

## Scheme Information Document

### Canara Robeco Interval Scheme – Series 2 (Quarterly Plan -2)

Debt Oriented Interval Scheme

Offer for Units of face value Rs. 10 per unit for cash at applicable NAV during Specified Transaction Period.

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**Canara Robeco Mutual Fund**

**Investment Manager:** Canara Robeco Asset Management Company Ltd.

**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 Interval Scheme – Series 2 (Quarterly Plan – 2) 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 of this Document from the Mutual Fund/ Investor Services Centres/Web site/Distributors or Brokers.*

As required, a copy of this SID has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter – N dated permission to the Mutual Fund to use the Exchange’s name in this SID as one of the stock exchanges on which the Mutual Fund’s units are proposed to be listed subject to the Mutual Fund fulfilling the various criteria for listing. The Exchange has scrutinized this SID for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Mutual Fund. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the SID has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this SID; nor does it warrant that the Mutual Fund’s units will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Mutual Fund, its sponsors, its management or any scheme of the Mutual Fund. Every person who desires to apply for or otherwise acquire any units of the Mutual Fund may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**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 updated 10<sup>th</sup> March, 2011.

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Summary of the Scheme

<b>Name of the Scheme</b>	Canara Robeco Interval Scheme - Series 2 (Quarterly Plan – 2)		
<b>Type/Category</b>	Debt Oriented Interval Scheme.		
<b>Investment Objective</b>	To generate returns and growth of capital by investing in Central and State Govt. securities and other fixed income / debt securities maturing on or before the maturity of interval plan to insulate the portfolio from interest rate volatility. 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>Asset Allocation</b>	<b>Instruments</b>	<b>Indicative allocations (% of total assets)</b>	<b>Risk Profile</b>
	Debt Securities including securitised debt having rating above AA or equivalent, Central / State Govt. Securities and Money Market Instruments	100	Medium to Low
	<ul style="list-style-type: none"> <li>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.</li> </ul> <p>The cumulative gross exposure through Debt instruments and derivative position shall not exceed 100% of the net assets of the Scheme and the total exposure to option premium paid shall not exceed 20% of the net assets of the Scheme. 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.</p> <ul style="list-style-type: none"> <li>Investment by the Scheme in securitized debt is limited to domestic securitized debt and shall not exceed 50% the net assets at the time of investment.</li> <li>The Scheme will invest in above instruments which mature on or before the opening of the immediately following Specified Transaction Period.</li> </ul>		
<b>Minimum Application Amount</b>	<p><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.</p> <p><b>Institutional Plan:</b> Minimum amount: Rs. 50.00 Lacs and multiples of Re.1.00 thereafter. Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter.</p>		
<b>NAV</b>	NAV / Repurchase price will be announced on a daily basis (on all Business days) except Saturdays / Sundays / Public Holidays and during book closure period.		
<b>Applicable NAV for Sale of Units including Switch In</b>	<p><b>Applications for investments in the Scheme shall be accepted during the Specified Transaction Period only</b></p> <p>a. For applications with an amount less than Rs.1 crore received up to 3 p.m. during the specified transaction period, along with instruments payable at par at the place of</p>		

	<p>receipt, closing NAV of the same day on which the application is received shall be applicable.</p> <p>b. For applications with an amount less than Rs. 1 crore received after 3 p.m. during the specified transaction period, along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.</p> <p>c. For applications with outstation cheques/demand drafts not payable at par at the official Point/s of acceptance where the application is received, closing NAV of the day on which cheque / demand draft is realized/ credited shall be applicable.</p> <p>d. Further, the applicable NAV in respect of Unitholders under the Dividend Option will as under:</p> <ul style="list-style-type: none"> <li>• In respect of valid purchase/switch-in applications received till 3.00 p.m. on the first day of the STP, the ex - dividend NAV of the day of receipt of application will be applicable and the eligible investors will be entitled for dividends declared, if any, on the next Record Date as decided by the Trustees.</li> </ul> <p>e. Where the Application for amount equal to or more than Rs One crore is received upto 3 p.m (i.e. cut off time) the closing NAV of the day on which the funds are available for utilization before 3.00 pm shall be applied. In the event of the funds received for utilization after the cut off time, the closing NAV of the next business day shall be applied.</p> <p>The Scheme proposes to declare dividend on the first day of the Specified Transaction Period, subject to availability of distributable surplus, as decided by the Trustees from time to time.</p> <p><b>Applications/Subscriptions received after cut off time on the second day of Specified Transaction Period (STP) shall be rejected.</b></p>
<p><b>Applicable NAV for Repurchase of Units including Switch Out</b></p>	<p><b>Applications for repurchase/ redemption including switch-outs shall be accepted during the Specified Transaction Period only</b></p> <p>a. For applications received up to 3.00 p.m. during Specified Transaction Period (STP), same day's closing NAV shall be applicable without Exit Load.</p> <p>b. For applications received after 3.00 p.m. on the first day of the STP, closing NAV of the second day of STP shall be applicable. However, applications received after 3.00 pm on the second day of the STP would be deemed to have been received after the STP and accordingly would be rejected.</p> <p>Further, the applicable NAV in respect of Unitholders under the Dividend Option will as under:</p> <p>In respect of valid redemptions/switch-out requests received till 3.00 p.m on the first day of the STP, the ex - dividend NAV of the day of receipt of application will be applicable. and the investors will be eligible to receive the dividends declared.</p> <p><b>No redemption/ Switch-out will be allowed during the second day of STP for subscriptions made during the first day of STP.</b></p> <p><b>Investors holding units in Demat form should submit redemption request to the Depository Participants only.</b></p>
<p><b>Load Structure</b></p>	<p><u>Entry Load</u></p> <ul style="list-style-type: none"> <li>• Nil.</li> </ul>

	<p><u>Exit Load /Switch Out load</u></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p>Being a Listed Scheme, no exit load/CDSC will be applicable. Redemption/Repurchase/switch - out of units shall be allowed during the STP only (without exit load). Investors wishing to exit on days other than the STP may do so through stock exchange mode.</p>
<p><b>Bench Mark</b></p>	<p>CRISIL Liquid Fund Index.</p> <p>As approved by the Board of Directors/Trustees, CRISIL Liquid Fund Index is the Benchmark selected for the Fund. However 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. Any change in the Benchmark Index for the Scheme would be actuated only post approval from Board of Directors/Trustees.</p>
<p><b>Specified Transaction Period/Liquidity</b></p>	<p>The STP is the specified date(s)/period on/ during which subscription/redemption/ switches will be made in the Scheme. The Specified Transaction Period (STP) will be for two business days. The Scheme will offer STP of two business days for the first time on 14th and 15th March, 2011 and subsequent STPs will fall due 90 days after the close of the immediately preceding STP. Application for subscription/Switch-in of units will be accepted only on/during the defined STP.</p> <p>Application for subscription/switch-in and redemption and switch-out by the unit holders holding units in physical form (SOA) will be accepted by AMC/RTA during the defined STP only (without exit load).</p> <p>Investors holding units in Demat form should submit redemption request to the Depository Participants only. Investors seeking liquidity on days other than during STP may offer their units for sale through the Stock Exchange mode.</p> <p>No redemption/Switch-out will be allowed during the second day of STP for subscriptions made during the first day of STP. Trustees reserve the right to change/alter the STP depending upon the prevailing market conditions and to protect the interest of the investors.</p>
<p><b>Switch-over</b></p>	<p>Switch-over option to the investors within the Fund to/ from other open ended Scheme(s) or to/from new Scheme(s) that may be launched from time to time. Switch in/out from Scheme will be available for the investor only during the Specified Transaction Period.</p> <p><b>No Switch-out will be allowed during the second day of STP for subscriptions made during the first day of STP .</b></p>
<p><b>Listing</b></p>	<p>The units offered under the Scheme will be listed on one or more recognized stock exchanges as may be decided by AMC. As the units will be listed on stock exchanges, investors/ unitholders can buy / sell units on a continuous basis on the stock exchanges during the trading hours like any other publicly traded stock at market prices. The minimum number of Units that can be bought or sold on the Exchange is 1 (one) unit. Unit holders who wish to trade in units would be required to have a demat account. All investors may buy/sell Units on the Stock Exchange on all the trading days as per the settlement</p>

	<p>cycle of the Stock Exchange.</p> <p>As per SEBI Circular no. CIR/MD/DF/10/2010 dated 28<sup>th</sup> August, 2010, in order to facilitate transferability of units held in one demat account to another demat account; units of the Scheme held in demat form shall be freely transferable.</p> <p>Although Units are to be listed on Stock Exchange, there can be no assurance that an active secondary market will be developed or be maintained. The AMC and the Trustees will not be liable for delay in trading of Units on Stock Exchange due to the occurrence of any event beyond their control.</p> <p>As per SEBI circular Cir / IMD / DF / 19 / 2010 dated 26<sup>th</sup> November, 2010, Trustees have obtained in-principle approval for listing of schemes from National Stock Exchange of India Ltd. vide its letter dated .</p>
<p><b>Transparency</b></p>	<p>The NAV of the Scheme 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". 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 &amp; 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 business 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.</p>

## 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.

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. The past performance of the Sponsors/AMC/Mutual Fund does not guarantee future performance of the Scheme.

- I. Canara Robeco Interval Scheme – series 2 (Quarterly plan -2) is only the name of the Scheme and does not in any manner indicate either the quality of the Scheme, its future prospects or returns.
- II. 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.
- III. The present scheme is not a guaranteed or assured return scheme.

#### Scheme specific Risk Factors:

**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 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.

Different types of securities in which the Scheme 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. Risk associated with investing in Securitised Debt

The Scheme 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 securitised instruments rated at least AA (SO) *or its equivalent* by a recognised credit rating agency. The Securitised debt assets and the underlying asset classes like Housing loans, Auto loans and Corporate loans have the following risk factors:

#### (i) 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 in India have lower default rates as compared to other forms of credit.

**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 traders 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.

#### (ii) 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 traders could be at a discount or premium depending upon the prevailing interest rates.

#### (iii) 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.

#### **v. Risk Factors associated with Trading on Exchanges**

- Although Units of the respective Plan(s) as mentioned in this Scheme Information Document are to be listed on the Exchange, there can be no assurance that an active secondary market will develop or be maintained.
- Trading in Units of the respective Plan(s) on the Exchange may be halted because of market conditions or for reasons that in view of Exchange Authorities or SEBI, trading in Units of the respective Plan(s) is not advisable.
- In addition, trading in Units of the Scheme is subject to trading halts caused by extraordinary market volatility and pursuant to Exchange and SEBI 'circuit filter' rules.
- There can be no assurance that the requirements of Exchange necessary to maintain the listing of Units of the respective Plan(s) will continue to be met or will remain unchanged.
- Any changes in trading regulations by the Stock Exchange(s) or SEBI may inter-alia result in wider premium/discount to NAV.
- The Units of the respective Plan(s) may trade above or below their NAV. The NAV of the respective Plan(s) will fluctuate with changes in the market value of Plan's holdings.
- The trading prices of Units of the respective Plan(s) will fluctuate in accordance with changes in their NAV as well as market supply and demand for the Units of the respective Plan(s).
- The Units will be issued in demat form through depositories. The records of the depository are final with respect to the number of Units available to the credit of Unit holder.
- Settlement of trades, repurchase of Units by the Mutual Fund on the maturity date / final redemption date will depend upon the confirmations to be received from depository(ies) on which the Mutual Fund has no control.
- The market price of the Units of the respective Plan(s), like any other listed security, is largely dependent on two factors, viz., (1) the intrinsic value of the Unit (or NAV), and (2) demand and supply of Units in the market. Sizeable demand or supply of the Units in the Exchange may lead to market price of the Units to quote at premium or discount to NAV.

#### **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" and "Suspension of sales/repurchase/switching options of the units" in this Document.

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.

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.

A Unit Holder may invest 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 Offer Document 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 Offer 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 Offer Document, the following words and expressions shall have the meaning specified herein, unless the context otherwise requires:

<b>Applicable NAV</b>	The NAV applicable for the Business Day on which Sale, Repurchase and Switch are accepted by the Investment Manager or its authorised agents, subject to cut off time.
<b>Applicant</b>	Applicant means a person who applies for allotment of units of Canara Robeco Interval Scheme – Series 2 (Quarterly Plan – 2) in pursuance of this Offer 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 Canara Robeco Interval Scheme – Series 2 (Quarterly Plan – 2) 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 or Sunday; or</p> <p>(2) A day on which Banks in Mumbai 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> <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>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>Custodian</b>	The custodian to Canara Robeco Interval Scheme – Series 2 (Quarterly Plan -2) 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>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>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>Money Market Instruments</b>	Regulations- 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>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>Interest Rate Risk</b>	Uncertainty of future market values and of the size future 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>NAV</b>	The term Net Asset Value (NAV) appearing in this Offer Document / SID means the NAV per unit of Canara Robeco Interval Scheme – Series 2 (Quarterly Plan -2).
<b>NRI</b>	A Non-Resident Indian or a person of Indian origin residing outside India.

<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>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 grandparents 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 subclause (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>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>Scheme Information Document or SID</b>	Scheme Information Document, offering units of Canara Robeco Interval Scheme– Series 2 (Quarterly Plan -2) to applicants for subscription.
<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>	Scheme means Canara Robeco Interval Scheme– Series 2 (Quarterly Plan -2)
<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 26th 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 Interval Scheme– Series 2 (Quarterly Plan -2).
<b>Unit</b>	One undivided share of a unit holder in the assets of Canara Robeco Quarterly Interval Scheme – Series 2(Quarterly Plan – 2)
<b>Unit holder</b>	A person holding units of Canara Robeco Interval Scheme – Series 2 (Quarterly Plan – 2) 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 Canara Robeco Quarterly Interval Scheme – Series 2 (Quarterly Plan -2)in accordance with the terms of 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.*

**E) DUE DILIGENCE BY THE ASSET MANAGEMENT COMPANY**

It is confirmed that:

- a) The Scheme Information Document forwarded to SEBI, is in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, and the guidelines and directives issued by SEBI, from time to time.
- b) 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.
- c) The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well informed decision regarding investment in the Scheme.
- d) The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and their registration is valid, as on date.
- e) The contents of the SID including figures, data, yields etc have been checked and are factually correct.

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Date: 10th March, 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**

Canara Robeco Interval Scheme - Series 2 (Quarterly Plan – 2) is a Debt Oriented Interval Scheme comprising of a quarterly interval plan.

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

To generate returns and growth of capital by investing in Central and State Govt. securities and other fixed income / debt securities maturing on or before the maturity of interval plan to insulate the portfolio from interest rate volatility. However, there is no assurance that the objective of the Fund will be realised and the Fund does not assure or guarantee any returns.

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

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

Instruments	Indicative allocations (% of total assets)	Risk Profile
Debt Securities including securitised debt having rating above AA or equivalent, Central / State Govt. Securities and Money Market Instruments	100	Medium to Low

- 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.
- The cumulative gross exposure through Debt instruments and derivative position shall not exceed 100% of the net assets of the Scheme and the total exposure to option premium paid shall not exceed 20% of the net assets of the Scheme. 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.

Investment by the Scheme in securitized debt is limited to domestic securitized debt and shall not exceed 50% the net assets at the time of investment.

- The scheme will invest in above instruments which mature on or before the opening of the immediately following Specified Transaction Period.

**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 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:**

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.

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.

#### D. Where will the scheme 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:

**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 and other Domestic Instruments either listed or unlisted having a maturity of more than 365 days.

**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, 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), 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 "Securitised 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 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.

**Investments in such securities will be made in such a way that the maturity of the instrument falls on or before the opening of the immediately following STP.**

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.

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

**Investment Focus and strategy:**

The Scheme will invest in debt securities in order to generate consistent superior risk adjusted returns as per the investment objectives of the scheme.

The Schemes may invest a portion of the portfolio in Money Market Instruments to meet the repurchase requirements. The remaining investment will be made in securities of varying maturity.

However, the maturity of the portfolio will be on or before the opening of the immediately following STP.

The Scheme 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 Scheme will also take into account risk management tools like modified duration, VAR and convexity for efficient management of the Scheme investments.

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. The Scheme may invest in other interval schemes managed by the AMC or such schemes managed by any other mutual funds, provided it is conformity to the investment objectives of the Scheme and in terms of the prevailing regulations. 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. Apart from investment restrictions under the 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.

#### **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) 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 in some of the instruments as on Jan 25, 2011 are as follows:-

<b>Instrument</b>	<b>Current Yield Range</b>
CBLO	5.50 - 6.50%
Repo	5.00 - 6.45%
3m Tbill	7.15 - 7.25%
1y Tbill	7.53 - 7.63%
10y GSec	8.10 - 8.20%
3m PSU Bank CD	9.25 - 9.35%
3m NBFC CP	9.65 - 9.75%
3m Manufacturing Co. CP	9.48 - 9.63%
1y PSU Bank CD	9.75 - 9.85%
1y NBFC CP	10.20 - 10.30%
1y Manufacturing Co. CP	10.10 - 10.20%
5y AAA Institutional Bond	9.18 - 9.23%
10y AAA Institutional Bond	9.08 - 9.13%

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.

**Risk Control Mechanism**

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 Scheme 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.

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.

**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.

**Procedure followed for investment decisions:**

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. 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 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. 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.

**F. FUNDAMENTAL ATTRIBUTES**

**i) Type of a scheme**

Debt Oriented Interval Scheme.

**ii) Investment Objective**

- To generate returns and growth of capital by investing in Central and State Govt. securities and other fixed income / debt securities maturing on or before the maturity of interval plan to insulate the portfolio from interest rate volatility. However, there is no assurance that the objective of the Fund will be realised and the Fund does not assure or guarantee any returns.
- Investment Pattern:

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

Instruments	Indicative allocations (% of total assets)	Risk Profile
Debt Securities including securitised debt having rating above AA or equivalent, Central / State Govt. Securities and Money Market Instruments	100	Medium to Low

- 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.
- The cumulative gross exposure through Debt instruments and derivative position shall not exceed 100% of the net assets of the Scheme and the total exposure to option premium paid shall not exceed 20% of the net assets of the Scheme. 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.
- Investment by the Scheme in securitized debt is limited to domestic securitized debt and shall not exceed 50% the net assets at the time of investment. The scheme will invest in above instruments which mature on or before the opening of the immediately following Specified Transaction Period.

**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.

**Portfolio Rebalancing:**

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.

**(iii) Terms of Issue****A. Listing**

The units of the Scheme will be listed on the Wholesale Debt Market Segment of the National Stock Exchange of India Ltd. (NSE) The Mutual Fund may, at its sole discretion, list the units under the Scheme on any other recognized Stock Exchange(s) at a later date. As mandated by SEBI, The Board of Trustees would ensure receipt of in-principle approval from National Stock Exchange of India Limited for listing before the launch of the Scheme.

**B. Repurchase****a) How to Repurchase:**

Since the units issued under the Scheme are listed on the Stock Exchange/s, no Repurchase Facility other than on Specified Transaction Period is offered by the Fund. Investors seeking liquidity may offer their units for sale through the Stock Exchange.

**No redemption/ Switch-out will be allowed during the second day of STP for subscriptions made during the first day of STP.**

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 on Specified Transaction Period.

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

**Applications for repurchase/ redemption including switch-outs shall be accepted during the Specified Transaction Period only**

a. For applications received up to 3.00 p.m. during Specified Transaction Period (STP), same day's closing NAV shall be applicable without Exit Load.

b. For applications received after 3.00 p.m. on the first day of the STP, closing NAV of the second day of STP shall be applicable. However, applications received after 3.00 pm on the second day of the STP would be deemed to have been received after the STP and accordingly would be rejected.

Further, the applicable NAV in respect of Unitholders under the Dividend Option will as under:

In respect of valid redemptions/switch-out requests received till 3.00 p.m on the first day of the STP, the ex - dividend NAV of the day of receipt of application will be applicable and the investors will be eligible to receive the dividends declared.

No redemption/ Switch-out will be allowed during the second day of STP for subscriptions made during the first day of STP .The repurchase requests during Specified Transaction Period can be made on the forms available at the Investor Relation Centres or by submitting the duly discharged Statement of Account.

Investors holding units in Demat form should submit redemption request to the Depository Participants only.

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.

Unit holder may either request for mailing of the redemption proceeds to his/her address or collection of the same from the Sales Offices (Investor Relations Centre) where it was deposited for repurchase. The repurchase warrant along with Statement of Account, 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 centres where redemption can be affected 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 management of the Scheme, any disruption in the normal functioning of the markets for 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.

**d. 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 Scheme Information 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:**

Particulars (For both Retail & Institutional Plans)	% of Net Assets
Investment Management and Advisory Fee	0.02%
Service Tax	0.00%
Custodial Fees	0.01%

Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.01%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.00%
Brokerage and Transaction Cost pertaining to the distribution of units	0.00%
Audit Fees / Fees and expenses of trustees	0.00%
Costs related to investor communications (Printing and Mailing)	0.00%
Costs of fund transfer from location to location (Bank Charges)	0.01%
Other Expenses	0.00%
<b>Total Recurring Expenses</b>	<b>0.05%</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.

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%

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.

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) thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless:

- A written communication about the proposed change is sent to each Unitholder 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 Unitholders 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?**

**Benchmark Index:** CRISIL Liquid Fund Index

As approved by the Board of Directors/Trustees, CRISIL Liquid Fund Index is the Benchmark selected for the Fund. However, 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 undergo a substantial change that renders it an ineffective base for performance comparison and analysis. Any change in the Benchmark Index for the Scheme would be actuated only post approval from Board of Directors/Trustees

**H) WHO MANAGES THE SCHEME?****Ms Suman Prasad (Age: 36)**

A PGDM (Finance), Suman Prasad has more than 6 years of funds management experience in the fixed income space, apart from a rich experience in the Asset Management industry, Suman has a total of more than 12 years of work experience, all of it in the folds of this company and its predecessor Canbank Investment Management Services. Ms. Suman Prasad also manages Canara Robeco Monthly Income Plan.

**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 security 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 authorised 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 and Money Market Instruments.
4. Provided further that investment within such limit can be made in mortgage backed securitised debt which are rated not below investment grade by a credit rating agency registered with the Board.
5. 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.
6. The above restrictions are applicable for all Debentures irrespective of any residual maturity period (above or below one year).
7. The Fund intends to invest only in securitised instruments rated at least AA (SO) or its equivalent by a recognized credit rating agency.
8. No term loans for any purpose will be advanced by the Scheme.
9. The scheme shall 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).
10. **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 :
  1. The Scheme 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.

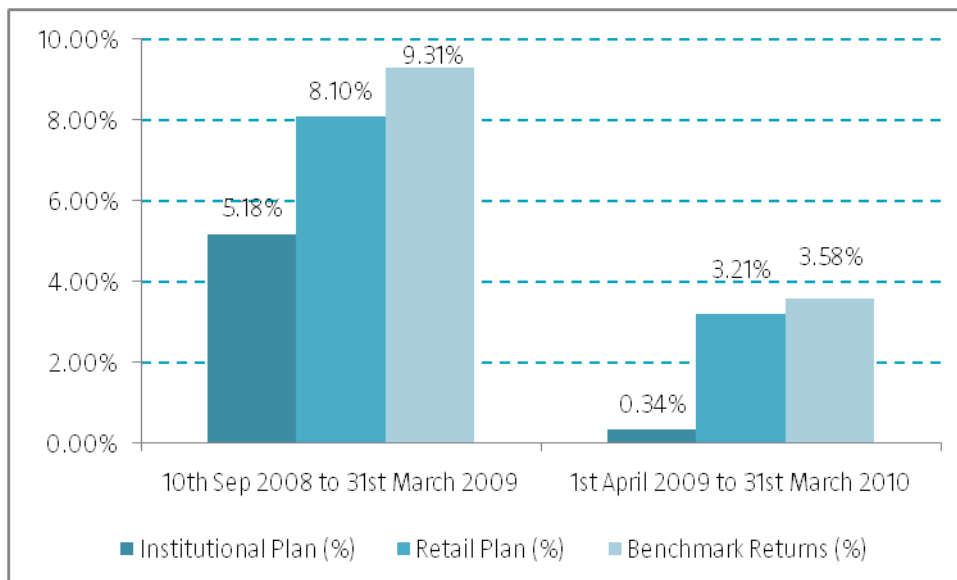
2. The scheme shall not make any investment in any fund of fund scheme
11. The Scheme shall not make any investment in:
    - Any unlisted security of an associate or group company of the sponsor; or
    - Any security issued by way of private placement by an associate or group company of the sponsor; or
    - The listed securities of group companies of the sponsor which is in excess of 25% of the net assets.
  12. 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.
  13. 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.
  14. Pending deployment of the scheme in securities in accordance with the investment objectives of the scheme, the fund may invest the moneys of the scheme in short term deposits of scheduled commercial banks subject to the applicable regulations.
  15. Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if, -
    - (a) 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.]
    - (b) The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
  16. All investment restrictions stated above shall be applicable at the time of making investment.

The Trustee 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 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.

J) HOW HAS THE SCHEME PERFORMED?

Period	Scheme Returns		Benchmark Returns (%)
	Institutional Plan (%)	Retail Plan (%)	
1 year	6.97%	7.06%	5.84%
Since Inception	3.97%	5.84%	5.56%

*Date of Inception – 10<sup>th</sup> September, 2008. Data as on 28th February, 2011. Returns have been calculated on an simple annualized basis for period less than one year and on a compounded annualized basis for period more than or equal to one year.*



**Past performance may or may not be sustained in future.**

III. UNITS AND OFFER

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

A. ONGOING OFFER DETAILS

Plans & Options	<p><u>Retail plan &amp; Institutional Plan:</u></p> <ol style="list-style-type: none"> <li>1) Growth Option</li> <li>2) Dividend Option             <ul style="list-style-type: none"> <li>- Dividend Payout</li> </ul> </li> </ol> <p><b><u>Default Option:</u></b></p> <p>In case of valid applications received without indicating any choice of options, it will be considered as option for Growth Option and processed accordingly.</p>
Minimum Amount for Purchase/ Redemption/ Switches	<p><u>I. Lump sum Investment</u></p> <p><b>Retail Plan:</b></p> <p>Minimum amount: Rs. 5,000 and multiples of Re.1 thereafter.</p> <p>Subsequent purchases / redemption: Minimum amount of Rs. 1000 and multiples of Re. 1 thereafter.</p> <p><b>Institutional Plan:</b></p> <p>Minimum amount: Rs. 100 Lacs and multiples of Re.1 thereafter.</p> <p>Subsequent purchases / redemption: Minimum amount of Rs. 1000 and multiples of Re. 1 thereafter.</p>
Dividend Policy	<p>The Scheme may distribute, surplus if any, by way of dividend/ fully paid bonus units, as may be decided by the Trustees from time to time. <b>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.</b></p> <p>Income Distribution, if declared, warrants will be issued within 30 days from the date of declaration of Income Distribution 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.</p> <p>The record date for declaration of dividend (if any, as decided by the trustees) under the dividend option during the Specified Transaction Period shall be the first date of the Specified Transaction Period and the ex-dividend NAV shall be applied for new subscriptions, subject to cut- off time.</p>
Allotment	<p>Allotment of Units will be made to the eligible applicants under the Scheme who comply with the terms of the scheme.</p> <p>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 /</p>

	<p>fractional units will be at the absolute discretion of the Trustees and the application can be rejected without assigning any reason whatsoever.</p> <p>Date of subscription at the notified centres 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.</p>
Redemption	The redemption or repurchase proceeds shall be dispatched to the unit holders within 10 working days from the date of redemption or repurchase request.
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).
<p>Who can invest?</p> <p>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.</p>	<ul style="list-style-type: none"> <li>• Adult Individual(s) and also minor(s) through their parent/guardian. (Application of minors jointly with adults not allowed).</li> <li>• Adult Individual(s) jointly not exceeding three, on first holder or survivor/s basis.</li> <li>• Hindu Undivided Family (HUF)</li> <li>• Partnership Firms</li> <li>• A Company as defined in the Companies Act, 1956, Public Sector Undertakings.</li> <li>• A Body Corporate established by or under any law in force in India.</li> <li>• A Co-operative Society registered under any law relating to Co-operative Societies in India.</li> <li>• A Religious or Charitable Trust / Wakfs or a Society established under the relevant laws and authorised to invest in Mutual Fund Schemes.</li> <li>• FIs registered with SEBI.</li> <li>• Banks and Financial Institutions.</li> <li>• Pension Funds/Pension Fund Managers.</li> <li>• Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) on repatriation / non-repatriation basis.</li> <li>• Army, Air Force, Navy and other para-military units and bodies created by such institutions. Scientific and Industrial Research Organisations.</li> <li>• Multilateral Funding Agencies / Body Corporates incorporated outside India with the permission of Government of India / Reserve Bank of India</li> <li>• Other Schemes of the Fund subject to the conditions and limits prescribed under SEBI Regulations.</li> <li>• Any other category of investors that may be permitted by the Trustees as per the Indian Laws in future.</li> <li>• NRIs and PIOs</li> </ul>
Where can you submit the filled up applications?	<p><b>M/s Karvy Computershare Pvt. Ltd.</b>  <b>Road No.4, Street No. 1,</b>  <b>Banjara Hills, Hyderabad 500034</b></p>

	<p><b>Tel No. (044) 23390404, 23394436, 2337901</b>  <b>Fax. (040) 23311968</b>  <b>E-Mail : crmf@karvy.com</b></p> <p>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 &amp; T Agent.</p>
Where can the applications for purchase/redemption switches be submitted?	The details of official points of acceptance are mentioned on back cover page.
How to apply	<p>Please Refer the SAI and Application Form for the instructions</p> <p><b>Please note that it is mandatory for Unit holders to:</b></p> <ol style="list-style-type: none"> <li>1. Mention their bank account numbers in their application for purchase of units and redemption requests.</li> <li>2. Mention their Permanent Account Number (PAN) in their application</li> </ol>
Listing	<p>The units offered under the Scheme will be listed on one or more recognized stock exchanges as may be decided by AMC. As the units will be listed on stock exchanges, investors/ unitholders can buy / sell units on a continuous basis on the stock exchanges during the trading hours like any other publicly traded stock at market prices. The minimum number of Units that can be bought or sold on the Exchange is 1 (one) unit. Unit holders who wish to trade in units would be required to have a demat account. All investors may buy/sell Units on the Stock Exchange on all the trading days as per the settlement cycle of the Stock Exchange.</p> <p>The trading facility on the Exchange would be available from the date of listing till the date of issue of notice by the AMC for fixing the record date for determining the eligibility of Unitholders (being the list of Beneficial owners as per the Depositories Records (NSDL/CDSL)) for the purpose of redemption. The trading of Units on the Exchange will automatically get suspended from the date of issue of the above notice (for the temporary period) and also no off-market trades shall be permitted by the Depositories for the temporary period. The AMC may also decide to delist the Units from a particular Exchange, provided that the Units are listed atleast on one Exchange.</p> <p>As per SEBI Circular no. CIR/MD/DF/10/2010 dated 28<sup>th</sup> August, 2010, in order to facilitate transferability of units held in one demat account to another demat account; units of the Scheme held in demat form shall be freely transferable.</p> <p>Although Units are to be listed on Stock Exchange, there can be no assurance that an active secondary market will be developed or be maintained. The AMC and the Trustees will not be liable for delay in trading of Units on Stock Exchange due to the occurrence of any event beyond their control.</p> <p>As per SEBI circular Cir / IMD / DF / 19 / 2010 dated 26th November, 2010, Trustees have obtained in-principle approval for listing of schemes from National Stock Exchange of India Ltd. vide its letter dated .</p>
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

	<p>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 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.</p> <p><b>Pledge of Units</b></p> <p>The Units under the Scheme may be offered as security by way of a pledge / charge in favour of a scheduled bank, financial institution, non-banking finance company (NBFC), or any other body for obtaining loans. The AMC shall mark a lien on receiving the duly completed documents as it may specify in this regard. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Fund assumes no responsibility thereof.</p> <p>The Pledger will not be able to redeem the pledged units until the Pledgee provides a written authorization to the Fund that the lien /charge may be removed. During the currency of the pledge, the Pledgee will have complete authority to redeem such Units. Dividends declared on Units under lien will be paid to the credit of / re-invested in the name of the unit holder and will be sent to the Pledgee, unless otherwise specified in the lien letter.</p> <p><b>Lien on Units</b></p> <p>On an ongoing basis, whenever existing or new investors make subscriptions, the Fund will have lien on the allotted units and such units shall not be available for redemption, until the subscription amount is realized, by the Fund. In case a unit holder redeems units soon after making purchase, the redemption cheque will not be dispatched until the cheque /draft tendered towards subscription has been cleared. In case of dishonour of payment by the bank, the transaction shall be reversed and the units allotted earlier shall be cancelled, and a fresh Account Statement evidencing such cancellation shall be dispatched to the Unit holder. For NRIs, the Fund may mark a lien on the units and will not permit redemptions unless requisite documents as specified in SID are submitted. The AMC reserves the right to change operational guidelines for lien on units from time to time.</p>
<p>Ongoing Offer Period</p> <p>Cut off timing for subscriptions/swith-in.</p>	<p>Being an Interval Scheme, the Scheme will open for subscription/redemption during the Specified Transaction Period only.</p> <p><b>Applications for investments in the Scheme shall be accepted during the Specified Transaction Period only</b></p> <p>e. For applications with an amount less than Rs.1 crore received up to 3 p.m. during the specified transaction period, 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.</p> <p>f. For applications with an amount less than Rs. 1 crore received after 3 p.m. during the specified transaction period, along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.</p> <p>g. For applications with outstation cheques/demand drafts not payable at par at the official Point/s of acceptance where the application is received, closing NAV of the day on which cheque / demand draft is realized/ credited shall be applicable.</p>

	<p>h. Further, the applicable NAV in respect of Unitholders under the Dividend Option will as under:</p> <ul style="list-style-type: none"> <li>In respect of valid purchase/switch-in applications received till 3.00 p.m. on the first day of the STP, the ex - dividend NAV of the day of receipt of application will be applicable and the eligible investors will be entitled for dividends declared, if any, on the next Record Date as decided by the Trustees.</li> </ul> <p>e. Where the Application for amount equal to or more than Rs One crore is received upto 3 p.m (i.e. cut off time) the closing NAV of the day on which the funds are available for utilization before 3.00 pm shall be applied. In the event of the funds received for utilization after the cut off time, the closing NAV of the next business day shall be applied.</p> <p>The Scheme proposes to declare dividend on the first day of the Specified Transaction Period, subject to availability of distributable surplus, as decided by the Trustees from time to time.</p> <p>Applications/Subscriptions received after cut off time on the second day of Specified Transaction Period (STP) shall be rejected.</p>
<p>Redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors</p> <p>This is the price you will receive for redemptions/switch outs.</p>	<p>Being an Interval Scheme, Investors can redeem Units of the Scheme during the Specified Transaction Period only.</p> <p>However, presently there is no Exit Load for Redemption during Specified Transaction Period.</p>
<p>Cut off timing for redemptions/switchouts.</p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p><b>Applications for repurchase/ redemption including switch-outs shall be accepted during the Specified Transaction Period only</b></p> <p>a. For applications received up to 3.00 p.m. during Specified Transaction Period (STP), same day's closing NAV shall be applicable without Exit Load.</p> <p>b. For applications received after 3.00 p.m. on the first day of the STP, closing NAV of the second day of STP shall be applicable. However, applications received after 3.00 pm on the second day of the STP would be deemed to have been received after the STP and accordingly would be rejected.</p> <p>Further, the applicable NAV in respect of Unitholders under the Dividend Option will as under:</p> <p>In respect of valid redemptions/switch-out requests received till 3.00 p.m on the first day of the STP, the ex - dividend NAV of the day of receipt of application will be applicable and the investors will be eligible to receive the dividends declared.</p> <p>Applications/Subscriptions received after cut off time on the second day of Specified Transaction Period (STP) shall be rejected.</p> <p>No redemption/ Switch-out will be allowed during the second day of STP for subscriptions made during the first day of STP.</p> <p>Investors holding units in Demat form should submit redemption request to the Depository Participants only.</p>

<p>Accounts Statements</p>	<p><b>For normal transactions during repurchase:</b></p> <ul style="list-style-type: none"> <li>• The AMC shall issue to the investor whose application for redemption has been accepted, an account statement specifying the number of units redeemed within 10 working days.</li> <li>• For those unitholders who have provided an e-mail address, the AMC will send the account statement by e-mail.</li> <li>• The unitholder may request for a physical account statement by writing/calling the AMC/ISC/R&amp;T.</li> </ul> <p><b>Annual Account Statement:</b></p> <ul style="list-style-type: none"> <li>• 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,</li> <li>• The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.</li> </ul> <p>Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.</p>

**B. PERIODIC DISCLOSURES**

<p>Net Asset Value</p> <p>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.</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 <i>(time limit for uploading NAV as per applicable guidelines)</i> and also on <a href="http://www.canararobeco.com">www.canararobeco.com</a>. 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>Half yearly Disclosures: Portfolio / Financial Results</p> <p>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.</p>	<p>Before expiry of one month from the close of each half year that is on 31.03 and 30.09, 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>Annual Report</p>	<p>An abridged Scheme-wise annual report shall be mailed to all unit holders not later than six 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>Associate Transactions</p>	<p>Please refer to Statement of Additional Information (SAI).</p>

Taxation	Debt Funds	Investors	Mutual Fund
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.	Tax on Dividend	Distribution tax at the rate of 13.841% for individual and HUF investors and at the rate of 22.145% applicable to other investors.	No Tax
	Capital Gains:		
	Long Term	20% with indexation or 10% without indexation	No Tax
	Short Term	Tax at marginal rate.	No Tax
	* Debt funds are subject to a distribution tax at the rate of 13.841% for individual and HUF investors and at the rate of 22.145 % applicable to other investors.		
	<b>For further details on taxation please refer to the clause on Taxation in the SAI</b>		
Investor services	Ms. Manjiri Dolhare. Manager, Customer Service, Canara Robeco Asset Management Co. Ltd., 4 <sup>th</sup> Floor, Construction House, No. 5 Walchand Hirachand Marg, Ballard Estate, Fort, Mumbai 400 001. Tel. 022 6658 5000 Fax 022 6658 5012/13 E mail: <a href="mailto:Manjiri.Dolhare@canararobeco.com">Manjiri.Dolhare@canararobeco.com</a>		

**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:

$$\begin{array}{r}
 \text{Market or Fair Value of Scheme's investments} \\
 + \text{Current assets - Current Liabilities and Provisions} \\
 \hline
 \text{No. of Units outstanding under the Scheme}
 \end{array}
 = \text{NAV (Rs.)}$$

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

**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, marketing and selling costs etc. as given in the table below:

<b>Particulars</b>	<b>% of Net Assets</b>
Investment Management and Advisory Fee	0.02%
Service Tax	0.00%
Custodial Fees	0.01%
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.01%
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.00%
Brokerage and Transaction Cost pertaining to the distribution of units	0.00%
Audit Fees / Fees and expenses of trustees	0.00%
Costs related to investor communications (Printing and Mailing)	0.00%
Costs of fund transfer from location to location (Bank Charges)	0.01%
Other Expenses	0.00%
<b>Total Recurring Expenses</b>	<b>0.05%</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 (toll free no.) or your distributor.

#### Entry Load

- Nil.

#### Exit Load/ Switch-over load: NIL

Being a Listed Scheme, no exit load/CDSC will be applicable. Redemption/Repurchase/switch - out of units shall be allowed during the STP only (without exit load). Investors wishing to exit on days other than the STP may do so through stock exchange mode.

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. For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centres.

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.

### **D. WAIVER OF LOAD FOR DIRECT APPLICATIONS**

Not Applicable In terms of SEBI circular no. SEBI/IMD/CIR No.4/ 168230/09 dated June 30, 2009.

## V. RIGHTS OF UNITHOLDERS

*Please refer to SAI for details.*

### 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 Mutual 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 Mutual Fund has taken necessary steps as legally advised.

(c) There are about 61 consumer cases (including appeals) filed by various parties against the Mutual Fund in respect of the various schemes of the Mutual Fund, which are pending.

In respect of the cases mentioned above, the Mutual 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 NV 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."

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### 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."**

**SALES OFFICES**

**Ahmadabad** – Tower A, Unit No: 402/B, 4th Floor, Ganesh Plaza, Opp. Navrangpura Bus Stand, Off. C. G. Road, Ahmadabad – 380009; **Bangalore** – 4&5, Ground Floor, Business Point , Next to Brigade Towers, 137, Brigade Road, Bangalore – 560025; **Bhopal** – Kay Kay Business Centre, 1st Floor, 133 Zone 1, M. P. Nagar, Bhopal – 462011; **Chandigarh** – SCO 333-334, 1st Floor, Sector 35B, Chandigarh – 160022; **Chennai** – 770-A, 1st Floor, Spencer Annexe, Anna Salai, Chennai – 600002; **Coimbatore** – Door No. A/1, Thiruvengataswamy Road (East), R. S. Puram, Coimbatore – 641012; **Delhi** – 306, Kanchen Junga Building, 18, Barakamba Road, Delhi – 110001; **Goa** – Shop No. 3, Kamat Chamber, Opp. Hotel Neptune, Panjim, Goa – 403001; **Hyderabad** – Flat No: 201-202, IIInd Floor, Sanatana Eternal, Door No: 3-6-108/1, Road No. 19, Himayat Nagar, Hyderabad – 500029; **Indore** – Bansi Trade Centre, 107, 1st Floor, 581/5 M.G Road, Indore – 452001; **Kochi** – Door No. XL/6030, 1st Floor, Al-Falah Plaza, (Opposite to Oriental Bank of Commerce), Broadway North End, Kochi – 682031; **Kolkata** – 5th Floor, 57, Chowringhee Road, Kolkata – 700071; **Ludhiana** – Room No. 328, 3rd Floor, Ludhiana Stock Exchange Building, Feroz Gandhi Market, Ludhiana – 141001; **Mangalore** – 1st Floor, Essel Towers, Bunts Hostel Circle, Mangalore – 575003; **Mumbai** – Construction House, 4th Floor, 5, Walchand Hirachand Marg, Mumbai – 400001; **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, Patna – 800001; **Pune** – Deccan Mall, Office no - 2nd Floor, Deccan Gymkhana, Pune – 411004, **Surat** – Unit No .HG 1 & 2, Megharatna Complex, Near State Bank of India, Athugar Street, Nanpura, Surat – 395001; **Trichy** – Srinivasa Complex, No. 145/74 C, Salai Road, Thillainagar, Trichy – 620018; **Vadodara** – 116, Siddharth Complex, R.C. Dutt Road, Alkapuri, Vadodara – 390007; **Visakhapatnam** – Vidisha Towers, 47-14-10, Flat No.3, 3rd Floor, Dwarkanagar Main Road, Visakhapatnam – 530016.