

Scheme Information Document

Canara Robeco Yield Advantage Fund

(An Open Ended Debt Scheme)

Please note that the term "Advantage" in the name of the Scheme has been used in terms of asset allocation and not in terms of return/yield

Offer for Units of face value Rs. 10 per unit during the New Fund Offer and Continuous offer for Units at NAV based prices.

New Fund Offer Opens on: 1st April, 2011

New Fund Offer Closes on: 15th April, 2011

Scheme re-opens on or before: 2nd May, 2011

Name of the Mutual Fund

Canara Robeco Mutual Fund

Name of the Asset Management Company

Canara Robeco Asset Management Company Ltd.

Name of the Trust

Canara Robeco Mutual Fund

Address: Construction House, 4th Floor, 5, Walchand Hirachand Marg,

Ballard Estate, Mumbai - 400 001.

Tel. No. (022) 56585000 - 5010,

Fax : 5658 5011/12/13

E-Mail: crm@canararobeco.com

Website: www.canararobeco.com

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

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

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

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

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

This Scheme Information Document is dated March 23, 2011

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SUMMARY OF THE SCHEME

Name of the Scheme	Canara Robeco Yield Advantage Fund Please note that the term “Advantage” in the name of the Scheme has been used in terms of asset allocation and not in terms of return/yield.
Type / Category	An Open Ended Debt Scheme
Investment Objective	To generate regular income by investing in a wide range of debt securities and Money Market Instruments of various maturities and risk profile and a small portion of investment in Equity and Equity Related Instruments. However, there can be no assurance that the investment objective of the Scheme will be realized.
Minimum Application Amount	<u>I. Lump sum Investment</u> 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. <u>II. Systematic Investment Plan</u> Minimum instalment amount - Rs. 1,000.00 and Rs 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.
NAV	The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) and the website of the AMC (www.canararobeco.com) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI by the next day. If the NAVs are not available before commencement of business hours on 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.
Applicable NAV for Sale of Units / Switch In	<p>a) For applications received up to 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable.</p> <p>b) For applications received after 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.</p> <p>c) For applications received with outstation instruments not payable at par at the place of receipt, closing NAV of the day of realization of the instruments shall be applicable.</p> <p>d) For applications received on non-business day along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable</p> <p>e) Where the Application for amount equal to or more than Rs.1 crore is received upto 3 p.m (i.e. cut off time for Debt/ Income Scheme(s) other than Liquid schemes) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable.</p> <p>f) where the application for amount equal to or more than Rs.1 crore is received after 3.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before cut-off time of the next business day i.e. available for utilization before the cut-off time of the next business day- the closing NAV of the</p>

	<p>next business day shall be applicable and</p> <p>g) irrespective of the time of receipt of application for amount equal to or more than Rs.1 crore, where funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any subsequent business day– the closing NAV of such subsequent business day shall be applicable.</p>			
Applicable NAV for Repurchase of Units / Switch Out	<p>a) For applications received up to 3 p.m., same day’s closing NAV shall be applicable.</p> <p>b) For applications received after 3 p.m., closing NAV of the next business day shall be applicable.</p>			
Asset Allocation	Instruments	Indicative allocations (% of total assets)		Risk Profile
		Minimum	Maximum	High/Medium/Low
	Indian Debt and Money Market Instruments	90	100	Low
	Equity & Equity Related Instruments	0	10	High
	<p>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.</p> <p>Total of investments in debt securities, money market instruments, equity and equity related instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the Scheme.</p> <p>The Scheme does not intend to invest in Securitised Debt</p>			
Investment Options	<p>Growth, Monthly Dividend (Payout & Reinvestment), Quarterly Dividend (Payout & Reinvestment)</p>			
Load Structure	<p><u>Entry Load -</u></p> <ul style="list-style-type: none"> • Nil. The Upfront Commission will be paid by the investors to their Investment Advisors / Brokers <p><u>Exit Load/ Switch-over load -</u></p> <ul style="list-style-type: none"> • 1% if redeemed / switched-out within 1 year from the date of allotment. • Nil if redeemed or switched out after 1 year from the date of allotment <p><u>CDSC - Nil</u></p> <p>Of the exit load or CDSC charged to the investor, a maximum of 1% of the redemption proceeds shall be maintained in a separate account which can be used for marketing and selling expenses including distributor’s/agent’s commissions</p> <p>. Any amount in excess of 1% of the redemption value charged to the Unit holder as exit load shall be credited to the respective Scheme immediately. The distributors shall disclose all the commissions (in the form of trail commission or any other mode) payable to them for the different</p>			

	competing schemes of various mutual funds from amongst which the Scheme is being recommended to the investor.
Bench Mark	<p>CRISIL MIP Blended Index</p> <p>As approved by the Board of Directors/Trustees, CRISIL MIP Blended 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>
Liquidity	<p>On an ongoing basis and as specified herein, the Scheme will commence purchase of units and redemption of Units not later than 5 business days from the date of allotment and on every Business Day at NAV based prices, subject to the prevailing load structure. The AMC reserves the right to reject further subscription/ application for units of the Scheme on an on-going basis, depending on the prevailing market conditions and to protect the interest of the Investors. Such change will be notified to the investors by display of notice at various investor service centers of AMCs and its website. Units can be redeemed (i.e. sold back to the Mutual Fund) on or Switched out (i.e. to another scheme of the Mutual Fund or Option(s) offered within the Scheme, if any) every Business Day, at the applicable NAV subject to applicable Load, if any. The Units of the Scheme will not be listed on any exchange for the present. The Mutual Fund will, under normal circumstances dispatch redemption cheques within 10 Business Days from the date of acceptance of the redemption request at any of the official point(s) of transaction(s).</p>
Transparency / NAV Disclosure	<p>The AMC will disclose the first NAV of the Scheme not later than 5 business days from the date of allotment. Subsequently, the NAV will be disclosed at the close of every Business Day and released to the Press, News agencies and the Association of Mutual Funds of India (AMFI). NAVs will also be displayed on the website of the AMC (www.canararobeco.com). The NAV shall be published at least in two daily newspapers on daily basis. The AMC will disclose the portfolio of the Scheme on a monthly basis on the website of the AMC (www.canararobeco.com). As presently required by the SEBI Regulations, a complete statement of the Scheme portfolio would be published by the Mutual Fund as an advertisement in a newspaper within one month from the close of each half year (i.e. March 31 & September 30) or mailed to the unit holders. The AMC shall update the NAVs on the website of Association of Mutual Funds in India – AMFI (www.amfiindia.com) and the website of the AMC (www.canararobeco.com) by 9.00 p.m. every day. In case of any delay, the reasons for such delay would be explained to AMFI and number of such instances would be reported to SEBI on bimonthly basis. If the NAVs are not available before the commencement of the following day due to any reason, the Mutual Fund shall issue a press release providing reasons and explaining when the Mutual Fund would be able to publish the NAVs.</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.
- II. As the price / value / interest rates of the securities in which the Scheme invests fluctuate, the value of your investment in the Scheme may go up or down.
- III. The past performance of the Sponsors/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- IV. Canara Robeco Yield Advantage Fund 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.
- V. Canara Bank and Robeco Groep N. V., being the Sponsors, are not responsible or liable for any loss resulting from the operation of the Scheme beyond the initial contribution of Rs. 10 Lacs made towards setting up the Canara Robeco Mutual Fund.
- VI. The present scheme is not a guaranteed or assured return scheme.

Scheme specific Risk Factors:

I. Risks associated with investments in Fixed Income Securities

Interest - Rate Risk: Fixed income securities such as government bonds, corporate bonds, and money market instruments and derivatives run price - risk or interest - rate risk. Generally, when interest rates 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 depends upon the coupon and maturity of the security. It also depends upon the yield level at which the security is being traded.

Re - investment Risk: Investments in fixed income securities carry re - investment risk as interest rates prevailing on the coupon payment or maturity dates may differ from the original coupon of the bond.

Basis Risk: The underlying benchmark of a floating rate security or a swap might become less active or may cease to exist and thus may not be able to capture the exact interest rate movements, leading to loss of value of the portfolio.

Spread Risk: In a floating rate security the coupon is expressed in terms of a spread or mark up over the benchmark rate. In the life of the security this spread may move adversely leading to loss in value of the portfolio. The yield of the underlying benchmark might not change, but the spread of the security over the underlying benchmark might increase leading to loss in value of the security.

Liquidity Risk: The liquidity of a bond may change, depending on market conditions leading to changes in the liquidity premium attached to the price of the bond. At the time of selling the security, the security can become illiquid, leading to loss in value of the portfolio.

Credit Risk: This is the risk associated with the issuer of a debenture / bond or a money market instrument defaulting on coupon payments or in paying back the principal amount on maturity. Even when there is no default, the price of a security may change with expected changes in the credit rating of the issuer. It is to be noted here that a Government Security is a sovereign security and is the safest. Corporate bonds carry a higher amount of credit risk than Government securities. Within corporate bonds also there are different levels of safety and a bond rated higher by a particular rating agency is safer than a bond rated lower by the same rating agency.

Liquidity Risk on account of unlisted securities: The liquidity and valuation of the Scheme investments due to their holdings of unlisted securities may be affected if they have to be sold prior to their target date of divestment. The

unlisted security can go down in value before the divestment date and selling of these securities before the divestment date can lead to losses in the portfolio.

Settlement Risk: Fixed income securities run the risk of settlement which can adversely affect the ability of the fund house to swiftly execute trading strategies which can lead to adverse movements in NAV.

II. Risks associated with investments in equities

- Equity and equity related securities are volatile and prone to price fluctuations on a daily basis. The liquidity of investments made in the Scheme may be restricted by trading volumes and settlement periods. Settlement periods may be extended significantly by unforeseen circumstances. The inability of the Scheme to make intended securities purchases, due to settlement problems, could cause the Scheme to miss certain investment opportunities. Similarly, the inability to sell securities held in the Scheme portfolio would result at times, in potential losses to the Scheme, should there be a subsequent decline in the value of securities held in the Scheme portfolio. Also, the value of the Scheme investments may be affected by interest rates, currency exchange rates, changes in law / policies of the government, taxation laws and political, economic or other developments which may have an adverse bearing on individual Securities, a specific sector or all sectors.
- Investments in equity and equity related securities involve a degree of risk and investors should not invest in the equity Schemes unless they can afford to take the risk of losing their investment.
- Securities which are not quoted on the stock exchanges are inherently illiquid in nature and carry a larger liquidity risk in comparison with securities that are listed on the exchanges or offer other exit options to the investors, including put options. The AMC may choose to invest in unlisted securities that offer attractive yields within the regulatory limit. This may however increase the risk of the portfolio. Additionally, the liquidity and valuation of the Scheme investments due to its holdings of unlisted securities may be affected if they have to be sold prior to the target date of divestment.

III. Risks associated with investments in derivatives

- The Scheme may invest in derivative products in accordance with and to the extent permitted under the Regulations and by RBI. 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 of the derivative itself. Trading in derivatives carries a high degree of risk although they are traded at a relatively small amount of margin which provides the possibility of great profit or loss in comparison with the principal investment amount. Thus, derivatives are highly leveraged instruments. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Scheme.
- The derivatives market in India is nascent and does not have the volumes that may be seen in other developed markets, which may result in volatility to the values.
- Investment in derivatives also requires 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. Even a small price movement in the underlying security could have an impact on their value and consequently, on the NAV of the Units of the Scheme.
- The Scheme may face execution risk, whereby the rates seen on the screen may not be the rate at which the ultimate execution of the derivative transaction takes place.
- The Scheme may find it difficult or impossible to execute derivative transactions in certain circumstances. For example, when there are insufficient bids or suspension of trading due to price limit or circuit breakers, the Scheme may face a liquidity issue.
- The options buyer's risk is limited to the premium paid, while the risk of an options writer is unlimited. However the gains of an options writer are limited to the premiums earned.
- The exchange may impose restrictions on exercise of options and may also restrict the exercise of options at certain times in specified circumstances and this could impact the value of the portfolio.

- The writer of a put option bears the risk of loss if the value of the underlying asset declines below the exercise price. The writer of a call option bears a risk of loss if the value of the underlying asset increases above the exercise price.
- Investments in index futures face the same risk as the investments in a portfolio of shares representing an index. The extent of loss is the same as in the underlying stocks.
- The Scheme bears a risk that it may not be able to correctly forecast future market trends or the value of assets, indices or other financial or economic factors in establishing derivative positions for the Scheme.
- The risk of loss in trading futures contracts can be substantial, because of the low margin deposits required, the extremely high degree of leverage involved in futures pricing and the potential high volatility of the futures markets.
- There is the possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the “counter party”) to comply with the terms of the derivatives contract. The counter party may default on a transaction before settlement and therefore, the Scheme is compelled to negotiate with another counterparty at the then prevailing (possibly unfavourable) market price.
- Derivatives also carry a market liquidity risk where the derivatives cannot be sold (unwound) at prices that reflect the underlying assets, rates and indices.
- Where derivatives are used for hedging, such use may involve a basis risk where the instrument used as a hedge does not match the movement in the instrument / underlying asset being hedged. The risk may be inter - related also e.g. interest rate movements can affect equity prices, which could influence specific issuer / industry assets.
- Other risks 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.
- Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor.
- Execution of investment strategies depends upon the ability of the fund manager(s) to identify such opportunities which may not be available at all times. Identification and execution of the strategies to be pursued by the fund manager(s) involve uncertainty and decision of fund manager(s) may not always be profitable. No assurance can be given that the fund manager(s) will be able to identify or execute such strategies.
- The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

The following are certain additional risks involved with use of fixed income derivatives

Interest rate risk: Derivatives carry the risk of adverse changes in the price due to change in interest rates.

Liquidity risk: During the life of the derivative, the benchmark might become illiquid and might not be fully capturing the interest rate changes in the market, or the selling, unwinding prices might not reflect the underlying assets, rates and indices, leading to loss of value of the portfolio.

IV. Risks associated with investing in foreign securities / overseas investments / offshore securities

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

to the Indian Rupee. The repatriation of capital to India may also be hampered by changes in regulations concerning exchange controls or political circumstances as well as the application to it of other restrictions on investment.

V. Risks associated with Securities lending

The risks in lending portfolio securities, as with other extensions of credit, consist of the failure of another party, to comply with the terms of agreement entered into between the lenders of securities i.e. any scheme and the approved intermediary / counterparty. Such failure to comply can result in the possible loss of rights in the collateral put up by the borrower of the securities, the inability of the approved intermediary / counterparty to return the securities deposited by the lender and the possible loss of any corporate benefits accruing to the lender from the securities deposited with the approved intermediary. The Fund may not be able to sell such lent securities and this can lead to temporary illiquidity.

B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME

The Scheme shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme. However, if such limit is breached during the NFO of the Scheme, the Mutual 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 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 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 Scheme on the applicable Net Asset Value on the 15th day of the notice period. The Scheme shall adhere to the requirements prescribed by SEBI from time to time in this regard.

C. SPECIAL CONSIDERATIONS

- Prospective investors should study this Scheme Information Document and Statement of Additional Information carefully in its entirety and should not construe the contents hereof as advice relating to legal, taxation, financial, investment or any other matters and are advised to consult their legal, tax, financial 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 / hold Units.
- Neither this Scheme Information Document, Statement of Additional Information nor the Units have been registered in any jurisdiction. The distribution of this Scheme Information Document or Statement of Additional Information in certain jurisdictions may be restricted or totally prohibited to registration requirements and accordingly, persons who come into possession of this Scheme Information Document or Statement of Additional Information are required to inform themselves about and to observe any such restrictions and / or legal compliance requirements.
- The AMC, Trustee or the Mutual Fund have not authorized any person to issue any advertisement or to give any information or to make any representations, either oral or written, other than that contained in this Scheme Information Document or the Statement of Additional Information or as provided by the AMC in connection with this offering. Prospective Investors are advised not to rely upon any information or representation not incorporated in the Scheme Information Document or Statement of Additional Information or as provided by the AMC as having been authorized by the Mutual Fund, the AMC or the Trustee.
- Redemption due to change in the fundamental attributes of the Scheme or due to any other reasons may entail tax consequences. The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any such tax consequences that may arise due to such Redemptions.

- The Trustee, AMC, Mutual Fund, their directors or their employees shall not be liable for any of the tax consequences that may arise, in the event that the Scheme is wound up for the reasons and in the manner provided in 'Statement of Additional Information ('SAI')'.
- The tax benefits described in this Scheme Information Document and Statement of Additional Information 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 advise received by the AMC regarding the law and practice currently in force in India as on the date of this Scheme Information Document and the Unit holders 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 Unit holder is advised to consult his / her own professional tax advisor.
- The Mutual Fund may disclose details of the investor's account and transactions there under to those intermediaries whose stamp appears on the application form or who have been designated as such by the investor. In addition, the Mutual Fund may disclose such details to the bankers, as may be necessary for the purpose of effecting payments to the investor. The Fund may also disclose such details to regulatory and statutory authorities / bodies as may be required or necessary.
- In case the AMC or its Sponsor or its Shareholders or their affiliates / associates or group companies make substantial investment, either directly or indirectly in the Scheme, Redemption of units by these entities may have an adverse impact on the performance of the Scheme. This may also affect the ability of the other Unit holders to redeem their units.
- As the liquidity of the Scheme's investments may sometimes be restricted by trading volumes and settlement periods, the time taken by the Fund for Redemption of Units may be significant in the event of an inordinately large number of Redemption Requests or of a restructuring of the Scheme's portfolio. In view of this, the Trustee has the right, in its sole discretion, to limit Redemptions under certain circumstances - please refer to the paragraph "Right to Limit Redemptions".
- Pursuant to the provisions of Prevention of Money Laundering Act, 2002, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information, etc. by the unit holder the AMC shall have absolute discretion to report such suspicious transactions to FIU - IND and / or to freeze the folios of the investor(s), reject any application(s) / redemptions / allotment of units.

D. DEFINITIONS

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

AMC Fees	Investment management fee charged by the AMC to the Scheme.
Applicable NAV	The NAV calculated for the Business Day on which Sale and Repurchase requests received by the Investment Manager or its authorized agents.
Applicant	"Applicant" means a person who applies for allotment of units of Canara Robeco Yield Advantage Fund in pursuance of this Scheme Information Document.
Asset Management Company OR AMC OR Investment Manager	Canara Robeco Asset Management Company Ltd. (CR AMC)

Allotment Date	The date on which the units of Canara Robeco Yield Advantage Fund are allotted to the successful applicants from time to time and includes allotment made pursuant to the New Fund Offer.
Business Day	<p>A day not being:</p> <p>(1) A day on which Banks in Mumbai or the Reserve Bank of India are closed, or</p> <p>(2) A day on which there is no RBI clearing/settlement of securities; or</p> <p>(3) A day on which both the Stock Exchanges, Mumbai and the National Stock Exchange of India Limited are closed, whether or not the banks in Mumbai are open; or</p> <p>(4) 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>(5) 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. 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>
Canara Bank	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.
CBLO	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 ninety days.
CDSC	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.
Custodian	The custodian to Canara Robeco appointed from time to time.
The Fund	Canara Robeco Mutual Fund
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.
MIBOR	Mumbai Inter Bank Offered Rate
Gilt/Govt. Securities	Central Govt. Securities as defined in Section 2 of the Public Debt Act, 1944 (18 of 1944) and Government Securities created and issued by the State Govt. under the said Act.

Interest Rate Risk	Uncertainty of future market values and of the size future income caused by fluctuations in the general level of interest rates.
NAV	The term Net Asset Value (NAV) appearing in this Scheme Information Document means the NAV per unit of Canara Robeco Yield Advantage Fund.
Scheme Information Document (SID)	This document offers units of Canara Robeco Yield Advantage Fund to applicants for subscription.
Person	The word “person” shall include a body corporate, group of individuals, trusts and other association of persons whether incorporated or not.
RBI	Reserve Bank of India, established under the Reserve Bank of India Act 1934, as amended from time to time.
Repo	Sale of Govt. Securities with simultaneous agreement to repurchase them at a later date
Reverse Repo	Purchase of Govt. Securities with a simultaneous agreement to sell them at a later date.
Robeco Groep N. V.	Robeco Groep N.V. (Robeco) is wholly owned by Rabobank Nederland and is one of the Sponsors of the Mutual Fund.
Settler	Canara Bank
Sponsors	The Sponsors of the Mutual Fund, namely Canara Bank and Robeco Groep N. V.
Statement of Account	A non-transferable statement indicating the number of units held by the investor on a particular date.
Switch Over	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 authorization 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.
Stock Exchange	Stock Exchange means a Stock Exchange which is for the time being, recognised under the Securities Contracts (Regulation) Act,1956 (42 of 1956).
SEBI	Securities & Exchange Board of India established under the Securities and Exchange Board of India Act, 1992, as amended from time to time.
The Scheme	Canara Robeco Yield Advantage Fund
Trustees	Trustees means Canara Bank and other Trustees appointed from time to time and include a Trustee Company, as and when incorporated and the directors of such Trustee Company.
Trust Deed	Principal Trust Deed (Amended & Restated) dated 26 th September 2007.

The Regulations	Securities & Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time.
Unit Capital	The aggregate face value of the units issued and outstanding (including fractional units) under Canara Robeco Yield Advantage Fund
Unit	One undivided share of a unit holder in the assets of Canara Robeco Yield Advantage Fund
Unit holder	A person holding units of Canara Robeco Yield Advantage Fund and includes a person who has opted to switch over his investment(s), wholly or partially, from another scheme or schemes of the Canara Robeco Mutual Fund to Canara Robeco Yield Advantage Fund 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 draft 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 till date such registration is valid, as on date.
- e) The contents of the SID including figures, data, yields, etc. have been checked and are factually correct.
- f) The Board of Trustees has approved the SID on 28th June, 2010

Date: 30th June, 2010

Place: Mumbai

Sd/-

Jignesh Modi

Compliance Officer,

Canara Robeco Asset Management Company Ltd.

II. INFORMATION ABOUT THE SCHEME

A) TYPE OF THE SCHEME

Canara Robeco Yield Advantage Fund is an Open Ended Debt Scheme.

B) WHAT IS THE INVESTMENT OBJECTIVE OF THE SCHEME?

To generate regular income by investing in a wide range of debt securities and Money Market Instruments of various maturities and risk profile and a small portion of investment in equities and equity related instruments. However there is no assurance that the objective of the Scheme will be realised.

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
	Minimum	Maximum	High/Medium/Low
Indian Debt and Money Market Instruments	90	100	Low
Equity & Equity related Instruments	0	10	High

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

Total of investments in debt securities, money market instruments, Equity and Equity Related Instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the Scheme.

The Scheme does not intend to invest in Securitised Debt

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 Fund 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.

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.

Portfolio Rebalancing:

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

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:

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

E) WHAT ARE THE INVESTMENT STRATEGIES?

Investment Focus and strategy:

The Fund manager would take cues from domestic macroeconomic events, government policy, Central Bank Associations to decide on the allocation between Fixed Income and Equity. The allocations will be within the limits defined in the asset allocation table for each asset class. The fund manager would then create a portfolio

of fixed income and equity and equity related instrument after adhering to stringent credit quality and sector limitations. Investment strategy followed for Fixed Income and Equity Investments would be as under:-

Fixed Income – An emphasis will be laid on selecting the top rated securities under the accrual based portfolio construction which is highly liquid so as to create liquidity as and when required. The Fund Manager will continuously review maturity profile of the portfolio along with daily cash projection of the Portfolio.

Equity – Within the equity allocation, the fund manager will seek to invest mainly in stock open offer opportunities, Initial Public Offerings, Buy Back Opportunities etc. If such opportunities are not available in the market, then the fund manager will adopt the bottom-up stock picking approach to select stocks out of top 150 stocks ranked on the basis of market capitalisation.

Unique / Differential Positioning of Canara Robeco Yield Advantage Fund

The fund has a differential positioning with other open debt funds as it aims to capture the capital appreciation by investing in Equity and Equity related Instruments and complement it with the accrual yields generated by fixed income investments.

Name of existing Scheme	Asset Allocation Pattern	Primary Investment Pattern	AAUM for the period Sep to Dec 2010	Live Folios as on 28 th Feb, 2011	Differentiation
Canara Robeco Monthly Income Plan	Debt Securities (including securitised debt) with Money Market Instruments: 75% - 90% Equity and Equity Related Instruments	Canara Robeco Monthly Income Plan is a debt oriented hybrid fund which aims to generate consistent income and stable performance with a participation to equity investments up to 25% of the net assets.	INR 352.14 Cr	9,923	Canara Robeco Monthly Income Plan is positioned as an aggressive fund as it has an option to go up to 25% of net assets in equities with minimum 10% of net assets equities at any point in time, whereas Canara Robeco Yield Advantage Fund has an option to go up to only 10% of net assets in equities.
Canara Robeco InDiGo Fund	Indian Debt and Money Market Instruments 65% - 90% Gold ETF's 10% - 35%	Canara Robeco InDiGo Fund is an open ended debt scheme which aims to generate income from a portfolio constituted of debt & money market securities along with investments in Gold ETFs	INR 375.58 Cr	11,488	Canara Robeco InDiGo Fund is an open ended debt scheme with an allocation of 10% to 35% of the Net Assets in gold ETF's with no allocation provided for equity in the portfolio ; where as Canara Robeco Yield Advantage Fund has

					an allocation to Equity upto 10% of the net assets.
Canara Robeco Income	Debt (Including Securitised Debt): 80% - 100% Money Market Instruments / Call Money: 0% - 20%	Canara Robeco Income is an actively managed debt fund wherein the fund manager takes an active view of the interest rate movements by keeping a close watch on various parameters of the Indian economy as well as the developments in the global markets. Based on the interest rate view, the duration of the portfolio will be decided along with the asset allocation pattern between sovereign & corporate bonds.	INR 252.52	4297	Canara Robeco Income doesn't have any equity component, whereas Canara Robeco Yield Advantage Fund has an option to go up to 10% of net assets in equities.
Canara Robeco Dynamic Bond Fund	Government of India & Corporate Debt Securities (including Securitised Debt): 0% - 70% Money Market Instruments: 30% - 100%	Canara Robeco Dynamic Bond Fund intends to invest and trade in G-secs and Corporate Debt by identifying mispriced opportunities & capturing volatility trends. The fund aims at generating Alpha through free-style duration management, allowing the fund to position the modified duration of the fund from 6 months to 30 years depending on the interest rate view.	INR 29.32	305	Canara Robeco Dynamic Bond Fund doesn't have any equity component, whereas Canara Robeco Yield Advantage Fund has an option to go up to 10% of net assets in equities.
Canara Robeco Short Term Fund	Money Market Instruments: 60% - 100% Government of India & Debt Securities(including Securitised Debt): 0% - 40%	Canara Robeco Short Term Fund predominantly focuses on capturing accrual yields on high quality Money Market Instruments along with an active trading strategy for generating Alpha through Debt Instruments.	INR 132.27	460	Canara Robeco Short Term Fund doesn't have any equity component, whereas Canara Robeco Yield Advantage Fund has an option to go up to 10% of net assets in equities.

Canara Robeco Treasury Advantage Fund	MMI / Call / Debt Instruments with residual average maturity of equal or less than one year: 20% - 100% Debt Instruments with residual average Maturity of more than one year (Including Securitised Debt): 0% - 80%	Canara Robeco Treasury Advantage Fund aims to provide high liquidity and consistent income by predominantly investing in money market instruments and low duration debt instruments.	INR 2407.60	1170	Canara Robeco Treasury Advantage Fund doesn't have any equity component, whereas Canara Robeco Yield Advantage Fund has an option to go up to 10% of net assets in equities.
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Debt and Money Markets in India

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

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

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

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

- Overnight Call
- Collateralised Borrowing & Lending Obligations (CBLO)
- Repo/Reverse Repo Agreement
- Treasury Bills

- Government securities with a residual maturity of < 1 year.
- Commercial Paper
- Certificate of Deposit

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

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

The following table gives approximate yields prevailing as on 28th Feb, 2011 on some of the instruments:

Instrument	Current Yield Range
CBLO	6.30 - 6.60%
Repo	6.00 - 6.85%
3m Tbill	7.10%
1y Tbill	7.60 – 7.70%
10y G Sec	8.01%
3m PSU Bank CD	10.05 – 10.15%
3m NBFC CP	10.35 – 10.45%
3m Manufacturing Co. CP	10.23 – 10.38%
1y PSU Bank CD	10.10 – 10.20%
1y NBFC CP	10.55 – 10.65%
1y Manufacturing Co. CP	10.45 - 10.55%
5y AAA Institutional Bond	9.20 – 9.25%
10y AAA Institutional Bond	9.13 – 9.18%

These yields are indicative and do not indicate yields that may be obtained in future as interest rates keep changing consequent to changes in macro economic conditions and RBI policy. The price and yield on various debt instruments fluctuate from time to time depending upon the macro economic situation, inflation rate,

overall liquidity position, foreign exchange scenario etc. Also, the price and yield vary according to maturity profile, credit risk etc.

Hedging and Derivatives :

SEBI vide its circular no. MFD/Cir/011/061/2000 dated 01st February, 2000 permitted mutual funds to participate in derivatives trading subject to observance of the Guidelines issued by SEBI. The Fund shall comply with the prescribed disclosure requirements in this regard. As part of the fund management process, the AMC may use the derivative instruments such as Index futures, Stock futures, Option contracts, Warrants convertible securities, Swap agreements or any other derivative instruments that are permissible or may be permissible in future under applicable regulations and such investments shall be in accordance with investment objectives of the Scheme. **Apart from the general permission granted to Mutual Funds by SEBI for participating in derivatives vide its circular no. MFD/Cir/011/061/2000 dated 01st February, 2000, the position limits permitted under regulations as specified in SEBI Cir no. DNP/Cir-29/2005 dated 14th September, 2005 shall additionally apply. However, the Scheme specific exposure limits shall be subject to such limits permitted by the Trustees for the Scheme.**

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

i. Position limit for Mutual Funds in index options contracts

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

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

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

iii. Additional position limit for hedging

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

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

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

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

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

v. Position limit for each scheme of a Mutual Fund

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

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

Monitoring of Position Limits

- a. The Mutual Fund shall notify Clearing Member/s for each scheme, through whom it would clear its derivative contracts, to the Stock Exchange.
- b. The Stock Exchange would then assign a unique client code to each scheme of the Mutual Fund.

- c. The Stock Exchange shall monitor the scheme-wise position limits in the manner similar to that prescribed for FII's and their sub-accounts in SEBI circular no. SMD/DC/Cir/-11/02 dated February 12, 2002 as modified from time to time.

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

Applicable to all schemes

Equity / Equity Related Derivative Instruments :

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

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

Basic Structure of an Index Future

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

Illustration :

Spot Index : 1070

1 month Nifty Future Price on day 1 : 1075

Fund buys 100 lots

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

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

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

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

settlement the future price = Closing Spot Price = 1060.

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

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

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

Strategy Number No. 1

Using Index Future to increase percentage investment in equities.

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

Example :

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

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

Rs.50 crore Equity exposure	10% fall in Equity price	(5)	Nil	(5)
Rs.50 crore Equity exposure + Rs 5 crore long position index futures	10% fall in equity price	(5)	(0.5)	(5.5)

RISKS

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

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

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

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

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

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

Strategy Number 2

Using Index Futures to decrease percentage investment in equities

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

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

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

50% Hedge – contract value of Rs. 50 crore

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

RISKS

- The strategy of taking a short position in index futures is a hedging strategy and reduces the market risk. The short position is negatively correlated with the market. However, there is no assurance that the stocks in the

portfolio and index behave in the same manner and thus this strategy may not be a perfect hedge.

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

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

Strategy Number 3

- **Portfolio Protection Using Index Put**

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

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

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

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

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

RISKS

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

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

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

Advantages of Equity Derivatives :

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

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

Debt / Debt Related Derivatives

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

Interest Rates Swaps (IRS)

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

Forward Rate Agreements (FRA)

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

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

Basic Structure of an Interest Rate Swap

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

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

Illustration :

Fixed interest rate : 10% p.a.

Variable Interest Rate : Over-Night MIBOR (variable)

Notional Principal : Rs.10 crore

Period of Agreement : 1 year

Interest Frequency : Semi-annual

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

Fixed Rate Payment :

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

Variable Rate :

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

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

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

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

Valuation of Derivative Products

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

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

Exposure to Derivatives

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

Risk associated with Derivatives trading :

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

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

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 schemes and provisions of SEBI Regulations. Where required, scheme specific guidelines are also in place.

Debt Securities

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

Equity and Equity Related Instruments

Investments made by the schemes would be in accordance with the investment objectives of the schemes and provisions of SEBI Regulations. Since investing required disciplined risk management, the AMC would incorporate

adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risks. With the aim of controlling risks, the investment team of the AMC will carry out rigorous in-depth analysis of the securities proposed to be invested in.

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

Procedure followed for investment decisions:

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 and Head of Products 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.

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

In terms of the objective of the Scheme, the investments are made in securities having an unexpired maturity in line with the liquidity needs of the Scheme. 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 an adequate 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.

Portfolio Rebalancing:

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

AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the Scheme.

F) FUNDAMENTAL ATTRIBUTES

i) Type of a scheme

Canara Robeco Yield Advantage Fund is an Open Ended Debt Scheme.

ii) INVESTMENT OBJECTIVE

To generate regular income by investing in a wide range of debt securities and Money Market Instruments of various maturities and risk profile and a small portion of investment in equities and equity related instruments. However there is no assurance that the objective of the Scheme will be realised.

Investment Pattern:

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

Instruments	Indicative Allocations (% of total assets)		Risk Profile
	Minimum	Maximum	High/Medium/Low
Indian Debt and Money Market Instruments	90	100	Low
Equity & Equity related Instruments	0	10	High

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

Total of investments in debt securities, money market instruments, Equity and Equity Related Instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the Scheme.

The Scheme does not intend to invest in Securitised Debt

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

(iii) Terms of Issue

A. Listing

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

B. Repurchase

a) How to Repurchase:

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

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

b) Applicable Rate for Repurchase of Units:

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

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

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

Repurchase Price = Applicable NAV x (1-Exit Load, if any)

E.g. If the applicable NAV is Rs. 10, and repurchase/exit load is 1.00% then repurchase price will be

Rs. 10 (1-0.01) will be Rs. 9.90.*

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 of the AMC (Investor Relations Centre), where it was deposited for repurchase.

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

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

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

c) Right to Limit Repurchase:

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

Procedure followed for limiting repurchase:

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

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

C. Aggregate fees and expenses 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. However, the Investment Manager may charge the same within the overall limits prescribed by SEBI (MF) Regulation. 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.

For the Scheme, the Investment Manager will charge a total scheme recurring expenses of not exceeding 2.25% of the daily average net assets of the Scheme, within the overall limit prescribed by SEBI (MF) Regulation.

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:

The initial issue expenses associated with the launch of this Scheme will be borne by the Investment Manager.

d) Annual Scheme Recurring Expenses:

Particulars	% of Net Assets
Investment Management and Advisory Fee	1.25
Service Tax	0.13
Custodial Fees	0.02
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.10
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.08
Brokerage and Transaction Cost pertaining to the distribution of units	0.55
Audit Fees / Fees and expenses of trustees	0.05
Costs related to investor communications (Printing and Mailing)	0.03
Costs of fund transfer from location to location (Bank Charges)	0.02
Other Expenses	0.02
Total Recurring Expenses	2.25

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%

For management of Canara Robeco Yield Advantage Fund, the Investment Manager is entitled to charge a fee not exceeding 1.25% of the average weekly net assets up to Rs. 100 crores and 1.00% of the weekly average net assets on the balance amount above Rs. 100 crores of Scheme. However, the Investment Manager may change the same within the overall limits prescribed by SEBI (MF) Regulation. 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) there under or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) there under and affect the interests of unit holders is carried out unless:

- A written communication about the proposed change is sent to each unit holder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The unit holders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load

G) HOW WILL THE SCHEME BENCHMARK ITS PERFORMANCE?

CRISIL MIP Blended Index

As approved by the Board of Directors/Trustees, CRISIL MIP Blended 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.

H) WHO MANAGES THE SCHEME?

Ritesh Jain, Head – Fixed Income, Age – 35

A Masters in Business Economics from Indore University, Ritesh has over 12 years experience in the Fixed Income markets and Asset Management. Ritesh started work with IDBI Bank where he worked as Manager, Treasury between 1998 and 2001. He subsequently moved to Kotak Mahindra AMC as Fund Manager on the Fixed Income side where he became Head of Fixed Income in 2007. Ritesh managed about Rs. 20,000 Crores of Fixed Income AuM at Kotak Mahindra AMC. At Canara Robeco, Ritesh leads the Fixed Income team and oversees Fund Management. Mr. Ritesh Jain also manages Canara Robeco Liquid, Canara Robeco Treasury Advantage Fund,

Canara Robeco Dynamic Bond Fund, Canara Robeco Income, Canara Robeco Gilt PGS and Canara Robeco InDiGo Fund.

I) WHAT ARE THE INVESTMENT RESTRICTIONS?

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

1. The Scheme shall buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities provided that a mutual fund may engage in short selling of securities in accordance with the frame work relating to short selling and securities lending and borrowing specified by the board. Provided further that the mutual fund may enter into derivatives transactions in a recognised stock exchange, in accordance with the guidelines issued by the Board. Provided further that the sale of government securities already contracted for purchase shall be permitted in accordance with the guidelines issued by the Reserve Bank of India in this regard.
2. The securities purchased by the Fund shall be got transferred in the name of the Mutual Fund on account of the concerned Scheme, wherever investments are intended to be of long term nature.
3. The Scheme shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorized to carry out such activity under the Act. Such investment limit may be extended to 20% of the NAV of the Scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company, provided that such limit shall not be applicable for investments in Government Securities and Money Market Instruments.

Provided further that investment within such limit can be made in mortgage backed securitized debt which are rated not below investment grade by a credit rating agency registered with the Board.
4. The Scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of NAV of the Scheme. All such investments shall be made with the prior approval of the Board of Trustees and the Board of Asset Management Company.
5. The above restrictions are applicable for all Debentures irrespective of any residual maturity period (above or below one year).
6. The Scheme shall not invest more than thirty percent of its net assets in money market instruments of an issuer: Provided that such limit shall not be applicable for investments in Government securities, treasury bills and collateralized borrowing and lending obligations.
7. The Scheme shall not advance any loan for any purpose.
8. The Scheme shall not park more than 15% of the net assets in Short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with prior approval of the trustees. Also, parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the mutual fund in short term deposit (will not apply to term deposits placed as margins for trading in cash and derivatives market)
9. Investment in other Schemes : The investment by this Scheme in other Mutual Fund Schemes will be in accordance with Regulation 44(1) read with Clause 4 of the VII Schedule to the SEBI (Mutual Funds) Regulations, 1996 according to which :
 - The Scheme may invest in another scheme under the same asset management company or in any other mutual fund without charging any fees, provided the aggregate inter scheme investments made by all the Schemes under the same management or in schemes under the management of any other AMC shall not exceed 5% of NAV of the mutual fund.

- The Scheme shall not make any investment in any fund of fund scheme.
10. 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.
11. 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.
12. 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.
13. Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if, -
- Such transfers are done at the prevailing market price for quoted instruments on spot basis. [Explanation - "spot basis" shall have same meaning as specified by stock exchange for spot transactions.]
 - The securities so transferred shall be in conformity with the investment objective of the Scheme to which such transfer has been made.
14. 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?

The Scheme being offered under this Scheme Information Document is a new scheme and currently does not have any performance track record.

III. UNITS AND OFFER

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

A. NEW FUND OFFER (NFO)

<p>New Fund Offer Period</p> <p>This is the period during which a new scheme sells its units to the investors.</p>	<p>NFO opens on: 1st April, 2011</p> <p>NFO closes on: 15th April, 2011</p>
<p>New Fund Offer Price:</p> <p>This is the price per unit that the investors have to pay to invest during the NFO.</p>	<p>Face Value of Rs. 10.00</p>
<p>Minimum Amount for Application in the NFO</p>	<p><u>I. Lump sum Investment</u></p> <p>Minimum amount: Rs. 5,000.00 and multiples of Re.1.00 thereafter.</p> <p>Subsequent purchases: Minimum amount of Rs. 1000.00 and multiples of Re. 1.00 thereafter.</p> <p><u>II. Systematic Investment Plan</u></p> <p>Minimum instalment amount - Rs. 1,000.00 and Rs 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.</p> <p>The dates for effecting Electronic Clearing Services (ECS) of RBI/Auto Debit Facility shall be on the 1st or 5th or 15th or 20th or 25th of every month /quarter. In case, the date fixed happens to be a holiday / non-business day, the same shall be effected on the next business day. No Post Dated cheques would be accepted for SIP during the NFO.</p>
<p>Minimum Target amount</p>	<p>Rs. 1.00 Crore (Rs. One Crore).</p> <p>(This is the minimum amount required to operate the Scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 6 weeks, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of six weeks from the date of closure of the subscription period.)</p>
<p>Options</p>	<p>The Scheme will have following options –</p> <ol style="list-style-type: none"> 1) Growth Option, 2) Monthly Dividend (Payout & Re-investment) 3) Quarterly Dividend (Payout & Re-investment)

	<p>Default Option:</p> <p>(a) 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> <p>(b) In case of valid applications received without indicating any choice of options under Quarterly Dividend Option, it will be considered as option for Quarterly Dividend Reinvestment Facility and processed accordingly.</p> <p>(c) In case of valid applications received without indicating any choice of options under Monthly Dividend Option, it will be considered as option for Monthly Dividend Reinvestment Facility and processed accordingly.</p>
<p>Dividend Policy</p>	<p>The Scheme may distribute, surplus if any, by way of dividend/, as may be decided by the Trustees from time to time. If there is no distributable surplus or surplus amount is too small for distribution, in the opinion of the Trustees, the Dividend declaration may not take place. The Scheme is not assuring or guaranteeing any dividend or returns.</p> <p>Income Distribution, if declared, warrants will be issued within 5 working 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 date to be notified for the purpose. Pursuant to payment of dividend, the NAV of the dividend option of the Scheme would fall to the extent of payout and statutory levy (if applicable)</p> <p>If AMC fails to pay the amount within 5 days, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of 30 days till the date of dispatch of the dividend.</p> <p>Dividend Reinvestment</p> <p>The unit holders have the option to reinvest the Dividend declared by the Scheme. Such unit holders opting to reinvest the dividend receivable by them shall invest in additional units of the Scheme. Upon exercising such option, the dividend due and payable to the unit holders will be compulsorily and without any further act by the unit holders reinvested in the Scheme.</p> <p>The dividends so reinvested shall be constructive payment of dividends to the unit holders and constructive receipt of the same amount from each unit holder, for reinvestment in units.</p> <p>On reinvestment of dividends, the number of units to the credit of unit holder will increase to the extent of the dividend reinvested divided by the first 'Ex-income Distribution NAV' on the day of reinvestment as explained above.</p>
<p>Allotment</p>	<p>Allotment of Units 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 four decimals]. However, acceptance of application and allotment of units /fractional units will be at the absolute discretion of the Trustees and the application can be rejected without assigning any reason whatsoever.</p> <p>Investors will be issued with a Statement of Account evidencing allotment of units and such statement will be dispatched within 5 working days from the date of closure of the New Fund Offer.</p> <p>For subscribers applying during NFO through 'APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (ASBA)': On allotment, the amount will be unblocked in their respective bank accounts and account will be debited only to the extent required to pay for allotment of Units applied in the application form.</p>
<p>Refund</p>	<p>If application is rejected, full amount will be refunded within 5 business days of closure of NFO. If refunded later than 5 business days, interest @ 15% p.a. for delay period will be paid and charged to the AMC.</p> <p>In the event of Applications not being complete in all respects and the consequent non allotment, the Scheme will refund the Application Money to the applicant(s), by Post and by way of Cheque or Demand Draft marked 'A/c Payee'.</p>
<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"> • Adult Individual(s) and also minor(s) through their parent/guardian. (Application of minors jointly with adults not allowed). • Adult Individual(s) jointly not exceeding three, on first holder or survivor/s basis. • Hindu Undivided Family (HUF) • Partnership Firms • A Company as defined in the Companies Act, 1956, Public Sector Undertakings. • A Body Corporate established by or under any law in force in India. • A Co-operative Society registered under any law relating to Co-operative Societies in India. • A Religious or Charitable Trust / Wakfs or a Society established under the relevant laws and authorized to invest in Mutual Fund Schemes. • FIs registered with SEBI. • Banks and Financial Institutions. • Pension Funds/Pension Fund Managers. • Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) on

	<p>repatriation / non-repatriation basis.</p> <ul style="list-style-type: none"> • Army, Air, Navy and other para-military units and bodies created by such institutions. Scientific and Industrial Research Organizations. • Multilateral Funding Agencies / Body Corporates incorporated outside India with the permission of Government of India / Reserve Bank of India • Other Schemes of the Mutual Fund subject to the conditions and limits prescribed under SEBI Regulations. • Any other category of investors that may be permitted by the Trustees as per the Indian Laws in future. • NRIs and PIOs
Where can you submit the filled up applications.	<p>M/s Karvy Computershare Pvt. Ltd. 21, Road No.4, Street No. 1, Banjara Hills, Hyderabad 500034 Tel No. (044) 23390404, 23394436, 2337901 Fax. (040) 23311968</p> <p>The applications forms during the NFO may be submitted to the Investor Services Centers of M/s Karvy Computershare Pvt. Ltd. or Sales Offices of the AMC.</p> <p>Further, Investors may also apply through Applications Supported By Blocked Amount (ASBA) process during the NFO period of the Scheme by filling in the ASBA form and submitting the same to their respective banks, which in turn will block the amount in the account as per the authority contained in ASBA form, and undertake other tasks as per the procedure specified therein. For complete details and ASBA process refer Statement of Additional Information (SAI).</p>
How to Apply	<p>Please Refer the SAI and Application Form for the instructions</p> <p>Please note that it is mandatory for unit holders to:</p> <ol style="list-style-type: none"> 1. Mention their bank account numbers in their application for purchase of units and redemption requests. 2. Mention their Permanent Account Number (PAN) in their application
Listing	<p>As the repurchase facility is provided on an ongoing basis, at NAV related prices, the units of the Scheme are not going to be listed on any Stock Exchanges.</p>
Restrictions, if any, on the right to freely retain or dispose of units being offered.	<p>The AMC reserves the right to reject the subscription/ application for units of the Scheme during NFO, depending on the prevailing market conditions and to protect the interest of the Investors. Investors may, however, offer</p>

	<p>the units for repurchase any time and such repurchases are subject to exit load and subject to restrictions on repurchase mentioned elsewhere in this document. Trustees shall approve such restrictions which shall be intimated to SEBI and shall be notified to all unit holders by publishing the same in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated.</p> <p>Pledge of Units</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>Lien on Units</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 realised 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>
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B. ONGOING OFFER DETAILS

<p>Ongoing Offer Period</p> <p>This is the date from which the Scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>Within 5 business days from the date of allotment.</p>
<p>Ongoing price for subscription (purchase)/switch-in (from other schemes/plans of the mutual fund) by investors.</p> <p>This is the price you need to pay for purchase/switch-in.</p>	<p>At the applicable NAV</p>
<p>Ongoing price for 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>At the applicable NAV subject to prevailing exit loads.</p> <p><i>Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be: $Rs. 10 * (1 - 0.02) = Rs. 9.80$</i></p>
<p>Cut off timing for subscriptions/ redemptions/ switches</p> <p>This is the time before which your application (complete in all respects) should reach the official points of acceptance.</p>	<p>For Purchases including Switch-in:</p> <ol style="list-style-type: none"> a) For applications received up to 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable. b) For applications received after 3 p.m, along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable. c) For applications received with outstation instruments not payable at par at the place of receipt, closing NAV of the day of realization of the instruments shall be applicable. d) For applications received on non-business day along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable e) Where the Application for amount equal to or more than Rs.1 crore is received upto 3 p.m (i.e. cut off time for Debt/ Income Scheme(s) other than Liquid schemes) on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time i.e. available for utilization before the cut-off time – the closing NAV of the day shall be applicable. f) where the application for amount equal to or more than Rs.1 crore is received after 3.00 p.m. on a day and funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before cut-off time of the next business day i.e. available for

	<p>utilization before the cut-off time of the next business day- the closing NAV of the next business day shall be applicable and</p> <p>g) irrespective of the time of receipt of application for amount equal to or more than Rs.1 crore, where funds for entire amount of subscription/ purchase as per application are credited to the Bank account of the respective scheme(s) before the cut-off time on any subsequent business day i.e. available for utilization before the cut-off time on any subsequent business day– the closing NAV of such subsequent business day shall be applicable.</p> <p>For Redemption including Switch-out:</p> <p>a). For applications received up to 3 p.m., same day’s closing NAV shall be applicable.</p> <p>b). For applications received after 3 p.m., closing NAV of the next business day shall be applicable.</p>				
<p>Where can the applications for purchase/redemption switches are submitted?</p>	<p>The details of official points of acceptance, Sales Offices of the AMC etc. are mentioned on back cover page.</p>				
<p>Minimum amount for additional purchase /redemption. Fresh purchases/switches</p>	<p><u>I. Lump sum Investment</u> 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><u>II. Systematic Investment Plan</u> Minimum instalment amount - Rs. 1,000.00 and Rs 2,000.00 respectively for Monthly and Quarterly frequency respectively and in multiples of Re 1.00 thereafter.</p> <p><u>III. Redemption/Repurchase</u> Minimum Redemption/Repurchase amount - Rs. 1,000.00 and multiples of Re.1.00 thereafter.</p>				
<p>Facilities available</p>	<p><u>I. Systematic Investment Plan (SIP)</u> Systematic Investment Plan is a simple and time honoured investment strategy aiding disciplined investing over a period of time. The Investment option enables investors to transfer a fixed sum of money in a particular scheme at regular intervals to another scheme.</p> <table border="1" data-bbox="581 1627 1401 1890"> <tr> <td data-bbox="581 1627 992 1780"> <p>Quarterly SIP Minimum amount per SIP instalment</p> </td> <td data-bbox="992 1627 1401 1780"> <p>Rs. 2,000.00 and multiple of Re. 1.00 thereafter.</p> </td> </tr> <tr> <td data-bbox="581 1780 992 1890"> <p>Monthly SIP Minimum amount per SIP instalment</p> </td> <td data-bbox="992 1780 1401 1890"> <p>Rs. 1,000.00 and multiple of Re. 1.00 thereafter.</p> </td> </tr> </table>	<p>Quarterly SIP Minimum amount per SIP instalment</p>	<p>Rs. 2,000.00 and multiple of Re. 1.00 thereafter.</p>	<p>Monthly SIP Minimum amount per SIP instalment</p>	<p>Rs. 1,000.00 and multiple of Re. 1.00 thereafter.</p>
<p>Quarterly SIP Minimum amount per SIP instalment</p>	<p>Rs. 2,000.00 and multiple of Re. 1.00 thereafter.</p>				
<p>Monthly SIP Minimum amount per SIP instalment</p>	<p>Rs. 1,000.00 and multiple of Re. 1.00 thereafter.</p>				

	No. of SIP Instalments	Six instalments
	a) Minimum	No Limit
	b) Maximum	
	The facility can be exercised on	1st or 5th or 15th or 20 th or 25th (In case, the date fixed happens to be a holiday / non-business day, the cheques shall be deposited /ECS/ Auto Debit Facility will be effected on the next business day.)
	Applicable NAV and Cut-off time	For applications received before 3 p.m., closing NAV of the current business day shall be applicable. For applications received after 3 p.m., closing NAV of the next business day shall be applicable
<p>II. Systematic Transfer Plan (STP):</p> <p>STP is a facility wherein a unit holder of a Canara Robeco Mutual Fund scheme can opt to transfer a fixed amount at regular intervals to another scheme of Canara Robeco Mutual Fund. The amount transferred under the STP from the Transferor scheme to the Transferee scheme, shall be effected by redeeming units of Transferor scheme and subscribing to the units of the Transferee scheme.</p> <p>The features of Systematic Transfer Plan are as under:</p>		
	Monthly STP Minimum amount per STP instalment	Rs. 1,000.00 and multiple of Re. 1.00 thereafter.
	Quarterly STP Minimum amount per STP instalment	Rs. 2,000.00 and multiple of Re. 1.00 thereafter.
	No. of STP Instalments (Monthly and Quarterly) a) Minimum b) Maximum	Six instalments No Limit
	Facility can be exercised on	1 st or 5 th or 15 th or 20 th or 25 th of every month/quarter. (In case, the date fixed happens to be a holiday / non-business day, the cheques shall be deposited / Auto Debit Facility will be affected on the next business day.)

	<p>Applicable NAV and Cut-off time</p>	<p>For applications received before 3 p.m., closing NAV of the current business day shall be applicable. For applications received after 3 p.m., closing NAV of the next business day shall be applicable</p>										
<p>III. Systematic Withdrawal Plan (SWP):</p> <p>Investors can use the SWP facility for regular inflows. Withdrawals can be made by informing the AMC or Registrar of the specified withdrawal dates and minimum amount as per the table below. The amount will be converted into units at the applicable repurchase price on that date and will be subtracted from the units with the unit holder. The AMC may close a unit holder’s account if the balance falls below the specified minimum amount for the Scheme. Unit holders may change the amount indicated in the SWP, subject to the minimum amount specified. The SWP may be terminated on written notice from the unit holder and it will terminate automatically when all the units of the unit holder are liquidated or withdrawn from the account.</p> <p>The features of Systematic Withdrawal Plan (SWP) are as under:</p> <table border="1" data-bbox="581 919 1430 1654"> <tr> <td data-bbox="581 919 1006 1035"> <p>Monthly SWP Minimum amount per SWP instalment</p> </td> <td data-bbox="1006 919 1430 1035"> <p>Rs. 1,000.00 and multiple of Re. 1.00 thereafter.</p> </td> </tr> <tr> <td data-bbox="581 1035 1006 1150"> <p>Quarterly SWP Minimum amount per SWP instalment</p> </td> <td data-bbox="1006 1035 1430 1150"> <p>Rs. 2,000.00 and multiple of Re. 1.00 thereafter.</p> </td> </tr> <tr> <td data-bbox="581 1150 1006 1318"> <p>No. of SWP Instalments a) Minimum b) Maximum</p> </td> <td data-bbox="1006 1150 1430 1318"> <p>Six instalments No Limit</p> </td> </tr> <tr> <td data-bbox="581 1318 1006 1413"> <p>Dates available for SWP Facility</p> </td> <td data-bbox="1006 1318 1430 1413"> <p>01st or 5th or 15th or 20th or 25th of every month /quarter.</p> </td> </tr> <tr> <td data-bbox="581 1413 1006 1654"> <p>Applicable NAV and Cut-off time</p> </td> <td data-bbox="1006 1413 1430 1654"> <p>For applications received before 3 p.m., closing NAV of the current business day shall be applicable. For applications received after 3 p.m., closing NAV of the next business day shall be applicable</p> </td> </tr> </table>			<p>Monthly SWP Minimum amount per SWP instalment</p>	<p>Rs. 1,000.00 and multiple of Re. 1.00 thereafter.</p>	<p>Quarterly SWP Minimum amount per SWP instalment</p>	<p>Rs. 2,000.00 and multiple of Re. 1.00 thereafter.</p>	<p>No. of SWP Instalments a) Minimum b) Maximum</p>	<p>Six instalments No Limit</p>	<p>Dates available for SWP Facility</p>	<p>01st or 5th or 15th or 20th or 25th of every month /quarter.</p>	<p>Applicable NAV and Cut-off time</p>	<p>For applications received before 3 p.m., closing NAV of the current business day shall be applicable. For applications received after 3 p.m., closing NAV of the next business day shall be applicable</p>
<p>Monthly SWP Minimum amount per SWP instalment</p>	<p>Rs. 1,000.00 and multiple of Re. 1.00 thereafter.</p>											
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<p>No. of SWP Instalments a) Minimum b) Maximum</p>	<p>Six instalments No Limit</p>											
<p>Dates available for SWP Facility</p>	<p>01st or 5th or 15th or 20th or 25th of every month /quarter.</p>											
<p>Applicable NAV and Cut-off time</p>	<p>For applications received before 3 p.m., closing NAV of the current business day shall be applicable. For applications received after 3 p.m., closing NAV of the next business day shall be applicable</p>											
<p>Accounts Statements</p>	<p>For normal transactions (other than SIP/STP) during ongoing sales and repurchase:</p> <ul style="list-style-type: none"> The AMC shall issue to the investor whose application (other than SIP/STP) has been accepted, an account statement specifying the number of units allotted within 10 working days as per SEBI regulations. 											

	<ul style="list-style-type: none"> For those unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail. The unit holder may request for a physical account statement by writing/calling the AMC/ISC/R&T. <p>For SIP / STP transactions:</p> <ul style="list-style-type: none"> Account Statement for SIP and STP will be despatched once every quarter ending March, June, September and December within 10 working days of the end of the respective quarter. A soft copy of the Account Statement shall be mailed to the investors under SIP/STP to their e-mail address on a monthly basis, if so mandated. However, the first Account Statement under SIP/STP shall be issued within 10 working days of the initial investment/transfer. In case of specific request received from investors, Mutual Funds shall provide the account statement (SIP/STP) to the investors within 5 working days from the receipt of such request without any charges. <p>Annual Account Statement:</p> <ul style="list-style-type: none"> The Mutual Funds shall provide the Account Statement to the unit holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement, The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme. <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>
Dividend	The dividend warrants shall be dispatched to the unit holders within 30 days of the date of declaration of the dividend.
Redemption	The redemption or repurchase proceeds shall be dispatched to the unit holders within 10 working days from the date of redemption or repurchase.
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).

C. 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 www.amfiindia.com by the time limit for uploading NAV as per applicable guidelines and also on www.canararobeco.com.</p> <p>The NAV calculated as above and Sale/Repurchase rates of units will be published in two news papers on a daily basis, by way of press release / advertisement. In addition, the NAV, Sale and Repurchase rates for all business</p>
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	days will be available at our Branch Offices.		
Half yearly Disclosures: Portfolio / Financial Results This is a list of securities where the corpus of the Scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.	<p>Before expiry of one month from the close of each half year that is on 31st March and 30th Sept, the Mutual 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 Mutual Fund is situated.</p> <p>These shall also be displayed on the web site of the Mutual Fund and that of AMFI. Full portfolio in the prescribed format shall also be disclosed either by publishing it in the newspaper or by sending to the unit holders within one month from the end of each half year and it shall also be displayed on the web site of the Mutual Fund.</p>		
Half Yearly Results	<p>Before expiry of one month from the close of each half year that is on 31st March and 30th Sept, the Mutual 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 Mutual Fund is situated.</p>		
Portfolio Disclosure	As per SEBI Circular No. 15/157701/2009, the AMC shall disclose the portfolio as per the prescribed format on a monthly basis on the website.		
Annual Report	An abridged Scheme-wise annual report shall be mailed to all unit holders not later than four months from the date of closure of the relevant accounting year and the full annual report shall be made available for inspection at the Head Office of the Mutual Fund and a copy shall be made available to the unit holders on request on payment of nominal fees, if any.		
Associate Transactions	Please refer to Statement of Additional Information (SAI).		
Taxation The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own tax advisors/authorized dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.		Investors	Mutual Fund
	Dividend Distribution Tax:	Distribution tax at the rate of 14.1625% for Individual and HUF investors and at the rate of 22.66% 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
	For further details on taxation please refer to the clause on Taxation in the SAI		
Investor services	<p>Ms. Manjiri Dolhare Manager – Customer Service Canara Robeco Asset Management Co. Ltd. 4th Floor, Construction House, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai – 400 001</p>		

	Tel No. (022) 6658 5000 Fax (022) 6658 5012/13 E-Mail : manjiri.dolhare@canararobeco.com
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D. COMPUTATION OF NAV

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

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

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

IV. FEES AND EXPENSES**A. NEW FUND OFFER (NFO) EXPENSES**

These expenses are incurred for the purpose of various activities related to the NFO like sales and distribution fees paid marketing and advertising, registrar expenses, printing and stationary, bank charges etc.

The New Fund Offer Expenses will be borne by the AMC.

B. ANNUAL SCHEME RECURRING EXPENSES

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

Particulars	% of Net Assets
Investment Management and Advisory Fee	1.25
Service Tax	0.13
Custodial Fees	0.02
Registrar and Transfer Agent Fees including cost related to providing accounts statement, dividend/redemption cheques/warrants etc.	0.10
Marketing and Selling Expenses including Agents Commission and statutory advertisement	0.08
Brokerage and Transaction Cost pertaining to the distribution of units	0.55
Audit Fees / Fees and expenses of trustees	0.05
Costs related to investor communications (Printing and Mailing)	0.03
Costs of fund transfer from location to location (Bank Charges)	0.02
Other Expenses	0.02
Total Recurring Expenses	2.25

For actual expenses being charged to the Scheme, kindly refer to website – www.canararobeco.com

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%

For management of Canara Robeco Yield Advantage Fund, the Investment Manager is entitled to charge a fee not exceeding 1.25% of the average weekly net assets up to Rs. 100 crores and 1.00% of the weekly average net assets on the balance amount above Rs. 100 crores of Scheme. However, the Investment Manager may change the same within the overall limits prescribed by SEBI (MF) Regulation. 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.

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) or may call at (1800 209 2726) or your distributor.

For Canara Robeco Yield Advantage Fund, the following load structure shall be applicable.

Lump sum / SIP

Entry Load -

- Nil. The Upfront commission will be paid by the investors to their Investment Advisors/Brokers.

Exit Load/ Switch-over load

- 1% if redeemed / switched-out in less than or equal to 1 year from the date of allotment.
- Nil if redeemed or switched out after 1 year from the date of allotment

CDSC – Nil

Of the exit load or CDSC charged to the investor, a maximum of 1% of the redemption proceeds shall be maintained in a separate account which can be used for marketing and selling expenses including distributor's/agent's commissions . Any amount in excess of 1% of the redemption value charged to the Unit holder as exit load shall be credited to the respective Scheme immediately. 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.

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 Fund has taken necessary steps as legally advised.
 (b) Writ Petitions have been filed before the Hon'ble Mumbai High Court and Hon'ble Kolkata High Court, for direction to prohibit Canara Robeco Mutual Fund from converting the close ended Cantriple+ Scheme into open ended and for direction regarding payment of three times the original investment. Cases are also pending before various Consumer Fora claiming three times the investment in Cantriple+ Scheme. The cases are at various stages of hearing. The Fund has taken necessary steps as legally advised.
 (c) There are about 61 consumer cases (including appeals) filed by various parties against the Fund in respect of the various schemes of the Fund, which are pending. In respect of the cases mentioned above, the Fund / Investment Manager will abide by the final decision of the courts.
3. No criminal cases are pending against the Sponsors, any company associated with the Sponsors in any capacity, AMC, Board of Trustees, any of the Directors or key personnel. The Sponsors, Canara Bank, has over 3000 branches and Robeco Groep N V has several offices across the world. To the best of our knowledge and belief, no criminal cases which may affect the business of Mutual Fund are pending against the Sponsors or any company associated with the Sponsors in any capacity or any of the Directors or key personnel.

IMPORTANT NOTICE

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

Trustees have ensured that the scheme is a new product offered by Canara Robeco Mutual Fund and is not a minor modification of the existing scheme/fund/product.

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, Barakambha Road, Delhi – 110001; **Goa** – Shop No. 3, Kamat Chamber, Opp. Hotel Neptune, Panjim, Goa – 403001; **Hyderabad** – Flat No: 201-202, IInd 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.