

**STATEMENT OF ADDITIONAL INFORMATION (SAI)**

This Statement of Additional Information (SAI) contains details of Canara Robeco Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference (is legally a part of the Scheme Information Document).

This SAI is dated December 15, 2009.

**I. INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES**

**A. Constitution of the Mutual Fund**

Canara Robeco Mutual Fund (the "Mutual Fund") (formerly Canbank Mutual Fund) has been constituted as a trust on 17/12/1987 in accordance with the provisions of the Indian Trusts Act, 1882 (2 of 1882) with Canara Bank and Robeco Groep N. V., as the Sponsors and Mr. Ashok Pradhan, Mr. Jagdish Pai K. L., Mr. Ashok Tankha, Mr. Johannes G Wortelboer and Mr. Rohit M. Desai as the Trustees. The Trust Deed has been registered under the Indian Registration Act, 1908. The Mutual Fund was registered with SEBI on 19/10/1993 under Registration Code MF-004/93/4.

**B. Sponsor**

Canara Robeco Mutual Fund is sponsored by Canara Bank and Robeco Groep N.V. Canara Bank is the Settler of the Mutual Fund Trust. The Sponsor has entrusted a sum of Rs.10 lacs to the Trustees as the initial contribution towards the corpus of the Mutual Fund.

Financial Performance of the Canara Bank

*(Rs. In Crores)*

<b>Year Ended 31<sup>st</sup> March</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total Deposits	116803.00	142381.00	154072.00	186893.00
Total Advances	79426.00	98506.00	107238.00	138219.00
Number of Branches	2532	2578	2578	2733
Total Income	10027.00	12815.00	16413.60	19430.00
Operating Profit	2549.00	2912.00	2959.38	3963.00
Profit after Tax	1343.22	1420.81	1565.01	2072.00
Equity Capital	410.00	410.00	410.00	410.00
Reserve	6608.86	7701.12	7885.63	11798.00
Net-worth	7018.86	8111.12	8296.00	10040.00
Earnings per Share (in Rs.)	32.76	34.65	38.17	50.55
Book Value (in Rs.)	171.19	197.83	202.33	244.87
Dividend Paid (%)	66	70	80	80(proposed)

Financial Performance of the Robeco Groep N.V.

*(Rs. in crores)*

<b>Year Ended 31<sup>st</sup> December</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total income	3524.94	3674.82	4633.70	5881.41
Profit after tax	860.29	1078.69	1132.60	1187.24
Equity Capital	5770.67	6112.79	6167.10	31.21
Reserves	4072.66	5521.55	7424.58	8973.65
Net worth	4212.91	5557.08	7219.30	9144.24
Earnings per share	35.86	49.55	49.92	523.27
Book value per share	185.68	244.92	318.18	403.03
Dividend Paid (%)	Nil	Nil	Nil	NIL

**C. The Trustee**

Canara Robeco Mutual Fund (the “Trustee”), through its Board of Trustees, shall discharge its obligations as trustee of the Canara Robeco Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI Regulations and will also review the activities carried on by the AMC.

**Details of Trustees:**

<b>Name</b>	<b>Age/Qualification</b>	<b>Brief Experience</b>
Mr. ASHOK PRADHAN (Chairman) (Independent Trustee)	67/MA, PGDA Admin(U.K.)	He is trustee of Shree Adya Katyayani Shakti Mandir Trust (Elected Trustee)
Mr. ASHOK TANKHA (Independent Trustee)	61/B.Sc., Institute of Bankers, U.K.(part I)	He is a director on the Board of iDiscoveri Education and Enterprise Pvt Ltd.
Mr. JAGDISH PAI K. L. (Associate Trustee)	58/ B. Com	He is the Executive Director of Canara Bank.
Mr. JOHANNES G WORTELBOER (Associate Trustee)	49/BBA (The Netherlands), MA (International Marketing), PGDBA (U. K.)	He is the Chief Financial, Risk & Operations Officer of Rabo India Finance Ltd., India.  He is also a Director on the Board of following: <ul style="list-style-type: none"> <li>• Rabo India Finance Ltd.</li> <li>• Rabo India Securities Pvt. Ltd.</li> </ul>
Mr. ROHIT M. DESAI (Independent Trustee)	65/ B.com, C.A.I.I.B.	He held many important positions in Bank of India which included <ul style="list-style-type: none"> <li>- Dy. General Manager (HRD), Head Office</li> <li>- Dy. General Manager (International), Head Office</li> <li>- General Manager (Credit), Head Office</li> <li>- Chief Executive, U.S. Operations, New York</li> <li>- Zonal Manager &amp; General Manager, Mumbai South Zone</li> </ul> He also acted as the Executive Director of Indian Overseas Bank.

The duties, responsibilities and functions of the Board of Trustees of the Fund are contained in the Principal Trust Deed (amended and restated) dated 26<sup>th</sup> September, 2007. The rights and obligations of the Trustees are also governed by the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended to date. They are briefly stated as under:

- a. The Trustees shall ensure that the transactions entered into by the AMC are in accordance with the SEBI Regulations and the Scheme objectives.
- b. The Trustees shall ensure that the AMC has been managing the Mutual Fund Schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one Scheme are not being compromised with those of any other Scheme or of the activities of the AMC.

- c. The Trustees shall take steps to ensure that the transactions of the Mutual Fund are in accordance with the provisions of the Trust Deed.
- d. The Trustees shall be responsible for the calculation of any income due to be paid to the Mutual Fund and also for any income received in the Mutual Fund for the holders of the units of any Scheme in accordance with these regulations and the Trust Deed.
- e. The Trustees shall ensure that there is no conflict of interest between the manner of deployment of its net worth by the AMC and the interest of the unit holders.

General Due Diligence:

- i) The Trustees shall be discerning in the appointment of the Directors on the Board of the AMC.
- ii) Trustees shall review the desirability of continuance of the AMC, if substantial irregularities are observed in any of the Schemes and shall not allow the AMC to float new Schemes.
- iii) The Trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- iv) The Trustee shall ensure that all service providers are holding appropriate registrations from the Board of concerned regulatory authority.
- v) The Trustees shall arrange for test checks of service contracts.
- vi) Trustees shall immediately report to SEBI of any special developments in the Mutual Fund.

Specific Due Diligence:

The Trustees shall:

- i. obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.
  - ii. obtain compliance certificates at regular intervals from the AMC.
  - iii. hold meeting of trustees more frequently.
  - iv. consider the reports of the independent auditor and compliance reports of AMC at the meetings of the Trustees for appropriate action.
  - v. maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.
  - vi. prescribe and adhere to a code of ethics by the Trustees, AMC and its personnel.
  - vii. communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.
- f. The Trustees shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other changes which would modify the Scheme and affects the interest of unit holders shall be carried out unless:
- (i) a written communication about the proposed change is sent to each unit holder and an advertisement is given in one English daily newspaper having nation-wide 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 respect of open ended Schemes ; and
  - (ii) the unit holders are given an option to exit at the prevailing Net Asset Value without any exit load.

No amendment to the Trust deed will be carried out without the prior approval of the SEBI and unit holders' approval will be obtained where amendments affect their interest. The procedure for obtaining approval of the unit holders, wherever necessary, will be in accordance with the Regulations / Circulars or as may be prescribed by SEBI.

The Board of Trustees meets at regular intervals, at which reports pertaining to the performance of the Schemes / compliance with statutory requirements / Trustees’ orders are placed. Apart from the said reports, the AMC also submits reports and information called for by the Trustees.

In terms of the Third Schedule to the Regulations, a meeting of the Trustees is required to be held at least once in every two months and six such meetings are required to be held in a year.

The Board of Trustees have met 6 times during 2005-2006, 7 times during 2007-2008 and 6 times during 2008-2009.

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.

**D. Asset Management Company**

Canara Robeco Asset Management Company Ltd. is a company incorporated under the Companies Act, 1956 on 2<sup>nd</sup> March, 1993, having its Registered Office at Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001. Canara Robeco Asset Management Company Ltd. has been appointed as the Asset Management Company of the Canara Robeco Mutual Fund by the Trustee vide Investment Management Agreement (IMA) dated 16th June, 1993 and executed between Canara Robeco Mutual Fund and Canara Robeco Asset Management Company Ltd.

Pursuant to the joint venture documents signed between Canara Bank and Robeco Groep N. V. Robeco India Holding B. V. on 26.09.2007 acquired 49% stake in the AMC and Canara Bank retained the remaining 51%. Consequent to this, the Fund was renamed as Canara Robeco Mutual Fund and the AMC as Canara Robeco Asset Management Company Ltd. The Schemes of the mutual fund have accordingly been renamed to reflect the joint venture.

The AMC is also the sub-Investment Manager in respect of Can bank (Offshore) Fund. Controls and safeguards as suggested by SEBI vide letter No. IIMARP/3219/94 dt. 27.05.1994 for managing the Offshore Fund is being adhered to and there is no conflict of interest in managing the Schemes of the Fund and Canbank (Offshore) Fund.

**Procedure followed for investment decisions:**

The procedure followed for investment decisions is as under:  
The daily recommendations of the Fund Managers of the Schemes to buy or sell various securities, after giving due regard to the liquidity requirements of the respective schemes and their investment objective, will be placed (along with relevant information including research report from Research Department supported by justifications) before the Market Operation Committee (MOC). The MOC headed by the Chief Executive Officer of the AMC and consists of Chief Operating Officer, Head - Equities and Head – Fixed Income. The MOC considers the recommendations and records the buy or sell decisions in writing. The decisions will be noted by the Chief Executive Officer and in his absence by the Chief Operating Officer. The executives in charge of Equity, Debt & Money Market of the AMC shall be responsible for investment/disinvestment decisions in their respective segments.

**Details of AMC Directors:**

<b>Name</b>	<b>Age/Qualification</b>	<b>Brief Experience</b>
Mr. A. C. Mahajan (Chairman) (Associate Director)	59/ P.G. Science (Hons), CAIIB – I	He is Chairman and Managing Director of Canara Bank.
Mr. M. V. Shenoy (Associate Director)	59/B.Com, CAIIB	He is General Manager (treasury & International Wing) of Canara Bank.
Mr. Constant T. L.	47/ Bachelor of Economics	He is Managing Director, Chief Financial

Korthout (Associate Director)	(Rotterdam)	Officer of Robeco Groep N.V., Rotterdam
Ms. Hester W. D. G. Borrie (Associate Director)	40/ Masters in Economics (Rotterdam)	She is the Managing Director for: - Director Global Distribution & Marketing - Robeco Nederland B.V - India Holding B.V.
Mr. D. K. Kapila (Independent Director)	58/ B. Com (Hons), F.C.A.	He is a fellow member of the Institute of Chartered Accountant and is the founder partner of M/s. Jain Kapila, Charatered Accountants.
Mr. Arvind Sethi (Independent Director)	52/B.A (Hons) M.A, Philosophy, Political & Economics (PPE) from Oxford University	He is a Managing Partner in CAP-M Consulting.
Mr. V. H. Ramakrishnan (Independent Director)	68/ B. Sc., ACA, AICWA	He is a Director of Andhra Bank & The KCP Ltd. He also acts as an Advisor for Shriram Group, Chennai.
Mr. Shital Kumar Jain	70/ MBA, Indiana University, U.S. A. Dean's List	He is a Director on the Board of R. S. Software India Ltd. & PNB Housing Finance Ltd.

**Information on Key Personnel:**

<b>Name/Designation</b>	<b>Age/Qualification</b>	<b>Brief Experience</b>
Mr. Rajnish Narula Chief Executive Officer	49/ B. Com., M.B.A.(USA)	25 years of experience in financial sector. Senior Management positions in Grindlays Bank and Standard Chartered Bank (Oct. 1982 to Sept. 2003). Chief Executive Officer, Alliance Capital (Sept.2003 – Dec.2005). Chief Executive Officer, DBS - Cholamandalam Asset Management Ltd. (Jun. 2006 to Jul. 2007)
Mr. Paul J. M. Vrancken Chief Operating Officer	35/ B. Com., CMA, CFM	11 years experience in financial sector. Till May 2001 as Senior Advisor, Arthur Anderson Corporate Finance, Amsterdam. Vice President, Strategy and M & A, Robeco Groep N V, Rotterdam from Jun. 2001 till date
Ms. Trupti Vyas Compliance Officer	33/ C.S, L.L.B.	7 years of experience in financial sector. C.S. Management Trainee in IL&FS (July 2001 - October 2002), Associate Editor in Lexsite.com Ltd. (January 2003 - January 2004), Dy- manager Compliance in Benchmark Asset Management Co. Pvt. Ltd. (April 2004 - December 2004), Company Secretary & Compliance Officer, DBS Cholamandalam Asset Management Ltd. (January 2005 - December 2007)
Mr. Avinash Ramnath Head – National Sales	38/ B.Sc., M.M. S.	Over 15 years of experience in financial sector. Assistant Manager – Marketing in The Arvind Mills Limited (March 1995 – April 1998), Area Sales Manager – Liabilities, Retail Group in Bank Of America (May 1998 – May 1999), Associate Vice President, Private Client Group in Kotak Securities (June 1999 - September 2000), Regional Sales Manager & later Regional Sales Head in Alliance Capital Asset Management (I) Pvt. Ltd. (September 2000 to October 2005), Channel Head – DB Advantage Banking (Personal Banking) & National Sales Manager in Deutsche Bank AG (November 2005 – 2007)
Mr. Anand N. Shah Head - Equities	34/ B.Com, PGDM (IIM Lucknow)	10 years of experience. Kotak Mahindra Asset Management Company as Vice President, Fund Manager & Equity Research (May, 2000 to December, 2006). ICICI prudential AMC Senior Fund manager (January, 2007 to April, 2008)
Mr. Ritesh Jain Head – Fixed Income	34/ B.Com., M.B.E,	10 years of experience. IDBI Bank Ltd., Mumbai as Manager, Treasury (1998-2001). Kotak Mahindra Asset Management Co. Ltd., Mumbai as Fund Manager (2002-2007) and as Head – Fixed income (2007- Till April 2008)

**E. Service providers**

**Custodian**

The Trustees of the Fund have appointed HONGKONG AND SHANGHAI BANKING CORPORATION LTD, Plot No. 139-140 B, Western Express Highway, Sahar Road Junction, Vile Parle (E), Mumbai 400 057 as the Custodian to the Scheme with HDFC Bank Ltd., Sandoz House, Dr. Annie Besant Road, Worli, Mumbai 4000 018 as Sub-custodian under an Agreement dated 31.03.2008. The Custodian has been registered with SEBI under Registration No.IN/CUS/009 dated 15.07.1998 and the Sub-custodian under Registration No.IN/CUS/001 dated 02.02.1998.

**Registrar & Transfer Agents:**

The Registrar & Transfer Agents along with the dividend payment agents will be:

**M/s. Computer Age Management Services Pvt. Ltd.**

178/10 K. H. Road, Opp. Palmgrove Hotel  
Nungambakkam  
Chennai 600 034  
Tel No. (044) 39115574, 39115583  
**Email :** enq\_n@camsonline.com

CAMS is registered with SEBI vide Regn No. INR0000002813 dated 03.08.2000

Karvy Computershare Pvt. Limited  
21, Road No. 4, Street No. 1,  
Banjara Hills Hyderabad 500 034  
Tel. No.:- (040) 23390404 / 23394436 / 2337901  
Fax :- (040) 23311968  
E-mail id:- crmf@karvy.com

Karvy is registered with SEBI vide Regn No. INR000000221 dated 11.09.2006

The Board of the Trustees and the AMC has ensured that the Registrars have adequate capacity to discharge responsibilities with regard to processing of applications and dispatching unit certificates to unitholders within the time limit prescribed in the Regulations and also have sufficient capacity to handle investor complaints.

The Trustees reserve the right to change the R&T Agents, as may be required from time to time, to ensure high service standards required for the Scheme.

**Statutory Auditor**

**Live/Current Schemes:**

M/s. S. R. Batliboi & Co., Chartered Accountants, having their Office at 6<sup>th</sup> Floor, Express Tower  
Nariman Point, Mumbai - 400 021

**Redeemed Schemes:**

M/s. Chokshi & Chokshi, Chartered Accountants, having their Office at 15/17, Raghavji, 'B'  
Building, Ground floor, Raghavji Road, Gowalia Tank, Off Kemp's Corner, Mumbai - 400 036

**Legal Counsel**

Inhouse  
Mr. K. Raveendra  
Head – Legal

**Fund Accountant**

HONGKONG AND SHANGHAI BANKING CORPORATION (HSBC) LTD, Plot No. 139-140 B, Western  
Express Highway, Sahar Road Junction, Vile Parle (E), Mumbai 400 057

**Collecting Bankers**

As stated on last page

- F. **Condensed financial information (CFI) for all the schemes launched by MF during the last three fiscal years (excluding redeemed schemes)**

**Canara Robeco Multicap**

<b>HISTORICAL PER UNIT STATISTICS</b>	<b>SCHEME NAME</b>		
	<b>YR. 1 (08-09)</b>	<b>YR. 2 (07-08)</b>	<b>YR. 3 (06-07)</b>
<i>NAV at the beginning of the year (as on October 1)</i>	9.42	12.89	10.00*
<i>Dividends (% per unit)</i>	-	-	-
<i>NAV at the end of the year (as on September 30)</i>	12.94	9.32	12.78
<i>Annualised return**</i>	38.84%	-26.89%	45.67%
<i>Net Assets end of period (Rs. Crs.)</i>	137.67	125.61	-
<i>Ratio of Recurring Expenses to net assets</i>	-	-	-

\*NAV as on Date on Inception 02<sup>nd</sup> Feb, 2007

\*\* Only for growth option. Only for Retail Plan. Annualized Return is from date of inception till 30<sup>th</sup> Sep, 2009

**Canara Robeco Interval Fund Sr 2 (Quarterly Plan 2)**

<b>HISTORICAL PER UNIT STATISTICS</b>	<b>SCHEME NAME</b>		
	<b>YR. 1 (08-09)</b>	<b>YR. 2 (07-08)</b>	<b>YR. 3 (06-07)</b>
<i>NAV at the beginning of the year (as on October 1)</i>	10.06	10.00*	-
<i>Dividends (% per unit)</i>	-	-	-
<i>NAV at the end of the year (as on September 30)</i>	10.67	10.06	-
<i>Annualised return**</i>	6.14%	10.89%	-
<i>Net Assets end of period (Rs. Crs.)</i>	0.24	-	-
<i>Ratio of Recurring Expenses to net assets</i>	-	-	-

\*NAV as on Date on Inception 10<sup>th</sup> Sep, 2008

\*\* Only for growth option. Only for Retail Plan. Annualized Return is from date of inception till 30<sup>th</sup> Sep, 2009

**Canara Robeco Fixed Maturity Plan 19M SR4**

<b>HISTORICAL PER UNIT STATISTICS</b>	<b>SCHEME NAME</b>		
	<b>YR. 1 (08-09)</b>	<b>YR. 2 (07-08)</b>	<b>YR. 3 (06-07)</b>
<i>NAV at the beginning of the year (as on October 1)</i>	10.00*	-	-
<i>Dividends (% per unit)</i>	-	-	-
<i>NAV at the end of the year (as on September 30)</i>	11.09	-	-
<i>Annualised return**</i>	11.37%	-	-
<i>Net Assets end of period (Rs. Crs.)</i>	22.51	-	-
<i>Ratio of Recurring Expenses to net assets</i>	-	-	-

\*NAV as on Date on Inception 14<sup>th</sup> Oct, 2008

\*\* Only for growth option. Only for Retail Plan. Annualized Return is from date of inception till 30<sup>th</sup> Sep, 2009

**Canara Robeco Short Term Fund**

<b>HISTORICAL PER UNIT STATISTICS</b>	<b>SCHEME NAME</b>		
	<b>YR. 1 (08-09)</b>	<b>YR. 2 (07-08)</b>	<b>YR. 3 (06-07)</b>
<i>NAV at the beginning of the year (as on October 1)</i>	10.00*	-	-
<i>Dividends (% per unit)</i>	-	-	-
<i>NAV at the end of the year (as on September 30)</i>	10.38	-	-
<i>Annualised return**</i>	7.81%	-	-
<i>Net Assets end of period (Rs. Crs.)</i>	474.94	-	-
<i>Ratio of Recurring Expenses to net assets</i>	-	-	-

\*NAV as on Date on Inception 31<sup>st</sup> Mar, 2009

\*\* Only for growth option. Only for Retail Plan. Annualized Return is from date of inception till 30<sup>th</sup> Sep, 2009

**Canara Robeco Dynamic Bond Fund**

<i>HISTORICAL PER UNIT STATISTICS</i>	<i>SCHEME NAME</i>		
	<i>YR. 1 (08-09)</i>	<i>YR. 2 (07-08)</i>	<i>YR. 3 (06-07)</i>
<i>NAV at the beginning of the year (as on October 1)</i>	10.00*	-	-
<i>Dividends (% per unit)</i>	-	-	-
<i>NAV at the end of the year (as on September 30)</i>	10.14	-	-
<i>Annualised return**</i>	4.22%	-	-
<i>Net Assets end of period (Rs. Crs.)</i>	138.90	-	-
<i>Ratio of Recurring Expenses to net assets</i>	-	-	-

\*NAV as on Date on Inception 29<sup>th</sup> May, 2009

\*\* Only for growth option. Only for Retail Plan. Annualized Return is from date of inception till 30<sup>th</sup> Sep, 2009

**II. HOW TO APPLY?**

**a) During the New Fund Offer:**

Applications complete in all respects together with necessary remittance may be submitted at the offices of the Investment Manager or such collecting centres as may be designated by the Investment Manager.

Payment will be accepted through a cheque or demand draft payable at the centre where the application is lodged and drawn in favour of "CANARA ROBECO MUTUAL FUND" and crossed 'A/c Payee only'. Investors located at places other than at the Sales Offices (Investor Relations Centres) of Investment Manager or at designated centres are requested to make payment by demand draft. In case of payment by demand draft, actual DD charges will be absorbed by the Investment Manager.

The number of units allotted will be the amount invested divided by the sale price applicable for the day on which applications are accepted by the Investment Manager, rounded off to the four decimals place. Such allotment will be for a minimum amount prescribed. Applications received by post will be deemed to have been submitted on the date of receipt at the office of the Investment Manager and the applicable rate will be the rate prevailing on the date of receipt of underlying instrument accompanying such application. In case of payment by bank drafts, the amount of investment and bank charges shall be clearly mentioned by the applicant in the application. The Scheme will allot units to the extent of amount remitted by way of demand draft plus bank charges incurred by the applicant, duly absorbing the bank charges.

The Statement of Account for the units allotted under "New Fund Offer" will be despatched to the unit holders within 30 working days from the date of allotment.

Allotment of units will be at the absolute discretion of the Trustees and the applications can be rejected without assigning any reason whatsoever.

**b) Ongoing basis:**

The number of units allotted will be the amount invested divided by the sale price applicable for the day on which applications are accepted by the Investment Manager, rounded off to four decimals. Such allotment will be for a minimum amount prescribed.

In case of payment by bank drafts, the amount of investment and bank charges shall be clearly mentioned by the applicant in the application. The Scheme will allot units to the extent of amount remitted by way of demand draft plus bank charges incurred by the applicant, duly absorbing the bank charges.

The Statement of Account for the units allotted under "ongoing basis" will be despatched to the unit holders within 10 days from the date of allotment.

The Sale price of units will be NAV plus applicable load, if any, as decided by the Investment Manager, from time to time to meet the expenses of sale.

However the Investment Manager may periodically review the sale price and reserves the right to lower or waive the applicable load for a particular period in a year. Such modifications shall be announced periodically along with the NAV / sale price. At any time, the spread between the selling and repurchase price will not be more than 7% of the sale price.

Allotment of units will be at the absolute discretion of the Trustees and the applications can be rejected without assigning any reason whatsoever.

**c) Joint Applications:**

In the event of joint application, applicant shall specify the 'mode of holding' as 'Jointly' or 'Anyone or Survivor'. If specified as 'Jointly', redemption/additional purchase/switch and all other requests shall be signed by all the joint holders. However, if the holding is specified as 'Anyone or Survivor', any one of the unit holders will be entitled to make redemption/additional purchase/switch and other requests, without the need for all the unit holders to sign. If the mode of holding is not specified, it shall be deemed that the holding is on 'Joint' basis.

However, in the event of joint holding, the first-named holder shall receive the accounts statement, all notices and correspondence with respect to the account as well as the proceeds of redemption or dividends or other distributions.

**d) Applicable NAV for Sale of Units :**

- a) For applications received up to 3 p.m. along with instruments payable at par at the place of receipt, closing NAV of the same day on which the application is received shall be applicable.
- b) For applications received after 3 p.m. along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.
- c) For applications received with outstation instruments not payable at par at the place of receipt, closing NAV of the day of realisation of the instruments shall be applicable.
- d) For applications received on non-business day along with instruments payable at par at the place of receipt, closing NAV of the next business day shall be applicable.

The Investment Manager reserves the right to revise the applicable NAV for Sale, based on the market practice. However, any change will be notified by way of Press Release or any other appropriate channels of communication and such changes will be applicable only for prospective sale.

Calculation of Sale Price: The sales load will be charged as a percentage of Net Assets Value (NAV) i.e. applicable load as a percentage of NAV will be added to NAV to calculate sale price. The formula for calculation of Sale Price would be :

Sale Price = Applicable NAV x (1+Sales Load, if any)

e.g. if the applicable NAV is Rs.10.00 and sales / entry load is 2%, then the Sales Price will be Rs.10.2000.

**e) Who can Apply :**

- 1. Adult Individual(s) and also minor(s) through their parent/guardian. (Application of minors jointly with adults not allowed).
- 2. Adult Individual(s) jointly not exceeding three, on first holder or survivor/s basis.
- 3. Hindu Undivided Family (HUF)
- 4. Partnership Firms
- 5. A Company as defined in the Companies Act, 1956, Public Sector Undertakings.
- 6. A Body Corporate established by or under any law in force in India.

7. A Co-operative Society registered under any law relating to Co-operative Societies in India.
8. A Religious or Charitable Trust / Wakfs or a Society established under the relevant laws and authorised to invest in Mutual Fund Schemes.
9. FIs registered with SEBI.
10. Banks and Financial Institutions.
11. Pension Funds/Pension Fund Managers.
12. Non Resident Indians (NRIs) and Persons of Indian Origin (PIOs) on repatriation / non-repatriation basis.
13. Army, Air Force, Navy and other para-military units and bodies created by such institutions. Scientific and Industrial Research Organisations.
14. Multilateral Funding Agencies / Body Corporates incorporated outside India with the permission of Government of India / Reserve Bank of India
15. Other Schemes of the Fund subject to the conditions and limits prescribed under SEBI Regulations.
16. Any other category of investors that may be permitted by the Trustees as per the Indian Laws in future.

**f) Applications by NRIs and PIOs :**

Repatriation Basis :

In terms of Schedule 5 of Notification No. FEMA/20/2000 dt. May 03, 2000, the RBI has granted a general permission to Mutual Funds, as referred to in Clause (23D) of Section 10 of the Act to issue and repurchase units of their Schemes which are approved by SEBI, to / from NRIs / PIOs subject to conditions set out in the aforesaid Notification. Further, general permission is also granted to send such units to NRIs / PIOs to their place of residence or location as the case may be.

NRI application on a repatriation basis will be made by submitting payment by demand drafts purchased from / cheques drawn on FCNR / NRE Bank accounts payable at a city where Investor Relations Centres of Investment Manager or its authorised agents are located. Such applicants would have to subsequently arrange to provide a debit certificate from their bankers confirming that the amount has been paid by debiting the NRE / FCNR account.

Non-Repatriation Basis :

In case of NRIs / PIOs seeking to apply for units on a non-repatriation basis, payments may be made by cheques drawn on / draft drawn out of NRO / NRSR accounts.

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

1. Mention their bank account numbers in their application for purchase of units and redemption requests.
2. Mention their Permanent Account Number (PAN) in their application.
3. with effect from 01st Feb 2008, for all investors investing Rs. 50000 and above to produce a letter from CVL (CDSL Ventures Ltd) confirming compliance with KYC requirements

**h) Know Your Customer (KYC) Formalities**

From 2<sup>nd</sup> February, 2008, it is mandatory to comply with 'Know Your Customer' (KYC) norms in respect of the applications for investment of Rs. 50,000/- and above for all the investor / applicants including NRI, guardians (in case of minors) and power of attorney holders.

All investors including guardians and power of attorney holders need to complete 'Know Your Customer' (KYC) formalities through CVL (CDSL Ventures Ltd.) by completing a KYC application form along with photograph, PAN card and Proof of Address for individuals, or Corporate Documents for bodies corporate, in accordance with the Prevention of Money-Laundering Act, 2002 (PMLA), Rules issued thereunder and the guidelines / circulars issued by SEBI thereto.

We have tied up with M/s CVL to increase reach and convenience for our investors. Applications for KYC along with PAN may be submitted at any "Point of Service" of CVL. All documents must be

submitted in original along with a self-attested copy. The original will be returned across the counter after verification. Investors may also submit notarized copies of the requisite documents.

You will receive an acknowledgement which needs to be submitted to us along with a list of your folios numbers, as evidence of having completed these 2 important regulatory requirements.

As a majority of Mutual Funds have tied up with CVL, you only need to complete these formalities ONCE across all such participating Mutual Funds.

If you have previously completed your KYC formalities via CVL, please submit a copy of your KYC acknowledgement to us along with a list of your folio numbers for verification and update.

All investments in Canara Robeco Mutual Fund need to comply with the PAN and KYC requirements as noted above.

### III. RIGHTS OF UNITHOLDERS OF THE SCHEME

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares a dividend under the Scheme, the dividend warrants shall be despatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be despatched to the Unit holder within 10 business days of the Specified Redemption Date. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request.
4. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep the unitholders informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the Directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind- up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
  - whenever required to do so by SEBI, in the interest of the Unit holders.
  - whenever required to do so if a requisition is made by three- fourths of the Unit holders of the Scheme.
  - when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
  - The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unit holders, shall be carried out unless :
    - (i) 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
    - (ii) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
8. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI.
9. Disclosure - Unclaimed Redemption and Dividend Amounts  
As per circular No. MFD/CIR/9/120/2000, dated November 24, 2000 issued by SEBI, the unclaimed redemption and dividend amounts shall be deployed by the Fund as under :
  1. The Fund may deploy the unclaimed Redemption and Dividend amounts in Call Money Market or Money Market instruments or such other instruments / investments that may be permitted by SEBI from time to time.

2. The unit holders who claim the redemption amount during the period of three years from the Due Date shall be paid at the prevailing Net Asset Value.
3. After a period of 3 years, such amounts can be transferred to pool account and the unit holders can claim the amount at NAV prevailing at the end of third year.
4. The income earned on such funds after completion of 3 years may be utilised for the purpose of investor education.
5. The management fee charged the AMC for managing such unclaimed amounts shall not exceed 0.50% of the average weekly net assets.

In terms of the above circular, the Fund reminds the investors about the position of unclaimed redemption/dividends through individual communication periodically. The information is also furnished in Quarterly Connect, the quarterly newsletter.

The Fund reminds the investors of unclaimed Redemption and unclaimed Dividend amount through Newsletters, unit holders Annual Reports and other Communication, regularly.

The Investors who have not received / encashed the dividends distributed by the Schemes, may write to the respective Registrar, duly furnishing the Name of the Scheme, Folio Nos. and the details of dividends not receive.

#### *IV. INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS*

##### **1. Traded Securities:**

- i. Traded Securities shall be valued at the last quoted closing price on the Stock Exchange. When the securities are traded on more than one recognised stock exchange, the securities shall be valued at the last quoted closing price on the stock exchange where the security is principally traded.
- ii. When on a particular valuation day, a security has not been traded on the Principal stock exchange, the value at which it has been traded on another stock exchange is used.
- iii. When a security (other than debt securities ) is not traded on any exchange on a particular valuation day, the value at which it was traded on the selected stock exchange, as the case may be, the earliest previous day may be used provided such date is not more than thirty days prior to valuation date.
- iv. When a debt security (other than Government securities) is not traded on any stock exchange on a particular valuation day, the value at which it was traded on the principal stock exchange or any other stock exchange as the case may be, on the earliest previous day, may be used, provided such date is not more than fifteen days prior to the valuation date.
- v. When a debt security other than Government securities is purchased by way of private placement, the value at which it was bought may be used for a period of fifteen days beginning from the date of purchase.
- vi. Call money placements are valued at cost.

##### **2. Thinly Traded Securities :**

###### *(i) Thinly Traded Equity/Equity Related Securities :*

When trading in an equity/equity related security (such as convertible debentures, equity warrants, etc.) in a month is less than Rs. 5 lacs and the total volume is less than 50,000 shares, it shall be considered as a thinly traded security and valued accordingly.

For e.g. if the volume of trade is 1,00,000 and value is Rs. 4,00,000, the share does not qualify as thinly traded. Also if the volume traded is 40,000, but the value of trades is Rs. 6,00,000 the share does not qualify as thinly traded.

Further it is clarified that in order to determine whether a security is thinly traded or not, the volumes traded in all recognised stock exchanges in India may be taken into account.

Where a stock exchange identifies the "thinly traded" securities by applying the above parameters for the preceding calendar month and publishes/provides the required information along with the daily quotations, the same can be used by the mutual funds.

If the share is not listed on the stock exchanges which provide such information, then it will be obligatory on the part of the mutual fund to make its own analysis in line with the above criteria to check whether such securities are thinly traded which would then be valued accordingly.

In case trading in an equity security is suspended up to 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then the Asset Management Company/Trustees will decide the valuation norms to be followed and such norms would be documented and recorded.

(ii) *Non-traded / thinly traded / Unlisted equity securities:*

Non-traded / thinly traded securities shall be valued "in good faith" by the asset management company on the basis of the valuation principles laid down below:

- (a) Based on the latest available Balance Sheet, net worth shall be calculated as follows :
- (b) Net Worth per share = [share capital+ reserves (excluding revaluation reserves) – Misc. expenditure and Debit Balance in P&L A/c] Divided by No. of Paid up Shares.
- (c) Average capitalisation rate (P/E ratio) for the industry based upon either BSE or NSE data (which should be followed consistently and changes, if any noted with proper justification thereof) shall be taken and discounted by 75% i.e. only 25% of the Industry average P/E shall be taken as capitalisation rate (P/E ratio). Earnings per share of the latest audited annual accounts will be considered for this purpose.
- (d) The value as per the net worth value per share and the capital earning value calculated as above shall be averaged and further discounted by 10% for ill-liquidity so as to arrive at the fair value per share.
- (e) In case the EPS is negative, EPS value for that year shall be taken as zero for arriving at capitalised earning.
- (f) In case where the latest balance sheet of the company is not available within nine months from the close of the year, unless the accounting year is changed, the shares of such companies shall be valued at zero.
- (g) In case an individual security accounts for more than 5% of the total assets of the scheme, an independent valuer shall be appointed for the valuation of the said security.

To determine if a security accounts for more than 5% of the total assets of the Scheme, it should be valued by the procedure above and the proportion which it bears to the total net assets of the scheme to which it belongs would be compared on the date of valuation.

At the discretion of the AMC and with the approval of the trustees, an unlisted equity share may be valued at a price lower than the value derived using the aforesaid methodology.

### **3) Illiquid Securities :**

- (a) Aggregate value of "illiquid securities" of scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value.
- (b) All funds shall disclose as on March 31 and September 30 the scheme-wise total illiquid securities in value and percentage of the net assets while making disclosures of half yearly portfolios to the unit holders. In the list of investments, an asterisk mark shall also be given against all such investments which are recognised as illiquid securities.
- (c) Mutual Funds shall not be allowed to transfer illiquid securities among their schemes.

**4) Valuation of Rights :**

- a) Until they are traded, the value of the “rights” entitlement would be calculated as:  $V_r = n/m \times (P_{ex} - P_{of})$   
Where,  $V_r$  = Value of rights,  $n$  = no. of rights Offered,  $m$  = no. of original shares held,  $P_{ex}$  = Ex-Rights price,  $P_{of}$  = Rights Offer price
- b) Where the rights are not traded pari-passu with the existing securities, suitable adjustments would be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights would be valued at the renunciation value.

**5) While investment in call money:**

Bills purchased under rediscounting scheme and short term deposits with banks shall be valued at cost plus accrual; other money market instruments shall be valued at the yield at which they are currently traded. For this purpose, non-traded instruments, that is instruments not traded for a period of seven days, will be valued at cost plus interest accrued till the beginning of the day plus the difference between the redemption value and the cost spread uniformly over the remaining maturity period of the instruments;

**6) Non traded T-bills:**

With residual maturity upto 182 days (not traded for more than 15 days or one which would qualify as a thinly traded security), will be valued on straight-line amortization of last traded YTM or purchased YTM.

Non-traded T - Bills with residual maturity greater than 182 days (not traded for more than 15 days or one which would qualify as a thinly traded security), shall be valued at prices provided by the agency suggested by the AMFI on a daily basis. In the event of non availability of such prices for any reason whatsoever prices released by other competent agencies will be used, failing which, average of the indicative bid price quotes obtained from two government securities brokers will be used.

- 7) Where instruments have been bought on ‘repo’ basis, the instrument would be valued at the resale price after deduction of applicable interest upto the date of resale. Where an instrument has been sold on a ‘repo’ basis, adjustment would be made for the difference between the repurchase price (after deduction of applicable interest upto date of repurchase) and the value of the instrument, the depreciation would be provided for and if the repurchase price is lower than the value of the instrument, credit would be taken for the appreciation.

**8) Valuation in respect of Non Performing Assets:**

Valuation in respect of Non Performing Assets (Debt Securities) will be done in accordance with “SEBI Guidelines for identification and provisioning for NPAs” issued vide circular dated 18th September, 2000 bearing reference no. MFD/CIR/8/92/2000 as amended from time to time.

**V. TAX & LEGAL & GENERAL INFORMATION****A. Taxation on investing in Mutual Funds**

The entire income of the Mutual Fund is exempt from income tax in accordance with the provisions of sec. 10 (23D) of the Income tax Act, 1961. The income received by the Fund is not liable for deduction of tax at source.

Income received by unit holders in respect of the units of the Mutual Fund would be tax free in the hands of the unit holders in accordance with the provisions of section 10 (35) of the Act.

- **Securities Transaction Tax**

Sale of units of equity oriented schemes to the Mutual fund would be liable to Securities Transaction Tax (STT). STT would be payable at the rate of 0.25% on the redemption value by the investor and would be collected by the Fund at the time of redemption of units.

### **Tax Benefits to the unit holders**

- **Distribution Tax**

Income distributed by equity schemes will not be subject to dividend distribution tax and will be tax free in the hands of the investors.

- **Long Term Capital Gains Tax (LTCG)**

LTCG arising from sale of units held for a period of more than 12 months of an equity oriented mutual fund entered into in a stock exchange or sale of such units to mutual fund is exempt from income tax in the hands of unit holders, provided that such transaction of sale is chargeable to STT.

- **Short Term Capital Gains Tax (STCG)**

Short Term Capital Gains arising on sale of units held for a period of not more than 12 months, of an equity oriented mutual fund entered into in a recognized stock exchange or sale of such units to the mutual fund shall be taxed at 10% plus applicable surcharge and cess, provided such transaction is chargeable to STT.

The surcharge of 10% on the income tax would be applicable with regard to individuals and HUF having a total income exceeding Rs. 10,00,000.00. For all other categories the applicable surcharge would be 10% of the applicable tax. Further, education cess at the rate of 2% on the income tax would be applicable for all categories of assesses.

- **Capital Losses :**

Losses under the head "Capital Gains" cannot be set off against income under any other head. Further within the head "Capital Gains", losses arising from the transfer of long-term capital assets cannot be adjusted against gains arising from the transfer of a short term capital asset. However, losses arising from the transfer of short-term capital assets can be adjusted against gains arising from the transfer of either a long-term or a short-term capital asset.

Under Section 10(38), whereby Long term capital gain on sale of units of Equity Oriented Fund will be exempt from income tax provided certain conditions are fulfilled. Hence, long term capital losses arising from such type of transaction of sale of units of Equity Oriented fund would not be eligible for set-off against taxable capital gains.

- **Provision for Dividend**

Under the provisions of Section 94(7) of the Act, loss arising on sale of Units, which are bought within 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the Unit holders to receive the income) and sold within 9 months after the record date, shall be ignored for the purpose of computing income chargeable to tax to the extent of exempt income received or receivable on such Units.

- **Provision for Bonus**

Additionally, as per sub clause (8) to section 94 of the Act, wherein in case of units purchased within a period of three months prior to the record date for entitlement of bonus and sold within nine months after the record date, the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of such bonus units.

- **Tax Deduction at Source**

No tax shall be deducted at source in respect of any income credited or paid in respect of units of the Fund.

No tax shall be deducted at source on capital gains arising to any resident unit holders.

In case of non-resident other than a company, tax shall be deducted at source in respect of short term capital gains at 10% plus surcharge and cess.

In case of foreign company tax shall be deducted at source in respect of short term capital gains at 40% plus surcharge and cess.

In case of remittance to a country with which a Double Taxation Avoidance Agreement (DTAA) is in force, the tax shall be deducted at the rate provided in the Finance Act of the relevant year or at the rate provided in DTAA whichever is more beneficial to the assessee.

- **Investments by Charitable and Religious Trusts**

Units of a Mutual fund scheme referred to in clause 23D of section 10 of the Income Tax Act, 1961, constitute an eligible avenue for investment by charitable or religious trusts as per rule 17C of the Income Tax Rules, 1962, read with clause (xii) of sub-section (5) of section 11 of the Income Tax, 1961.

- **Wealth-tax**

Units of the Mutual Fund are not treated as assets of the Wealth-tax Act and therefore would not be liable to wealth-tax.

- **Gift-tax**

The Gift-tax Act, 1958 has ceased to apply to gifts made on or after October 1, 1998. Units of Mutual Fund may be given as a gift and no gift tax will be payable either by the donor or the donee.

NOTE:

The above Statement of Possible Direct Tax Benefits / consequences sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of mutual fund units. The above list of tax treatment is not exhaustive and depends on specific entitlements of the assessee and his affairs and therefore the treatment may vary from case to case basis. In view of the individual nature of Tax Benefits, each investor is advised to consult his or her own Tax consultant with respect to the specific Tax implications arising out of his or her participation in the Scheme from the date of applicability of the various provisions furnished above. The Tax benefits stated above, in brief, are in accordance with prevailing Tax Laws

**B. Legal Information**

- **Nomination Facility:**

The Scheme offers the facility of nomination in terms of Regulation 29A of SEBI (Mutual Funds) Regulations.

The terms and conditions are as follows:

1. The nomination can be made only by individuals applying for/holding units on their own behalf on sole or joint basis. Where the units are held by more than one person, the joint unitholders may together nominate a person in whom all the rights in the units shall vest in the event of death of all the joint unitholders.

2. Non-individuals including Society, Trust (Other than a Religious or Charitable Trust), Body Corporate, Partnership Firms, Karta of HUF, Holder of Power of Attorney are not eligible to nominate.
3. A minor can be nominated and in that event, the guardian shall also sign the Nomination Form besides furnishing his/her name and address. A nomination can also be in favour of Central Government, a Local Authority, any person designated by virtue of his office or a religious or charitable trust.
4. A Non-Resident Indian can be nominated subject to the Exchange Control Regulations in force in the country, from time to time.
5. Multiple nominations are permitted i.e. more than one person can be nominated per folio covering the entire unit holding in that folio.
6. The nomination once made in respect of a given folio would automatically extend to the units further acquired in the same folio. Similarly, if all the units in a folio are transferred/ repurchase/ redeemed from such folio, Nomination made in respect of such folio will automatically stand cancelled.
7. Nomination can be revoked /changed by submitting fresh Nomination Form, upon receipt of which the earlier nomination will stand cancelled.
8. The cancellation of nomination can be made only by those individuals who hold units on their own behalf on sole or joint basis and who made the original Nomination.
9. On cancellation of the Nomination, the AMC/the Fund shall not be under any obligation to pay the value of the units or transfer the units in favour of the Nominee.
10. Transfer of units in favour of a nominee or payment of the value of units to Nominee shall be a valid discharge by the AMC/the Fund against the legal heir(s).
11. A valid Nomination, once made, will override a Will or other testamentary document(s) executed by the deceased unitholder(s) and the Fund will not entertain any claim from any person other than the registered Nominee.
12. Nomination forms received by the Fund will be scrutinised and the Nomination will be registered if the Form is found complete in all respects. For all valid nominations received, the Fund will allot a Registration Number and communicate the same to the unitholder(s) concerned, who shall quote such number in all future correspondence.
13. For units held in electronic form, the Nomination shall be recorded with the respective Depository Participant. The Fund/AMC may not accept any Nomination in respect of such units.

Applicant(s)/unitholders(s) desirous of availing Nomination facility may use the Nomination Form provided in the Application Form or may obtain Nomination Form together with instructions/guidelines from R&T Agents/Investor Relation Centres.

- Please note that it is mandatory for Unit holders to :
  1. Mention their bank account numbers in their application for purchase of units and redemption requests.
  2. Mention their Permanent Account Number (PAN) in their application.
  3. With effect from 1<sup>st</sup> Feb 2008, for all investors investing Rs. 50,000/- and above to produce a letter from CVL (CDSL Ventures Ltd) confirming compliance with KYC requirements
- **PAN mandatory for all investors**

As per SEBI Circular dated April 27, 2007, Permanent Account Number (PAN) has been made the sole identification number for all participants transacting in the securities market, irrespective of the amount of transaction, effective July 02, 2007.

***Furnishing a copy of PAN card is mandatory with effect from January 1, 2008.***

Transactions by unit holders/investors who fail to submit copy of PAN or evidence of having applied for PAN as explained above are liable to be rejected.

- **Know Your Customer**

As per SEBI guidelines, "Know Your Customer (KYC)" policy should clearly spell out the client identification procedure in order to implement the anti money laundering provisions as envisaged under the Anti Money Laundering Act, 2002.

KYC compliance is being implemented through a common platform of CVL (CDSL Ventures Limited) from February 01, 2008 in respect of applications received on or after that date for investment of Rs. 50000 and above.

Accordingly, Investors investing Rs. 50000 or more will have to obtain a letter from CVL (CDSL Ventures Limited) confirming that the KYC requirements have been complied with. The said letter will be issued by CVL based on the following:

**i) photo, ii) proof of identity iii) proof of address iv) copy of PAN Card V) information with regard to financial status and other demographic details vi) any other information and/or documentation to establish identity of any unit holder.**

A common application form (CAF) has been designed for this purpose. You may please obtain a copy of this form, from our website [www.canararobeco.com](http://www.canararobeco.com).

The AMC, under powers delegated by the Trustee, shall have absolute discretion to reject any application, prevent further transactions by a unit holder, if after due diligence, the investor / unit holder / a person making the payment on behalf of the investor does not fulfill the requirements of the KYC Policy or the AMC believes that the transaction is suspicious in nature with regard to money laundering.

The Schemes will adhere to such guidelines / procedures as may be issued by SEBI / any other regulatory authority in this regard from time to time.

- **Transferability / Transmission:**

As repurchase facility is available on an ongoing basis, the transfer facility is redundant. However, if a transferee becomes a holder of the units by operation of Law or on enforcement of a pledge or due to the death, insolvency or winding up of the affairs of the sole holder or the survivors of the joint holder, then the Trustee shall, subsequent to production of such evidence to which in their opinion is sufficient, proceed to effect the transfer if the intended transferee is otherwise eligible to hold the units. Further, if either the mutual fund or the Asset Management Company incur any loss whatsoever arising out of any litigation or harm that it may suffer in relation to the transmission, they will be entitled to be indemnified absolutely from the deceased unit holder's estate.

- **WINDING UP OF THE SCHEME**

Regulation 39(2) of SEBI (Mutual Funds) Regulations, 1996, provides that a Scheme of a Mutual Fund may be wound up, after repaying the amount due to the unit holders ;

- a. on the happening of any event which, in the opinion of the Trustees, requires the Scheme to be wound up ; or

- b. if 75% of the unit holders of a Scheme pass a resolution that the Scheme be wound up ; or
- c. if SEBI so directs in the interest of unit holders.

Where a Scheme is wound up under the above Regulation, the Trustees shall give notice disclosing the circumstances leading to the winding up of the Scheme :

- a. to SEBI; and
- b. in two daily newspapers having circulation all over India and a vernacular news paper circulating at the place where the Mutual Fund is formed.

In case of winding up of the Scheme, the Trustees shall proceed as follows :

From the proceeds of the assets of the Scheme, the Trustees shall first discharge all liabilities of the Scheme and make provision for meeting the expenses of winding up of the Scheme, including the fees of the Investment Manager. The Trustees shall distribute proceeds to the unit holders, in proportion to their respective interests, all proceeds derived from the realisation of the investments, after recovering all costs, charges, expenses, claims, liabilities, whether actual or contingent, incurred, made or apprehended by the Trustees in connection with or arising out of the winding up of the Scheme. It will be ensured that the redemption proceeds are dispatched to the unit holders within a maximum period of ten working days from the date of completion of winding up of the Scheme.

## **C. General Information**

### **I. Underwriting:**

The Schemes may take up underwriting of other issues subject to the relevant SEBI Regulations and as may be permitted by the Board of Directors of the Investment Manager.

Regulation 46 of SEBI (Mutual Funds) Regulations, 1996, states that:

“Mutual Funds may enter into underwriting agreement after obtaining a certificate of registration in terms of the SEBI (underwriters) rules and SEBI (underwriters) Regulations, 1993, authorising it to carry on activities as underwriters.

For the purpose of these Regulations, the underwriting obligation will be deemed as if the investments are made in such securities.

The capital adequacy norms for the purpose of underwriting shall be the net assets of the Scheme. Provided that the underwriting obligation of a Mutual Fund shall not at any time exceed the total value of net assets of the Scheme”.

### **II. Stock/Securities lending by the Fund:**

The Fund may in future carry out stock/securities lending activity under any of its Schemes, in order to augment its income. Stock/securities lending may involve the risk of default such as loss, bankruptcy etc. on part of the borrower. However, this is unlikely to happen if the stock/securities lending is carried out for stocks/securities which are in dematerialised form and through an authorised stock/securities lending Scheme which is subject to appropriate regulation. Any stock/securities lending done by the Scheme shall be in accordance with any regulations or guidelines regarding the same. The policy to be followed for stock/securities lending shall be approved by the Board of Directors of the Investment Manager as well as by the Board of Trustees.

### **III. Inter-Scheme Transfer of Investments:**

Transfers of investments from one scheme to another scheme in the same mutual fund shall be allowed only if -

- (a) Such transfers are done at the prevailing market price for quoted instruments on spot basis.  
*Explanation: "spot basis" shall have same meaning as specified by stock exchange for spot transactions.*
- (b) The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

**IV. Associate Transactions**

**• Investments in Associates or Group Companies of the Sponsors:**

The AMC may utilise the services of its Sponsors or the Sponsors' Subsidiaries / Associates or any other associates (within the meaning of the SEBI Regulations) in case such company (including its employees and relatives) is in a position to provide the requisite services to the AMC. The AMC will conduct its business with the aforesaid companies (including their employees or relatives) on commercial terms as permissible under the SEBI Regulations. The AMC may also utilise the services of any of the subsidiaries of the Sponsors to be established at a later date in case such subsidiaries are in a position to provide requisite services.

The AMC shall conduct its business with these Subsidiaries / Associates of the Sponsors on commercial terms and on arms length basis and at the prevailing market rate. The prevailing market rate is the extent permitted under the regulations determined after an evaluation of the competitiveness of the pricing offered by the Associates / Subsidiaries of the Sponsors and the services to be provided by them. The AMC may also utilise the services of Canara Bank/ Robeco Groep N .V for marketing / distribution of applications and agency commission at a rate not exceeding the rate of commission being paid to other at the rate not exceeding the rate of commission being paid to others.

In accordance with SEBI (Mutual Fund) Regulation, 1996, the Scheme shall not make any investment in :

- any unlisted security of an associate or group company of the Sponsors ; or
- any security issued by way of private placement by an associate or group company of the Sponsors ; or
- the listed securities of group companies of the Sponsors which is in excess of 25% of the Net Assets.

During the period 01.04.2008 to 31.05.2008 the NIL investments were made in the securities of the Associate Companies.

- Underwriting Obligations with respect to issues of Associates Companies of Sponsors : As on date, The Fund has no underwriting obligations.
- Subscription in Issues lead managed by the Sponsors or its Associates during 2005-06, 2006-07 and 2007-08

Name of the company	Amount Invested (Rs)	Outstanding as on 31.03.2009	Role of Sponsor
Gokuldas Exports Ltd.	27.62,500.00	Nil	Co-Manager
PBA Infrastructure Ltd	30,00,000.00	Nil	Lead Manager
Beeyu Overseas Ltd.	2,29,026.00	Nil	Lead Manager
GVK Power & Infra. Ltd.	1,92,71,150.00	Nil	Co-Manager
GMR Infrastructure Ltd.	1,37,04,390.00	Nil	Co-Manager
Pyramid Saimira Theatre Ltd.	74000.00	NIL	Lead Manager
Raj Television Network Ltd.	51,40,000.00	NIL	Co-Manager
Indowind Energy Ltd.	1950000.00	Nil	Co-Book running Lead Manager

- The Brokerage/charges paid to subsidiary/Associates of the Sponsors, during the past three years is as under

(Rs in Lacs)

Paid to	2005-06	2006-07	2007-08	2008-09	Nature of Transaction
Canara Bank	155.97	35.63	129	79.20	Brokerage
Canara Bank	9.20	1.51	6.9	1.91	Bank Charges
Canbank Computer Services Ltd.	26.25	18.56	44.8	8.79	R & T Charges including OPE and other charges
Canara Robeco Asset Management Company Ltd.	1070.46	649.84	1535.8	2000.47	AMC Fee

The Investment Manager may from time to time for conducting the normal business, utilise the services of any of the Associates / Subsidiaries of the Sponsors. The Investment Manager may also utilise the services of any of the subsidiaries of the Sponsors to be established at a later date in case such subsidiaries are in a position to provide requisite services to the Investment Manager.

The Investment Manager shall conduct its business with these Subsidiaries / Associates of the Sponsors on commercial terms and on arms length basis and at the then prevailing market rates / prices to the extent permitted under the regulations, after an evaluation of the competitiveness of the pricing offered by the Associates / Subsidiaries of the Sponsors and the services to be provided by them. The Investment Manager may also utilise the services of Canara Bank for marketing / distribution of applications and agency commission at a rate not exceeding the rate of commission being paid to other agents for the Scheme will be paid for such services.

- **AMC's Investments in the Scheme:**

The Investment Manager may invest in the Scheme, on an ongoing basis, the maximum limit of such investment would be 25% of the net assets of the Scheme at the time of investment. Such investments will be in conformity with the Regulation 24(3) of the SEBI (Mutual Fund) Regulations, 1996. The AMC shall not be entitled to charge any fee on its investment in that Scheme.

#### **Documents Available for Inspection**

The following documents will be available for inspection at the office of the Mutual Fund **at Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400001** during business hours on any day (excluding Saturdays, Sundays and public holidays):

- Memorandum and Articles of Association of the AMC
- Investment Management Agreement
- Trust Deed and amendments thereto, if any
- Mutual Fund Registration Certificate
- Agreement between the Mutual Fund and the Custodian
- Agreement with Registrar and Share Transfer Agents
- Consent of Auditors to act in the said capacity
- Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
- Indian Trusts Act, 1882.

#### **INVESTOR GRIEVANCES AND REDRESSAL**

The Canara Robeco Mutual Fund has an investor base of 2.93 lakhs (as on 31.03.2009). The Fund has appointed two Registrars to service the investors and is constantly monitoring their functioning, by

interacting with them, to provide efficient and expeditious service to the investors. 22 Investor Relation Centres have been set up at important places to give efficient service to the investors.

The statistical data for investor complaints / queries received are as follows:

From	01.04.2006	01.04.2007	1.04.2008
To	31.03.2007	31.03.2008	31.03.2009
Complaints / Queries Received *	15566	22604	9744
Pending Complaints /Queries *	27	75	17

\*includes request for change of address, general correspondence etc.

Complaints received from Investors through SEBI: (From 01.04.2008 to 31.3.2009)

Number of Complaints c/f from previous year	Number of Complaints Received till 31.03.2009	Number of Complaints Redressed till 31.03.2009	Number of Complaints Pending till 31.03.2009
0	19	19	0

The Investor Relation Department of the Fund closely monitors the complaints received through SEBI and follows up with Registrars for redressal of the same.

**Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.**

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