Bench Mark Index</b> CRISIL Liquid Fund Index	<b>Bench Mark Index</b> Canara Robeco Blended Index: CRISIL Short Term Bond Fund Index + Price of Gold (neutral allocation: 65:35)
The Trustees reserve the right to change the benchmark if due to a change in market conditions, a different index appears to be providing a more appropriate basis for comparison of fund performance or if the indicated benchmark ceases to exist or undergoes a substantial change that renders it an ineffective base for performance comparison and analysis.				
<b>Liquidity :</b> Being an Open-Ended Scheme, Units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of entry / exit load / CDSC, if any. The AMC reserves the right to reject further subscription/ application for units of the Scheme on an on-going basis, depending on the prevailing market conditions and to protect the interest of the Investors. Such change will be notified to the Investors by display of notice at various investor service centres of the AMC and on its website. Units can be redeemed (i.e. sold back to the Mutual Fund) on or Switched out (i.e. to another scheme of the Mutual Fund or Option(s) offered within the Scheme, if any) every Business Day, at the Applicable NAV subject to applicable Load, if any. The Units of the Scheme will not be listed on any exchange, for the present.				
<b>Transparency / NAV Disclosure :</b> The NAV will be disclosed at the close of every Business Day and released to the Press, News Agencies and the Association of Mutual Funds of India (AMFI) except in case of "Suspension of Sale or Repurchase of Units". The NAVs will also be displayed on the website of the AMC (www.canararobeco.com). The AMC may disclose details of the portfolio of the Scheme on the website of the AMC (www.canararobeco.com). As presently required by the SEBI Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in a newspaper within one month from the close of each half year (i.e. March 31 & September 30) or mailed to the Unit holders. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) and the website of the AMC (www.canararobeco.com) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI and number of such instances would be reported to SEBI on bimonthly basis. If the NAVs are not available before the commencement of the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.				
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## I. INTRODUCTION

### A. RISK FACTORS

#### **Standard Risk Factors:**

- I. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- II. As the price / value / interest rates of the securities in which the Scheme/s invests fluctuate, the value of your investment in the Scheme/s may go up or down.
- III. The past performance of the Sponsors/AMC/Mutual Fund does not guarantee future performance of the Scheme/s.
- IV. The Name of the scheme (s) do not in any manner indicate either the quality of the Scheme, its future prospects or returns.
- V. Canara Bank and Robeco Groep N. V., being the Sponsors, are not responsible or liable for any loss resulting from the operation of the Scheme/s beyond the initial contribution of Rs. 10 Lacs made by it towards setting up Canara Robeco Mutual Fund.
- VI. The present scheme (s) is not a guaranteed or assured return scheme (s).

The Mutual Fund is defending and / or has filed cases in the Special Court constituted under the Special Court (Trial of Offences relating to transactions in Securities) Act, 1992 for the claims arising out of scam related transactions. The Fund has taken necessary steps as legally advised. Please refer to the clause on Penalties & Pending Litigation mentioned on the last page of the Scheme Information Document.

#### **Scheme specific Risk Factors related to all the scheme**

**I. Price-Risk or Interest-Rate Risk:** Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rate rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

**II. Credit Risk:** In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of the security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the Scheme/s has invested in Government securities, there is no credit risk to that extent.

**III. Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

**IV. Liquidity Risk:** This refers to the ease with which a security can be sold at or near to its valuation or 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.

Different types of securities in which the Scheme/s would invest as given in the offer document carry different levels and types of risk. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern e.g. corporate bonds carry a higher amount of risk than Government securities. Further, even among corporate bonds, bonds which are AA rated are comparatively more risky than bonds which are AAA rated.

**V. Securitized Debt:** The Scheme (s) in accordance with the asset allocation may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS / MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS / MBS or the originator of the underlying receivables. The ABS / MBS holders have a limited recourse to the extent of credit enhancement provided. ABS / MBS holders will suffer credit losses in the event of the

delinquencies and credit losses in the underlying pool exceed the credit enhancement provided. As compared to the normal corporate or sovereign debt, ABS / MBS are normally exposed to a higher level of reinvestment risk. The fund intends to invest only in securitized instruments rated at least AA (SO) or its equivalent by a recognized credit rating agency. The securitized debt assets and the underlying asset classes like Housing Loans, Auto Loans and Corporate loans have the following risk factors:

#### **A. Risk associated with Mortgage Backed Securities (MBS) - Housing Loans**

**Prepayment Risk:** The Fund may receive payment of monthly payouts earlier than scheduled. Prepayments shorten the life of the instrument to an extent that cannot be fully predicted. The rate of prepayments may be influenced by a variety of economic, social and other factors.

**Credit Risk:** Delinquencies may happen which would reduce the principal amount. Typically MBS structures come with credit enhancement in variety of forms. If delinquencies are higher than the amount available in the credit enhancement facility, then the monthly payouts to the Fund would reduce. Historically, it has been observed that housing loans have lower default rates as compared to other forms of credit.

**Liquidity Risk:** Historically the secondary market volume for securitised papers has been limited. This could limit the ability of the Fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

**Conversion Risk:** Conversion of loans from fixed rates to floating rate loans and vice versa could lead to a change in the expected cash flows from the loans.

#### **B. Risk associated with Asset Backed Securities (ABS)-Auto loans**

**Prepayment Risk:** The Fund may receive payment of monthly payouts earlier than scheduled. Prepayments shorten the life of the instrument to an extent that cannot be fully predicted. The rate of prepayments may be influenced by a variety of economic, social and other factors. Prepayment in auto loans is lower than housing loans as the shorter tenor of auto loans makes it economically unattractive to prepay after considering the prepayment charges.

**Credit Risk:** Delinquencies may happen which would reduce the principal amount. Typically ABS structures come with credit enhancement in variety of forms. If delinquencies are higher than the amount available in the credit enhancement facility, then the monthly payouts to the Fund would reduce. Typically auto loans carry higher risk than MBS as the value retention of the underlying asset is higher in MBS as compared to the underlying asset of ABS.

**Liquidity Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the Fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

#### **C. Risk associated with Asset Backed Securities (ABS) - Corporate loans**

**Credit Risk:** The Fund has an exposure to the Borrower/Borrowers and servicing of the instrument depends on the credit risk of the borrower. The value of the instrument would fluctuate depending upon the changes in the perceived level of credit risk as well as any actual default.

**Prepayment Risk:** The Borrower may prepay the receivables prior to their respective due dates. This may result in a change in the yield and tenor for the Fund.

**Limited Liquidity and Price Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the Fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

#### **VI. Risk associated with investing in Derivatives**

As and when the Scheme trades in the derivatives market, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls



to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risk in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Derivatives can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Fund Manager involve uncertainty and decision of Fund Manager may not always be profitable. No assurance can be given that the Fund Manager will be able to identify or execute such strategies.

The risk associated with the use of derivatives is different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Trading in derivatives has the following risks:

- a. An exposure to derivatives in excess of the hedging requirements can lead to losses.
- b. An exposure to derivatives can also limit the profits from a genuine investment transaction.
- c. Efficiency of a derivative market depends on the development of a liquid and efficient market for underlying securities.

#### **VII. Risk associated with Securities Lending**

It may be noted that this activity would have the inherent probability of collateral value drastically falling in times of strong downward market trends, rendering the value of collateral inadequate until such time as the diminution in value is replenished by additional security. It is also possible that the borrowing party and/or the approved intermediary may suddenly suffer severe business set back and become unable to honour its commitments. This, along with a simultaneous fall in the value of collateral would render potential loss to the Scheme. Besides, there will also be temporary illiquidity of the securities that are lent out and the Scheme will not be able to sell such lent out securities until they are returned.

Securities lending may involve the risk of default on the part of the borrower. However, this is unlikely to happen if the stock lending is carried out for stocks which are in dematerialised form and through an authorised stock lending Scheme, subject to appropriate Regulations.

The Investment Manager perceives such situations to be exceptional in nature. Although the Stock Market in India is still developing, considering the good demand for listed / quoted Equity Shares of reputed companies, the Scheme may choose to meet repurchase needs through temporary borrowings, within the permissible limits.

#### **VIII. Other Risks:**

Zero coupon or Deep Discount Bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specific date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face value. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the issuer. The market rates of zero coupon securities are generally more volatile than the market price of securities that pay interest periodically and are likely to respond to changes in interest rates to a greater degree than other coupon bearing securities having similar maturities and creditworthiness.

In the event of substantial investment by the Sponsor/s, or its associates in the Scheme(s), any redemption by these entities may have an impact on the performance of the Scheme(s).

Canara Robeco Mutual Fund will not be responsible for any loss of tax benefits in the event of winding up of the Scheme(s) or for any amendments in the tax laws that may affect the tax benefits available under the Scheme(s). The tax benefits are based on the present laws and rules in force.

#### **IX Risks associated with investing in foreign securities / overseas investments / offshore securities**

- Subject to necessary approvals and within the investment objectives of the Scheme, the Scheme may invest in overseas markets which carry risks related to fluctuations in the foreign exchange rates, the nature of the securities market of the country, repatriation of capital due to exchange controls and political circumstances.
- Since the Scheme would invest only partially in foreign securities, there may not be readily available and widely accepted benchmarks to measure performance of such Scheme. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management and hedging and portfolio rebalancing and in accordance with conditions as may be stipulated under the Regulations and by RBI from time to time.
- Investment in Foreign Securities involves a currency risk. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative

#### **Related to Canara Robeco Monthly Income Plan**

**Risk associated with investing in Equities and Equity derivatives:** The Scheme provides for investing a part of its corpus in equity and equity related instruments and may engage in equity derivatives for the purpose of hedging. The risk factors that are applicable for equity and equity related instruments and derivatives shall apply to this scheme too. The value of the Scheme investments may be affected by factors affecting capital markets generally, such as price and volume volatility in the stock markets, interest rates, currency exchange rates, foreign investments, changes in government policy, political, economic or other developments and closure of the stock exchanges.

Investment made in unlisted equity or equity-related securities may only be realisable upon listing of these securities.

Trading volumes, settlement periods and transfer procedures may restrict liquidity of investments in equity and equity related securities. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The length of the settlement may affect the Scheme in the event the Scheme has to meet large number of redemption.

The Investment Manager perceives such situations to be exceptional in nature.

#### **Related to Canara Robeco Gilt (PGS)**

As in the case of any fund investing in Central & State Government Securities, the NAV of the Scheme will be sensitive to changes in interest/Bank/Prime Lending Rates. In case of an increase in any of the above rates, the market value of existing investments may fall leading to a fall in NAV.

Being dedicated Gilt Scheme, any disruption in normal functioning of the market or extreme ill-liquidity in any one of the investments may affect the ability of the fund manager. In the event of large number of repurchase requests, the time taken by the Scheme for repurchase may become significant.

#### **Related to Canara Robeco InDiGo Fund**

1. The price of Gold may fluctuate due to various reasons which are:
  - a) Global gold supplies and demand, which is influenced by factors such as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales and productions and cost levels in major gold producing countries such as South Africa, United States and Australia.
  - b) Investor's expectations with respect to the rate of inflation
  - c) Currency Exchange Rates
  - d) Interest Rates
  - e) Investment and Trading activities of Commodity funds/Hedge funds

f) Global or regional political, economic or financial events and situations

In addition there is no assurance that gold will maintain its long-term value in terms of purchasing power in the future. In the event that the price of gold declines, the value of investment in units in which the Scheme has invested will, in general, decline proportionately.

2. There may be certain circumstances that may motivate large-scale sales of gold by the issuer of Gold ETFs which could decrease the price of gold and adversely affect the value of investment in the Gold ETFs in which the Scheme has invested.
3. The gold underlying the Gold ETFs in which the Scheme has invested may be subject to loss, damage, theft, or restriction on access. There is a risk that part or all of the underlying gold of the Gold ETFs could be lost, damaged or stolen. Access to the said gold could also be restricted by natural events (such as earthquake) or human actions (such as terrorist attack). Any of these actions may adversely affect investment value of the Gold ETFs in which the Scheme has invested.
4. Impact cost risk:

Impact costs are implicit costs also which is paid by liquidity demanders to liquidity providers. Generally, the best bid and ask prices quoted in the market are for only small transactions. Larger transactions may have to be executed at even less favorable prices. The additional cost is called an impact cost. For e.g. if the ruling market price of a security is Rs.500/- one may be able to buy/sell small quantities for that price. But, if one wishes to buy/sell huge quantities he might have to pay /receive higher/lower price.

Similarly, absence of adequate liquidity of Gold ETF units may impact the cost of purchasing and selling the Gold ETF units.

5. Changes in indirect taxes like custom duties for import, sales tax, VAT or any other levies will have an impact on the valuation of gold and consequently the NAV of the units in which the Scheme has invested.

## **B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

## **C. SPECIAL CONSIDERATIONS**

The liquidity of the Scheme's investments inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemptions or of a restructuring of the Scheme's investment portfolio, there may be delays in the redemption of units. Please refer to the section on "Right to limit repurchases".

The value of the Scheme/s investments may be affected by factors affecting capital markets generally, such as price and volume volatility in the stock markets, interest rates, currency exchange rates, foreign investments, changes in government policy, political, economic or other developments and closure of the stock exchanges. The NAV of the Scheme will be sensitive to changes in Interest /Bank / Prime Lending Rates. In case of investment in Money Market Instruments and in

Central / State Govt. Securities by the Scheme, an increase in the Interest / Bank / Prime Lending Rates will impact the market value of existing investments leading to decrease in the Scheme's NAV.

Debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (Credit Risk). Debt securities may also be subject to price volatility due to such factors as interest sensitivity, market perception or creditworthiness of the issuer and general market liquidity (Market Risk). While it is the intention of the Investment Manager to invest primarily in highly rated debt securities, the Scheme may from time to time invest in higher yielding, lower rated securities but not below investment grade and also in un-rated securities subject to provisions and restrictions laid down by SEBI, which would enhance the degree of risk. Changes in Government Policy in general and changes in tax benefits applicable to mutual funds may impact the returns to investors in the Scheme. The NAV of the scheme may be affected by the changes in the general market conditions, factors and forces affecting capital market in particular, level of interest rates, various market related factors, settlement periods and transfer procedures. If a Unit Holder invests in the schemes and acquire a substantial portion of the scheme units. The repurchase of units by the Unit Holder may have an adverse impact on the units of the schemes, because the timing of such repurchase may impact the ability of other Unit holders to repurchase their units.

The tax benefits described in this SID are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor is advised to consult his/her own professional tax advisor.

The AMC, may consider the overall level of risk of the portfolio, invest in lower rated / un-rated securities, offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute risk of the portfolio.

Any disruption in the normal functioning of the Debt market or extreme illiquidity in any one of the Scheme's Securities, may affect the ability of The Fund Manager to buy or sell freely in the market. In the event of a large number of repurchase requests, the time taken by the Scheme for repurchase may become significant.

It may be noted that no prior intimation/indication would be given to investors when the composition asset allocation pattern of the Scheme undergo changes within the permitted band as mentioned in this document. In the event of substantial investment by the Sponsors and its associates in the scheme of the Mutual Fund, redemption of units by these entities may have an impact on the performance of the Scheme.

Investors should study this Scheme Information Document carefully in its entirety and should not construe the contents hereof as advice relating to legal, taxation, investment or any other matters. Investors may, if they wish, consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Units, before making a decision to invest/redeem Units. Canara Robeco Mutual Fund will not be responsible for any loss of tax benefits in the event of winding up of the Scheme or for any amendment in tax laws that may affect the tax benefits available under the Scheme. The tax benefits are based on the present laws and rules in force.

#### D. DEFINITIONS

In this Scheme Information Document (SID), the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

<b>Applicable NAV</b>	The NAV calculated for the Business Day on which Sale and Repurchase requests received by the Investment Manager or its authorized agents.
<b>Applicant</b>	Applicant means a person who applies for allotment of units of Canara Robeco in pursuance of this SID.
<b>Asset Management Company OR AMC OR Investment Manager</b>	Canara Robeco Asset Management Company Ltd. (CRAMC) incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Asset Management Company for the scheme(s) of Canara Robeco Mutual Fund.
<b>Allotment Date</b>	The date on which the units of Canara Robeco Scheme (s) are allotted to the successful applicants from time to time and includes allotment made pursuant to the New Fund Offer.
<b>Business Day</b>	<p>A day not being:</p> <ul style="list-style-type: none"><li>(1) A Saturday or Sunday; or</li><li>(2) A day on which Banks in Mumbai or the Reserve Bank of India are closed , or</li><li>(3) A day on which there is no RBI clearing/settlement of securities; or</li><li>(4) A day on which both the Stock Exchanges, Mumbai and the National Stock Exchange of India Limited are closed, whether or not the banks are open; or</li><li>(5) A day on which Purchase and Redemption of Units is suspended or a book closure period is announced by the Trustee / AMC; or</li><li>(6) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time.</li></ul> <p>Provided that the days when the banks in any location where the AMC's branch offices are located, are closed due to a local holiday, such days will be treated as non Business Days at such branches for the purposes of accepting fresh subscriptions. However, if the branch offices in such locations are open on such local holidays, then redemption and switch requests will be accepted at those branches, provided it is a Business Day for the Scheme on an overall basis.</p> <p>Notwithstanding the above, the AMC reserves the right to change the definition of Business Day and to declare any day as a Business Day or otherwise at any or all branch offices.</p>
<b>Canara Bank</b>	Canara Bank, a body corporate constituted under the provisions of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 and having its Head Office at 112, J. C. Road, Bangalore, 560002.
<b>CBLO</b>	Collateralized Borrowing and Lending Obligations is a Money Market Instrument, approved by RBI (developed by Clearing Corporation of India Ltd). CBLO is a discounted

	instrument issued in an electronic book entry form for maturity ranging from one day to one year.
<b>Combined Scheme Information Document or Scheme Information Document</b>	This document issued by Canara Robeco Mutual Fund, offering for subscription of units of eight unlinked debt oriented schemes (including Plans and options there under) viz; Canara Robeco Liquid, Canara Robeco Treasury Advantage Fund, Canara Robeco Floating Rate, Canara Robeco Dynamic Bond Fund, Canara Robeco Short Term Fund, Canara Robeco Gilt PGS, Canara Robeco Income, Canara Robeco Monthly Income Plan and Canara Robeco InDiGo Fund.
<b>Custodian</b>	The custodian to Canara Robeco Scheme (s) appointed from time to time.
<b>Derivative</b>	Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities.
<b>Depository</b>	Depository as defined in the Depositories Act, 1996 (22 of 1996).
<b>Dividend</b>	Income distributed by the Mutual Fund on the Units.
<b>Entry Load or Sales Load</b>	Load on Sale / Switch in of Units.
<b>Exit Load or Redemption Load</b>	Load on Redemption / Switch out of Units.
<b>Foreign Institutional Investors</b>	Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
<b>Fund</b>	Canara Robeco Mutual Fund
<b>Money Market Instruments</b>	includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.
<b>MIBOR</b>	Mumbai Inter-bank Offered Rate
<b>NAV</b>	The term Net Asset Value (NAV) appearing in this SID means the Net Asset Value per unit of the respective scheme.
<b>NRI</b>	A Non-Resident Indian or a person of Indian origin residing outside India.
<b>Gilt/Govt. Securities</b>	Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in Section 2(2) of the Public Debt Act, 1944, as amended or re-enacted from time to time.

<b>Gold ETF</b>	Gold Exchange Traded Fund refers to schemes having Gold as underlying whose units are listed on an exchange and can be bought / sold at prices which may be close to NAV of the scheme.
<b>Interest Rate Risk</b>	Uncertainty of future market values and of the size future Liquid caused by fluctuations in the general level of interest rates.
<b>Investor Service Centres" or "ISCs</b>	Designated Branches or Offices of Canara Robeco Asset Management Company Limited or such other centres / offices as may be designated by the AMC from time to time.
<b>Person</b>	The word "person" shall include a body corporate, group of individuals, trusts and other association of persons whether incorporated or not.
<b>RBI</b>	Reserve Bank of India, established under the Reserve Bank of India Act 1934, as amended from time to time.
<b>Registrar and Transfer Agent</b>	Karvy Computershare Private Limited (Karvy), currently acting as registrar to the Scheme, or any other registrar appointed by the AMC from time to time
<b>Repo</b>	Sale of Govt. Securities with simultaneous agreement to repurchase them at a later date.
<b>Reverse Repo</b>	Purchase of Govt. Securities with a simultaneous agreement to sell them at a later date.
<b>Robeco Groep N. V.</b>	Robeco Groep N.V. (Robeco) is wholly owned by Rabobank Nederland and is one of the Sponsors of the Fund.
<b>Statement of Additional Information or "SAI"</b>	The document issued by Canara Robeco Mutual Fund containing details of Canara Robeco Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.
<b>Settler</b>	Canara Bank
<b>Sponsors</b>	The Sponsors of the Fund, namely Canara Bank and Robeco Groep N. V.
<b>Statement of Account</b>	A non-transferable statement indicating the number of units held by the investor on a particular date.
<b>Switch</b>	Simultaneous applications by a unit holder for repurchase / redemption of units held by him under one of the Schemes (or a plan under the same Scheme) of Canara Robeco Mutual Fund with authorisation to the Investment Manager to apply the repurchase/redemption proceeds, for the purchase of fresh/additional units of another Scheme (or under another plan of the Scheme of which he is a unit holder) of Canara Robeco Mutual Fund, which is open for subscription at the time when the applications are made.

<b>Stock Exchange</b>	Stock Exchange means a Stock Exchange which is for the time being, recognised under the Securities Contracts (Regulation) Act, 1956 (42 of 1956).
<b>SEBI</b>	Securities & Exchange Board of India established under the Securities and Exchange Board of India Act, 1992, as amended from time to time.
<b>The Scheme</b>	Scheme means Canara Robeco Canara Robeco Liquid (CRLQD), Canara Robeco Treasury Advantage Fund (CRTAF), Canara Robeco Floating Rate (CRFRF), Canara Robeco Dynamic Bond Fund (CRDBF), Canara Robeco Short Term Fund (CRSTF), Canara Robeco Gilt PGS (CRPGS), Canara Robeco Income (CRINC), Canara Robeco Monthly Income Plan (CRMIP) and Canara Robeco InDiGo Fund (CRINDG).
<b>Trustees</b>	Trustees mean Canara Bank and other Trustees appointed from time to time and include a Trustee Company, if incorporated.
<b>Trust Deed</b>	Principal Trust Deed (Amended & Restated) dated 26 <sup>th</sup> September 2007.
<b>The Regulations</b>	Securities & Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.
<b>Unit Capital</b>	The aggregate face value of the units issued and outstanding (including fractional units) under Canara Robeco Scheme (s)
<b>Unit</b>	One undivided share of a unit holder in the assets of Canara Robeco Scheme (s).
<b>Unit holder</b>	A person holding units of Canara Robeco Scheme (s) and includes a person who has opted to switch over his investment(s), wholly or partially, from another Scheme or Schemes of the Canara Robeco Mutual Fund to any of the debt oriented schemes mentioned in this Offer Document.

*Interpretation:*

*For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:*

- *The terms defined in this Scheme Information document include the plural as well as the singular.*
- *Pronouns having a masculine or feminine gender shall be deemed to include the other.*

*The expressions not defined here shall carry the same meaning, assigned to them in the Scheme Information document.*



#### **D. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

- a) This Combined Scheme Information Document (SID) has been prepared in terms of SEBI Circular SEBI/IMD/CIR No. 5/126096/ 08 dated May 23, 2008 and is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time. All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- b) The disclosures made in the Combined Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.
- c) The intermediaries named in the Combined Scheme Information Document and Statement of Additional Information are registered with SEBI and till date such registration is valid, as on date.
- d) The contents of the SID including figures, data, yields, etc. have been checked and are factually correct.

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Date: 08<sup>th</sup> June, 2011  
Place: Mumbai

Signature: Sd/-  
Name: Jignesh Modi  
Compliance Officer  
Canara Robeco Asset Management Company Ltd.  
(Investment Manager for Canara Robeco Mutual Fund)

## II. INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME

Name of the Scheme	Type of the Scheme
Canara Robeco Liquid	Open Ended Cash Management Scheme.
Canara Robeco Treasury Advantage Fund	Open Ended Debt Scheme
Canara Robeco Floating Rate	Open Ended Debt Scheme
Canara Robeco Dynamic Bond Fund	Open Ended Debt Scheme
Canara Robeco Short Term Fund	Open Ended Debt Scheme
Canara Robeco Gilt PGS (Provident Fund, Gratuity & Superannuation Fund)	Open Ended dedicated Gilt Scheme
Canara Robeco Income	Open Ended Debt Scheme
Canara Robeco Monthly Income Plan	Open Ended Debt Scheme
Canara Robeco InDiGo Fund	Open Ended Debt Scheme

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

#### **Canara Robeco Liquid**

The scheme has been formulated with the objective of enhancement of income, while maintaining a level of high liquidity, through investment in a mix of Money Market Instruments & Debt Securities. However, there can be no assurance that the investment objective of the Scheme will be realized.

#### **Canara Robeco Treasury Advantage Fund**

To generate income / capital appreciation through a low risk strategy by investment in Debt securities and Money Market Instruments. However there can be no assurance that the investment objective of the scheme will be realized.

#### **Canara Robeco Floating Rate**

The scheme seeks to generate income by investing in a portfolio comprising of short term debt instruments and money market instruments with weighted average portfolio duration of equal to or less than 1 year. However, there can be no assurance that the investment objective of the Scheme will be realized.

#### **Canara Robeco Dynamic Bond Fund**

The objective of the Fund is to seek to generate income from a portfolio of debt and money market securities. However, there is no assurance that the objective of the Fund will be realised and the Fund does not assure or guarantee any returns.

**Canara Robeco Short Term Fund**

The objective of the Fund is to generate income from a portfolio of portfolio constituted of short term to medium term debt and money market securities. However, there can be no assurance that the investment objective of the Scheme will be realized.

**Canara Robeco Gilt PGS**

To provide risk free return (except interest rate risk) while maintaining stability of capital and liquidity. Being a dedicated Gilt Scheme, the funds will be invested in securities as defined under Sec. 2 (2) of Public Debt Act, 1944. However, there can be no assurance that the investment objective of the Scheme will be realized.

**Canara Robeco Income**

To generate income through investment in Debt and Money Market securities of different maturity and issuers of different risk profiles. However there can be no assurance that the investment objective of the Scheme will be realized.

**Canara Robeco Monthly Income Plan**

To generate income by investing in a wide range of Debt Securities and Money Market instruments of various maturities and small portion in equities and Equity Related Instruments. However there can be no assurance that the investment objective of the Scheme will be realized.

**Canara Robeco InDiGo (INcome from Debt Instruments & GOld) Fund**

To generate income from a portfolio constituted of debt & money market securities along with investments in Gold ETFs. However, there can be no assurance that the investment objective of the Scheme will be achieved.

**C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?****Canara Robeco Liquid**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Money Market Instruments / call money	65	100	Low
Debt (including securitized debt)	0	35	Medium

Investment /purchase shall be made in debt and money market securities with maturity up to 91 days only fulfilling following conditions as per SEBI circular dated 19<sup>th</sup> January, 2009:

- In case of securities where the principal is to be repaid in a single payout the maturity of the securities shall mean residual maturity.  
In case the principal is to be repaid in more than one payout then the maturity of the securities shall be calculated on the basis of weighted average maturity of security.
- In case of securities with put and call options (daily or otherwise) the residual maturity of the securities shall not be greater 91 day.

- c. In case the maturity of the security falls on a non-business day then settlement of securities to take place on the next business day.

Investment by Scheme in Securitised debt is limited to domestic securitized debt and shall not exceed 20% of the net assets as on the date of such investments.

Gross Notional Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.

#### **Canara Robeco Treasury Advantage Fund**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
MMI / Call / Debt Instruments with residual average maturity of equal or less than one year	20	100	Low to Medium
Debt Instruments with residual average Maturity of more than one year (Including Securitised Debt)	0	80	Low to Medium

Investment by the Scheme in securitized debt is limited to domestic securitized debt and shall not exceed 15% the net assets at the time of investment.

Gross Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.

Investment by the Scheme in Derivative Instruments (Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA) shall not exceed 30% of the net assets of the Scheme as on the date of such investments.

#### **Canara Robeco Floating Rate**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Indian Money Market Instruments	70	100	Low to Medium
Indian Debt Securities	0	30	Low to Medium

Exposure by the Fund in Securitised Debt shall not exceed 25% of the Net Assets of Scheme at the time of investment.

Gross Notional Exposure by the Fund in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme at the time of investment.

Total of investments in debt securities (including securitized debt), money market instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the Scheme.

#### **Canara Robeco Dynamic Bond Fund**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Government of India & Corporate Debt Securities (including Securitised Debt)*	0	70	Low to Medium
Money Market Instruments	30	100	Low

*\* Excluding Debt/GOI Securities with initial maturity of less than one year and Treasury bills.*

Exposure by the Scheme in Securitised Debt shall not exceed 50% of the Net Assets of Scheme at the time of investment.

Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme at the time of investment.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March each relevant year of the investment.

#### **Canara Robeco Short Term Fund**

The Asset Allocation pattern of the Fund under normal circumstances would be as under:

Instruments	Allocation		Risk Profile
	Minimum	Maximum	High/Medium/Low
Money Market Instruments	60%	100%	Medium to low
Government of India & Debt Securities (including Securitised Debt)	0%	40%	Low

Securities lending done by the Fund shall not exceed 15% of the net assets of the Fund as on the date of such lending and the maximum limit per intermediary shall not exceed 5% of the net assets of the Fund.

Exposure by the Fund in Securitised Debt shall not exceed 30% of the Net Assets of Scheme at the time of investment.

Gross Notional Exposure by the Fund in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme at the time of investment.

Pending deployment of the funds in securities pursuant to the investment objectives of the Fund, such funds may be invested in short term deposits of scheduled commercial banks or in CBLO as permitted under the Regulations.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March each relevant year of the investment

#### **Canara Robeco Gilt PGS**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Govt.Securities / MMI/Call Money	0	100	Low

Gross Notional Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes

#### **Canara Robeco Income**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Debt (Including Securitised Debt)	50	100	Medium
Money Market Instruments / Call Money	0	50	Low

Investment by Scheme in Securitised debt is limited to domestic securitized debt and shall not exceed 20% of the net assets as on the date of such investments.

Gross Notional Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March each relevant year of the investment

#### **Canara Robeco Monthly Income Plan**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low

Equity & Equity Related	10	25	High
Debt (Including Securitised Debt) with MMI	75	90	Medium

Investment by Scheme in Securitised debt is limited to domestic securitized debt and shall not exceed 20% of the net assets as on the date of such investments.

Gross Notional Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.

.Investment by the Schemes in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March each relevant year of the investment.

#### **Canara Robeco InDiGo Fund**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Indian Debt and Money Market Instruments	65	90	Low to Medium
Gold ETFs	10	35	Low to Medium

Exposure by the Scheme in Securitised Debt shall not exceed 25% of the net assets of the Scheme at the time of investment.

Gross notional exposure by the Scheme in fixed income derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Scheme at the time of investment.

Total of investments in debt securities (including securitized debt), money market instruments, Gold ETFs and gross notional exposure in derivatives shall not exceed 100% of the net assets of the Scheme

#### **Asset Allocation – Applicable to all Schemes**

Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.

**Portfolio Rebalancing (all scheme except Canara Robeco Indigo Fund)**

The scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.

**Portfolio Rebalancing (for Canara Robeco Indigo Fund)**

The scheme shall rebalance the portfolio within 30 days. However, the scheme will endeavour to complete the rebalancing within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.

**Exposure Limits in Derivatives & Securitised debt**

The Scheme wise limits are as follows:

<b>Name of the Scheme</b>	<b>Gross Notional Exposure by the Scheme (s) in Derivative Instruments for the purpose of hedging and portfolio rebalancing</b>	<b>Investment in Securitised Debt</b>
Canara Robeco Liquid	Maximum upto 30% of the net assets	Maximum upto 20% of the net assets
Canara Robeco Treasury Advantage Fund	Maximum upto 30% of the net assets	Maximum upto 15% of the net assets
Canara Robeco Floating Rate	Maximum upto 30% of the net assets	Maximum upto 25% of the net assets
Canara Robeco Dynamic Bond Fund	Maximum upto 30% of the net assets	Maximum upto 50% of the net assets
Canara Robeco Short Term Fund	Maximum upto 30% of the net assets	Maximum upto 30% of the net assets
Canara Robeco Gilt PGS	Maximum upto 30% of the net assets	No Investments would be made in Securitised debt Instruments
Canara Robeco Income	Maximum upto 30% of the net assets	Maximum upto 20% of the net assets
Canara Robeco Monthly Income Plan	Maximum upto 30% of the net assets	Maximum upto 20% of the net assets
Canara Robeco InDiGo Fund	Maximum upto 30% of the net assets	Maximum upto 25% of the net assets



#### **Exposure to Derivatives:**

**Applicable to Canara Robeco Liquid, Canara Robeco Treasury Advantage Fund, Canara Robeco Floating Rate, Canara Robeco Monthly Income Plan, Canara Robeco Gilt PGS and Canara Robeco Income Fund**

The Schemes shall follow exposure limits on Derivatives as per the limits permitted under the Regulations and shall be within the limits prescribed by the Board of Trustees, as provided above.

**Applicable to Canara Robeco Short Term Fund, Canara Robeco Dynamic Bond Fund, Canara Robeco InDiGo Fund**

The Schemes shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DPND/Cir – 29/2005 dated 14<sup>th</sup> Sept. 2005 and shall be within the limits prescribed by the Board of Trustees, as provided above. SEBI vide its circular no. DNP/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.

#### **D. Where will the scheme invest?**

Subject to the Regulations and the circular dated 19<sup>th</sup> Jan, 2009, the corpus of the Scheme (s) may be invested in all or any one of (but not exclusively) the following securities in accordance with the asset allocation pattern of the scheme:

**Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt, Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Securitised Debt, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted having an original/residual maturity upto 91 days for Canara Robeco Liquid and 365 days for other debt oriented scheme (s).

**Money Market Instruments** - include Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an un-expired maturity up to one year, Call or Notice Money, (Call and Notice Money Market refers to the market for short term funds including overnight funds. Under call money market, funds are transacted on overnight basis and under notice money market, funds are transacted for the period between 2 days and 14 days) Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India / SEBI, from time to time. The Scheme proposes to invest in Collateralised Borrowing Lending Obligation (CBLO a discounted money market instrument available in electronic book entry form for the maturity period ranging from one day to ninety Days), Repos Treasury Bills, MIBOR Instruments, CPs, CDs and Govt. Securities having un-expired maturity up to one year. These securities may be listed or unlisted.

**Securitized Debt** - Securitised Debt is a financial instrument (bond) whose interest and principal payments are backed by an underlying cash flow from another asset. Asset Securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (promissory notes, participation certificates or other

debt instruments) also referred to as “Securitized Debt” to the investors evidencing the beneficial ownership of the investors in the receivables.

Investment in “Securitized Debt” includes investment in Asset Backed Receivables and Future Flow Receivables. Such Securitized Debts are asset classes like, personal vehicle receivables, commercial vehicle receivables, mortgage backed receivables i.e housing finance receivables, lease receivables and corporate/consumer loan receivables.

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable.

The AMC may from time to time for a short term period under exceptional circumstances on defensive consideration modify / alter the investment pattern / asset allocation the intent being to protect the Net Asset Value of the Scheme & the interests of Unit Holders without seeking consent of the Unit Holders.

#### **Government Securities (Applicable to Canara Robeco Gilt PGs)**

The funds raised under the Scheme shall be invested only in Govt. Securities defined in Section 2(2) of the Public Debt Act, 1944.

The Scheme envisages investments in Government securities of various dates of maturity. A portion of the funds may also be invested in Treasury Bills and Call Money Market. The objective is to enhance the return by choosing appropriate maturity structure. The objective of the Scheme is to generate risk-free return through investments in sovereign securities issued by the Central Government and/or a State Government, and/or reverse repos and in such other securities as and when permitted by RBI / SEBI.

The Scheme will seek to underwrite issuance of Government Securities if any and to the extent permitted by SEBI/RBI and subject to the prevailing rules and regulations specified in this respect and may also participate in their auction from time to time.

#### **Gold ETFs (Applicable to Canara Robeco INDiGo Fund)**

Gold has been generally considered as a safe haven during times of economic upheavals and volatile equity markets. Since gold is traded internationally in London is typically denominated in US dollars, any negative news about the US economy like the recent apprehensions of the US economy getting into a recession, adversely impacts the value of US Dollar against other currencies of the world. This acts as one of the main factors on the rise in gold Prices, as was observed recently, as investors, especially those in US, generally seek to invest in gold and Gold ETFs to protect their financial risk in other Asset classes like equity etc.

The Scheme may invest in Gold ETFs after conducting thorough analysis of the fundamental factors determining demand and supply of gold. Investment in Gold ETFs will be guided by pre-set risk management limits and controls for ETF Investments.

The AMC may from time to time for a short term period under exceptional circumstances on defensive consideration modify / alter the investment pattern / asset allocation the intent being to protect the Net Asset Value of the Scheme & the interests of unit holders without seeking consent of the unit holders.

#### **Canara Robeco Monthly Income Plan**

Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities:

- Equity and equity related instruments including preference shares, convertible bonds and debentures and warrants carrying the right to obtain equity shares.

- Foreign Securities in the countries with fully convertible currencies, short term instruments with highest rating (Foreign Currency Credit Rating) by accredited / registered credit rating agencies, such as A-1/AAA by Standard and Poor, P-1/AAA by Moody's, F1/AAA by Fitch IBCA, etc.
- Securities created and issued by the Central and State Governments and/or repos/reverse repos/in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- Money Market Instruments - include Commercial Papers, Commercial Bills, Treasury Bills, and Government Securities having an un-expired maturity up to one year, Call or Notice Money, Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India / SEBI, from time to time.
- Certificate of Deposit (CDs);
- Commercial Paper (CPs);
- ADR/GDR
- Derivative instruments like Forward Rate Agreements and such other derivative instruments permitted by SEBI/RBI
- Any other like instrument/s as permitted by SEBI/RBI from time to time

#### **E. WHAT ARE THE INVESTMENT STRATEGIES?**

##### **Canara Robeco Liquid**

The funds will be invested in Debt & Money Market Instruments (with un-expired maturity less than 91 days) offering reasonable liquidity and returns, with risk perceived by the Investment Manager and a portion of the funds will also be invested in rated and un-rated corporate bonds and debentures.

As per the guidelines of RBI, Mutual Funds have currently ceased to access the call money market. The Schemes therefore proposes to avail facility of reverse repos / CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption / repurchase requirements.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government iii) supported by the Government of India / State Government in any other manner.

<b>Instruments</b>	<b>Credit risk</b>
Call Money Lending	Low
MIBOR	Low
Central Govt. Securities	Sovereign
State Govt. Securities	Sovereign
Treasury Bills	Sovereign
Trade Bills Rediscounting	Low
Commercial Papers	Low to Medium
Certificate of Deposits	Low
Bonds of PSUs & FIs	Low
Rated Corporate Debentures / Securitised Debt	Low to Medium

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI / RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time.

There can be no assurance that the investment objective of the Scheme will be realized. It is, however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills under this Scheme.

#### **Canara Robeco Treasury Advantage Fund**

##### **Investment Focus and strategy:**

The focus of the Scheme is to achieve the investment objective through investments in combination of debt and money market instruments having varied yield and maturity profile. The Scheme is positioned as an intervening investment avenue between long-term debt scheme and short term liquid scheme.

Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular security or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time.

The fund will be invested in debt and money market securities of different maturity and risk profiles. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of under-performance arising out of unexpected security-specific factors. Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government, iii) supported by the Government of India / State Government in any other manner.

<b>Instruments</b>	<b>Credit Risk</b>
Call Money Lending	Low
MIBOR	Low
Central Govt. Securities	Sovereign
State Govt. Securities	- do -
Treasury Bills	- do -
Trade Bills Rediscounting	Low
Commercial Papers	Low to Medium
Certificate of Deposits	Low
Bonds of PSUs & FIs	- do
Rated Corporate Debentures / Securitized Debt	Low to Medium

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI/RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time.

In addition, the Investment Manager will study the macro economic conditions, including political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

There can be assurance that the investment objective of the Scheme will be realised. It is however, emphasised that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills, under this Scheme.

**Investment Pattern and changes:**

The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances:

1. During extreme volatility / ill-liquidity in the capital market/securities market.
2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security.
3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch.
4. During the time the Scheme receives bulk repurchase and/or bulk investment.

A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as the normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis.

**Investment Pattern:**

The corpus of the Scheme will be invested in quality debt and money market instruments. Subject to the Regulations, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities.

- Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds and treasury bills)
- Debt obligations of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee.
- Corporate debt and securities (of both public and private sector undertakings) including bonds, debentures, notes, strips etc.
- Money Market Instruments permitted by SEBI/RBI.
- Certificate of Deposits (CDs)
- Commercial Papers (CPs)
- Securitised Debt
- The non-convertible part of convertible securities.
- Any other domestic fixed income securities including structured obligations.
- Any international fixed income securities.
- Pass through, pay through or other participation certificates representing interest in a pool of assets including receivables.
- Any other like instruments as may be permitted by RBI/SEBI/such other Regulatory Authority from time to time.

The securities mentioned above and such other securities the scheme is permitted to invest could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity.

Canara Robeco Treasury Advantage Fund will seek to invest in high quality debt and money market instruments. The fund aims to identify securities which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous in depth credit evaluation of the securities proposed to be invested which will be carried out by the investment team of the AMC. Rated Debt instruments in which the scheme invests will be investment grade as rated by a credit rating agency. The AMC will be guided by the rating of Rating Agencies such as CRISIL, CARE, ICRFA and Duff and Phelps Credit Rating India Limited or any other rating agencies that may be registered with SEBI from time to time.

In case a debt instrument is not rated, necessary clearance of the Committee/Board as per the requirements of Regulations, Guidelines, Circulars will be obtained for such an investment. The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unit holders' interest.

### **Canara Robeco Floating Rate**

#### **Investment Focus and strategy:**

The fund manager will take an active view of the interest rate movement by keeping a close watch on various macroeconomic parameters of the Indian economy as well as developments in global markets. Investment views /decisions will be taken on the basis of the various factors like, prevailing interest rate scenario, Government's borrowing program, level of liquidity in the banking system, inflation levels and overall macro economic growth of the country.

As far as possible, the portfolio will be adequately diversified to reduce the risk of under-performance arising out of unexpected security-specific factors. Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government, iii) supported by the Government of India / State Government in any other manner.

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI/RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time. In addition, the Investment Manager will study the macro economic conditions, including political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. There can be assurance that the investment objective of the Scheme will be realised. It is however, emphasised that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills, under this Scheme.

#### **Investment Pattern and changes**

Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unitholders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.

### **Canara Robeco Dynamic Bond Fund**

#### **Investment Focus and strategy:**

Canara Robeco Dynamic Bond Fund is an open ended debt fund having a primary objective to seek to generate income from a portfolio of debt and money market securities. The Fund will invest in debt securities in order to generate consistent superior risk adjusted returns as per the investment objectives of the fund. The Fund may

invest a portion of the portfolio in Money Market Instruments and the remaining investment will be made in securities of varying maturity. The asset allocation for the Fund shall depend on prevailing market conditions. When the market outlook is bullish, the fund manager would increase the exposure to debt instrument with maturity over one year and likewise when the outlook is bearish, the exposure to such long dated securities will be reduced. The Fund shall take into account the following parameters while decisions for investments are taken:

Liquidity of securities, Rating, Maturity profile, Company's growth prospects, Quality of the security, and prevailing interest rate scenario. The Fund will also take into account risk management tools like modified duration, VAR and convexity for efficient management of the Fund investments.

The Fund may also use various derivatives and hedging products from time to time as would be available and permitted by SEBI in an attempt to protect the value of the portfolio and enhance Unit Holder's interest. The Fund may invest in other debt/income/fixed maturity/interval schemes managed by the AMC or such schemes managed by any other Mutual Funds, provided it is in conformity to the investment objectives of the Fund and in terms of the prevailing Regulations. The Investment Manager will monitor the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors.

#### **Investment Pattern and changes:**

The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances:

1. During extreme volatility / ill-liquidity in the capital market/securities market.
2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security.
3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch.
4. During the time the Scheme receives bulk repurchase and/or bulk investment.

A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as the normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis.

#### **Canara Robeco Short Term Fund**

##### **Investment Focus and strategy:**

Canara Robeco Short Term Fund is an open ended debt fund with an objective to seek to generate income from a portfolio constituted of short to medium term debt and money market securities.

The characteristics of this product are similar to that of a debt fund. Canara Robeco Mutual Fund offers Canara Robeco Liquid Fund for investing short term surpluses and Canara Robeco Income Fund for long term investments. Taking into consideration the investment profile, this fund is aimed to be positioned between the liquid fund and the income fund.

The Fund will invest in debt securities in order to generate consistent superior risk adjusted returns as per the investment objectives and aims to maintain a modified duration not exceeding two years under normal circumstances.

The Fund may invest a portion of the portfolio in Money Market Instruments and the remaining investment will be made in securities of varying maturity. The asset allocation for the Fund shall depend on prevailing market conditions.

The Fund shall take into account the following parameters while decisions for investments are taken:

Liquidity of securities, Rating, Maturity profile, Company's growth prospects, Quality of the security, and prevailing interest rate scenario. The Fund will also take into account risk management tools like modified duration, VAR and convexity for efficient management of the Fund investments.

The Fund may also use various derivatives and hedging products from time to time as would be available and permitted by SEBI in an attempt to protect the value of the portfolio and enhance Unit Holder's interest.

The Fund may invest in other debt/income/fixed maturity/interval schemes managed by the AMC or such schemes managed by any other Mutual Funds, provided it is in conformity to the investment objectives of the Fund and in terms of the prevailing Regulations.

The Investment Manager will monitor the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors.

**Investment Pattern and changes:**

The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances:

1. During extreme volatility / ill-liquidity in the capital market/securities market.
2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security.
3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch.
4. During the time the Fund receives bulk repurchase and/or bulk investment.

A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis.

**Canara Robeco Gilt PGS**

**Investment Focus and strategy:**

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors.



The funds will be invested only in Government Securities of different maturities. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of under-performance, arising out of unexpected security-specific factors.

The Scheme being open ended, some portion of the portfolio will be invested in short term government securities so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are reasonably liquid and of varying maturity.

The investment pattern of the Scheme is indicative and may be changed by the Fund Manager for defensive considerations. The funds raised under the Scheme shall be invested only in Govt. Securities defined in Section 2(2) of the Public Debt Act, 1944.

### **Canara Robeco Income**

#### **Investment Focus and strategy:**

The funds will be invested in debt and money market securities of different maturities and risk profiles offering reasonable liquidity and returns, with risk perceived by the Investment Manager and a portion of the funds will also be invested in rated and un-rated corporate bonds and debentures.

As per the guidelines of RBI, Mutual Funds have currently ceased to access the call money market. The Schemes therefore proposes to avail facility of reverse repos / CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption / repurchase requirements.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government iii) supported by the Government of India / State Government in any other manner.

<b>Instruments</b>	<b>Credit risk</b>
Call Money Lending	Low
MIBOR	Low
Central Govt. Securities	Sovereign
State Govt. Securities	Sovereign
Treasury Bills	Sovereign
Trade Bills Rediscounting	Low
Commercial Papers	Low to Medium
Certificate of Deposits	Low
Bonds of PSUs & FIs	Low
Rated Corporate Debentures / Securitised Debt	Low to Medium

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI / RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time.

There can be no assurance that the investment objective of the Scheme will be realized. It is, however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills under this Scheme.

The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Schemes may be affected, if the securities invested in are rendered illiquid after investment.

The Investment Manager targets to identify securities which offer optimum level of yield at lower level of risks. Rated debt instruments in which the Scheme invests will be of investment grade as rated by the credit rating agency. The Investment Manager will be guided by the ratings of Rating Agencies such as CRISIL, CARE, ICRA or any other agency approved by SEBI for this purpose. The Investment Manager may also invest in un-rated securities subject to the provisions and restrictions laid down by SEBI.

In addition, the Investment Manager will monitor the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

The Scheme, in order to achieve the objectives, will carefully select the debt securities of various maturities and risk profile. Such as Central / State Govt. Securities, Bonds of PSU / FIs, Corporate Debt of both public and private sector undertakings, Certificate of Deposits, Commercial Papers and such other instruments. The securities mentioned above could be listed or un-listed, secured or unsecured, rated or un-rated of varying maturity. The securities may be acquired through IPO, secondary market operations, private placements, rights offer or negotiated deals.

#### **Investment Pattern and changes:**

Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unitholders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.

#### **Canara Robeco Monthly Income Plan**

##### **Investment Focus and strategy:**

The funds will be invested in debt and money market securities of different maturities and risk profiles. However, in the case of Canara Robeco Monthly Income Plan. The funds will be invested in Money Market Instruments (with un-expired maturity less than one year) offering reasonable liquidity and returns, with risk perceived by the Investment Manager and a portion of the funds will also be invested in rated and un-rated corporate bonds and debentures.

As per the guidelines of RBI, Mutual Funds have currently ceased to access the call money market. The Schemes therefore proposes to avail facility of reverse repos / CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption / repurchase requirements.

Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government iii) supported by the Government of India / State Government in any other manner.

<b>Instruments</b>	<b>Credit risk</b>
Call Money Lending	Low
MIBOR	Low
Central Govt. Securities	Sovereign
State Govt. Securities	Sovereign
Treasury Bills	Sovereign
Trade Bills Rediscounting	Low
Commercial Papers	Low to Medium
Certificate of Deposits	Low
Bonds of PSUs & FIs	Low
Rated Corporate Debentures / Securitised Debt	Low to Medium

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI / RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time.

There can be no assurance that the investment objective of the Scheme will be realized. It is, however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills under this Scheme.

The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Schemes may be affected, if the securities invested in are rendered illiquid after investment.

The Investment Manager targets to identify securities which offer optimum level of yield at lower level of risks. Rated debt instruments in which the Scheme invests will be of investment grade as rated by the credit rating agency. The Investment Manager will be guided by the ratings of Rating Agencies such as CRISIL, CARE, ICRA or any other agency approved by SEBI for this purpose. The Investment Manager may also invest in un-rated securities subject to the provisions and restrictions laid down by SEBI.

In addition, the Investment Manager will monitor the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

The Scheme, in order to achieve the objectives, will carefully select the debt securities of various maturities and risk profile. Such as Central / State Govt. Securities, Bonds of PSU / FIs, Corporate Debt of both public and private sector undertakings, Certificate of Deposits, Commercial Papers and such other instruments. The securities mentioned above could be listed or un-listed, secured or unsecured, rated or un-rated of varying maturity. The securities may be acquired through IPO, secondary market operations, private placements, rights offer or negotiated deals.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme will also invest in equity and equity related instruments including overseas equity markets such as ADRs / GDRs.

#### **Canara Robeco InDiGo Fund**

##### **Investment Focus and strategy:**

The Fund Manager would take cues from seasonal patterns of gold, global & domestic macroeconomic events and Government policy & Central Bank actions and decide on the asset allocation between gold & fixed income. The allocations will be within the limits defined in the asset allocation table for each asset class. The Fund

Manager will then create a portfolio of fixed income securities and Gold ETFs after adhering to stringent credit quality and sector limitations. The portfolio will be constructed in a way in which a high level of liquidity is maintained in the portfolio thereby focusing on short to medium term securities, which would also help the fund manager to generate income.

Gold can be a partial hedge against inflation. Gold has seen a favorable development over the years in difficult times for the global economy especially in times of economic turmoil. Instead of providing enhanced yield at the cost of additional duration risk (G-Sec trading) or credit risk (corporate bond exposures), the yields of a low duration fixed income portfolio can be enhanced by investing a limited allocation into gold. With a flexible allocation between fixed income and gold, the Scheme can effectively capture the seasonal patterns in gold and fixed income.

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI/RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time. In addition, the Investment Manager will study the macro economic conditions, including political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. There can be no assurance that the investment objective of the Scheme will be realised. It is however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills, under the Scheme.

**Risk Control Mechanism: (For scheme (s) other than Canara Robeco InDiGo Fund**

Since investing requires disciplined risk management, in order to protect the interests of investors, the AMC would incorporate adequate safeguards for controlling risks in the portfolio. As a prudent measure, the AMC has broad internal investment norms and investments made through the scheme would be in accordance with the investment objectives of the schemes and provisions of SEBI Regulations. Where required, scheme specific guidelines are also in place.

***Debt Securities***

Concentration of risk is mitigated by defining issuer limits. Rigorous in-depth credit evaluation of the issuers will be conducted by the investment team before making investments. As part of credit evaluation, a study on the operating environment, past track record as well as future prospects of the issuer, short as well as long term financial health of the issuer will be carried out. The AMC will be guided by the ratings of accredited agencies such as CRISIL, CARE, ICRA etc. as well as the internal norms for credit exposure

***Equity and Equity Related Instruments (Applicable to Canara Robeco Monthly Income Plan)***

Investments made by the schemes would be in accordance with the investment objectives of the schemes and provisions of SEBI Regulations. Since investing required disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, the investment team of the AMC will carry out rigorous in-depth analysis of the securities proposed to be invested in.

***Securitised Debt***

As a risk control measure, the Scheme shall make investment in such Securitised Debts which have a minimum rating of P1+ and/or such other equivalent rating for short term papers or AAA and/or such other equivalent rating for long term papers which suits the risk profile of the Scheme.

The ratings AAA or its equivalent, P1+ or its equivalent assigned to instruments reflects highest degree of safety with regard to timely payment of financial obligations and the + sign reflects comparatively better standing within the category. Investments in these instruments with the highest ratings suit the risk profile of the Scheme

relating to Debt and Money Market Instruments, the same being “Low to Medium”. The investment shall be in those securitized debt instruments which mature on or before the maturity date of the Scheme and the Scheme shall not invest in any Pool of Assets.

**Policy relating to Originator(s)** – The Scheme shall invest in those Securitised Debt, whose Originator is a Corporate Entity, being a Bank or an NBFC. The Scheme shall invest in the instruments subject to necessary investment limits mentioned under SEBI regulations. Risk may be mitigated by seeking additional credit support (credit enhancement) in order that the instrument(s) may receive the desired level of credit rating. Further, prior to investing in Securitised Debt, it would be ensured that the minimum retention period of the debt and minimum retention percentage by the Originator prior to securitization shall be as prescribed by the RBI guidelines. Any investment in Securitised Debt has to go through an independent credit appraisal process and no special consideration shall be given to whether the Originator has invested in any Scheme(s) of Canara Robeco Mutual Fund

**Level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments** – The Scheme shall not be investing in any pool of assets. Investment in securitized asset shall only be single loan securitized debt instruments backed by originator as referred above.

**Resources and mechanism of individual risk assessment for monitoring investment in securitized debt** – Dedicated credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed income and is approved by the Investment committee. The dedicated credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter.

While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.

#### **Risk Control Mechanism For Canara Robeco InDiGo Fund**

##### ***Debt Securities***

The Scheme has a risk management strategy that endeavors to manage risks associated with investing in fixed income & money market instruments. The Scheme has identified various risks pertaining to the scheme including interest rate, credit and liquidity risks and has placed appropriate limit and control structures that are embedded in the investment process to mitigate these risks.

##### ***Gold ETFs***

The Scheme endeavors to mitigate risks associated with investing in physical gold like risk of loss, damage, theft and natural calamities/human actions by investing in approved Gold ETF/s with appropriate limits for each Gold ETF. These limits and controls are also aimed at minimizing the risks of Impact Costs, Exchange Rate and Liquidity Risks generally associated with Gold ETFs.

##### **Procedure followed for investment decisions:**

The Fund Manager of the Scheme (s) are responsible for making buy / sell decisions for the Scheme's portfolio and seeks to develop a well diversified portfolio taking into account the asset allocation patterns of various schemes along with risks that are associated with such investments. The investment decisions are made on an ongoing basis keeping in view the market conditions and other regulatory aspects.

The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income, which meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook.

The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings, as well as additional ad-hoc meetings as needed, to explore the investment thesis.

It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme (s) and in the interest of the Unitholders of the Scheme.

The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI.

**Portfolio Turnover Policy:**

Purchase and Sale of securities attract transaction costs of the nature of brokerage, stamp duty, custodian transaction charges etc. The portfolio turnover is essential to regularly explore trading opportunities to optimise returns for the Scheme and enable portfolio restructuring when required.

The Scheme (s) will be manage its portfolio taking into account the associated risks (such as interest / liquidity / redemption etc.) perceived / expected, so as to minimise the risks by using adequate risk management techniques. The portfolio turnover policy will be aimed at maximising the returns/growth.

The AMC believes in active churning of the portfolio with an aim to encash on the opportunities that present themselves from time to time. However the scheme shall aim to achieve the turnover target of 100% to 150% of the corpus of the Scheme so long as the above target is cost effective and profitable without affecting long-term growth prospects of the investment and scheme objective

In terms of the objective of the scheme, the investments are made in securities having an unexpired maturity in line with the maturity period of the plans. Hence the portfolio turnover will depend upon the outflow on account of any redemptions and also the volatility of interest rates and the scheme aims to maintain a low portfolio turnover ratio.

Pursuant to Schedule IX read with Regulation 50 of the SEBI (Mutual Funds) Regulations, 1996, the cost of investments acquired or purchased shall include all such costs incurred for effecting the transaction while the sale proceeds of investment sold or redeemed shall be net of all such costs incurred for effecting the sale transactions and shall form part of the purchase or the sale value of investments.

**Debt and Money Market in India**

The Indian debt market is today one of the largest in Asia and includes securities issued by the Government (Central & State Governments), public sector undertakings, other government bodies, financial institutions, banks and corporates. Government and public sector enterprises are the predominant borrowers in the markets. The major players in the Indian debt markets today are banks, financial institutions, mutual funds, insurance companies, primary dealers, trusts, pension funds and corporates. The Indian debt market is the largest segment of the Indian financial markets. The debt market comprises broadly two segments, viz. Government Securities market or G-Sec market and corporate debt market. The latter is further classified as market for PSU bonds and private sector bonds.

The Government Securities (G-Secs) is the oldest and the largest component (60% share in market cap) of the Indian debt market in terms of market capitalization, outstanding securities and trading volumes. The G-Secs market plays a vital role in the Indian economy as it provides the benchmark for determining the level of interest rates in the country through the yields on the Government Securities which are referred to as the risk-free rate of return in any economy. Over the years, there have been new products introduced by the RBI like zero coupon bonds, floating rate bonds, inflation indexed bonds, etc.

The corporate bond market, in the sense of private corporate sector raising debt through public issuance in capital market, is only an insignificant part of the Indian Debt Market. A large part of the issuance in the non-Government debt market is currently on private placement basis.

The money markets in India essentially consist of the call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the

securities at a future date at a specified price), commercial papers (CPs, short term unsecured promissory notes, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). In a predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates. In money market, activity levels of the Government and nongovernment debt vary from time to time. Instruments that comprise a major portion of money market activity include but not limited to:

- Overnight Call
- Collateralised Borrowing & Lending Obligations (CBLO)
- Repo/Reverse Repo Agreement
- Treasury Bills
- Government securities with a residual maturity of < 1 year.
- Commercial Paper
- Certificate of Deposit

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. Though not strictly classified as Money Market Instruments, PSU / DFI / Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The market has evolved in past 2-3 years in terms of risk premia attached to different class of issuers. Bank CDs have clearly emerged as popular asset class with increased acceptability in secondary market. PSU banks trade the tightest on the back of comfort from majority government holding. Highly rated manufacturing companies also command premium on account of limited supply. However, there has been increased activity in papers issued by private/foreign banks/NBFCs/companies in high-growth sector due to higher yields offered by them. Even though companies across these sectors might have been rated on a same scale, the difference in the yield on the papers for similar maturities reflects the perception of their respective credit profiles.

The following table gives approximate yields prevailing as on 31<sup>st</sup> May, 2010 in some of the instruments:

Instrument	Current Yield Range
CBLO	7.16 - 7.28%
Repo	6.25 - 7.35%
3m Tbill	8.13 - 8.18%
1y Tbill	8.24 - 8.29%
10y G Sec	8.37 - 8.44%
3m PSU Bank CD	9.73 - 9.83%
3m NBFC CP	10.02 - 10.17%
3m Manufacturing Co. CP	9.87 - 10.07%
1y PSU Bank CD	10.05 - 10.15%

1y NBFC CP	10.60 - 10.75%
1y Manufacturing Co. CP	10.45 - 10.60%
5y AAA Institutional Bond	9.68 - 9.73%
10y AAA Institutional Bond	9.73 - 9.78%

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.

### **Hedging and Derivatives**

**Applicable to Canara Robeco Income, Canara Robeco Monthly Income Plan, CanaraRobeco Treasury Advantage, Canara Robeco Liquid and CanaraRobeco Gilt (PGS) Schemes:**

SEBI vide its circular no. MFD/Cir/011/061/2000 dated 01<sup>st</sup> February, 2000 permitted mutual funds to participate in derivatives trading subject to observance of the Guidelines issued by SEBI. The Fund shall comply with the prescribed disclosure requirements in this regard. As part of the fund management process, the AMC may use the derivative instruments such as Index futures, Stock futures, Option contracts, Warrants convertible securities, Swap agreements or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with investment objectives of the scheme/s.

**Applicable to Canara Robeco Short Term, Canara Robeco Dynamic Bond and Canara Robeco InDiGo Schemes.**

**Apart from the general permission granted to Mutual Funds by SEBI for participating in derivatives vide its circular no. MFD/Cir/011/061/2000 dated 01<sup>st</sup> February, 2000, the position limits permitted under regulations as specified in SEBI Cir no. DNP/Cir-29/2005 dated 14<sup>th</sup> September, 2005 shall additionally apply to these schemes. However, the scheme specific exposure limits shall be subject to such limits permitted by the Trustees for each scheme.**

SEBI vide its circular no. DNP/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme.

The following are the position limits for Mutual Funds and its schemes :



**i. Position limit for Mutual Funds in index options contracts**

- a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

**ii. Position limit for Mutual Funds in index futures contracts:**

- a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index futures, whichever is higher per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

**iii. Additional position limit for hedging**

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:

- 1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
- 2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

**iv. Position limit for Mutual Funds for stock based derivative contracts**

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, stand in the following manner:

- 1. For stocks in which the market wide position limit is less than or equal to Rs. 250 crore, the Mutual Fund position limit in such stock shall be 20% of the market wide position limit.
- 2. For stocks in which the market wide position limit is greater than Rs.250 crore, the Mutual Fund position limit in such stock shall be Rs.50 crore.

**v. Position limit for each scheme of a Mutual Fund**

The position limits for each scheme of mutual fund and disclosure requirements shall be identical to that prescribed for sub account of a FII. Therefore, the scheme-wise position limit/ disclosure requirements shall be:

- i. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of: 1% of the free float market capitalisation (in terms of number of shares) or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
- ii. This position limits shall be applicable on the combined position in all derivative contracts on underlying stock at a Stock Exchange.
- iii. For index based contracts, Mutual Funds disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

#### **Monitoring of Position Limits**

- a. The Mutual Fund shall notify Clearing Member/s for each scheme, through whom it would clear its derivative contracts, to the Stock Exchange.
- b. The Stock Exchange would then assign a unique client code to each scheme of the Mutual Fund.
- c. The Stock Exchange shall monitor the scheme-wise position limits in the manner similar to that prescribed for FIIs and their sub-accounts in SEBI circular no. SMD/DC/Cir/-11/02 dated February 12, 2002 as modified from time to time.

**The Fund shall comply with the guidelines issued by SEBI and amendments thereof issued from time to time in derivative trading.**

#### **Applicable to all schemes**

#### **Equity / Equity Related Derivative Instruments :**

Index futures are meant to be an efficient way of buying / selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures can be an efficient way of achieving the Scheme's investment objective. Index futures may avoid the need for tracking in individual components of the index, which may not be possible at times, keeping in mind the circuit filter system and the liquidity in some of the scrips. Index futures can also be helpful in reducing the transaction costs and the processing costs on account of ease of execution of one trade compared to several trades of shares of an index and will be easy to settle compared to physical portfolio of shares representing an index.

Stock futures could also be used as an alternative to investing in particular stocks comprising an index where either the liquidity is low or the impact cost is high.

### **Basic Structure of an Index Future**

Index Futures are instruments designed to give exposure to the equity market indices. The Stock Exchange, Mumbai and the National Stock Exchange of India Limited have started trading in index futures. The pricing of an index future is the function of the underlying index and short-term interest rates.

### **Illustration :**

Spot Index : 1070

1 month Nifty Future Price on day 1 : 1075

Fund buys 100 lots

Each lot has a nominal value equivalent to 200 units of the underlying index.

Let us say that on the date of settlement, the future price = Closing spot price = 1085

Profits of the Fund =  $(1085 - 1075) * 100 \text{ lots} * 200 = \text{Rs.}200,000$ .

Similarly, the fund can suffer a loss if the future price is lower than the contracted price . Let us say that in the above example, on the date of

settlement the future price = Closing Spot Price = 1060.

Loss for the Fund =  $(1060 - 1075) * 100 \text{ lots} * 200 = (\text{Rs.}300,000)$

Please note that the above example is given for illustration purposes only.

The net impact for the Fund will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity) plus interest costs on funds that would otherwise be invested in stocks comprising the index. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and/or mispricing of the future at any time during the life of the contract.

### **Strategy Number No. 1**

Using Index Future to increase percentage investment in equities.

The strategy will be used for the purpose of generating returns on idle cash, pending its investment in equities. The Scheme is open ended in nature and subject to daily inflows. There may be a time lag between the inflow of funds and their deployment in equities. If so desired, the AMC would be able to take immediate exposure to equities via index futures. The position in index futures may be reversed in a phased manner, as the funds are deployed in the equity markets.

**Example :**

The scheme has a corpus of Rs. 50 crores and there is an inflow of Rs. 5 crore in a day. The AMC may buy index futures contracts of a value of Rs. 5 crore. Later as the money is deployed in the underlying equities, the value of the index futures contracts can be suitably reduced.

Portfolio	Event	Equity Portfolio Gain(Loss) Rs. in Crs.	Derivative Gain (Loss) Rs. in Crs.	Total Portfolio Gain / (Loss) Rs. in Crs
Rs.50 Crore Equity exposure	10% rise in equity	5	NIL	5
Rs. 50 Crore exposure + Rs. 5 Crore long position index futures	10% rise in Equity Price	5	0.5	5.5
Rs.50 crore Equity exposure	10% fall in Equity price	(5)	Nil	(5)
Rs.50 crore Equity exposure + Rs 5 crore long position index futures	10% fall in equity price	(5)	(0.5)	(5.5)

**RISKS**

The strategy of taking a long position in index futures increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not be provide gains perfectly aligned to the movement in the index.

The long position will have as much loss as a gain in the underlying index, e.g. if the index appreciates by 10%, the future value rises by 10%. However, this is true only for futures contracts held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain/loss due to the movement of the underlying index. This is called the basis risk.

While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific futures contract.

Similarly, the fund can use stock futures to reduce the cost of holding in the following manner:

When stock futures are trading at a discount then the fund can buy stock in futures market instead of buying in the cash market. On expiry of the contract, both prices (spot and future) have to align. On expiry or as and when stocks start trading at a premium in the futures market the transaction can be reversed by selling the stock in futures and buying in the cash market.

Fund can take advantage of arbitrage opportunities in the futures markets to reduce cost of holding. If stock futures are trading at a discount then the fund can sell its existing holding in cash market and buy in the futures market. The cash realised will earn interest while the overall cost of the holding stock will also come down. On expiry of contract both prices (spot and futures) have to align. On expiry or as and when the stock starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in the futures and buying in the cash markets.

## Strategy Number 2

### Using Index Futures to decrease percentage investment in equities

Similarly, in the case of a pending outflow of funds where a negative view is taken on the market, the Fund, in order to reduce exposure in equities may 'sell the index forward' by taking a short position in Index Futures. This position can be unwound over a period of time simultaneously selling the equity shares from the investment portfolio of the Scheme. The strategy of taking a short position in the index future is a hedging strategy and reduces the market risk and volatility of the portfolio. However, if the value of the index future rises, then, the fund would be adversely affected due to its short position in index futures.

**Example:** Assume that a scheme has an equity exposure of Rs. 100 crore. If the Fund Manager wishes to reduce the equity exposure to Rs. 50 crore for a short time, he should sell index futures contracts of Rs. 50 crore.

Portfolio	Event	Equity Portfolio Gain/(Loss) (Rs. In crore)	Derivatives Gain/(Loss) (Rs. In crore)	Total portfolio Gain/(Loss) (Rs. In crore)
Without Hedge Rs.100 crore equity Exposure	10 % fall in equity price	(10)	NIL	(10)
With Hedge Rs.100 crore equity Exposure	10 % fall in equity prices	(10)	5	(5)
Without Hedge Rs.100 crore equity Exposure	10 % rise in equity prices	10	NIL	10
With Hedge Rs.100 crore equity Exposure	10 % rise in equity prices	10	(5)	5

### 50% Hedge – contract value of Rs. 50 crore

The above example demonstrates that the Fund would benefit from the hedged position if the index future moves in the direction as expected by the Fund Manager. Similarly, the Fund would be adversely affected from the hedged position if the index does not move in the direction expected by the Fund Manager.

### RISKS

- The strategy of taking a short position in index futures is a hedging strategy and reduces the market risk. The short position is negatively correlated with the market. However, there is no assurance that the stocks in the portfolio and index behave in the same manner and thus this strategy may not be a perfect hedge.
- The short position will have as much loss as a gain in the underlying index. e.g. if the index appreciates by 10%, the future value falls by 10%. However, this is true only for futures contract held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain/loss due to the movement of the underlying index. This is called the basis risk.
- While futures markets are more liquid, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific future contract.

### Strategy Number 3

#### • Portfolio Protection Using Index Put

The purchase of an index put option gives the scheme the option of selling the index to the writer of the put at a predetermined level of the index, called the strike price. If the index falls below this level, the scheme benefits from the rise in the value of the put option.

Similarly, as a stock hedging strategy, the purchase of a put option on the underlying stock would give the scheme the option to sell the stock to the writer of the option at the predetermined strike price. This would lead to a capping of the loss in value of a stock.

**Example:** Let us assume a scheme with a corpus of Rs. 100 crore. Let us also assume an index of 100. The scheme is fully invested (Rs. 100 crore in equities). The scheme purchases a put option on the index with a strike price of 95 for an assumed cost of Rs. 1 crore. The following table illustrates the portfolio returns:

% change in Index	Index Value	Equity Portfolio Value Rs. In crore  A	Option Value Rs. In crore  B	Cost of the Put Option Rs. In crore C	Portfolio Value Rs. In Crore (A+B+C)	% returns from portfolio
10	110	110	0	(1)	109	9
5	105	105	0	(1)	104	4
(5)	95	95	0	(1)	94	(6)
(10)	90	90	5	(1)	94	(6)

(15)	85	85	10	(1)	94	(6)
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A similar put option can be purchased on any individual stock and the downside can be capped.

#### **RISKS**

- The table shows that the portfolio value will not fall below Rs. 94 crore, while the scheme benefits from any increase in stock prices. The table assumes perfect correlation between the equity portfolio and the index. However this may not be the case. Therefore, the minimum portfolio value cannot be assured, but the loss is expected to be lower in a portfolio with a put option on the index, as compared to a normal portfolio.
- The put option would lead to a gain based on the difference between the strike price and the index level at expiration date, if positive. However, in case the option is reversed before the expiration date, the market price received on the sale of the option may be different from the price calculated.
- While liquidity exists in options markets, there can be no assurance that the ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific options contracts.
- In the case of purchase of a stock put, the strategy is a perfect hedge on the expiration date of the put option. On other days, there may be (temporary) imperfect correlation between the share price and the put option, which can potentially take the stock value below the minimum under the hedge.

**Similarly, the Fund can use stock futures to reduce the cost of holding in the following manner:**

- When stock futures are trading at a discount then the fund can buy in futures market instead of buying in the cash market. On expiry of the contract, both prices (spot and futures) have to align. On expiry or as and when stocks starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in futures and buying in the cash market.
- Fund can take advantage of arbitrage opportunities in the futures markets to reduce cost of holding. If stock futures are trading at a discount then the fund can sell its existing holding in cash market and buy in futures market. The cash realised will earn interest while the overall cost of holding stock will also come down. On expiry of contract both prices (spot and futures) have to align. On expiry or as and when the stock starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in the futures and buying in the cash markets.

#### **Advantages of Equity Derivatives :**

In times of volatility in the equity markets, derivatives provide much needed flexibility to hedge against this volatility. Some of the advantages of specific derivatives products are given below:

- Stock Index Futures can give exposure to the index. Appreciation in Index Investment in Stock Index Futures can give exposure to the index without directly buying the individual stocks, which make up the index. Appreciation in Index stocks can be effectively captured through investment in Stock Index Futures.
- The Scheme can sell futures to hedge against market movements without actually selling the underlying stocks it hold.
- By buying call options on the index, one can participate in the rise in the market, without actually buying individual stocks.
- By buying put options on the index, the Scheme can insulate the portfolio (assuming a perfect co-relation between portfolio and index which may not be the case) from the downside risk at a small cost.

#### **Debt / Debt Related Derivatives**

The Scheme may use derivatives in accordance with SEBI Regulations. RBI has issued guidelines on Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA) on July 7, 1999. These products were introduced for developing the nation's Debt Market.

### **Interest Rates Swaps (IRS)**

All swaps are financial contracts, which involve exchange (swap) of a set of payments receivable by one party for another set of payments receivable by another party, usually through an intermediary. An IRS can be defined as a contract between two parties (Counter Parties) to exchange, on particular dates in the future, one series of cash flows (fixed interest) for another series of cash flows (variable or floating interest) in the same currency and on the same principal for an agreed period of time. The exchange of cash flows need not occur on the same date.

### **Forward Rate Agreements (FRA)**

A FRA is an agreement between two counter parties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date, based on a notional amount, for an agreed period. In short, in a FRA, interest rate is fixed now for a future period. The special feature of FRAs is that the only payment is the difference between the FRA rate and the Reference rate and hence are single settlement contracts. As in the case of IRS, notional amounts are not exchanged.

The Scheme will use derivative instruments for the purpose of hedging and portfolio balancing. Hedging does not mean maximisation of returns but only reduction of systematic or market risk inherent in the investment.

### **Basic Structure of an Interest Rate Swap**

An interest rate swap is an agreement between two parties to exchange future payment streams based on a notional amount. Only the interest on the notional amount is swapped, and principal amount is never exchanged.

In a typical interest rate swap, one party agrees to pay a fixed rate over the term of the agreement and to receive a variable or floating rate of interest. The counterparty receives a stream of fixed rate payments at regular intervals as described in the agreement and pays the floating rate of interest.

#### **Illustration :**

Fixed interest rate : 10% p.a.

Variable Interest Rate : Over-Night MIBOR (variable)

Notional Principal : Rs.10 crore

Period of Agreement : 1 year

Interest Frequency : Semi-annual

Suppose six month period from the value date of swap to the first payment date is 182 days and the daily compounded over-night MIBOR is say 8% p.a. on that date, the interest streams are as follows :

Fixed Rate Payment :

$$\text{Rs.}10,00,00,000.00 \times 182 \times 10 / 365 \times 100 = \text{Rs.}49,86,301.36$$

Variable Rate :

$$\text{Rs.}10,00,00,000.00 \times 182 \times 8 / 365 \times 100 = \text{Rs.}39,89,041.09$$

In the above example, the fixed rate payer will pay the variable rate payer a net amount of Rs.9,97,260.27 (Rs.49,86,301.36 - 39,89,041.09).



Likewise the second and final payment will depend upon the variable NSE MIBOR for the remaining 183 days and the interest stream of fixed rate for the said period, the difference of which, will be settled between the parties at the expiry of the contract.

The above example illustrates the benefits and risks of using derivatives for hedging and optimising the investment portfolio. Swaps have its own drawbacks like credit risk, settlement risk. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

#### **Valuation of Derivative Products**

The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

#### **Exposure to Derivatives**

Losses may arise as a result of using derivatives, but these are likely to be compensated by the gains on the underlying cash instruments held by the Scheme.

#### **Risk associated with Derivatives trading :**

The risk associated with index futures is similar to the one with equity investments. Additional risks could be on account of illiquidity and hence mispricing of the futures at the time of purchase. As and when the Scheme trades in the derivatives markets, there are risk factors and issues concerning the use of derivatives. Derivative products are specialised instruments that require investment techniques and risk analyses different from those associated with stocks. The use of a derivative requires understanding of the underlying instrument as well as that of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess risk that a derivative adds to the portfolio and the ability to forecast price movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks associated with trading in derivatives include the risks of mispricing or improper valuation of derivatives and inability of derivatives to correlate perfectly with underlying assets, indices.

The net impact for the Scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, profit or loss for the Scheme will be the difference between the closing price (which can be higher or lower than the purchase price) and the purchase price.

## **F. FUNDAMENTAL ATTRIBUTES**

### **1. Type of Scheme**

Kindly refer to the Section "Information about the Scheme on page no.18 of this Scheme Information Document"

### **2. What is the investment objective of the scheme (s)?**

- Investment objective: Kindly refer to the Section "Information about the Scheme on page no18 & 19 of this Scheme Information Document".
- Investment pattern: Kindly refer to the Section "Information about the Scheme on page no19 to 23 of this Scheme Information Document"

### **3. Terms of Issue**

#### **A. Listing**

As the repurchase facility is provided on an ongoing basis, at NAV related prices, the units of the Scheme/s are not going to be listed on any Stock Exchanges.

#### **B. Repurchase**

##### **a) How to Repurchase:**

The repurchase requests can be made on the forms available at the Sales Offices of the AMC (refer last page for the list of offices) or by submitting the duly discharged Statement of Account.

AMC shall pay the redemption or repurchase proceeds within 10 working days. If AMC fails to refund the amount within the stipulated time, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 10 days till the date of dispatch of the said redemption or repurchase proceeds.

##### **b) Applicable Rate for Repurchase of Units:**

In respect of valid applications received upto 3 p.m. by the Mutual Fund, same day's closing NAV shall be applicable.

In respect of valid applications received after 3 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.

**Calculation of Repurchase Price:** The exit load will be subtracted as a percentage of Net Assets Value (NAV) i.e. applicable loads as a percentage of NAV will be subtracted from NAV to calculate Repurchase Price. The formula for calculation of Repurchase Price would be:

$$\text{Repurchase Price} = \text{Applicable NAV} \times (1 - \text{Exit Load, if any})$$

e.g. if the applicable NAV is Rs.10.00 and repurchase / exit load is 1.00%, then the Repurchase Price will be Rs.9.9000.

Please Note that exit load will be applicable as per the respective plans.

If units are held jointly, redemption/ repurchase requests shall be signed by all the joint holders and the proceeds of the repurchase/redemption will be paid to the first holder. In the event of the death of the first named holder, survivor/s will have to make the repurchase/redemption requests, duly signed by him/them along with the attested copy of the death certificates and the proceeds of the repurchase/redemption will be paid to him/them.

However, if the unit holding is specified as 'Anyone or Survivor', any one of the unit holders will be entitled to make redemption/repurchase requests, without the need for the other unit holders to sign.

The Unit holder may either request for mailing of the redemption proceeds to his/her address or collection of the same from the Sales Offices of the AMC (Investor Relations Centre), where it was deposited for repurchase.

The repurchase warrant, under normal circumstances, will be dispatched within the statutory time limit of 10 working days from the date of the receipt of the repurchase / redemption requests.

Name of the centers where redemption can be effected is furnished on the last page of this document.

**In accordance with SEBI (MF) Regulations, 1996, the repurchase price will not be lower than 93 per cent of the Net Asset Value and the sale price is not higher than 107 per cent of the Net Asset Value, and that the difference between the repurchase price and the sale price shall not exceed 7% calculated on the sale price.**

**c) Right to Limit Repurchase:**

In an open ended Scheme, any disruption in the normal functioning of the markets for Equity / Call Money Market or extreme illiquidity in any of the investments held by the Scheme may affect the ability of the Fund Manager to buy or sell freely in the market. The Scheme/s strives to maintain an adequate and desirable level of liquidity.

**Procedure followed for limiting repurchase:**

Trustees shall approve the limits for repurchase which shall be intimated to SEBI and shall be notified to all the unitholders by publishing the same in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.

In the event of a large number of repurchase requests, the time taken by the Scheme/s for the repurchase may become significant.

**C. Aggregate fees and expenses charged to the scheme**

**a) AMC Fees:** For management of the Scheme, the Investment Manager will charge a fee not exceeding 1.25% of the average daily net assets of the Scheme. In future, the Investment Manager may modify the fee within the limits specified in the Regulations and disclosed in the SID.

**b) Trusteeship Fees:** The Trustees shall be entitled to charge a trusteeship fee of 0.05% of the Net Assets of the Scheme, to meet the expenses and contingencies.

**c) New fund offer expenses:**

As the fund offer is on a continuous basis, there are no new fund offer expenses.

**d) Annual Scheme Recurring Expenses:**

**Please refer to section “Fees & Expenses” on Page No 69 to 71 for details**

**G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?**

<b>Scheme Name</b>	<b>Benchmark</b>
Canara Robeco Liquid	Crisil Liquid Fund Index
Canara Robeco Treasury Advantage Fund	Crisil Liquid Fund Index
Canara Robeco Floating Rate	Crisil Liquid Fund Index
Canara Robeco Dynamic Bond Fund	Crisil Composite Bond Fund Index
Canara Robeco Short Term Fund	Crisil Liquid Fund Index
Canara Robeco Gilt PGS	I-Sec Li-Bex
Canara Robeco Income	Crisil Composite Bond Fund Index
Canara Robeco Monthly Income Plan	Crisil MIPBlended Index
Canara Robeco InDiGo Fund	Canara Robeco Blended Gold Index*

\* Canara Robeco Blended Gold Index is a composite index of the Gold Index and CRISIL Short term Bond Fund Index computed by CRISIL Limited for the purpose of benchmarking the performance of Canara Robeco InDiGo Fund. The Index shall not be copied, transmitted or distributed for any commercial use. CRISIL has taken due care and caution in computation of the Index, based on the data obtained from sources which it considers reliable and is as per the valuation method prescribed by SEBI for the purpose of computation of the Index.

However, CRISIL does not guarantee the accuracy, adequacy or completeness of the said data / Index and is not responsible for any errors or for the results obtained from the use of the said data/ Index . CRISIL especially states that it has no financial liability whatsoever to the users of the Index.

As approved by the Board of Directors/Trustees the Schemes have currently selected the above mentioned benchmark for respective scheme (s) on the basis of the Investment Pattern/Objective of the Scheme (s) and the composition of the Index. Any change in the Benchmark Index for the fund would be actuated only post approval from Board of Directors/Trustees.

#### H. WHO MANAGES THE SCHEME?

Name of the Fund Manager	Age	Qualification	Experience (Years)	Funds Managed
Mr. Ritesh Jain	35	B.Com; Masters in Business Economics	12	Canara Robeco Income Fund, Canara Robeco Gilt PGS and Canara Robeco InDiGo Fund, Canara Robeco Yield Advantage Fund and Canara Robeco Monthly Income Plan
Ms. Suman Prasad	36	PGDMS(Finance)	13	Canara Robeco Dynamic Bond Fund , Canara Robeco Treasury Advantage Fund and Canara Robeco Gilt, Canara Robeco Short Term Fund, Canara Robeco Liquid, Canara Robeco Floating Rate, Canara Robeco Liquid, Canara Robeco Floating Rate, Canara Robeco Gilt Advantage Fund ,Canara Robeco Fixed Maturity Plan – Series 6 and Canara Robeco Interval Scheme – Series 2
Mr. Akhil Mittal	30	B.Com, MBA (Finance)	7	Canara Robeco Dynamic Bond Fund , Canara Robeco Treasury Advantage Fund and Canara Robeco Gilt, Canara Robeco Short Term Fund, Canara Robeco Liquid, Canara Robeco Floating Rate, Canara Robeco Liquid

#### I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Pursuant to the "SEBI Regulations", the following investment and other limitations are presently applicable to the Scheme, as the case maybe:

1. The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities provided that a mutual fund may engage in short selling of securities in accordance with the frame work relating to short selling and securities lending and

borrowing specified by the board. Provided further that the mutual fund may enter into derivatives transactions in a recognised stock exchange, in accordance with the guidelines issued by the Board. Provided further that the sale of government securities already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

2. The securities purchased by the Fund shall be got transferred in the name of the Mutual Fund on account of the concerned Scheme, wherever investments are intended to be of long term nature.
3. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company, provided that such limit shall not be applicable for investments in Government Securities.

The investment within the limit can be made in mortgaged backed securitized debt which are not rated below the investment grade by credit rating agency registered with SEBI..

4. The Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of NAV of the Scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of Asset Management Company.
5. The Scheme shall not invest more than thirty percent of its net assets in money market instruments of an issuer. Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.
6. The Mutual Fund under all its Scheme(s) will not own more than ten percent of any Company's paid up capital carrying voting rights.
7. The Scheme shall not advance any loan for any purpose.
8. The Scheme shall not park more than 15% of the net assets in Short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with prior approval of the trustees. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the mutual fund in short term deposit (will not apply to term deposits placed as margins for trading in cash and derivatives market)
9. No mutual fund scheme shall invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company
10. The scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments in case of open ended scheme.
11. Investment in other Schemes : The investment by this Scheme in other Mutual Fund Schemes will be in accordance with Regulation 44(1) read with Clause 4 of the VII Schedule to the SEBI (Mutual Funds) Regulations, 1996 according to which :
  - The Scheme/s may invest in another scheme under the same asset management company or in any other mutual fund without charging any fees, provided the aggregate inter scheme investments made by all the Schemes under the same management or in schemes under the management of any other AMC shall not exceed 5% of NAV of the mutual fund.
  - The Scheme/s shall not make any investment in any fund of fund scheme
12. The Scheme/s shall not make any investment in:
  - Any unlisted security of an associate or group company of the sponsor; or
  - Any security issued by way of private placement by an associate or group company of the sponsor; or

- The listed securities of group companies of the sponsor which is in excess of 25% of the net assets.
13. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of redemption of units or payment of interest and dividend to the unit holders, provided that the fund shall not borrow more than 20% of the net assets of the individual scheme and the duration of the borrowing shall not exceed a period of 6 months.
  14. The AMC may invest in the Scheme either in the initial offer or subsequently. However, it shall not charge any investment management fee on such amounts invested by it.
  15. Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if, -
    - Such transfers are done at the prevailing market price for quoted instruments on spot basis. [Explanation - "spot basis" shall have same meaning as specified by stock exchange for spot transactions.]
    - The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
  16. The cumulative gross exposure through equity/equity related instruments, debt and derivative position shall not exceed 100% of the net assets of the scheme/s and the total exposure to option premium paid shall not exceed 20% of the net assets of the Scheme/s. Other provisions as contained in SEBI circular no CIR/MFD/DF/11/2010 dated 18<sup>th</sup> August 2010 shall also be complied with.
  17. All investment restrictions stated above shall be applicable at the time of making investment.

The Trustees of the Mutual Fund may alter these limitations / objectives from time to time to the extent the SEBI Regulations change so as to permit the Scheme/s to make its investments in the full spectrum of permitted investments for the mutual fund in order to achieve its investment objectives. All investments of the Scheme will be made in accordance with the SEBI Regulations, including Seventh Schedule thereof.

Canara Robeco Floating Rate	Canara Robeco Liquid	Canara Robeco Treasury Advantage Fund	Canara Robeco Monthly Income Plan	
Performance	Performance	Performance	Performance	
Scheme Benchmark	Scheme Benchmark	Scheme Benchmark	Scheme Benchmark	
Inception Date 4.3.05 4.3.05	Inception Date 15.1.02 15.1.02	Inception Date 16.9.03 16.9.03	Inception Date 4.4.88 4.4.88	
Last 1 year 7.76% 6.90%	Last 1 year 6.58% 6.90%	Last 1 year 6.91% 6.90%	Last 1 year 9.51% 5.06%	
Last 3 years 7.07% 6.19%	Last 3 years 6.25% 6.19%	Last 3 years 6.51% 6.19%	Last 3 years 10.76% 6.33%	
Last 5 years 7.45% 6.51%	Last 5 years 6.83% 6.51%	Last 5 years 6.93% 6.51%	Last 5 years 12.60% 7.42%	
Since inception 7.22% 6.25%	Since inception 6.43% -	Since inception 6.51% 5.84%	Since inception 10.52% -	
<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 4th March, 2005. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 15th January, 2002. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 16th September, 2003. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 4th April, 1988. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	
Canara Robeco Income	Canara Robeco Gilt PGS	Canara Robeco Dynamic Bond Fund	Canara Robeco Short Term Fund	Canara Robeco InDiGo Fund
Performance	Performance	Performance	Performance	Performance
Scheme Benchmark	Scheme Benchmark	Scheme Benchmark	Scheme Benchmark	Scheme Benchmark
Inception Date 19.9.02 19.9.02	Inception Date 29.12.99 #	Inception Date 29.5.09 29.5.09	Inception Date 31.03.09 31.3.09	Inception Date 9.7.10 9.7.10
Last 1 year 4.77% 4.09%	Last 1 year 3.93% 4.44%	Last 1 year 4.33% 4.09%	Last 1 year 6.25% 6.90%	Last 1 year - -
Last 3 years 12.97% 5.85%	Last 3 years 8.23% 8.62%	Last 3 years - -	Last 3 years - -	Last 3 years - -
Last 5 years 10.33% 5.78%	Last 5 years 8.03% 7.87%	Last 5 years - -	Last 5 years - -	Last 5 years - -
Since Inception 8.80% 5.48%	Since Inception 8.83% -	Since Inception 4.18% 4.40%	Since Inception 6.19% 5.15%	Since Inception 8.84% 10.93%
<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 19th September, 2002. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 29th December, 1999. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 29th May, 2009. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 31st March, 2009. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 9th July, 2010. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>

The past performance may or may not be sustained in the future.

### III. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

#### A. ONGOING OFFER DETAILS

##### 1. Plans/Options Offered

Canara Robeco Liquid	<ul style="list-style-type: none"><li>1) Retail Plan<ul style="list-style-type: none"><li>a) Growth</li><li>b) Dividend<ul style="list-style-type: none"><li>i. Daily Dividend Reinvestment</li><li>ii. Weekly Dividend Reinvestment</li><li>iii. Fortnightly Dividend Reinvestment</li><li>iv. Monthly Dividend Reinvestment</li></ul></li></ul></li><li>2) Institutional Plan<ul style="list-style-type: none"><li>a) Growth</li><li>b) Dividend<ul style="list-style-type: none"><li>i. Daily Dividend Reinvestment</li><li>ii. Weekly Dividend Reinvestment</li><li>iii. Fortnightly Dividend Reinvestment</li><li>iv. Monthly Dividend Payout /Reinvestment</li><li>v. Quarterly Dividend Payout/ Reinvestment</li></ul></li></ul></li><li>3) Super Institutional Plan<ul style="list-style-type: none"><li>a) Growth</li><li>b) Dividend<ul style="list-style-type: none"><li>i. Daily Dividend Reinvestment</li><li>ii. Weekly Dividend Reinvestment/Payout</li><li>iii. Fortnightly Dividend Reinvestment</li><li>iv. Monthly Dividend Payout / Reinvestment</li></ul></li></ul></li></ul>
Canara Robeco Treasury Advantage Fund	<ul style="list-style-type: none"><li>1) Retail Plan<ul style="list-style-type: none"><li>a) Growth</li><li>b) Dividend<ul style="list-style-type: none"><li>i. Daily Dividend Reinvestment</li><li>ii. Weekly Dividend Reinvestment</li><li>iii. Fortnightly Dividend Reinvestment</li><li>iv. Monthly Dividend Reinvestment</li></ul></li></ul></li><li>2) Institutional Plan</li></ul>



	<ul style="list-style-type: none"> <li>a) Growth</li> <li>b) Dividend <ul style="list-style-type: none"> <li>i. Daily Dividend Reinvestment</li> <li>ii. Weekly Dividend Reinvestment</li> <li>iii. Fortnightly Dividend Reinvestment</li> <li>iv. Monthly Dividend Payout /Reinvestment</li> <li>v. Quarterly Dividend Payout/ Reinvestment</li> </ul> </li> <li>3) Super Institutional Plan <ul style="list-style-type: none"> <li>a) Growth</li> <li>b) Dividend <ul style="list-style-type: none"> <li>i. Daily Dividend Reinvestment</li> <li>ii. Weekly Dividend Payout/Reinvestment</li> <li>iii. Fortnightly Dividend Reinvestment</li> <li>iv. Monthly Dividend Payout / Reinvestment</li> </ul> </li> </ul> </li> </ul>
<b>Canara Robeco Floating Rate</b>	<ul style="list-style-type: none"> <li>a. Growth Option</li> <li>b. Dividend Payout / Reinvestment</li> <li>c. Daily Dividend Reinvestment</li> <li>d. Weekly Dividend Payout / Reinvestment</li> <li>e. Fortnightly Dividend Reinvestment</li> <li>f. Monthly Dividend Payout / Reinvestment</li> </ul>
<b>Canara Robeco Dynamic Bond Fund</b>	<ul style="list-style-type: none"> <li>1) Retail plan: <ul style="list-style-type: none"> <li>a) Growth Options <ul style="list-style-type: none"> <li>i. Growth option</li> <li>ii. Growth Option with automatic repurchase</li> </ul> </li> <li>b) Dividend Options <ul style="list-style-type: none"> <li>i. Dividend Reinvestment</li> <li>ii. Dividend Payout</li> </ul> </li> </ul> </li> <li>2) Institutional Plan: <ul style="list-style-type: none"> <li>a) Growth Options <ul style="list-style-type: none"> <li>i. Growth option</li> <li>ii. Growth Option with automatic repurchase</li> </ul> </li> <li>b) Dividend Options <ul style="list-style-type: none"> <li>i. Dividend Reinvestment</li> <li>ii. Dividend Payout</li> </ul> </li> </ul> </li> </ul>

<b>Canara Robeco Short Term Fund</b>	<ol style="list-style-type: none"> <li>1. Retail Plan <ol style="list-style-type: none"> <li>a) Growth</li> <li>b) Monthly Dividend Reinvestment / Payout</li> <li>c) Weekly Dividend Reinvestment / payout</li> </ol> </li> <li>2. Institutional Plan <ol style="list-style-type: none"> <li>a) Growth</li> <li>b) Monthly Dividend Reinvestment / Payout</li> <li>c) Weekly Dividend Reinvestment / payout</li> </ol> </li> </ol>
<b>Canara Robeco Gilt PGS</b>	<ol style="list-style-type: none"> <li>1) Growth Options <ol style="list-style-type: none"> <li>a) Growth option</li> <li>b) Growth Option with automatic repurchase</li> </ol> </li> <li>2) Dividend Options <ol style="list-style-type: none"> <li>a) Dividend Reinvestment</li> <li>b) Dividend Payout</li> </ol> </li> </ol>
<b>Canara Robeco Income</b>	<ol style="list-style-type: none"> <li>1) Growth Options <ol style="list-style-type: none"> <li>a) Growth option</li> <li>b) Growth Option with automatic repurchase</li> </ol> </li> <li>2) Dividend Options <ol style="list-style-type: none"> <li>a) Dividend Reinvestment</li> <li>b) Dividend Payout</li> </ol> </li> <li>3) Bonus Option</li> </ol>
<b>Canara Robeco Monthly Income Plan</b>	<ol style="list-style-type: none"> <li>1) Growth Options <ol style="list-style-type: none"> <li>a) Growth option</li> <li>b) Growth Option with automatic repurchase</li> </ol> </li> <li>2) Monthly Dividend Options <ol style="list-style-type: none"> <li>a) Dividend Reinvestment</li> <li>b) Dividend Payout</li> </ol> </li> <li>3) Quarterly Dividend Options <ol style="list-style-type: none"> <li>a) Dividend Reinvestment</li> <li>b) Dividend Payout</li> </ol> </li> </ol>
<b>Canara Robeco InDiGo Fund</b>	<ol style="list-style-type: none"> <li>1) Growth Option,</li> <li>2) Quarterly Dividend Option (Payout &amp; Reinvestment)</li> </ol>
<b>Default Option:</b> In case of valid applications received without indicating any choice of options, it will be	

considered as option for Growth Option and processed accordingly.

In case of valid applications received without indicating any choice of option under Dividend Option, it will be considered as option for Dividend Reinvestment Option and processed accordingly.

In case of In Canara Robeco Monthly Income Plan in dividend option, If the investor does not clearly specify the choice of Monthly Dividend option / Quarterly Dividend option, it will be treated as a Monthly Dividend option.

**2. Minimum Amount for Purchase/ Redemption/ Switches**

Kindly refer to the section "Scheme Summary" mentioned on page no 3 to 6 in this Scheme Information Document

**3. Micro Systematic Investment Plan (SIP) (Micro SIP)**

Systematic Investment Plans (SIPs) where aggregate of installments in a rolling 12 month period or in a financial year i.e. April to March does not exceed Rs. 50,000 (hereinafter referred as "Micro SIP") shall be exempt from the requirement of PAN on submission of a photocopy of any one of the Photo Identification document.

This exemption will be applicable only to investments by individuals (including Joint Holders who are individuals, NRIs but not PIOs), Minors and Sole proprietary firms. HUFs and other categories will not be eligible for the exemption.

Eligible Investors (including joint holders) should submit a photocopy of any one of the (current and valid) Photo Identification documents [self-attested by the investor / attested by the ARN Holder/AMFI registered Distributor mentioning the ARN number] along with Micro SIP applications as proof of identification. The list of acceptable Photo Identification documents is given in the Micro SIP Enrolment Form. Investors who wish to enroll for Micro SIP are required to fill in the Micro SIP Enrolment Form available with the ISCs, distributors and agents.

All terms and conditions of Systematic Investment Plans (SIPs) shall apply to Micro SIPs. The Trustees reserve the right to change/modify the terms and conditions of Micro SIPs at a later date on a prospective basis.

**4. Systematic Investment Plan (SIP) (Applicable for Canara Robeco Treasury Advantage Fund, Canara Robeco Monthly Income Plan, Canara Robeco InDiGo Fund, Canara Robeco Income, Canara Robeco Gilt PGS, Canara Robeco Floating Rate)**

Systematic Investment Plan is a simple and time honoured investment strategy aiding disciplined investing over a period of time. The Investment option enables investors to transfer a fixed sum of money in a particular scheme at regular intervals to another scheme.

Investors / Unit holders may enroll for SIP Auto Debit facility through Electronic Clearing Service (Debit Clearing) of the Reserve Bank of India or for SIP Direct Debit Facility / Standing Instruction Facility available with specified Bank(s)/ Branch(s). In order to enroll for SIP Auto Debit facility or Direct Debit Facility or Standing Instruction, an investor must fill-up the SIP Enrolment Form (for investment through Auto-Debit / ECS /Standing Instruction).

The features of Systematic Investment Plan are as under:

<u>Monthly SIP</u> Minimum amount per SIP instalment	Rs. 1,000.00 and multiple of Re. 1.00 thereafter.
<u>Quarterly SIP</u> Minimum amount per SIP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter.
No. of SIP Instalments a) Minimum b) Maximum	Six instalments No Limit
Dates of post dated Cheques /Auto Debit Facility through Electronic Clearing Service(ECS) of RBI or Direct debit facility with specified Bank(s)	01 <sup>st</sup> or 5 <sup>th</sup> or 15 <sup>th</sup> or 20 <sup>th</sup> or 25 <sup>th</sup> of every month /quarter (In case, the date fixed happens to be a holiday / non-business day, the cheques shall be deposited / ECS/Auto Debit Facility will be effected on the next business day.
Applicable NAV and Cut-off time	Applicable NAV and cut-off time as prescribed under the Regulation shall be applicable..
Notice Period	Investors are given option to discontinue SIP by giving 15 days notice prior to the due date of the next instalment.

5. **Systematic Transfer Plan (STP):** (Applicable for Canara Robeco Treasury Advantage Fund, Canara Robeco Monthly Income Plan, Canara Robeco InDiGo Fund, Canara Robeco Income, Canara Robeco Gilt PGS, Canara Robeco Floating Rate)

STP is a facility wherein a unit holder of a Canara Robeco Mutual Fund scheme can opt to transfer a fixed amount or capital appreciation amount at regular intervals to another scheme of Canara Robeco Mutual Fund. The amount transferred under the STP from the Transferor scheme to the Transferee scheme, shall be affected by redeeming units of Transferor scheme and subscribing to the units of the Transferee scheme.

The features of Systematic Transfer Plan are as under:

Monthly STP Minimum amount per STP instalment	Rs. 1,000.00 and multiple of Re. 1.00 thereafter.
Quarterly STP Minimum amount per STP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter.
No. of STP Instalments c) Minimum d) Maximum	Six instalments No Limit
Periodicity	Monthly/Quarterly
Dates available for STP Facility	01st or 5th or 15th or 20th or 25th of every month /quarter. (In case, the date fixed happens to be a holiday / non business day, the cheques shall be deposited / Auto Debit Facility will be affected on the next business day.)
Applicable NAV and Cut-off time	Applicable NAV and cut-off time as prescribed under the Regulation shall be applicable.
Notice Period	Investors are given option to discontinue STP by giving 15 days notice prior to the due date of the next instalment.

6. **Systematic Withdrawal Plan (SWP):** Applicable for Canara Robeco Treasury Advantage Fund, Canara Robeco Liquid, Canara Robeco Monthly Income Plan, Canara Robeco InDiGo Fund, Canara Robeco Income, Canara Robeco Gilt PGS, Canara Robeco Floating Rate Fund)

Investors can use the SWP facility for regular inflows. Withdrawals can be made by informing the AMC or Registrar of the specified withdrawal dates and minimum amount as per the table below. The amount will be converted into units at the applicable repurchase price on that date and will be subtracted from the units with the unit holder. The AMC may close a unit holder's account if the balance falls below the specified minimum amount for the scheme. Unit holders may change the amount indicated in the SWP, subject to the minimum amount specified. The SWP may be terminated on written notice from the unit holder and it will terminate automatically when all the units of the unit holder are liquidated or withdrawn from the account.

The features of Systematic Withdrawal Plan (SWP) are as under:

Quarterly SWP:- Minimum amount per SWP instalment	Rs. 1,000.00 and multiple of Re. 1.00 thereafter.
Quarterly SWP:- Minimum amount per SWP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter.
Periodicity	Monthly/Quarterly
Dates available for SWP Facility	01 <sup>st</sup> or 5th or 15th or 20 <sup>th</sup> or 25th of every month /quarter. (In case, the date fixed happens to be a holiday / non business day, the cheques shall be deposited / Auto Debit Facility will be affected on the next business day.)
Applicable NAV and Cut-off time	Applicable NAV and cut-off time as prescribed under the Regulation shall be applicable.
Notice Period	Investors are given option to discontinue SWP by giving 15 days notice prior to the due date of the next instalment.

## 7. Dividend Policy

The Scheme/s may distribute, surplus if any, by way of dividend/ fully paid bonus units, as may be decided by the Trustees from time to time. **If there is no distributable surplus or surplus amount is too small for distribution, in the opinion of the Trustees, the Dividend/Bonus declaration may not take place. The Scheme is not assuring or guaranteeing any dividend or returns.**

Income Distribution, if declared, warrants will be issued within 30 days from the date of declaration of Income Distribution or such period that may be stipulated from time to time. The Income Distribution will be paid out of the net surplus of the Scheme, to those unit holders whose names appear in the register of unit holders on the record date to be notified for the purpose.

### Dividend Reinvestment

The unit holders have the option to reinvest the Dividend declared by the Scheme/s. Such unit holders opting to reinvest the dividend receivable by them shall invest in additional units of the Scheme/s. Upon exercising such option, the dividend due and payable to the unit holders will be compulsorily and without any further act by the unit holders reinvested in the Scheme/s.

The dividends so reinvested shall be constructive payment of dividends to the unit holders and constructive receipt of the same amount from each unit holder, for reinvestment in units.

On reinvestment of dividends, the number of units to the credit of unit holder will increase to the extent of the dividend reinvested divided by the first 'Ex-income Distribution NAV' on the day of reinvestment as explained above. There shall, however, be no entry load on the dividends so reinvested.

## **8. Allotment**

Allotment of Units will be made to the eligible applicants under the Scheme/s who comply with the terms of the scheme/s.

Allotment of units will be made to all the applicants provided the applications are complete in all respects. [Fractional units will be allotted up to four decimals]. However, acceptance of application and allotment of units / fractional units will be at the absolute discretion of the Trustees and the application can be rejected without assigning any reason whatsoever.

Date of subscription at the notified centers is deemed to be the date of allotment for claiming tax benefits under the Scheme, provided the application has not been rejected by the Fund subsequently for the reasons explained above.

## **9. Redemption**

The redemption or repurchase proceeds shall be dispatched to the unit holders within 10 working days from the date of receipt of redemption or repurchase request.

## **10. Delay in payment of redemption / repurchase proceeds**

The Asset Management Company shall be liable to pay interest to the unit holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

11. **Who can invest?** (This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.)

### **Applicable to Canara Robeco Gilt (PGS) Scheme:**

Non – Government Provident Funds, Super Annuation Funds & Gratuity Funds pursuant to notification Dtd 31.03.1999 issued by Dept. of Economic Affairs, Ministry of Finance.

### **Applicable to all schemes(except Canara Robeco Gilt (PGS) ) covered under this common SID.**

Adult Individual(s) and also minor(s) through their parent/guardian. (Application of minors jointly with adults not allowed).

- Adult Individual(s) jointly not exceeding three, on first holder or survivor/s basis.
- Hindu Undivided Family (HUF)
- Partnership Firms
- A Company as defined in the Companies Act, 1956, Public Sector Undertakings.
- A Body Corporate established by or under any law in force in India.
- A Co-operative Society registered under any law relating to Co-operative Societies in India.
- A Religious or Charitable Trust / Wakfs or a Society established under the relevant laws and authorised to invest in Mutual Fund Schemes.
- FIIs registered with SEBI.

- Banks and Financial Institutions.
- Pension Funds/Pension Fund Managers.
- Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) on repatriation / non-repatriation basis.
- Army, Air Force, Navy and other para-military units and bodies created by such institutions. Scientific and Industrial Research Organisations.
- Multilateral Funding Agencies / Body Corporates incorporated outside India with the permission of Government of India / Reserve Bank of India
- Other Schemes of the Fund subject to the conditions and limits prescribed under SEBI Regulations.
- Any other category of investors that may be permitted by the Trustees as per the Indian Laws in future.

## 12. Where can you submit the filled up applications?

**M/s Karvy Computershare Pvt. Ltd..**  
**21, Road No.4, Street No. 1,**  
**Banjara Hills, Hyderabad 500034**  
**Tel No. (044) 23390404, 23394436, 2337901**  
**Fax. (040) 23311968**

Submission of forms for subscription and redemption during ongoing sale / redemption can be made at the Sales Offices of the AMC(Please refer the back cover page)or Official Points of Acceptance of the R & T Agent.

## 13. How to apply

Please Refer the SAI and Application Form for the instructions

**Please note that it is mandatory for Unit holders to:**

1. Mention their bank account numbers in their application for purchase of units and redemption requests.
2. Mention their Permanent Account Number (PAN) in their application

## 14. Listing

As the repurchase facility is provided on an ongoing basis, at NAV related prices, the units of the Scheme/s are not proposed to be listed on any Stock Exchanges. However, the Mutual Fund may at its sole discretion list the Units under the Scheme(s) on one or more stock exchange at a later date.



**15. Restrictions, if any, on the right to freely retain or dispose of units being offered.**

The AMC reserves the right to reject any subscription/ application for units of the Fund during NFO, depending on the prevailing market conditions and to protect the interest of the Investors. Investors may, however, offer the units for repurchase any time before the maturity of the Fund and such repurchases are subject to exit load and subject to restrictions on repurchase mentioned elsewhere in this document. Trustees shall approve such restrictions which shall be intimated to SEBI and shall be notified to all the unit holders by publishing the same in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.

**16. Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.**

At the applicable NAV subject to prevailing exit load.

**This is the price you will receive for redemptions/switch outs. Example: If the applicable NAV is Rs. 10, exit load is 1% then redemption price will be:  $\text{Rs. } 10 * (1 - 0.01) = \text{Rs. } 9.90$**

**17. Ongoing price for purchase/switch in (to other schemes/plans of the Mutual Fund) by investors.**

At the applicable NAV.subject to load, if any.

**This is the price you will pay for purchase/switch in. Example: If the applicable NAV is Rs. 10, entry load is 1% then redemption price will be:  $\text{Rs. } 10 * (1 + 0.01) = \text{Rs. } 10.10$**

**18. Applicable NAV for Sale of Units / Switch In**

**Applicable to Canara Robeco Liquid Scheme:**

For Liquid Schemes

Applicable NAV for sale of Units for Liquid Schemes:

- i. where the application is received upto 2.00 p.m. on a day and funds are available for utilization before the cut-off time without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the day immediately preceding the day of receipt of application;
- ii. where the application is received after 2.00 p.m. on a day and funds are available for utilization on the same day without availing any credit facility, whether, intra-day or otherwise - the closing NAV of the day immediately preceding the next business day; and
- iii. irrespective of the time of receipt of application, where the funds are not available for utilization before the cut-off time without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the day immediately preceding the day on which the funds are available for utilization.

For allotment of units in respect of subscriptions/purchase in Liquid scheme(s), it shall be ensured that:

- i. Application is received before the applicable cut-off time.
- ii. Funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the respective Liquid scheme(s) before the cut-off time.
- iii. The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the respective Liquid scheme(s).

For allotment of units in respect of switch-in to Liquid scheme(s) from other schemes, it shall be ensured that:

- i. Application for switch-in is received before the applicable cut-off time.
- ii. Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the respective switch-in Liquid scheme(s) before the cut-off time.
- iii. The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the respective switch-in schemes.

#### **For Debt/Income Schemes (other than Liquid Scheme)**

For applicable NAV and allotment of units in respect to sale of units in Debt/Income schemes other than Liquid schemes with amount equal to or more than Rs.1 crore, it shall be ensured that

- a) For applications received up to 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable.
  - b) For applications received after 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.
  - c) For applications received with outstation instruments not payable at par at the place of receipt, closing NAV of the day of realization of the instruments shall be applicable.
  - d) For applications received on non-business day along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable
  - e) Where the Application for amount equal to or more than Rs.1 crore is received upto 3 p.m (i.e. cut off time for Debt/ Income Scheme(s) other than Liquid schemes) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable.
  - f) where the application for amount equal to or more than Rs.1 crore is received after 3.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day- the closing NAV of the next business day shall be applicable and
19. irrespective of the time of receipt of application for amount equal to or more than Rs.1 crore, where funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any subsequent business day– the closing NAV of such subsequent business day shall be applicable.

#### **20. Cut off timing for redemptions/ switch - out:**

**This is the time before which your application (complete in all respects) should reach the official points of acceptance.**

**For Canara Robeco Liquid Scheme:** a) For applications received up to 3 p.m., the closing NAV of the day immediately preceding the next business day shall be applicable.

b) For applications received after 3 p.m., closing NAV of next business day shall be applicable.

***Applicable for other schemes covered under this SID***

a). For applications received up to 3 p.m., same day's closing NAV shall be applicable.

b) For applications received after 3 p.m., closing NAV of next business day shall be applicable.

The Trustees reserve the right to amend the cut off timings subject to SEBI regulations for the smooth and efficient functioning of the Scheme/s

## **21. Accounts Statements**

**For normal transactions (other than STP) during ongoing sales and repurchase:**

- The AMC shall issue to the investor whose application (other than STP) has been accepted, an account statement specifying the number of units allotted
- For those unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail.
- The unit holder may request for a physical account statement by writing/calling the AMC/ISC/R&T.

**For SIP/ STP transactions:**

- Account Statement for SIP/STP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter.
- A soft copy of the Account Statement shall be mailed to the investors under SIP/STP to their e-mail address on a monthly basis, if so mandated.
- However, the first Account Statement under SIP/STP shall be issued within 10 working days of the initial investment/transfer.
- In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges.

**Annual Account Statement:**

- The Mutual Funds shall provide the Account Statement to the Unit holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement
- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.

Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.

## B. PERIODIC DISCLOSURES

1. **Net Asset Value (This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance)**

The Mutual Fund shall declare the Net asset value of the scheme on every business day on AMFI's website [www.amfiindia.com](http://www.amfiindia.com) by the *(time limit for uploading NAV as per applicable guidelines)* and also on [www.canararobeco.com](http://www.canararobeco.com).

The NAV calculated as above and Sale/Repurchase rates of units will be published in two news papers on a daily basis, by way of press release / advertisement. In addition, the NAV, Sale and Repurchase rates for all business days will be available at our Branch Offices.

2. **Half yearly Disclosures: Portfolio / Financial Results (This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.)**

Before expiry of one month from the close of each half year that is on 31st Mar and 30th Sept, the Fund shall publish its un-audited financial results in one national English daily newspaper and in a newspaper in the language of the region where the Head Office of the Fund is situated.

These shall also be displayed on the web site of the Fund and that of AMFI.

3. **Annual Report**

An abridged Scheme-wise annual report shall be mailed to all unit holders not later than four months from the date of closure of the relevant accounting year and the full annual report shall be made available for inspection at the Head Office of the Fund and a copy shall be made available to the unit holders on request on payment of nominal fees, if any

Investor(s) who have provided their email address in the application form or any subsequent communication in any of the folio belonging to the investor, Electronic Mail (email) shall be treated as a default mode for sending various statutory communications including Abridged Annual Report to the investor. The investor(s) may however on request obtain a physical copy of Abridged Annual Report or any other statutory communication.

4. **Associate Transactions**

Please refer to Statement of Additional Information (SAI).

5. **Taxation** (The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.)

	Investors	Mutual Fund
Dividend Distribution Tax (Applicable to Canara Robeco Liquid Scheme)	Distribution tax at the rate of 27.6811% for Individual and HUF investors and at the rate of 27.6811% applicable to other investors	No Tax

Dividend Distribution Tax (Applicable to other Schemes covered under this SID.	Distribution tax at the rate of 13.841%% for Individual and HUF investors and at the rate of 22.145% % applicable to other investors	
Capital Gains:		
Long Term	20% with indexation or 10% without indexation	No Tax
Short Term	Tax at marginal rate.	No Tax

**For further details on taxation please refer to the clause on Taxation in the SAI**

#### **6. Investor services**

Ms. Manjiri Dolhare  
 Manager – Customer Service  
 Canara Robeco Asset Management Co. Ltd.  
 4<sup>th</sup> Floor, Construction House,  
 5, Walchand Hirachand Marg,  
 Ballard Estate, Mumbai – 400 001  
 Tel No. (022) 6658 5000 Fax (022) 6658 5012/13  
 E-Mail : [manjiri.dolhare@canararobeco.com](mailto:manjiri.dolhare@canararobeco.com)

#### **D. COMPUTATION OF NAV**

The computation of NAV, valuation of securities / assets, accounting policies and standards would be in conformity with the SEBI (Mutual Funds) Regulations, 1996 and guidelines issued from time to time. The NAV per unit shall be calculated as follows:

$$\frac{\text{+ Current assets - Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}} = \text{NAV (Rs.)}$$

The price arrived shall be rounded off up to four decimals.

### **IV. FEES AND EXPENSES**

#### **A. NEW FUND OFFER (NFO) EXPENSES**

As this is an ongoing offer, there are no New Fund Offer Expenses.

**B. ANNUAL SCHEME RECURRING EXPENSES**

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below.

Particulars	% of Net Assets for Canara Robeco Dynamic Bond Fund		% of Net Assets for Canara Robeco Income	% of Net Assets for Canara Robeco Short Term Fund		% of Net Assets for Canara Robeco MIP	% of Net Assets for Canara Robeco Gilt PGS
	Retail Plan	Institutional Plan		Retail Plan	Institutional Plan		
Investment Management and Advisory Fee	1.25%	0.65%	1.25%	0.70%	0.50%	1.25%	1.25%
Service Tax	0.13%	0.07%	0.00%	0.07%	0.05%	0.13%	0.13%
Custodial Fees	0.02%	0.02%	0.00%	0.02%	0.02%	0.02%	0.00%
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.10%	0.07%	0.00%	0.07%	0.07%	0.10%	0.04%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.08%	0.03%	0.00%	0.08%	0.03%	0.00%	0.00%
Brokerage and Transaction Cost pertaining to the distribution of units	0.55%	0.35%	0.00%	0.50%	0.26%	0.55%	0.02%
Audit Fees / Fees and expenses of trustees	0.05%	0.05%	0.00%	0.05%	0.05%	0.05%	0.05%

Costs related to investor communications (Printing and Mailing)	0.04%	0.01%	0.00%	0.01%	0.01%	0.04%	0.00%
Costs of fund transfer from location to location (Bank Charges)	0.01%	0.01%	0.00%	0.01%	0.01%	0.02%	0.01%
Other Expenses	0.03%	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%
<b>Total Recurring Expenses</b>	<b>2.25%</b>	<b>1.25%</b>	<b>1.25%</b>	<b>1.50%</b>	<b>1.00%</b>	<b>2.25%</b>	<b>1.50%</b>

Particulars	% of Net Assets Canara Robeco Liquid			% of Net Assets Canara Robeco Treasury Advantage Fund		
	Retail Plan	Institutional Plan	Super Institutional Plan	Retail Plan	Institutional Plan	Super Institutional Plan
Investment Management and Advisory Fee	0.43%	0.43%	0.18%	0.57%	0.48%	0.00%
Service Tax	0.04%	0.04%	0.02%	0.06%	0.05%	0.00%
Custodial Fees	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.04%	0.04%	0.04%	0.04%	0.04%	0.02%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Brokerage and Transaction Cost pertaining to the distribution of units	0.15%	0.10%	0.03%	0.15%	0.10%	0.01%

Audit Fees / Fees and expenses of trustees	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Costs related to investor communications (Printing and Mailing)	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%
Costs of fund transfer from location to location (Bank Charges)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Other Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Recurring Expenses</b>	<b>0.70%</b>	<b>0.65%</b>	<b>0.30%</b>	<b>0.85%</b>	<b>0.70%</b>	<b>0.05%</b>

<b>Particulars</b>	<b>% of Net Assets Canara Robeco Floating Rate</b>	<b>% of Net Assets Canara Robeco InDiGo Fund</b>
Investment Management and Advisory Fee	0.20%	1.25%
Service Tax	0.02%	0.13%
Custodial Fees	0.01%	0.02%
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.04%	0.10%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.00%	0.08%
Brokerage and Transaction Cost pertaining to the distribution of units	0.10%	0.55%
Audit Fees / Fees and expenses of trustees	0.00%	0.05%
Costs related to investor communications (Printing and Mailing)	0.02%	0.03%
Costs of fund transfer from location to location (Bank Charges)	0.01%	0.02%



Other Expenses	0.00%	0.02%
<b>Total Recurring Expenses</b>	<b>0.40%</b>	<b>2.25%</b>

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se. Types of expenses charged shall be as per the SEBI (MF) Regulations.

While the expense ratio may remain the same, the heads may change inter se and the total expenses shall not exceed 2.25% of the amount of the Scheme's average daily net assets. Subject to SEBI Regulations, the AMC reserve the right to modify the above estimate for recurring expenses on a prospective basis.

As per the Regulation 52, the investment management fee and total annual scheme recurring expenses chargeable to the Scheme are as under:

- On the first Rs.100 Crore of the average weekly net assets - 2.25%
- On the next Rs.300 Crore of the average weekly net assets - 2.00%
- On the next Rs.300 Crore of the average weekly net assets – 1.75%
- On the balance of the assets – 1.50%

### **C. LOAD STRUCTURE**

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC ([www.canararobeco.com](http://www.canararobeco.com)) or may call at (1800 209 2726) or your distributor.

<b>Canara Robeco Liquid</b>	<b>For Retail, Institutional &amp; Super Institutional Plans</b> <b>Lump sum Investment</b> <u>Entry Load</u> Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers. <u>Exit Load/ Switch-over load</u> Nil
<b>Canara Robeco Treasury Advantage Fund</b>	<b>For Retail, Institutional &amp; Super Institutional Plans</b> Lump sum Investment / SIP <u>Entry Load</u> – Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers. <u>Exit Load/ Switch-over load</u> – Nil

<b>Canara Robeco Floating Rate</b>	<p><b>For Retail, Institutional &amp; Super Institutional Plans</b></p> <p><u>Entry Load</u> Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers.</p> <p><u>Exit Load/ Switch-over load</u></p> <p>0.25% if redeemed/switched out within 15days from the date of allotment.</p> <p>NIL if redeemed/switched out after 15days from the date of allotment</p>
<b>Canara Robeco Dynamic Bond Fund</b>	<p><b>For Retail and Institutional Plans</b></p> <p><b>Entry Load</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><b>Exit Load</b></p> <ul style="list-style-type: none"> <li>• 1% - If redeemed / switched out within 9 months from the date of allotment,</li> <li>• Nil - if redeemed / switched out after 9 months from the date of allotment.</li> </ul>
<b>Canara Robeco Short Term Fund</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers.</li> </ul> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• Retail Plan &amp; Institutional Plan - 0.5% - If redeemed/switched out within 90 days from the date of allotment</li> <li>• Nil - if redeemed/switched out after 90 days from the date of allotment.</li> </ul>
<b>Canara Robeco Gilt PGS</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers.</li> </ul> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• Lump Sum/SIP/STP: 0.5% - if redeemed/switched out within 6 months from the date of allotment.</li> <li>• Nil if redeemed / switched out after 6 months from the date of allotment.</li> </ul>
<b>Canara Robeco Income</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront Commission will be paid by the</li> </ul>

	<p>investors to their Investment Advisors / Brokers.</p> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• For all investment amounts - Lump Sum/SIP/STP: 0.5% - If redeemed/switched out within 6 months from the date of allotment.</li> <li>• Nil if redeemed after 6 months from the date of allotment.</li> </ul>
<b>Canara Robeco Monthly Income Plan</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront commission will be paid by the investors to their Investment Advisors/Brokers.</li> </ul> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• For all investment amounts - : 1% - if redeemed/switched out within 1 year from the date of allotment.</li> </ul>
<b>Canara Robeco InDiGo Fund</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront commission will be paid by the investors to their Investment Advisors/Brokers.</li> </ul> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• 1% if redeemed / switched-out in less than or equal to 1 year from the date of allotment.</li> <li>• Nil if redeemed or switched out after 1 year from the date of allotment</li> </ul>

**Bonus units and units issued on reinvestment of dividends shall not be subject to entry load, if any.**

The distributors shall disclose all the commissions (in the form of trail commission or any other mode) payable to them for the different competing schemes of various mutual funds from amongst which the Scheme is being recommended to the investor. Any change in load structure, including CDSC (if any), shall be applicable for prospective investments only.

The investors will be advised of the change in the Load structure by the AMC through an Addendum attached to the Offer Document as well as a public notice shall be given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated. Such Addendum will be sent along with the Newsletter to the investors periodically. The AMC will also inform the investor service centres, Branch Offices/Distributors/Brokers/Intermediaries etc. of any change in the load structure. The latest modification in the load structure whether by way of Exit Load or CDSC will be stamped in the acknowledgment slip issued to the investor on submission of the Application Form and will also be disclosed in the Statement of Accounts issued after introduction of such load / CDSC.

With effect from August 01, 2009, exit load / CDSC (if any) up to 1% of the redemption value charged to the unit holder by the Fund on redemption of units shall be retained by each of the schemes/plans in a separate account and will be utilized for payment of commission to the ARN Holder and to meet other marketing and

selling expenses.. Any amount in excess of 1% of the redemption value charged to the unit holder as exit load /CDSC shall be credited to the respective scheme/ plan immediately.

**VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

1. During the last three years, neither SEBI nor any other Regulatory body has awarded any penalty under SEBI Act or Regulations and there is no enquiry or adjudication proceeding/s, that are in progress against the Sponsors or any company associated with the Sponsors in any capacity including the AMC, the Board of Trustees or any of the Directors or key personnel of the AMC under the SEBI Act or any other Regulations. In addition, no penalties have been awarded for any economic offences and violation of securities laws.
2. (a) The Mutual Fund is defending and / or filed cases in the Special Court constituted under the Special Court (Trial of Offences relating to transactions in Securities) Act, 1992 in respect of the claims arising out of scam related transactions. The Fund has taken necessary steps as legally advised.  
  
(b) Writ Petitions have been filed before the Hon'ble Mumbai High Court and Hon'ble Kolkata High Court, for direction to prohibit Canara Robeco Mutual Fund from converting the close ended Cantriple+ Scheme into open ended and for direction regarding payment of three times the original investment. Cases are also pending before various Consumer Fora claiming three times the investment in Cantriple+ Scheme. The cases are at various stages of hearing. The Fund has taken necessary steps as legally advised.  
  
(c) There are about 61 consumer cases (including appeals) filed by various parties against the Fund in respect of the various schemes of the Fund, which are pending.  
  
In respect of the cases mentioned above, the Fund / Investment Manager will abide by the final decision of the courts.
3. No criminal cases are pending against the Sponsors, any company associated with the Sponsors in any capacity, AMC, Board of Trustees, any of the Directors or key personnel. The Sponsors, Canara Bank, has over 3000 branches and Robeco Groep N V has several offices across the world. To the best of our knowledge and belief, no criminal cases which may affect the business of Mutual Fund are pending against the Sponsors or any company associated with the Sponsors in any capacity or any of the Directors or key personnel."

**IMPORTANT NOTICE**

**"Notwithstanding anything contained in the Scheme Information Document the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable."**

### Branches of Canara Robeco Asset Management Company Limited

**Ahmedabad** - Unit No.104, Onyx Building, Near Raj Hans Society, IDBI Bank Cross Road, Off C G Road, Ahmedabad – 380006, **Bhopal** - Kay Kay Business Centre 1st Floor, 133 Zone 1 M .P Nagar Bhopal – 462011, **Chandigarh** - SCO 333-334, 1st Floor, Sector 35B, Chandigarh- 160 022. **Coimbatore** - Door No. A/1 Thiruvengataswamy Road (East) R .S Puram Coimbatore-641 002, **Goa**- Shop No. 3, Kamat Chambers Opp. Hotel Neptune, Panjim Goa. **Delhi** - 306, Kanchen Junga Bldg., 18, Barakamba Road, Delhi-110 001, **Bangalore** - GF4 & GF5, Business Point, No.137, Ridage Road, Bangalore - 560 025, **Kolkatta** - 'Horizon', 57 Chowringhee Road, Kolkata – 700071. **Kochi** - Door No. XL/6030, 1st Floor, Al-Falah Plaza (Opp.Oriental Bank of Commerce) Broadway North End, Kochi - 682 031, **Indore** - 107, 1st Floor, Bansi Trade Center 107, 581/5 M. G. Road, Indore. **Ludhiana** - Room No. 328, 3rd Floor Ludhiana Stock Exchange Building Feroz Gandhi Marg Ludhiana - 141 001. **Mangalore** - 227/2A, Essel Towers, Bunts Hotel Circle, Mangalore – 575003. **Nagpur**- Unit No. C/6, 4th Floor Indu Yash II , 186 Cement Road Dharampeth Extension Nagpur – 400010. **Patna** - 401/402, Aashiana, Hariniwas, 4th Floor, Dak Bungalow Road, Dak Bungalow Road, Patna. **Pune** - Deccan Mall, Office 1 & 2, 1st Floor, Deccan Gymkhana, Pune-411 004. **Surat** - Shop No. M-8 & M-9, Jolly Plaza, Athwagate, Surat. **Trichy** - Srinivasa Complex No. 145/74 C ,Salai Road Thillainagar, Trichy 620 018 , **Vododara** - 116, Siddharth Complex R.C Dutt Road, Alkapuri, Vadodara- 390 007, **Vizag** - Vidisha Towers, 47-14-10 Flat No.3, 3rd Floor Dwarkanagar Main Road Visakhapatnam – 530016. **Hyderabad** - V. V. Vintage Boulevard, 1st Floor, Municipal H. No.6-3-1093, Somajiguda, Raj Bhavan Road, Hyderabad 5000082. **Chennai** - 770A, 1st floor, Spencer Annexe, Anna Salai, Chennai – 600 002, **Mumbai**- Canara Robeco Asset Management Company Ltd., Construction House, 5 Walchand Hirachand Marg Ballard Estate, Mumbai – 400001.

## Scheme Information Document

### Open Ended Equity / Hybrid Schemes

Canara Robeco Infrastructure

Canara Robeco Balance

Canara Robeco Nifty Index

Canara Robeco F.O.R.C.E Fund

(Financial Opportunities, Retail Consumption & Entertainment Fund)

Canara Robeco Equity Diversified

Canara Robeco Emerging Equities

Canara Robeco Equity Tax Saver

Canara Robeco Large Cap + Fund

### Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Company Ltd.

Trust : Canara Robeco Mutual Fund

Construction House, 4th Floor, 5, Walchand Hirachand Marg,  
Ballard Estate, Mumbai 400 001.

Tel.: 6658 5000, 6658 5086 Fax: 6658 5012 / 13.

E-Mail : [www.canararobeco.com](http://www.canararobeco.com)

Registrar: M/s. Karvy Computershare Pvt. Limited "Karvy Plaza"

H. No. 8-2-596 Avenue 4, Street No. 1, Banjara Hills,  
Hyderabad - 500 034.

Tel No.: (040) 23394436, 23397901, 23312454,

Fax No.: (040) 23311968, Email : [crmf@karvy.com](mailto:crmf@karvy.com)

The particulars of the Scheme have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996 (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with the Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

This Scheme Information Document sets forth concisely the information about the Scheme(s) that a prospective investor should know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date 08.06.2011 of this document from the Mutual Fund/ Investor Services Centres/Web site/Distributors or Brokers.

**The investors are advised to refer to the Statement of Additional Information (SAI) for details of Canara Robeco Mutual Fund, Tax and Legal issues and general information on [www.canararobeco.com](http://www.canararobeco.com).**

**SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.**

**The Scheme Information Document should be read in conjunction with the SAI and not in isolation.**

**This Scheme Information Document is Dated 08th June, 2011**

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Canara Robeco Infrastructure	Canara Robeco Equity Diversified	Canara Robeco Emerging Equities	Canara Robeco Large Cap+ Fund
Type & Category : Open Ended Equity Scheme	Type & Category : Open Ended Equity Scheme	Type & Category : Open Ended Equity Scheme	Type & Category : Open Ended Equity Scheme
Investment Objective : To generate income / capital appreciation by investing in equities and equity related instruments of companies in the infrastructure sector. However, there can be no assurance that the investment objective of the scheme will be realized.	Investment Objective : To generate capital appreciation by investing in equity and equity related securities. However, there can be no assurance that the investment objective of the scheme will be realized.	Investment Objective : To generate capital appreciation by primarily investing in diversified mid-cap stocks. However, there can be no assurance that the investment objective of the scheme will be realized.	Investment Objective : The Investment Objective of the fund is to provide capital appreciation by predominantly investing in companies having a large market capitalization. However, there can be no assurance that the investment objective of the scheme will be realized.
Minimum Application Amount : I. Lump sum Investment Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. II. Systematic Investment Plan (SIP) Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter. III. Systematic Transfer Plan (STP)/Systematic Withdrawal Plan (SWP) Minimum installment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	Minimum Application Amount : I. Lump sum Investment Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. II. Systematic Investment Plan (SIP) / Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter. III. Systematic Transfer Plan (STP)/Systematic Withdrawal Plan (SWP) Minimum installment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	Minimum Application Amount : I. Lump sum Investment Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. II. Systematic Investment Plan (SIP) Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter. III. Systematic Transfer Plan (STP)/Systematic Withdrawal Plan (SWP) Minimum installment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	Minimum Application Amount : I. Lump sum Investment Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. II. Systematic Investment Plan (SIP) Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter. III. Systematic Transfer Plan (STP)/Systematic Withdrawal Plan (SWP) Minimum installment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.
Applicable NAV for Sale of Units / Switch In : a) For applications received up to 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable. b) For applications received after 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable. c) For applications received with outstation instruments not payable at par at the place of receipt, closing NAV of the day of realisation of the instruments shall be applicable. d) For applications received on non-business days along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.			
Applicable NAV for Repurchase of Units / Switch Out : a) For applications received up to 3 p.m., same day's closing NAV shall be applicable. b) For applications received after 3 p.m., closing NAV of the next business day shall be applicable.			
Load Structure : Kindly refer to the section "Load Structure" on Page No. 67 & 68			
Benchmark Index : BSE 100	Benchmark Index : BSE 200	Benchmark Index : CNX Mid Cap	Benchmark Index : BSE 100
The Trustees reserve the right to change the benchmark if due to a change in market conditions, a different index appears to be providing a more appropriate basis for comparison of fund performance or if the indicated benchmark ceases to exist or undergoes a substantial change that renders it an ineffective base for performance comparison and analysis.			
<b>Liquidity :</b> Being an Open-Ended Scheme, Units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of exit load / CDSC, if any. The AMC reserves the right to reject further subscription/ application for units of the Scheme on an on-going basis, depending on the prevailing market conditions and to protect the interest of the Investors. Such change will be notified to the Investors by display of notice at the various investor service centers of the AMCs and on its website. Units can be redeemed (i.e. sold back to the Mutual Fund) on or Switched out (i.e. to another scheme of the Mutual Fund or Option(s) offered within the Scheme, if any) every Business Day, at the Applicable NAV subject to applicable load, if any. The Units of the Scheme will not be listed on any exchange, for the present. The Fund will, under normal circumstances dispatch redemption cheques within 10 Business days from the date of acceptance of the redemption request at any of the official point(s) of transaction(s).			
<b>Transparency / NAV Disclosure :</b> The NAV will be disclosed at the close of every Business Day and released to the Press, News Agencies and the Association of Mutual Funds of India (AMFI) . The NAVs shall be published daily in two daily newspapers. The NAVs will also be displayed on the website of the AMC www.canararobeco.com. The AMC may disclose details of the portfolio of the Scheme on a regular basis on the website of the AMC www.canararobeco.com. As presently required by the SEBI Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in a newspaper within one month from the close of each half year (i.e. March 31 & September 30) or mailed to the Unit holders. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) and the website of the AMC (www.canararobeco.com) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI and number of such instances would be reported to SEBI on bimonthly basis. If the NAVs are not available before the commencement of the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.			



Canara Robeco Equity Tax Saver	Canara Robeco Balance	Canara Robeco Nifty Index	Canara Robeco F.O.R.C.E Fund
Type & Category : An Open ended Equity Linked Saving Scheme	Type & Category : An Open ended Balance Scheme	Type & Category : An Open Ended Nifty Linked Equity Scheme	Type & Category : An Open Ended Equity Scheme
Investment Objective : ELSS seeking to provide long term capital appreciation by predominantly investing in equities to facilitate the subscribers to seek tax benefits as provided under Section 80 C of the Income Tax Act, 1961. However, there can be no assurance that the investment objective of the scheme will be realized.	Investment Objective : To seek to generate long term capital appreciation and / or income from a portfolio constituted of equity and equity related securities as well as fixed income securities (debt and money market securities). However, there can be no assurance that the investment objective of the scheme will be realized.	Investment Objective : To generate income/capital appreciation by investing in companies whose securities are included in the S & P CNX Nifty. However, there can be no assurance that the investment objective of the scheme will be realized.	Investment Objective : The feature of the Fund is to provide long-term capital appreciation by primarily investing in equity and equity related securities of companies in the Finance, Retail & Entertainment sectors. However, there can be no assurance that the investment objective of the scheme will be realized.
Minimum Application Amount : I. Lump sum Investment Minimum amount: Rs. 500.00 and multiples of Re.1 thereafter. II. Systematic Investment Plan (SIP) Minimum instalment amount - Rs. 500.00 and Rs. 1000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Rs. 1.00 thereafter. III. Systematic Transfer Plan (STP)/Systematic Withdrawal Plan(SWP) Minimum installment amount - Rs. 500.00 and Rs. 1000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Rs. 1.00 thereafter.	Minimum Application Amount : I. Lump sum Investment Minimum amount: Rs. 5,000 and in multiples of Re.1/- thereafter. NRI/FII/OCBs : Rs.50,000/- & in multiples of Rs.1,000/- Corporates/Trusts & Institutional Investors : Rs.50,000/- & in multiples of Rs.10,000/- Subsequent purchases / redemption: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP)/Systematic withdrawal plan(SWP) Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	Minimum Application Amount : I. Lump sum Investment Minimum amount: Rs. 5,000.00 and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. II. Systematic Investment Plan (SIP) Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter. III. Systematic Transfer Plan (STP)/Systematic Withdrawal Plan(SWP) Minimum installment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	Minimum Application Amount : I. Retail Plan Minimum amount: Rs. 5,000 and multiples of Re.1 thereafter. Subsequent purchases: Minimum amount of Rs. 500 and multiples of Re. 1 thereafter. II. Institutional Plan Minimum amount: Rs. 5,00,00,000 (Rs. Five crores) and multiples of Re. 1 thereafter. Subsequent purchases: Minimum amount of Rs.5,00,000 (Rs. Five Lakhs) and multiples of Re.1 thereafter. III. Systematic Investment Plan (SIP) Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter. IV. Systematic Transfer Plan (STP)/Systematic Withdrawal Plan(SWP) Minimum installment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.
Applicable NAV for Sale of Units / Switch In : a) For applications received up to 3 p.m., along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable. b) For applications received after 3 p.m., along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable. c) For applications received with outstation instruments not payable at par at the place of receipt, closing NAV of the day of realisation of the instruments shall be applicable. d) For applications received on non-business days along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.			
Applicable NAV for Repurchase of Units / Switch Out : a) For applications received up to 3 p.m., same day's closing NAV shall be applicable. b) For applications received after 3 p.m., closing NAV of the next business day shall be applicable.			
Load Structure : Kindly refer to the section "Load Structure" on Page No. 67 & 68			
Benchmark Index : BSE 100	Benchmark Index : CRISIL Balanced Fund Index	Benchmark Index : S & P CNX NIFTY	Benchmark Index : S&P CNX Nifty
The Trustees reserve the right to change the benchmark if due to a change in market conditions, a different index appears to be providing a more appropriate basis for comparison of fund performance or if the indicated benchmark ceases to exist or undergoes a substantial change that renders it an ineffective base for performance comparison and analysis.			
<b>Liquidity :</b> ( For Canara Robeco Equity Tax Saver repurchase / redemption facility after 3 years from the date of allotment ) for other scheme being an Open-Ended Scheme, Units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of exit load / CDSC, if any. The AMC reserves the right to reject further subscription/ application for units of the Scheme on an on-going basis, depending on the prevailing market conditions and to protect the interest of the Investors. Such change will be notified to the Investors by display of notice at the various investor service centers of the AMCs and on its website. Units can be redeemed (i.e. sold back to the Mutual Fund) on or Switched out (i.e. to another scheme of the Mutual Fund or Option(s) offered within the Scheme, if any) every Business Day, at the Applicable NAV subject to applicable load, if any. The Units of the Scheme will not be listed on any exchange, for the present. The Fund will, under normal circumstances dispatch redemption cheques within 10 Business days from the date of acceptance of the redemption request at any of the official point(s) of transaction(s).			

**Transparency / NAV Disclosure :**

The NAV will be disclosed at the close of every Business Day and released to the Press, News Agencies and the Association of Mutual Funds of India (AMFI) . The NAVs shall be published daily in two daily newspapers. The NAVs will also be displayed on the website of the AMC [www.canararobeco.com](http://www.canararobeco.com). The AMC may disclose details of the portfolio of the Scheme on a regular basis on the website of the AMC [www.canararobeco.com](http://www.canararobeco.com). As presently required by the SEBI Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in a newspaper within one month from the close of each half year (i.e. March 31 & September 30) or mailed to the Unit holders. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI ([www.amfiindia.com](http://www.amfiindia.com)) and the website of the AMC ([www.canararobeco.com](http://www.canararobeco.com)) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI and number of such instances would be reported to SEBI on bimonthly basis. If the NAVs are not available before the commencement of the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.

## I. INTRODUCTION

### A. RISK FACTORS

#### **Standard Risk Factors:**

- I. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- II. As the price / value / interest rates of the securities in which the scheme invests fluctuates, the value of your investment in the scheme may go up or down.
- III. The past performance of the Sponsors/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- IV. The name of the Scheme(s) do not in any manner indicate either the quality of the Scheme(s), its future prospects or returns.
- V. Canara Bank and Robeco Groep N. V., being the Sponsors, are not responsible or liable for any loss resulting from the operation of the scheme beyond the initial contribution of Rs. 10 Lacs made by it towards setting up the Canara Robeco Mutual Fund.
- VI. The present scheme(s) is not a guaranteed or assured return scheme(s).

#### **Scheme Specific Risk Factors**

Some of the specific risk factors related to the Scheme(s) include, but are not limited to the following:

##### **(I) Related to all Schemes**

The value of the Scheme investments may be affected by factors affecting capital markets generally, such as price and volume volatility in the stock markets, interest rates, currency exchange rates, foreign investments, changes in government policy, political, economic or other developments and closure of the stock exchanges.

Investment made in unlisted equity or equity-related securities may only be realisable upon listing of these securities.

Trading volumes, settlement periods and transfer procedures may restrict liquidity of investments in equity and equity related securities. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The length of the settlement may affect the Scheme in the event the Scheme has to meet large number of redemption.

The Investment Manager perceives such situations to be exceptional in nature.

##### **II. Risk associated with investing in Derivatives**

As and when Scheme trades in the derivatives market, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risk in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Derivatives can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities.

Identification and execution of the strategies to be pursued by the Fund Manager involve uncertainty and decision of Fund Manager may not always be profitable. No assurance can be given that the Fund Manager will be able to identify or execute such strategies. The risk associated with the use of derivatives is different from or possibly greater than the risks associated with investing directly in securities and other traditional investments.

Trading in derivatives has the following risks:

- a. An exposure to derivatives in excess of the hedging requirements can lead to losses.
- b. An exposure to derivatives can also limit the profits from a genuine investment transaction.
- c. Efficiency of a derivative market depends on the development of a liquid and efficient market for underlying securities.

### **III. Risk associated with Investing in Foreign Securities**

For investments in American Depositary Receipts (ADRS) / Global Depositary Receipts (GDRs) and such other offshore investments (as and when permitted), the market values of which depend generally on factors such as multi-currency, multi-market situations, political / economic factors and international regulations.

- **Currency Risk:** Investment in other currencies involve currency risks. The Scheme's exposure in foreign securities, income distributions etc. may be adversely affected due to change in the exchange rates of such foreign currencies in relation to Indian Rupee.
- **Interest Rate Risk:** The pace and movement of interest rate cycles of various countries can differ significantly leading to an exposure in their interest rates.
- **Credit Risk:** Though the investments in overseas securities are subject to credit risks, this is substantially reduced as investments are made only in rated securities as stipulated under the regulations.

### **IV. Risk associated with investing in Securitized Debt**

The Scheme may invest in domestic securitized debt such as Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS). ABS are securitized debts where the underlying assets are receivables arising from various loans including automobile loans, personal loans, loans against consumer durables, etc. MBS are securitized debts where the underlying assets are receivables arising from loans backed by mortgage of residential / commercial properties.

At present in Indian market following types of loans are securitized

1. Auto Loans (cars / commercial vehicles / two wheelers)
2. Residential Mortgages or Housing Loans
3. Consumer Durable Loans
4. Personal Loans
5. Corporate Loans

In terms of specific risks attached to securitization, each asset class would have different underlying risks. Residential mortgages generally have lower default rates than other asset classes, but repossession becomes difficult. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Asset classes like personal loans, credit card receivables are unsecured and in an economic downturn may witness higher default. A corporate loan / receivable, depend upon the nature of the underlying security for the loan or the nature of the receivable and the risks correspondingly fluctuate.

The rating agencies define margins, over collateralization and guarantees to bring risk in line with similar AAA rated securities. The factors typically analyzed for any pool are as follows

- a) **Assets securitized and Size of the loan:** This indicates the kind of assets financed with the loan and the average ticket size of the loan. A very low ticket size might mean more costs in originating and servicing of the assets.

- b) **Diversification:** Diversification across geographical boundaries and ticket sizes might result in lower delinquency.
- c) **Loan to Value Ratio:** Indicates how much % value of the asset is financed by borrower's own equity. The lower this value the better it is. This suggests that where the borrowers own contribution of the asset cost is high; the chances of default are lower.
- d) **Average seasoning of the pool:** This indicates whether borrowers have already displayed repayment discipline. The higher the number, the more superior it is. The other main risks pertaining to Securitised debt are as follows

**Prepayment Risk:** This arises when the borrower pays off the loan sooner than expected. When interest rates decline, borrowers tend to pay off high interest loans with money borrowed at a lower interest rate, which shortens the average maturity of ABS. However, there is some prepayment risk even if interest rates rise such as when an owner pays off a mortgage when the house is sold or an auto loan is paid off when the car is sold.

**Reinvestment Risk:** Since prepayment risk increases when interest rates decline, this also introduces reinvestment risk, which is the risk that the principal can only be reinvested at a lower rate.

#### **V. Risk associated with Securities Lending**

Securities Lending may involve the risk of default on the part of the borrower. However, this is unlikely to happen if the stock lending is carried out for stocks which are in dematerialised form and through an authorised stock lending scheme, subject to appropriate Regulations. The Investment Manager perceives such situations to be exceptional in nature. Although the Stock Market in India is still developing, considering the good demand for listed / quoted Equity Shares of reputed companies, the Scheme(s) may choose to meet repurchase needs through temporary borrowings, within the permissible limits.

#### **vi. Other Risks:**

In the event of substantial investment by the Sponsor/s, or its associates in the Scheme(s), any redemption by these entities may have an impact on the performance of the Scheme(s)

Canara Robeco Mutual Fund will not be responsible for any loss of tax benefits in the event of winding up of the Scheme(s) or for any amendments in the tax laws that may affect the tax benefits available under the Scheme(s). The tax benefits are based on the present laws and rules in force.

#### **(Related to Canara Robeco F.O.R.C.E. (Financial, Opportunities, Retail Consumption and Entertainment Fund)**

The fund will invest in equity and equity related securities of companies engaged in banking, financial services, retail consumption and entertainment and hence the concentration risk is expected to be relatively high. Amongst these sectors, at times, a majority of investments could be under a single sector and in the event the sector does not perform well due to forces affecting the market, the scheme performance may be affected to that extent. While banking and financial services sector is well developed in India, retail consumption and entertainment sectors are of recent origin. The risk weightage for investment in these sunrise sectors could be relatively higher compared to other sectors

#### **Related to Canara Robeco Large Cap+ Fund**

Canara Robeco Large Cap+ Fund is an open ended equity fund investing in the top 150 companies by market capitalization and thus will carry less risk as compared to a mid cap / thematic equity fund. The underlying companies will be more liquid and also the access to information for these companies is very high as the institutional ownership in these companies is generally large. The Fund will aim to have concentrated exposures in the stocks which are high conviction ideas and are fitting in the Fundamental and Quantitative Parameters.

#### **Related to Canara Robeco Nifty Index Fund**

Performance of the S & P Nifty Index will have a direct bearing on the performance of the Scheme. In the event the S & P CNX Nifty Index is dissolved or is withdrawn, the Trustees reserves a right to modify the Scheme so as to track a different and suitable index/indices or to suspend tracking the Nifty till such time it is dissolved/withdrawn or not published and an appropriate intimation will be sent to the Unit Holders of the Scheme. In such a case, the investment pattern will be

modified suitably to match scheme objective and the composition of the securities that are included in the new index that will be tracked.

Tracking error is inherent in any index based Schemes and as such, errors may cause Canara Robeco Nifty Index to generate returns which are not in line with the performance of the Nifty or one or more securities covered by Nifty. Such variations are referred to as tracking errors are expected to be around 2% p.a. but may vary due to several factors.

India Index Services & Product Ltd. (IISL) undertakes a periodical review of the scrips that comprise the Nifty and may either drop or include new securities. In such an event, the scheme will endeavour to reallocate its portfolio to mirror the changes. However, the reallocation process may not occur instantaneously and permit precise mirroring of the Nifty during this period.

Any delay in the purchase or sale of shares due to illiquidity in the market, settlement and realisation of sales proceeds, delay in registration of securities or in receipt and consequent reinvestment of dividends etc. – The indices reflects the prices of securities at a point in time, which is the price at close of business day on The National Stock Exchange. The scheme however, may trade these securities at different points in time during the trading sessions and therefore the prices at which the scheme trades may not be identical to the closing price of each scrip on that day on the NSE. In addition, the scheme may opt to trade the same securities on different exchanges due to price or liquidity factors, which may also result in traded prices being at variance, from NSE closing prices.

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## **B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

### C. DEFINITIONS

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

<b>Applicable NAV</b>	The NAV applicable for purchase or redemption or switching of Units based on the time of the Business Day on which the application is accepted.
<b>Applicant</b>	Applicant means a person who applies for allotment of units of schemes of Canara Robeco Mutual Fund (CRMF) in pursuance of this Scheme Information Document.
<b>Asset Management Company OR AMC OR Investment Manager</b>	Canara Robeco Asset Management Company Ltd. (CRAMC) incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Asset Management Company for the scheme(s) of Canara Robeco Mutual Fund.
<b>Allotment Date</b>	The date on which the units of the schemes of Canara Robeco Mutual Fund are allotted to the successful applicants from time to time and includes allotment made pursuant to the New Fund Offer.
<b>Business Day</b>	<p>A day not being:</p> <p>(1) A Saturday and Sunday; or</p> <p>(2) A day on which Banks in Mumbai and/ or the Reserve Bank of India are closed , or</p> <p>(3) A day on which there is no RBI clearing/settlement of securities; or</p> <p>(4) A day on which both the Stock Exchanges, Mumbai and the National Stock Exchange of India Limited are closed, whether or not the banks are open; or</p> <p>(5) A day on which Purchase and Redemption of Units is suspended or a book closure period is announced by the Trustee / AMC; or</p> <p>(6) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time.</p> <p>Provided that the days when the banks in any location where the AMC's branch offices are located, are closed due to a local holiday, such days will be treated as non Business Days at such branches for the purposes of accepting fresh subscriptions. However, if the branch offices in such locations are open on such local holidays, then redemption and switch requests will be accepted at those branches, provided it is a Business Day for the Scheme on an overall basis.</p>



	Notwithstanding the above, the AMC reserves the right to change the definition of Business Day and to declare any day as a Business Day or otherwise at any or all branch offices.
<b>Canara Bank</b>	Canara Bank, a body corporate constituted under the provisions of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 and having its head office at 112, J. C. Road, Bangalore, 560002.
<b>CBLO</b>	Collateralized Borrowing and Lending Obligations is a Money Market Instrument, approved by RBI (developed by Clearing Corporation of India Ltd). CBLO is a discounted instrument issued in an electronic book entry form for maturity ranging from one day to one year.
<b>CDSC</b>	Contingent Deferred Sales Charge (CDSC) is a charge imposed when the units are redeemed within 4 years from the date of allotment. The SEBI Regulations mandate the maximum amount that can be charged in each year.
<b>Combined Scheme Information Document or Scheme Information Document</b>	This document issued by Canara Robeco Mutual Fund, offering for subscription of units of eight equity schemes (including Plans and options there under) viz; Canara Robeco Equity Diversified, Canara Robeco F.O.R.C.E (Financial, Opportunities, Retail Consumption and Entertainment) Fund, Canara Robeco Infrastructure, Canara Robeco Emerging Equities, Canara Robeco Equity Tax Saver, Canara Robeco Nifty Index, Canara Robeco Balance and Canara Robeco Large Cap+ Fund.
<b>Custodian</b>	The custodian to Canara Robeco Scheme (s) appointed from time to time.
<b>Depository</b>	Depository as defined in the Depositories Act, 1996 (22 of 1996).
<b>Derivative</b>	Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities.
<b>Dividend</b>	Income distributed by the Mutual Fund on the Units.
<b>ELSS</b>	Equity Linked Saving Scheme 1992 notified by Central Government vide Gazette Notification dated 28.12.1992 as amended from time to time.

<b>Entry Load or Sales Load</b>	Load on Sale / Switch in of Units.
<b>Exit Load or "Redemption Load"</b>	Load on Redemption / Switch out of Units.
<b>Equity Related Instruments</b>	"Equity Related Instruments" includes convertible bonds and debentures, convertible preference shares, warrants carrying the right to obtain equity shares, equity derivatives and any other like instruments.
<b>"Foreign Securities"</b>	ADRs / GDRs/ equity / debt securities of overseas companies listed on the recognized stock exchanges overseas/ or such other related securities as may be specified by SEBI and/or RBI from time to time.
<b>Fund</b>	Canara Robeco Mutual Fund
<b>FII</b>	Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
<b>Large Cap Companies/Stock</b>	Any of the Top 150 stocks on the basis of market capitalisation (applicable to CR Large Cap+ Fund)
<b>Money Market Instruments</b>	includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.
<b>MIBOR</b>	Mumbai Inter-bank Offered Rate
<b>Mid &amp; Small Cap Companies</b>	Mid and Small Cap companies have been defined as those which are ranked from 151 to 500 on the basis of market capitalisation.(Applicable to CR Emerging Equities Fund)
<b>Market Capitalisation</b>	Market value of the listed company, which is calculated by multiplying its current market price by number of shares outstanding.
<b>Gilt/Govt. Securities</b>	Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in the Public Debt Act,

	1944, as amended or re-enacted from time to time.
<b>Investor Service Centres" or "ISCs</b>	Designated Branches or Offices of Canara Robeco Asset Management Company Limited or such other centres / offices as may be designated by the AMC from time to time.
<b>NAV</b>	The term Net Asset Value (NAV) appearing in this SID means the NAV per unit of the Scheme(s) of the Canara Robeco Mutual Fund.
<b>NRI</b>	A Non-Resident Indian or a Person of Indian Origin residing outside India.
<b>Person</b>	The word "person" shall include individual, a body corporate, group of individuals, trusts and other association of persons whether incorporated or not.
<b>Person of Indian Origin</b>	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held an Indian passport; or (b) he or either of his parents or any of his grand parents was a citizen of India by virtue of Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or person referred to in sub-clause (a) or (b).
<b>RBI</b>	Reserve Bank of India, established under the Reserve Bank of India Act 1934, as amended from time to time.
<b>Repo</b>	Sale of Govt. Securities with simultaneous agreement to repurchase them at a later date.
<b>Registrar and Transfer Agent</b>	Karvy Computershare Private Limited (Karvy), currently acting as registrar to the Scheme, or any other registrar appointed by the AMC from time to time
<b>Reverse Repo</b>	Purchase of Govt. Securities with a simultaneous agreement to sell them at a later date.
<b>Robeco Groep N. V.</b>	Robeco Groep N.V. (Robeco) is wholly owned by Rabobank Nederland and is one of the Sponsors of the Fund.

<b>S &amp; P CNX NIFTY Or Nifty</b>	The Index comprising of, at present fifty equity securities, the composition and the criteria of which are determined by India Index Services & Products Ltd. from time to time.
<b>Statement of Additional Information or "SAI"</b>	The document issued by Canara Robeco Mutual Fund containing details of Canara Robeco Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.
<b>Settler</b>	Canara Bank
<b>Sponsors</b>	The Sponsors of the Fund, namely Canara Bank and Robeco Groep N. V.
<b>Statement of Account</b>	A non-transferable statement indicating the number of units held by the investor on a particular date.
<b>Switch Over</b>	Simultaneous applications by a unit holder for repurchase / redemption of units held by him under one of the Schemes (or a plan under the same Scheme) of Canara Robeco Mutual Fund with authorisation to the Investment Manager to apply the repurchase/redemption proceeds, for the purchase of fresh/additional units of another Scheme (or under another plan of the Scheme of which he is a unit holder) of Canara Robeco Mutual Fund, which is open for subscription at the time when the applications are made.
<b>Stock Exchange</b>	Stock Exchange means a Stock Exchange which is for the time being, recognised under the Securities Contracts (Regulation) Act, 1956 (42 of 1956).
<b>SEBI</b>	Securities & Exchange Board of India established under the Securities and Exchange Board of India Act, 1992, as amended from time to time.
<b>The Scheme</b>	The Scheme means Canara Robeco Equity Diversified (CRED), Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment) (CRFORCE), Canara Robeco Equity Tax Saver (CRETX), Canara Robeco Emerging Equities (CREE), Canara Robeco Infrastructure (CRINF), Canara Robeco Large Cap+ Fund (CRLGCP), Canara Robeco Balance (CRBAL), Canara Robeco Nifty Index (CRNFTY)
<b>Trustees</b>	Trustees mean Canara Bank and other Trustees appointed from time to time and

	include a Trustee Company, if incorporated.
<b>Tracking Error</b> <b>(Applicable to Canara Robeco Nifty Index)</b>	The performance of the Scheme may not be commensurate with the performance of the Nifty on any given day or over a given period. Such variations are commonly referred to as the tracking error.
<b>Trust Deed</b>	Principal Trust Deed (Amended & Restated) dated 26 <sup>th</sup> September 2007.
<b>The Regulations</b>	Securities & Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.
<b>Unit Capital</b>	The aggregate face value of the units issued and outstanding (including fractional units) under Canara Robeco Scheme (s)
<b>Unit</b>	One undivided share of a unit holder in the assets of Canara Robeco Mutual Fund Scheme (s)
<b>Unit holder</b>	A person holding units of the schemes of Canara Robeco Mutual Fund and includes a person who has opted to switch over his investment(s), wholly or partially, from another Scheme or Schemes of the Canara Robeco Mutual Fund to any of the equity oriented schemes mentioned in this Scheme Information Document.

*Interpretation:*

*For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:*

- *The terms defined in this Scheme Information document include the plural as well as the singular.*
- *Pronouns having a masculine or feminine gender shall be deemed to include the other.*

*The expressions not defined here shall carry the same meaning, assigned to them in the Scheme Information document.*

#### **D. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

- a) This Combined Scheme Information Document (SID) has been prepared in terms of SEBI Circular SEBI/IMD/CIR No. 5/126096/ 08 dated May 23, 2008 and is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time. All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- b) The disclosures made in the Combined Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.
- c) The intermediaries named in the Combined Scheme Information Document and Statement of Additional Information are registered with SEBI and till date such registration is valid, as on date.
- d) The contents of the SID including figures, data, yields, etc. have been checked and are factually correct.

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Date: 08<sup>th</sup> June, 2011  
Place: Mumbai

Signature: Sd/-  
Name: Jignesh Modi  
Compliance Officer  
Canara Robeco Asset Management Company Ltd.  
(Investment Manager for Canara Robeco Mutual Fund)

## II. INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME(S)

Name of the Scheme(s)	Type of the Scheme
Canara Robeco Equity Diversified	Open Ended Equity Scheme
Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment)	Open Ended Equity Scheme
Canara Robeco Equity Tax Saver <sup>^</sup>	Open ended Equity Linked Saving Scheme with lock-in period of 3 years
Canara Robeco Emerging Equities	Open ended Equity Scheme
Canara Robeco Infrastructure	Open ended Equity Scheme
Canara Robeco Large Cap+ Fund	Open Ended Equity Scheme
Canara Robeco Balance	Open ended Balance Scheme
Canara Robeco Nifty Index	Open Ended Nifty Linked Equity Scheme

<sup>^</sup> The Scheme is launched as an open-ended Equity Linked Savings Scheme having a lock-in period of 3 years (with no assured returns) as per the Notifications dated December 28, 1992 and December 22, 1998 issued by the Department of Economic Affairs, Ministry of Finance Government of India. Ministry of Finance vide its Press Release dated November 11, 2005 has stated that the Central Board of Direct Taxes has clarified that investment made on or after April 1, 2005 in plans which are in accordance with ELSS 1992 or ELSS 1992 as amended in 1998 are also eligible for tax benefit u/s 80C of the Income-tax Act, 1961.

<sup>^</sup>Units purchased cannot be assigned / transferred / pledged / redeemed / switched out until completion of 3 years from the date of allotment of the respective Unit. The AMC reserves the right to change the Lock-in Period prospectively from time to time to the extent permitted under the Equity Linked Savings Scheme, 1992 as amended from time to time.

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME(S)?

**Canara Robeco Equity Diversified** - To generate capital appreciation by investing in equity and equity related securities. However, there can be no assurance that the investment objective of the scheme will be realized.

**Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment)** – To provide long-term capital appreciation by primarily investing in equity and equity related securities of companies in the Finance, Retail & Entertainment sectors. However, there can be no assurance that the investment objective of the scheme will be realized.

**Canara Robeco Equity Tax Saver** – (ELSS Scheme) Seeking to provide long term capital appreciation by predominantly investing in equities to facilitate the subscribers to seek tax benefits as provided under Section 80 C of the Income Tax Act, 1961. However, there can be no assurance that the investment objective of the scheme will be realized.

**Canara Robeco Emerging Equities** - To generate capital appreciation by primarily investing in diversified mid-cap stocks. However, there can be no assurance that the investment objective of the scheme will be realized.

**Canara Robeco Infrastructure** - To generate income / capital appreciation by investing in equities and equity related instruments of companies in the infrastructure sector. However, there can be no assurance that the investment objective of the scheme will be realized.

**Canara Robeco Large Cap+ Fund** - The Investment Objective of the fund is to provide capital appreciation by predominantly investing in companies having a large market capitalization. However, there can be no assurance that the investment objective of the scheme will be realized.

**Canara Robeco Balance** - To seek to generate long term capital appreciation and / or income from a portfolio constituted of equity and equity related securities as well as fixed income securities (debt and money market securities). However, there can be no assurance that the investment objective of the scheme will be realized.

**Canara Robeco Nifty Index** - To generate income/capital appreciation by investing in companies whose securities are included in the S & P CNX Nifty. However, there can be no assurance that the investment objective of the scheme will be realized.

### C.HOW WILL THE SCHEME ALLOCATE ITS ASSETS?

#### Canara Robeco Equity Diversified

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equity and equity related instruments	85	100	High
Money Market instruments	0	15	Low

Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme. Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March of each relevant year of the investment. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.

#### Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment)

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low



Equity and equity related instruments of companies in the Finance, Retail & Entertainment #	65	100	High
Other Equity and equity related instruments	0	35	High
Domestic Debt and Money Market instruments (Including securitised debt up to 10% of net assets)	0	35	Low

# The scheme shall invest minimum 40% and maximum 65% in Finance Sector, minimum 15% and maximum 35% in Entertainment sector and minimum 10% and maximum 25% in Retail sector.

Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the total Net Assets of Scheme.

Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31st March of each relevant year of the investment. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.

The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.

**The scheme shall not make any investments in foreign securitized debt.**

The scheme will invest in range of companies which fall within the objectives of the scheme. Investors may note that the selection of sectors by the Fund Manager will correspond to sectoral classification of stocks by Global Industry Classification Standard, MSCI and S&P/AMFI.

**Canara Robeco Equity Tax Saver**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equity and equity related instruments	80	100	High
Money Market instruments	0	20	Low

Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme. Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March of each relevant year of the investment. . However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend

securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.

### Canara Robeco Emerging Equities

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Mid & Small Cap equity and equity related instruments*	65	100	High
Equity & equity related instruments of Companies <i>other than the above</i>	0	35	High
Domestic Debt and Money Market Instruments	0	35	Low

*\*For the purpose of this Fund, Mid & Small Cap Companies are defined as those which are ranked from 151 to 500 on the basis of market capitalisation. The ranking will be reviewed periodically.*

Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme. Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March of each relevant year of the investment. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.

### Canara Robeco Infrastructure

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equity and equity related instruments of companies in the Infrastructure sector including derivatives of such companies	75	100	High
Domestic Debt and Money Market instruments	0	25	Low

Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme. Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March of each relevant year of the investment. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.

### **Canara Robeco Large Cap+ Fund**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative Allocations (% of total assets)		Risk Profile
	Minimum	Maximum	
Large Cap equity and equity related instruments*	65	100	High
Domestic Debt and Money Market Instruments (including securitized debt up to 10% of AUM)	0	35	Low

\*For the purpose of this Fund, Large Cap Companies are defined as those which are ranked from 1 to 150 on the basis of market capitalization at the time of investment. The ranking will be reviewed on the basis of market capitalisation of companies at the end of every calendar quarter.

Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the total Net Assets of Scheme.

The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.

The scheme shall not make any investments in foreign securitized debt.

### **Canara Robeco Balance**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	
Equity and equity related instruments	40	75	High
Debt securities including Securitised debt having rating above AA or equivalent, Money Market Instruments & Govt. Securities	25	60	Low

*Investment by scheme in securitised debt is limited to domestic securitised debt and shall not exceed 20% of the net assets as on the date of such investments.*

Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme. Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March of each relevant year of the investment. . However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.

### **Canara Robeco Nifty Index**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Equities covered by the Nifty in the same percentage weightage as in the Nifty (including exchange-traded equity derivatives on the S & P CNX Nifty)	90	100	High
Money Market Instruments including call	0	10	Low

Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.

### **Asset Allocation– Applicable to all Schemes**

Total of investments in Equity, debt securities (including securitized debt), money market instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the scheme.

The above asset allocation pattern given for each scheme is not absolute and can vary depending upon the AMC's perception of the equity and money markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.

**Portfolio Rebalancing (Applicable to all schemes except Canara Robeco Large Cap+ Fund):**

The scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.

**Portfolio Rebalancing (For Canara Robeco Large Cap+ Fund):**

The scheme shall rebalance the portfolio within 30 days. However, the scheme will endeavour to complete the rebalancing within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.

**Limits to make Overseas Investments (Applicable to all schemes):**

The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26<sup>th</sup> Sept., 2007 to make overseas investments subject to the maximum of US\$ 300.00 million per mutual fund, subject to an overall limit of US\$ 7.00 billion or such other limit as prescribed by SEBI from time to time.

Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.

**Exposure Limits in Derivatives, ADR/GDR/Foreign Securities & Stock Lending**

The Scheme wise limits are as follows:

<b>Name of the Scheme</b>	<b>Maximum Exposure for Investment in ADR/GDR/Foreign Securities</b>	<b>Gross Notional Exposure by the Scheme (s) in Derivative Instruments for the purpose of hedging and portfolio rebalancing</b>	<b>Stock Lending</b>
Canara Robeco Equity Diversified	Maximum upto 10% of the Net Assets	Maximum upto 30% of the Net Assets	Maximum upto 15% of the Net Assets. However exposure per intermediary shall not exceed 5% of the net assets of the Scheme
Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment)	Maximum upto 10% of the Net Assets	Maximum upto 30% of the Net Assets	Maximum upto 25% of the Net Assets.
Canara Robeco Equity Tax Saver	Maximum upto 10% of the Net Assets	Maximum upto 30% of the Net Assets	Maximum upto 15% of the Net Assets. However exposure per intermediary shall not exceed 5% of the net assets of the Scheme

Canara Robeco Emerging Equities	Maximum upto 10% of the Net Assets	Maximum upto 30% of the Net Assets	Maximum upto 15% of the Net Assets. However exposure per intermediary shall not exceed 5% of the net assets of the Scheme
Canara Robeco Infrastructure	Maximum upto 10% of the Net Assets	Maximum upto 30% of the Net Assets	Maximum upto 15% of the Net Assets. However exposure per intermediary shall not exceed 5% of the net assets of the Scheme
Canara Robeco Large Cap+ Fund	No investment will be made in Foreign Securities	Maximum upto 30% of the Net Assets	Maximum upto 25% of the Net Assets.
Canara Robeco Balance	Maximum upto 10% of the Net Assets	Maximum upto 30% of the Net Assets	Maximum upto 15% of the Net Assets. However exposure per intermediary shall not exceed 5% of the net assets of the Scheme
Canara Robeco Nifty Index	The scheme does not invest in ADR/GDR or any Foreign Security.	Maximum upto 30% of the Net Assets	Maximum upto 15% of the Net Assets. However exposure per intermediary shall not exceed 5% of the net assets of the Scheme

#### **Exposure to Derivatives:**

##### **Applicable to Canara Robeco Equity Diversified, Canara Robeco Equity Tax Saver, Canara Robeco Emerging Equities, Canara Robeco Balance & Canara Robeco Nifty Index:**

The Schemes shall follow exposure limits on Derivatives as per the limits permitted under the Regulations and shall be within the limits prescribed by the Board of Trustees, as provided above.

##### **Applicable to Canara Robeco Infrastructure, Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment) & Canara Robeco Large Cap+ Fund**

The Schemes shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DPND/Cir – 29/2005 dated 14<sup>th</sup> September 2005 and shall be within the limits prescribed by the Board of Trustees, as provided above. SEBI vide its circular no. DNP/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.

#### **D. Where will the scheme (s) invest?**

Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities:

- Equity and equity related instruments including preference shares, convertible bonds and debentures and warrants carrying the right to obtain equity shares.
- Foreign Securities in the countries with fully convertible currencies, short term instruments with highest rating (Foreign Currency Credit Rating) by accredited / registered credit rating agencies, such as A-1/AAA by Standard and Poor, P-1/AAA by Moody's, F1/AAA by Fitch IBCA, etc.
- Securities created and issued by the Central and State Governments and/or repos/reverse repos/in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- Money Market Instruments - include Commercial Papers, Commercial Bills, Treasury Bills, and Government Securities having an un-expired maturity up to one year, Call or Notice Money, Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India / SEBI, from time to time.
- Certificate of Deposit (CDs);
- Commercial Paper (CPs);
- ADR/GDR
- Derivative instruments like Forward Rate Agreements and such other derivative instruments permitted by SEBI/RBI
- Any other like instrument/s as permitted by SEBI/RBI from time to time

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable.

Pending deployment as per investment objective, the moneys under the Scheme may be parked in short-term deposits of Scheduled Commercial Banks. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits:

1. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.
2. Such short-term deposits shall be held in the name of the Scheme.
3. The Scheme(s) shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustees.
4. Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits.
5. The Scheme(s) shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
6. The Scheme(s) shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market.

The Scheme may also invest in the units / securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities or are rated as mentioned above and the registered with overseas regulators.

The Fund may also appoint overseas investment advisors and service providers, as and when permissible under the Regulation. **Aforesaid provision not applicable for CR Large Cap+ Fund and Canara Robeco Nifty Index**

### **Debt and Money Markets in India**

The Indian debt market is today one of the largest in Asia and includes securities issued by the Government (Central & State Governments), public sector undertakings, other government bodies, financial institutions, banks and corporates. Government and public sector enterprises are the predominant borrowers in the markets. The major players in the Indian debt markets today are banks, financial institutions, mutual funds, insurance companies, primary dealers, trusts, pension funds and corporates. The Indian debt market is the largest segment of the Indian financial markets. The debt market comprises broadly two segments, viz. Government Securities market or G-Sec market and corporate debt market. The latter is further classified as market for PSU bonds and private sector bonds.

The Government Securities (G-Secs) market is the oldest and the largest component (70% share in market cap) of the Indian debt market in terms of market capitalization, outstanding securities and trading volumes. The G-Secs market plays a vital role in the Indian economy as it provides the benchmark for determining the level of interest rates in the country through the yields on the Government Securities which are referred to as the risk-free rate of return in any economy. Over the years, there have been new products introduced by the RBI like zero coupon bonds, floating rate bonds, inflation indexed bonds, etc.

The corporate bond market, in the sense of private corporate sector raising debt through public issuance in capital market, is only an insignificant part of the Indian Debt Market. A large part of the issuance in the non-Government debt market is currently on private placement basis.

The money markets in India essentially consist of the call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the securities at a future date at a specified price), commercial papers (CPs, short term unsecured promissory notes, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). In a predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates. In money market, activity levels of the Government and nongovernment debt vary from time to time. Instruments that comprise a major portion of money market activity include but not limited to:

- Overnight Call
- Collateralised Borrowing & Lending Obligations (CBLO)
- Repo/Reverse Repo Agreement
- Treasury Bills
- Government securities with a residual maturity of < 1 year.
- Commercial Paper
- Certificate of Deposit

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. Though not strictly classified as Money Market Instruments, PSU / DFI / Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The market has evolved in past 2-3 years in terms of risk premia attached to different class of issuers. Bank CDs have clearly emerged as popular asset class with increased acceptability in secondary market. PSU banks trade the tightest on the back of comfort from majority government holding. Highly rated manufacturing companies also command premium on account of limited supply. However, there has been increased activity in papers issued by private/foreign banks/NBFCs/companies in high-growth sector due to higher yields offered by them. Even though companies across these



sectors might have been rated on a same scale, the difference in the yield on the papers for similar maturities reflects the perception of their respective credit profiles.

The following table gives approximate yields prevailing as on 31<sup>st</sup> May, 2011 on some of the instruments:-

Instrument	Current Yield Range
CBLO	7.16 - 7.28%
Repo	6.25 - 7.35%
3m Tbill	8.13 - 8.18%
1y Tbill	8.24 - 8.29%
10y G Sec	8.37 - 8.44%
3m PSU Bank CD	9.73 - 9.83%
3m NBFC CP	10.02 - 10.17%
3m Manufacturing Co. CP	9.87 - 10.07%
1y PSU Bank CD	10.05 - 10.15%
1y NBFC CP	10.60 - 10.75%
1y Manufacturing Co. CP	10.45 - 10.60%
5y AAA Institutional Bond	9.68 - 9.73%
10y AAA Institutional Bond	9.73 - 9.78%

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.

## **E. WHAT ARE THE INVESTMENT STRATEGIES?**

### **Canara Robeco Equity Diversified**

#### **Investment Focus and strategy and Risk Control:**

The Scheme would adopt bottom-up approach to investing. The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers.

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analysed by the AMC. The AMC will also monitor and control maximum exposures to any one company/stock to 5% over its benchmark weight, subject to an absolute per stock limit of 10% of the AUM. This could be raised to 7% on a case by case basis by the investment committee.

The focus of the Scheme is to achieve the investment objective through investments in a combination of debt and money markets instruments having varied yields and maturity profile besides equity and equity related asset class.

Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular stock or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time. Investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme may invest in overseas equity markets like ADRs/GDRs (subject to relevant RBI/SEBI guidelines / approvals).

The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment.

As per the current guidelines of RBI, Mutual Funds currently ceased to access the call money market. The Schemes therefore avail the facility of reverse repos / CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption / repurchase requirements.

The Scheme may also use various derivatives and hedging products from time to time as would be available and permitted by SEBI in an attempt to protect the value of the portfolio and enhance unit holder's interest.

In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

#### **Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment)**

##### **Investment Focus and strategy and Risk Control:**

Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment Fund) is an open-end Scheme having a primary objective to generate income / capital appreciation by investing in equities / equity related instruments of companies in the Finance, Retail & Entertainment sectors.

Opportunities in the financial sector include, but not limited to:

- Banks – Public & Private
- Investment Banks
- Distribution Houses
- Listed asset management companies
- Insurance Companies
- Brokerage Houses
- NBFCs
- Infrastructure finance

Opportunities in the entertainment sector include, but not limited to:

- Broadcasting

- Electronic and Print Media
- Content providers
- Online service providers
- Multiplexes
- Leisure services
- Luxury products & services
- Telecom companies via mobile gaming

The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers.

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. The AMC will also monitor and control maximum exposures to any one company.

Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries / sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis.

Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors.

The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment.

In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

The Scheme may use derivatives instruments like Stock/ Index Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing, within a permissible limit of portfolio, which may be increased as permitted under the Regulations and guidelines from time to time.

#### **Canara Robeco Equity Tax Saver**

##### **Investment Focus , strategy and Risk Control:**

The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on long term fundamentally driven values.

The AMC, in selecting scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers.

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. The AMC will also monitor and control maximum exposures to any one security.

Through adequate diversification of the portfolio, the AMC tries to reduce the risk. For a corpus size of upto Rs.100 crores, the AMC intends to invest in about 35 - 50 scrips. Diversification will also be achieved by spreading the investments over a diverse range of industries / sectors. The sector concentration would be limited to 7.5% active bet over benchmark sector weight. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis.

Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme may invest in overseas equity markets like ADRs/GDRs (subject to relevant RBI/SEBI guidelines / approvals).

Some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment.

In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

### **Canara Robeco Emerging Equities**

#### **Investment Focus , strategy and Risk Control:**

The Scheme is an open-ended scheme with an objective to generate long term capital appreciation by primarily investing in diversified mid cap stocks that have potential to emerge as the bigger Corporates with higher performance. The Scheme will essentially be focusing on corporates which have huge potential to emerge as bigger corporates with robust performance. Indian corporates have emerged as globally competitive, cost conscious, profit oriented enterprises with the built-in capacity to exploit the global opportunities. With such robust business model, though they are mid sized / small sized in terms of market capitalization today, they have the potential to emerge as blue chips of tomorrow.

The dynamically changing and fastest growing Indian economy is enabling entrepreneurs to capitalize on the growth opportunities. The scheme is designed to invest in shares of those companies, which hold high potential to emerge as the better performers in the future. These companies which are having small market capitalisation eventually grow big. Such companies command low P/E ratio as compared to industry P/E. When they achieve higher growth rate, automatically the value gets unlocked and consequently the P/E ratio would improve thereby facilitating wealth creation to the shareholders. They have the potential of becoming the blue chips of the market tomorrow.

Research has become an integral part of the activities of the almost every sector. Research facilitates product innovation, differentiation and diversification. Corporates which have leverage on research facility are uniquely placed to exploit global opportunities and thereby achieve higher level of growth. Such companies offer good scope for investments.

For every industrial activity, value addition has become an order of the day in order to move in the value chain. The corporates which have the potential and imagination to add value would be able to differentiate themselves and in the process command higher market share. Such companies offer good scope for investments.

On account of the cost advantage and availability of skilled manpower, the global companies are turning to India for their manufacturing and research outsourcing. As a result, the Indian corporates are well positioned to provide such products and services and enhance their earnings considerably. Such corporates offer scope for investments with a possible upside in market capitalization in future.

The scheme will look for companies, which are reasonably valued and are having high earnings growth potential. For the purpose of this Fund, Mid & Small Cap Companies are defined as those which are ranked from 151 to 500 on the basis of market capitalisation. The ranking will be reviewed periodically. The Scheme will primarily invest in the companies falling between these ranges. The Scheme will endeavour to outperform plain vanilla equity schemes which are far more diversified in their portfolio weightage to minimize risks. While these emerging equities would be subject to comparatively higher risks, they also present attractive long term investment opportunities.

The criteria of selection of scrips for investment under Canara Robeco Emerging Equities will include the following :

- 1) Companies commanding low P/E Ratio as compared to the industry P/E
- 2) Market Cap being less today
- 3) Consistent growth potential
- 4) Niche with high and increasing profit margin
- 5) Huge untapped market potential
- 6) Research driven companies
- 7) Scope for value added services
- 8) Companies with opportunities on account of outsourcing namely, contract research and manufacturing
- 9) Scope for increasing PE to Growth - the stocks identified shall achieve the higher growth in the P/ E Ratio as compared to the growth in the net profit, going forward. Such scrips shall be selected based on the performance of the companies in the past four quarters and also keeping in view the future potential.

The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on long-term fundamentally driven values.

### **Canara Robeco Infrastructure**

#### **Investment Focus , strategy and Risk Control:**

Canara Robeco Infrastructure is an open-end Scheme having a primary objective to generate income / capital appreciation by investing in equities / equity related instruments of companies in the infrastructure sector.

The Association of Mutual Funds in India (AMFI) has laid down classification of industries. From this, the AMC has classified the following industries under the infrastructure sector:

- Engineering
- Construction and construction related industries
- Telecom – Services and Equipments
- Ports, Dredging
- Transportation
- Housing
- Banking and financial services related to infrastructure
- Healthcare services
- Energy
- Power and Power Equipments
- Coal

- Mining and Minerals
- Ferrous and Non-Ferrous Metals
- Steel and steel utilities
- Oil and Gas
- Petroleum Products
- Paints
- Computers – Hardware and Software related to infrastructure
- Industrial Equipments and products
- Electronics and Electronic equipments
- Ship Building
- Casting/Forging
- Auto and Auto Ancillaries
- Industrial Capital Goods and Products
- Cement and Cement Products

The above list of industries is indicative and the AMC may add such other industries / sectors which broadly satisfy the category of infrastructure industries.

The Indian economy is among the fastest growing economies in the world. The economy is growing at over 8%. If the growth rate has to be sustained over a longer period, the country needs huge infrastructure spending. One of the key constraints for the Indian corporates to become globally competitive is inadequate infrastructure. Realising the urgency and importance of infrastructure development, the government has initiated a number of measures. The government has created a positive regulatory and policy environment like implementation of the Electricity Act, Telecom policies, etc. The country needs huge investment for the infrastructure sector. The country needs additional Power, Telecom, Aviation and the Maritime sectors etc. The government is finding innovative ways of funding through Public-Private Partnership initiatives, imposition of cess, etc.

There are good investments happening in roads, seaports, airports, power, oil and gas sectors, water supply, sewerage, etc. Hence one of the key economic growth drivers today is the huge infrastructure spending. With the spending, many companies in the infrastructure sector stand to benefit by way of increased turnover and higher earnings. This presents ideal opportunities in the stock market, as the market capitalization of these companies will also grow in tune with the earnings growth.

The scheme is designed to invest in shares of those companies, which hold high potential to benefit from such infrastructure spending. The scheme will look for companies, which are reasonably valued and are having high earnings growth potential in the infrastructure sector.

The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers.

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. The AMC will also monitor and control maximum exposures to any one company.

Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries / sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis.

Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme may invest in overseas equity markets like ADRs/GDRs (subject to relevant RBI/SEBI guidelines / approvals).

The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment.

In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

The Scheme may use derivatives instruments like Stock/ Index Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing, within a permissible limit of portfolio, which may be increased as permitted under the Regulations and guidelines from time to time.

## **Canara Robeco Large Cap+ Fund**

### **Investment Focus , strategy and Risk Control:**

Canara Robeco Large Cap+ Fund is named to reflect the investment strategy, which is mainly focused on a portfolio that would be concentrated on investing in any of the top 150 stocks ranked on the basis of the market capitalization. Canara Robeco Large Cap+ Fund provides investors with a portfolio which invests in stocks with large market capitalisation. Large Cap Stocks are an ideal investment choice on account of the following relative advantages: -

- **Market leaders** – Large cap companies act as catalyst for the country's economic growth and gain the most from an economic upturn and hence are a good proxy for the country's growth.
- **Economies of scale** – Large cap companies benefit from cost efficiency with lower per unit overhead costs due to their large scale operations and are thus able to offer competitive pricing leading to both higher top line and bottom line growth.
- **Access to raise resources** – Companies with large capitalisation have strong Balance Sheets along with the ability to raise/borrow large capital. They also have easy access to international markets for raising capital. Another advantage is that their cost of borrowing is lesser for both domestic and overseas borrowings.
- **Diversification** – A diversified portfolio of a Large Cap fund can be achieved by investing in large caps across Value Chain, Products (Brands), Market Segments and Geographic Locations, which helps in neutralising the impact of a downturn in any segment.
- **Risk Taking Ability** – Large Cap companies have resources to tap virgin markets, introduce niche products and technologies. They can command premium on niche as well as new product introductions and also could be market leaders. On the operational side, they have access to sophisticated information systems and use superior risk management systems. Thus with their deeper pockets, their risk taking ability is higher.

- **Preference given by Institutional Investors** – Large Cap companies are the preferred stocks for long-term investments for large institutional investors like Insurance Companies, Provident Funds (both domestic and foreign) etc. Also Global Venture Funds and Foreign Institutional Investors look for a certain minimum market cap for considering investments, which is normally satisfied only by Large Caps. Large Caps are also benefited by global cross border operations, which in turn improve the visibility of their stock.

Canara Robeco Large Cap+ Fund will have a distinctive feature in its investment process. This fund will use the inputs of the Robeco Emerging Markets Quantitative model ('REM Quant model') in its investment process as an Idea Generator. A Quantitative Strategy team will use a carve-out of the REM Quant Model to provide Canara Robeco with monthly rankings based on a defined investment universe of large cap names. The model to be used is consistent with the REM Quant Model as used in Robeco Groep, Rotterdam. The ultimate decision will be made by the portfolio manager. The beta of the portfolio would be maintained at levels higher than 0.75. A carve-out of the Robeco Emerging Markets Quant Model for Indian universe has been back tested since 1995 and a portfolio based on investing in the top 20 percentile of stocks and not investing in bottom 20 percentile of stocks have outperformed the portfolio which invests in the total universe of stocks (60 stocks until December 2008 and 150 stocks from December 2008 onwards). As the model is to be used as an Idea Generator in the investment process for Canara Robeco Large Cap+ Fund these inputs may be valuable for the portfolio manager while constructing the final portfolio.

Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. The AMC will also monitor and control maximum exposures to any one company/stock to 5% over its benchmark weight, subject to an absolute per stock limit of 10% of the AUM. This could be raised to 7% on a case by case basis by the investment committee. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries / sectors. The sector concentration would be limited to 7.5% active bet over benchmark sector weight.

The AMC will invest in sovereign/debt securities with short term ratings not less than CRISIL P1 or its equivalent. It will also invest in long term securities (long term ratings not less than CRISIL AA or its equivalent) with an unexpired maturity of less than 1 year. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors.

The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment.

In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

The Scheme may use derivatives instruments like Stock/ Index Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing, within a permissible limit of portfolio, which may be increased as permitted under the Regulations and guidelines from time to time.

### **Canara Robeco Balance**

#### **Investment Focus, strategy and Risk Control:**

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme may invest in overseas equity markets like ADRs/GDRs (subject to relevant RBI/SEBI guidelines / approvals).

The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be



reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment.

In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same

### **Risk Mitigation Factors**

Investments made by the scheme would be in accordance with the investment objective of the schemes and provisions of SEBI Regulations. Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risk. With the aim of controlling risk, the investment team of the AMC will carry out rigorous in-depth analysis of the securities proposed to be invested in. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. Concentration of risk is mitigated by defining issuer limits. Rigorous in-depth credit evaluation of the issuers will be conducted by the investment team before making investments. As part of credit evaluation, a study on the operating environment, past track record as well as future prospects of the issuer, short as well as long term financial health of the issuer will be carried out. The AMC will be guided by the ratings of accredited agencies such as CRISIL, CARE, ICRA etc. as well as the internal norms for credit exposure.

### **Canara Robeco Nifty Index**

#### **Investment Focus, strategy and Risk Control:**

The corpus of Canara Robeco Nifty Index will be invested in stocks constituting the S & P CNX Nifty and in exchange traded derivatives on the S & P CNX Nifty Index. As an index linked scheme, the investment policy is primarily passive management and is subject to tracking errors.

The Scheme may invest in other Index schemes managed by the AMC or in the index schemes of any other Mutual Funds, provided it is conformity to the investment objectives of the Scheme and in terms of the prevailing Regulations.

As per the current guidelines of RBI, Mutual Funds currently ceased to access the call money market. The Schemes therefore proposes to avail facility of reverse repos / CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption / repurchase requirements.

The Scheme may also use various derivatives and hedging products from time to time as would be available and permitted by SEBI in an attempt to protect the value of the portfolio and enhance unit holder's interest.

In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

#### **Tracking Error:**

The performance of the Scheme may not be commensurate with the performance of the Nifty on any given day or over any given period. Such variations are commonly referred to as the tracking error. Tracking errors as defined elsewhere in this document may result from a variety of factors including but not limited to:

- Any delay experienced in the purchase or sale of shares due to illiquidity of the market, settlement and realisation of sale proceeds and the registration of any securities transferred and any delays in receiving cash and scrip dividends and resulting delays in reinvesting them.

- The Nifty reflects the prices of securities at close of business hours. However, the Fund may buy or sell the securities at different points of time during the trading session at the then prevailing prices which may not correspond to the closing prices on the NSE.
- IISL undertakes the periodical review of the scrips that comprise the Nifty endeavour to reallocate its portfolio but the available investment/disinvestment opportunities may not permit precise mirroring of the Nifty immediately.
- The potential for trades to fail which may result in the Scheme not having acquired shares at a price necessary to track the index.
- The holding of a cash position and accrued income prior to distribution and accrued expenses.
- Disinvestments to meet redemptions, recurring expenses, dividend payouts etc. as elsewhere indicated in this Offer Document.
- Under normal circumstances, such tracking errors are not expected to exceed 2% per annum. However, this may vary when the markets are very volatile.

### S & P CNX Nifty Index

The S & P CNX Nifty Index (Nifty) currently comprises fifty select equity scrips listed and traded in the National Stock Exchange. The scrips included in the Index are thoroughly researched and represent various sectors in the economy.

The Nifty, at present being managed by India Index Services and Products Limited (IISL). IISL is a joint venture company promoted by the National Stock Exchange of India Limited and the Credit Rating and Information Services of India (CRISIL). IISL has a consulting and licensing agreement with Standard and Poor (S & P). S & P is reputed to be the world's premier rating agency and the S & P 500 is one of the major indices in the USA with a substantial number of Index tracking the S & P 500.

The stocks that constitute the Nifty Index and the weightage\* of each stock in the index as of 31<sup>th</sup> May, 2011 is as under:

Sr. No	Security Name	Weightage (%)	Sr. No	Security Name	Weightage (%)
1	Reliance Industries Ltd.	9.59	26	Bajaj Auto Ltd.	1.15
2	Infosys Technologies Ltd.	8.1	27	Maruti Suzuki India Ltd.	1.01
3	ICICI Bank Ltd.	7.42	28	Sun Pharmaceutical Industries Ltd.	1.01
4	I T C Ltd.	5.91	29	Hero Honda Motors Ltd.	0.94
5	Housing Development Finance Corporation Ltd.	5.31	30	Cipla Ltd.	0.91
6	Larsen & Toubro Ltd.	4.93	31	Punjab National Bank	0.91
7	HDFC Bank Ltd.	4.73	32	Grasim Industries Ltd.	0.9
8	State Bank of India	4.18	33	Infrastructure Development Finance Co. Ltd.	0.89
9	Tata Consultancy Services Ltd.	3.42	34	Cairn India Ltd.	0.88
10	Bharti Airtel Ltd.	2.65	35	Kotak Mahindra Bank Ltd.	0.88
11	Tata Motors Ltd.	2.5	36	Power Grid Corporation of India Ltd.	0.86
12	Oil & Natural Gas Corporation Ltd.	2.4	37	Siemens Ltd.	0.76
13	Tata Steel Ltd.	2.34	38	Ambuja Cements Ltd.	0.75
14	Mahindra & Mahindra Ltd.	2.07	39	HCL Technologies Ltd.	0.73
15	Axis Bank Ltd.	1.91	40	Sesa Goa Ltd.	0.69
16	Bharat Heavy Electricals Ltd.	1.83	41	ACC Ltd.	0.63
17	Hindustan Unilever Ltd.	1.71	42	Jaiprakash Associates Ltd.	0.62
18	Hindalco Industries Ltd.	1.61	43	Steel Authority of India Ltd.	0.54

19	Sterlite Industries (India) Ltd.	1.49	44	Reliance Infrastructure Ltd.	0.53
20	Jindal Steel & Power Ltd.	1.47	45	Bharat Petroleum Corporation Ltd.	0.47
21	NTPC Ltd.	1.35	46	DLF Ltd.	0.47
22	Wipro Ltd.	1.32	47	Reliance Power Ltd.	0.41
23	GAIL (India) Ltd.	1.23	48	Ranbaxy Laboratories Ltd.	0.4
24	Tata Power Co. Ltd.	1.22	49	Reliance Communications Ltd.	0.38
25	Dr. Reddy's Laboratories Ltd.	1.21	50	Reliance Capital Ltd.	0.37

\*Source: NSE India

**Risk Mitigation ( All schemes except Canara Robeco Balance):**

Investments made by the schemes would be in accordance with the investment objectives of the schemes and provisions of SEBI Regulations. Since investing required disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risk. With the aim of controlling risks, the investment team of the AMC will carry out rigorous indepth analysis of the securities proposed to be invested in.

While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.

**Procedure followed for investment decisions (Applicable to all schemes):**

The Fund Manager of the Scheme is responsible for making buy / sell decisions for the Scheme's portfolio and seeks to develop a well diversified portfolio taking into account the asset allocation patterns of various schemes along with risks that are associated with such investments. The investment decisions are made on an ongoing basis keeping in view the market conditions and other regulatory aspects.

The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook.

The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings as well as additional ad-hoc meetings as needed, to explore the investment thesis.

It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme(s).

The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI.

**Portfolio Turnover Policy (Applicable to all schemes):**

Purchase and Sale of securities attract transaction costs of the nature of brokerage, stamp duty, custodian transaction charges etc. The portfolio turnover is essential to regularly explore trading opportunities to optimise returns for the Scheme and enable portfolio restructuring when required.

The Scheme will manage its portfolio taking into account the associated risks (such as interest / liquidity / redemption etc.) perceived / expected, so as to minimise the risks by using adequate risk management techniques. The portfolio turnover policy will be aimed at maximising the returns/growth.

The AMC believes in active churning of the portfolio with an aim to encash on the opportunities that present themselves from time to time. However the scheme shall aim to achieve the turnover target of 100% to 150% of the corpus of the

Scheme so long as the above target is cost effective and profitable without affecting long-term growth prospects of the investment and scheme objective

Pursuant to Schedule IX read with Regulation 50 of the SEBI (Mutual Funds) Regulations, 1996, the cost of investments acquired or purchased shall include all such costs incurred for effecting the transaction while the sale proceeds of investment sold or redeemed shall be net of all such costs incurred for effecting the sale transactions and shall form part of the purchase or the sale value of investments.

**Underwriting (Applicable to all schemes):**

The Schemes may take up underwriting of other issues subject to the relevant SEBI Regulations and as may be permitted by the Board of Directors of the Investment Manager.

Regulation 46 of SEBI (Mutual Funds) Regulations, 1996, states that:

“Mutual Funds may enter into underwriting agreement after obtaining a certificate of registration in terms of the SEBI (underwriters) rules and SEBI (underwriters) Regulations, 1993, authorising it to carry on activities as underwriters:

- i. For the purpose of these Regulations, the underwriting obligation will be deemed as if the investments are made in such securities.
- ii. The capital adequacy norms for the purpose of underwriting shall be the net assets of the Scheme. Provided that the underwriting obligation of a Mutual Fund shall not at any time exceed the total value of net assets of the Scheme.”

**Stock/Securities Lending by the Fund (Applicable to all schemes):**

The Fund may in future carry out stock/securities lending activity under any of its Schemes, in order to augment its income. Stock/securities lending may involve the risk of default such as loss, bankruptcy etc. On the part of the borrower. However, this is unlikely to happen if the stock/securities lending is carried out for stocks/securities which are in dematerialised form and through an authorised stock/securities lending Scheme which is subject to appropriate regulation. Any stock/securities lending done by the Scheme shall be in accordance with any regulations or guidelines regarding the same. The policy to be followed for stock/securities lending shall be approved by the Board of Directors of the Investment Manager as well as by the Board of Trustees.

## **Hedging and Derivatives :**

**Applicable to Canara Robeco Balance, Canara Robeco Nifty Index, CanaraRobeco Equity Diversified, Canara Robeco Emerging Equities, CanaraRobeco Equity Tax Saver:**

SEBI vide its circular no. MFD/Cir/011/061/2000 dated 01<sup>st</sup> February, 2000 permitted mutual funds to participate in derivatives trading subject to observance of the Guidelines issued by SEBI. The Fund shall comply with the prescribed disclosure requirements in this regard. As part of the fund management process, the AMC may use the derivative instruments such as Index futures, Stock futures, Option contracts, Warrants convertible securities, Swap agreements or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with investment objectives of the scheme/s.

**Applicable to Canara Robeco Infrastructure, Canara Robeco F.O.R.C.E. fund, and Canara Robeco Largecap+ fund**

Apart from the general permission granted to Mutual Funds by SEBI for participating in derivatives vide its circular no. MFD/Cir/011/061/2000 dated 01<sup>st</sup> February, 2000, the position limits permitted under regulations as specified in SEBI Cir no. DNPd/Cir-29/2005 dated 14<sup>th</sup> September, 2005 shall additionally apply to these schemes. However, the scheme specific exposure limits shall be subject to such limits permitted by the Trustees for each scheme.

SEBI vide its circular no. DNPd/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme.

The following are the position limits for Mutual Funds and its schemes :

### **i. Position limit for Mutual Funds in index options contracts**

- a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

## **ii. Position limit for Mutual Funds in index futures contracts:**

- a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index futures, whichever is higher per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

## **iii. Additional position limit for hedging**

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:

1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

## **iv. Position limit for Mutual Funds for stock based derivative contracts**

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, stand in the following manner:

1. For stocks in which the market wide position limit is less than or equal to Rs. 250 crore, the Mutual Fund position limit in such stock shall be 20% of the market wide position limit.
2. For stocks in which the market wide position limit is greater than Rs.250 crore, the Mutual Fund position limit in such stock shall be Rs.50 crore.

## **v. Position limit for each scheme of a Mutual Fund**

The position limits for each scheme of mutual fund and disclosure requirements shall be identical to that prescribed for sub account of a FII. Therefore, the scheme-wise position limit/ disclosure requirements shall be:

- i. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of: 1% of the free float market capitalisation (in terms of number of shares) or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
- ii. This position limits shall be applicable on the combined position in all derivative contracts on underlying stock at a Stock Exchange.
- iii. For index based contracts, Mutual Funds disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

## **Monitoring of Position Limits**

- a. The Mutual Fund shall notify Clearing Member/s for each scheme, through whom it would clear its derivative contracts, to the Stock Exchange.
- b. The Stock Exchange would then assign a unique client code to each scheme of the Mutual Fund.
- c. The Stock Exchange shall monitor the scheme-wise position limits in the manner similar to that prescribed for FIIs and their sub-accounts in SEBI circular no. SMD/DC/Cir/-11/02 dated February 12, 2002 as modified from time to time.

**The Fund shall comply with the guidelines issued by SEBI and amendments thereof issued from time to time in derivative trading.**

### **Applicable to all schemes**

### **Equity / Equity Related Derivative Instruments :**

Index futures are meant to be an efficient way of buying / selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures can be an efficient way of achieving the Scheme's investment objective. Index futures may avoid the need for tracking in individual components of the index, which may not be possible at times, keeping in mind the circuit filter system and the liquidity in some of the scrips. Index futures can also be helpful in reducing the transaction costs and the processing costs on account of ease of execution of one trade compared to several trades of shares of an index and will be easy to settle compared to physical portfolio of shares representing an index.

Stock futures could also be used as an alternative to investing in particular stocks comprising an index where either the liquidity is low or the impact cost is high.

### **Basic Structure of an Index Future**

Index Futures are instruments designed to give exposure to the equity market indices. The Stock Exchange, Mumbai and the National Stock Exchange of India Limited have started trading in index futures. The pricing of an index future is the function of the underlying index and short-term interest rates.

### **Illustration :**

Spot Index : 1070

1 month Nifty Future Price on day 1 : 1075

Fund buys 100 lots

Each lot has a nominal value equivalent to 200 units of the underlying index.

Let us say that on the date of settlement, the future price = Closing spot price = 1085

Profits of the Fund =  $(1085 - 1075) * 100 \text{ lots} * 200 = \text{Rs.}200,000$ .

Similarly, the fund can suffer a loss if the future price is lower than the contracted price . Let us say that in the above example, on the date of

settlement the future price = Closing Spot Price = 1060.

Loss for the Fund =  $(1060 - 1075) * 100 \text{ lots} * 200 = (\text{Rs.}300,000)$

Please note that the above example is given for illustration purposes only.

The net impact for the Fund will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity) plus interest costs on funds that would otherwise be invested in stocks comprising the index. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and/or mispricing of the future at any time during the life of the contract.

### Strategy Number No. 1

Using Index Future to increase percentage investment in equities.

The strategy will be used for the purpose of generating returns on idle cash, pending its investment in equities. The Scheme is open ended in nature and subject to daily inflows. There may be a time lag between the inflow of funds and their deployment in equities. If so desired, the AMC would be able to take immediate exposure to equities via index futures. The position in index futures may be reversed in a phased manner, as the funds are deployed in the equity markets.

### Example :

The scheme has a corpus of Rs. 50 crores and there is an inflow of Rs. 5 crore in a day. The AMC may buy index futures contracts of a value of Rs. 5 crore. Later as the money is deployed in the underlying equities, the value of the index futures contracts can be suitably reduced.

Portfolio	Event	Equity Portfolio Gain(Loss) Rs. in Crs.	Derivative Gain (Loss) Rs. in Crs.	Total Portfolio Gain / (Loss) Rs. in Crs
Rs.50 Crore Equity exposure	10% rise in equity	5	NIL	5
Rs. 50 Crore exposure + Rs. 5 Crore long position index futures	10% rise in Equity Price	5	0.5	5.5
Rs.50 crore Equity exposure	10% fall in Equity price	(5)	Nil	(5)
Rs.50 crore Equity exposure + Rs 5 crore long position index futures	10% fall in equity price	(5)	(0.5)	(5.5)

### RISKS

The strategy of taking a long position in index futures increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not be provide gains perfectly aligned to the movement in the index.

The long position will have as much loss as a gain in the underlying index, e.g. if the index appreciates by 10%, the future value rises by 10%. However, this is true only for futures contracts held till maturity. In the event that



a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain/loss due to the movement of the underlying index. This is called the basis risk.

While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific futures contract.

Similarly, the fund can use stock futures to reduce the cost of holding in the following manner:

When stock futures are trading at a discount then the fund can buy stock in futures market instead of buying in the cash market. On expiry of the contract, both prices (spot and future) have to align. On expiry or as and when stocks start trading at a premium in the futures market the transaction can be reversed by selling the stock in futures and buying in the cash market.

Fund can take advantage of arbitrage opportunities in the futures markets to reduce cost of holding. If stock futures are trading at a discount then the fund can sell its existing holding in cash market and buy in the futures market. The cash realised will earn interest while the overall cost of the holding stock will also come down. On expiry of contract both prices (spot and futures) have to align. On expiry or as and when the stock starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in the futures and buying in the cash markets.

## Strategy Number 2

### Using Index Futures to decrease percentage investment in equities

Similarly, in the case of a pending outflow of funds where a negative view is taken on the market, the Fund, in order to reduce exposure in equities may 'sell the index forward' by taking a short position in Index Futures. This position can be unwound over a period of time simultaneously selling the equity shares from the investment portfolio of the Scheme. The strategy of taking a short position in the index future is a hedging strategy and reduces the market risk and volatility of the portfolio. However, if the value of the index future rises, then, the fund would be adversely affected due to its short position in index futures.

**Example:** Assume that a scheme has an equity exposure of Rs. 100 crore. If the Fund Manager wishes to reduce the equity exposure to Rs. 50 crore for a short time, he should sell index futures contracts of Rs. 50 crore.

Portfolio	Event	Equity Portfolio Gain/(Loss) (Rs. In crore)	Derivatives Gain/(Loss) (Rs. In crore)	Total portfolio Gain/(Loss) (Rs. In crore)
Without Hedge Rs.100 crore equity Exposure	10 % fall in equity price	(10)	NIL	(10)
With Hedge Rs.100 crore equity Exposure	10 % fall in equity prices	(10)	5	(5)
Without Hedge Rs.100 crore equity Exposure	10 % rise in equity prices	10	NIL	10

With Hedge Rs.100 crore equity Exposure	10 % rise in equity prices	10	(5)	5
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### 50% Hedge – contract value of Rs. 50 crore

The above example demonstrates that the Fund would benefit from the hedged position if the index future moves in the direction as expected by the Fund Manager. Similarly, the Fund would be adversely affected from the hedged position if the index does not move in the direction expected by the Fund Manager.

### RISKS

- The strategy of taking a short position in index futures is a hedging strategy and reduces the market risk. The short position is negatively correlated with the market. However, there is no assurance that the stocks in the portfolio and index behave in the same manner and thus this strategy may not be a perfect hedge.
- The short position will have as much loss as a gain in the underlying index. e.g. if the index appreciates by 10%, the future value falls by 10%. However, this is true only for futures contract held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain/loss due to the movement of the underlying index. This is called the basis risk.
- While futures markets are more liquid, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific future contract.

### Strategy Number 3

#### • Portfolio Protection Using Index Put

The purchase of an index put option gives the scheme the option of selling the index to the writer of the put at a predetermined level of the index, called the strike price. If the index falls below this level, the scheme benefits from the rise in the value of the put option.

Similarly, as a stock hedging strategy, the purchase of a put option on the underlying stock would give the scheme the option to sell the stock to the writer of the option at the predetermined strike price. This would lead to a capping of the loss in value of a stock.

**Example:** Let us assume a scheme with a corpus of Rs. 100 crore. Let us also assume an index of 100. The scheme is fully invested (Rs. 100 crore in equities). The scheme purchases a put option on the index with a strike price of 95 for an assumed cost of Rs. 1 crore. The following table illustrates the portfolio returns:

% change in Index	Index Value	Equity Portfolio Value Rs. In crore A	Option Value Rs. In crore B	Cost of the Put Option Rs. In crore C	Portfolio Value Rs. In Crore (A+B+C)	% returns from portfolio
10	110	110	0	(1)	109	9
5	105	105	0	(1)	104	4
(5)	95	95	0	(1)	94	(6)
(10)	90	90	5	(1)	94	(6)
(15)	85	85	10	(1)	94	(6)

A similar put option can be purchased on any individual stock and the downside can be capped.

### **RISKS**

- The table shows that the portfolio value will not fall below Rs. 94 crore, while the scheme benefits from any increase in stock prices. The table assumes perfect correlation between the equity portfolio and the index. However this may not be the case. Therefore, the minimum portfolio value cannot be assured, but the loss is expected to be lower in a portfolio with a put option on the index, as compared to a normal portfolio.
- The put option would lead to a gain based on the difference between the strike price and the index level at expiration date, if positive. However, in case the option is reversed before the expiration date, the market price received on the sale of the option may be different from the price calculated.
- While liquidity exists in options markets, there can be no assurance that the ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific options contracts.
- In the case of purchase of a stock put, the strategy is a perfect hedge on the expiration date of the put option. On other days, there may be (temporary) imperfect correlation between the share price and the put option, which can potentially take the stock value below the minimum under the hedge.

**Similarly, the Fund can use stock futures to reduce the cost of holding in the following manner:**

- When stock futures are trading at a discount then the fund can buy in futures market instead of buying in the cash market. On expiry of the contract, both prices (spot and futures) have to align. On expiry or as and when stocks starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in futures and buying in the cash market.
- Fund can take advantage of arbitrage opportunities in the futures markets to reduce cost of holding. If stock futures are trading at a discount then the fund can sell its existing holding in cash market and buy in futures market. The cash realised will earn interest while the overall cost of holding stock will also come down. On expiry of contract both prices (spot and futures) have to align. On expiry or as and when the stock starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in the futures and buying in the cash markets.

### **Valuation of Derivative Products**

The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

The valuation of un traded derivatives shall be done in accordance with the valuation method for un traded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

### **Exposure to Derivatives**

Losses may arise as a result of using derivatives, but these are likely to be compensated by the gains on the underlying cash instruments held by the Scheme.

### **Advantages of Equity Derivatives :**

In times of volatility in the equity markets, derivatives provide much needed flexibility to hedge against this volatility. Some of the advantages of specific derivatives products are given below:

- Stock Index Futures can give exposure to the index. Appreciation in Index Investment in Stock Index Futures can give exposure to the index without directly buying the individual stocks, which make up the index. Appreciation in Index stocks can be effectively captured through investment in Stock Index Futures.
- The Scheme can sell futures to hedge against market movements without actually selling the underlying stocks it hold.
- By buying call options on the index, one can participate in the rise in the market, without actually buying individual stocks.
- By buying put options on the index, the Scheme can insulate the portfolio (assuming a perfect co-relation between portfolio and index which may not be the case) from the downside risk at a small cost.

### **Risk associated with Derivatives trading :**

The risk associated with index futures is similar to the one with equity investments. Additional risks could be on account of illiquidity and hence mispricing of the futures at the time of purchase. As and when the Scheme trades in the derivatives markets, there are risk factors and issues concerning the use of derivatives. Derivative products are specialised instruments that require investment techniques and risk analyses different from those associated with stocks. The use of a derivative requires understanding of the underlying instrument as well as that of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess risk that a derivative adds to the portfolio and the ability to forecast price movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of failure of another party (usually referred to as the “counter party”) to comply with the terms of the derivatives contract. Other risks associated with trading in derivatives include the risks of mispricing or improper valuation of derivatives and inability of derivatives to correlate perfectly with underlying assets, indices.

The net impact for the Scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, profit or loss for the Scheme will be the difference between the closing price (which can be higher or lower than the purchase price) and the purchase price.

## F. FUNDAMENTAL ATTRIBUTES

The Fundamental Attributes of the scheme are as mentioned under, in terms of Regulation 18 (15A) of the SEBI (MF) Regulations:

### i) Type of a scheme

Kindly refer to the Section "Information about the Scheme on page no. 17 of this Scheme Information Document"

### ii) What is the investment objective of the scheme (s)?

- Investment objective: Kindly refer to the Section "Information about the Scheme on page no 17&18 of this Scheme Information Document".
- Investment pattern: Kindly refer to the Section "Information about the Scheme on page no 18to22 of this Scheme Information Document"

### (iii) Terms of Issue

#### A. Listing

As the repurchase facility is provided on an ongoing basis, at NAV related prices, the units of the Scheme (s) are not listed on any Stock Exchanges.

#### B. Repurchase

##### a) How to Repurchase:

The repurchase requests can be made on the forms available at the Sales Offices of the AMC (refer last page for the list of sales offices) or by submitting the duly discharged Statement of Account.

AMC shall pay the redemption or repurchase proceeds within 10 working days. If AMC fails to refund the amount within the stipulated time, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 10 days till the date of dispatch of the said redemption or repurchase proceeds.

##### b) Applicable Rate for Repurchase of Units:

In respect of valid applications received upto 3 p.m. by the Mutual Fund, same day's closing NAV shall be applicable.

In respect of valid applications received after 3 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.

**Calculation of Repurchase Price:** The exit load will be subtracted as a percentage of Net Assets Value (NAV) i.e. applicable loads as a percentage of NAV will be subtracted from NAV to calculate Repurchase Price. The formula for calculation of Repurchase Price would be:

Repurchase Price = Applicable NAV x (1-Exit Load, if any)

e.g. if the applicable NAV is Rs.10.00 and repurchase / exit load is 1.00%, then the Repurchase Price will be Rs.9.9000.

If units are held jointly, redemption/ repurchase requests shall be signed by all the joint holders and the proceeds of the repurchase/redemption will be paid to the first holder. In the event of the death of the first named holder, survivor/s will have to make the repurchase/redemption requests, duly signed by

him/them along with the attested copy of the death certificate and the proceeds of the repurchase/redemption will be paid to him/them.

However, if the unit holding is specified as 'Anyone or Survivor', any one of the unit holders will be entitled to make redemption/repurchase requests, without the need for the other unit holders to sign.

The Unit holder may either request for mailing of the redemption proceeds to his/her address or collection of the same from the Sales Offices of the AMC (Investor Relations Centre), where it was deposited for repurchase.

The repurchase warrant, under normal circumstances, will be dispatched within the statutory time limit of 10 working days from the date of the receipt of the repurchase / redemption requests.

Redemption requests may be filed with the sales office of AMC or any of the Registrar & Transfer Agent.

In accordance with SEBI (MF) Regulations, 1996, the repurchase price will not be lower than 93% of the NAV and the sale price will not be higher than 107% of the NAV, and that the difference between the repurchase price and the sale price shall not exceed 7% calculated on the sale price.

(Investment in Canara Robeco Equity Tax Saver will have to be kept for minimum period of three years from the date of allotment of Units. After the said period of three years, the Unit holders shall have the option to tender the Units to the Mutual Fund for Redemption / Switch. It may, however, be noted that in the event of death of the Unit holder, the nominee or legal heir, (subject to production of requisite documentary evidence to the satisfaction of the AMC) as the case may be, shall be able to redeem the investment only after the completion of one year or any time thereafter, from the date of allotment of the Units to the deceased Unit Holder.)

**c) Right to Limit Repurchase:**

In an open ended Scheme, any disruption in the normal functioning of the markets for Equity / Call Money Market or extreme illiquidity in any of the investments held by the Scheme may affect the ability of the Fund Manager to buy or sell freely in the market. The Scheme strives to maintain an adequate and desirable level of liquidity.

In the event of a large number of repurchase requests, the time taken by the Scheme for the repurchase may become significant.

**C. Aggregate fees and expenses**

**a) AMC Fees:** For management of the Scheme, the Investment Manager will charge a fee not exceeding 1.25% (0.75% in case of Canara Robeco Nifty Index) of the average daily net assets of the Scheme. In future, the Investment Manager may modify the fee within the limits specified in the Regulations and disclosed in the Offer Document of the Scheme.

**b) Trusteeship Fees:** The Trustees shall be entitled to charge a trusteeship fee of 0.05% of the Net Assets of the Scheme, to meet the expenses and contingencies.

**c) New fund offer expenses:**

As the fund offer is on a continuous basis and there are no new fund offer expenses.

**d) Annual Scheme Recurring Expenses:**

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee and custodial fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that up to 2.50% (1.00% in case of Canara Robeco Nifty Index) of the weekly average net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

Particulars	% of Net Assets for Canara Robeco Equity Diversified, Canara Robeco F.O.R.C.E. Fund, Canara Robeco Equity Tax Saver, Canara Robeco Emerging Equities, Canara Robeco Infrastructure, Canara Robeco Large Cap+ Fund, Canara Robeco Balance	% of Net Assets for Canara Robeco Nifty Index
Investment Management and Advisory Fee	1.25%	^0.42%
Service Tax	0.13%	0.04%
Custodial Fees	0.02%	0.02%
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.16%	0.13%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.20%	0.00%
Brokerage and Transaction Cost pertaining to the distribution of units	0.50%	0.10%
Audit Fees / Fees and expenses of trustees	0.05%	0.05%
Costs related to investor communications (Printing and Mailing)	0.08%	0.10%
Costs of fund transfer from location to location (Bank Charges)	0.03%	0.02%
Other Expenses	0.08%	0.12%
<b>Total Recurring Expenses</b>	<b>2.50%</b>	<b>1.00%^</b>

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se. Types of expenses charged shall be as per the SEBI (MF) Regulations.

^The investment and Advisory fees shall not exceed three fourths of one percent (0.75%) of the weekly average net assets and the total expenses of the scheme including the investment and advisory fees shall not exceeding one and one half percent (1.5%^%) of the weekly average net assets, within the overall limit prescribed by SEBI (MF) Regulation

As per the Regulation 52, the investment management fee and total annual scheme recurring expenses chargeable to the Scheme are as under:

- On the first Rs.100 Crore of the average weekly net assets - 2.50%
- On the next Rs.300 Crore of the average weekly net assets - 2.25%
- On the next Rs.300 Crore of the average weekly net assets – 2.00%
- On the balance of the assets – 1.75%

In accordance with Regulation 18(15A) of the SEBI (MF) Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme(s) and the Plan(s) / Option(s) there under or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) there under and affect the interests of Unit holders is carried out unless:

- A written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load

#### G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

Name of the Scheme(s)	Benchmark
Canara Robeco Equity Diversified	BSE 200
Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment)	S&P CNX Nifty
Canara Robeco Equity Tax Saver	BSE 100
Canara Robeco Emerging Equities	CNX Mid Cap
Canara Robeco Infrastructure	BSE 100
Canara Robeco Large Cap+ Fund	BSE 100
Canara Robeco Balance	CRISIL Balanced Fund Index
Canara Robeco Nifty Index	S & P CNX NIFTY

As approved by the Board of Directors/Trustees the Schemes have currently selected the above mentioned benchmark for respective schemes on the basis of the Investment Pattern/Objective of the Scheme and the composition of the Index. The Investment Manager may revise the same to a more appropriate benchmark



index, if any, as and when formulated by competent agencies. AMC may give its comments/perception on comparison of returns and benchmarks, if desired.

#### H. WHO MANAGES THE SCHEME?

Name of the Fund Manager	Age	Qualification	Experience (Years)	Funds Managed
Somendra Nath Lahiri	44	B.E, PGDM	21	Canara Robeco Emerging Equities, Canara Robeco Multicap, Canara Robeco Nifty Index, Canara Robeco Equity Diversified, Canara Robeco F.O.R.C.E Fund, Canara Robeco Infrastructure, Canara Robeco Equity Tax Saver ,Canara Robeco Large Cap + Fund, Canara Robeco Balance and Carana Capital Protection oriented Fund – Series 1 – 36 months (Plan A)

#### I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Pursuant to the "SEBI Regulations", the following investment and other limitations are presently applicable to the Scheme, as the case maybe:

1. The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities provided that a mutual fund may engage in short selling of securities in accordance with the frame work relating to short selling and securities lending and borrowing specified by the board. Provided further that the mutual fund may enter into derivatives transactions in a recognised stock exchange, in accordance with the guidelines issued by the Board. Provided further that the sale of government securities already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
2. The securities purchased by the Fund shall be got transferred in the name of the Mutual Fund on account of the concerned Scheme, wherever investments are intended to be of long term nature.
3. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company, provided that such limit shall not be applicable for investments in Government Securities.

The investment within the limit can be made in mortgaged backed securitized debt which are not reted below the investment grade by credit rating agency registered with SEBI..

4. The Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of NAV of the Scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of Asset Management Company.
5. The Scheme shall not invest more than thirty percent of its net assets in money market instruments of an issuer. Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.
6. The Mutual Fund under all its Scheme(s) will not own more than ten percent of any Company's paid up capital carrying voting rights.

7. The Scheme shall not advance any loan for any purpose.
8. The Scheme shall not park more than 15% of the net assets in Short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with prior approval of the trustees. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the mutual fund in short term deposit (will not apply to term deposits placed as margins for trading in cash and derivatives market)
9. No mutual fund scheme shall invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company
10. The scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments in case of open ended scheme.
11. Investment in other Schemes : The investment by this Scheme in other Mutual Fund Schemes will be in accordance with Regulation 44(1) read with Clause 4 of the VII Schedule to the SEBI (Mutual Funds) Regulations, 1996 according to which :
  - The Scheme/s may invest in another scheme under the same asset management company or in any other mutual fund without charging any fees, provided the aggregate inter scheme investments made by all the Schemes under the same management or in schemes under the management of any other AMC shall not exceed 5% of NAV of the mutual fund.
  - The Scheme/s shall not make any investment in any fund of fund scheme
12. The Scheme/s shall not make any investment in:
  - Any unlisted security of an associate or group company of the sponsor; or
  - Any security issued by way of private placement by an associate or group company of the sponsor; or
  - The listed securities of group companies of the sponsor which is in excess of 25% of the net assets.
13. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of redemption of units or payment of interest and dividend to the unit holders, provided that the fund shall not borrow more than 20% of the net assets of the individual scheme and the duration of the borrowing shall not exceed a period of 6 months.
14. The AMC may invest in the Scheme either in the initial offer or subsequently. However, it shall not charge any investment management fee on such amounts invested by it.
15. Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if, -
  - Such transfers are done at the prevailing market price for quoted instruments on spot basis. [Explanation - "spot basis" shall have same meaning as specified by stock exchange for spot transactions.]
  - The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
16. The cumulative gross exposure through equity/equity related instruments, debt and derivative position shall not exceed 100% of the net assets of the scheme/s and the total exposure to option premium paid shall not exceed 20% of the net assets of the Scheme/s. Other provisions as contained in SEBI circular no CIR/MFD/DF/11/2010 dated 18<sup>th</sup> August 2010 shall also be complied with.
17. All investment restrictions stated above shall be applicable at the time of making investment.

The Trustees of the Mutual Fund may alter these limitations / objectives from time to time to the extent the SEBI Regulations change so as to permit the Scheme/s to make its investments in the full spectrum of permitted investments for the mutual fund in order to achieve its investment objectives. All investments of the Scheme will be made in accordance with the SEBI Regulations, including Seventh Schedule thereof.

Performance of the scheme			
<b>Canara Robeco Infrastructure</b>	<b>Canara Robeco Equity Diversified</b>	<b>Canara Robeco Emerging Equities</b>	<b>Canara Robeco Large Cap+ Fund</b>
<b>Performance</b>	<b>Performance</b>	<b>Performance</b>	<b>Performance</b>
<b>Scheme Benchmark</b>	<b>Scheme Benchmark</b>	<b>Scheme Benchmark</b>	<b>Scheme Benchmark</b>
Inception Date 2.12.05 2.12.05	Inception Date 16.9.03 16.9.03	Inception Date 11.3.05 11.3.05	Inception Date 21.8.10 21.8.10
Last 1 year 3.15% 7.52%	Last 1 year 8.85% 6.94%	Last 1 year 15.28% 3.98%	Last 1 year - -
Last 3 years 5.22% 3.83%	Last 3 years 13.77% 4.13%	Last 3 years 10.08% 7.11%	Last 3 years - -
Last 5 years 13.75% 12.53%	Last 5 years 15.95% 12.27%	Last 5 years 10.18% 12.88%	Last 5 years - -
Since inception 15.66% 13.95%	Since inception 24.71% 20.33%	Since inception 14.44% 16.57%	Since inception 3.50% -1.32%
<p>Returns (%)</p> <p>18 16 14 12 10 8 6 4 2 0</p> <p>1 Year 3 Years 5 Years Since Inception</p> <p>■ Scheme Returns ■ Benchmark</p> <p>Date of Inception – 2nd December, 2005. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<p>Returns (%)</p> <p>30 25 20 15 10 5 0</p> <p>1 Year 3 Years 5 Years Since Inception</p> <p>■ Scheme Returns ■ Benchmark</p> <p>Date of Inception – 16th September, 2003. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<p>Returns (%)</p> <p>20 15 10 5 0</p> <p>1 Year 3 Years 5 Years Since Inception</p> <p>■ Scheme Returns ■ Benchmark</p> <p>Date of Inception – 11th March, 2005. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<p>Returns (%)</p> <p>4 3 2 1 0 -1 -2</p> <p>1 Year 3 Years 5 Years Since Inception</p> <p>■ Scheme Returns ■ Benchmark</p> <p>Date of Inception – 28th August, 2010. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>
<b>Canara Robeco Equity Tax Saver</b>	<b>Canara Robeco Balance</b>	<b>Canara Robeco Nifty Index</b>	<b>Canara Robeco F.O.R.C.E Fund</b>
<b>Performance</b>	<b>Performance</b>	<b>Performance</b>	<b>Performance</b>
<b>Scheme Benchmark</b>	<b>Scheme Benchmark</b>	<b>Scheme Benchmark</b>	<b>Scheme Benchmark</b>
Inception Date 31.3.93 1.1.90	Inception Date 1.2.93 31.3.02	Inception Date 8.10.04 5.7.90	Inception Date 14.9.09 14.9.09
Last 1 year 8.58% 7.52%	Last 1 year 8.30% 7.82%	Last 1 year 9.21% 9.32%	Last 1 year 15.49% 9.32%
Last 3 years 16.34% 3.83%	Last 3 years 12.08% 6.31%	Last 3 years 4.05% 4.51%	Last 3 years - -
Last 5 years 18.74% 12.53%	Last 5 years 12.56% 11.14%	Last 5 years 11.55% 12.60%	Last 5 years - -
Since inception 14.33% 13.17%	Since inception 10.36% -	Since inception 17.55% 18.29%	Since inception 19.55% 8.87%
<p>Returns (%)</p> <p>20 15 10 5 0</p> <p>1 Year 3 Years 5 Years Since Inception</p> <p>■ Scheme Returns ■ Benchmark</p> <p>Date of Inception – 31st March, 1993. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<p>Returns (%)</p> <p>14 12 10 8 6 4 2 0</p> <p>1 Year 3 Years 5 Years Since Inception</p> <p>■ Scheme Returns ■ Benchmark</p> <p>Date of Inception – 1st February, 1993. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<p>Returns (%)</p> <p>20 15 10 5 0</p> <p>1 Year 3 Years 5 Years Since Inception</p> <p>■ Scheme Returns ■ Benchmark</p> <p>Date of Inception – 8th October, 2004. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<p>Returns (%)</p> <p>25 20 15 10 5 0</p> <p>1 Year 3 Years 5 Years Since Inception</p> <p>■ Scheme Returns ■ Benchmark</p> <p>Date of Inception – 14th September, 2009. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>

The past performance may or may not be sustained in the future.

### III. UNITS AND OFFERS

This section provides details you need to know for investing in the scheme.

#### A. ONGOING OFFER DETAILS

##### Plans/Options Offered

Canara Robeco Equity Diversified/Canara Robeco Emerging Equities.	Canara Robeco Nifty Index, Canara Robeco F.O.R.C.E. Fund (Retail and Institutional Plan); Canara Robeco Tax Saver, Canara Robeco Infrastructure, Canara Robeco Large Cap+ Fund, Canara Robeco Balance
1) Growth Option – Growth Option – Growth Option with Automatic Repurchase 2) Dividend Option - Dividend Reinvestment Option - Dividend Payout Option 3) Bonus Option	1) Growth Option 2) Dividend Option - Dividend Reinvestment Option - Dividend Payout Option

##### Growth

Under this option, no dividends will be declared. The income attributable to units under this option will continue to remain invested and will be reflected in the NAV of the units under this option.

##### Growth Option with Automatic Repurchase

Under this option, the AMC will redeem (without any further act from the investor), a part of the unit holding of the investor and effect the redemption. The amount to be redeemed will be equivalent to the amount of dividend that the Fund will be paying under Dividend Option, subject to availability of Distributable surplus.

##### Dividend Payout Option

Dividends, if declared, will be paid (subject to deduction of tax at source, if any) to those Unit holders whose names appear in the Register of Unit holders on the notified record date. The Trustee / AMC reserves the right to change the record date from time to time. However, it must be distinctly understood that the actual declaration of dividend and the frequency thereof will inter-alia, depend on the availability of distributable profits as computed in accordance with SEBI (MF) Regulations. The decision of the Trustee in this regard shall be final. There is no assurance or guarantee to Unit holders as to the rate of dividend distribution nor will that dividends be paid regularly. In order to be a Unit holder, an investor has to be allotted Unit against receipt of clear funds by the Scheme/s. On payment of dividends, the NAV will stand reduced by the amount of dividend and dividend tax (if applicable) paid.

##### Dividend Reinvestment

The unit holders have the option to reinvest the Dividend declared by the Scheme/s. Such unit holders opting to reinvest the dividend receivable by them shall invest in additional units of the Scheme/s. Upon exercising such option, the dividend due and payable to the unit holders will be compulsorily and without any further act by the unit holders reinvested in the

Scheme.

The dividends so reinvested shall be constructive payment of dividends to the unit holders and constructive receipt of the same amount from each unit holder, for reinvestment in units.

On reinvestment of dividends, the number of units to the credit of unit holder will increase to the extent of the dividend reinvested divided by the first 'Ex-income Distribution NAV' on the day of reinvestment as explained above.

Dividend reinvested under Canara Robeco Tax Saver would be subject to a locking Period of 3 years from the date of allotment of units

There shall not be any entry load ,if any ,for the dividends reinvested.

#### **Bonus Option**

Under this option, the scheme propose to distribute surplus, is any, by way of fully paid bonus units as may be decided by the trustees from time to time. Pursuant to allotment of bonus units the NAV of this option would fall in proportion to the bonus units allotted and as a result the total value of the units held by the investor would remain the same

There shall not be any entry load ,if any ,for the bonus units allotted .

#### **Default Option**

In case the investor fails to specify the preference, it would be construed that the investor has opted for Growth Option

In case of valid applications received without indicating any choice of option under Dividend Option, it will be considered as option for Dividend Reinvestment Option and processed accordingly.

#### **Minimum amount for Purchase/Redemption/Switch**

**For Canara Robeco Equity Diversified, Canara Robeco Emerging Equities, Canara Robeco Infrastructure, Canara Robeco Large Cap+ Fund, Canara Robeco Balance, Canara Robeco Nifty Index**

**Purchase : Rs. 5,000.00 and multiples of Re.1.00 thereafter..**

**Additional Purchase: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter**

#### **For Canara Robeco Equity Tax Saver**

**Purchase : Rs. 5,00.00 and multiples of Re.1.00 thereafter..**

**Additional Purchase: Minimum amount of Rs. 500.00 and multiples of Re. 1.00 thereafter**

#### **For Canara Robeco Balance**

**Purchase : Rs. 5,000.00 and multiples of Re.1.00 thereafter..**

**NRI/FII/OCBs : Rs.50,000/- & in multiples of Rs.1,000/-**

**Corporates/Trusts & Institutional Investors : Rs.50,000/- & in multiples of Rs.10,000/-**

**Additional Purchase: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter**

#### **For Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment)**

##### **I. Retail Plan**

**Minimum amount: Rs. 5,000 and multiples of Re.1 thereafter.**

**Subsequent purchases: Minimum amount of Rs. 500 and multiples of Re. 1 thereafter.**

##### **II. Institutional Plan**

**Minimum amount:** Rs. 5,00,00,000 (Rs. Five crores) and multiples of Re. 1 thereafter.

**Subsequent purchases:** Minimum amount of Rs.5,00,000 (Rs. Five Lakhs) and multiples of Re.1 thereafter.

### **Special Products/ Facilities Available**

#### **I. Systematic Investment Plan (SIP)**

Systematic Investment Plan is a simple and time honoured investment strategy aiding disciplined investing over a period of time. The Investment option enables investors to transfer a fixed sum of money in a particular scheme at regular intervals to another scheme.

The features of Systematic Investment Plan are as under:

Monthly SIP Minimum amount per SIP	Rs. 1,000.00 and multiple of Re. 1.00 thereafter.  Rs. 500.00 and multiple of Re Rs. 1.00 thereafter (For Canara Robeco Tax Saver)
Quarterly SIP Minimum amount per SIP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter.  Rs. 1000.00 and multiple of Rs. 1.00 thereafter (For Canara Robeco Tax Saver)
No. of SIP Instalments applicable for both Monthly & Quarterly SIP) a) Minimum b) Maximum	Six instalments  No Limit
Periodicity	Monthly/Quarterly
The facility can be exercised on	01 <sup>st</sup> or 5th or 15th or 20 <sup>th</sup> or 25th of every month /quarter (In case, the date fixed happens to be a holiday / non-business day, the cheques shall be deposited / Auto Debit Facility will be effected on the next business day)
Applicable NAV and Cut-off time	For applications received before 3 p.m., closing NAV of the current business day shall be applicable. For applications received after 3 p.m., closing NAV of the next business day shall be applicable
Notice Period	Investors are given option to discontinue SIP by giving 15 days notice prior to the due date of the next instalment.

#### **I. Micro Systematic Investment Plan (SIP) (Micro SIP)**

Systematic Investment Plans (SIPs) where aggregate of installments in a rolling 12 month period or in a financial year i.e. April to March does not exceed Rs. 50,000 (hereinafter referred as "Micro SIP") shall be exempt from the requirement of PAN on submission of a photocopy of any one of the Photo Identification document.

This exemption will be applicable only to investments by individuals (including Joint Holders who are individuals, NRIs but not PIOs), Minors and Sole proprietary firms. HUFs and other categories will not be eligible for the exemption.

Eligible Investors (including joint holders) should submit a photocopy of any one of the (current and valid) Photo Identification documents [self-attested by the investor / attested by the ARN Holder/AMFI registered Distributor mentioning the ARN number] and proof of residence address along with Micro SIP applications as proof of identification and as proof of address. The list of acceptable Photo Identification documents and residence address proof is given in the Micro SIP Enrolment Form. Investors who wish to enrol for Micro SIP are required to fill in the Micro SIP Enrolment Form available with the ISCs, distributors and agents.

All terms and conditions of Systematic Investment Plans (SIPs) shall apply to Micro SIPs. The Trustees reserves the right to change/modify the terms and conditions of Micro SIPs at a later date on a prospective basis.

## **II. (A) Systematic Transfer Plan (STP):**

STP is a facility wherein a unit holder of a Canara Robeco Mutual Fund scheme can opt to transfer a fixed amount or capital appreciation amount at regular intervals to another scheme of Canara Robeco Mutual Fund. The amount transferred under the STP from the Transferor scheme to the Transferee scheme, shall be effected by redeeming units of Transferor scheme and subscribing to the units of the Transferee scheme.

The features of Systematic Transfer Plan are as under:

Monthly STP Minimum amount per STP instalment	Rs. 1,000.00 and multiple of Re. 1.00 thereafter. Rs. 500.00 and multiple of Re Rs. 1.00 thereafter (For Canara Robeco Tax Saver)
Quarterly STP Minimum amount per STP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter. Rs. 1000.00 and multiple of Rs. 1.00 thereafter (For Canara Robeco Tax Saver)
No. of STP Instalments (applicable for both Monthly & Quarterly STP) a) Minimum b) Maximum	Six instalments No Limit
Periodicity	Monthly/Quarterly
The facility can be exercised on	01 <sup>st</sup> or 5th or 15th or 20 <sup>th</sup> or 25th of every month /quarter. (In case, the date fixed happens to be a holiday / non-business day, the cheques shall be deposited / Auto Debit/Credit Facility will be affected on the next business day.)
Applicable NAV and Cut-off time	Applicable NAV and cut-off time as prescribed under the Regulation shall be applicable.
Notice Period	Investors are given option to discontinue STP by giving 15 days notice prior to the due date of the next instalment.

## **B) Systematic Withdrawal Plan (SWP):**

Investors can use the SWP facility for regular inflows. Withdrawals can be made by informing the AMC or Registrar of the specified withdrawal dates and minimum amount as per the table below. The amount will be converted into units at the applicable repurchase price on that date and will be subtracted from the units with the unit holder. The AMC may close a unit holder's account if the balance falls below the specified minimum amount for the scheme. Unit holders may change the amount indicated in the SWP, subject to the minimum amount specified. The SWP may be terminated on written notice from the unit holder and it will terminate automatically when all the units of the unit holder are liquidated or withdrawn from the account.

The features of Systematic Withdrawal Plan (SWP) are as under:

Monthly SWP Minimum amount per SWP instalment	Rs. 1,000.00 and multiple of Re. 1.00 thereafter. Rs. 500.00 and multiple of Re Rs. 1.00 thereafter (For Canara Robeco Tax Saver)
Quarterly SWP Minimum amount per SWP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter. Rs. 1000.00 and multiple of Rs. 1.00 thereafter (For Canara Robeco Tax Saver)
Periodicity	Monthly/Quarterly
Dates available for SWP Facility	01 <sup>st</sup> or 5 <sup>th</sup> or 15 <sup>th</sup> or 20 <sup>th</sup> or 25 <sup>th</sup> of every month /quarter (In case, the date fixed happens to be a holiday / non-business day, the cheques shall be deposited / Auto Debit Facility will be affected on the next business day.)
No. of SWP Instalments (applicable for both Monthly & Quarterly SWP) a) Minimum b) Maximum	Six instalments No Limit
Applicable NAV and Cut-off time	Applicable NAV and cut-off time as prescribed under the Regulation shall be applicable.
Notice Period	Investors are given option to discontinue SWP by giving 15 days notice prior to the due date of the next instalment.

## SWITCHING OPTIONS

Unit holders under the Scheme(s) have the option to Switch part or all of their Unit holdings in the Scheme(s) to another scheme(s) established by the Mutual Fund, or within the Scheme(s) from one plan / option to another plan / option (subject to completion of lock-in period, if any) which is available for investment at that time. This Option will be useful to Unit holders who wish to alter the allocation of their investment among the scheme(s) / plan(s) / option(s) of the Mutual Fund in order to meet their changed investment needs. The Switch will be effected by way of a Redemption of Units from the Scheme / Plan and a reinvestment of the Redemption proceeds in the other scheme / plan and accordingly, to be effective, the Switch must comply with the Redemption rules of the Scheme and the issue rules of the other scheme (e.g. as to the minimum number of Units that may be redeemed or issued, Exit etc). The price at which the Units will be switched out of the Scheme(s) will be based on the Redemption Price, and the proceeds will be invested in the other scheme / plan at the prevailing sale price for units in that scheme / plan. No load shall be imposed for switching between



the Plans / Options within the Scheme. The Switch request can be made on a pre-printed form or by using the relevant tear off section of the Transaction Slip enclosed with the Account Statement, which should be submitted at / may be sent by mail to any of the ISCs. An Account Statement reflecting the new holding will be dispatched to the Unit holders within Ten Business Days of completion of Switch transaction. The AMC retains the right to charge different Loads on Switching of Units as compared to Sale / Redemption of Units as the case may be.

The AMC reserves the right to impose Loads for Switching between plans within the Scheme or Options within the respective Plans at a future date

### **Dividend Policy**

The Scheme/s may distribute, surplus if any, by way of dividend/ fully paid bonus units, as may be decided by the Trustees from time to time. **If there is no distributable surplus or surplus amount is too small for distribution, in the opinion of the Trustees, the Dividend/Bonus declaration may not take place. The Scheme/s is not assuring or guaranteeing any dividend or fully paid bonus units or returns.**

Income Distribution, if declared, warrants will be issued within 30 days from the date of declaration of Income Distribution or such period that may be stipulated from time to time. The Income Distribution will be paid out of the Net surplus of the Scheme, to those unit holders whose names appear in the register of unit holders on the date to be notified for the purpose. On payment of dividends, the NAV will stand reduced by the amount of dividend and dividend tax (if applicable) paid. The AMC reserves the right to change the record date from time to time

### **Dividend Distribution Procedure**

In accordance with SEBI Circular no. SEBI/ IMD/ Cir No. 1/ 64057/06 dated April 4, 2006, the procedure for Dividend Distribution would be as under:

1. Quantum of dividend and the record date will be fixed by the Trustees. Dividend so decided shall be paid, subject to availability of distributable surplus.
2. Within one calendar day of decision by the Trustee, the AMC shall issue notice to the public communicating the decision about the dividend including the record date, in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated.
3. Record date shall be the date, which will be considered for the purpose of determining the eligibility of investors whose names appear on the register of unit holders for receiving dividends. The Record Date will be 5 calendar days from the issue of notice.
4. The notice will, in font size 10, bold, categorically state that pursuant to payment of dividend, the NAV of the Scheme would fall to the extent of payout and statutory levy (if applicable).
5. The NAV will be adjusted to the extent of dividend distribution and statutory levy, if any, at the close of business hours on record date.
6. Before the issue of such notice, no communication indicating the probable date of dividend declaration in any manner whatsoever will be issued by Mutual Fund.

### **Allotment**

Allotment of Units to the eligible applicants under the Scheme who comply with the terms of the scheme.

Allotment of units will be made to all the applicants provided the applications are complete in all respects. [Fractional units will be allotted up to two decimals]. However, acceptance of application and allotment of units / fractional units will be at the absolute discretion of the Trustees and the application can be rejected without assigning any reason whatsoever.

Date of subscription at the notified centers is deemed to be the date of allotment for claiming tax benefits under the Scheme, provided the application has not been rejected by the Fund subsequently for the reasons explained above.

## **Redemption**

The redemption or repurchase proceeds shall be dispatched to the unit holders within 10 working days from the date of redemption or repurchase.

### **Canara Robeco Tax Saver**

Investment in the scheme will have to be kept for a minimum period of three years from the date of allotment of Units. After the said period of three years, the Unit holders shall have the option to tender the Units for Redemption / Switch. It may, however, be noted that in the event of death of the Unit holder, the nominee or legal heir, (subject to production of requisite documentary evidence to the satisfaction of the AMC) as the case may be, shall be able to redeem the investment only after the completion of one year or any time thereafter from the date of allotment of the Units to the deceased Unit Holder. The redemption or repurchase proceeds shall be dispatched to the unit holders within 10 working days from the date of redemption or repurchase.

## **Dividend**

The dividend warrants shall be dispatched to the unitholders within 30 days of the date of declaration of the dividend

## **Delay in payment of redemption / repurchase proceeds or despatch of dividend warrants**

The Asset Management Company shall be liable to pay interest to the unit holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

**Who can invest?** (This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.)

- Adult Individual(s) and also minor(s) through their parent/guardian. (Application of minors jointly with adults not allowed).
- Adult Individual(s) jointly not exceeding three, on first holder or survivor/s basis.
- Hindu Undivided Family (HUF)
- Partnership Firms
- A Company as defined in the Companies Act, 1956, Public Sector Undertakings.
- A Body Corporate established by or under any law in force in India.
- A Co-operative Society registered under any law relating to Co-operative Societies in India.
- A Religious or Charitable Trust / Wakfs or a Society established under the relevant laws and authorised to invest in Mutual Fund Schemes.
- FIIs registered with SEBI.
- Banks and Financial Institutions.
- Pension Funds/Pension Fund Managers.
- Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) on repatriation / non-repatriation basis.
- Army, Air Force, Navy and other para-military units and bodies created by such institutions. Scientific and Industrial Research Organisations.

- Multilateral Funding Agencies / Body Corporates incorporated outside India with the permission of Government of India / Reserve Bank of India
- Other Schemes of the Fund subject to the conditions and limits prescribed under SEBI Regulations.
- Any other category of investors that may be permitted by the Trustees as per the Indian laws in future.
- NRIs and PIOs

#### **Where can the application for purchase/redemption/switches**

##### **M/s Karvy Computershare Pvt. Ltd.**

21, Road No.4, Street No. 1, Banjara Hills, Hyderabad 500034

Tel No. (044) 23390404, 23394436, 2337901,

Fax. (040) 23311968

E-Mail: [crmf@karvy.com](mailto:crmf@karvy.com)

**Submission of forms for subscription and redemption during ongoing sale / redemption can be made at the Sales Offices of the AMC (Please refer the back cover page) or Official Points of Acceptance of the R & T Agent.**

#### **How to apply?**

Please Refer the SAI and Application Form for the instructions

#### **Please note that it is mandatory for Unit holders to:**

1. Mention their bank account number in their application for purchase of units and redemption requests.
2. Mention their Permanent Account Number (PAN) in their application

#### **Listing**

As the repurchase facility is provided on an ongoing basis, at NAV related prices, the units of the Scheme/s are not listed on any Stock Exchanges.

**The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same.**

The number of Units held by the Unit holder under his folio will stand reduced by the number of Units redeemed. Presently, the AMC does not intend to reissue the repurchased units However, the Trustees reserve the right to reissue the repurchased units at a later date after issuing adequate public notice and taking approvals, if any, from SEBI.

#### **Restrictions, if any, on the right to freely retain or dispose of units being offered**

The AMC reserves the right to reject the further subscription/ application for units of the Scheme/s on an on-going basis, depending on the prevailing market conditions and to protect the interest of the Investors. Such change will be notified to the Investors by display of notice at various investor service centres of AMCs and its website

#### **For Canara Robeco Tax Saver**

*Lock in period of 3 years from the date of allotment.*

The AMC reserves the right to reject the further subscription/ application for units of the Scheme on an on-going basis, depending on the prevailing market conditions and to protect the interest of the Investors. Such change will be notified to the Investors by display of notice at various investor service centres of AMCs and its website.

**Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors, (this is the price you need to pay for purchase/switch-in)**

At the applicable NAV

**Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors, (this is the price you will receive for redemptions/switch outs)**

Example: If the applicable NAV is Rs. 10, exit load is 1% then redemption price will be:  $Rs. 10 * (1-0.01) = Rs. 9.90$

At the applicable NAV subject to prevailing exit load

**Cut off timing for subscriptions/ redemptions/ switches, this is the time before which your application (complete in all respects) should reach the official points of acceptance.**

- a) For applications received up to 3 p.m., same day's closing NAV shall be applicable.
- b) For applications received after 3 p.m., closing NAV of the next business day shall be applicable.

### **Accounts Statements**

**For normal transactions (other than SIP/STP) during ongoing sales and repurchase:**

- The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of units allotted. For those unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail.
- The unit holder may request for a physical account statement by writing/calling the AMC/ISC/R&T. The AMC will issue the same within 5 business days.

**For SIP / STP transactions:**

- Account Statement for SIP and STP will be despatched once every quarter ending March, June, September and December within 10 business days of the end of the respective quarter.
- A soft copy of the Account Statement shall be mailed to the investors under SIP/STP to their e-mail address on a monthly basis, if so mandated.
- However, the first Account Statement under SIP/STP shall be issued within 10 business days of the initial investment/transfer.
- In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 business days from the receipt of such request without any charges.

**Annual Account Statement:**

- The Mutual Funds shall provide the Account Statement to the Unit holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement
- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.

Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.

## B. PERIODIC DISCLOSURES

<p><b>Net Asset Value</b></p> <p>This is the value per unit of the Scheme/s on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>The Mutual Fund shall declare the Net asset value of the scheme on every business day on AMFI's website <a href="http://www.amfiindia.com">www.amfiindia.com</a> by 9.00pm (<i>time limit for uploading NAV as per applicable guidelines</i>) and also on <a href="http://www.canararobeco.com">www.canararobeco.com</a>.</p> <p>The NAV calculated as above and Sale/Repurchase rates of units will be published in two news papers on a daily basis, by way of press release / advertisement. In addition, the NAV, Sale and Repurchase rates for all business days will be available at our Branch Offices.</p>		
<p><b>Half yearly Disclosures: Portfolio / Financial Results</b></p> <p>This is a list of securities where the corpus of the Scheme/s is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>Before expiry of one month from the close of each half year that is on 31<sup>st</sup> Mar and 30<sup>th</sup> Sept, the Fund shall publish its un-audited financial results in one national English daily newspaper and in a newspaper in the language of the region where the Head Office of the Fund is situated.</p> <p>These shall also be displayed on the web site of the Fund and that of AMFI.</p>		
<p><b>Annual Report</b></p>	<p>An abridged Scheme-wise annual report shall be mailed to all unit holders not later than four months from the date of closure of the relevant accounting year and the full annual report shall be made available for inspection at the Head Office of the Fund and a copy shall be made available to the unit holders on request on payment of nominal fees, if any.</p> <p>Investor(s) who have provided their email address in the application form or any subsequent communication in any of the folio belonging to the investor, Electronic Mail (email) shall be treated as a default mode for sending various statutory communications including Abridged Annual Report to the investor. The investor(s) may however on request obtain a physical copy of Abridged Annual Report or any other statutory communication.</p>		
<p><b>Associate Transactions</b></p>	<p>Please refer to Statement of Additional Information (SAI).</p>		
<p><b>Taxation</b></p> <p>The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her</p>	Equity Fund	Resident Investors	Mutual Fund
	Tax on Dividend	No Tax	No Tax
	Capital Gains:		
	Long Term	No tax	No Tax

participation in the schemes.	Short Term	15% plus applicable surcharge and education cess if STT is chargeable	No Tax
	<p>Equity scheme will also attract securities transaction tax (STT) at applicable rates.</p> <p><u>Securities Transaction Tax</u></p> <p>Sale of units of equity oriented schemes to the Mutual fund would be liable to Securities Transaction Tax (STT). STT would be payable at the rate of 0.25% on the redemption value by the investor and would be collected by the Fund at the time of redemption of units.</p>		
	<b>For further details on taxation please refer to the clause on Taxation in the SAI</b>		
Investor services	<p>Ms. Manjiri Dolhare</p> <p>Manager – Customer Service</p> <p>Canara Robeco Asset Management Co. Ltd.</p> <p>4<sup>th</sup> Floor, Construction House,</p> <p>5, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001</p> <p>Tel No. (022) 6658 5000 Fax (022) 6658 5012/13</p> <p>E-Mail : manjiri.dolhare@canararobeco.com</p>		

### C. COMPUTATION OF NAV

The computation of NAV, valuation of securities / assets, accounting policies and standards would be in conformity with the SEBI (Mutual Funds) Regulations, 1996 and guidelines issued from time to time. The NAV per unit shall be calculated as follows:

Market or Fair Value of Scheme's investments

+ Current assets - Current Liabilities and Provisions

\_\_\_\_\_ = **NAV (Rs.)**

No. of Units outstanding under the Scheme

The price arrived shall be rounded off up to two decimals (Four decimals for Canara Robeco Nifty Index Scheme)

#### IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the schemes:

##### A. NEW FUND OFFER (NFO) EXPENSES

As this is an ongoing offer, there are no expenses related to New Fund Offer.

##### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, custodian fee and marketing and selling costs etc. as given in the table below:-

The AMC has estimated that up to 2.50% (1.00% in case of Canara Robeco Nifty Index) of the weekly average net assets of the scheme will be charged to the scheme as expenses. For the actual current expenses being charged, the investor should refer to the website of the mutual fund.

Particulars	% of Net Assets for Canara Robeco Equity Diversified, Canara Robeco F.O.R.C.E. Fund, Canara Robeco Equity Tax Saver, Canara Robeco Emerging Equities, Canara Robeco Infrastructure, Canara Robeco Large Cap+ Fund, Canara Robeco Balance	% of Net Assets for Canara Robeco Nifty Index
Investment Management and Advisory Fee	1.25%	^0.42%
Service Tax	0.13%	0.04%
Custodial Fees	0.02%	0.02%
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.16%	0.13%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.20%	0.00%
Brokerage and Transaction Cost pertaining to the distribution of units	0.50%	0.10%
Audit Fees / Fees and expenses of trustees	0.05%	0.05%

Costs related to investor communications (Printing and Mailing)	0.08%	0.10%
Costs of fund transfer from location to location (Bank Charges)	0.03%	0.02%
Other Expenses	0.08%	0.12%
<b>Total Recurring Expenses</b>	<b>2.50%</b>	<b>1.00%^</b>

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se. Types of expenses charged shall be as per the SEBI (MF) Regulations.

^The investment and Advisory fees shall not exceed three fourths of one percent (0.75%) of the weekly average net assets and the total expenses of the scheme including the investment and advisory fees shall not exceeding one and one half percent (1.5%^) of the weekly average net assets, within the overall limit prescribed by SEBI (MF) Regulation

As per the Regulation 52, the investment management fee and total annual scheme recurring expenses chargeable to the Scheme are as under:

- On the first Rs.100 Crore of the average weekly net assets - 2.50%
- On the next Rs.300 Crore of the average weekly net assets - 2.25%
- On the next Rs.300 Crore of the average weekly net assets – 2.00%
- On the balance of the assets – 1.75%

### C. LOAD STRUCTURE

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC ([www.canararobeco.com](http://www.canararobeco.com)) or may call at (1800 209 2726) or your distributor.

Name of the Scheme	Lump sum Investment/SIP/ STP/
Canara Robeco Nifty Index/Canara Robeco Equity Diversified/Canara Robeco Emerging Equities/Canara Robeco Infrastructure/Canara Robeco F.O.R.C.E. (Financial, Opportunities, Retail Consumption & Entertainment) Fund/Canara Robeco Balance/Canara Robeco Large Cap+ Fund	<p><u>Entry Load</u></p> <p>Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers.</p> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• 1% - if redeemed/switched out within 1 year from the date of allotment.</li> <li>• Nil – if redeemed / switched out after 1 year from the date of allotment.</li> </ul>
Canara Robeco Equity Tax Saver	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers.</li> </ul> <p><u>Exit Load/ Switch-over load</u></p>



- |  |
|--|
| <ul style="list-style-type: none"> <li>• Lump Sum/SIP/STP: Nil.</li> </ul> |
|--|

The distributors shall disclose all the commissions (in the form of trail commission or any other mode) payable to them for the different competing schemes of various mutual funds from amongst which the scheme is being recommended to the investor. For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centers. The latest modification in the load structure whether by way of Exit Load or CDSC will be stamped in the acknowledgment slip issued to the investor on submission of the Application Form and will also be disclosed in the Statement of Accounts issued after introduction of such load / CDSC. Also, the AMC shall not charge any load on issue of bonus units and units allotted on reinvestment of dividend for existing as well as prospective investors.

With effect from August 01, 2009, exit load / CDSC (if any) up to 1% of the redemption value charged to the unit holder by the Fund on redemption of units shall be retained by each of the schemes/plans in a separate account and will be utilized for payment of commission to the ARN Holder and to meet other marketing and selling expenses.. Any amount in excess of 1% of the redemption value charged to the unit holder as exit load /CDSC shall be credited to the respective scheme/ plan immediately.

#### **VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

1. During the last three years, neither SEBI nor any other Regulatory body has awarded any penalty under SEBI Act or Regulations and there is no enquiry or adjudication proceeding/s, that are in progress against the Sponsors or any company associated with the Sponsors in any capacity including the AMC, the Board of Trustees or any of the Directors or key personnel of the AMC under the SEBI Act or any other Regulations. In addition, no penalties have been awarded for any economic offences and violation of securities laws.
2. (a) The Mutual Fund is defending and / or filed cases in the Special Court constituted under the Special Court (Trial of Offences relating to transactions in Securities) Act, 1992 in respect of the claims arising out of scam related transactions. The Fund has taken necessary steps as legally advised.  
 (b) Writ Petitions have been filed before the Hon'ble Mumbai High Court and Hon'ble Kolkata High Court, for direction to prohibit Canara Robeco Mutual Fund from converting the close ended Cantriples+ Scheme into open ended and for direction regarding payment of three times the original investment. Cases are also pending before various Consumer Fora claiming three times the investment in Cantriples+ Scheme. The cases are at various stages of hearing. The Fund has taken necessary steps as legally advised.  
 (c) There are about 61 consumer cases (including appeals) filed by various parties against the Fund in respect of the various schemes of the Fund, which are pending.  
 In respect of the cases mentioned above, the Fund / Investment Manager will abide by the final decision of the courts.
3. No criminal cases are pending against the Sponsors, any company associated with the Sponsors in any capacity, AMC, Board of Trustees, any of the Directors or key personnel. The Sponsors, Canara Bank, has over 3000 branches and Robeco Groep N V has several offices across the world. To the best of our knowledge and belief, no criminal cases which may affect the business of Mutual Fund are pending against the Sponsors or any company associated with the Sponsors in any capacity or any of the Directors or key personnel."

#### **IMPORTANT NOTICE**

**"Notwithstanding anything contained in the Scheme Information Document the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable."**

### Branches of Canara Robeco Asset Management Company Limited

**Ahmedabad** - Unit No.104, Onyx Building, Near Raj Hans Society, IDBI Bank Cross Road, Off C G Road, Ahmedabad – 380006, **Bhopal** - Kay Kay Business Centre 1st Floor, 133 Zone 1 M .P Nagar Bhopal – 462011, **Chandigarh** - SCO 333-334, 1st Floor, Sector 35B, Chandigarh- 160 022. **Coimbatore** - Door No. A/1 Thiruvengataswamy Road (East) R .S Puram Coimbatore-641 002, **Goa**- Shop No. 3, Kamat Chambers Opp. Hotel Neptune, Panjim Goa. **Delhi** - 306, Kanchen Junga Bldg., 18, Barakamba Road, Delhi-110 001, **Bangalore** - GF4 & GF5, Business Point, No.137, Ridage Road, Bangalore - 560 025, **Kolkatta** - 'Horizon', 57 Chowringhee Road, Kolkata – 700071. **Kochi** - Door No. XL/6030, 1st Floor, Al-Falah Plaza (Opp.Oriental Bank of Commerce) Broadway North End, Kochi - 682 031, **Indore** - 107, 1st Floor, Bansi Trade Center 107, 581/5 M. G. Road, Indore. **Ludhiana** - Room No. 328, 3rd Floor Ludhiana Stock Exchange Building Feroz Gandhi Marg Ludhiana - 141 001. **Mangalore** - 227/2A, Essel Towers, Bunts Hotel Circle, Mangalore – 575003. **Nagpur**- Unit No. C/6, 4th Floor Indu Yash II , 186 Cement Road Dharampeth Extension Nagpur – 400010. **Patna** - 401/402, Aashiana, Hariniwas, 4th Floor, Dak Bungalow Road, Dak Bungalow Road, Patna. **Pune** - Deccan Mall, Office 1 & 2, 1st Floor, Deccan Gymkhana, Pune-411 004. **Surat** - Shop No. M-8 & M-9, Jolly Plaza, Athwagate, Surat. **Trichy** - Srinivasa Complex No. 145/74 C ,Salai Road Thillainagar, Trichy 620 018 , **Vododara** - 116, Siddharth Complex R.C Dutt Road, Alkapuri, Vadodara- 390 007, **Vizag** - Vidisha Towers, 47-14-10 Flat No.3, 3rd Floor Dwarkanagar Main Road Visakhapatnam – 530016. **Hyderabad** - V. V. Vintage Boulevard, 1st Floor, Municipal H. No.6-3-1093, Somajiguda, Raj Bhavan Road, Hyderabad 5000082. **Chennai** - 770A, 1st floor, Spencer Annexe, Anna Salai, Chennai – 600 002, **Mumbai**- Canara Robeco Asset Management Company Ltd., Construction House, 5 Walchand Hirachand Marg Ballard Estate, Mumbai – 400001.

## Scheme Information Document

### Open Ended Debt / Money Market Schemes

Canara Robeco Floating Rate

Canara Robeco Treasury Advantage Fund

Canara Robeco Gilt PGS

Canara Robeco Short Term Fund

Canara Robeco InDiGo Fund

Canara Robeco Liquid

Canara Robeco Income

Canara Robeco Dynamic Bond Fund

Canara Robeco Monthly Income Plan

### Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Company Ltd.

Trust : Canara Robeco Mutual Fund

Construction House, 4th Floor, 5, Walchand Hirachand Marg,  
Ballard Estate, Mumbai 400 001.

Tel.: 6658 5000, 6658 5086 Fax: 6658 5012 / 13.

E-Mail : [www.canararobeco.com](http://www.canararobeco.com)

Registrar: M/s. Karvy Computershare Pvt. Limited "Karvy Plaza"

H. No. 8-2-596 Avenue 4, Street No. 1, Banjara Hills,  
Hyderabad - 500 034.

Tel No.: (040) 23394436, 23397901, 23312454,

Fax No.: (040) 23311968, Email : [crmf@karvy.com](mailto:crmf@karvy.com)

The particulars of the Scheme have been prepared in accordance with Securities and Exchange Board of India (Mutual Funds) Regulations 1996 (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with the Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

This Scheme Information Document sets forth concisely the information about the Canara Robeco Mutual Fund that a prospective investor should know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date 08.06.2011 of this document from the Mutual Fund/ Investor Services Centres/Web site/Distributors or Brokers.

The investors are advised to refer to the Statement of Additional Information (SAI) for details of Canara Robeco Mutual Fund, Tax and Legal issues and general information on [www.canararobeco.com](http://www.canararobeco.com).

SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.

The Scheme Information Document should be read in conjunction with the SAI and not in isolation.

This Scheme Information Document is Dated 08th June, 2011

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<b>Canara Robeco Floating Rate</b>	<b>Canara Robeco Liquid</b>	<b>Canara Robeco Treasury Advantage Fund</b>	<b>Canara Robeco Monthly Income Plan</b>
<b>Type &amp; Category :</b> Open Ended Debt Scheme	<b>Type &amp; Category :</b> Open Ended Cash Management Scheme	<b>Type &amp; Category :</b> Open Ended Debt Scheme	<b>Type &amp; Category :</b> Open Ended Debt Scheme
<b>Investment Objective :</b> The scheme seeks to generate income by investing in a portfolio comprising of short term debt instruments and money market instruments with weighted average portfolio duration of equal to or less than 1 year. However there can be no assurance that the investment objective of the scheme will be realized.	<b>Investment Objective :</b> The scheme has been formulated with the objective of enhancement of income, while maintaining a level of high liquidity, through investment in a mix of Money Market Instrument & Debt Securities. However, there can be no assurance that the investment objective of the Scheme will be realized.	<b>Investment Objective :</b> To generate income / capital appreciation through a low risk strategy by investment in Debt securities and Money Market Instruments. However there can be no assurance that the investment objective of the scheme will be realized.	<b>Investment Objective :</b> To generate Income by investing in Debt instruments, MMI and small portion in equity.
<b>Minimum Application Amount :</b> <b>I. Lump sum Investment</b> Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP)/Systematic withdrawal plan(SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount :</b> <b>I. Lump sum Investment</b> <b>Retail Plan:</b> Minimum amount: Rs. 5,000.00 and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Institutional Plan:</b> Minimum amount: Rs. 100.00 Lacs and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Super Institutional Plan:</b> Minimum amount: Rs. 500.00 Lacs and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (STP)/Systematic Withdrawal Plan(SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount :</b> <b>I. Lump sum Investment</b> <b>Retail Plan:</b> Minimum amount: Rs. 5,000.00 under each option and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Institutional Plan:</b> Minimum amount: Rs. 100.00 Lacs under each option and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Super - Institutional Plan:</b> Minimum amount: Rs. 500.00 Lacs under each option and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP)/Systematic Withdrawal Plan(SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount :</b> <b>I. Lump sum Investment</b> Minimum amount: Rs. 5,000.00 and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP)/Systematic withdrawal plan(SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.

**NAV :** NAV / Repurchase / Sale price will be announced on a daily basis (on all Business days) except Public Holidays and during book closure period. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI ([www.amfiindia.com](http://www.amfiindia.com)) and the website of the AMC ([www.canararobeco.com](http://www.canararobeco.com)) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

**Applicable NAV for Sale of Units / Switch In :**

**(I) Applicable NAV for sale of Units for Liquid Scheme(s):**

- where the application is received upto 2.00 p.m. (cut off time for investments in liquid scheme(s)) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective Liquid scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day immediately preceding the day of receipt of application;
- where the application is received after 2.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective Liquid scheme(s) i.e. available for utilization on the same day – the closing NAV of the day immediately preceding the next business day ; and
- irrespective of the time of receipt of application, where funds for entire amount of subscription/ purchase as per application are not credited to the Bank account of the respective Liquid schemes before the cut-off time i.e. not available for utilization before the cut-off time – the closing NAV of the day immediately preceding the day on which the funds are available for utilization.

**(II) For switch-in to Liquid scheme(s) from other schemes of Canara Robeco Mutual Fund:**

- Application for switch-in is received before the applicable cut-off time i.e 2.00PM.
- Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the respective switch-in Liquid scheme(s) before the cut-off time i.e.2.00PM.
- The funds are available for utilization before the cut-off time by the respective switch-in schemes.

**Applicable NAV for Sale of Units / Switch In : ( other than Liquid Schemes)**

- For applications received up to 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable.
- For applications received after 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.
- For applications received with outstated instruments not payable at par at the place of receipt, closing NAV of the day of realization of the instruments shall be applicable.
- For applications received on non-business day along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable
- Where the Application for amount equal to or more than Rs.1 crore is received upto 3 p.m (i.e. cut off time for Debt/ Income Scheme(s) other than Liquid schemes) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable.
- where the application for amount equal to or more than Rs.1 crore is received after 3.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day- the closing NAV of the next business day shall be applicable and
- irrespective of the time of receipt of application for amount equal to or more than Rs.1 crore, where funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any subsequent business day – the closing NAV of such subsequent business day shall be applicable.

Canara Robeco Floating Rate	Canara Robeco Liquid	Canara Robeco Treasury Advantage Fund	Canara Robeco Monthly Income Plan
<b>Applicable NAV for Repurchase of Units / Switch Out :</b> <b>I) Applicable NAV for Repurchase of Units for Liquid Scheme(s):</b> a. For application received up to 3.00 p.m., the closing NAV of the day immediately preceding the next business day shall be applicable. b. For application received after 3.00 p.m. closing NAV of next business day shall be applicable. <b>II) Applicable NAV for Repurchase of units other than Liquid Schemes</b> a) For applications received up to 3 p.m., same day's closing NAV shall be applicable. b) For applications received after 3 p.m., closing NAV of next business day shall be applicable. The Trustees reserve the right to amend the cut off timings subject to SEBI regulations for the smooth and efficient functioning of the Scheme/s			
<b>Load Structure :</b> Kindly refer to Section on "Load Structure" on page nos 72 to 74			
<b>Bench Mark Index :</b> CRISIL Liquid Fund Index	<b>Bench Mark Index :</b> CRISIL Liquid Fund Index	<b>Bench Mark Index :</b> CRISIL Liquid Fund Index	<b>Bench Mark Index :</b> CRISIL MIP Blended Index
The Trustees reserve the right to change the benchmark if due to a change in market conditions, a different index appears to be providing a more appropriate basis for comparison of fund performance or if the indicated benchmark ceases to exist or undergoes a substantial change that renders it an ineffective base for performance comparison and analysis.			
<b>Liquidity :</b> Being an Open-Ended Scheme, Units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of entry / exit load / CDSC, if any. The AMC reserves the right to reject further subscription/ application for units of the Scheme on an on-going basis, depending on the prevailing market conditions and to protect the interest of the Investors. Such change will be notified to the Investors by display of notice at various investor service centres of the AMC and on its website. Units can be redeemed (i.e. sold back to the Mutual Fund) on or Switched out (i.e. to another scheme of the Mutual Fund or Option(s) offered within the Scheme, if any) every Business Day, at the Applicable NAV subject to applicable Load, if any. The Units of the Scheme will not be listed on any exchange, for the present.			
<b>Transparency / NAV Disclosure :</b> The NAV will be disclosed at the close of every Business Day and released to the Press, News Agencies and the Association of Mutual Funds of India (AMFI) except in case of "Suspension of Sale or Repurchase of Units". The NAVs will also be displayed on the website of the AMC ( <a href="http://www.canararobeco.com">www.canararobeco.com</a> ). The AMC may disclose details of the portfolio of the Scheme on the website of the AMC ( <a href="http://www.canararobeco.com">www.canararobeco.com</a> ). As presently required by the SEBI Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in a newspaper within one month from the close of each half year (i.e. March 31 & September 30) or mailed to the Unit holders. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI ( <a href="http://www.amfiindia.com">www.amfiindia.com</a> ) and the website of the AMC ( <a href="http://www.canararobeco.com">www.canararobeco.com</a> ) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI and number of such instances would be reported to SEBI on bimonthly basis. If the NAVs are not available before the commencement of the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.			
<div>4</div>			

Canara Robeco Income	Canara Robeco Gilt PGS	Canara Robeco Dynamic Bond Fund	Canara Robeco Short Term Fund	Canara Robeco InDiGo Fund
<b>Type &amp; Category :</b> Open Ended Debt Scheme	<b>Type &amp; Category :</b> Open Ended Gilt Scheme	<b>Type &amp; Category :</b> Open Ended Debt Fund	<b>Type &amp; Category :</b> Open Ended Debt Fund	<b>Type &amp; Category :</b> An Open Ended Debt Scheme
<b>Investment Objective :</b> To generate income through investment in Debt and Money Market securities of different maturity and issuers of different risk profiles. However there can be no assurance that the investment objective of the Scheme will be realized.	<b>Investment Objective :</b> To provide risk free return (except interest rate risk) and long term capital appreciation by investing only in Govt. Securities. However, there can be no assurance that the investment objective of the Scheme will be realized.	<b>Investment Objective :</b> The objective of the Fund is to seek to generate income from a portfolio of debt and money market securities. However, there is no assurance that the objective of the Fund will be realised and the Fund does not assure or guarantee any returns.	<b>Investment Objective :</b> The objective of the Fund is to generate income from a portfolio constituted of short term to medium term debt and money market securities. However, there can be no assurance that the investment objective of the Scheme will be realized.	<b>Investment Objective :</b> To generate income from a portfolio constituted of debt & money market securities along with investments in Gold ETFs. However, there can be no assurance that the investment objective of the Scheme will be achieved
<b>Minimum Application Amount</b> <b>I. Lump sum Investment</b> Minimum amount: Rs. 5,000.00 and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) / Systematic Withdrawal Plan (SWP)</b> Minimum instalment amount -Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount</b> <b>I. Lump sum Investment</b> Minimum amount: Rs. 5,000.00 under each option and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP) / Systematic Transfer Plan (STP) / Systematic Withdrawal Plan (SWP)</b> Minimum instalment amount -Rs. 1,000.00 and Rs. 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.	<b>Minimum Application Amount</b> <b>I. Lump sum Investment</b> <b>Retail Plan:</b> Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Institutional Plan:</b> Minimum amount: Rs. 100.00 Lacs and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter.	<b>Minimum Application Amount</b> <b>I. Lump sum Investment</b> <b>Retail Plan:</b> Minimum amount: Rs. 5,000.00 and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>Institutional Plan:</b> Minimum amount: Rs. 100.00 Lacs and in multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and in multiples of Re. 1.00 thereafter.	<b>Minimum Application Amount</b> <b>I. Lumpsum Investment</b> Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter. <b>II. Systematic Investment Plan (SIP)/Systematic Transfer Plan (STP)/Systematic Withdrawal Plan (SWP)</b> Minimum instalment amount - Rs. 1,000.00 and Rs. 2,000.00 for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.

**NAV :** NAV / Repurchase / Sale price will be announced on a daily basis (on all Business days) except Public Holidays and during book closure period. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI ([www.amfiindia.com](http://www.amfiindia.com)) and the website of the AMC ([www.canararobeco.com](http://www.canararobeco.com)) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

**Applicable NAV for Sale of Units / Switch In :**

- For applications received up to 3 p.m., along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable.
- For applications received after 3 p.m., along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.
- For applications received with outstation instruments not payable at par at the place of receipt, closing NAV of the day of realization of the instruments shall be applicable.
- For applications received on non-business day along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable
- Where the Application for amount equal to or more than Rs.1 crore is received upto 3 p.m. (i.e. cut off time for Debt/ Income Scheme(s) other than Liquid schemes) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable.
- where the application for amount equal to or more than Rs.1 crore is received after 3.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day- the closing NAV of the next business day shall be applicable and
- irrespective of the time of receipt of application for amount equal to or more than Rs.1 crore, where funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any subsequent business day – the closing NAV of such subsequent business day shall be applicable.

**Applicable NAV for Repurchase of Units / Switch Out :**

- For applications received up to 3 p.m., same day's closing NAV shall be applicable.
- For applications received after 3 p.m., closing NAV of next business day shall be applicable.

The Trustees reserve the right to amend the cut off timings subject to SEBI regulations for the smooth and efficient functioning of the Scheme/s

Canara Robeco Income	Canara Robeco Gilt PGS	Canara Robeco Dynamic Bond Fund	Canara Robeco Short Term Fund	Canara Robeco InDiGo Fund
<b>Load Structure :</b> Kindly refer to Section on "Load Structure" on page nos 72 to 74				
<b>Bench Mark Index</b> CRISIL Composite Bond Fund Index	<b>Bench Mark Index</b> I-SEC LI-BEX	<b>Bench Mark Index</b> CRISIL Composite Bond Fund Index	<b>Bench Mark Index</b> CRISIL Liquid Fund Index	<b>Bench Mark Index</b> Canara Robeco Blended Index: CRISIL Short Term Bond Fund Index + Price of Gold (neutral allocation: 65:35)
The Trustees reserve the right to change the benchmark if due to a change in market conditions, a different index appears to be providing a more appropriate basis for comparison of fund performance or if the indicated benchmark ceases to exist or undergoes a substantial change that renders it an ineffective base for performance comparison and analysis.				
<b>Liquidity :</b> Being an Open-Ended Scheme, Units may be purchased or redeemed on every Business Day at NAV based prices, subject to provisions of entry / exit load / CDSC, if any. The AMC reserves the right to reject further subscription/ application for units of the Scheme on an on-going basis, depending on the prevailing market conditions and to protect the interest of the Investors. Such change will be notified to the Investors by display of notice at various investor service centres of the AMC and on its website. Units can be redeemed (i.e. sold back to the Mutual Fund) on or Switched out (i.e. to another scheme of the Mutual Fund or Option(s) offered within the Scheme, if any) every Business Day, at the Applicable NAV subject to applicable Load, if any. The Units of the Scheme will not be listed on any exchange, for the present.				
<b>Transparency / NAV Disclosure :</b> The NAV will be disclosed at the close of every Business Day and released to the Press, News Agencies and the Association of Mutual Funds of India (AMFI) except in case of "Suspension of Sale or Repurchase of Units". The NAVs will also be displayed on the website of the AMC (www.canararobeco.com). The AMC may disclose details of the portfolio of the Scheme on the website of the AMC (www.canararobeco.com). As presently required by the SEBI Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in a newspaper within one month from the close of each half year (i.e. March 31 & September 30) or mailed to the Unit holders. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) and the website of the AMC (www.canararobeco.com) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI and number of such instances would be reported to SEBI on bimonthly basis. If the NAVs are not available before the commencement of the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.				
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## I. INTRODUCTION

### A. RISK FACTORS

#### **Standard Risk Factors:**

- I. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal.
- II. As the price / value / interest rates of the securities in which the Scheme/s invests fluctuate, the value of your investment in the Scheme/s may go up or down.
- III. The past performance of the Sponsors/AMC/Mutual Fund does not guarantee future performance of the Scheme/s.
- IV. The Name of the scheme (s) do not in any manner indicate either the quality of the Scheme, its future prospects or returns.
- V. Canara Bank and Robeco Groep N. V., being the Sponsors, are not responsible or liable for any loss resulting from the operation of the Scheme/s beyond the initial contribution of Rs. 10 Lacs made by it towards setting up Canara Robeco Mutual Fund.
- VI. The present scheme (s) is not a guaranteed or assured return scheme (s).

The Mutual Fund is defending and / or has filed cases in the Special Court constituted under the Special Court (Trial of Offences relating to transactions in Securities) Act, 1992 for the claims arising out of scam related transactions. The Fund has taken necessary steps as legally advised. Please refer to the clause on Penalties & Pending Litigation mentioned on the last page of the Scheme Information Document.

#### **Scheme specific Risk Factors related to all the scheme**

**I. Price-Risk or Interest-Rate Risk:** Fixed income securities such as bonds, debentures and money market instruments run price-risk or interest-rate risk. Generally, when interest rate rise, prices of existing fixed income securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.

**II. Credit Risk:** In simple terms this risk means that the issuer of a debenture/bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. Even where no default occurs, the price of the security may go down because the credit rating of an issuer goes down. It must, however, be noted that where the Scheme/s has invested in Government securities, there is no credit risk to that extent.

**III. Reinvestment Risk:** Investments in fixed income securities may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.

**IV. Liquidity Risk:** This refers to the ease with which a security can be sold at or near to its valuation or 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.

Different types of securities in which the Scheme/s would invest as given in the offer document carry different levels and types of risk. Accordingly the Scheme's risk may increase or decrease depending upon its investment pattern e.g. corporate bonds carry a higher amount of risk than Government securities. Further, even among corporate bonds, bonds which are AA rated are comparatively more risky than bonds which are AAA rated.

**V. Securitized Debt:** The Scheme (s) in accordance with the asset allocation may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS / MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS / MBS or the originator of the underlying receivables. The ABS / MBS holders have a limited recourse to the extent of credit enhancement provided. ABS / MBS holders will suffer credit losses in the event of the

delinquencies and credit losses in the underlying pool exceed the credit enhancement provided. As compared to the normal corporate or sovereign debt, ABS / MBS are normally exposed to a higher level of reinvestment risk. The fund intends to invest only in securitized instruments rated at least AA (SO) or its equivalent by a recognized credit rating agency. The securitized debt assets and the underlying asset classes like Housing Loans, Auto Loans and Corporate loans have the following risk factors:

#### **A. Risk associated with Mortgage Backed Securities (MBS) - Housing Loans**

**Prepayment Risk:** The Fund may receive payment of monthly payouts earlier than scheduled. Prepayments shorten the life of the instrument to an extent that cannot be fully predicted. The rate of prepayments may be influenced by a variety of economic, social and other factors.

**Credit Risk:** Delinquencies may happen which would reduce the principal amount. Typically MBS structures come with credit enhancement in variety of forms. If delinquencies are higher than the amount available in the credit enhancement facility, then the monthly payouts to the Fund would reduce. Historically, it has been observed that housing loans have lower default rates as compared to other forms of credit.

**Liquidity Risk:** Historically the secondary market volume for securitised papers has been limited. This could limit the ability of the Fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

**Conversion Risk:** Conversion of loans from fixed rates to floating rate loans and vice versa could lead to a change in the expected cash flows from the loans.

#### **B. Risk associated with Asset Backed Securities (ABS)-Auto loans**

**Prepayment Risk:** The Fund may receive payment of monthly payouts earlier than scheduled. Prepayments shorten the life of the instrument to an extent that cannot be fully predicted. The rate of prepayments may be influenced by a variety of economic, social and other factors. Prepayment in auto loans is lower than housing loans as the shorter tenor of auto loans makes it economically unattractive to prepay after considering the prepayment charges.

**Credit Risk:** Delinquencies may happen which would reduce the principal amount. Typically ABS structures come with credit enhancement in variety of forms. If delinquencies are higher than the amount available in the credit enhancement facility, then the monthly payouts to the Fund would reduce. Typically auto loans carry higher risk than MBS as the value retention of the underlying asset is higher in MBS as compared to the underlying asset of ABS.

**Liquidity Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the Fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

#### **C. Risk associated with Asset Backed Securities (ABS) - Corporate loans**

**Credit Risk:** The Fund has an exposure to the Borrower/Borrowers and servicing of the instrument depends on the credit risk of the borrower. The value of the instrument would fluctuate depending upon the changes in the perceived level of credit risk as well as any actual default.

**Prepayment Risk:** The Borrower may prepay the receivables prior to their respective due dates. This may result in a change in the yield and tenor for the Fund.

**Limited Liquidity and Price Risk:** Historically the secondary market volume of securitised papers has been limited. This could limit the ability of the Fund to resell them. Secondary market trades could be at a discount or premium depending upon the prevailing interest rates.

#### **VI. Risk associated with investing in Derivatives**

As and when the Scheme trades in the derivatives market, there are risk factors and issues concerning the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself. Derivatives require the maintenance of adequate controls

to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that loss may be sustained by the portfolio as a result of the failure of another party (usually referred as the "counter party") to comply with the terms of the derivatives contract. Other risk in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have a large impact on their value. Derivatives can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the Fund Manager to identify such opportunities. Identification and execution of the strategies to be pursued by the Fund Manager involve uncertainty and decision of Fund Manager may not always be profitable. No assurance can be given that the Fund Manager will be able to identify or execute such strategies.

The risk associated with the use of derivatives is different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

Trading in derivatives has the following risks:

- a. An exposure to derivatives in excess of the hedging requirements can lead to losses.
- b. An exposure to derivatives can also limit the profits from a genuine investment transaction.
- c. Efficiency of a derivative market depends on the development of a liquid and efficient market for underlying securities.

#### **VII. Risk associated with Securities Lending**

It may be noted that this activity would have the inherent probability of collateral value drastically falling in times of strong downward market trends, rendering the value of collateral inadequate until such time as the diminution in value is replenished by additional security. It is also possible that the borrowing party and/or the approved intermediary may suddenly suffer severe business set back and become unable to honour its commitments. This, along with a simultaneous fall in the value of collateral would render potential loss to the Scheme. Besides, there will also be temporary illiquidity of the securities that are lent out and the Scheme will not be able to sell such lent out securities until they are returned.

Securities lending may involve the risk of default on the part of the borrower. However, this is unlikely to happen if the stock lending is carried out for stocks which are in dematerialised form and through an authorised stock lending Scheme, subject to appropriate Regulations.

The Investment Manager perceives such situations to be exceptional in nature. Although the Stock Market in India is still developing, considering the good demand for listed / quoted Equity Shares of reputed companies, the Scheme may choose to meet repurchase needs through temporary borrowings, within the permissible limits.

#### **VIII. Other Risks:**

Zero coupon or Deep Discount Bonds are debt obligations that do not entitle the holder to any periodic payment of interest prior to maturity or a specific date when the securities begin paying current interest and therefore, are generally issued and traded at a discount to their face value. The discount depends on the time remaining until maturity or the date when securities begin paying current interest. It also varies depending on the prevailing interest rates, liquidity of the security and the perceived credit risk of the issuer. The market rates of zero coupon securities are generally more volatile than the market price of securities that pay interest periodically and are likely to respond to changes in interest rates to a greater degree than other coupon bearing securities having similar maturities and creditworthiness.

In the event of substantial investment by the Sponsor/s, or its associates in the Scheme(s), any redemption by these entities may have an impact on the performance of the Scheme(s).

Canara Robeco Mutual Fund will not be responsible for any loss of tax benefits in the event of winding up of the Scheme(s) or for any amendments in the tax laws that may affect the tax benefits available under the Scheme(s). The tax benefits are based on the present laws and rules in force.

#### **IX Risks associated with investing in foreign securities / overseas investments / offshore securities**

- Subject to necessary approvals and within the investment objectives of the Scheme, the Scheme may invest in overseas markets which carry risks related to fluctuations in the foreign exchange rates, the nature of the securities market of the country, repatriation of capital due to exchange controls and political circumstances.
- Since the Scheme would invest only partially in foreign securities, there may not be readily available and widely accepted benchmarks to measure performance of such Scheme. To manage risks associated with foreign currency and interest rate exposure, the Fund may use derivatives for efficient portfolio management and hedging and portfolio rebalancing and in accordance with conditions as may be stipulated under the Regulations and by RBI from time to time.
- Investment in Foreign Securities involves a currency risk. To the extent that the assets of the Scheme will be invested in securities denominated in foreign currencies, the Indian Rupee equivalent of the net assets, distributions and income may be adversely affected by changes in the value of certain foreign currencies relative

#### **Related to Canara Robeco Monthly Income Plan**

**Risk associated with investing in Equities and Equity derivatives:** The Scheme provides for investing a part of its corpus in equity and equity related instruments and may engage in equity derivatives for the purpose of hedging. The risk factors that are applicable for equity and equity related instruments and derivatives shall apply to this scheme too. The value of the Scheme investments may be affected by factors affecting capital markets generally, such as price and volume volatility in the stock markets, interest rates, currency exchange rates, foreign investments, changes in government policy, political, economic or other developments and closure of the stock exchanges.

Investment made in unlisted equity or equity-related securities may only be realisable upon listing of these securities.

Trading volumes, settlement periods and transfer procedures may restrict liquidity of investments in equity and equity related securities. Different segments of the Indian financial markets have different settlement periods and such periods may be extended significantly by unforeseen circumstances. The length of the settlement may affect the Scheme in the event the Scheme has to meet large number of redemption.

The Investment Manager perceives such situations to be exceptional in nature.

#### **Related to Canara Robeco Gilt (PGS)**

As in the case of any fund investing in Central & State Government Securities, the NAV of the Scheme will be sensitive to changes in interest/Bank/Prime Lending Rates. In case of an increase in any of the above rates, the market value of existing investments may fall leading to a fall in NAV.

Being dedicated Gilt Scheme, any disruption in normal functioning of the market or extreme ill-liquidity in any one of the investments may affect the ability of the fund manager. In the event of large number of repurchase requests, the time taken by the Scheme for repurchase may become significant.

#### **Related to Canara Robeco InDiGo Fund**

1. The price of Gold may fluctuate due to various reasons which are:
  - a) Global gold supplies and demand, which is influenced by factors such as forward selling by gold producers, purchases made by gold producers to unwind gold hedge positions, central bank purchases and sales and productions and cost levels in major gold producing countries such as South Africa, United States and Australia.
  - b) Investor's expectations with respect to the rate of inflation
  - c) Currency Exchange Rates
  - d) Interest Rates
  - e) Investment and Trading activities of Commodity funds/Hedge funds

f) Global or regional political, economic or financial events and situations

In addition there is no assurance that gold will maintain its long-term value in terms of purchasing power in the future. In the event that the price of gold declines, the value of investment in units in which the Scheme has invested will, in general, decline proportionately.

2. There may be certain circumstances that may motivate large-scale sales of gold by the issuer of Gold ETFs which could decrease the price of gold and adversely affect the value of investment in the Gold ETFs in which the Scheme has invested.
3. The gold underlying the Gold ETFs in which the Scheme has invested may be subject to loss, damage, theft, or restriction on access. There is a risk that part or all of the underlying gold of the Gold ETFs could be lost, damaged or stolen. Access to the said gold could also be restricted by natural events (such as earthquake) or human actions (such as terrorist attack). Any of these actions may adversely affect investment value of the Gold ETFs in which the Scheme has invested.
4. Impact cost risk:

Impact costs are implicit costs also which is paid by liquidity demanders to liquidity providers. Generally, the best bid and ask prices quoted in the market are for only small transactions. Larger transactions may have to be executed at even less favorable prices. The additional cost is called an impact cost. For e.g. if the ruling market price of a security is Rs.500/- one may be able to buy/sell small quantities for that price. But, if one wishes to buy/sell huge quantities he might have to pay /receive higher/lower price.

Similarly, absence of adequate liquidity of Gold ETF units may impact the cost of purchasing and selling the Gold ETF units.

5. Changes in indirect taxes like custom duties for import, sales tax, VAT or any other levies will have an impact on the valuation of gold and consequently the NAV of the units in which the Scheme has invested.

## **B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavour to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25 % limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Fund shall adhere to the requirements prescribed by SEBI from time to time in this regard.

## **C. SPECIAL CONSIDERATIONS**

The liquidity of the Scheme's investments inherently restricted by trading volumes and settlement periods. In the event of an inordinately large number of redemptions or of a restructuring of the Scheme's investment portfolio, there may be delays in the redemption of units. Please refer to the section on "Right to limit repurchases".

The value of the Scheme/s investments may be affected by factors affecting capital markets generally, such as price and volume volatility in the stock markets, interest rates, currency exchange rates, foreign investments, changes in government policy, political, economic or other developments and closure of the stock exchanges. The NAV of the Scheme will be sensitive to changes in Interest /Bank / Prime Lending Rates. In case of investment in Money Market Instruments and in

Central / State Govt. Securities by the Scheme, an increase in the Interest / Bank / Prime Lending Rates will impact the market value of existing investments leading to decrease in the Scheme's NAV.

Debt securities are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (Credit Risk). Debt securities may also be subject to price volatility due to such factors as interest sensitivity, market perception or creditworthiness of the issuer and general market liquidity (Market Risk). While it is the intention of the Investment Manager to invest primarily in highly rated debt securities, the Scheme may from time to time invest in higher yielding, lower rated securities but not below investment grade and also in un-rated securities subject to provisions and restrictions laid down by SEBI, which would enhance the degree of risk. Changes in Government Policy in general and changes in tax benefits applicable to mutual funds may impact the returns to investors in the Scheme. The NAV of the scheme may be affected by the changes in the general market conditions, factors and forces affecting capital market in particular, level of interest rates, various market related factors, settlement periods and transfer procedures. If a Unit Holder invests in the schemes and acquire a substantial portion of the scheme units. The repurchase of units by the Unit Holder may have an adverse impact on the units of the schemes, because the timing of such repurchase may impact the ability of other Unit holders to repurchase their units.

The tax benefits described in this SID are as available under the present taxation laws and are available subject to relevant conditions. The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the Investors should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position or the proposed tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each Investor is advised to consult his/her own professional tax advisor.

The AMC, may consider the overall level of risk of the portfolio, invest in lower rated / un-rated securities, offering higher yields as well as zero coupon securities that offer attractive yields. This may increase the absolute risk of the portfolio.

Any disruption in the normal functioning of the Debt market or extreme illiquidity in any one of the Scheme's Securities, may affect the ability of The Fund Manager to buy or sell freely in the market. In the event of a large number of repurchase requests, the time taken by the Scheme for repurchase may become significant.

It may be noted that no prior intimation/indication would be given to investors when the composition asset allocation pattern of the Scheme undergo changes within the permitted band as mentioned in this document. In the event of substantial investment by the Sponsors and its associates in the scheme of the Mutual Fund, redemption of units by these entities may have an impact on the performance of the Scheme.

Investors should study this Scheme Information Document carefully in its entirety and should not construe the contents hereof as advice relating to legal, taxation, investment or any other matters. Investors may, if they wish, consult their legal, tax, investment and other professional advisors to determine possible legal, tax, financial or other considerations of subscribing to or redeeming Units, before making a decision to invest/redeem Units. Canara Robeco Mutual Fund will not be responsible for any loss of tax benefits in the event of winding up of the Scheme or for any amendment in tax laws that may affect the tax benefits available under the Scheme. The tax benefits are based on the present laws and rules in force.

#### D. DEFINITIONS

In this Scheme Information Document (SID), the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

<b>Applicable NAV</b>	The NAV calculated for the Business Day on which Sale and Repurchase requests received by the Investment Manager or its authorized agents.
<b>Applicant</b>	Applicant means a person who applies for allotment of units of Canara Robeco in pursuance of this SID.
<b>Asset Management Company OR AMC OR Investment Manager</b>	Canara Robeco Asset Management Company Ltd. (CRAMC) incorporated under the provisions of the Companies Act, 1956 and approved by Securities and Exchange Board of India to act as the Asset Management Company for the scheme(s) of Canara Robeco Mutual Fund.
<b>Allotment Date</b>	The date on which the units of Canara Robeco Scheme (s) are allotted to the successful applicants from time to time and includes allotment made pursuant to the New Fund Offer.
<b>Business Day</b>	<p>A day not being:</p> <ul style="list-style-type: none"><li>(1) A Saturday or Sunday; or</li><li>(2) A day on which Banks in Mumbai or the Reserve Bank of India are closed , or</li><li>(3) A day on which there is no RBI clearing/settlement of securities; or</li><li>(4) A day on which both the Stock Exchanges, Mumbai and the National Stock Exchange of India Limited are closed, whether or not the banks are open; or</li><li>(5) A day on which Purchase and Redemption of Units is suspended or a book closure period is announced by the Trustee / AMC; or</li><li>(6) A day on which normal business cannot be transacted due to storms, floods, bandhs, strikes or such other events as the AMC may specify from time to time.</li></ul> <p>Provided that the days when the banks in any location where the AMC's branch offices are located, are closed due to a local holiday, such days will be treated as non Business Days at such branches for the purposes of accepting fresh subscriptions. However, if the branch offices in such locations are open on such local holidays, then redemption and switch requests will be accepted at those branches, provided it is a Business Day for the Scheme on an overall basis.</p> <p>Notwithstanding the above, the AMC reserves the right to change the definition of Business Day and to declare any day as a Business Day or otherwise at any or all branch offices.</p>
<b>Canara Bank</b>	Canara Bank, a body corporate constituted under the provisions of the Banking Companies (Acquisition and Transfer of Undertaking) Act, 1970 and having its Head Office at 112, J. C. Road, Bangalore, 560002.
<b>CBLO</b>	Collateralized Borrowing and Lending Obligations is a Money Market Instrument, approved by RBI (developed by Clearing Corporation of India Ltd). CBLO is a discounted

	instrument issued in an electronic book entry form for maturity ranging from one day to one year.
<b>Combined Scheme Information Document or Scheme Information Document</b>	This document issued by Canara Robeco Mutual Fund, offering for subscription of units of eight unlinked debt oriented schemes (including Plans and options there under) viz; Canara Robeco Liquid, Canara Robeco Treasury Advantage Fund, Canara Robeco Floating Rate, Canara Robeco Dynamic Bond Fund, Canara Robeco Short Term Fund, Canara Robeco Gilt PGS, Canara Robeco Income, Canara Robeco Monthly Income Plan and Canara Robeco InDiGo Fund.
<b>Custodian</b>	The custodian to Canara Robeco Scheme (s) appointed from time to time.
<b>Derivative</b>	Derivative includes (i) a security derived from a debt instrument, share, loan whether secured or unsecured, risk instrument or contract for differences or any other form of security; (ii) a contract which derives its value from the prices, or index of prices, or underlying securities.
<b>Depository</b>	Depository as defined in the Depositories Act, 1996 (22 of 1996).
<b>Dividend</b>	Income distributed by the Mutual Fund on the Units.
<b>Entry Load or Sales Load</b>	Load on Sale / Switch in of Units.
<b>Exit Load or Redemption Load</b>	Load on Redemption / Switch out of Units.
<b>Foreign Institutional Investors</b>	Foreign Institutional Investor, registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time.
<b>Fund</b>	Canara Robeco Mutual Fund
<b>Money Market Instruments</b>	includes commercial papers, commercial bills, treasury bills, Government securities having an unexpired maturity up to one year, call or notice money, certificate of deposit, usance bills, and any other like instruments as specified by the Reserve Bank of India from time to time.
<b>MIBOR</b>	Mumbai Inter-bank Offered Rate
<b>NAV</b>	The term Net Asset Value (NAV) appearing in this SID means the Net Asset Value per unit of the respective scheme.
<b>NRI</b>	A Non-Resident Indian or a person of Indian origin residing outside India.
<b>Gilt/Govt. Securities</b>	Securities created and issued by the Central Government and/or a State Government (including Treasury Bills) or Government Securities as defined in Section 2(2) of the Public Debt Act, 1944, as amended or re-enacted from time to time.



<b>Gold ETF</b>	Gold Exchange Traded Fund refers to schemes having Gold as underlying whose units are listed on an exchange and can be bought / sold at prices which may be close to NAV of the scheme.
<b>Interest Rate Risk</b>	Uncertainty of future market values and of the size future Liquid caused by fluctuations in the general level of interest rates.
<b>Investor Service Centres" or "ISCs</b>	Designated Branches or Offices of Canara Robeco Asset Management Company Limited or such other centres / offices as may be designated by the AMC from time to time.
<b>Person</b>	The word "person" shall include a body corporate, group of individuals, trusts and other association of persons whether incorporated or not.
<b>RBI</b>	Reserve Bank of India, established under the Reserve Bank of India Act 1934, as amended from time to time.
<b>Registrar and Transfer Agent</b>	Karvy Computershare Private Limited (Karvy), currently acting as registrar to the Scheme, or any other registrar appointed by the AMC from time to time
<b>Repo</b>	Sale of Govt. Securities with simultaneous agreement to repurchase them at a later date.
<b>Reverse Repo</b>	Purchase of Govt. Securities with a simultaneous agreement to sell them at a later date.
<b>Robeco Groep N. V.</b>	Robeco Groep N.V. (Robeco) is wholly owned by Rabobank Nederland and is one of the Sponsors of the Fund.
<b>Statement of Additional Information or "SAI"</b>	The document issued by Canara Robeco Mutual Fund containing details of Canara Robeco Mutual Fund, its constitution, and certain tax, legal and general information. SAI is legally a part of the Scheme Information Document.
<b>Settler</b>	Canara Bank
<b>Sponsors</b>	The Sponsors of the Fund, namely Canara Bank and Robeco Groep N. V.
<b>Statement of Account</b>	A non-transferable statement indicating the number of units held by the investor on a particular date.
<b>Switch</b>	Simultaneous applications by a unit holder for repurchase / redemption of units held by him under one of the Schemes (or a plan under the same Scheme) of Canara Robeco Mutual Fund with authorisation to the Investment Manager to apply the repurchase/redemption proceeds, for the purchase of fresh/additional units of another Scheme (or under another plan of the Scheme of which he is a unit holder) of Canara Robeco Mutual Fund, which is open for subscription at the time when the applications are made.

<b>Stock Exchange</b>	Stock Exchange means a Stock Exchange which is for the time being, recognised under the Securities Contracts (Regulation) Act, 1956 (42 of 1956).
<b>SEBI</b>	Securities & Exchange Board of India established under the Securities and Exchange Board of India Act, 1992, as amended from time to time.
<b>The Scheme</b>	Scheme means Canara Robeco Canara Robeco Liquid (CRLQD), Canara Robeco Treasury Advantage Fund (CRTAF), Canara Robeco Floating Rate (CRFRF), Canara Robeco Dynamic Bond Fund (CRDBF), Canara Robeco Short Term Fund (CRSTF), Canara Robeco Gilt PGS (CRPGS), Canara Robeco Income (CRINC), Canara Robeco Monthly Income Plan (CRMIP) and Canara Robeco InDiGo Fund (CRINDG).
<b>Trustees</b>	Trustees mean Canara Bank and other Trustees appointed from time to time and include a Trustee Company, if incorporated.
<b>Trust Deed</b>	Principal Trust Deed (Amended & Restated) dated 26 <sup>th</sup> September 2007.
<b>The Regulations</b>	Securities & Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.
<b>Unit Capital</b>	The aggregate face value of the units issued and outstanding (including fractional units) under Canara Robeco Scheme (s)
<b>Unit</b>	One undivided share of a unit holder in the assets of Canara Robeco Scheme (s).
<b>Unit holder</b>	A person holding units of Canara Robeco Scheme (s) and includes a person who has opted to switch over his investment(s), wholly or partially, from another Scheme or Schemes of the Canara Robeco Mutual Fund to any of the debt oriented schemes mentioned in this Offer Document.

*Interpretation:*

*For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:*

- *The terms defined in this Scheme Information document include the plural as well as the singular.*
- *Pronouns having a masculine or feminine gender shall be deemed to include the other.*

*The expressions not defined here shall carry the same meaning, assigned to them in the Scheme Information document.*

#### **D. DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

- a) This Combined Scheme Information Document (SID) has been prepared in terms of SEBI Circular SEBI/IMD/CIR No. 5/126096/ 08 dated May 23, 2008 and is in accordance with the SEBI (Mutual Funds) Regulations, 1996 and the guidelines and directives issued by SEBI from time to time. All legal requirements connected with the launching of the Scheme as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- b) The disclosures made in the Combined Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.
- c) The intermediaries named in the Combined Scheme Information Document and Statement of Additional Information are registered with SEBI and till date such registration is valid, as on date.
- d) The contents of the SID including figures, data, yields, etc. have been checked and are factually correct.

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Date: 08<sup>th</sup> June, 2011  
Place: Mumbai

Signature: Sd/-  
Name: Jignesh Modi  
Compliance Officer  
Canara Robeco Asset Management Company Ltd.  
(Investment Manager for Canara Robeco Mutual Fund)

## II. INFORMATION ABOUT THE SCHEME

### A. TYPE OF THE SCHEME

Name of the Scheme	Type of the Scheme
Canara Robeco Liquid	Open Ended Cash Management Scheme.
Canara Robeco Treasury Advantage Fund	Open Ended Debt Scheme
Canara Robeco Floating Rate	Open Ended Debt Scheme
Canara Robeco Dynamic Bond Fund	Open Ended Debt Scheme
Canara Robeco Short Term Fund	Open Ended Debt Scheme
Canara Robeco Gilt PGS (Provident Fund, Gratuity & Superannuation Fund)	Open Ended dedicated Gilt Scheme
Canara Robeco Income	Open Ended Debt Scheme
Canara Robeco Monthly Income Plan	Open Ended Debt Scheme
Canara Robeco InDiGo Fund	Open Ended Debt Scheme

### B. WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

#### **Canara Robeco Liquid**

The scheme has been formulated with the objective of enhancement of income, while maintaining a level of high liquidity, through investment in a mix of Money Market Instruments & Debt Securities However, there can be no assurance that the investment objective of the Scheme will be realized.

#### **Canara Robeco Treasury Advantage Fund**

To generate income / capital appreciation through a low risk strategy by investment in Debt securities and Money Market Instruments. However there can be no assurance that the investment objective of the scheme will be realized.

#### **Canara Robeco Floating Rate**

The scheme seeks to generate income by investing in a portfolio comprising of short term debt instruments and money market instruments with weighted average portfolio duration of equal to or less than 1 year. However, there can be no assurance that the investment objective of the Scheme will be realized.

#### **Canara Robeco Dynamic Bond Fund**

The objective of the Fund is to seek to generate income from a portfolio of debt and money market securities. However, there is no assurance that the objective of the Fund will be realised and the Fund does not assure or guarantee any returns.

**Canara Robeco Short Term Fund**

The objective of the Fund is to generate income from a portfolio of portfolio constituted of short term to medium term debt and money market securities. However, there can be no assurance that the investment objective of the Scheme will be realized.

**Canara Robeco Gilt PGS**

To provide risk free return (except interest rate risk) while maintaining stability of capital and liquidity. Being a dedicated Gilt Scheme, the funds will be invested in securities as defined under Sec. 2 (2) of Public Debt Act, 1944. However, there can be no assurance that the investment objective of the Scheme will be realized.

**Canara Robeco Income**

To generate income through investment in Debt and Money Market securities of different maturity and issuers of different risk profiles. However there can be no assurance that the investment objective of the Scheme will be realized.

**Canara Robeco Monthly Income Plan**

To generate income by investing in a wide range of Debt Securities and Money Market instruments of various maturities and small portion in equities and Equity Related Instruments. However there can be no assurance that the investment objective of the Scheme will be realized.

**Canara Robeco InDiGo (INcome from Debt Instruments & GOld) Fund**

To generate income from a portfolio constituted of debt & money market securities along with investments in Gold ETFs. However, there can be no assurance that the investment objective of the Scheme will be achieved.

**C. HOW WILL THE SCHEME ALLOCATE ITS ASSETS?****Canara Robeco Liquid**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Money Market Instruments / call money	65	100	Low
Debt (including securitized debt)	0	35	Medium

Investment /purchase shall be made in debt and money market securities with maturity up to 91 days only fulfilling following conditions as per SEBI circular dated 19<sup>th</sup> January, 2009:

- In case of securities where the principal is to be repaid in a single payout the maturity of the securities shall mean residual maturity.  
In case the principal is to be repaid in more than one payout then the maturity of the securities shall be calculated on the basis of weighted average maturity of security.
- In case of securities with put and call options (daily or otherwise) the residual maturity of the securities shall not be greater 91 day.

- c. In case the maturity of the security falls on a non-business day then settlement of securities to take place on the next business day.

Investment by Scheme in Securitised debt is limited to domestic securitized debt and shall not exceed 20% of the net assets as on the date of such investments.

Gross Notional Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.

#### **Canara Robeco Treasury Advantage Fund**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
MMI / Call / Debt Instruments with residual average maturity of equal or less than one year	20	100	Low to Medium
Debt Instruments with residual average Maturity of more than one year (Including Securitised Debt)	0	80	Low to Medium

Investment by the Scheme in securitized debt is limited to domestic securitized debt and shall not exceed 15% the net assets at the time of investment.

Gross Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.

Investment by the Scheme in Derivative Instruments (Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA) shall not exceed 30% of the net assets of the Scheme as on the date of such investments.

#### **Canara Robeco Floating Rate**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Indian Money Market Instruments	70	100	Low to Medium
Indian Debt Securities	0	30	Low to Medium

Exposure by the Fund in Securitised Debt shall not exceed 25% of the Net Assets of Scheme at the time of investment.

Gross Notional Exposure by the Fund in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme at the time of investment.

Total of investments in debt securities (including securitized debt), money market instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the Scheme.

#### **Canara Robeco Dynamic Bond Fund**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Government of India & Corporate Debt Securities (including Securitised Debt)*	0	70	Low to Medium
Money Market Instruments	30	100	Low

*\* Excluding Debt/GOI Securities with initial maturity of less than one year and Treasury bills.*

Exposure by the Scheme in Securitised Debt shall not exceed 50% of the Net Assets of Scheme at the time of investment.

Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme at the time of investment.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March each relevant year of the investment.

#### **Canara Robeco Short Term Fund**

The Asset Allocation pattern of the Fund under normal circumstances would be as under:

Instruments	Allocation		Risk Profile
	Minimum	Maximum	High/Medium/Low
Money Market Instruments	60%	100%	Medium to low
Government of India & Debt Securities (including Securitised Debt)	0%	40%	Low

Securities lending done by the Fund shall not exceed 15% of the net assets of the Fund as on the date of such lending and the maximum limit per intermediary shall not exceed 5% of the net assets of the Fund.

Exposure by the Fund in Securitised Debt shall not exceed 30% of the Net Assets of Scheme at the time of investment.

Gross Notional Exposure by the Fund in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme at the time of investment.

Pending deployment of the funds in securities pursuant to the investment objectives of the Fund, such funds may be invested in short term deposits of scheduled commercial banks or in CBLO as permitted under the Regulations.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March each relevant year of the investment

#### **Canara Robeco Gilt PGS**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Govt.Securities / MMI/Call Money	0	100	Low

Gross Notional Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes

#### **Canara Robeco Income**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Debt (Including Securitised Debt)	50	100	Medium
Money Market Instruments / Call Money	0	50	Low

Investment by Scheme in Securitised debt is limited to domestic securitized debt and shall not exceed 20% of the net assets as on the date of such investments.

Gross Notional Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March each relevant year of the investment

#### **Canara Robeco Monthly Income Plan**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low



Equity & Equity Related	10	25	High
Debt (Including Securitised Debt) with MMI	75	90	Medium

Investment by Scheme in Securitised debt is limited to domestic securitized debt and shall not exceed 20% of the net assets as on the date of such investments.

Gross Notional Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.

.Investment by the Schemes in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.

The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31<sup>st</sup> March each relevant year of the investment.

#### **Canara Robeco InDiGo Fund**

The Asset Allocation pattern of the Scheme under normal circumstances would be as under:

Instruments	Indicative allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Indian Debt and Money Market Instruments	65	90	Low to Medium
Gold ETFs	10	35	Low to Medium

Exposure by the Scheme in Securitised Debt shall not exceed 25% of the net assets of the Scheme at the time of investment.

Gross notional exposure by the Scheme in fixed income derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Scheme at the time of investment.

Total of investments in debt securities (including securitized debt), money market instruments, Gold ETFs and gross notional exposure in derivatives shall not exceed 100% of the net assets of the Scheme

#### **Asset Allocation – Applicable to all Schemes**

Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.

**Portfolio Rebalancing (all scheme except Canara Robeco Indigo Fund)**

The scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.

**Portfolio Rebalancing (for Canara Robeco Indigo Fund)**

The scheme shall rebalance the portfolio within 30 days. However, the scheme will endeavour to complete the rebalancing within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.

**Exposure Limits in Derivatives & Securitised debt**

The Scheme wise limits are as follows:

<b>Name of the Scheme</b>	<b>Gross Notional Exposure by the Scheme (s) in Derivative Instruments for the purpose of hedging and portfolio rebalancing</b>	<b>Investment in Securitised Debt</b>
Canara Robeco Liquid	Maximum upto 30% of the net assets	Maximum upto 20% of the net assets
Canara Robeco Treasury Advantage Fund	Maximum upto 30% of the net assets	Maximum upto 15% of the net assets
Canara Robeco Floating Rate	Maximum upto 30% of the net assets	Maximum upto 25% of the net assets
Canara Robeco Dynamic Bond Fund	Maximum upto 30% of the net assets	Maximum upto 50% of the net assets
Canara Robeco Short Term Fund	Maximum upto 30% of the net assets	Maximum upto 30% of the net assets
Canara Robeco Gilt PGS	Maximum upto 30% of the net assets	No Investments would be made in Securitised debt Instruments
Canara Robeco Income	Maximum upto 30% of the net assets	Maximum upto 20% of the net assets
Canara Robeco Monthly Income Plan	Maximum upto 30% of the net assets	Maximum upto 20% of the net assets
Canara Robeco InDiGo Fund	Maximum upto 30% of the net assets	Maximum upto 25% of the net assets

#### **Exposure to Derivatives:**

**Applicable to Canara Robeco Liquid, Canara Robeco Treasury Advantage Fund, Canara Robeco Floating Rate, Canara Robeco Monthly Income Plan, Canara Robeco Gilt PGS and Canara Robeco Income Fund**

The Schemes shall follow exposure limits on Derivatives as per the limits permitted under the Regulations and shall be within the limits prescribed by the Board of Trustees, as provided above.

**Applicable to Canara Robeco Short Term Fund, Canara Robeco Dynamic Bond Fund, Canara Robeco InDiGo Fund**

The Schemes shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DPND/Cir – 29/2005 dated 14<sup>th</sup> Sept. 2005 and shall be within the limits prescribed by the Board of Trustees, as provided above. SEBI vide its circular no. DNP/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.

#### **D. Where will the scheme invest?**

Subject to the Regulations and the circular dated 19<sup>th</sup> Jan, 2009, the corpus of the Scheme (s) may be invested in all or any one of (but not exclusively) the following securities in accordance with the asset allocation pattern of the scheme:

**Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt, Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Securitised Debt, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted having an original/residual maturity upto 91 days for Canara Robeco Liquid and 365 days for other debt oriented scheme (s).

**Money Market Instruments** - include Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an un-expired maturity up to one year, Call or Notice Money, (Call and Notice Money Market refers to the market for short term funds including overnight funds. Under call money market, funds are transacted on overnight basis and under notice money market, funds are transacted for the period between 2 days and 14 days) Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India / SEBI, from time to time. The Scheme proposes to invest in Collateralised Borrowing Lending Obligation (CBLO a discounted money market instrument available in electronic book entry form for the maturity period ranging from one day to ninety Days), Repos Treasury Bills, MIBOR Instruments, CPs, CDs and Govt. Securities having un-expired maturity up to one year. These securities may be listed or unlisted.

**Securitized Debt** - Securitised Debt is a financial instrument (bond) whose interest and principal payments are backed by an underlying cash flow from another asset. Asset Securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (promissory notes, participation certificates or other

debt instruments) also referred to as “Securitized Debt” to the investors evidencing the beneficial ownership of the investors in the receivables.

Investment in “Securitized Debt” includes investment in Asset Backed Receivables and Future Flow Receivables. Such Securitized Debts are asset classes like, personal vehicle receivables, commercial vehicle receivables, mortgage backed receivables i.e housing finance receivables, lease receivables and corporate/consumer loan receivables.

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable.

The AMC may from time to time for a short term period under exceptional circumstances on defensive consideration modify / alter the investment pattern / asset allocation the intent being to protect the Net Asset Value of the Scheme & the interests of Unit Holders without seeking consent of the Unit Holders.

#### **Government Securities (Applicable to Canara Robeco Gilt PGs)**

The funds raised under the Scheme shall be invested only in Govt. Securities defined in Section 2(2) of the Public Debt Act, 1944.

The Scheme envisages investments in Government securities of various dates of maturity. A portion of the funds may also be invested in Treasury Bills and Call Money Market. The objective is to enhance the return by choosing appropriate maturity structure. The objective of the Scheme is to generate risk-free return through investments in sovereign securities issued by the Central Government and/or a State Government, and/or reverse repos and in such other securities as and when permitted by RBI / SEBI.

The Scheme will seek to underwrite issuance of Government Securities if any and to the extent permitted by SEBI/RBI and subject to the prevailing rules and regulations specified in this respect and may also participate in their auction from time to time.

#### **Gold ETFs (Applicable to Canara Robeco INDiGo Fund)**

Gold has been generally considered as a safe haven during times of economic upheavals and volatile equity markets. Since gold is traded internationally in London is typically denominated in US dollars, any negative news about the US economy like the recent apprehensions of the US economy getting into a recession, adversely impacts the value of US Dollar against other currencies of the world. This acts as one of the main factors on the rise in gold Prices, as was observed recently, as investors, especially those in US, generally seek to invest in gold and Gold ETFs to protect their financial risk in other Asset classes like equity etc.

The Scheme may invest in Gold ETFs after conducting thorough analysis of the fundamental factors determining demand and supply of gold. Investment in Gold ETFs will be guided by pre-set risk management limits and controls for ETF Investments.

The AMC may from time to time for a short term period under exceptional circumstances on defensive consideration modify / alter the investment pattern / asset allocation the intent being to protect the Net Asset Value of the Scheme & the interests of unit holders without seeking consent of the unit holders.

#### **Canara Robeco Monthly Income Plan**

Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities:

- Equity and equity related instruments including preference shares, convertible bonds and debentures and warrants carrying the right to obtain equity shares.

- Foreign Securities in the countries with fully convertible currencies, short term instruments with highest rating (Foreign Currency Credit Rating) by accredited / registered credit rating agencies, such as A-1/AAA by Standard and Poor, P-1/AAA by Moody's, F1/AAA by Fitch IBCA, etc.
- Securities created and issued by the Central and State Governments and/or repos/reverse repos/in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- Money Market Instruments - include Commercial Papers, Commercial Bills, Treasury Bills, and Government Securities having an un-expired maturity up to one year, Call or Notice Money, Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India / SEBI, from time to time.
- Certificate of Deposit (CDs);
- Commercial Paper (CPs);
- ADR/GDR
- Derivative instruments like Forward Rate Agreements and such other derivative instruments permitted by SEBI/RBI
- Any other like instrument/s as permitted by SEBI/RBI from time to time

#### **E. WHAT ARE THE INVESTMENT STRATEGIES?**

##### **Canara Robeco Liquid**

The funds will be invested in Debt & Money Market Instruments (with un-expired maturity less than 91 days) offering reasonable liquidity and returns, with risk perceived by the Investment Manager and a portion of the funds will also be invested in rated and un-rated corporate bonds and debentures.

As per the guidelines of RBI, Mutual Funds have currently ceased to access the call money market. The Schemes therefore proposes to avail facility of reverse repos / CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption / repurchase requirements.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government iii) supported by the Government of India / State Government in any other manner.

<b>Instruments</b>	<b>Credit risk</b>
Call Money Lending	Low
MIBOR	Low
Central Govt. Securities	Sovereign
State Govt. Securities	Sovereign
Treasury Bills	Sovereign
Trade Bills Rediscounting	Low
Commercial Papers	Low to Medium
Certificate of Deposits	Low
Bonds of PSUs & FIs	Low
Rated Corporate Debentures / Securitised Debt	Low to Medium

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI / RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time.

There can be no assurance that the investment objective of the Scheme will be realized. It is, however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills under this Scheme.

#### **Canara Robeco Treasury Advantage Fund**

##### **Investment Focus and strategy:**

The focus of the Scheme is to achieve the investment objective through investments in combination of debt and money market instruments having varied yield and maturity profile. The Scheme is positioned as an intervening investment avenue between long-term debt scheme and short term liquid scheme.

Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular security or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time.

The fund will be invested in debt and money market securities of different maturity and risk profiles. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of under-performance arising out of unexpected security-specific factors. Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government, iii) supported by the Government of India / State Government in any other manner.

<b>Instruments</b>	<b>Credit Risk</b>
Call Money Lending	Low
MIBOR	Low
Central Govt. Securities	Sovereign
State Govt. Securities	- do -
Treasury Bills	- do -
Trade Bills Rediscounting	Low
Commercial Papers	Low to Medium
Certificate of Deposits	Low
Bonds of PSUs & FIs	- do
Rated Corporate Debentures / Securitized Debt	Low to Medium

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI/RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time.

In addition, the Investment Manager will study the macro economic conditions, including political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

There can be assurance that the investment objective of the Scheme will be realised. It is however, emphasised that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills, under this Scheme.

**Investment Pattern and changes:**

The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances:

1. During extreme volatility / ill-liquidity in the capital market/securities market.
2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security.
3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch.
4. During the time the Scheme receives bulk repurchase and/or bulk investment.

A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as the normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis.

**Investment Pattern:**

The corpus of the Scheme will be invested in quality debt and money market instruments. Subject to the Regulations, the corpus of the Scheme can be invested in any (but not exclusively) of the following securities.

- Securities created and issued by the Central and State Governments and/or repos/reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills)
- Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds and treasury bills)
- Debt obligations of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee.
- Corporate debt and securities (of both public and private sector undertakings) including bonds, debentures, notes, strips etc.
- Money Market Instruments permitted by SEBI/RBI.
- Certificate of Deposits (CDs)
- Commercial Papers (CPs)
- Securitised Debt
- The non-convertible part of convertible securities.
- Any other domestic fixed income securities including structured obligations.
- Any international fixed income securities.
- Pass through, pay through or other participation certificates representing interest in a pool of assets including receivables.
- Any other like instruments as may be permitted by RBI/SEBI/such other Regulatory Authority from time to time.

The securities mentioned above and such other securities the scheme is permitted to invest could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity.

Canara Robeco Treasury Advantage Fund will seek to invest in high quality debt and money market instruments. The fund aims to identify securities which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, rigorous in depth credit evaluation of the securities proposed to be invested which will be carried out by the investment team of the AMC. Rated Debt instruments in which the scheme invests will be investment grade as rated by a credit rating agency. The AMC will be guided by the rating of Rating Agencies such as CRISIL, CARE, ICRFA and Duff and Phelps Credit Rating India Limited or any other rating agencies that may be registered with SEBI from time to time.

In case a debt instrument is not rated, necessary clearance of the Committee/Board as per the requirements of Regulations, Guidelines, Circulars will be obtained for such an investment. The Scheme may also use various derivatives and hedging products from time to time, as would be available and permitted by SEBI, in an attempt to protect the value of the portfolio and enhance Unit holders' interest.

### **Canara Robeco Floating Rate**

#### **Investment Focus and strategy:**

The fund manager will take an active view of the interest rate movement by keeping a close watch on various macroeconomic parameters of the Indian economy as well as developments in global markets. Investment views /decisions will be taken on the basis of the various factors like, prevailing interest rate scenario, Government's borrowing program, level of liquidity in the banking system, inflation levels and overall macro economic growth of the country.

As far as possible, the portfolio will be adequately diversified to reduce the risk of under-performance arising out of unexpected security-specific factors. Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government, iii) supported by the Government of India / State Government in any other manner.

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI/RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time. In addition, the Investment Manager will study the macro economic conditions, including political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. There can be assurance that the investment objective of the Scheme will be realised. It is however, emphasised that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills, under this Scheme.

#### **Investment Pattern and changes**

Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unitholders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.

### **Canara Robeco Dynamic Bond Fund**

#### **Investment Focus and strategy:**

Canara Robeco Dynamic Bond Fund is an open ended debt fund having a primary objective to seek to generate income from a portfolio of debt and money market securities. The Fund will invest in debt securities in order to generate consistent superior risk adjusted returns as per the investment objectives of the fund. The Fund may



invest a portion of the portfolio in Money Market Instruments and the remaining investment will be made in securities of varying maturity. The asset allocation for the Fund shall depend on prevailing market conditions. When the market outlook is bullish, the fund manager would increase the exposure to debt instrument with maturity over one year and likewise when the outlook is bearish, the exposure to such long dated securities will be reduced. The Fund shall take into account the following parameters while decisions for investments are taken:

Liquidity of securities, Rating, Maturity profile, Company's growth prospects, Quality of the security, and prevailing interest rate scenario. The Fund will also take into account risk management tools like modified duration, VAR and convexity for efficient management of the Fund investments.

The Fund may also use various derivatives and hedging products from time to time as would be available and permitted by SEBI in an attempt to protect the value of the portfolio and enhance Unit Holder's interest. The Fund may invest in other debt/income/fixed maturity/interval schemes managed by the AMC or such schemes managed by any other Mutual Funds, provided it is in conformity to the investment objectives of the Fund and in terms of the prevailing Regulations. The Investment Manager will monitor the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors.

#### **Investment Pattern and changes:**

The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances:

1. During extreme volatility / ill-liquidity in the capital market/securities market.
2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security.
3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch.
4. During the time the Scheme receives bulk repurchase and/or bulk investment.

A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as the normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis.

#### **Canara Robeco Short Term Fund**

##### **Investment Focus and strategy:**

Canara Robeco Short Term Fund is an open ended debt fund with an objective to seek to generate income from a portfolio constituted of short to medium term debt and money market securities.

The characteristics of this product are similar to that of a debt fund. Canara Robeco Mutual Fund offers Canara Robeco Liquid Fund for investing short term surpluses and Canara Robeco Income Fund for long term investments. Taking into consideration the investment profile, this fund is aimed to be positioned between the liquid fund and the income fund.

The Fund will invest in debt securities in order to generate consistent superior risk adjusted returns as per the investment objectives and aims to maintain a modified duration not exceeding two years under normal circumstances.

The Fund may invest a portion of the portfolio in Money Market Instruments and the remaining investment will be made in securities of varying maturity. The asset allocation for the Fund shall depend on prevailing market conditions.

The Fund shall take into account the following parameters while decisions for investments are taken:

Liquidity of securities, Rating, Maturity profile, Company's growth prospects, Quality of the security, and prevailing interest rate scenario. The Fund will also take into account risk management tools like modified duration, VAR and convexity for efficient management of the Fund investments.

The Fund may also use various derivatives and hedging products from time to time as would be available and permitted by SEBI in an attempt to protect the value of the portfolio and enhance Unit Holder's interest.

The Fund may invest in other debt/income/fixed maturity/interval schemes managed by the AMC or such schemes managed by any other Mutual Funds, provided it is in conformity to the investment objectives of the Fund and in terms of the prevailing Regulations.

The Investment Manager will monitor the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors.

**Investment Pattern and changes:**

The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances:

1. During extreme volatility / ill-liquidity in the capital market/securities market.
2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security.
3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch.
4. During the time the Fund receives bulk repurchase and/or bulk investment.

A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis.

**Canara Robeco Gilt PGS**

**Investment Focus and strategy:**

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors.

The funds will be invested only in Government Securities of different maturities. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of under-performance, arising out of unexpected security-specific factors.

The Scheme being open ended, some portion of the portfolio will be invested in short term government securities so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are reasonably liquid and of varying maturity.

The investment pattern of the Scheme is indicative and may be changed by the Fund Manager for defensive considerations. The funds raised under the Scheme shall be invested only in Govt. Securities defined in Section 2(2) of the Public Debt Act, 1944.

### **Canara Robeco Income**

#### **Investment Focus and strategy:**

The funds will be invested in debt and money market securities of different maturities and risk profiles offering reasonable liquidity and returns, with risk perceived by the Investment Manager and a portion of the funds will also be invested in rated and un-rated corporate bonds and debentures.

As per the guidelines of RBI, Mutual Funds have currently ceased to access the call money market. The Schemes therefore proposes to avail facility of reverse repos / CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption / repurchase requirements.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government iii) supported by the Government of India / State Government in any other manner.

<b>Instruments</b>	<b>Credit risk</b>
Call Money Lending	Low
MIBOR	Low
Central Govt. Securities	Sovereign
State Govt. Securities	Sovereign
Treasury Bills	Sovereign
Trade Bills Rediscounting	Low
Commercial Papers	Low to Medium
Certificate of Deposits	Low
Bonds of PSUs & FIs	Low
Rated Corporate Debentures / Securitised Debt	Low to Medium

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI / RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time.

There can be no assurance that the investment objective of the Scheme will be realized. It is, however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills under this Scheme.

The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Schemes may be affected, if the securities invested in are rendered illiquid after investment.

The Investment Manager targets to identify securities which offer optimum level of yield at lower level of risks. Rated debt instruments in which the Scheme invests will be of investment grade as rated by the credit rating agency. The Investment Manager will be guided by the ratings of Rating Agencies such as CRISIL, CARE, ICRA or any other agency approved by SEBI for this purpose. The Investment Manager may also invest in un-rated securities subject to the provisions and restrictions laid down by SEBI.

In addition, the Investment Manager will monitor the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

The Scheme, in order to achieve the objectives, will carefully select the debt securities of various maturities and risk profile. Such as Central / State Govt. Securities, Bonds of PSU / FIs, Corporate Debt of both public and private sector undertakings, Certificate of Deposits, Commercial Papers and such other instruments. The securities mentioned above could be listed or un-listed, secured or unsecured, rated or un-rated of varying maturity. The securities may be acquired through IPO, secondary market operations, private placements, rights offer or negotiated deals.

#### **Investment Pattern and changes:**

Subject to the SEBI Regulations, the asset allocation pattern indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unitholders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.

#### **Canara Robeco Monthly Income Plan**

##### **Investment Focus and strategy:**

The funds will be invested in debt and money market securities of different maturities and risk profiles. However, in the case of Canara Robeco Monthly Income Plan. The funds will be invested in Money Market Instruments (with un-expired maturity less than one year) offering reasonable liquidity and returns, with risk perceived by the Investment Manager and a portion of the funds will also be invested in rated and un-rated corporate bonds and debentures.

As per the guidelines of RBI, Mutual Funds have currently ceased to access the call money market. The Schemes therefore proposes to avail facility of reverse repos / CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption / repurchase requirements.

Investments will be made in State / Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government iii) supported by the Government of India / State Government in any other manner.

<b>Instruments</b>	<b>Credit risk</b>
Call Money Lending	Low
MIBOR	Low
Central Govt. Securities	Sovereign
State Govt. Securities	Sovereign
Treasury Bills	Sovereign
Trade Bills Rediscounting	Low
Commercial Papers	Low to Medium
Certificate of Deposits	Low
Bonds of PSUs & FIs	Low
Rated Corporate Debentures / Securitised Debt	Low to Medium

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI / RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time.

There can be no assurance that the investment objective of the Scheme will be realized. It is, however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills under this Scheme.

The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Schemes may be affected, if the securities invested in are rendered illiquid after investment.

The Investment Manager targets to identify securities which offer optimum level of yield at lower level of risks. Rated debt instruments in which the Scheme invests will be of investment grade as rated by the credit rating agency. The Investment Manager will be guided by the ratings of Rating Agencies such as CRISIL, CARE, ICRA or any other agency approved by SEBI for this purpose. The Investment Manager may also invest in un-rated securities subject to the provisions and restrictions laid down by SEBI.

In addition, the Investment Manager will monitor the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.

The Scheme, in order to achieve the objectives, will carefully select the debt securities of various maturities and risk profile. Such as Central / State Govt. Securities, Bonds of PSU / FIs, Corporate Debt of both public and private sector undertakings, Certificate of Deposits, Commercial Papers and such other instruments. The securities mentioned above could be listed or un-listed, secured or unsecured, rated or un-rated of varying maturity. The securities may be acquired through IPO, secondary market operations, private placements, rights offer or negotiated deals.

The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme will also invest in equity and equity related instruments including overseas equity markets such as ADRs / GDRs.

#### **Canara Robeco InDiGo Fund**

##### **Investment Focus and strategy:**

The Fund Manager would take cues from seasonal patterns of gold, global & domestic macroeconomic events and Government policy & Central Bank actions and decide on the asset allocation between gold & fixed income. The allocations will be within the limits defined in the asset allocation table for each asset class. The Fund

Manager will then create a portfolio of fixed income securities and Gold ETFs after adhering to stringent credit quality and sector limitations. The portfolio will be constructed in a way in which a high level of liquidity is maintained in the portfolio thereby focusing on short to medium term securities, which would also help the fund manager to generate income.

Gold can be a partial hedge against inflation. Gold has seen a favorable development over the years in difficult times for the global economy especially in times of economic turmoil. Instead of providing enhanced yield at the cost of additional duration risk (G-Sec trading) or credit risk (corporate bond exposures), the yields of a low duration fixed income portfolio can be enhanced by investing a limited allocation into gold. With a flexible allocation between fixed income and gold, the Scheme can effectively capture the seasonal patterns in gold and fixed income.

The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI/RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time. In addition, the Investment Manager will study the macro economic conditions, including political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. There can be no assurance that the investment objective of the Scheme will be realised. It is however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills, under the Scheme.

**Risk Control Mechanism: (For scheme (s) other than Canara Robeco InDiGo Fund**

Since investing requires disciplined risk management, in order to protect the interests of investors, the AMC would incorporate adequate safeguards for controlling risks in the portfolio. As a prudent measure, the AMC has broad internal investment norms and investments made through the scheme would be in accordance with the investment objectives of the schemes and provisions of SEBI Regulations. Where required, scheme specific guidelines are also in place.

***Debt Securities***

Concentration of risk is mitigated by defining issuer limits. Rigorous in-depth credit evaluation of the issuers will be conducted by the investment team before making investments. As part of credit evaluation, a study on the operating environment, past track record as well as future prospects of the issuer, short as well as long term financial health of the issuer will be carried out. The AMC will be guided by the ratings of accredited agencies such as CRISIL, CARE, ICRA etc. as well as the internal norms for credit exposure

***Equity and Equity Related Instruments (Applicable to Canara Robeco Monthly Income Plan)***

Investments made by the schemes would be in accordance with the investment objectives of the schemes and provisions of SEBI Regulations. Since investing required disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, the investment team of the AMC will carry out rigorous in-depth analysis of the securities proposed to be invested in.

***Securitised Debt***

As a risk control measure, the Scheme shall make investment in such Securitised Debts which have a minimum rating of P1+ and/or such other equivalent rating for short term papers or AAA and/or such other equivalent rating for long term papers which suits the risk profile of the Scheme.

The ratings AAA or its equivalent, P1+ or its equivalent assigned to instruments reflects highest degree of safety with regard to timely payment of financial obligations and the + sign reflects comparatively better standing within the category. Investments in these instruments with the highest ratings suit the risk profile of the Scheme

relating to Debt and Money Market Instruments, the same being “Low to Medium”. The investment shall be in those securitized debt instruments which mature on or before the maturity date of the Scheme and the Scheme shall not invest in any Pool of Assets.

**Policy relating to Originator(s)** – The Scheme shall invest in those Securitised Debt, whose Originator is a Corporate Entity, being a Bank or an NBFC. The Scheme shall invest in the instruments subject to necessary investment limits mentioned under SEBI regulations. Risk may be mitigated by seeking additional credit support (credit enhancement) in order that the instrument(s) may receive the desired level of credit rating. Further, prior to investing in Securitised Debt, it would be ensured that the minimum retention period of the debt and minimum retention percentage by the Originator prior to securitization shall be as prescribed by the RBI guidelines. Any investment in Securitised Debt has to go through an independent credit appraisal process and no special consideration shall be given to whether the Originator has invested in any Scheme(s) of Canara Robeco Mutual Fund

**Level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments** – The Scheme shall not be investing in any pool of assets. Investment in securitized asset shall only be single loan securitized debt instruments backed by originator as referred above.

**Resources and mechanism of individual risk assessment for monitoring investment in securitized debt** – Dedicated credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed income and is approved by the Investment committee. The dedicated credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter.

While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.

#### **Risk Control Mechanism For Canara Robeco InDiGo Fund**

##### ***Debt Securities***

The Scheme has a risk management strategy that endeavors to manage risks associated with investing in fixed income & money market instruments. The Scheme has identified various risks pertaining to the scheme including interest rate, credit and liquidity risks and has placed appropriate limit and control structures that are embedded in the investment process to mitigate these risks.

##### ***Gold ETFs***

The Scheme endeavors to mitigate risks associated with investing in physical gold like risk of loss, damage, theft and natural calamities/human actions by investing in approved Gold ETF/s with appropriate limits for each Gold ETF. These limits and controls are also aimed at minimizing the risks of Impact Costs, Exchange Rate and Liquidity Risks generally associated with Gold ETFs.

##### **Procedure followed for investment decisions:**

The Fund Manager of the Scheme (s) are responsible for making buy / sell decisions for the Scheme's portfolio and seeks to develop a well diversified portfolio taking into account the asset allocation patterns of various schemes along with risks that are associated with such investments. The investment decisions are made on an ongoing basis keeping in view the market conditions and other regulatory aspects.

The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income, which meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook.

The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings, as well as additional ad-hoc meetings as needed, to explore the investment thesis.

It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme (s) and in the interest of the Unitholders of the Scheme.

The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI.

**Portfolio Turnover Policy:**

Purchase and Sale of securities attract transaction costs of the nature of brokerage, stamp duty, custodian transaction charges etc. The portfolio turnover is essential to regularly explore trading opportunities to optimise returns for the Scheme and enable portfolio restructuring when required.

The Scheme (s) will be manage its portfolio taking into account the associated risks (such as interest / liquidity / redemption etc.) perceived / expected, so as to minimise the risks by using adequate risk management techniques. The portfolio turnover policy will be aimed at maximising the returns/growth.

The AMC believes in active churning of the portfolio with an aim to encash on the opportunities that present themselves from time to time. However the scheme shall aim to achieve the turnover target of 100% to 150% of the corpus of the Scheme so long as the above target is cost effective and profitable without affecting long-term growth prospects of the investment and scheme objective

In terms of the objective of the scheme, the investments are made in securities having an unexpired maturity in line with the maturity period of the plans. Hence the portfolio turnover will depend upon the outflow on account of any redemptions and also the volatility of interest rates and the scheme aims to maintain a low portfolio turnover ratio.

Pursuant to Schedule IX read with Regulation 50 of the SEBI (Mutual Funds) Regulations, 1996, the cost of investments acquired or purchased shall include all such costs incurred for effecting the transaction while the sale proceeds of investment sold or redeemed shall be net of all such costs incurred for effecting the sale transactions and shall form part of the purchase or the sale value of investments.

**Debt and Money Market in India**

The Indian debt market is today one of the largest in Asia and includes securities issued by the Government (Central & State Governments), public sector undertakings, other government bodies, financial institutions, banks and corporates. Government and public sector enterprises are the predominant borrowers in the markets. The major players in the Indian debt markets today are banks, financial institutions, mutual funds, insurance companies, primary dealers, trusts, pension funds and corporates. The Indian debt market is the largest segment of the Indian financial markets. The debt market comprises broadly two segments, viz. Government Securities market or G-Sec market and corporate debt market. The latter is further classified as market for PSU bonds and private sector bonds.

The Government Securities (G-Secs) is the oldest and the largest component (60% share in market cap) of the Indian debt market in terms of market capitalization, outstanding securities and trading volumes. The G-Secs market plays a vital role in the Indian economy as it provides the benchmark for determining the level of interest rates in the country through the yields on the Government Securities which are referred to as the risk-free rate of return in any economy. Over the years, there have been new products introduced by the RBI like zero coupon bonds, floating rate bonds, inflation indexed bonds, etc.

The corporate bond market, in the sense of private corporate sector raising debt through public issuance in capital market, is only an insignificant part of the Indian Debt Market. A large part of the issuance in the non-Government debt market is currently on private placement basis.

The money markets in India essentially consist of the call money market (i.e. market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the



securities at a future date at a specified price), commercial papers (CPs, short term unsecured promissory notes, generally issued by corporates), certificate of deposits (CDs, issued by banks) and Treasury Bills (issued by RBI). In a predominantly institutional market, the key money market players are banks, financial institutions, insurance companies, mutual funds, primary dealers and corporates. In money market, activity levels of the Government and nongovernment debt vary from time to time. Instruments that comprise a major portion of money market activity include but not limited to:

- Overnight Call
- Collateralised Borrowing & Lending Obligations (CBLO)
- Repo/Reverse Repo Agreement
- Treasury Bills
- Government securities with a residual maturity of < 1 year.
- Commercial Paper
- Certificate of Deposit

Apart from these, there are some other options available for short tenure investments that include MIBOR linked debentures with periodic exit options and other such instruments. Though not strictly classified as Money Market Instruments, PSU / DFI / Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The market has evolved in past 2-3 years in terms of risk premia attached to different class of issuers. Bank CDs have clearly emerged as popular asset class with increased acceptability in secondary market. PSU banks trade the tightest on the back of comfort from majority government holding. Highly rated manufacturing companies also command premium on account of limited supply. However, there has been increased activity in papers issued by private/foreign banks/NBFCs/companies in high-growth sector due to higher yields offered by them. Even though companies across these sectors might have been rated on a same scale, the difference in the yield on the papers for similar maturities reflects the perception of their respective credit profiles.

The following table gives approximate yields prevailing as on 31<sup>st</sup> May, 2010 in some of the instruments:

Instrument	Current Yield Range
CBLO	7.16 - 7.28%
Repo	6.25 - 7.35%
3m Tbill	8.13 - 8.18%
1y Tbill	8.24 - 8.29%
10y G Sec	8.37 - 8.44%
3m PSU Bank CD	9.73 - 9.83%
3m NBFC CP	10.02 - 10.17%
3m Manufacturing Co. CP	9.87 - 10.07%
1y PSU Bank CD	10.05 - 10.15%

1y NBFC CP	10.60 - 10.75%
1y Manufacturing Co. CP	10.45 - 10.60%
5y AAA Institutional Bond	9.68 - 9.73%
10y AAA Institutional Bond	9.73 - 9.78%

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate, overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.

### **Hedging and Derivatives**

**Applicable to Canara Robeco Income, Canara Robeco Monthly Income Plan, CanaraRobeco Treasury Advantage, Canara Robeco Liquid and CanaraRobeco Gilt (PGS) Schemes:**

SEBI vide its circular no. MFD/Cir/011/061/2000 dated 01<sup>st</sup> February, 2000 permitted mutual funds to participate in derivatives trading subject to observance of the Guidelines issued by SEBI. The Fund shall comply with the prescribed disclosure requirements in this regard. As part of the fund management process, the AMC may use the derivative instruments such as Index futures, Stock futures, Option contracts, Warrants convertible securities, Swap agreements or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with investment objectives of the scheme/s.

**Applicable to Canara Robeco Short Term, Canara Robeco Dynamic Bond and Canara Robeco InDiGo Schemes.**

**Apart from the general permission granted to Mutual Funds by SEBI for participating in derivatives vide its circular no. MFD/Cir/011/061/2000 dated 01<sup>st</sup> February, 2000, the position limits permitted under regulations as specified in SEBI Cir no. DNP/Cir-29/2005 dated 14<sup>th</sup> September, 2005 shall additionally apply to these schemes. However, the scheme specific exposure limits shall be subject to such limits permitted by the Trustees for each scheme.**

SEBI vide its circular no. DNP/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme.

The following are the position limits for Mutual Funds and its schemes :

**i. Position limit for Mutual Funds in index options contracts**

- a. The Mutual Fund position limit in all index options contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index options, whichever is higher, per Stock Exchange.
- b. This limit would be applicable on open positions in all options contracts on a particular underlying index.

**ii. Position limit for Mutual Funds in index futures contracts:**

- a. The Mutual Fund position limit in all index futures contracts on a particular underlying index shall be Rs. 250 crore or 15% of the total open interest of the market in index futures, whichever is higher per Stock Exchange.
- b. This limit would be applicable on open positions in all futures contracts on a particular underlying index.

**iii. Additional position limit for hedging**

In addition to the position limits at point (i) and (ii) above, Mutual Funds may take exposure in equity index derivatives subject to the following limits:

- 1. Short positions in index derivatives (short futures, short calls and long puts) shall not exceed (in notional value) the Mutual Fund's holding of stocks.
- 2. Long positions in index derivatives (long futures, long calls and short puts) shall not exceed (in notional value) the Mutual Fund's holding of cash, government securities, T-Bills and similar instruments.

**iv. Position limit for Mutual Funds for stock based derivative contracts**

The Mutual Fund position limit in a derivative contract on a particular underlying stock, i.e. stock option contracts and stock futures contracts, stand in the following manner:

- 1. For stocks in which the market wide position limit is less than or equal to Rs. 250 crore, the Mutual Fund position limit in such stock shall be 20% of the market wide position limit.
- 2. For stocks in which the market wide position limit is greater than Rs.250 crore, the Mutual Fund position limit in such stock shall be Rs.50 crore.

**v. Position limit for each scheme of a Mutual Fund**

The position limits for each scheme of mutual fund and disclosure requirements shall be identical to that prescribed for sub account of a FII. Therefore, the scheme-wise position limit/ disclosure requirements shall be:

- i. For stock option and stock futures contracts, the gross open position across all derivative contracts on a particular underlying stock of a scheme of a mutual fund shall not exceed the higher of: 1% of the free float market capitalisation (in terms of number of shares) or 5% of the open interest in the derivative contracts on a particular underlying stock (in terms of number of contracts).
- ii. This position limits shall be applicable on the combined position in all derivative contracts on underlying stock at a Stock Exchange.
- iii. For index based contracts, Mutual Funds disclose the total open interest held by its scheme or all schemes put together in a particular underlying index, if such open interest equals to or exceeds 15% of the open interest of all derivative contracts on that underlying index.

#### **Monitoring of Position Limits**

- a. The Mutual Fund shall notify Clearing Member/s for each scheme, through whom it would clear its derivative contracts, to the Stock Exchange.
- b. The Stock Exchange would then assign a unique client code to each scheme of the Mutual Fund.
- c. The Stock Exchange shall monitor the scheme-wise position limits in the manner similar to that prescribed for FIIs and their sub-accounts in SEBI circular no. SMD/DC/Cir/-11/02 dated February 12, 2002 as modified from time to time.

**The Fund shall comply with the guidelines issued by SEBI and amendments thereof issued from time to time in derivative trading.**

#### **Applicable to all schemes**

#### **Equity / Equity Related Derivative Instruments :**

Index futures are meant to be an efficient way of buying / selling an index compared to buying/selling a portfolio of physical shares representing an index for ease of execution and settlement. Index futures can be an efficient way of achieving the Scheme's investment objective. Index futures may avoid the need for tracking in individual components of the index, which may not be possible at times, keeping in mind the circuit filter system and the liquidity in some of the scrips. Index futures can also be helpful in reducing the transaction costs and the processing costs on account of ease of execution of one trade compared to several trades of shares of an index and will be easy to settle compared to physical portfolio of shares representing an index.

Stock futures could also be used as an alternative to investing in particular stocks comprising an index where either the liquidity is low or the impact cost is high.

### **Basic Structure of an Index Future**

Index Futures are instruments designed to give exposure to the equity market indices. The Stock Exchange, Mumbai and the National Stock Exchange of India Limited have started trading in index futures. The pricing of an index future is the function of the underlying index and short-term interest rates.

### **Illustration :**

Spot Index : 1070

1 month Nifty Future Price on day 1 : 1075

Fund buys 100 lots

Each lot has a nominal value equivalent to 200 units of the underlying index.

Let us say that on the date of settlement, the future price = Closing spot price = 1085

Profits of the Fund =  $(1085 - 1075) * 100 \text{ lots} * 200 = \text{Rs.}200,000$ .

Similarly, the fund can suffer a loss if the future price is lower than the contracted price . Let us say that in the above example, on the date of

settlement the future price = Closing Spot Price = 1060.

Loss for the Fund =  $(1060 - 1075) * 100 \text{ lots} * 200 = (\text{Rs.}300,000)$

Please note that the above example is given for illustration purposes only.

The net impact for the Fund will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity) plus interest costs on funds that would otherwise be invested in stocks comprising the index. The risks associated with index futures are similar to those associated with equity investments. Additional risks could be on account of illiquidity and/or mispricing of the future at any time during the life of the contract.

### **Strategy Number No. 1**

Using Index Future to increase percentage investment in equities.

The strategy will be used for the purpose of generating returns on idle cash, pending its investment in equities. The Scheme is open ended in nature and subject to daily inflows. There may be a time lag between the inflow of funds and their deployment in equities. If so desired, the AMC would be able to take immediate exposure to equities via index futures. The position in index futures may be reversed in a phased manner, as the funds are deployed in the equity markets.

**Example :**

The scheme has a corpus of Rs. 50 crores and there is an inflow of Rs. 5 crore in a day. The AMC may buy index futures contracts of a value of Rs. 5 crore. Later as the money is deployed in the underlying equities, the value of the index futures contracts can be suitably reduced.

Portfolio	Event	Equity Portfolio Gain(Loss) Rs. in Crs.	Derivative Gain (Loss) Rs. in Crs.	Total Portfolio Gain / (Loss) Rs. in Crs
Rs.50 Crore Equity exposure	10% rise in equity	5	NIL	5
Rs. 50 Crore exposure + Rs. 5 Crore long position index futures	10% rise in Equity Price	5	0.5	5.5
Rs.50 crore Equity exposure	10% fall in Equity price	(5)	Nil	(5)
Rs.50 crore Equity exposure + Rs 5 crore long position index futures	10% fall in equity price	(5)	(0.5)	(5.5)

**RISKS**

The strategy of taking a long position in index futures increases the exposure to the market. The long position is positively correlated with the market. However, there is no assurance that the stocks in the portfolio and the index behave in the same manner and thus this strategy may not be provide gains perfectly aligned to the movement in the index.

The long position will have as much loss as a gain in the underlying index, e.g. if the index appreciates by 10%, the future value rises by 10%. However, this is true only for futures contracts held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain/loss due to the movement of the underlying index. This is called the basis risk.

While futures markets are typically more liquid than the underlying cash market, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific futures contract.

Similarly, the fund can use stock futures to reduce the cost of holding in the following manner:

When stock futures are trading at a discount then the fund can buy stock in futures market instead of buying in the cash market. On expiry of the contract, both prices (spot and future) have to align. On expiry or as and when stocks start trading at a premium in the futures market the transaction can be reversed by selling the stock in futures and buying in the cash market.

Fund can take advantage of arbitrage opportunities in the futures markets to reduce cost of holding. If stock futures are trading at a discount then the fund can sell its existing holding in cash market and buy in the futures market. The cash realised will earn interest while the overall cost of the holding stock will also come down. On expiry of contract both prices (spot and futures) have to align. On expiry or as and when the stock starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in the futures and buying in the cash markets.

## Strategy Number 2

### Using Index Futures to decrease percentage investment in equities

Similarly, in the case of a pending outflow of funds where a negative view is taken on the market, the Fund, in order to reduce exposure in equities may 'sell the index forward' by taking a short position in Index Futures. This position can be unwound over a period of time simultaneously selling the equity shares from the investment portfolio of the Scheme. The strategy of taking a short position in the index future is a hedging strategy and reduces the market risk and volatility of the portfolio. However, if the value of the index future rises, then, the fund would be adversely affected due to its short position in index futures.

**Example:** Assume that a scheme has an equity exposure of Rs. 100 crore. If the Fund Manager wishes to reduce the equity exposure to Rs. 50 crore for a short time, he should sell index futures contracts of Rs. 50 crore.

Portfolio	Event	Equity Portfolio Gain/(Loss) (Rs. In crore)	Derivatives Gain/(Loss) (Rs. In crore)	Total portfolio Gain/(Loss) (Rs. In crore)
Without Hedge Rs.100 crore equity Exposure	10 % fall in equity price	(10)	NIL	(10)
With Hedge Rs.100 crore equity Exposure	10 % fall in equity prices	(10)	5	(5)
Without Hedge Rs.100 crore equity Exposure	10 % rise in equity prices	10	NIL	10
With Hedge Rs.100 crore equity Exposure	10 % rise in equity prices	10	(5)	5

### 50% Hedge – contract value of Rs. 50 crore

The above example demonstrates that the Fund would benefit from the hedged position if the index future moves in the direction as expected by the Fund Manager. Similarly, the Fund would be adversely affected from the hedged position if the index does not move in the direction expected by the Fund Manager.

### RISKS

- The strategy of taking a short position in index futures is a hedging strategy and reduces the market risk. The short position is negatively correlated with the market. However, there is no assurance that the stocks in the portfolio and index behave in the same manner and thus this strategy may not be a perfect hedge.
- The short position will have as much loss as a gain in the underlying index. e.g. if the index appreciates by 10%, the future value falls by 10%. However, this is true only for futures contract held till maturity. In the event that a futures contract is closed out before its expiry, the quoted price of the futures contract may be different from the gain/loss due to the movement of the underlying index. This is called the basis risk.
- While futures markets are more liquid, there can be no assurance that ready liquidity would exist at all points in time, for the Scheme to purchase or close out a specific future contract.

### Strategy Number 3

#### • Portfolio Protection Using Index Put

The purchase of an index put option gives the scheme the option of selling the index to the writer of the put at a predetermined level of the index, called the strike price. If the index falls below this level, the scheme benefits from the rise in the value of the put option.

Similarly, as a stock hedging strategy, the purchase of a put option on the underlying stock would give the scheme the option to sell the stock to the writer of the option at the predetermined strike price. This would lead to a capping of the loss in value of a stock.

**Example:** Let us assume a scheme with a corpus of Rs. 100 crore. Let us also assume an index of 100. The scheme is fully invested (Rs. 100 crore in equities). The scheme purchases a put option on the index with a strike price of 95 for an assumed cost of Rs. 1 crore. The following table illustrates the portfolio returns:

% change in Index	Index Value	Equity Portfolio Value Rs. In crore  A	Option Value Rs. In crore  B	Cost of the Put Option Rs. In crore C	Portfolio Value Rs. In Crore (A+B+C)	% returns from portfolio
10	110	110	0	(1)	109	9
5	105	105	0	(1)	104	4
(5)	95	95	0	(1)	94	(6)
(10)	90	90	5	(1)	94	(6)



(15)	85	85	10	(1)	94	(6)
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A similar put option can be purchased on any individual stock and the downside can be capped.

#### **RISKS**

- The table shows that the portfolio value will not fall below Rs. 94 crore, while the scheme benefits from any increase in stock prices. The table assumes perfect correlation between the equity portfolio and the index. However this may not be the case. Therefore, the minimum portfolio value cannot be assured, but the loss is expected to be lower in a portfolio with a put option on the index, as compared to a normal portfolio.
- The put option would lead to a gain based on the difference between the strike price and the index level at expiration date, if positive. However, in case the option is reversed before the expiration date, the market price received on the sale of the option may be different from the price calculated.
- While liquidity exists in options markets, there can be no assurance that the ready liquidity would exist at all points in time, for the scheme to purchase or close out a specific options contracts.
- In the case of purchase of a stock put, the strategy is a perfect hedge on the expiration date of the put option. On other days, there may be (temporary) imperfect correlation between the share price and the put option, which can potentially take the stock value below the minimum under the hedge.

**Similarly, the Fund can use stock futures to reduce the cost of holding in the following manner:**

- When stock futures are trading at a discount then the fund can buy in futures market instead of buying in the cash market. On expiry of the contract, both prices (spot and futures) have to align. On expiry or as and when stocks starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in futures and buying in the cash market.
- Fund can take advantage of arbitrage opportunities in the futures markets to reduce cost of holding. If stock futures are trading at a discount then the fund can sell its existing holding in cash market and buy in futures market. The cash realised will earn interest while the overall cost of holding stock will also come down. On expiry of contract both prices (spot and futures) have to align. On expiry or as and when the stock starts trading at a premium in the futures market, the transaction can be reversed by selling the stock in the futures and buying in the cash markets.

#### **Advantages of Equity Derivatives :**

In times of volatility in the equity markets, derivatives provide much needed flexibility to hedge against this volatility. Some of the advantages of specific derivatives products are given below:

- Stock Index Futures can give exposure to the index. Appreciation in Index Investment in Stock Index Futures can give exposure to the index without directly buying the individual stocks, which make up the index. Appreciation in Index stocks can be effectively captured through investment in Stock Index Futures.
- The Scheme can sell futures to hedge against market movements without actually selling the underlying stocks it hold.
- By buying call options on the index, one can participate in the rise in the market, without actually buying individual stocks.
- By buying put options on the index, the Scheme can insulate the portfolio (assuming a perfect co-relation between portfolio and index which may not be the case) from the downside risk at a small cost.

#### **Debt / Debt Related Derivatives**

The Scheme may use derivatives in accordance with SEBI Regulations. RBI has issued guidelines on Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA) on July 7, 1999. These products were introduced for developing the nation's Debt Market.

### **Interest Rates Swaps (IRS)**

All swaps are financial contracts, which involve exchange (swap) of a set of payments receivable by one party for another set of payments receivable by another party, usually through an intermediary. An IRS can be defined as a contract between two parties (Counter Parties) to exchange, on particular dates in the future, one series of cash flows (fixed interest) for another series of cash flows (variable or floating interest) in the same currency and on the same principal for an agreed period of time. The exchange of cash flows need not occur on the same date.

### **Forward Rate Agreements (FRA)**

A FRA is an agreement between two counter parties to pay or to receive the difference between an agreed fixed rate (the FRA rate) and the interest rate prevailing on a stipulated future date, based on a notional amount, for an agreed period. In short, in a FRA, interest rate is fixed now for a future period. The special feature of FRAs is that the only payment is the difference between the FRA rate and the Reference rate and hence are single settlement contracts. As in the case of IRS, notional amounts are not exchanged.

The Scheme will use derivative instruments for the purpose of hedging and portfolio balancing. Hedging does not mean maximisation of returns but only reduction of systematic or market risk inherent in the investment.

### **Basic Structure of an Interest Rate Swap**

An interest rate swap is an agreement between two parties to exchange future payment streams based on a notional amount. Only the interest on the notional amount is swapped, and principal amount is never exchanged.

In a typical interest rate swap, one party agrees to pay a fixed rate over the term of the agreement and to receive a variable or floating rate of interest. The counterparty receives a stream of fixed rate payments at regular intervals as described in the agreement and pays the floating rate of interest.

### **Illustration :**

Fixed interest rate : 10% p.a.

Variable Interest Rate : Over-Night MIBOR (variable)

Notional Principal : Rs.10 crore

Period of Agreement : 1 year

Interest Frequency : Semi-annual

Suppose six month period from the value date of swap to the first payment date is 182 days and the daily compounded over-night MIBOR is say 8% p.a. on that date, the interest streams are as follows :

Fixed Rate Payment :

$$\text{Rs.}10,00,00,000.00 \times 182 \times 10 / 365 \times 100 = \text{Rs.}49,86,301.36$$

Variable Rate :

$$\text{Rs.}10,00,00,000.00 \times 182 \times 8 / 365 \times 100 = \text{Rs.}39,89,041.09$$

In the above example, the fixed rate payer will pay the variable rate payer a net amount of Rs.9,97,260.27 (Rs.49,86,301.36 - 39,89,041.09).

Likewise the second and final payment will depend upon the variable NSE MIBOR for the remaining 183 days and the interest stream of fixed rate for the said period, the difference of which, will be settled between the parties at the expiry of the contract.

The above example illustrates the benefits and risks of using derivatives for hedging and optimising the investment portfolio. Swaps have its own drawbacks like credit risk, settlement risk. However, these risks are substantially reduced as the amount involved is interest streams and not principal.

#### **Valuation of Derivative Products**

The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

#### **Exposure to Derivatives**

Losses may arise as a result of using derivatives, but these are likely to be compensated by the gains on the underlying cash instruments held by the Scheme.

#### **Risk associated with Derivatives trading :**

The risk associated with index futures is similar to the one with equity investments. Additional risks could be on account of illiquidity and hence mispricing of the futures at the time of purchase. As and when the Scheme trades in the derivatives markets, there are risk factors and issues concerning the use of derivatives. Derivative products are specialised instruments that require investment techniques and risk analyses different from those associated with stocks. The use of a derivative requires understanding of the underlying instrument as well as that of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess risk that a derivative adds to the portfolio and the ability to forecast price movements correctly. There is the possibility that a loss may be sustained by the portfolio as a result of failure of another party (usually referred to as the "counter party") to comply with the terms of the derivatives contract. Other risks associated with trading in derivatives include the risks of mispricing or improper valuation of derivatives and inability of derivatives to correlate perfectly with underlying assets, indices.

The net impact for the Scheme will be in terms of the difference between the closing price of the index and cost price (ignoring margins for the sake of simplicity). Thus, profit or loss for the Scheme will be the difference between the closing price (which can be higher or lower than the purchase price) and the purchase price.

## **F. FUNDAMENTAL ATTRIBUTES**

### **1. Type of Scheme**

Kindly refer to the Section "Information about the Scheme on page no.18 of this Scheme Information Document"

### **2. What is the investment objective of the scheme (s)?**

- Investment objective: Kindly refer to the Section "Information about the Scheme on page no18 & 19 of this Scheme Information Document".
- Investment pattern: Kindly refer to the Section "Information about the Scheme on page no19 to 23 of this Scheme Information Document"

### **3. Terms of Issue**

#### **A. Listing**

As the repurchase facility is provided on an ongoing basis, at NAV related prices, the units of the Scheme/s are not going to be listed on any Stock Exchanges.

#### **B. Repurchase**

##### **a) How to Repurchase:**

The repurchase requests can be made on the forms available at the Sales Offices of the AMC (refer last page for the list of offices) or by submitting the duly discharged Statement of Account.

AMC shall pay the redemption or repurchase proceeds within 10 working days. If AMC fails to refund the amount within the stipulated time, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 10 days till the date of dispatch of the said redemption or repurchase proceeds.

##### **b) Applicable Rate for Repurchase of Units:**

In respect of valid applications received upto 3 p.m. by the Mutual Fund, same day's closing NAV shall be applicable.

In respect of valid applications received after 3 p.m. by the Mutual Fund, the closing NAV of the next business day shall be applicable.

**Calculation of Repurchase Price:** The exit load will be subtracted as a percentage of Net Assets Value (NAV) i.e. applicable loads as a percentage of NAV will be subtracted from NAV to calculate Repurchase Price. The formula for calculation of Repurchase Price would be:

$$\text{Repurchase Price} = \text{Applicable NAV} \times (1 - \text{Exit Load, if any})$$

e.g. if the applicable NAV is Rs.10.00 and repurchase / exit load is 1.00%, then the Repurchase Price will be Rs.9.9000.

Please Note that exit load will be applicable as per the respective plans.

If units are held jointly, redemption/ repurchase requests shall be signed by all the joint holders and the proceeds of the repurchase/redemption will be paid to the first holder. In the event of the death of the first named holder, survivor/s will have to make the repurchase/redemption requests, duly signed by him/them along with the attested copy of the death certificates and the proceeds of the repurchase/redemption will be paid to him/them.

However, if the unit holding is specified as 'Anyone or Survivor', any one of the unit holders will be entitled to make redemption/repurchase requests, without the need for the other unit holders to sign.

The Unit holder may either request for mailing of the redemption proceeds to his/her address or collection of the same from the Sales Offices of the AMC (Investor Relations Centre), where it was deposited for repurchase.

The repurchase warrant, under normal circumstances, will be dispatched within the statutory time limit of 10 working days from the date of the receipt of the repurchase / redemption requests.

Name of the centers where redemption can be effected is furnished on the last page of this document.

**In accordance with SEBI (MF) Regulations, 1996, the repurchase price will not be lower than 93 per cent of the Net Asset Value and the sale price is not higher than 107 per cent of the Net Asset Value, and that the difference between the repurchase price and the sale price shall not exceed 7% calculated on the sale price.**

**c) Right to Limit Repurchase:**

In an open ended Scheme, any disruption in the normal functioning of the markets for Equity / Call Money Market or extreme illiquidity in any of the investments held by the Scheme may affect the ability of the Fund Manager to buy or sell freely in the market. The Scheme/s strives to maintain an adequate and desirable level of liquidity.

**Procedure followed for limiting repurchase:**

Trustees shall approve the limits for repurchase which shall be intimated to SEBI and shall be notified to all the unitholders by publishing the same in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.

In the event of a large number of repurchase requests, the time taken by the Scheme/s for the repurchase may become significant.

**C. Aggregate fees and expenses charged to the scheme**

**a) AMC Fees:** For management of the Scheme, the Investment Manager will charge a fee not exceeding 1.25% of the average daily net assets of the Scheme. In future, the Investment Manager may modify the fee within the limits specified in the Regulations and disclosed in the SID.

**b) Trusteeship Fees:** The Trustees shall be entitled to charge a trusteeship fee of 0.05% of the Net Assets of the Scheme, to meet the expenses and contingencies.

**c) New fund offer expenses:**

As the fund offer is on a continuous basis, there are no new fund offer expenses.

**d) Annual Scheme Recurring Expenses:**

**Please refer to section “Fees & Expenses” on Page No 69 to 71 for details**

**G. HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?**

<b>Scheme Name</b>	<b>Benchmark</b>
Canara Robeco Liquid	Crisil Liquid Fund Index
Canara Robeco Treasury Advantage Fund	Crisil Liquid Fund Index
Canara Robeco Floating Rate	Crisil Liquid Fund Index
Canara Robeco Dynamic Bond Fund	Crisil Composite Bond Fund Index
Canara Robeco Short Term Fund	Crisil Liquid Fund Index
Canara Robeco Gilt PGS	I-Sec Li-Bex
Canara Robeco Income	Crisil Composite Bond Fund Index
Canara Robeco Monthly Income Plan	Crisil MIPBlended Index
Canara Robeco InDiGo Fund	Canara Robeco Blended Gold Index*

\* Canara Robeco Blended Gold Index is a composite index of the Gold Index and CRISIL Short term Bond Fund Index computed by CRISIL Limited for the purpose of benchmarking the performance of Canara Robeco InDiGo Fund. The Index shall not be copied, transmitted or distributed for any commercial use. CRISIL has taken due care and caution in computation of the Index, based on the data obtained from sources which it considers reliable and is as per the valuation method prescribed by SEBI for the purpose of computation of the Index.

However, CRISIL does not guarantee the accuracy, adequacy or completeness of the said data / Index and is not responsible for any errors or for the results obtained from the use of the said data/ Index . CRISIL especially states that it has no financial liability whatsoever to the users of the Index.

As approved by the Board of Directors/Trustees the Schemes have currently selected the above mentioned benchmark for respective scheme (s) on the basis of the Investment Pattern/Objective of the Scheme (s) and the composition of the Index. Any change in the Benchmark Index for the fund would be actuated only post approval from Board of Directors/Trustees.

#### H. WHO MANAGES THE SCHEME?

Name of the Fund Manager	Age	Qualification	Experience (Years)	Funds Managed
Mr. Ritesh Jain	35	B.Com; Masters in Business Economics	12	Canara Robeco Income Fund, Canara Robeco Gilt PGS and Canara Robeco InDiGo Fund, Canara Robeco Yield Advantage Fund and Canara Robeco Monthly Income Plan
Ms. Suman Prasad	36	PGDMS(Finance)	13	Canara Robeco Dynamic Bond Fund , Canara Robeco Treasury Advantage Fund and Canara Robeco Gilt, Canara Robeco Short Term Fund, Canara Robeco Liquid, Canara Robeco Floating Rate, Canara Robeco Liquid, Canara Robeco Floating Rate, Canara Robeco Gilt Advantage Fund ,Canara Robeco Fixed Maturity Plan – Series 6 and Canara Robeco Interval Scheme – Series 2
Mr. Akhil Mittal	30	B.Com, MBA (Finance)	7	Canara Robeco Dynamic Bond Fund , Canara Robeco Treasury Advantage Fund and Canara Robeco Gilt, Canara Robeco Short Term Fund, Canara Robeco Liquid, Canara Robeco Floating Rate, Canara Robeco Liquid

#### I. WHAT ARE THE INVESTMENT RESTRICTIONS?

Pursuant to the "SEBI Regulations", the following investment and other limitations are presently applicable to the Scheme, as the case maybe:

1. The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities provided that a mutual fund may engage in short selling of securities in accordance with the frame work relating to short selling and securities lending and

borrowing specified by the board. Provided further that the mutual fund may enter into derivatives transactions in a recognised stock exchange, in accordance with the guidelines issued by the Board. Provided further that the sale of government securities already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.

2. The securities purchased by the Fund shall be got transferred in the name of the Mutual Fund on account of the concerned Scheme, wherever investments are intended to be of long term nature.
3. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company, provided that such limit shall not be applicable for investments in Government Securities.

The investment within the limit can be made in mortgaged backed securitized debt which are not rated below the investment grade by credit rating agency registered with SEBI..

4. The Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of NAV of the Scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of Asset Management Company.
5. The Scheme shall not invest more than thirty percent of its net assets in money market instruments of an issuer. Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.
6. The Mutual Fund under all its Scheme(s) will not own more than ten percent of any Company's paid up capital carrying voting rights.
7. The Scheme shall not advance any loan for any purpose.
8. The Scheme shall not park more than 15% of the net assets in Short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with prior approval of the trustees. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the mutual fund in short term deposit (will not apply to term deposits placed as margins for trading in cash and derivatives market)
9. No mutual fund scheme shall invest more than 10 per cent of its NAV in the equity shares or equity related instruments of any company
10. The scheme shall not invest more than 5% of its NAV in the unlisted equity shares or equity related instruments in case of open ended scheme.
11. Investment in other Schemes : The investment by this Scheme in other Mutual Fund Schemes will be in accordance with Regulation 44(1) read with Clause 4 of the VII Schedule to the SEBI (Mutual Funds) Regulations, 1996 according to which :
  - The Scheme/s may invest in another scheme under the same asset management company or in any other mutual fund without charging any fees, provided the aggregate inter scheme investments made by all the Schemes under the same management or in schemes under the management of any other AMC shall not exceed 5% of NAV of the mutual fund.
  - The Scheme/s shall not make any investment in any fund of fund scheme
12. The Scheme/s shall not make any investment in:
  - Any unlisted security of an associate or group company of the sponsor; or
  - Any security issued by way of private placement by an associate or group company of the sponsor; or

- The listed securities of group companies of the sponsor which is in excess of 25% of the net assets.
13. The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of redemption of units or payment of interest and dividend to the unit holders, provided that the fund shall not borrow more than 20% of the net assets of the individual scheme and the duration of the borrowing shall not exceed a period of 6 months.
  14. The AMC may invest in the Scheme either in the initial offer or subsequently. However, it shall not charge any investment management fee on such amounts invested by it.
  15. Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if, -
    - Such transfers are done at the prevailing market price for quoted instruments on spot basis. [Explanation - "spot basis" shall have same meaning as specified by stock exchange for spot transactions.]
    - The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
  16. The cumulative gross exposure through equity/equity related instruments, debt and derivative position shall not exceed 100% of the net assets of the scheme/s and the total exposure to option premium paid shall not exceed 20% of the net assets of the Scheme/s. Other provisions as contained in SEBI circular no CIR/MFD/DF/11/2010 dated 18<sup>th</sup> August 2010 shall also be complied with.
  17. All investment restrictions stated above shall be applicable at the time of making investment.

The Trustees of the Mutual Fund may alter these limitations / objectives from time to time to the extent the SEBI Regulations change so as to permit the Scheme/s to make its investments in the full spectrum of permitted investments for the mutual fund in order to achieve its investment objectives. All investments of the Scheme will be made in accordance with the SEBI Regulations, including Seventh Schedule thereof.



Canara Robeco Floating Rate	Canara Robeco Liquid	Canara Robeco Treasury Advantage Fund	Canara Robeco Monthly Income Plan	
Performance	Performance	Performance	Performance	
Scheme Benchmark	Scheme Benchmark	Scheme Benchmark	Scheme Benchmark	
Inception Date 4.3.05 4.3.05	Inception Date 15.1.02 15.1.02	Inception Date 16.9.03 16.9.03	Inception Date 4.4.88 4.4.88	
Last 1 year 7.76% 6.90%	Last 1 year 6.58% 6.90%	Last 1 year 6.91% 6.90%	Last 1 year 9.51% 5.06%	
Last 3 years 7.07% 6.19%	Last 3 years 6.25% 6.19%	Last 3 years 6.51% 6.19%	Last 3 years 10.76% 6.33%	
Last 5 years 7.45% 6.51%	Last 5 years 6.83% 6.51%	Last 5 years 6.93% 6.51%	Last 5 years 12.60% 7.42%	
Since inception 7.22% 6.25%	Since inception 6.43% -	Since inception 6.51% 5.84%	Since inception 10.52% -	
<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 4th March, 2005. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 15th January, 2002. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 16th September, 2003. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 4th April, 1988. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	
Canara Robeco Income	Canara Robeco Gilt PGS	Canara Robeco Dynamic Bond Fund	Canara Robeco Short Term Fund	Canara Robeco InDiGo Fund
Performance	Performance	Performance	Performance	Performance
Scheme Benchmark	Scheme Benchmark	Scheme Benchmark	Scheme Benchmark	Scheme Benchmark
Inception Date 19.9.02 19.9.02	Inception Date 29.12.99 #	Inception Date 29.5.09 29.5.09	Inception Date 31.03.09 31.3.09	Inception Date 9.7.10 9.7.10
Last 1 year 4.77% 4.09%	Last 1 year 3.93% 4.44%	Last 1 year 4.33% 4.09%	Last 1 year 6.25% 6.90%	Last 1 year - -
Last 3 years 12.97% 5.85%	Last 3 years 8.23% 8.62%	Last 3 years - -	Last 3 years - -	Last 3 years - -
Last 5 years 10.33% 5.78%	Last 5 years 8.03% 7.87%	Last 5 years - -	Last 5 years - -	Last 5 years - -
Since Inception 8.80% 5.48%	Since Inception 8.83% -	Since Inception 4.18% 4.40%	Since Inception 6.19% 5.15%	Since Inception 8.84% 10.93%
<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 19th September, 2002. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 29th December, 1999. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 29th May, 2009. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 31st March, 2009. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>	<div>Returns (%)</div> <div>■ Scheme Returns ■ Benchmark</div> <p>Date of Inception – 9th July, 2010. Data as on 31 st May, 2011. Returns have been calculated on an absolute basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.</p>

The past performance may or may not be sustained in the future.

### III. UNITS AND OFFER

This section provides details you need to know for investing in the scheme.

#### A. ONGOING OFFER DETAILS

##### 1. Plans/Options Offered

Canara Robeco Liquid	<ul style="list-style-type: none"><li>1) Retail Plan<ul style="list-style-type: none"><li>a) Growth</li><li>b) Dividend<ul style="list-style-type: none"><li>i. Daily Dividend Reinvestment</li><li>ii. Weekly Dividend Reinvestment</li><li>iii. Fortnightly Dividend Reinvestment</li><li>iv. Monthly Dividend Reinvestment</li></ul></li></ul></li><li>2) Institutional Plan<ul style="list-style-type: none"><li>a) Growth</li><li>b) Dividend<ul style="list-style-type: none"><li>i. Daily Dividend Reinvestment</li><li>ii. Weekly Dividend Reinvestment</li><li>iii. Fortnightly Dividend Reinvestment</li><li>iv. Monthly Dividend Payout /Reinvestment</li><li>v. Quarterly Dividend Payout/ Reinvestment</li></ul></li></ul></li><li>3) Super Institutional Plan<ul style="list-style-type: none"><li>a) Growth</li><li>b) Dividend<ul style="list-style-type: none"><li>i. Daily Dividend Reinvestment</li><li>ii. Weekly Dividend Reinvestment/Payout</li><li>iii. Fortnightly Dividend Reinvestment</li><li>iv. Monthly Dividend Payout / Reinvestment</li></ul></li></ul></li></ul>
Canara Robeco Treasury Advantage Fund	<ul style="list-style-type: none"><li>1) Retail Plan<ul style="list-style-type: none"><li>a) Growth</li><li>b) Dividend<ul style="list-style-type: none"><li>i. Daily Dividend Reinvestment</li><li>ii. Weekly Dividend Reinvestment</li><li>iii. Fortnightly Dividend Reinvestment</li><li>iv. Monthly Dividend Reinvestment</li></ul></li></ul></li><li>2) Institutional Plan</li></ul>

	<ul style="list-style-type: none"> <li>a) Growth</li> <li>b) Dividend <ul style="list-style-type: none"> <li>i. Daily Dividend Reinvestment</li> <li>ii. Weekly Dividend Reinvestment</li> <li>iii. Fortnightly Dividend Reinvestment</li> <li>iv. Monthly Dividend Payout /Reinvestment</li> <li>v. Quarterly Dividend Payout/ Reinvestment</li> </ul> </li> <li>3) Super Institutional Plan <ul style="list-style-type: none"> <li>a) Growth</li> <li>b) Dividend <ul style="list-style-type: none"> <li>i. Daily Dividend Reinvestment</li> <li>ii. Weekly Dividend Payout/Reinvestment</li> <li>iii. Fortnightly Dividend Reinvestment</li> <li>iv. Monthly Dividend Payout / Reinvestment</li> </ul> </li> </ul> </li> </ul>
<b>Canara Robeco Floating Rate</b>	<ul style="list-style-type: none"> <li>a. Growth Option</li> <li>b. Dividend Payout / Reinvestment</li> <li>c. Daily Dividend Reinvestment</li> <li>d. Weekly Dividend Payout / Reinvestment</li> <li>e. Fortnightly Dividend Reinvestment</li> <li>f. Monthly Dividend Payout / Reinvestment</li> </ul>
<b>Canara Robeco Dynamic Bond Fund</b>	<ul style="list-style-type: none"> <li>1) Retail plan: <ul style="list-style-type: none"> <li>a) Growth Options <ul style="list-style-type: none"> <li>i. Growth option</li> <li>ii. Growth Option with automatic repurchase</li> </ul> </li> <li>b) Dividend Options <ul style="list-style-type: none"> <li>i. Dividend Reinvestment</li> <li>ii. Dividend Payout</li> </ul> </li> </ul> </li> <li>2) Institutional Plan: <ul style="list-style-type: none"> <li>a) Growth Options <ul style="list-style-type: none"> <li>i. Growth option</li> <li>ii. Growth Option with automatic repurchase</li> </ul> </li> <li>b) Dividend Options <ul style="list-style-type: none"> <li>i. Dividend Reinvestment</li> <li>ii. Dividend Payout</li> </ul> </li> </ul> </li> </ul>

<b>Canara Robeco Short Term Fund</b>	<ol style="list-style-type: none"> <li>1. Retail Plan <ol style="list-style-type: none"> <li>a) Growth</li> <li>b) Monthly Dividend Reinvestment / Payout</li> <li>c) Weekly Dividend Reinvestment / payout</li> </ol> </li> <li>2. Institutional Plan <ol style="list-style-type: none"> <li>a) Growth</li> <li>b) Monthly Dividend Reinvestment / Payout</li> <li>c) Weekly Dividend Reinvestment / payout</li> </ol> </li> </ol>
<b>Canara Robeco Gilt PGS</b>	<ol style="list-style-type: none"> <li>1) Growth Options <ol style="list-style-type: none"> <li>a) Growth option</li> <li>b) Growth Option with automatic repurchase</li> </ol> </li> <li>2) Dividend Options <ol style="list-style-type: none"> <li>a) Dividend Reinvestment</li> <li>b) Dividend Payout</li> </ol> </li> </ol>
<b>Canara Robeco Income</b>	<ol style="list-style-type: none"> <li>1) Growth Options <ol style="list-style-type: none"> <li>a) Growth option</li> <li>b) Growth Option with automatic repurchase</li> </ol> </li> <li>2) Dividend Options <ol style="list-style-type: none"> <li>a) Dividend Reinvestment</li> <li>b) Dividend Payout</li> </ol> </li> <li>3) Bonus Option</li> </ol>
<b>Canara Robeco Monthly Income Plan</b>	<ol style="list-style-type: none"> <li>1) Growth Options <ol style="list-style-type: none"> <li>a) Growth option</li> <li>b) Growth Option with automatic repurchase</li> </ol> </li> <li>2) Monthly Dividend Options <ol style="list-style-type: none"> <li>a) Dividend Reinvestment</li> <li>b) Dividend Payout</li> </ol> </li> <li>3) Quarterly Dividend Options <ol style="list-style-type: none"> <li>a) Dividend Reinvestment</li> <li>b) Dividend Payout</li> </ol> </li> </ol>
<b>Canara Robeco InDiGo Fund</b>	<ol style="list-style-type: none"> <li>1) Growth Option,</li> <li>2) Quarterly Dividend Option (Payout &amp; Reinvestment)</li> </ol>
<b>Default Option:</b> In case of valid applications received without indicating any choice of options, it will be	

considered as option for Growth Option and processed accordingly.

In case of valid applications received without indicating any choice of option under Dividend Option, it will be considered as option for Dividend Reinvestment Option and processed accordingly.

In case of In Canara Robeco Monthly Income Plan in dividend option, If the investor does not clearly specify the choice of Monthly Dividend option / Quarterly Dividend option, it will be treated as a Monthly Dividend option.

**2. Minimum Amount for Purchase/ Redemption/ Switches**

Kindly refer to the section "Scheme Summary" mentioned on page no 3 to 6 in this Scheme Information Document

**3. Micro Systematic Investment Plan (SIP) (Micro SIP)**

Systematic Investment Plans (SIPs) where aggregate of installments in a rolling 12 month period or in a financial year i.e. April to March does not exceed Rs. 50,000 (hereinafter referred as "Micro SIP") shall be exempt from the requirement of PAN on submission of a photocopy of any one of the Photo Identification document.

This exemption will be applicable only to investments by individuals (including Joint Holders who are individuals, NRIs but not PIOs), Minors and Sole proprietary firms. HUFs and other categories will not be eligible for the exemption.

Eligible Investors (including joint holders) should submit a photocopy of any one of the (current and valid) Photo Identification documents [self-attested by the investor / attested by the ARN Holder/AMFI registered Distributor mentioning the ARN number] along with Micro SIP applications as proof of identification. The list of acceptable Photo Identification documents is given in the Micro SIP Enrolment Form. Investors who wish to enroll for Micro SIP are required to fill in the Micro SIP Enrolment Form available with the ISCs, distributors and agents.

All terms and conditions of Systematic Investment Plans (SIPs) shall apply to Micro SIPs. The Trustees reserve the right to change/modify the terms and conditions of Micro SIPs at a later date on a prospective basis.

**4. Systematic Investment Plan (SIP) (Applicable for Canara Robeco Treasury Advantage Fund, Canara Robeco Monthly Income Plan, Canara Robeco InDiGo Fund, Canara Robeco Income, Canara Robeco Gilt PGS, Canara Robeco Floating Rate)**

Systematic Investment Plan is a simple and time honoured investment strategy aiding disciplined investing over a period of time. The Investment option enables investors to transfer a fixed sum of money in a particular scheme at regular intervals to another scheme.

Investors / Unit holders may enroll for SIP Auto Debit facility through Electronic Clearing Service (Debit Clearing) of the Reserve Bank of India or for SIP Direct Debit Facility / Standing Instruction Facility available with specified Bank(s)/ Branch(s). In order to enroll for SIP Auto Debit facility or Direct Debit Facility or Standing Instruction, an investor must fill-up the SIP Enrolment Form (for investment through Auto-Debit / ECS /Standing Instruction).

The features of Systematic Investment Plan are as under:

<u>Monthly SIP</u> Minimum amount per SIP instalment	Rs. 1,000.00 and multiple of Re. 1.00 thereafter.
<u>Quarterly SIP</u> Minimum amount per SIP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter.
No. of SIP Instalments a) Minimum b) Maximum	Six instalments No Limit
Dates of post dated Cheques /Auto Debit Facility through Electronic Clearing Service(ECS) of RBI or Direct debit facility with specified Bank(s)	01 <sup>st</sup> or 5 <sup>th</sup> or 15 <sup>th</sup> or 20 <sup>th</sup> or 25 <sup>th</sup> of every month /quarter (In case, the date fixed happens to be a holiday / non-business day, the cheques shall be deposited / ECS/Auto Debit Facility will be effected on the next business day.
Applicable NAV and Cut-off time	Applicable NAV and cut-off time as prescribed under the Regulation shall be applicable..
Notice Period	Investors are given option to discontinue SIP by giving 15 days notice prior to the due date of the next instalment.

5. **Systematic Transfer Plan (STP):** (Applicable for Canara Robeco Treasury Advantage Fund, Canara Robeco Monthly Income Plan, Canara Robeco InDiGo Fund, Canara Robeco Income, Canara Robeco Gilt PGS, Canara Robeco Floating Rate)

STP is a facility wherein a unit holder of a Canara Robeco Mutual Fund scheme can opt to transfer a fixed amount or capital appreciation amount at regular intervals to another scheme of Canara Robeco Mutual Fund. The amount transferred under the STP from the Transferor scheme to the Transferee scheme, shall be affected by redeeming units of Transferor scheme and subscribing to the units of the Transferee scheme.

The features of Systematic Transfer Plan are as under:

Monthly STP Minimum amount per STP instalment	Rs. 1,000.00 and multiple of Re. 1.00 thereafter.
Quarterly STP Minimum amount per STP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter.
No. of STP Instalments c) Minimum d) Maximum	Six instalments No Limit
Periodicity	Monthly/Quarterly
Dates available for STP Facility	01st or 5th or 15th or 20th or 25th of every month /quarter. (In case, the date fixed happens to be a holiday / non business day, the cheques shall be deposited / Auto Debit Facility will be affected on the next business day.)
Applicable NAV and Cut-off time	Applicable NAV and cut-off time as prescribed under the Regulation shall be applicable.
Notice Period	Investors are given option to discontinue STP by giving 15 days notice prior to the due date of the next instalment.

6. **Systematic Withdrawal Plan (SWP):** Applicable for Canara Robeco Treasury Advantage Fund, Canara Robeco Liquid, Canara Robeco Monthly Income Plan, Canara Robeco InDiGo Fund, Canara Robeco Income, Canara Robeco Gilt PGS, Canara Robeco Floating Rate Fund)

Investors can use the SWP facility for regular inflows. Withdrawals can be made by informing the AMC or Registrar of the specified withdrawal dates and minimum amount as per the table below. The amount will be converted into units at the applicable repurchase price on that date and will be subtracted from the units with the unit holder. The AMC may close a unit holder's account if the balance falls below the specified minimum amount for the scheme. Unit holders may change the amount indicated in the SWP, subject to the minimum amount specified. The SWP may be terminated on written notice from the unit holder and it will terminate automatically when all the units of the unit holder are liquidated or withdrawn from the account.

The features of Systematic Withdrawal Plan (SWP) are as under:

Quarterly SWP:- Minimum amount per SWP instalment	Rs. 1,000.00 and multiple of Re. 1.00 thereafter.
Quarterly SWP:- Minimum amount per SWP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter.
Periodicity	Monthly/Quarterly
Dates available for SWP Facility	01 <sup>st</sup> or 5th or 15th or 20 <sup>th</sup> or 25th of every month /quarter. (In case, the date fixed happens to be a holiday / non business day, the cheques shall be deposited / Auto Debit Facility will be affected on the next business day.)
Applicable NAV and Cut-off time	Applicable NAV and cut-off time as prescribed under the Regulation shall be applicable.
Notice Period	Investors are given option to discontinue SWP by giving 15 days notice prior to the due date of the next instalment.

## 7. Dividend Policy

The Scheme/s may distribute, surplus if any, by way of dividend/ fully paid bonus units, as may be decided by the Trustees from time to time. **If there is no distributable surplus or surplus amount is too small for distribution, in the opinion of the Trustees, the Dividend/Bonus declaration may not take place. The Scheme is not assuring or guaranteeing any dividend or returns.**

Income Distribution, if declared, warrants will be issued within 30 days from the date of declaration of Income Distribution or such period that may be stipulated from time to time. The Income Distribution will be paid out of the net surplus of the Scheme, to those unit holders whose names appear in the register of unit holders on the record date to be notified for the purpose.

### Dividend Reinvestment

The unit holders have the option to reinvest the Dividend declared by the Scheme/s. Such unit holders opting to reinvest the dividend receivable by them shall invest in additional units of the Scheme/s. Upon exercising such option, the dividend due and payable to the unit holders will be compulsorily and without any further act by the unit holders reinvested in the Scheme/s.

The dividends so reinvested shall be constructive payment of dividends to the unit holders and constructive receipt of the same amount from each unit holder, for reinvestment in units.



On reinvestment of dividends, the number of units to the credit of unit holder will increase to the extent of the dividend reinvested divided by the first 'Ex-income Distribution NAV' on the day of reinvestment as explained above. There shall, however, be no entry load on the dividends so reinvested.

## **8. Allotment**

Allotment of Units will be made to the eligible applicants under the Scheme/s who comply with the terms of the scheme/s.

Allotment of units will be made to all the applicants provided the applications are complete in all respects. [Fractional units will be allotted up to four decimals]. However, acceptance of application and allotment of units / fractional units will be at the absolute discretion of the Trustees and the application can be rejected without assigning any reason whatsoever.

Date of subscription at the notified centers is deemed to be the date of allotment for claiming tax benefits under the Scheme, provided the application has not been rejected by the Fund subsequently for the reasons explained above.

## **9. Redemption**

The redemption or repurchase proceeds shall be dispatched to the unit holders within 10 working days from the date of receipt of redemption or repurchase request.

## **10. Delay in payment of redemption / repurchase proceeds**

The Asset Management Company shall be liable to pay interest to the unit holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).

11. **Who can invest?** (This is an indicative list and you are requested to consult your financial advisor to ascertain whether the scheme is suitable to your risk profile.)

### **Applicable to Canara Robeco Gilt (PGS) Scheme:**

Non – Government Provident Funds, Super Annuation Funds & Gratuity Funds pursuant to notification Dtd 31.03.1999 issued by Dept. of Economic Affairs, Ministry of Finance.

### **Applicable to all schemes(except Canara Robeco Gilt (PGS) ) covered under this common SID.**

Adult Individual(s) and also minor(s) through their parent/guardian. (Application of minors jointly with adults not allowed).

- Adult Individual(s) jointly not exceeding three, on first holder or survivor/s basis.
- Hindu Undivided Family (HUF)
- Partnership Firms
- A Company as defined in the Companies Act, 1956, Public Sector Undertakings.
- A Body Corporate established by or under any law in force in India.
- A Co-operative Society registered under any law relating to Co-operative Societies in India.
- A Religious or Charitable Trust / Wakfs or a Society established under the relevant laws and authorised to invest in Mutual Fund Schemes.
- FIIs registered with SEBI.

- Banks and Financial Institutions.
- Pension Funds/Pension Fund Managers.
- Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) on repatriation / non-repatriation basis.
- Army, Air Force, Navy and other para-military units and bodies created by such institutions. Scientific and Industrial Research Organisations.
- Multilateral Funding Agencies / Body Corporates incorporated outside India with the permission of Government of India / Reserve Bank of India
- Other Schemes of the Fund subject to the conditions and limits prescribed under SEBI Regulations.
- Any other category of investors that may be permitted by the Trustees as per the Indian Laws in future.

## 12. Where can you submit the filled up applications?

**M/s Karvy Computershare Pvt. Ltd..**  
**21, Road No.4, Street No. 1,**  
**Banjara Hills, Hyderabad 500034**  
**Tel No. (044) 23390404, 23394436, 2337901**  
**Fax. (040) 23311968**

Submission of forms for subscription and redemption during ongoing sale / redemption can be made at the Sales Offices of the AMC(Please refer the back cover page)or Official Points of Acceptance of the R & T Agent.

## 13. How to apply

Please Refer the SAI and Application Form for the instructions

**Please note that it is mandatory for Unit holders to:**

1. Mention their bank account numbers in their application for purchase of units and redemption requests.
2. Mention their Permanent Account Number (PAN) in their application

## 14. Listing

As the repurchase facility is provided on an ongoing basis, at NAV related prices, the units of the Scheme/s are not proposed to be listed on any Stock Exchanges. However, the Mutual Fund may at its sole discretion list the Units under the Scheme(s) on one or more stock exchange at a later date.

**15. Restrictions, if any, on the right to freely retain or dispose of units being offered.**

The AMC reserves the right to reject any subscription/ application for units of the Fund during NFO, depending on the prevailing market conditions and to protect the interest of the Investors. Investors may, however, offer the units for repurchase any time before the maturity of the Fund and such repurchases are subject to exit load and subject to restrictions on repurchase mentioned elsewhere in this document. Trustees shall approve such restrictions which shall be intimated to SEBI and shall be notified to all the unit holders by publishing the same in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.

**16. Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors.**

At the applicable NAV subject to prevailing exit load.

**This is the price you will receive for redemptions/switch outs. Example: If the applicable NAV is Rs. 10, exit load is 1% then redemption price will be:  $\text{Rs. } 10 * (1 - 0.01) = \text{Rs. } 9.90$**

**17. Ongoing price for purchase/switch in (to other schemes/plans of the Mutual Fund) by investors.**

At the applicable NAV.subject to load, if any.

**This is the price you will pay for purchase/switch in. Example: If the applicable NAV is Rs. 10, entry load is 1% then redemption price will be:  $\text{Rs. } 10 * (1 + 0.01) = \text{Rs. } 10.10$**

**18. Applicable NAV for Sale of Units / Switch In**

**Applicable to Canara Robeco Liquid Scheme:**

For Liquid Schemes

Applicable NAV for sale of Units for Liquid Schemes:

- i. where the application is received upto 2.00 p.m. on a day and funds are available for utilization before the cut-off time without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the day immediately preceding the day of receipt of application;
- ii. where the application is received after 2.00 p.m. on a day and funds are available for utilization on the same day without availing any credit facility, whether, intra-day or otherwise - the closing NAV of the day immediately preceding the next business day; and
- iii. irrespective of the time of receipt of application, where the funds are not available for utilization before the cut-off time without availing any credit facility, whether, intra-day or otherwise – the closing NAV of the day immediately preceding the day on which the funds are available for utilization.

For allotment of units in respect of subscriptions/purchase in Liquid scheme(s), it shall be ensured that:

- i. Application is received before the applicable cut-off time.
- ii. Funds for the entire amount of subscription/purchase as per the application are credited to the bank account of the respective Liquid scheme(s) before the cut-off time.
- iii. The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the respective Liquid scheme(s).

For allotment of units in respect of switch-in to Liquid scheme(s) from other schemes, it shall be ensured that:

- i. Application for switch-in is received before the applicable cut-off time.
- ii. Funds for the entire amount of subscription/purchase as per the switch-in request are credited to the bank account of the respective switch-in Liquid scheme(s) before the cut-off time.
- iii. The funds are available for utilization before the cut-off time without availing any credit facility whether intra-day or otherwise, by the respective switch-in schemes.

#### **For Debt/Income Schemes (other than Liquid Scheme)**

For applicable NAV and allotment of units in respect to sale of units in Debt/Income schemes other than Liquid schemes with amount equal to or more than Rs.1 crore, it shall be ensured that

- a) For applications received up to 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable.
  - b) For applications received after 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.
  - c) For applications received with outstation instruments not payable at par at the place of receipt, closing NAV of the day of realization of the instruments shall be applicable.
  - d) For applications received on non-business day along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable
  - e) Where the Application for amount equal to or more than Rs.1 crore is received upto 3 p.m (i.e. cut off time for Debt/ Income Scheme(s) other than Liquid schemes) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable.
  - f) where the application for amount equal to or more than Rs.1 crore is received after 3.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day- the closing NAV of the next business day shall be applicable and
19. irrespective of the time of receipt of application for amount equal to or more than Rs.1 crore, where funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any subsequent business day– the closing NAV of such subsequent business day shall be applicable.

#### **20. Cut off timing for redemptions/ switch - out:**

**This is the time before which your application (complete in all respects) should reach the official points of acceptance.**

**For Canara Robeco Liquid Scheme:** a) For applications received up to 3 p.m., the closing NAV of the day immediately preceding the next business day shall be applicable.

b) For applications received after 3 p.m., closing NAV of next business day shall be applicable.

***Applicable for other schemes covered under this SID***

a).For applications received up to 3 p.m., same day's closing NAV shall be applicable.

b) For applications received after 3 p.m., closing NAV of next business day shall be applicable.

The Trustees reserve the right to amend the cut off timings subject to SEBI regulations for the smooth and efficient functioning of the Scheme/s

## **21. Accounts Statements**

**For normal transactions (other than STP) during ongoing sales and repurchase:**

- The AMC shall issue to the investor whose application (other than STP) has been accepted, an account statement specifying the number of units allotted
- For those unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail.
- The unit holder may request for a physical account statement by writing/calling the AMC/ISC/R&T.

**For SIP/ STP transactions:**

- Account Statement for SIP/STP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter.
- A soft copy of the Account Statement shall be mailed to the investors under SIP/STP to their e-mail address on a monthly basis, if so mandated.
- However, the first Account Statement under SIP/STP shall be issued within 10 working days of the initial investment/transfer.
- In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges.

**Annual Account Statement:**

- The Mutual Funds shall provide the Account Statement to the Unit holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement
- The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.

Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.

## B. PERIODIC DISCLOSURES

1. **Net Asset Value (This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance)**

The Mutual Fund shall declare the Net asset value of the scheme on every business day on AMFI's website [www.amfiindia.com](http://www.amfiindia.com) by the *(time limit for uploading NAV as per applicable guidelines)* and also on [www.canararobeco.com](http://www.canararobeco.com).

The NAV calculated as above and Sale/Repurchase rates of units will be published in two news papers on a daily basis, by way of press release / advertisement. In addition, the NAV, Sale and Repurchase rates for all business days will be available at our Branch Offices.

2. **Half yearly Disclosures: Portfolio / Financial Results (This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.)**

Before expiry of one month from the close of each half year that is on 31st Mar and 30th Sept, the Fund shall publish its un-audited financial results in one national English daily newspaper and in a newspaper in the language of the region where the Head Office of the Fund is situated.

These shall also be displayed on the web site of the Fund and that of AMFI.

3. **Annual Report**

An abridged Scheme-wise annual report shall be mailed to all unit holders not later than four months from the date of closure of the relevant accounting year and the full annual report shall be made available for inspection at the Head Office of the Fund and a copy shall be made available to the unit holders on request on payment of nominal fees, if any

Investor(s) who have provided their email address in the application form or any subsequent communication in any of the folio belonging to the investor, Electronic Mail (email) shall be treated as a default mode for sending various statutory communications including Abridged Annual Report to the investor. The investor(s) may however on request obtain a physical copy of Abridged Annual Report or any other statutory communication.

4. **Associate Transactions**

Please refer to Statement of Additional Information (SAI).

5. **Taxation** (The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.)

	Investors	Mutual Fund
Dividend Distribution Tax (Applicable to Canara Robeco Liquid Scheme)	Distribution tax at the rate of 27.681%% for Individual and HUF investors and at the rate of 27.681% applicable to other investors	No Tax

Dividend Distribution Tax (Applicable to other Schemes covered under this SID.	Distribution tax at the rate of 13.841%% for Individual and HUF investors and at the rate of 22.145% % applicable to other investors	
Capital Gains:		
Long Term	20% with indexation or 10% without indexation	No Tax
Short Term	Tax at marginal rate.	No Tax

**For further details on taxation please refer to the clause on Taxation in the SAI**

#### **6. Investor services**

Ms. Manjiri Dolhare  
 Manager – Customer Service  
 Canara Robeco Asset Management Co. Ltd.  
 4<sup>th</sup> Floor, Construction House,  
 5, Walchand Hirachand Marg,  
 Ballard Estate, Mumbai – 400 001  
 Tel No. (022) 6658 5000 Fax (022) 6658 5012/13  
 E-Mail : [manjiri.dolhare@canararobeco.com](mailto:manjiri.dolhare@canararobeco.com)

#### **D. COMPUTATION OF NAV**

The computation of NAV, valuation of securities / assets, accounting policies and standards would be in conformity with the SEBI (Mutual Funds) Regulations, 1996 and guidelines issued from time to time. The NAV per unit shall be calculated as follows:

$$\frac{\text{+ Current assets - Current Liabilities and Provisions}}{\text{No. of Units outstanding under the Scheme}} = \text{NAV (Rs.)}$$

The price arrived shall be rounded off up to four decimals.

### **IV. FEES AND EXPENSES**

#### **A. NEW FUND OFFER (NFO) EXPENSES**

As this is an ongoing offer, there are no New Fund Offer Expenses.

**B. ANNUAL SCHEME RECURRING EXPENSES**

These are the fees and expenses for operating the scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below.

Particulars	% of Net Assets for Canara Robeco Dynamic Bond Fund		% of Net Assets for Canara Robeco Income	% of Net Assets for Canara Robeco Short Term Fund		% of Net Assets for Canara Robeco MIP	% of Net Assets for Canara Robeco Gilt PGS
	Retail Plan	Institutional Plan		Retail Plan	Institutional Plan		
Investment Management and Advisory Fee	1.25%	0.65%	1.25%	0.70%	0.50%	1.25%	1.25%
Service Tax	0.13%	0.07%	0.00%	0.07%	0.05%	0.13%	0.13%
Custodial Fees	0.02%	0.02%	0.00%	0.02%	0.02%	0.02%	0.00%
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.10%	0.07%	0.00%	0.07%	0.07%	0.10%	0.04%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.08%	0.03%	0.00%	0.08%	0.03%	0.00%	0.00%
Brokerage and Transaction Cost pertaining to the distribution of units	0.55%	0.35%	0.00%	0.50%	0.26%	0.55%	0.02%
Audit Fees / Fees and expenses of trustees	0.05%	0.05%	0.00%	0.05%	0.05%	0.05%	0.05%



Costs related to investor communications (Printing and Mailing)	0.04%	0.01%	0.00%	0.01%	0.01%	0.04%	0.00%
Costs of fund transfer from location to location (Bank Charges)	0.01%	0.01%	0.00%	0.01%	0.01%	0.02%	0.01%
Other Expenses	0.03%	0.00%	0.00%	0.00%	0.00%	0.10%	0.00%
<b>Total Recurring Expenses</b>	<b>2.25%</b>	<b>1.25%</b>	<b>1.25%</b>	<b>1.50%</b>	<b>1.00%</b>	<b>2.25%</b>	<b>1.50%</b>

Particulars	% of Net Assets Canara Robeco Liquid			% of Net Assets Canara Robeco Treasury Advantage Fund		
	Retail Plan	Institutional Plan	Super Institutional Plan	Retail Plan	Institutional Plan	Super Institutional Plan
Investment Management and Advisory Fee	0.43%	0.43%	0.18%	0.57%	0.48%	0.00%
Service Tax	0.04%	0.04%	0.02%	0.06%	0.05%	0.00%
Custodial Fees	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.04%	0.04%	0.04%	0.04%	0.04%	0.02%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Brokerage and Transaction Cost pertaining to the distribution of units	0.15%	0.10%	0.03%	0.15%	0.10%	0.01%

Audit Fees / Fees and expenses of trustees	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Costs related to investor communications (Printing and Mailing)	0.01%	0.01%	0.01%	0.01%	0.01%	0.00%
Costs of fund transfer from location to location (Bank Charges)	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
Other Expenses	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total Recurring Expenses</b>	<b>0.70%</b>	<b>0.65%</b>	<b>0.30%</b>	<b>0.85%</b>	<b>0.70%</b>	<b>0.05%</b>

<b>Particulars</b>	<b>% of Net Assets Canara Robeco Floating Rate</b>	<b>% of Net Assets Canara Robeco InDiGo Fund</b>
Investment Management and Advisory Fee	0.20%	1.25%
Service Tax	0.02%	0.13%
Custodial Fees	0.01%	0.02%
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.04%	0.10%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.00%	0.08%
Brokerage and Transaction Cost pertaining to the distribution of units	0.10%	0.55%
Audit Fees / Fees and expenses of trustees	0.00%	0.05%
Costs related to investor communications (Printing and Mailing)	0.02%	0.03%
Costs of fund transfer from location to location (Bank Charges)	0.01%	0.02%

Other Expenses	0.00%	0.02%
<b>Total Recurring Expenses</b>	<b>0.40%</b>	<b>2.25%</b>

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se. Types of expenses charged shall be as per the SEBI (MF) Regulations.

While the expense ratio may remain the same, the heads may change inter se and the total expenses shall not exceed 2.25% of the amount of the Scheme's average daily net assets. Subject to SEBI Regulations, the AMC reserve the right to modify the above estimate for recurring expenses on a prospective basis.

As per the Regulation 52, the investment management fee and total annual scheme recurring expenses chargeable to the Scheme are as under:

- On the first Rs.100 Crore of the average weekly net assets - 2.25%
- On the next Rs.300 Crore of the average weekly net assets - 2.00%
- On the next Rs.300 Crore of the average weekly net assets – 1.75%
- On the balance of the assets – 1.50%

### **C. LOAD STRUCTURE**

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC ([www.canararobeco.com](http://www.canararobeco.com)) or may call at (1800 209 2726) or your distributor.

<b>Canara Robeco Liquid</b>	<b>For Retail, Institutional &amp; Super Institutional Plans</b> <b>Lump sum Investment</b> <u>Entry Load</u> Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers. <u>Exit Load/ Switch-over load</u> Nil
<b>Canara Robeco Treasury Advantage Fund</b>	<b>For Retail, Institutional &amp; Super Institutional Plans</b> Lump sum Investment / SIP <u>Entry Load</u> – Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers. <u>Exit Load/ Switch-over load</u> – Nil

<b>Canara Robeco Floating Rate</b>	<p><b>For Retail, Institutional &amp; Super Institutional Plans</b></p> <p><u>Entry Load</u> Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers.</p> <p><u>Exit Load/ Switch-over load</u></p> <p>0.25% if redeemed/switched out within 15days from the date of allotment.</p> <p>NIL if redeemed/switched out after 15days from the date of allotment</p>
<b>Canara Robeco Dynamic Bond Fund</b>	<p><b>For Retail and Institutional Plans</b></p> <p><b>Entry Load</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><b>Exit Load</b></p> <ul style="list-style-type: none"> <li>• 1% - If redeemed / switched out within 9 months from the date of allotment,</li> <li>• Nil - if redeemed / switched out after 9 months from the date of allotment.</li> </ul>
<b>Canara Robeco Short Term Fund</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers.</li> </ul> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• Retail Plan &amp; Institutional Plan - 0.5% - If redeemed/switched out within 90 days from the date of allotment</li> <li>• Nil - if redeemed/switched out after 90 days from the date of allotment.</li> </ul>
<b>Canara Robeco Gilt PGS</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers.</li> </ul> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• Lump Sum/SIP/STP: 0.5% - if redeemed/switched out within 6 months from the date of allotment.</li> <li>• Nil if redeemed / switched out after 6 months from the date of allotment.</li> </ul>
<b>Canara Robeco Income</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront Commission will be paid by the</li> </ul>

	<p>investors to their Investment Advisors / Brokers.</p> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• For all investment amounts - Lump Sum/SIP/STP: 0.5% - If redeemed/switched out within 6 months from the date of allotment.</li> <li>• Nil if redeemed after 6 months from the date of allotment.</li> </ul>
<b>Canara Robeco Monthly Income Plan</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront commission will be paid by the investors to their Investment Advisors/Brokers.</li> </ul> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• For all investment amounts - : 1% - if redeemed/switched out within 1 year from the date of allotment.</li> </ul>
<b>Canara Robeco InDiGo Fund</b>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil. The Upfront commission will be paid by the investors to their Investment Advisors/Brokers.</li> </ul> <p><u>Exit Load/ Switch-over load</u></p> <ul style="list-style-type: none"> <li>• 1% if redeemed / switched-out in less than or equal to 1 year from the date of allotment.</li> <li>• Nil if redeemed or switched out after 1 year from the date of allotment</li> </ul>

**Bonus units and units issued on reinvestment of dividends shall not be subject to entry load, if any.**

The distributors shall disclose all the commissions (in the form of trail commission or any other mode) payable to them for the different competing schemes of various mutual funds from amongst which the Scheme is being recommended to the investor. Any change in load structure, including CDSC (if any), shall be applicable for prospective investments only.

The investors will be advised of the change in the Load structure by the AMC through an Addendum attached to the Offer Document as well as a public notice shall be given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated. Such Addendum will be sent along with the Newsletter to the investors periodically. The AMC will also inform the investor service centres, Branch Offices/Distributors/Brokers/Intermediaries etc. of any change in the load structure. The latest modification in the load structure whether by way of Exit Load or CDSC will be stamped in the acknowledgment slip issued to the investor on submission of the Application Form and will also be disclosed in the Statement of Accounts issued after introduction of such load / CDSC.

With effect from August 01, 2009, exit load / CDSC (if any) up to 1% of the redemption value charged to the unit holder by the Fund on redemption of units shall be retained by each of the schemes/plans in a separate account and will be utilized for payment of commission to the ARN Holder and to meet other marketing and

selling expenses.. Any amount in excess of 1% of the redemption value charged to the unit holder as exit load /CDSC shall be credited to the respective scheme/ plan immediately.

**VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY**

1. During the last three years, neither SEBI nor any other Regulatory body has awarded any penalty under SEBI Act or Regulations and there is no enquiry or adjudication proceeding/s, that are in progress against the Sponsors or any company associated with the Sponsors in any capacity including the AMC, the Board of Trustees or any of the Directors or key personnel of the AMC under the SEBI Act or any other Regulations. In addition, no penalties have been awarded for any economic offences and violation of securities laws.
2. (a) The Mutual Fund is defending and / or filed cases in the Special Court constituted under the Special Court (Trial of Offences relating to transactions in Securities) Act, 1992 in respect of the claims arising out of scam related transactions. The Fund has taken necessary steps as legally advised.  
  
(b) Writ Petitions have been filed before the Hon'ble Mumbai High Court and Hon'ble Kolkata High Court, for direction to prohibit Canara Robeco Mutual Fund from converting the close ended Cantriple+ Scheme into open ended and for direction regarding payment of three times the original investment. Cases are also pending before various Consumer Fora claiming three times the investment in Cantriple+ Scheme. The cases are at various stages of hearing. The Fund has taken necessary steps as legally advised.  
  
(c) There are about 61 consumer cases (including appeals) filed by various parties against the Fund in respect of the various schemes of the Fund, which are pending.  
  
In respect of the cases mentioned above, the Fund / Investment Manager will abide by the final decision of the courts.
3. No criminal cases are pending against the Sponsors, any company associated with the Sponsors in any capacity, AMC, Board of Trustees, any of the Directors or key personnel. The Sponsors, Canara Bank, has over 3000 branches and Robeco Groep N V has several offices across the world. To the best of our knowledge and belief, no criminal cases which may affect the business of Mutual Fund are pending against the Sponsors or any company associated with the Sponsors in any capacity or any of the Directors or key personnel."

**IMPORTANT NOTICE**

**"Notwithstanding anything contained in the Scheme Information Document the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the Guidelines thereunder shall be applicable."**

### Branches of Canara Robeco Asset Management Company Limited

**Ahmedabad** - Unit No.104, Onyx Building, Near Raj Hans Society, IDBI Bank Cross Road, Off C G Road, Ahmedabad – 380006, **Bhopal** - Kay Kay Business Centre 1st Floor, 133 Zone 1 M .P Nagar Bhopal – 462011, **Chandigarh** - SCO 333-334, 1st Floor, Sector 35B, Chandigarh- 160 022. **Coimbatore** - Door No. A/1 Thiruvengataswamy Road (East) R .S Puram Coimbatore-641 002, **Goa**- Shop No. 3, Kamat Chambers Opp. Hotel Neptune, Panjim Goa. **Delhi** - 306, Kanchen Junga Bldg., 18, Barakamba Road, Delhi-110 001, **Bangalore** - GF4 & GF5, Business Point, No.137, Ridage Road, Bangalore - 560 025, **Kolkatta** - 'Horizon', 57 Chowringhee Road, Kolkata – 700071. **Kochi** - Door No. XL/6030, 1st Floor, Al-Falah Plaza (Opp.Oriental Bank of Commerce) Broadway North End, Kochi - 682 031, **Indore** - 107, 1st Floor, Bansi Trade Center 107, 581/5 M. G. Road, Indore. **Ludhiana** - Room No. 328, 3rd Floor Ludhiana Stock Exchange Building Feroz Gandhi Marg Ludhiana - 141 001. **Mangalore** - 227/2A, Essel Towers, Bunts Hotel Circle, Mangalore – 575003. **Nagpur**- Unit No. C/6, 4th Floor Indu Yash II , 186 Cement Road Dharampeth Extension Nagpur – 400010. **Patna** - 401/402, Aashiana, Hariniwas, 4th Floor, Dak Bungalow Road, Dak Bungalow Road, Patna. **Pune** - Deccan Mall, Office 1 & 2, 1st Floor, Deccan Gymkhana, Pune-411 004. **Surat** - Shop No. M-8 & M-9, Jolly Plaza, Athwagate, Surat. **Trichy** - Srinivasa Complex No. 145/74 C ,Salai Road Thillainagar, Trichy 620 018 , **Vododara** - 116, Siddharth Complex R.C Dutt Road, Alkapuri, Vadodara- 390 007, **Vizag** - Vidisha Towers, 47-14-10 Flat No.3, 3rd Floor Dwarkanagar Main Road Visakhapatnam – 530016. **Hyderabad** - V. V. Vintage Boulevard, 1st Floor, Municipal H. No.6-3-1093, Somajiguda, Raj Bhavan Road, Hyderabad 5000082. **Chennai** - 770A, 1st floor, Spencer Annexe, Anna Salai, Chennai – 600 002, **Mumbai**- Canara Robeco Asset Management Company Ltd., Construction House, 5 Walchand Hirachand Marg Ballard Estate, Mumbai – 400001.