CANARA ROBECO
CONSERVATIVE HYBRID FUND

MUTUALFUNDS Sahi Hai

MAY 2020

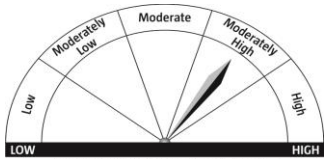
Canara Robeco Conservative Hybrid Fund

An open-ended hybrid scheme investing predominantly in debt instruments

This product is suitable for investors who are seeking*

- Income/Capital appreciation over medium term to long term.
- Investment predominantly in debt and money market instruments and small portion in equity

**Investors should consult their financial advisers if in doubt about whether the product is suitable*



Investors understand that their principal will be at Moderately High risk

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Canara Robeco Conservative Hybrid Fund

(An open-ended hybrid scheme investing predominantly in debt instruments)

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Systematic Withdrawal Plan

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A Winning Combo!

KEY TAKE AWAY

- Know the basics of Systematic Withdrawal Facility (SWP)
- Understand how SWP in Canara Robeco Conservative Hybrid Fund can help you achieve your objective of regular income
- Recognize the benefits of investing in SWP over other traditional income avenues
- Be equipped to plan your own Systematic Withdrawal Plan
- Be cognizant of the application process

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Systematic Withdrawal Plan (SWP)

- An effortless way to meet your monthly expenses

SYSTEMATIC WITHDRAWAL PLAN

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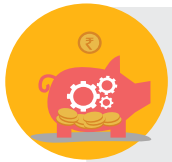
Systematic Withdrawal Plan to receive regular fixed payouts as per individual's cash flow needs.

Fixed amount is redeemed periodically out of the investment.

Directly credited to investor's bank account at indicated frequency (monthly, quarterly)



Amount received could be used as a **source of income** or **can be invested** in other avenues.

SWP ILLUSTRATION – 1 YEAR

Premise:

- Investor invests Rs. 1,20,000
- The initial amount remains invested & grows linked to market for 1 Year
- Post 1 Year, the investor starts withdrawing Rs. 1,000 per month through SWP i.e. an annual withdrawal of 1% of amount invested
- The following slide shows what will be the value of investment if withdrawal is made for 5 years, 10 years & 15 years respectively

Please Note: The withdrawal amount of 1% in the above example is for illustration purposes only. The investor however has an option to choose the amount to be withdrawn.

SWP ILLUSTRATION – 1 YEAR

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Assumed rate of growth of the investment (CAGR)		Scenario 1	Scenario 2	Scenario 3
		8%	10%	12%
Initial Amount Invested		1,20,000	1,20,000	1,20,000
Value of Investment after 1 Year		1,29,600	1,32,000	1,34,400
Amount Systematically Withdrawn per month [Assuming an annual withdrawal of 1% of amount invested]		1,000	1,000	1,000
Scenario for next 5 Years	Total Amount received (Pre Tax) [@1000 p.m. * 60 months]	60,000	60,000	60,000
	Value of Investment at the end of the period	1,19,607	1,39,744	1,62,494
	Amount received + Investment value at the end of the period	**1,79,607**	**1,99,744**	**2,22,494**
Scenario for next 10 Years	Total Amount received (Pre Tax) [@1000 p.m. * 120 months]	1,20,000	1,20,000	1,20,000
	Value of Investment at the end of the period	1,04,719	1,52,484	2,13,533
	Amount received + Investment value at the end of the period	**2,24,719**	**2,72,484**	**3,33,533**
Scenario for next 15 Years	Total Amount received (Pre Tax) [@1000 p.m. * 180 months]	1,80,000	1,80,000	1,80,000
	Value of Investment at the end of the period	82,539	1,73,447	3,06,256
	Amount received + Investment value at the end of the period	**2,62,539**	**3,53,447**	**4,86,256**

A moderately conservative investor may opt for SWP in a Fund like Hybrid Fund

Please Note: The withdrawal amount of 1% in the above example is for illustration purposes only. The investor however has an option to choose the amount to be withdrawn.

The above table is for illustration purpose only to explain the concept of SWP & shall not be construed as indicative yields/returns of any of the Schemes of Canara Robeco Mutual Fund

SWP ILLUSTRATION – 3 YEARS

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Premise:

- Investor invests Rs. 1,20,000
- The initial amount remains invested & grows linked to market for 3 Years
- Post 3 Years, the investor starts withdrawing Rs. 1,000 per month through SWP i.e. an annual withdrawal of 1% of amount invested
- The following slide shows what will be the value of investment if withdrawal is made for 5 years, 10 years & 15 years respectively

Please Note: The withdrawal amount of 1% in the above example is for illustration purposes only. The investor however has an option to choose the amount to be withdrawn.

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SWP ILLUSTRATION – 3 YEARS

Assumed rate of growth of the investment (CAGR)	Scenario 1	Scenario 2	Scenario 3
	8%	10%	12%
Initial Amount Invested	1,20,000	1,20,000	1,20,000
Value of Investment after 3 Year	1,51,165	1,59,720	1,68,591
Amount Systematically Withdrawn per month [Assuming an annual withdrawal of 1% of amount invested]	1,000	1,000	1,000
Scenario for next 5 Years			
Total Amount received (Pre Tax) [@1000 p.m. * 60 months]	60,000	60,000	60,000
Value of Investment at the end of the period	1,51,736	1,85,352	2,24,610
Amount received + Investment value at the end of the period	**2,11,736**	**2,45,352**	**2,84,610**
Scenario for next 10 Years			
Total Amount received (Pre Tax) [@1000 p.m. * 120 months]	1,20,000	1,20,000	1,20,000
Value of Investment at the end of the period	1,52,587	2,27,524	3,26,378
Amount received + Investment value at the end of the period	**2,72,587**	**3,47,524**	**4,46,378**
Scenario for next 15 Years			
Total Amount received (Pre Tax) [@1000 p.m. * 180 months]	1,80,000	1,80,000	1,80,000
Value of Investment at the end of the period	1,53,854	2,96,910	5,11,260
Amount received + Investment value at the end of the period	**3,33,854**	**4,76,910**	**6,91,260**

Increase in initial holding period by 2 Years

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Sharp increase in final value

A moderately conservative investor may opt for SWP in a Fund like Hybrid Fund

Please Note: The withdrawal amount of 1% in the above example is for illustration purposes only. The investor however has an option to choose the amount to be withdrawn.

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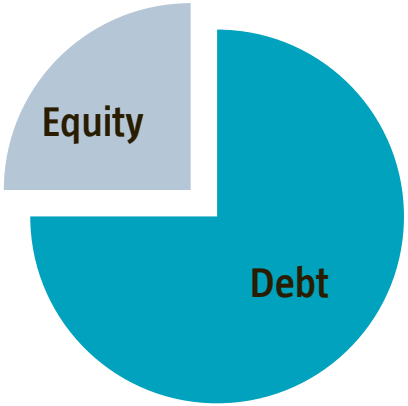
Conservative Hybrid Fund

A fund investing in debt securities but adds the goodness of equity while keeping the risk in control

WHAT ARE CONSERVATIVE HYBRID FUNDS



A mutual fund scheme that aims to provide SAFETY of capital while allowing scope for GROWTH

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FEATURES OF CONSERVATIVE HYBRID FUNDS

	Conservative Hybrid Funds	Traditional Investment avenues with lock-in period
Return Potential	Market linked Returns	Fixed returns
Tax Efficiency	Dividend is tax free in the hands of investor	Interest earned is taxable
Indexation Benefit	Available	Not available
Liquidity	Investor can access the funds on the very next day of investing	Money is locked-in for pre-determined tenure
Transparency on underlying holdings / credits	These funds have to mandatorily disclose the details of the instruments like the type of the instrument, name of the issuer, credit rating etc.	No such disclosure is made
TDS	No TDS (except for NRIs)	Tax is deducted (irrespective of interest paid or reinvested)

Conservative Hybrid Funds and traditional investments avenues are not strictly comparable since the former offer market linked returns and the latter offer assured returns

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TAX ADVANTAGE

	Particulars	Product A	Product B Not eligible for indexation benefit		
		Indexation Benefits across all tax slabs	Tax Slabs		
			10%	20%	30%
A	Initial Investment	1,00,000	1,00,000	1,00,000	1,00,000
B	Assumed Total Return(CAGR)	10%	10%	10%	10%
C	Investment Period (Yrs.)	3	3	3	3
D	Amount after investment period $[A*(1+B)^C]$	1,33,100	1,33,100	1,33,100	1,33,100
E	Inflation assumed @ 6% p.a. Indexed Cost$[A*(1.06)^C]$	1,19,102	-	-	-
F	Long Term Capital Gains [D-E]	**13,998**	-	-	-
	Interest Income [D-A]	-	33,100	33,100	33,100
G	Taxation	20.60%	10.30%	20.60%	30.90%
H	Tax Amount [F*G]	**2,884**	3,409	6,819	10,228
I	Post Tax Amount [D-H]	**1,30,216**	1,29,691	1,26,281	1,22,872
H	**Post Tax effective interest earned in CAGR $[(I/A)^{(1/C)} -1]$**	**9.20%**	**9.05%**	**8.09%**	**7.11%**

Assuming investor income falls below 1 Cr.

Information on tax benefits are based on prevailing taxation laws. Kindly Consult your tax advisor for actual tax implication before investment.

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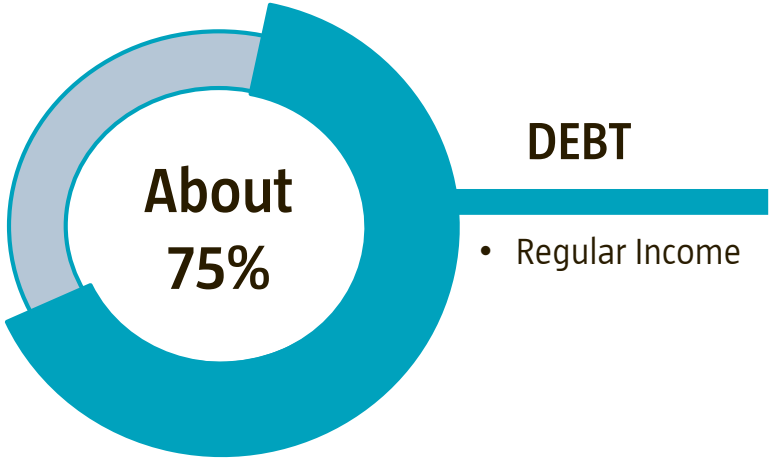
Canara Robeco Conservative Hybrid Fund

(An open-ended hybrid scheme investing predominantly in debt instruments)

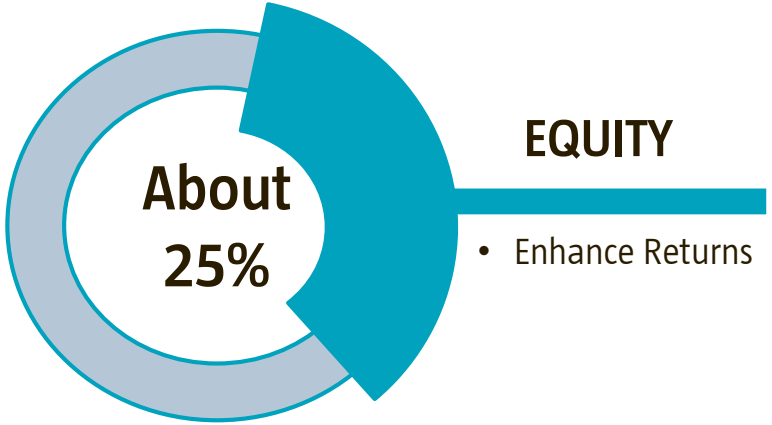
Income generating opportunity along with equity market participation

CANARA ROBECO CONSERVATIVE HYBRID FUND



DEBT

- Regular Income



EQUITY

- Enhance Returns

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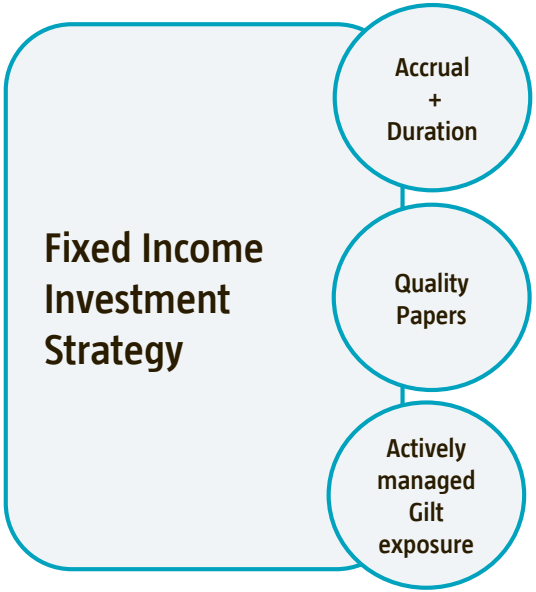
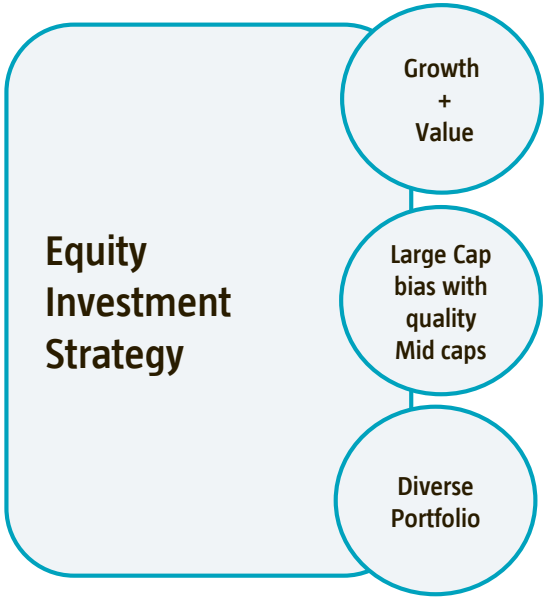
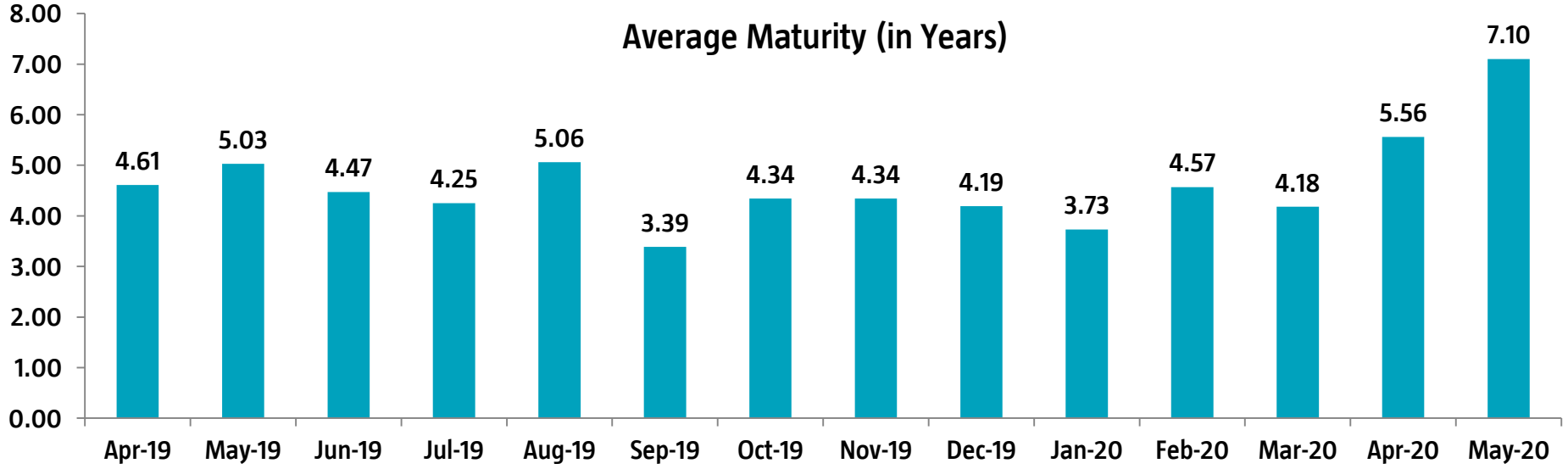




Portfolio Highlights

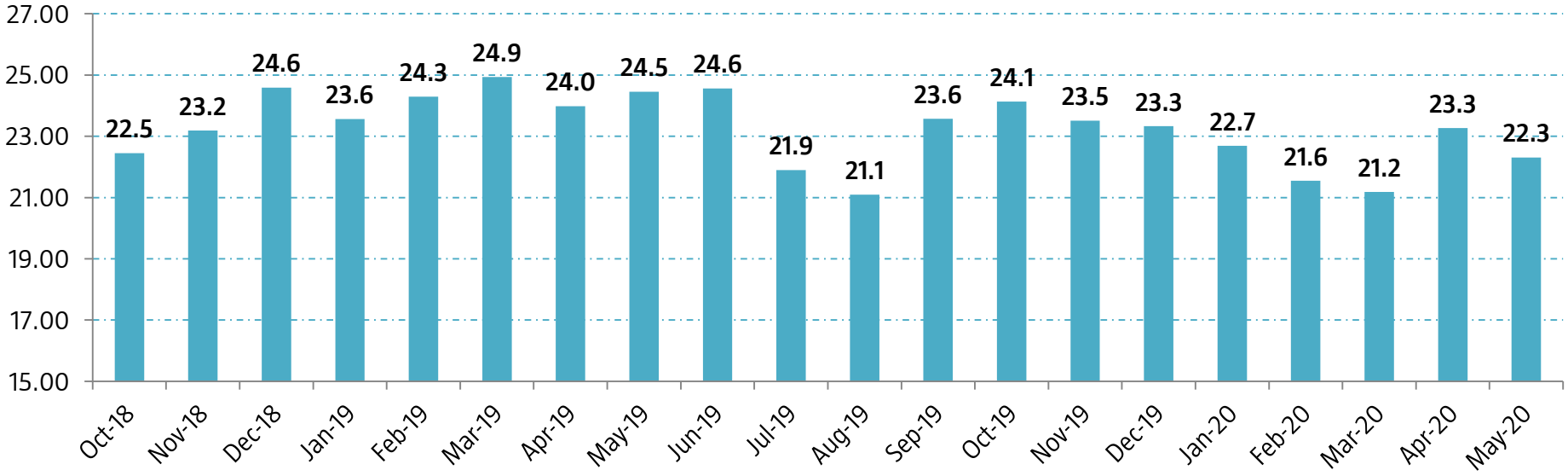
- 33 stocks with the highest stock exposure being 2.65% of portfolio net assets
- Average maturity of the fund is 3.39 years

ACTIVE CALL ON DURATION



- The duration of the fund is actively managed based on the fund manager's view on changes in interest rates
- The average maturity of the scheme is increased in expectation of interest rates softening and reduced when yields are expected to harden

EQUITY ALLOCATION (%)



- Equity exposure is restricted to 25% of assets and is actively managed with the goal to enhance the returns of the overall portfolio
- With an emphasis on safety, portfolio has a substantial portion of its investments in Large Cap companies with few high conviction mid cap companies

SWP in Canara Robeco Conservative Hybrid Fund

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KEY FEATURES

Frequency	• Monthly • Quarterly
SWP Dates	• 1st, 5th, 15th, 20th, 25th of each month
Amount	• Any amount above Rs. 1000 for monthly withdrawal • Any amount above Rs. 2000 for quarterly withdrawal
Ideal Investment Horizon	• To avail the benefit of indexation on the periodic withdrawal one may start SWP 3 years after initial investment
Suitable for	• Conservative investors with Medium to Long term investment horizon

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10 YR BACK TESTED DATA - SWP

Initial Holding Period	1 Year	3 Years
Date of Investment	31/03/2009	31/03/2009
Initial Amount Invested	1,20,000	1,20,000
Value of Investment after initial holding period	1,06,554.02	1,51,174.42
Amount Systematically Withdrawn per month	1,000	1,000
Number of SWP withdrawals during remaining period (till 29/03/19)	108 (9 yrs*12 months)	84 (7 yrs*12 months)
Total Amount received till 29/03/19 (Pre Tax)	1,08,000 (108 months @ 1000 p.m.)	84,000 (84 months @ 1000 p.m.)
Value of Investment as on 29/03/19	1,06,405.31	1,55,777.75
Total Earning at the end of the period (As on 29/03/19)	2,12,959.33	3,06,952.17
Return (CAGR) (As on 29/03/19)	8.32%	8.55%

Source: ICRA MFI Explorer. SWP is taken on 5th of every month or next working day in case 5th is a non business day

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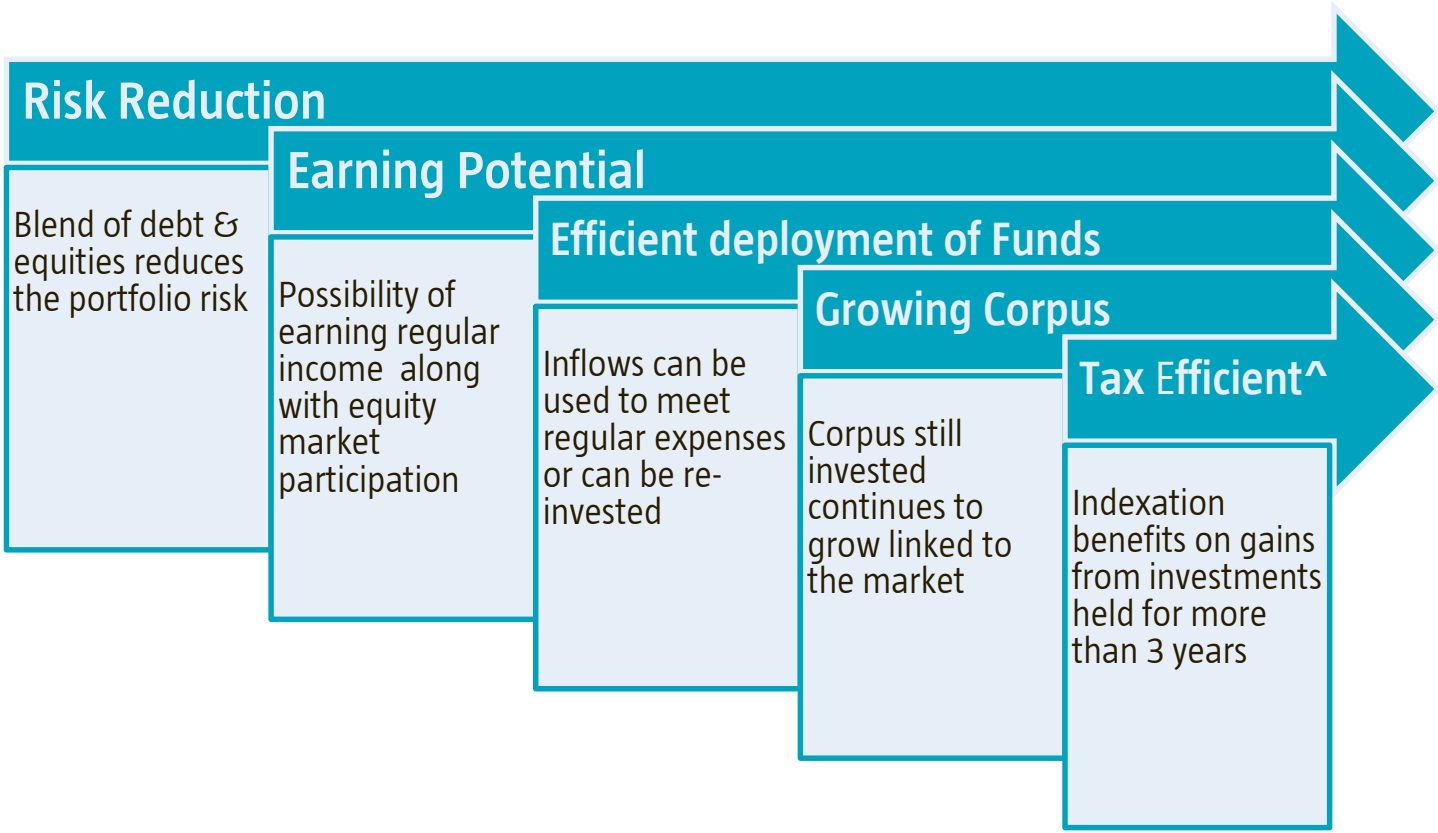
WHY SWP IN CR CONSERVATIVE HYBRID FUND

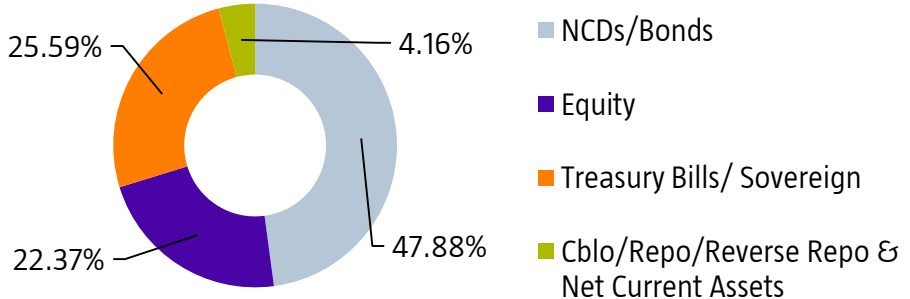


Why SWP in Canara Robeco Conservative Hybrid Fund?

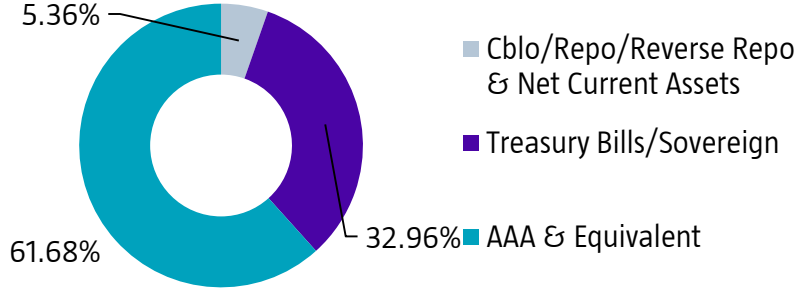
^ Information on tax benefits are based on prevailing taxation laws. Kindly Consult your tax advisor for actual tax implication before investment. Considering investor in highest tax slab of 30% & annual income below 1 Cr.

PORTFOLIO SNAPSHOT

Asset Allocation

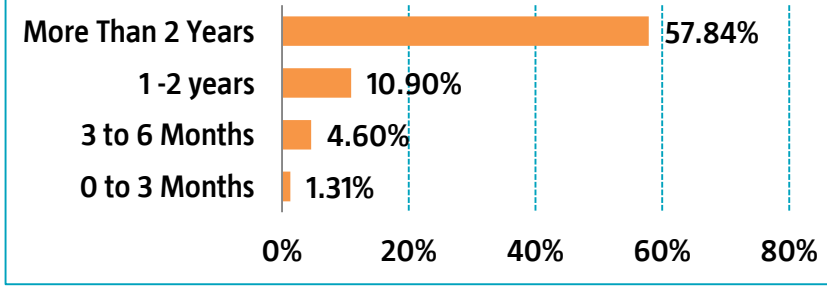


Rating Allocation



Average Maturity	7.10 years
Modified Duration	4.57 years
YTM	6.19%

Maturity Profile



Data as on 29th May'20

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BENEFITS OF SWP IN MUTUAL FUNDS

1. Tax Efficient Returns^ : LTCG eligible for indexation benefit.
2. No TDS on withdrawal of units
3. Tax is payable only on withdrawal of units. While tax is payable on annual basis in other sources of monthly income irrespective of whether interest payment is received by the investor or re-invested
4. Allows the investor to change the withdrawal amount and frequency of withdrawal at any time
5. The entire process is hassle free

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HOW TO START SWP

- **Step 1:** Invest a lump sum amount in the scheme, this can be topped up any time in future too

- **Step 2**: Based on your regular income requirements decide:
  - ✓ Amount of withdrawal
  - ✓ Start Date of the SWP
  - ✓ Frequency of SWP
  - ✓ Date on which SWP withdrawal should take place
  - ✓ End Date of SWP

- **Step 3**: Fill in the above details in the SWP form & submit it at the time of investment

- **Step 4**: Start receiving the requested amount periodically from the chosen date onwards

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FUND FACTS

Fund Category	Open ended hybrid scheme investing predominantly in debt instruments
Investment Objective	To generate income by investing in a wide range of Debt Securities and Money Market instruments of various maturities and small portion in equities and Equity Related Instruments. However, there can be no assurance that the investment objective of the scheme will be realized.
Inception Date	24-Apr-1988
Asset Allocation	❑ Equity and equity related instruments- 10% - 25% (Risk- High) ❑ Debt securities (including Securitized debt) with Money Market Instruments - 75% - 90% (Risk- Medium)
Plans/Options	Regular Plan- Growth Option Regular Plan - Monthly Dividend Payout /Reinvestment Option Regular Plan- Quarterly Dividend Payout/Reinvestment Option Direct Plan- Growth Option Direct Plan - Monthly Dividend Payout /Reinvestment Option Direct Plan- Quarterly Dividend Payout/Reinvestment Option
Facilities	SIP/ STP/ SWP/ Dividend Transfer Facility
Fund Size	Rs. 218.34 Crs (Month End AUM)
Load Structure	1% - if redeemed/switched out within 1 year from the date of allotment. Nil – if redeemed / switched out after 1 year from the date of allotment.
Benchmark	CRISIL Hybrid 85+15 - Conservative Index
Fund Manager	**Equity Portion:** Mr. Miyush Gandhi **Debt Portion:** Mr. Avnish Jain

FUND MANAGER PERFORMANCE

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Fund Manager: Mr. Avnish Jain

Scheme Names	CAGR (%)							
	1 Year Return		3 Years Return		5 Years Return		Since Inception	
	Scheme	Benchmark#	Scheme	Benchmark#	Scheme	Benchmark#	Scheme	Benchmark#
CANARA ROBECO EQUITY HYBRID FUND*	-5.00	-6.69	4.14	3.81	6.50	6.36	10.52	-
CANARA ROBECO CONSERVATIVE HYBRID FUND*^	5.58	8.69	5.64	7.71	6.16	8.65	10.15	8.95
CANARA ROBECO INCOME FUND	11.63	13.07	7.63	8.63	8.06	9.14	8.70	7.31
CANARA ROBECO CORPORATE BOND FUND	9.63	13.07	7.41	8.63	7.66	9.14	8.32	9.91

Note:
a. Mr. Avnish Jain manages 4 open-ended schemes of Canara Robeco Mutual Fund .
b. Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement
c. Different plans shall have a different expense structure. The performance details provided herein are of Regular plan - Growth Option.
d. *Managing the portfolio only for debt allocation
e ^As per the provisions of SEBI circular dated April 12, 2018 (Performance disclosure post consolidation/ Merger of Schemes), the past performance of aforesaid scheme is based on the historical NAV of Canara Robeco Income Saver Fund (erstwhile Canara Robeco Monthly Income Plan) and hence may not be comparable.
f. Past performance may or may not be sustained in the future.

Fund Manager: Mr. Miyush Gandhi

Scheme Names	CAGR (%)							
	1 Year Return		3 Years Return		5 Years Return		Since Inception	
	Scheme	Benchmark#	Scheme	Benchmark#	Scheme	Benchmark#	Scheme	Benchmark#
CANARA ROBECO EMERGING EQUITIES	-14.46	-19.18	-0.61	-1.47	6.87	4.27	14.82	N.A.
CANARA ROBECO CONSERVATIVE HYBRID FUND*^	5.58	8.69	5.64	7.71	6.16	8.65	10.15	8.95
CANARA ROBECO EQUITY DIVERSIFIED FUND	-10.91	-18.93	3.40	-0.76	5.09	3.75	16.21	13.89
CANARA ROBECO INFRASTRUCTURE	-22.67	-37.30	-8.36	-13.73	-0.88	-4.93	9.30	-.

Note:
a. Mr. Miyush Gandhi manages 4 open-ended schemes of Canara Robeco Mutual Fund .
b. Period for which scheme's performance has been provided is computed basis last day of the month-end preceding the date of advertisement
c. Different plans shall have a different expense structure. The performance details provided herein are of Regular Plan – Growth Option
d. ^Managing the portfolio only for equity allocation
e. *As per the provisions of SEBI circular dated April 12, 2018 (Performance disclosure post consolidation/ Merger of Schemes), the past performance of aforesaid scheme is based on the historical NAV of Canara Robeco Income Saver Fund (erstwhile Canara Robeco Monthly Income Plan) and hence may not be comparable.
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DISCLAIMER

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