CANARA ROBECO

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

NOTICE - CUM - ADDENDUM

CHANGE IN THE FUNDAMENTAL ATTRIBUTE'S OF CANARA ROBECO MUTUAL FUND SCHEMES ("CRMF")

NOTICE IS HEREBY GIVEN THAT the Board of Trustees of Canara Robeco Mutual Fund has approved the following changes in the schemes of Canara Robeco Mutual Fund **with effect from May 14, 2018 ("Effective Date")** and Securities and Exchange Board of India ("SEBI") vide its letter dated March 9, 2018 has also confirmed its no objection to the proposed changes.

The details of the scheme having existing and proposed features are as follows:

1. Canara Robeco Balance

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Name of scheme</td><td>Canara Robeco Balance</td><td>Canara Robeco Equity Debt Allocation Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-ended Balance Scheme</td><td>An open-ended hybrid scheme investing predominantly in equity and equity related instruments.</td></tr>
<tr><td>How will the scheme allocate its assets?</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th>Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th><th>High/Medium/ Low</th></tr>
<tr><td>Equity and equity related instruments</td><td>40</td><td>75</td><td>High</td></tr>
<tr><td>Debt securities including Securitized debt having rating above AA or equivalent, Money Market Instruments & Govt. Securities</td><td>25</td><td>60</td><td>Low</td></tr>
</table>
Investment by scheme in securitised debt is limited to domestic securitised debt and shall not exceed 20% of the net assets as on the date of such investments.
Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme. Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31st March of each relevant year of the investment. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.
Total of investments in Equity, debt securities (including securitized debt), money market instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the scheme.
The above asset allocation pattern given for each scheme is not absolute and can vary depending upon the AMC's perception of the equity and money markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The scheme would endeavor to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Schemes shall follow exposure limits on Derivatives as per the limits permitted under the Regulations and shall be within the limits prescribed by the Board of Trustees, as provided above.
</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related instruments</td><td>65</td><td>80</td><td>High</td></tr>
<tr><td>Debt and Money Market Instruments</td><td>20</td><td>35</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.
Gross investments in securities under the Scheme which includes equities, equity related instruments/securities, debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.
Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Process for lending securities shall be in accordance with the guidelines on securities lending and borrowing issued by SEBI from time to time.
Exposure by the Scheme in Securitised Debt shall not exceed 35% of the Net Assets of Scheme at the time of investment.
The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Schemes shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
</td></tr>
<tr><td>Where will the scheme invest?</td><td>
Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities:

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

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable.
Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.
The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits:

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

The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities or are rated as mentioned above and the registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as and when permissible under the Regulation.
</td><td>
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.
Debt Instruments - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted.
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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time.
Foreign Securities - including ADR/GDR as permitted by the RBI and SEBI.
Securitised Debt - The scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk.
Pass through Certificate (PTC) - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two-wheeler loans and other assets subject to applicable regulations.
Derivative - instruments like index futures, stock futures, index options, stock option, warrants, convertible securities, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations.
REITs/InvITs - The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines
Any other - instrument/s as may be permitted by SEBI/RBI/such other regulatory authority from time to time.

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

Short Term Deposits:
Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.
The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits:

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

The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators.
The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
</td></tr>
<tr><td>What are the investment strategies?</td><td>
The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme may invest in overseas equity markets like ADRs/GDRs (subject to relevant RBI/SEBI guidelines/approvals).
The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment.
In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same.
Investment Pattern and changes:
The above investment pattern is indicative and may be changed by the Investment Manager for defensive
</td><td>
The fund being an open-ended hybrid scheme, it will invest predominantly in equity and equity related instruments. A part of the scheme will also be invested in debt and money market instruments.
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:

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

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

Page 1 continued...

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
	considerations and in accordance with change in Regulations from time to time, under the following circumstances: 1. During extreme volatility/ill-liquidity in the capital market/securities market. 2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. 3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. 4. During the time the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation Factors:** Investments made by the scheme would be in accordance with the investment objective of the schemes and provisions of SEBI Regulations. Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risk. With the aim of controlling risk, the investment team of the AMC will carry out rigorous in-depth analysis of the securities proposed to be invested in. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. Concentration of risk is mitigated by defining issuer limits. Rigorous in-depth credit evaluation of the issuers will be conducted by the investment team before making investments. As part of credit evaluation, a study on the operating environment, past track record as well as future prospects of the issuer, short as well as long term financial health of the issuer will be carried out. The AMC will be guided by the ratings of accredited agencies such as CRISIL, CARE, ICRA etc. as well as the internal norms for credit exposure. **Procedure followed for investment decisions:** The Fund Manager of the Scheme is responsible for making buy/sell decisions for the Scheme's portfolio and seeks to develop a well diversified portfolio taking into account the asset allocation patterns of various schemes along with risks that are associated with such investments. The investment decisions are made on an ongoing basis keeping in view the market conditions and other regulatory aspects. The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings as well as additional ad-hoc meetings as needed, to explore the investment thesis. It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme. The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI. The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.	**Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Stock/Index Futures or Options, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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. **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. 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. **Foreign Securities:** The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers. **Securitised Debt:** Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund. **Policy relating to originators:** The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool. **Risk associated with each kind of originator:** (a) Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income. (b) Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates. (c) Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit. (d) Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus, these trades may take place at a discount, depending on the prevailing interest rates. In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case

Particulars	Existing	Proposed
		of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees. **Minimum retention period of the debt by originator prior to securitization** Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Minimum retention percentage by originator of debts to be securitized** RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund** The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval. Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed Income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **Risk Factors Associated with Investments in REITs and InvITs:** • Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends. • Liquidity Risk: As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. • Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns. • Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law. **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 pattern of the scheme 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 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. The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. 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. The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
Portfolio Turnover	Purchase and Sale of securities attract transaction costs of the nature of brokerage, stamp duty, custodian transaction charges etc. The portfolio turnover is essential to regularly explore trading opportunities to optimise returns for the Scheme and enable portfolio restructuring when required. The Scheme will manage its portfolio taking into account the associated risks (such as interest/liquidity/redemption etc.) perceived/expected, so as to minimise the risks by using adequate risk management techniques. The portfolio turnover policy will be aimed at maximising the returns/growth. The AMC believes in active churning of the portfolio with an aim to encash on the opportunities that present themselves from time to time. However the scheme shall aim to achieve the turnover target of 100% to 150% of the corpus of the Scheme so long as the above target is cost effective and profitable without affecting long-term growth prospects of the investment and scheme objective. Pursuant to Schedule IX read with Regulation 50 of the SEBI (Mutual Funds) Regulations, 1996, the cost of investments acquired or purchased shall include all such costs incurred for effecting the transaction while the sale proceeds of investment sold or redeemed shall be net of all such costs incurred for effecting the sale transactions and shall form part of the purchase or the sale value of investments.	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 Scheme is an open-ended scheme. It is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. 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.

Page 2 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

2. Canara Robeco Equity Diversified

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Name of scheme</td><td>Canara Robeco Equity Diversified</td><td>Canara Robeco Equity Diversified Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-ended Equity Scheme</td><td>Multi Cap Fund - An open-ended equity scheme investing across large cap, mid cap, small cap stocks.</td></tr>
<tr><td>How will the scheme allocate its assets?</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th>Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th><th>High/Medium/ Low</th></tr>
<tr><td>Equity and equity related instruments</td><td>85</td><td>100</td><td>High</td></tr>
<tr><td>Money Market instruments</td><td>0</td><td>15</td><td>Low</td></tr>
</table>
Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme. Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31st March of each relevant year of the investment. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.
Total of investments in Equity, debt securities (including securitized debt), money market instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the scheme.
The above asset allocation pattern given for each scheme is not absolute and can vary depending upon the AMC's perception of the equity and money markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Pending deployment of the funds in securities pursuant to the investment objectives of the Fund, such funds may be invested in short term deposits of scheduled commercial banks as permitted under the Regulations. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03,SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time.
Portfolio Rebalancing:
The scheme would endeavor to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavor to ensure that the portfolio would adhere to the overall investment objective of the schemes.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity & Equity Related Instruments</td><td>65</td><td>100</td><td>High</td></tr>
<tr><td>Debt and money-market instruments</td><td>0</td><td>35</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
As defined by SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 and SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017 as amended from time to time. (Currently it defines Large Cap Companies as those which are ranked from 1 to 100 and Mid Cap Companies as those which are ranked from 101 to 250 based on their full market capitalization.)
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.
Gross investments in securities under the Scheme which includes equities, equity related instruments/securities, debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.
Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Process for lending securities shall be in accordance with the guidelines on securities lending and borrowing issued by SEBI from time to time.
Exposure by the Scheme in Securitised Debt shall not exceed 35% of the Net Assets of Scheme at the time of investment.
The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Schemes shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
</td></tr>
<tr><td>Where will the scheme invest?</td><td>
Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities:

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

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable.
Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.
The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits:

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

The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities or are rated as mentioned above and the registered with overseas regulators.
The Fund may also appoint overseas investment advisors and service providers, as and when permissible under the Regulation.
</td><td>
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.
Debt Instruments - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted.
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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time.
Foreign Securities - including ADR/GDR as permitted by the RBI and SEBI.
Securitised Debt - The Scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk.
Pass through Certificate (PTC) - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two-wheeler loans and other assets subject to applicable regulations.
Derivative - instruments like index futures, stock futures, index options, stock option, warrants, convertible securities, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations.
REITs/InvITs - The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines
Any other - like instrument/s as permitted by SEBI/RBI from time to time.

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

Short Term Deposits:
Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.
The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits:

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

The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators.
The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
</td></tr>
<tr><td>What are the investment strategies?</td><td>
Investment Focus and strategy:
The Scheme would adopt bottom-up approach to investing. The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers.
Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analysed by the AMC. The AMC will also monitor and control maximum exposures to any one company/scrip to 5% over its benchmark weight, subject to an absolute per scrip limit of 10% of the AUM. This could be raised to 7% on a case by case basis by the investment committee.
The focus of the Scheme is to achieve the investment objective through investments in a combination of debt and money markets instruments having varied yields and maturity profile besides equity and equity related asset class.
Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow
</td><td>
The Scheme would adopt bottom-up approach to investing. The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers.
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:

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

A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly
</td></tr>
</table>

Page 3 continued...

CANARA ROBECO

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
	any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time. Investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme may invest in overseas equity markets like ADRs/GDRs (subject to relevant RBI/SEBI guidelines/approvals). The Scheme being open-ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. As per the current guidelines of RBI, Mutual Funds currently ceased to access the call money market. The Schemes therefore avail the facility of reverse repos/ CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption/repurchase requirements. The Scheme may also use various derivatives and hedging products from time to time as would be available and permitted by SEBI in an attempt to protect the value of the portfolio and enhance unit holder's interest. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. **Investment Pattern and changes:** The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances: 1. During extreme volatility/ill-liquidity in the capital market/securities market. 2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. 3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. 4. During the time the Fund receives bulk repurchase and/ or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Investments made by the schemes would be in accordance with the investment objectives of the schemes and provisions of SEBI Regulations. Since investing required disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risk. With the aim of controlling risks, the investment team of the AMC will carry out rigorous 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 that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings as well as additional ad-hoc meetings as needed, to explore the investment thesis. It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme(s). The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI. The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.	monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Stock/Index Futures or Options, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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. **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. 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. **Foreign Securities:** The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers. **Securitised Debt:** Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund. **Policy relating to originators:** The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool. **Risk associated with each kind of originator:** (a) Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income. (b) Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates. (c) Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit. (d) Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus, these trades may take place at a discount, depending on the prevailing interest rates.

Particulars	Existing	Proposed
		In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees. **Minimum retention period of the debt by originator prior to securitization** Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Minimum retention percentage by originator of debts to be securitized** RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund** The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval. Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed Income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **Risk Factors Associated with Investments in REITs and InvITs:** • Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends. • Liquidity Risk: As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. • Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns. • Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law. **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 pattern of the scheme 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 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. The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. 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. The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
Portfolio Turnover	Purchase and Sale of securities attract transaction costs of the nature of brokerage, stamp duty, custodian transaction charges etc. The portfolio turnover is essential to regularly explore trading opportunities to optimise returns for the Scheme and enable portfolio restructuring when required. The Scheme will manage its portfolio taking into account the associated risks (such as interest/liquidity/redemption etc.) perceived/expected, so as to minimise the risks by using adequate risk management techniques. The portfolio turnover policy will be aimed at maximising the returns/ growth. The AMC believes in active churning of the portfolio with an aim to encash on the opportunities that present themselves from time to time. However the scheme shall aim to achieve the turnover target of 100% to 150% of the corpus of the Scheme so long as the above target is cost effective and profitable without affecting long-term growth prospects of the investment and scheme objective. Pursuant to Schedule IX read with Regulation 50 of the SEBI (Mutual Funds) Regulations, 1996, the cost of investments acquired or purchased shall include all such costs incurred for effecting the transaction while the sale proceeds of investment sold or redeemed shall be net of all such costs incurred for effecting the sale transactions and shall form part of the purchase or the sale value of investments.	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 Scheme is an open-ended scheme. It is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. 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.

Page 4 continued...

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

3. Canara Robeco Emerging Equities

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Type of Scheme</td><td>An open-ended Equity Scheme</td><td>Large & Mid Cap Fund - An open-ended equity scheme investing in both large cap and mid cap stocks</td></tr>
<tr><td>Investment Objective</td><td>To generate capital appreciation by primarily investing in diversified mid-cap stocks. However, there can be no assurance that the investment objective of the scheme will be realized.</td><td>To generate capital appreciation by investing in a diversified portfolio of large and mid-cap stocks. However, there can be no assurance that the investment objective of the scheme will be realized.</td></tr>
<tr><td>How will the scheme allocate its assets?</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Midcap equity & equity related instruments falling within the market capitalization range of the underlying benchmark*#</td><td>65</td><td>100</td><td>High</td></tr>
<tr><td>Equity & equity related instruments of Companies other than the above</td><td>0</td><td>35</td><td>High</td></tr>
<tr><td>Domestic Debt and Money Market Instruments</td><td>0</td><td>35</td><td>Low</td></tr>
</table>
*These companies forming part of the portfolio, would have market capitalization between the highest and the lowest components of the underlying benchmark, and may or may not be a constituent of the underlying benchmark. #'Nifty Free Float Midcap 100' is the benchmark of the fund.
Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme. Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31st March of each relevant year of the investment. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.
Total of investments in Equity, debt securities (including securitized debt), money market instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the scheme.
The above asset allocation pattern given for the scheme is not absolute and can vary depending upon the AMC's perception of the equity and money markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure Limits in Derivatives:
The Schemes shall follow exposure limits on Derivatives as per the limits permitted under the Regulations and shall be within the limits prescribed by the Board of Trustees, as provided above.
</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Large Cap equity and equity related instruments*</td><td>35</td><td>65</td><td>High</td></tr>
<tr><td>Mid Cap equity and equity related instruments*</td><td>35</td><td>65</td><td>High</td></tr>
<tr><td>Other equity and equity related instruments, debt and money market instruments</td><td>0</td><td>30</td><td>Medium to High</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
*As defined by SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 and SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017 as amended from time to time. (Currently it defines Large Cap Companies as those which are ranked from 1 to 100 and Mid Cap Companies as those which are ranked from 101 to 250 based on their full market capitalization.)
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.
Gross investments in securities under the Scheme which includes equities, equity related instruments/securities, debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.
Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Process for lending securities shall be in accordance with the guidelines on securities lending and borrowing issued by SEBI from time to time.
Exposure by the Scheme in Securitised Debt shall not exceed 30% of the Net Assets of Scheme at the time of investment.
The Scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Schemes shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
</td></tr>
<tr><td>Where will the scheme invest?</td><td>
Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities:

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

The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable.
Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.
The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits:

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

The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities or are rated as mentioned above and the registered with overseas regulators.
The Fund may also appoint overseas investment advisors and service providers, as and when permissible under the Regulation.
</td><td>
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.
Debt Instruments - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted.
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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time.
Foreign Securities - including ADR/GDR as permitted by the RBI and SEBI.
Securitised Debt - The scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk.
Pass through Certificate (PTC) - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two-wheeler loans and other assets subject to applicable regulations.
Derivative - instruments like index futures, stock futures, index options, stock option, warrants, convertible securities, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations.
REITs/InvITs - The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines
Any other - instruments as may be permitted by SEBI/RBI/such other regulatory authority from time to time.

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

Short Term Deposits:
Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.
The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits:

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

The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators.
The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
</td></tr>
<tr><td>What are the investment strategies?</td><td>
The Scheme is an open-ended scheme with an objective to generate long term capital appreciation by primarily investing in diversified mid cap stocks that have potential to emerge as the bigger Corporates with higher performance. The Scheme will essentially be focusing on corporates which have huge potential to emerge as bigger corporates with robust performance. Indian corporates have emerged as globally competitive, cost conscious, profit oriented enterprises with the built-in capacity to exploit the global opportunities. With such robust business model, though they are mid-sized/small sized in terms of market capitalization today, they have the potential to emerge as blue chips of tomorrow.
The dynamically changing and fastest growing Indian economy is enabling entrepreneurs to capitalize on the growth opportunities. The scheme is designed to invest in shares of those companies, which hold high potential to emerge as the better performers in the future. These companies which are having small market capitalisation eventually grow big. Such companies command low P/E ratio as compared to industry P/E. When they achieve higher growth rate, automatically the value get unlocked and consequently the P/E ratio would improve thereby
</td><td>
The scheme is an open-ended scheme with the objective to generate long term capital appreciation by investing in a diversified portfolio of large and mid-cap stocks.
The Scheme will essentially be focusing on companies which have huge potential to emerge as larger companies to match their global peers. India is home to some of the world class companies. These companies may, today, form part of the Indian large cap or mid cap universe. But, global peers of such companies have large and diversified businesses and they command very larger market caps. These Indian companies have the potential to grow as big as or even bigger than their global counterparts aided by various factors like the pace of growth of the Indian economy, India's huge demographic advantage, the macro-economic and political stability, more recently the availability of foreign capital, etc. As the economy transitions from an emerging economy to a more developed economy, these will be certain set of companies in India which will do better than others and the fund will try to identify such companies and invest for the long term.
The criteria of selection of scrips for investment under Canara Robeco Emerging Equities will include the following:
1) Companies commanding or having the potential to command high ROE or ROCE
</td></tr>
</table>

Page 5 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
	facilitating wealth creation to the shareholders. They have the potential of becoming the blue chips of the market tomorrow. Research has become an integral part of the activities of the almost every sector. Research facilitates product innovation, differentiation and diversification. Corporates which have leverage on research facility are uniquely placed to exploit global opportunities and thereby achieve higher level of growth. Such companies offer good scope for investments. For every industrial activity, value addition has become an order of the day in order to move in the value chain. The corporates which have the potential and imagination to add value would be able to differentiate themselves and in the process command higher market share. Such companies offer good scope for investments. On account of the cost advantage and availability of skilled manpower, the global companies are turning to India for their manufacturing and research outsourcing. As a result, the Indian corporates are well positioned to provide such products and services and enhance their earnings considerably. Such corporates offer scope for investments with a possible upside in market capitalization in future. The scheme will look for companies, which are reasonably valued and are having high earnings growth potential. For the purpose of this Fund, Mid & Small Cap Companies are defined as those which are ranked from 151 to 500 on the basis of market capitalisation. The ranking will be reviewed periodically. The Scheme will primarily invest in the companies falling between these ranges. The Scheme will endeavour to outperform plain vanilla equity schemes which are far more diversified in their portfolio weightage to minimize risks. While these emerging equities would be subject to comparatively higher risks, they also present attractive long term investment opportunities. The criteria of selection of scrips for investment under Canara Robeco Emerging Equities will include the following: 1) Companies commanding low P/E Ratio as compared to the industry P/E 2) Market Cap being less today 3) Consistent growth potential 4) Niche with high and increasing profit margin 5) Huge untapped market potential 6) Research driven companies 7) Scope for value added services 8) Companies with opportunities on account of outsourcing namely, contract research and manufacturing 9) Scope for increasing PE to Growth - the stocks identified shall achieve the higher growth in the P/E Ratio as compared to the growth in the net profit, going forward. Such scrips shall be selected based on the performance of the companies in the past four quarters and also keeping in view the future potential. The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on long-term fundamentally driven values. **Investment Pattern and changes:** The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances: 1. During extreme volatility/ill-liquidity in the capital market/securities market. 2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. 3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. 4. During the time the Fund receives bulk repurchase and/ or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Investments made by the schemes would be in accordance with the investment objectives of the schemes and provisions of SEBI Regulations. Since investing required disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risk. With the aim of controlling risks, the investment team of the AMC will carry out rigorous indepth analysis of the securities proposed to be invested in. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated will be guided by the ratings of accredited agencies such as CRISIL, CARE, ICRA etc. as well as the internal norms for credit exposure. **Procedure followed for investment decisions:** The Fund Manager of the Scheme is responsible for making buy/sell decisions for the Scheme's portfolio and seeks to develop a well diversified portfolio taking into account the asset allocation patterns of various schemes along with risks that are associated with such investments. The investment decisions are made on an ongoing basis keeping in view the market conditions and other regulatory aspects. The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings as well as additional ad-hoc meetings as needed, to explore the investment thesis. It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme(s). The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI.	2) Companies which are well positioned to benefit in a dynamically changing competitive environment 3) Companies at an advantage to maximize their share in the increasing profit pool of a particular sector or theme 4) Consistent growth potential companies 5) Niche businesses with high and increasing profit margin 6) Huge untapped market potential 7) Research driven companies 8) Scope for value added services 9) Companies with opportunities on account of outsourcing namely, contract research and manufacturing The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers. **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: • During extreme volatility/ill-liquidity in the capital market/ securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time, the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Stock/Index Futures or Options, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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. **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. 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. **Foreign Securities:** The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers. **Securitised Debt:** Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund.

Particulars	Existing	Proposed
	The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.	**Policy relating to originators:** The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool. **Risk associated with each kind of originator:** (a) Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income. (b) Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates. (c) Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit. (d) Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus, these trades may take place at a discount, depending on the prevailing interest rates. In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees. **Minimum retention period of the debt by originator prior to securitization.** Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Minimum retention percentage by originator of debts to be securitized** RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund** The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval. Resources and mechanism of individual risk assessment for monitoring investment in securitized debt - credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **Risk Factors Associated with Investments in REITs and InvITs:** • Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends. • Liquidity Risk: As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. • Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns. • Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law. **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 pattern of the scheme 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 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.

Page 6 continued...

CANARA ROBECO

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
		The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. 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. The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
Portfolio Turnover	Purchase and Sale of securities attract transaction costs of the nature of brokerage, stamp duty, custodian transaction charges etc. The portfolio turnover is essential to regularly explore trading opportunities to optimise returns for the Scheme and enable portfolio restructuring when required. The Scheme will manage its portfolio taking into account the associated risks (such as interest/liquidity/redemption etc.) perceived/expected, so as to minimise the risks by using adequate risk management techniques. The portfolio turnover policy will be aimed at maximising the returns/growth. The AMC believes in active churning of the portfolio with an aim to encash on the opportunities that present themselves from time to time. However the scheme shall aim to achieve the turnover target of 100% to 150% of the corpus of the Scheme so long as the above target is cost effective and profitable without affecting long-term growth prospects of the investment and scheme objective. Pursuant to Schedule IX read with Regulation 50 of the SEBI (Mutual Funds) Regulations, 1996, the cost of investments acquired or purchased shall include all such costs incurred for effecting the transaction while the sale proceeds of investment sold or redeemed shall be net of all such costs incurred for effecting the sale transactions and shall form part of the purchase or the sale value of investments.	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 Scheme is an open-ended scheme. It is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. 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.
Benchmark	Nifty Free Float Midcap 100 TRI	S&P BSE 200 TRI

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

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Scheme Name</td><td>Canara Robeco F.O.R.C.E Fund (Financial Opportunities Retail Consumption & Entertainment)</td><td>Canara Robeco Consumer Trends Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-ended Equity Scheme</td><td>An open-ended equity scheme following the consumption and financial theme</td></tr>
<tr><td>Investment Objective</td><td>To provide long-term capital appreciation by primarily investing in equity and equity related securities of companies in the Finance, Retail & Entertainment sectors. However, there can be no assurance that the investment objective of the scheme will be realized.</td><td>To provide long-term capital appreciation by primarily investing in equity and equity related securities of companies which directly or indirectly benefit from the growing consumer demand in India. However, there can be no assurance that the investment objective of the scheme will be realized.</td></tr>
<tr><td>How will the scheme allocate its assets?</td><td>
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related instruments of companies in the Finance, Retail & Entertainment Sector#</td><td>65</td><td>100</td><td>High</td></tr>
<tr><td>Other Equity and equity related instruments</td><td>0</td><td>35</td><td>High</td></tr>
<tr><td>Domestic Debt and Money Market instruments (Including securitised debt up to 10% of net assets)</td><td>0</td><td>35</td><td>Low</td></tr>
</table>
The scheme shall invest minimum 40% and maximum 65% in Finance Sector, minimum 15% and maximum 35% in Entertainment sector and minimum 10% and maximum 25% in Retail sector.
Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the total Net Assets of Scheme.
Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31st March of each relevant year of the investment. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.
The scheme shall not make any investments in foreign securitized debt.
The scheme will invest in range of companies which fall within the objectives of the scheme. Investors may note that the selection of sectors by the Fund Manager will correspond to sectoral classification of stocks by Global Industry Classification Standard, MSCI and S&P/AMFI.
Total of investments in Equity, debt securities (including securitized debt), money market instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the scheme.
The above asset allocation pattern given for each scheme is not absolute and can vary depending upon the AMC's perception of the equity and money markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for
</td><td>
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related instruments of companies which directly or indirectly benefit from the growing consumer demand in India</td><td>80</td><td>100</td><td>High</td></tr>
<tr><td>Other Equity and equity related instruments</td><td>0</td><td>20</td><td>High</td></tr>
<tr><td>Debt and Money Market instruments</td><td>0</td><td>20</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.
Gross investments in securities under the Scheme which includes equities, equity related instruments/securities, debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.
Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Process for lending securities shall be in accordance with the guidelines on securities lending and borrowing issued by SEBI from time to time.
Exposure by the Scheme in Securitised Debt shall not exceed 20% of the Net Assets of Scheme at the time of investment.
The Scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
The Scheme will invest in range of companies which fall within the objectives of the Scheme. Investors may note that the selection of sectors by the Fund Manager will correspond to sectoral classification of stocks by Global Industry Classification Standard, MSCI and S&P/AMFI.
Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not
</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td></td><td>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.</td><td>
re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Scheme shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
</td></tr>
<tr><td>Where will the scheme invest?</td><td>
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

</td><td>
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.
Debt Instruments - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted.
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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time.
Foreign Securities - including ADR/GDR as permitted by the RBI and SEBI.
Securitised Debt - The scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk.
Pass through Certificate (PTC) - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two-wheeler loans and other assets subject to applicable regulations.
Derivative - instruments like index futures, stock futures, index options, stock option, warrants, convertible securities, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations.
REITs/InvITs - The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
Any other - instruments as may be permitted by SEBI/RBI/such other regulatory authority from time to time.

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

Short Term Deposits:
Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.
The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits:

"Short Term" for parking of funds shall be treated as a period not exceeding 91 days.

</td></tr>
</table>

Page 7 continued...

CANARA ROBECO

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
		• Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees. • Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. • The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
What are the investment strategies?	Canara Robeco F.O.R.C.E Fund (Financial Opportunities, Retail Consumption & Entertainment Fund) is an open-end Scheme having a primary objective to generate income/capital appreciation by investing in equities/equity related instruments of companies in the Finance, Retail & Entertainment sectors. Opportunities in the financial sector include, but not limited to: • Banks - Public & Private • Investment Banks • Distribution Houses • Listed asset management companies • Insurance Companies • Brokerage Houses • NBFCs • Infrastructure finance Opportunities in the entertainment sector include, but not limited to: • Broadcasting • Electronic and Print Media • Content providers • Online service providers • Multiplexes • Leisure services • Luxury products & services • Telecom companies via mobile gaming The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers. Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. The AMC will also monitor and control maximum exposures to any one company. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Stock/Index Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing, within a permissible limit of portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. Investment Pattern and changes: The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances: 1. During extreme volatility/ill-liquidity in the capital market/securities market. 2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. 3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. 4. During the time the Fund receives bulk repurchase and/ or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis.	Canara Robeco Consumer Trends Fund is an open-end Scheme having a primary objective to generate capital appreciation by investing in equities and equity related instruments of companies which directly or indirectly benefit from the growing consumer demand in India. An illustrative list of sectors within which such companies fall includes Consumer Durables, Consumer Non-Durables, Banks & Financial Services, Healthcare, Textiles, Realty, Auto, Education, Media & Entertainment, Retail, Tourism & Hospitality, Transportation and Telecom. This is not an exhaustive list. The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers. **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: • During extreme volatility/ill-liquidity in the capital market/ securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time, the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Stock/Index Futures or Options, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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. **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. 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. **Foreign Securities:** The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The

Particulars	Existing	Proposed
		scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers. **Securitised Debt:** Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund. **Policy relating to originators:** The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool. **Risk associated with each kind of originator:** (a) Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income. (b) Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates. (c) Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit. (d) Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus, these trades may take place at a discount, depending on the prevailing interest rates. In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees. **Minimum retention period of the debt by originator prior to securitization** Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Minimum retention percentage by originator of debts to be securitized** RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund** The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval. Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **Risk Factors Associated with Investments in REITs and InvITs:** • Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends. • Liquidity Risk: As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk.

Page 8 continued...

CANARA ROBECO

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td></td><td></td><td>

Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.
Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law.

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 pattern of the scheme 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 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.
The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook.
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.
The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
</td></tr>
<tr><td>Portfolio Turnover</td><td>
Purchase and Sale of securities attract transaction costs of the nature of brokerage, stamp duty, custodian transaction charges etc. The portfolio turnover is essential to regularly explore trading opportunities to optimise returns for the Scheme and enable portfolio restructuring when required.
The Scheme will manage its portfolio taking into account the associated risks (such as interest/liquidity/redemption etc.) perceived/expected, so as to minimise the risks by using adequate risk management techniques. The portfolio turnover policy will be aimed at maximising the returns/ growth.
The AMC believes in active churning of the portfolio with an aim to encash on the opportunities that present themselves from time to time. However the scheme shall aim to achieve the turnover target of 100% to 150% of the corpus of the Scheme so long as the above target is cost effective and profitable without affecting long-term growth prospects of the investment and scheme objective.
Pursuant to Schedule IX read with Regulation 50 of the SEBI (Mutual Funds) Regulations, 1996, the cost of investments acquired or purchased shall include all such costs incurred for effecting the transaction while the sale proceeds of investment sold or redeemed shall be net of all such costs incurred for effecting the sale transactions and shall form part of the purchase or the sale value of investments.
</td><td>
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 Scheme is an open-ended scheme. It is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.
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.
</td></tr>
<tr><td>Benchmark</td><td>Nifty 50 TRI</td><td>S&P BSE 100 TRI</td></tr>
</table>

5. Canara Robeco Large Cap+ Fund

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Scheme Name</td><td>Canara Robeco Large Cap+ Fund
The sign (+) in the name of the fund has been used in terms of asset allocation and not in terms of return/yield.</td><td>Canara Robeco Bluechip Equity Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-ended Equity Scheme</td><td>Large Cap Fund - An open-ended equity scheme predominantly investing in large cap stocks</td></tr>
<tr><td>How will the scheme allocate its assets?</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Large Cap equity and equity related instruments*</td><td>65</td><td>100</td><td>High</td></tr>
<tr><td>Domestic Debt and Money Market Instruments (including securitized debt up to 10% of AUM)</td><td>0</td><td>35</td><td>Low</td></tr>
</table>
*For the purpose of this Fund, Large Cap Companies are defined as those which are ranked from 1 to 150 on the basis of market capitalization at the time of investment. The ranking will be reviewed on the basis of market capitalisation of companies at the end of every calendar quarter.
Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the total Net Assets of Scheme.
The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.
The scheme shall not make any investments in foreign securitized debt.
Total of investments in Equity, debt securities (including securitized debt), money market instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the scheme.
The above asset allocation pattern given for each scheme is not absolute and can vary depending upon the AMC's perception of the equity and money markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The scheme shall rebalance the portfolio within 30 days. However, the scheme will endeavor to complete the rebalancing within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.
Exposure Limits in Derivatives and Stock Lending:
The Scheme wise limits are as follows:

Maximum Exposure for Investment in ADR/GDR/Foreign Securities: No investment will be made in Foreign Securities
Maximum Gross Notional Exposure by the Scheme in Derivative Instruments for the purpose of hedging and portfolio rebalancing: 30% of the Net Assets
Maximum % Stock Lending: 25% of the Net Assets

Exposure to Derivatives:
The Scheme shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees, as provided above. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Large Cap equity and equity related instruments*</td><td>80</td><td>100</td><td>High</td></tr>
<tr><td>Other Equity and equity related instruments</td><td>0</td><td>20</td><td>High</td></tr>
<tr><td>Debt and Money Market Instruments</td><td>0</td><td>20</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
*As defined by SEBI Circular No. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 and SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017 and as amended from time to time (currently it defines Large Cap Companies as those which are ranked from 1 to 100 based on their full market capitalization)
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.
Gross investments in securities under the Scheme which includes equities, equity related instruments/securities, debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.
Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Process for lending securities shall be in accordance with the guidelines on securities lending and borrowing issued by SEBI from time to time.
Exposure by the Scheme in Securitised Debt shall not exceed 20% of the Net Assets of Scheme at the time of investment.
The Scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the Scheme indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Scheme shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
</td></tr>
<tr><td>Where will the scheme invest?</td><td>
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.
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

</td><td>
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.
Debt Instruments - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted.
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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time.
Foreign Securities - including ADR/GDR as permitted by the RBI and SEBI.
Securitised Debt - The scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk.
Pass through Certificate (PTC) - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two-wheeler loans and other assets subject to applicable regulations.
Derivative - instruments like index futures, stock futures, index options, stock option, warrants, convertible securities, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations.
REITs/InvITs - The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
Any other - instruments as may be permitted by SEBI/RBI/such other regulatory authority from time to time.

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

</td></tr>
</table>

Page 9 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
		Short Term Deposits: Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits: • "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. • Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees. • Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. • The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
What are the investment strategies?	Canara Robeco Large Cap+ Fund is named to reflect the investment strategy, which is mainly focused on a portfolio that would be concentrated on investing in any of the top 150 stocks ranked on the basis of the market capitalization. Canara Robeco Large Cap+ Fund provides investors with a portfolio which invests in stocks with large market capitalisation. Large Cap Stocks are an ideal investment choice on account of the following relative advantages: • **Market leaders** - Large cap companies act as catalyst for the country's economic growth and gain the most from an economic upturn and hence are a good proxy for the country's growth. • **Economies of scale** - Large cap companies benefit from cost efficiency with lower per unit overhead costs due to their large scale operations and are thus able to offer competitive pricing leading to both higher top line and bottom line growth. • **Access to raise resources** - Companies with large capitalisation have strong Balance Sheets along with the ability to raise/borrow large capital. They also have easy access to international markets for raising capital. Another advantage is that their cost of borrowing is lesser for both domestic and overseas borrowings. • **Diversification** - A diversified portfolio of a Large Cap fund can be achieved by investing in large caps across Value Chain, Products (Brands), Market Segments and Geographic Locations, which helps in neutralising the impact of a downturn in any segment. • **Risk Taking Ability** - Large Cap companies have resources to tap virgin markets, introduce niche products and technologies. They can command premium on niche as well as new product introductions and also could be market leaders. On the operational side, they have access to sophisticated information systems and use superior risk management systems. Thus with their deeper pockets, their risk taking ability is higher. • **Preference given by Institutional Investors** - Large Cap companies are the preferred stocks for long-term investments for large institutional investors like Insurance Companies, Provident Funds (both domestic and foreign) etc. Also Global Venture Funds and Foreign Institutional Investors look for a certain minimum market cap for considering investments, which is normally satisfied only by Large Caps. Large Caps are also benefited by global cross border operations, which in turn improve the visibility of their stock. Canara Robeco Large Cap+ Fund will have a distinctive feature in its investment process. This fund will use the inputs of the Robeco Emerging Markets Quantitative model ('REM Quant model') in its investment process as an Idea Generator. A Quantitative Strategy team will use a carve-out of the REM Quant Model to provide Canara Robeco with monthly rankings based on a defined investment universe of large cap names. The model to be used is consistent with the REM Quant Model as used in Robeco Groep, Rotterdam. The ultimate decision will be made by the portfolio manager. The beta of the portfolio would be maintained at levels higher than 0.75. A carve-out of the Robeco Emerging Markets Quant Model for Indian universe has been back tested since 1995 and a portfolio based on investing in the top 20 percentile of stocks and not investing in bottom 20 percentile of stocks have outperformed the portfolio which invests in the total universe of stocks (60 stocks until December 2008 and 150 stocks from December 2008 onwards). As the model is to be used as an Idea Generator in the investment process for Canara Robeco Large Cap+ Fund these inputs may be valuable for the portfolio manager while constructing the final portfolio. Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. The AMC will also monitor and control maximum exposures to any one company/scrip to 5% over its benchmark weight, subject to an absolute per scrip limit of 10% of the AUM. This could be raised to 7% on a case by case basis by the investment committee. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The sector concentration would be limited to 7.5% active bet over benchmark sector weight. The AMC will invest in sovereign/debt securities with short term ratings not less than CRISIL P1 or its equivalent. It will also invest in long term securities (long term ratings not less than CRISIL AA or its equivalent) with an unexpired maturity of less than 1 year. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which	The Fund provides investors with a portfolio which invests in stocks with large market capitalisation. Large Cap Stocks are an ideal investment choice on account of the following relative advantages: • **Market leaders** - Large cap companies act as catalyst for the country's economic growth and gain the most from an economic upturn and hence are a good proxy for the country's growth. • **Economies of scale** - Large cap companies benefit from cost efficiency with lower per unit overhead costs due to their large-scale operations and are thus able to offer competitive pricing leading to both higher top line and bottom line growth. • **Access to raise resources** - Companies with large capitalisation have strong Balance Sheets along with the ability to raise/borrow large capital. They also have easy access to international markets for raising capital. Another advantage is that their cost of borrowing is lesser for both domestic and overseas borrowings. • **Diversification** - A diversified portfolio of a Large Cap fund can be achieved by investing in large caps across Value Chain, Products (Brands), Market Segments and Geographic Locations, which helps in neutralising the impact of a downturn in any segment. • **Risk Taking Ability** - Large Cap companies have resources to tap virgin markets, introduce niche products and technologies. They can command premium on niche as well as new product introductions and also could be market leaders. On the operational side, they have access to sophisticated information systems and use superior risk management systems. Thus, with their deeper pockets, their risk taking ability is higher. • **Preference given by Institutional Investors** - Large Cap companies are the preferred stocks for long-term investments for large institutional investors like Insurance Companies, Provident Funds (both domestic and foreign) etc. Also Global Venture Funds and Foreign Institutional Investors look for a certain minimum market cap for considering investments, which is normally satisfied only by Large Caps. Large Caps are also benefited by global cross border operations, which in turn improve the visibility of their stock. **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: • During extreme volatility/ill-liquidity in the capital market/ securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time, the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Stock/Index Futures or Options, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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.

Particulars	Existing	Proposed
	are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Stock/Index Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing, within a permissible limit of portfolio, which may be increased as permitted under the Regulations and guidelines from time to time.	**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. 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. **Foreign Securities:** The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers. **Securitised Debt:** Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund. **Policy relating to originators:** The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool. **Risk associated with each kind of originator:** (a) Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income. (b) Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates. (c) Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit. (d) Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus, these trades may take place at a discount, depending on the prevailing interest rates. In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees. **Minimum retention period of the debt by originator prior to securitization** Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Minimum retention percentage by originator of debts to be securitized** RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund** The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However,

Page 10 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
		the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval. Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **Risk Factors Associated with Investments in REITs and InvITs:** • Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends. • Liquidity Risk: As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. • Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns. • Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law. **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 pattern of the scheme 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 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. The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. 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. The AMC and Trustee will review the performance of the Scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
Portfolio Turnover	Purchase and Sale of securities attract transaction costs of the nature of brokerage, stamp duty, custodian transaction charges etc. The portfolio turnover is essential to regularly explore trading opportunities to optimise returns for the Scheme and enable portfolio restructuring when required. The Scheme will manage its portfolio taking into account the associated risks (such as interest/liquidity/redemption etc.) perceived/expected, so as to minimise the risks by using adequate risk management techniques. The portfolio turnover policy will be aimed at maximising the returns/ growth. The AMC believes in active churning of the portfolio with an aim to encash on the opportunities that present themselves from time to time. However the scheme shall aim to achieve the turnover target of 100% to 150% of the corpus of the Scheme so long as the above target is cost effective and profitable without affecting long-term growth prospects of the investment and scheme objective Pursuant to Schedule IX read with Regulation 50 of the SEBI (Mutual Funds) Regulations, 1996, the cost of investments acquired or purchased shall include all such costs incurred for effecting the transaction while the sale proceeds of investment sold or redeemed shall be net of all such costs incurred for effecting the sale transactions and shall form part of the purchase or the sale value of investments.	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 Scheme is an open-ended scheme. It is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio. 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.

6. Canara Robeco Infrastructure

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Type of Scheme</td><td>An open-ended Equity Scheme</td><td>An open-ended equity scheme following infrastructure theme.</td></tr>
<tr><td>How will the scheme allocate its assets?</td>
<td>The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th>Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th><th>High/Medium/ Low</th></tr>
<tr><td>Equity and equity related instruments of companies in the Infrastructure sector including derivatives of such companies</td><td>75</td><td>100</td><td>High</td></tr>
<tr><td>Domestic Debt and Money Market instruments</td><td>0</td><td>25</td><td>Low</td></tr>
</table>
Gross Notional Exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme. Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme (subject to an overall limit of 10% of the net assets of the Fund) as on 31st March of each relevant year of the investment. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme shall not exceed 15% of the net assets of the Scheme as on the date of such lending and that the maximum limit per intermediary shall not exceed 5% of the net assets of the Scheme. Intention to lend securities shall be in accordance with the guidelines on securities lending and borrowing scheme issued by SEBI from time to time.
Total of investments in Equity, debt securities (including securitized debt), money market instruments and gross notional exposure in derivatives shall not exceed 100% of the net assets of the scheme.
The above asset allocation pattern given for each scheme is not absolute and can vary depending upon the AMC's perception of the equity and money markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/ IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Scheme shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees, as provided above. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.</td>
<td>The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Equity and equity related instruments of companies in the Infrastructure sector including derivatives of such companies</td><td>80</td><td>100</td><td>High</td></tr>
<tr><td>Debt and Money Market instruments</td><td>0</td><td>20</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.
Gross investments in securities under the Scheme which includes equities, equity related instruments/securities, debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.
Investment by the Scheme in ADRs/GDRs shall not exceed 10% of the net assets of the Scheme as on the date of such investments.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme. However, investment in ADRs/GDRs would be included under the overall investment limits set for foreign securities.
The stock lending done by the Scheme (if any) shall not exceed 25% of the net assets of the Scheme as on the date of such lending. Process for lending securities shall be in accordance with the guidelines on securities lending and borrowing issued by SEBI from time to time.
Exposure by the Scheme in Securitised Debt shall not exceed 20% of the Net Assets of Scheme at the time of investment.
The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Scheme shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.</td></tr>
<tr><td>Where will the scheme invest?</td>
<td>Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities:
1) Equity and equity related instruments including preference shares, convertible bonds and debentures and warrants carrying the right to obtain equity shares.
2) 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.
3) 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).
4) 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.
5) Certificate of Deposit (CDs);
6) Commercial Paper (CPs);
7) ADR/GDR
8) Derivative instruments like Forward Rate Agreements and such other derivative instruments permitted by SEBI/RBI
9) Any other like instrument/s as permitted by SEBI/RBI from time to time
The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable.
Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board.
The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/ IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits:
1) "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.</td>
<td>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.
• Debt Instruments - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted.
• 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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time.
• Foreign Securities - including ADR/GDR as permitted by the RBI and SEBI.
• Securitised Debt - The scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk.
• Pass through Certificate (PTC) - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two-wheeler loans and other assets subject to applicable regulations.
• Derivative - instruments like index futures, stock futures, index options, stock option, warrants, convertible securities, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations.
• REITs/InvITs - The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
• Any other - instruments as may be permitted by SEBI/RBI/such other regulatory authority from time to time.</td></tr>
</table>

Page 11 continued...

CANARA ROBECO

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
	2) Such short-term deposits shall be held in the name of the Scheme. 3) The Scheme(s) shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustees. 4) Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. 5) The Scheme(s) shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. 6) The Scheme(s) shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities or are rated as mentioned above and the registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as and when permissible under the Regulation.	The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable. **Investment in other Schemes:** The investment by the 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. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits: 1) "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. 2) Such short-term deposits shall be held in the name of the Scheme. 3) The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustees. 4) Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. 5) The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. 6) The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
What are the investment strategies?	Canara Robeco Infrastructure is an open-end Scheme having a primary objective to generate income/capital appreciation by investing in equities/equity related instruments of companies in the infrastructure sector. The Association of Mutual Funds in India (AMFI) has laid down classification of industries. From this, the AMC has classified the following industries under the infrastructure sector: a. Engineering b. Construction and construction related industries c. Telecom – Services and Equipments d. Ports, Dredging e. Transportation f. Housing g. Banking and financial services related to infrastructure h. Healthcare services i. Energy j. Power and Power Equipments k. Coal l. Mining and Minerals m. Ferrous and Non-Ferrous Metals n. Steel and steel utilities o. Oil and Gas p. Petroleum Products q. Paints r. Computers – Hardware and Software related to infrastructure s. Industrial Equipments and products t. Electronics and Electronic equipments u. Ship Building v. Casting/Forging w. Auto and Auto Ancillaries x. Industrial Capital Goods and Products y. Cement and Cement Products The above list of industries is indicative and the AMC may add such other industries/sectors which broadly satisfy the category of infrastructure industries. The Indian economy is among the fastest growing economies in the world. The economy is growing at over 8%. If the growth rate has to be sustained over a longer period, the country needs huge infrastructure spending. One of the key constraints for the Indian corporates to become globally competitive is inadequate infrastructure. Realizing the urgency and importance of infrastructure development, the government has initiated a number of measures. The government has created a positive regulatory and policy environment like implementation of the Electricity Act, Telecom policies, etc. The country needs huge investment for the infrastructure sector. The country needs additional Power, Telecom, Aviation and the Maritime sectors etc. The government is finding innovative ways of funding through Public-Private Partnership initiatives, imposition of cess, etc. There are good investments happening in roads, seaports, airports, power, oil and gas sectors, water supply, sewerage, etc. Hence one of the key economic growth drivers today is the huge infrastructure spending. With the spending, many companies in the infrastructure sector stand to benefit by way of increased turnover and higher earnings. This presents ideal opportunities in the stock market, as the market capitalization of these companies will also grow in tune with the earnings growth. The scheme is designed to invest in shares of those companies, which hold high potential to benefit from such infrastructure spending. The scheme will look for companies, which are reasonably valued and are having high earnings growth potential in the infrastructure sector. The investment emphasis of the scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC	Canara Robeco Infrastructure is an open-end Scheme having a primary objective to generate income/capital appreciation by investing in equities/equity related instruments of companies in the infrastructure sector. The Association of Mutual Funds in India (AMFI) has laid down classification of industries. From this, the AMC has classified the following industries under the infrastructure sector: a. Engineering b. Construction and construction related industries c. Telecom – Services and Equipments d. Ports, Dredging e. Transportation f. Housing g. Banking and financial services related to infrastructure h. Healthcare services i. Energy j. Power and Power Equipments k. Coal l. Mining and Minerals m. Ferrous and Non-Ferrous Metals n. Steel and steel utilities o. Oil and Gas p. Petroleum Products q. Paints r. Computers – Hardware and Software related to infrastructure s. Industrial Equipments and products t. Electronics and Electronic equipments u. Ship Building v. Casting/Forging w. Auto and Auto Ancillaries x. Industrial Capital Goods and Products y. Cement and Cement Products The above list of industries is indicative and the AMC may add such other industries/sectors which broadly satisfy the category of infrastructure industries. The Indian economy is among the fastest growing economies in the world. The economy is growing at over 8%. If the growth rate has to be sustained over a longer period, the country needs huge infrastructure spending. One of the key constraints for the Indian corporates to become globally competitive is inadequate infrastructure. Realizing the urgency and importance of infrastructure development, the government has initiated a number of measures. The government has created a positive regulatory and policy environment like implementation of the Electricity Act, Telecom policies, etc. The country needs huge investment for the infrastructure sector. The country needs additional Power, Telecom, Aviation and the Maritime sectors etc. The government is finding innovative ways of funding through Public-Private Partnership initiatives, imposition of cess, etc. There are good investments happening in roads, seaports, airports, power, oil and gas sectors, water supply, sewerage, etc. Hence one of the key economic growth drivers today is the huge infrastructure spending. With the spending, many companies in the infrastructure sector stand to benefit by way of increased turnover and higher earnings. This presents ideal opportunities in the stock market, as the market capitalization of these companies will also grow in tune with the earnings growth. The Scheme is designed to invest in shares of those companies, which hold high potential to benefit from such infrastructure spending. The scheme will look for companies, which are reasonably valued and are having high earnings growth potential in the infrastructure sector. The investment emphasis of the Scheme will be in identifying companies with strong competitive position in good business and having quality management. The AMC will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers.

Particulars	Existing	Proposed
	will follow an active investment style supported by in-house research. Essentially, the focus would be on fundamentally strong companies with scope for good growth over time. The AMC, in selecting the scrips will focus on the fundamentals of the business, the industry structure, the quality of management sensitivity to economic factors, the financial strength of the company and the key earnings drivers. Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. The AMC will also monitor and control maximum exposures to any one company. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular scrip or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. The Scheme may invest in overseas equity markets like ADRs/GDRs (subject to relevant RBI/SEBI guidelines/approvals). The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be 23 reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Stock/Index Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging and portfolio balancing, within a permissible limit of portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. **Investment Pattern and changes:** The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances: 1) During extreme volatility/ill-liquidity in the capital market/securities market. 2) In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. 3) Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. 4) During the time the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Investments made by the schemes would be in accordance with the investment objectives of the schemes and provisions of SEBI Regulations. Since investing required disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in the portfolio construction process. The risk control process involves reducing risks through portfolio diversification, taking care however not to dilute returns in the process. The AMC believes that this diversification would help achieve the desired level of consistency in returns. The AMC aims to identify securities, which offer superior levels of yield at lower levels of risk. With the aim of controlling risks, the investment team of the AMC will carry out rigorous indepth analysis of the securities proposed to be invested in. While, these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **Procedure followed for investment decisions:** The Fund Manager of the Scheme is responsible for making buy/sell decisions for the Scheme's portfolio and seeks to develop a well diversified portfolio taking into account the asset allocation patterns of various schemes along with risks that are associated with such investments. The investment decisions are made on an ongoing basis keeping in view the market conditions and other regulatory aspects. The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings as well as additional ad-hoc meetings as needed, to explore the investment thesis. It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme(s). The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI. The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.	**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: • During extreme volatility/ill-liquidity in the capital market/securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time, the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted equity related securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Stock/Index Futures or Options, Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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. **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. 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. **Foreign Securities:** The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The Scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers. **Securitised Debt:** Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund. **Policy relating to originators:** The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool. **Risk associated with each kind of originator:** (a) Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income.

Page 12 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td></td><td></td><td>
(b) Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates.
(c) Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit.
(d) Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus, these trades may take place at a discount, depending on the prevailing interest rates.
In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees.
Minimum retention period of the debt by originator prior to securitization
Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations.
Minimum retention percentage by originator of debts to be securitized
RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations.
Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund
The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval.
Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter.
While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.
Risk Factors Associated with Investments in REITs and InvITs:
• Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends.
• Liquidity Risk: As the liquidity of the investments made by the Scheme(s) could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk.
• Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.
• Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law.
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 pattern of the scheme 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 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.
The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook.
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.
The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
</td></tr>
<tr><td>**Portfolio Turnover**</td><td>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.</td><td>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.</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td></td><td>The Scheme will manage its portfolio taking into account the associated risks (such as interest/liquidity/redemption etc.) perceived/expected, so as to minimise the risks by using adequate risk management techniques. The portfolio turnover policy will be aimed at maximising the returns/growth.
The AMC believes in active churning of the portfolio with an aim to encash on the opportunities that present themselves from time to time. However the scheme shall aim to achieve the turnover target of 100% to 150% of the corpus of the Scheme so long as the above target is cost effective and profitable without affecting long-term growth prospects of the investment and scheme objective.
Pursuant to Schedule IX read with Regulation 50 of the SEBI (Mutual Funds) Regulations, 1996, the cost of investments acquired or purchased shall include all such costs incurred for effecting the transaction while the sale proceeds of investment sold or redeemed shall be net of all such costs incurred for effecting the sale transactions and shall form part of the purchase or the sale value of investments.</td><td>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 Scheme is an open-ended scheme. It is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.
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.</td></tr>
<tr><td>**Benchmark**</td><td>S&P BSE 100 TRI
As approved by the Board of Directors/Trustees the Scheme has currently selected the above mentioned benchmark for respective schemes on the basis of the Investment Pattern/Objective of the Scheme and the composition of the Index. The Investment Manager may revise the same to a more appropriate benchmark index, if any, as and when formulated by competent agencies. AMC may give its comments/perception on comparison of returns and benchmarks, if desired.</td><td>S&P BSE India Infrastructure Index TRI
As approved by the Board of Directors/Trustees the Scheme has currently selected the above-mentioned benchmark for the Scheme on the basis of the Investment Pattern/Objective of the Scheme and the composition of the Index. The Investment Manager may revise the same to a more appropriate benchmark index, if any, as and when formulated by competent agencies. AMC may give its comments/perception on comparison of returns and benchmarks, if desired.</td></tr>
</table>

7. Canara Robeco GILT PGS (Provident Fund, Gratuity & Superannuation Fund)

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>**Name of scheme**</td><td>Canara Robeco Gilt PGS **(Provident Fund, Gratuity & Superannuation Fund)**</td><td>Canara Robeco Gilt Fund</td></tr>
<tr><td>**Type of Scheme**</td><td>Open-Ended dedicated Gilt scheme</td><td>An open-ended debt scheme investing in government securities across maturity.</td></tr>
<tr><td>**How will the scheme allocate its assets?**</td><td>The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th>Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th><th>High/Medium/ Low</th></tr>
<tr><td>Govt. Securities/MMI/ Call Money</td><td>0</td><td>100</td><td>Low</td></tr>
</table>
Gross Notional Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.
Subject to the SEBI Regulations, the asset allocation pattern of the scheme indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.</td><td>The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Govt. Securities</td><td>80</td><td>100</td><td>Low</td></tr>
<tr><td>Money Market Instruments</td><td>0</td><td>20</td><td>Low to Medium</td></tr>
</table>
The Scheme will invest predominantly in government securities across maturity.
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.
Gross investments in securities under the Scheme which includes Government securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme.
Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the scheme indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Scheme shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.</td></tr>
<tr><td>**Where will the scheme invest?**</td><td>Subject to the Regulations and the circular dated 19th January, 2009, the corpus of the Scheme(s) may be invested in all or any one of (but not exclusively) the</td><td>Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities:
Government Securities - include Govt. of India securities (zero coupon</td></tr>
</table>

Page 13 continued...

...continued from previous page

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td></td><td>
following securities in accordance with the asset allocation pattern of the scheme:

Debt Instruments - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt, Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Securitised Debt, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted.

Money Market Instruments - include Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an un-expired maturity up to one year, Call or Notice Money, (Call and Notice Money Market refers to the market for short term funds including overnight funds. Under call money market, funds are transacted on overnight basis and under notice money market, funds are transacted for the period between 2 days and 14 days) Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India/SEBI, from time to time. The Scheme proposes to invest in Collateralised Borrowing Lending Obligation (CBLO a discounted money market instrument available in electronic book entry form for the maturity period ranging from one day to ninety Days), Repos Treasury Bills, MIBOR Instruments, CPs, CDs and Govt. Securities having an original/residual maturity upto 91 days for Canara Robeco Liquid and 365 days for other debt oriented scheme(s).

These securities may be listed or unlisted.

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

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

Short Term Deposits:

Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits:

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

Any Other: Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time.

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

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

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

Investment in other Schemes: The investment by the 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.

</td><td>
or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt, Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), either listed or unlisted.

Money Market Instruments - include Treasury Bills, Government Securities having an un-expired maturity up to one year, Call or Notice Money, Certificate of Deposit, Usance Bills, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, alternative investment for the overnight money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time.

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

Derivatives - Derivative instruments like Interest Rate Future, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations.

Any Other - Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time.

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

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

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

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

The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
</td></tr>
<tr><td>What are the investment strategies?</td><td>
The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors.

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

The Scheme being open ended, some portion of the portfolio will be invested in short term government securities so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are reasonably liquid and of varying maturity.
</td><td>
The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified.

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

Fund manager will also take exposure to money market instruments and some portion of the portfolio will be invested in liquid securities so as to meet the normal repurchase requirements. The investment will be made in securities which are reasonably liquid and of varying maturity.

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

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:

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

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

Risk Control Mechanism:

Sovereign & Money Market Securities

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

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, and Head of Fixed Income that meets at periodic intervals. The Investment Committee’s role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook.

The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings, as well as additional ad-hoc meetings as needed, to explore the investment thesis. It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme. The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI.
</td><td>
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:
i. During extreme volatility/ill-liquidity in the capital market/securities market.
ii. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security.
iii. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch.
iv. During the time the Fund receives bulk repurchase and/or bulk investment.

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

Risk Mitigation:

Sovereign & Money Market Securities

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

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 the scheme 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 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.

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

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.

The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
</td></tr>
</table>

8. Canara Robeco Income

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Name of Scheme</td><td>Canara Robeco Income</td><td>Canara Robeco Income Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-ended Debt Scheme</td><td>An open ended medium term debt scheme investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 4 years – 7 years.

(Portfolio Macaulay duration under anticipated adverse situation is 1 year to 7 years)</td></tr>
<tr><td>Investment Objective</td><td>To generate income through investment in Debt and Money Market securities of different maturity and issuers of different risk profiles. However, there can be no assurance that the investment objective of the Scheme will be realized.</td><td>The Scheme seeks to generate income and capital appreciation through a portfolio constituted of medium to long term debt and money market securities and issuers of different risk profiles. However, there can be no assurance that the investment objective of the scheme will be realized.</td></tr>
<tr><td>How will the scheme allocate its assets?</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th>Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th><th>High/Medium/Low</th></tr>
<tr><td>Debt (Including Securitised Debt)</td><td>50</td><td>100</td><td>Medium</td></tr>
<tr><td>Money Market Instruments/Call Money</td><td>0</td><td>50</td><td>Low</td></tr>
</table>
Investment by Scheme in Securitised debt is limited to domestic securitized debt and shall not exceed 20% of the net assets as on the date of such investments.

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

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

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

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

Portfolio Rebalancing:

The Scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.
</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Debt and Money Market instruments</td><td>0</td><td>100</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
The Fund will invest in debt and money market securities in order to generate consistent superior risk adjusted returns as per the investment objectives and aims to maintain a portfolio Macaulay Duration of between 4 years to 7 years.

However, the Portfolio Macaulay duration under anticipated adverse situation could be between 1 year and 7 years. Whenever the portfolio duration is reduced below the specified floor of 4 years, the AMC shall record the reasons for the same with adequate justification and maintain a record for the same.

Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.

Gross investments in securities under the Scheme which includes debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the Scheme in derivatives shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme.

Exposure by the Scheme in Securitised Debt shall not exceed 40% of the Net Assets of Scheme at the time of investment.

The Scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.

Asset Allocation:

The above asset allocation pattern is not absolute and can vary depending upon the AMC’s perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the Scheme indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to
</td></tr>
</table>

Page 14 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
		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 AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme. **Limits to make Overseas Investments:** The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time. Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments. **Exposure to Derivatives:** The Schemes shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
Where will the scheme invest?	Subject to the Regulations and the circular dated 19th January, 2009, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities in accordance with the asset allocation pattern of the scheme: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt, Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Securitised Debt, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **Money Market Instruments** - include Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an un-expired maturity up to one year, Call or Notice Money, (Call and Notice Money Market refers to the market for short term funds including overnight funds. Under call money market, funds are transacted on overnight basis and under notice money market, funds are transacted for the period between 2 days and 14 days) Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India/SEBI, from time to time. The Scheme proposes to invest in Collateralised Borrowing Lending Obligation (CBLO a discounted money market instrument available in electronic book entry form for the maturity period ranging from one day to ninety Days), Repos Treasury Bills, MIBOR Instruments, CPs, CDs and Govt. Securities having an original/residual maturity upto 91 days for Canara Robeco Liquid and 365 days for other debt oriented scheme(s). These securities may be listed or unlisted. **Foreign Securities** - 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, subject to compliance with SEBI Regulation. **Securitized Debt** - Securitised Debt is a financial instrument (bond) whose interest and principal payments are backed by an underlying cash flow from another asset. Asset Securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (promissory notes, participation certificates or other debt instruments) also referred to as "Securitised Debt" to the investors evidencing the beneficial ownership of the investors in the receivables. Investment in "Securitized Debt" includes investment in Asset Backed Receivables and Future Flow Receivables. Such Securitized Debts are asset classes like, personal vehicle receivables, commercial vehicle receivables, mortgage backed receivables i.e. housing finance receivables, lease receivables and corporate/consumer loan receivables. The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable. The AMC may from time to time for a short term period under exceptional circumstances on defensive consideration modify/alter the investment pattern/asset allocation the intent being to protect the Net Asset Value of the Scheme & the interests of Unit Holders without seeking consent of the Unit Holders. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in	Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time. **Foreign Securities** - as permitted by RBI and SEBI **Securitised Debt** - The scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk. **Pass through Certificate (PTC)** - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two wheeler loans and other assets subject to applicable regulations. **Derivatives** - Derivative instruments like Interest Rate Future, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations. **REITs/InvITs** - The Scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines. **Any Other** - Any other instruments as may be permitted by RBI/SEBI/ such other regulatory authority from time to time. **Investment in other Schemes** - The investment by the 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. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits: i. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. ii. Such short-term deposits shall be held in the name of the Scheme. iii. The Scheme shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put

Particulars	Existing	Proposed
	accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits: • "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. • Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees. • Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. • The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. **Any Other:** Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time. **Investment in other Schemes:** The investment by the Scheme(s) 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	together. However, such limit may be raised to 20% with prior approval of the Trustees. iv. Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. v. The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. vi. The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
What are the investment strategies?	**Investment Focus and strategy:** The funds will be invested in debt and money market securities of different maturities and risk profiles offering reasonable liquidity and returns, with risk perceived by the Investment Manager and a portion of the funds will also be invested in rated and un-rated corporate bonds and debentures. As per the guidelines of RBI, Mutual Funds have currently ceased to access the call money market. The Schemes therefore proposes to avail facility of reverse repos/ CBLO (Collateralized Borrowing and Lending Obligations) to temporarily invest short term liquidity and to meet redemption/repurchase requirements. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of underperformance, arising out of unexpected security-specific factors. Investments will be made in State/Central Government Securities, Treasury Bills: i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the State Government iii) supported by the Government of India/State Government in any other manner. The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI/RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time. There can be no assurance that the investment objective of the Scheme will be realized. It is, however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills under this Scheme. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Schemes may be affected, if the securities invested in are rendered illiquid after investment. The Investment Manager targets to identify securities which offer optimum level of yield at lower level of risks. Rated debt instruments in which the Scheme invests will be of investment grade as rated by the credit rating agency. The Investment Manager will be guided by the ratings of Rating Agencies such as CRISIL, CARE, ICRA or any other agency approved by SEBI for this purpose. The Investment Manager may also invest in un-rated securities subject to the provisions and restrictions laid down by SEBI. In addition, the Investment Manager will monitor the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme, in order to achieve the objectives, will carefully select the debt securities of various maturities and risk profile. Such as Central/State Govt. Securities, Bonds of PSU/FIs, Corporate Debt of both public and private sector undertakings, Certificate of Deposits, Commercial Papers and such other instruments. The securities mentioned above could be listed or un-listed, secured or unsecured, rated or un-rated of varying maturity. The securities may be acquired through IPO, secondary market operations, private placements, rights offer or negotiated deals. **Investment Pattern and changes:** 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: • During extreme volatility/ill-liquidity in the capital market/securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time the Fund receives bulk repurchase and/ or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation	**Investment Focus and strategy:** Canara Robeco Income Fund is an open ended medium term debt scheme investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 4 years and 7 years. However, the Portfolio Macaulay duration under anticipated adverse situation may be between 1 year and 7 years. Whenever the portfolio duration is reduced below the specified floor of 4 years, the AMC shall record the reasons for the same with adequate justification and maintain a record for the same. The scheme will follow an active interest rate management strategy. Performance will depend on the Asset Management Company's ability to assess accurately and react to general market conditions and changing financial characteristics of the security issuers. The general maturity/Macaulay Duration range for the portfolio in relation to the market based on its interest rate outlook will be arrived at after a rigorous and close monitoring of various macro variables. The shifts within this range are then determined by short term cyclical trends in the economy. Depending upon prevailing market conditions & interest rate scenario, the portfolio Macaulay Duration and average maturity can be increased or decreased. In case of a rising interest rate environment the Macaulay Duration/average maturity of the scheme may be reduced whereas in a falling interest rate scenario the holding in medium/long securities may be maximized. The Investment Manager will actively monitor the prevailing political conditions, economic environment (including interest rates and inflation etc.), performance of the corporate sector and general liquidity as well as other considerations in the economy & markets to assess the likely direction of interest rates and to position the portfolio appropriately to take advantage of the same. **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: • During extreme volatility/ill-liquidity in the capital market/ securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time.

Page 15 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
	will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **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. **Securitised Debt:** As a risk control measure, the Scheme shall make investment in such Securitised Debts which have a minimum rating of P1+ and/or such other equivalent rating for short term papers or AAA and/or such other equivalent rating for long term papers which suits the risk profile of the Scheme. The ratings AAA or its equivalent , P1+ or its equivalent assigned to instruments reflects highest degree of safety with regard to timely payment of financial obligations and the + sign reflects comparatively better standing within the category. Investments in these instruments with the highest ratings suit the risk profile of the Scheme relating to Debt and Money Market Instruments, the same being "Low to Medium". The investment shall be in those securitized debt instruments which mature on or before the maturity date of the Scheme and the Scheme shall not invest in any Pool of Assets. Policy relating to Originator(s) - The Scheme shall invest in those Securitised Debt, whose Originator is a Corporate Entity, being a Bank or an NBFC. The Scheme shall invest in the instruments subject to necessary investment limits mentioned under SEBI regulations. Risk may be mitigated by seeking additional credit support (credit enhancement) in order that the instrument(s) may receive the desired level of credit rating. Further, prior to investing in Securitised Debt, it would be ensured that the minimum retention period of the debt and minimum retention percentage by the Originator prior to securitization shall be as prescribed by the RBI guidelines. Any investment in Securitised Debt has to go through an independent credit appraisal process and no special consideration shall be given to whether the Originator has invested in any Scheme(s) of Canara Robeco Mutual Fund. Level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments – The Scheme shall not be investing in any pool of assets. Investment in securitized asset shall only be single loan securitized debt instruments backed by originator as referred above. Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – Dedicated credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed Income and is approved by the Investment committee. The dedicated credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **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, and Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings, as well as additional ad-hoc meetings as needed, to explore the investment thesis. It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme. The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI.	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. **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. 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. **Foreign Securities:** The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The Scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers. **Securitised Debt:** Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund. **Policy relating to originators:** The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool. **Risk associated with each kind of originator:** • Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income. • Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates. • Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit. • Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus these trades may take place at a discount, depending on the prevailing interest rates. In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees. **Minimum retention period of the debt by originator prior to securitization** Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Minimum retention percentage by originator of debts to be securitized** RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund** The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator

Particulars	Existing	Proposed
		is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval. Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed Income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **Risk Factors Associated with Investments in REITs and InvITs:** • **Market Risk:** REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends. • **Liquidity Risk:** As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. • **Reinvestment Risk:** Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns. • **Regulatory/Legal Risk:** REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law. **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 the scheme 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 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. The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. 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. The AMC and Trustee will review the performance of the Scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.

9. Canara Robeco Medium Term Opportunities Fund

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Name of Scheme</td><td>Canara Robeco Medium Term Opportunities Fund</td><td>Canara Robeco Corporate Bond Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-ended Debt Scheme</td><td>An open ended debt scheme predominantly investing in AA+ and above rated corporate bonds.</td></tr>
<tr><td>Investment Objective</td><td>The investment objective of the scheme is to generate income and capital appreciation through a portfolio constituted of medium term debt instruments and money market instruments. However, there can be no assurance that the investment objective of the scheme will be realized.</td><td>The Scheme seeks to generate income and capital appreciation through a portfolio constituted predominantly of AA+ and above rated Corporate Debt across maturities. However, there can be no assurance that the investment objective of the scheme will be realized.</td></tr>
<tr><td>How will the scheme allocate its assets?</td><td>The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th>Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th><th>High/Medium/ Low</th></tr>
<tr><td>GoI & Debt Securities</td><td>60</td><td>100</td><td>Low to Medium</td></tr>
<tr><td>Money Market Instruments#</td><td>0</td><td>40</td><td>Low</td></tr>
</table>
The fund will maintain portfolio weighted average maturity between 3 to 7 years.

The scheme shall not make any investments in foreign debt. The scheme shall not make any investments in Securitised debt. The Scheme does not intend to enter Repo/Reverse repo transactions in corporate debt securities.

#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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time.

Subject to guidelines specified by SEBI (MF) Regulations as may be amended from time to time, exposure by the Scheme in derivative instruments for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the Net Assets of Scheme at the time of investment. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.

The cumulative gross exposure under the scheme in which includes debt securities, money market instruments including cash and cash equivalent and derivatives shall not exceed 100% of the net assets of the scheme.

Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to</td><td>The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>AA+ and above rated Corporate Debt of varying maturities</td><td>80</td><td>100</td><td>Low to Medium</td></tr>
<tr><td>Other Debt (including government securities) and Money Market Instruments</td><td>0</td><td>20</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.

Gross investments in securities under the Scheme which includes debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme.

Exposure by the Scheme in Securitised Debt shall not exceed 40% of the Net Assets of Scheme at the time of investment.

The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.

Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes.</td></tr>
</table>

Page 16 continued...

CANARA ROBECO

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
	address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time. **Portfolio Rebalancing:** The scheme shall rebalance the portfolio within 30 days. However, the scheme will endeavor 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.	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 AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme. **Limits to make Overseas Investments:** The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time. Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments. **Exposure to Derivatives:** The Schemes shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
Where will the scheme invest?	Subject to the Regulations and the circular dated 19th January, 2009, the corpus of the Scheme(s) may be invested in all or any one of (but not exclusively) the following securities in accordance with the asset allocation pattern of the scheme: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt, Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Securitised Debt, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **Money Market Instruments** - include Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an un-expired maturity up to one year, Call or Notice Money, (Call and Notice Money Market refers to the market for short term funds including overnight funds. Under call money market, funds are transacted on overnight basis and under notice money market, funds are transacted for the period between 2 days and 14 days) Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India/SEBI, from time to time. The Scheme proposes to invest in Collateralised Borrowing Lending Obligation (CBLO a discounted money market instrument available in electronic book entry form for the maturity period ranging from one day to ninety Days), Repos Treasury Bills, MIBOR Instruments, CPs, CDs and Govt. Securities having an original/residual maturity upto 91 days for Canara Robeco Liquid and 365 days for other debt oriented scheme. These securities may be listed or unlisted. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits: i. "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. ii. Such short-term deposits shall be held in the name of the Scheme. iii. The Scheme(s) shall not park more than 15% of the net assets in short term deposit(s) of all the scheduled commercial banks put together. However, such limit may be raised to 20% with prior approval of the Trustees. iv. Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. v. The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. vi. The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. **Any Other:** Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time. **Investment in other Schemes:** The investment by the 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	Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time. **Foreign Securities** - as permitted by RBI and SEBI **Securitised Debt** - The Scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk. **Pass through Certificate (PTC)** - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two wheeler loans and other assets subject to applicable regulations. **Derivatives** - Derivative instruments like Interest Rate Future, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations. **REITs/InvITs** - The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines. **Any Other** - Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time. **Investment in other Schemes** - The investment by the 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. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits: • "Short Term" for parking of funds shall be treated as a period not exceeding 91 days.

Particulars	Existing	Proposed
	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.	• Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees. • Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. • The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
What are the investment strategies?	**Investment Focus and strategy:** The aim of the Investment Manager is to identify and allocate the assets of the Scheme between various fixed income securities with the objective of generate optimal returns at lower levels of risks and at the same time ensuring reasonable liquidity. The Investment Manager will actively monitor the prevailing political conditions, economic environment (including interest rates and inflation etc), performance of the corporate sector and general liquidity as well as other considerations in the economy & markets to assess the likely direction of interest rates and to position the portfolio appropriately to take advantage of the same. Depending upon prevailing market conditions & interest rate scenario, the portfolio duration and average maturity can be increased or decreased. In case of a rising interest rate environment the duration/average maturity of the fund may be reduced whereas in a falling interest rate scenario the holding in medium/long securities may be maximized. The fund will maintain portfolio weighted average maturity between 3 to 7 years. **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: • During extreme volatility/ill-liquidity in the capital market/securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Control Mechanism:** Since investing requires disciplined risk management, in order to protect the interests of investors, the AMC would incorporate adequate safeguards for controlling risks in the portfolio. As a prudent measure, the AMC has broad internal investment norms and investments made through the scheme would be in accordance with the investment objectives of the scheme and provisions of SEBI Regulations. **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. 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, and Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings, as well as additional ad-hoc meetings as needed, to explore the investment thesis. It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme. The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI.	**Investment Focus and strategy:** Corporate debt securities normally trade above government securities, having similar maturity profiles, with respect to yields. Canara Robeco Corporate Bond Fund is an open ended debt scheme predominantly investing in AA+ and above rated corporate bonds and seeking to generate income and capital appreciation. The Scheme will aim to provide investors with yield spread on corporate debt securities by cautiously managing the excess risk on its corporate investments. Under normal circumstances, the scheme intends to invest most of its assets (minimum 80% of its total assets) in AA+ and above rated corporate bonds with the objective of generating optimal returns at lower levels of risks and at the same time ensuring reasonable liquidity. Remaining investments will be made in other debt securities and money market instruments which are expected to be reasonably liquid and of varying maturities. However, the NAV of the Scheme may be impacted if the securities invested in are rendered illiquid after investment. The Scheme will follow an active interest rate management strategy. Performance will depend on the Asset Management Company's ability to assess accurately and react to general market conditions and changing financial characteristics of the security issuers. The general maturity/Macaulay Duration range for the portfolio in relation to the market based on its interest rate outlook will be arrived at after a rigorous and close monitoring of various macro variables. The shifts within this range are then determined by short term cyclical trends in the economy. Depending upon prevailing market conditions & interest rate scenario, the portfolio Macaulay Duration and average maturity can be increased or decreased. In case of a rising interest rate environment the Macaulay Duration/average maturity of the scheme may be reduced whereas in a falling interest rate scenario the holding in medium/long securities may be maximized. The Investment Manager will actively monitor the prevailing political conditions, economic environment (including interest rates and inflation etc), performance of the corporate sector and general liquidity as well as other considerations in the economy & markets to assess the likely direction of interest rates and to position the portfolio appropriately to take advantage of the same. **Investment Pattern and changes:** The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances: 1. During extreme volatility/ill-liquidity in the capital market/securities market. 2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. 3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. 4. During the time the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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. **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

Page 17 continued...

CANARA ROBECO

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td></td><td></td><td>
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. 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.

Foreign Securities:
The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The Scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers.

Securitised Debt:
Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund.

Policy relating to originators:
The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool.

Risk associated with each kind of originator:
• Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income.
• Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates.
• Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit.
• Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus these trades may take place at a discount, depending on the prevailing interest rates.
In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees.

Minimum retention period of the debt by originator prior to securitization
Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations.

Minimum retention percentage by originator of debts to be securitized
RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations.

Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund
The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval.
</td></tr>
</table>

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

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

Risk Factors Associated with Investments in REITs and InvITs:
• Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends.
• Liquidity Risk: As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk.
• Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.
• Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law.

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 the scheme 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 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.

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

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.

The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
</td></tr>
</table>

10. Canara Robeco Savings Plus Fund

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Name of Scheme</td><td>Canara Robeco Savings Plus Fund</td><td>Canara Robeco Savings Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-ended Debt Scheme</td><td>An open-ended low duration debt scheme investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months</td></tr>
<tr><td>Investment Objective</td><td>To generate income/capital appreciation by investing in a portfolio comprising of short term debt instruments and money market instruments with weighted average portfolio duration between 3 months to less than 1 year. However, there can be no assurance that the investment objective of the scheme will be realized.</td><td>To generate income/capital appreciation by investing in a portfolio comprising of low duration debt instruments and money market instruments. However, there can be no assurance that the investment objective of the scheme will be realized.</td></tr>
<tr><td>How will the scheme allocate its assets?</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th>Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th><th>High/Medium/ Low</th></tr>
<tr><td>Indian Money Market Instruments</td><td>50</td><td>100</td><td>Low to Medium</td></tr>
<tr><td>Indian Debt Securities</td><td>0</td><td>50</td><td>Low to Medium</td></tr>
</table>
Exposure by the Fund in Securitised Debt shall not exceed 25% of the Net Assets of Scheme at the time of investment.

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

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

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

Portfolio Rebalancing:
The scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.
</td><td>
The Asset Allocation pattern of the Scheme under normal circumstances would be as under:
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Debt & Money Market Instruments</td><td>0</td><td>100</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
The Fund will invest in debt and money market securities in order to generate consistent superior risk adjusted returns as per the investment objectives and aims to maintain a portfolio Macaulay Duration of between 6 months and 12 months.

Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.

Gross investments in securities under the Scheme which includes debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.

The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme.

Exposure by the Scheme in Securitised Debt shall not exceed 40% of the Net Assets of Scheme at the time of investment.

The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.

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

Page 18 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
		Portfolio Rebalancing: The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme. **Limits to make Overseas Investments:** The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time. Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments. **Exposure to Derivatives:** The Schem shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
Where will the scheme invest?	Subject to the Regulations and the circular dated 19th January, 2009, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities in accordance with the asset allocation pattern of the scheme: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt, Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Securitised Debt, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **Money Market Instruments** - include Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an un-expired maturity up to one year, Call or Notice Money, (Call and Notice Money Market refers to the market for short term funds including overnight funds. Under call money market, funds are transacted on overnight basis and under notice money market, funds are transacted for the period between 2 days and 14 days) Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India/SEBI, from time to time. The Scheme proposes to invest in Collateralised Borrowing Lending Obligation (CBLO a discounted money market instrument available in electronic book entry form for the maturity period ranging from one day to ninety Days), Repos Treasury Bills, MIBOR Instruments, CPs, CDs and Govt. Securities having an original/residual maturity upto 91 days for Canara Robeco Liquid and 365 days for other debt oriented scheme(s). These securities may be listed or unlisted. **Securitized Debt** - Securitised Debt is a financial instrument (bond) whose interest and principal payments are backed by an underlying cash flow from another asset. Asset Securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (promissory notes, participation certificates or other debt instruments) also referred to as "Securitised Debt" to the investors evidencing the beneficial ownership of the investors in the receivables. Investment in "Securitized Debt" includes investment in Asset Backed Receivables and Future Flow Receivables. Such Securitized Debts are asset classes like, personal vehicle receivables, commercial vehicle receivables, mortgage backed receivables i.e. housing finance receivables, lease receivables and corporate/consumer loan receivables. The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable. The AMC may from time to time for a short-term period under exceptional circumstances on defensive consideration modify/alter the investment pattern/asset allocation the intent being to protect the Net Asset Value of the Scheme & the interests of Unit Holders without seeking consent of the Unit Holders. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits: • "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. • Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees.	Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time. **Foreign Securities** - as permitted by RBI and SEBI **Securitised Debt** - The Scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk. **Pass through Certificate (PTC)** - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two wheeler loans and other assets subject to applicable regulations. **Derivatives** - Derivative instruments like Interest Rate Future, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations. **REITs/InvITs** - The Scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines. **Any Other** - Any other instruments as may be permitted by RBI/SEBI/ such other regulatory authority from time to time. **Investment in other Schemes** - The investment by the 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. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits: • "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. • Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees. • Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.

Particulars	Existing	Proposed
	• Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. • The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. **Any Other:** Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time. **Investment in other Schemes:** The investment by the Scheme(s) 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.	• The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
What are the investment strategies?	The fund manager will take an active view of the interest rate movement by keeping a close watch on various macroeconomic parameters of the Indian economy as well as developments in global markets. Investment views/ decisions will be taken on the basis of the various factors like, prevailing interest rate scenario, Government's borrowing program, level of liquidity in the banking system, inflation levels and overall macro economic growth of the country. As far as possible, the portfolio will be adequately diversified to reduce the risk of under-performance arising out of unexpected security-specific factors. Investments will be made in State/Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the Statement Government, iii) supported by the Government of India/State Government in any other manner. The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI/RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time. In addition, the Investment Manager will study the macro economic conditions, including political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. There can be no assurance that the investment objective of the Scheme will be realized. It is however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills, under this Scheme. **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: • During extreme volatility/ill-liquidity in the capital market/securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time the Fund receives bulk repurchase and/ or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **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 **Securitised Debt:** As a risk control measure, the Scheme shall make investment in such Securitised Debts which have a minimum rating of P1+ and/or such other equivalent rating for short term papers or AAA and/or such other equivalent rating for long term papers which suits the risk profile of the Scheme. The ratings AAA or its equivalent , P1+ or its equivalent assigned to instruments reflects highest degree of safety with regard to timely payment of financial obligations and the + sign reflects comparatively better standing within the category. Investments in these instruments with the highest ratings suit the risk profile of the Scheme relating to Debt and Money Market Instruments, the same being "Low to Medium". The investment shall be in those securitized debt instruments which mature on or before the maturity date of the Scheme and the Scheme shall not invest in any Pool of Assets. Policy relating to Originator(s) – The Scheme shall invest in those Securitised Debt, whose Originator is a Corporate Entity, being a Bank or an NBFC. The Scheme shall invest in the instruments subject to necessary investment limits mentioned under SEBI regulations. Risk may be mitigated by seeking additional credit support (credit enhancement)	Canara Robeco Savings Fund is an open ended low duration debt scheme investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months. The Scheme will follow an active interest rate management strategy. Performance will depend on the Asset Management Company's ability to assess accurately and react to general market conditions and changing financial characteristics of the security issuers. The general maturity/Macaulay Duration range for the portfolio in relation to the market based on its interest rate outlook will be arrived at after a rigorous and close monitoring of various macro variables. The shifts within this range are then determined by short term cyclical trends in the economy. Depending upon prevailing market conditions & interest rate scenario, the portfolio Macaulay Duration and average maturity can be increased or decreased. In case of a rising interest rate environment the Macaulay Duration/average maturity of the scheme may be reduced whereas in a falling interest rate scenario the holding in medium/long securities may be maximized. The Investment Manager will actively monitor the prevailing political conditions, economic environment (including interest rates and inflation etc.), performance of the corporate sector and general liquidity as well as other considerations in the economy & markets to assess the likely direction of interest rates and to position the portfolio appropriately to take advantage of the same. **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: • During extreme volatility/ill-liquidity in the capital market/ securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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. **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. 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

Page 19 continued...

...continued from previous page

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td></td>
<td>
in order that the instrument(s) may receive the desired level of credit rating. Further, prior to investing in Securitised Debt, it would be ensured that the minimum retention period of the debt and minimum retention percentage by the Originator prior to securitization shall be as prescribed by the RBI guidelines. Any investment in Securitised Debt has to go through an independent credit appraisal process and no special consideration shall be given to whether the Originator has invested in any Scheme(s) of Canara Robeco Mutual Fund
Level of diversification with respect to the underlying assets, and risk mitigation measures for less diversified investments – The Scheme shall not be investing in any pool of assets. Investment in securitized asset shall only be single loan securitized debt instruments backed by originator as referred above.
Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – Dedicated credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed income and is approved by the Investment committee. The dedicated credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter.
While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.
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, and Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings, as well as additional ad-hoc meetings as needed, to explore the investment thesis. It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme. The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI.
</td>
<td>
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.
Foreign Securities:
The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The Scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers.
Securitised Debt:
Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund.
Policy relating to originators:
The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool.
Risk associated with each kind of originator:

Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income.
Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates.
Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit.
Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus these trades may take place at a discount, depending on the prevailing interest rates.

In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may ijnclude some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees.
Minimum retention period of the debt by originator prior to securitization
Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations.
Minimum retention percentage by originator of debts to be securitized
RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations.
Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund
The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval.
Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed Income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter.
While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated.
Risk Factors Associated with Investments in REITs and InvITs:

Market Risk: REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary

</td></tr>
</table>

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td></td><td></td>
<td>
due diligence but actual market movements may be at variance with the anticipated trends.

Liquidity Risk: As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk.
Reinvestment Risk: Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns.
Regulatory/Legal Risk: REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law.

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 the scheme 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 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.
The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook.
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.
The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
</td></tr>
<tr><td>Benchmark</td>
<td>Crisil Liquid Fund Index
As approved by the Board of Directors/Trustees the Scheme has currently selected the above mentioned benchmark for respective schemes on the basis of the Investment Pattern/Objective of the Scheme and the composition of the Index. The Investment Manager may revise the same to a more appropriate benchmark index, if any, as and when formulated by competent agencies. AMC may give its comments/perception on comparison of returns and benchmarks, if desired.</td>
<td>CRISIL Ultra Short Term Debt Index
As approved by the Board of Directors/Trustees the Scheme has currently selected the above-mentioned benchmark for the Scheme on the basis of the Investment Pattern/Objective of the Scheme and the composition of the Index. The Investment Manager may revise the same to a more appropriate benchmark index, if any, as and when formulated by competent agencies. AMC may give its comments/perception on comparison of returns and benchmarks, if desired.</td></tr>
</table>

11. Canara Robeco Treasury Advantage Fund

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Name of scheme</td><td>Canara Robeco Treasury Advantage Fund</td><td>Canara Robeco Ultra Short Term Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-ended Money Market Scheme</td><td>An open-ended ultra-short term debt scheme investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months</td></tr>
<tr><td>Investment Objective</td><td>To generate income / capital appreciation through a low risk strategy by investment in Money Market Instruments (MMI). However, there can be no assurance that the investment objective of the scheme will be realized.</td><td>To generate returns by investing in a wide range of debt securities and money market instruments of various maturities and risk profile. However, there is no assurance that the objective of the Fund will be realised.</td></tr>
<tr><td>How will the scheme allocate its assets?</td>
<td>
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>MMI/Call/Debt Instruments/cash and cash equivalents with residual average maturity of equal to or less than one year</td><td>0</td><td>100</td><td>Low to Medium</td></tr>
</table>
Investment by the Scheme in securitized debt is limited to domestic securitized debt and shall not exceed 15% the net assets at the time of investment.
Gross Exposure by the Scheme in derivative instruments, for the purpose of hedging and portfolio rebalancing shall not exceed 30% of the net assets of the Schemes.
Investment by the Scheme in Derivative Instruments (Interest Rate Swaps (IRS) and Forward Rate Agreements (FRA) shall not exceed 30% of the net assets of the Scheme as on the date of such investments.
Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The Scheme would endeavour to rebalance the portfolio within 10 days. In the event of the scheme not being rebalanced within the aforesaid period, justification for the same shall be placed before Investment Committee and reasons for the same shall be recorded in writing. Investment Committee shall then decide on the course of action. However, at all times the AMC shall endeavour to ensure that the portfolio would adhere to the overall investment objective of the schemes.
</td>
<td>
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Debt and Money Market instruments</td><td>0</td><td>100</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
The Fund will invest in debt and money market securities in order to generate consistent superior risk adjusted returns as per the investment objectives and aims to maintain a portfolio Macaulay Duration of between 3 months and 6 months.
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.
Gross investments in securities under the Scheme which includes debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme.
Exposure by the Scheme in Securitised Debt shall not exceed 40% of the Net Assets of Scheme at the time of investment.
The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
</td></tr>
</table>

Page 20 continued...

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
		Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments. **Exposure to Derivatives:** The Schemes shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
Where will the scheme invest?	Subject to the Regulations and the circular dated 19th January, 2009, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities in accordance with the asset allocation pattern of the scheme: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt, Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Securitised Debt, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **Money Market Instruments** - include Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an un-expired maturity up to one year, Call or Notice Money, (Call and Notice Money Market refers to the market for short term funds including overnight funds. Under call money market, funds are transacted on overnight basis and under notice money market, funds are transacted for the period between 2 days and 14 days) Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India/SEBI, from time to time. The Scheme proposes to invest in Collateralised Borrowing Lending Obligation (CBLO a discounted money market instrument available in electronic book entry form for the maturity period ranging from one day to ninety Days), Repos Treasury Bills, MIBOR Instruments, CPs, CDs and Govt. Securities having an original/residual maturity upto 91 days for Canara Robeco Liquid and 365 days for other debt oriented scheme(s). These securities may be listed or unlisted. **Securitized Debt** - Securitised Debt is a financial instrument (bond) whose interest and principal payments are backed by an underlying cash flow from another asset. Asset Securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. A typical process of asset securitisation involves sale of specific receivables to a Special Purpose Vehicle (SPV) set up in the form of a trust or a company. The SPV in turn issues financial instruments (promissory notes, participation certificates or other debt instruments) also referred to as "Securitised Debt" to the investors evidencing the beneficial ownership of the investors in the receivables. Investment in "Securitized Debt" includes investment in Asset Backed Receivables and Future Flow Receivables. Such Securitized Debts are asset classes like, personal vehicle receivables, commercial vehicle receivables, mortgage backed receivables i.e. housing finance receivables, lease receivables and corporate/consumer loan receivables. The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated or unrated and of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. Investment in unrated securities will be in accordance with SEBI guidelines as applicable. The AMC may from time to time for a short term period under exceptional circumstances on defensive consideration modify/alter the investment pattern/asset allocation the intent being to protect the Net Asset Value of the Scheme & the interests of Unit Holders without seeking consent of the Unit Holders. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits: • "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. • Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees. • Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. • The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. **Any Other:** Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time. **Investment in other Schemes:** The investment by the Scheme(s) in other Mutual Fund Schemes will be in accordance with Regulation 44(1) read with Clause 4 of the VII Schedule to the SEBI (Mutual Funds) Regulations, 1996 according to which : The Scheme/s may invest in another scheme under the same asset management company or in any other mutual fund without charging any fees, provided the aggregate inter scheme investments made by all the Schemes	Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time. **Foreign Securities** – as permitted by RBI and SEBI **Securitised Debt** – The scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk. **Pass through Certificate (PTC)** - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two wheeler loans and other assets subject to applicable regulations. **Derivatives** - Derivative instruments like Interest Rate Future, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations. **REITs/InvITs** - The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines. **Any Other** - Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time. **Investment in other Schemes** - The investment by the 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. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits: • "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. • Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees. • Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. • The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.

Particulars	Existing	Proposed
	under the same management or in schemes under the management of any other AMC shall not exceed 5% of NAV of the mutual fund. The Scheme/s shall not make any investment in any fund of fund scheme.	
What are the investment strategies?	The focus of the Scheme is to achieve the investment objective through investments in combination of debt and money market instruments having varied yield and maturity profile. The Scheme is positioned as an intervening investment avenue between short term debt scheme and liquid scheme. Apart from investment restrictions under SEBI (MF) Regulations, the Fund does not presently intend to follow any internal norms vis-a-vis limiting exposure to a particular security or sector etc. However, the Fund may consider imposing any restrictions depending on the changes in the investment environment from time to time. The fund will be invested in debt and money market securities of different maturity and risk profiles. The investments may be made in primary as well as secondary markets. As far as possible, the portfolio will be adequately diversified to reduce the risk of under-performance arising out of unexpected security-specific factors. Investments will be made in State/Central Government Securities, Treasury Bills : i) supported by the ability to borrow from the Treasury ii) supported by sovereign guarantee or of the Statement Government, iii) supported by the Government of India/ State Government in any other manner. The Scheme will seek to underwrite issuance of Government Securities if any, to the extent permitted by SEBI/RBI, subject to the prevailing rules and regulations specified in this respect. The Scheme may also participate in their auction from time to time. In addition, the Investment Manager will study the macro economic conditions, including political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. There can be no assurance that the investment objective of the Scheme will be realised. It is however, emphasized that, there is no risk of default of payment of either principal or interest amount in respect of investments made in Government Securities, Treasury Bills, under this Scheme. **Investment Pattern and changes:** The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances: • During extreme volatility/ill-liquidity in the capital market/securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time the Fund receives bulk repurchase and/ or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Portfolio Turnover:** The Scheme is an open-ended Money Market Scheme. It is expected that there would be a number of subscriptions and redemptions on a daily basis. Consequently, it is difficult to estimate with any reasonable measure of accuracy, the likely turnover in the portfolio.	Canara Robeco Ultra Short Term Fund is an open ended ultra-short term debt scheme investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months. The Fund will invest in debt and money market securities in order to generate consistent superior risk adjusted returns as per the investment objectives and aims to maintain an overall Macaulay Duration of the portfolio between 3 months and 6 months under normal circumstances. The scheme will follow an active interest rate management strategy. Performance will depend on the Asset Management Company's ability to assess accurately and react to general market conditions and changing financial characteristics of the security issuers. The general maturity/Macaulay Duration range for the portfolio in relation to the market based on its interest rate outlook will be arrived at after a rigorous and close monitoring of various macro variables. The shifts within this range are then determined by short term cyclical trends in the economy. Depending upon prevailing market conditions & interest rate scenario, the portfolio Macaulay Duration and average maturity can be increased or decreased. In case of a rising interest rate environment the Macaulay Duration/average maturity of the scheme may be reduced whereas in a falling interest rate scenario the holding in medium/long securities may be maximized. The Investment Manager will actively monitor the prevailing political conditions, economic environment (including interest rates and inflation etc.), performance of the corporate sector and general liquidity as well as other considerations in the economy & markets to assess the likely direction of interest rates and to position the portfolio appropriately to take advantage of the same. **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: • During extreme volatility/ill-liquidity in the capital market/ securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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. **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. 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. **Foreign Securities:** The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The Scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers. **Securitised Debt:** Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to

Page 21 continued...

CANARA ROBECO

Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
		a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund. **Policy relating to originators:** The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation will be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool. **Risk associated with each kind of originator:** • Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income. • Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates. • Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit. • Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus these trades may take place at a discount, depending on the prevailing interest rates. In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees. **Minimum retention period of the debt by originator prior to securitization** Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Minimum retention percentage by originator of debts to be securitized** RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund** The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the Scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval. Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed Income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **Risk Factors Associated with Investments in REITs and InvITs:** • **Market Risk:** REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends. • **Liquidity Risk:** As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. • **Reinvestment Risk:** Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns. • **Regulatory/Legal Risk:** REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law.

Particulars	Existing	Proposed
		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 the scheme 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 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. The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. 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. The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.

12. Canara Robeco Yield Advantage Fund

<table>
<tr><th>Particulars</th><th>Existing</th><th>Proposed</th></tr>
<tr><td>Name of Scheme</td><td>Canara Robeco Yield Advantage Fund</td><td>Canara Robeco Short Duration Fund</td></tr>
<tr><td>Type of Scheme</td><td>An open-ended Debt Scheme</td><td>An open-ended short term debt scheme investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years</td></tr>
<tr><td>Investment Objective</td><td>To generate regular income by investing in a wide range of debt securities and Money Market Investments 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 shall be realized.</td><td>To generate returns by investing in a wide range of debt securities and money market instruments of various maturities and risk profile. However, there is no assurance that the objective of the Fund will be realised.</td></tr>
<tr><td>How will the scheme allocate its assets?</td><td>
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Indian Debt and Money Market Instruments</td><td>90</td><td>100</td><td>Low</td></tr>
<tr><td>Equity & Equity related Instruments</td><td>0</td><td>10</td><td>High</td></tr>
</table>
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.
Asset Allocation:
Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations interalia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
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.
</td><td>
<table>
<tr><th rowspan="2">Instruments</th><th colspan="2">Indicative allocations (% of total assets)</th><th rowspan="2">Risk Profile</th></tr>
<tr><th>Minimum</th><th>Maximum</th></tr>
<tr><td>Debt and Money Market instruments</td><td>0</td><td>100</td><td>Low to Medium</td></tr>
<tr><td>REITs/InvITs</td><td>0</td><td>10</td><td>Medium to High</td></tr>
</table>
The Fund will invest in debt and money market securities in order to generate consistent superior risk adjusted returns as per the investment objectives and aims to maintain a portfolio Macaulay Duration of between 1 year to 3 years.
Investment in Derivatives can be upto 40% of the Net Assets of the Scheme.
Gross investments in securities under the Scheme which includes debt securities, money market instruments and derivatives will not exceed 100% of the net assets of the Scheme or such other limits as may be permitted by SEBI from time to time. The Scheme may take derivatives position based on the opportunities available subject to the guidelines issued by SEBI from time to time and in line with the overall investment objective of the Scheme. These may be taken to hedge the portfolio, rebalance the same or to undertake any other strategy as permitted under the SEBI Regulations. Exposure by the scheme in derivative shall be in accordance with Circular No. Cir/IMD/DF/11/2010 dated August 18, 2010 as may be amended from time to time.
The Scheme may invest in Foreign Securities up to 10% of the net assets of the Scheme.
Exposure by the Scheme in Securitised Debt shall not exceed 40% of the Net Assets of Scheme at the time of investment.
The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines.
Asset Allocation:
The above asset allocation pattern is not absolute and can vary depending upon the AMC's perception of the markets as well as the general view on interest rates. The asset allocation pattern indicated above may thus be altered substantially on defensive considerations. Subject to the SEBI Regulations, the asset allocation pattern of the schemes indicated above may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute. These proportions can vary depending upon the perception of the Investment Manager; the intention being at all times to seek to protect the interests of the Unit holders. The portfolio would be reviewed periodically to address any deviations from the aforementioned allocations inter alia due to market changes. The AMC may from time to time, for a short term, alter the asset composition on defensive consideration and may also invest the funds available in repos, bank deposits in accordance with the provisions of SEBI (Mutual Funds) Regulations, 1996 and the circulars issued by SEBI from time to time.
Portfolio Rebalancing:
The AMC reserves the right to change the above asset allocation pattern in the interest of the investors depending on the market conditions for a short term period of defensive consideration. In case any deviation from the asset allocation, the fund manager will carry out rebalancing within 30 days. Where the portfolio is not re-balanced within 30 Days, justification for the same shall be placed before the Investment Committee and reasons for the same shall be recorded in writing. The Investment Committee shall then decide on the course of action. However, at all times the portfolio will adhere to the overall investment objectives of the Scheme.
Limits to make Overseas Investments:
The Schemes are permitted under SEBI Circular No. SEBI/IMD/CIR No. 7/104753/07 dated 26th September, 2007 to make overseas investments subject to the maximum of US$ 300.00 million per mutual fund, subject to an overall limit of US$ 7.00 billion or such other limit as prescribed by SEBI from time to time.
Subject to approval from RBI/SEBI, the Fund may open foreign currency accounts abroad directly or through its Custodian to facilitate investments and to deal in currency contracts, futures, options for the purpose of hedging the risk of assets. The Fund may also appoint intermediaries, sub- custodians or other agencies for managing and administering such investments.
Exposure to Derivatives:
The Scheme shall follow exposure limits on Derivatives as per the exposure limits permitted under the Regulations as per SEBI Circular No. DNPD/Cir-29/2005 dated 14th September 2005 and shall be within the limits prescribed by the Board of Trustees. SEBI vide its circular no. DNPD/Cir-29/2005 dated September 14, 2005 permitted mutual funds to participate in derivatives trading subject to the observance of guidelines issued by SEBI. Mutual Funds are permitted to participate in the derivatives market at par with Foreign Institutional Investors (FII). Accordingly, the mutual funds shall be treated at par with a registered FII in respect of position limit in index futures, index options, stock options and stock futures contracts. The Mutual Fund will be considered as trading members like registered FIIs and the schemes of Mutual Funds will be treated as clients like sub-accounts of FIIs. As a part of the fund management process, the AMC may use appropriate derivative instruments in accordance with the investment objectives of the Scheme and as per procedure prescribed under the stated circular.
</td></tr>
</table>

Page 22 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
Where will the scheme invest?	Subject to the Regulations and the circular dated 19th January, 2009, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities subject to the asset allocation pattern of the scheme: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt, Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Securitised Debt, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **Money Market Instruments** - include Commercial Papers, Commercial Bills, Treasury Bills, Government Securities having an un-expired maturity up to one year, Call or Notice Money, (Call and Notice Money Market refers to the market for short term funds including overnight funds. Under call money market, funds are transacted on overnight basis and under notice money market, funds are transacted for the period between 2 days and 14 days) Certificate of Deposit, Usance Bills and any other like instruments as specified by the Reserve Bank of India/SEBI, from time to time. The Scheme proposes to invest in Collateralised Borrowing Lending Obligation (CBLO a discounted money market instrument available in electronic book entry form for the maturity period ranging from one day to ninety Days), Repos Treasury Bills, MIBOR Instruments, CPs, CDs and Govt. Securities having an original/residual maturity upto 91 days for Canara Robeco Liquid and 365 days for other debt oriented scheme . These securities may be listed or unlisted. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme(s) shall abide by the following guidelines for parking of funds in short term deposits: • "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. • Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees. • Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. • The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. **Any Other:** Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time. The securities mentioned above could be listed, unlisted, privately placed, secured, unsecured, rated of any maturity. The securities may be acquired through initial public offerings (IPOs), secondary market operations, private placement or rights offers. All investments in securities whether privately placed or otherwise will be in line with SEBI guidelines as applicable and the investment objectives and policies of the Scheme. 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. • 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 bySEBI/RBI • Any other like instrument/s as permitted by SEBI/RBI from time to time **Investment in other Schemes:** The investment by the 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.	Subject to the Regulations, the corpus of the Scheme may be invested in all or any one of (but not exclusively) the following securities: **Debt Instruments** - include Govt. of India securities (zero coupon or coupon bearing Bonds), State Govt. Bonds, Bonds issued by local Govt., Govt. Agencies and other statutory bodies (with or without Govt. Guarantee), Bonds of Public Sector Undertakings, Debentures issued by public, private sector undertakings, Financial Institutions with or without ratings, Usance Bills (Bills of Exchange drawn on a term governed by the usage in trade or between the companies involved) and other Domestic Instruments either listed or unlisted. **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, Collateralized Borrowing Lending Obligation, Repos & Reverse Repos in Government Securities/Treasury Bills, Bills re-discounting, MIBOR Instruments, alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements and any other Money market instruments specified by SEBI/RBI from time to time. **Foreign Securities** – as permitted by RBI and SEBI **Securitised Debt** – The scheme may invest in domestic securitized debt such as asset backed securities (ABS) or mortgage backed securities (MBS). ABS means securitized debts wherein the underlying assets are receivables arising from personal loans, automobile loans, etc. MBS means securitized debts wherein the underlying assets are receivables arising from loans backed by mortgage of properties which can be residential or commercial in nature. ABS/MBS instruments reflect the undivided interest in the underlying of assets and do not represent the obligation of the issuer of ABS/MBS or the originator of the underlying receivables. The ABS/MBS holders have a limited recourse to the extent of credit enhancement provided. Securitized debt may suffer credit losses in the event of the delinquencies and credit losses in the underlying pool exceeding the credit enhancement provided. As compared to the normal corporate or sovereign debt, securitized debt is normally exposed to a higher level of reinvestment risk. **Pass through Certificate (PTC)** - (Pay through or other Participation Certificates) represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two wheeler loans and other assets subject to applicable regulations. **Derivatives** - Derivative instruments like Interest Rate Future, Interest Rate Swaps, Forward Rate Agreements, or any other derivative instruments that are permissible or may be permissible in future under applicable regulations. **REITs/InvITs** - The scheme may invest in Units issued by REITs and InvITs as per SEBI guidelines. **Any Other** - Any other instruments as may be permitted by RBI/SEBI/such other regulatory authority from time to time. **Investment in other Schemes** - The investment by the 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. **Short Term Deposits:** Pending deployment of funds of a scheme in terms of investment objectives of the scheme, the Mutual Fund may invest them in short term deposits of schedule commercial banks, subject to such Guidelines as may be specified by the Board. The investments in these deposits shall be in accordance with SEBI Circular Nos. SEBI/IMD/CIR No. 9/20306/03, SEBI/IMD/CIR No. 1/91171/07, SEBI/IMD/CIR No. 8/107311/07, SEBI/IMD/CIR No. 7/129592/08 dated 12 November 2003, 16 April 2007, 26 October 2007 and 23 June 2008 respective and any other applicable guidelines as amended or updated from time to time. The Scheme shall abide by the following guidelines for parking of funds in short term deposits: • "Short Term" for parking of funds shall be treated as a period not exceeding 91 days. • Such short-term deposits shall be held in the name of the Scheme. • 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, such limit may be raised to 20% with prior approval of the Trustees. • Parking of funds in short term deposits of associate and sponsor scheduled commercial banks together shall not exceed 20% of total deployment by the Mutual Fund in short term deposits. • The Scheme shall not park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries. • The Scheme shall not park funds in short-term deposit of a bank, which has invested in the Scheme. The aforesaid limits shall not be applicable to term deposits placed as margins for trading in cash and derivatives market. The Scheme may also invest in the units/securities issued by overseas Mutual Funds or Unit Trusts which invest in the aforesaid securities and registered with overseas regulators. The Fund may also appoint overseas investment advisors and service providers, as permissible under the Regulation.
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	**Investment Focus and strategy:** Canara Robeco Short Duration Fund is an open ended short term debt fund investing in debt & money market instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years. The scheme will follow an active interest rate management strategy. Performance will depend on the Asset Management Company's ability to assess accurately and react to general market conditions and changing financial characteristics of the security issuers. The general maturity/Macaulay Duration range for the portfolio in relation to the market based on its interest rate outlook will be arrived at after a rigorous and close monitoring of various macro variables. The shifts within this range are then determined by short term cyclical trends in the economy. Depending upon prevailing market conditions & interest rate scenario, the portfolio Macaulay Duration and average

Particulars	Existing	Proposed
	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. **Investment Pattern and changes:** The above investment pattern is indicative and may be changed by the Investment Manager for defensive considerations and in accordance with change in Regulations from time to time, under the following circumstances: 1. During extreme volatility/ill-liquidity in the capital market/securities market. 2. In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. 3. Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. 4. During the time the Fund receives bulk repurchase and/ or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **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, and Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. The Fund Manager is responsible for facilitating investment debate and a robust investment culture. The investment team would hold ongoing meetings, as well as additional ad-hoc meetings as needed, to explore the investment thesis. It is the responsibility of the AMC to seek to ensure that the investments are made as per the Regulatory guidelines, the investment objective of the Scheme and in the interest of the Unit holders of the Scheme. The AMC will keep a record of all investment decisions in accordance with the guidelines issued by SEBI.	maturity can be increased or decreased. In case of a rising interest rate environment the Macaulay Duration/average maturity of the scheme may be reduced whereas in a falling interest rate scenario the holding in medium/long securities may be maximized. The Investment Manager will actively monitor the prevailing political conditions, economic environment (including interest rates and inflation etc.), performance of the corporate sector and general liquidity as well as other considerations in the economy & markets to assess the likely direction of interest rates and to position the portfolio appropriately to take advantage of the same. **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: • During extreme volatility/ill-liquidity in the capital market/ securities market. • In case of natural calamity, strikes, riots, bandhs etc., affecting the valuation of security. • Declaration of war or occurrence of insurgency, or any other serious or sustained financial, political or industrial emergency or disturbance, resulting in liquidity crunch. • During the time the Fund receives bulk repurchase and/or bulk investment. A review will be made as and when such variation takes place, and, if the variation is beyond 10%, the reasons thereof will be recorded. The variation from the stated asset allocation will be constantly monitored and such variation will be brought down to the specified asset allocation levels as soon as normalcy is restored. A report of such variations will be made to the Board of the AMC and the Trustees on a regular basis. **Risk Mitigation:** Since investing requires disciplined risk management, the AMC would incorporate adequate safeguards for controlling risks in portfolio construction process. Stock specific risk will be minimized by investing only in those companies that have been thoroughly analyzed by the AMC. Through adequate diversification of the portfolio, the AMC tries to reduce the risk. Diversification will also be achieved by spreading the investments over a diverse range of industries/sectors. The Scheme, generally does not intend investing in illiquid and unlisted securities. However, if the case merits, the Scheme may invest in such securities adhering to prudential norms on a case to case basis. The investments may be made in primary as well as secondary markets and the portfolio will be adequately diversified. The Scheme being open ended, some portion of the portfolio may be invested in Money Market Instruments so as to meet the normal repurchase requirements. The remaining investment will be made in securities which are either expected to be reasonably liquid or of varying maturity. However, the NAV of the Scheme may be affected, if the securities invested in are rendered illiquid after investment. In addition, the Investment Manager will study the macro economic conditions, including the political, economic environment and factors affecting liquidity and interest rates. The Investment Manager would use this analysis to assess the likely direction of interest rates and position the portfolio appropriately to take advantage of the same. The Scheme may use derivatives instruments like Interest Rate Futures, Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time for the purpose of hedging or portfolio balancing or any other purpose as allowed under the regulations, within the permissible limit of the portfolio, which may be increased as permitted under the Regulations and guidelines from time to time. 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. **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. 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. **Foreign Securities:** The Fund may invest in overseas debt/equities/ADR's/GDR's with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers. **Securitised Debt:** Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues Pass-Through-Certificates (PTCs). These PTCs are transferable securities with fixed income like characteristics. The risk of investing in securitized debt is similar to investing in debt securities. In addition, securitized debt may also carry prepayment risk and has a relatively higher liquidity risk (the same are explained in the sections that follow). However, if the fund manager evaluates that the additional risks are suitably compensated by the higher returns, he may invest in securitized debt up to the limits specified. The investment shall be in securitized instruments that are rated (AA/A1+) or its equivalent, by a recognised credit rating agency for the retail pool, and for single loan securitization, limits will be assigned as per the internal credit policy of the Fund. **Policy relating to originators:** The originator is the person who has initially given the loan. The originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the originator is especially important in case of retail loans as this affects the credit quality and servicing of the PTC. Originators may be: Banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager's evaluation would be based on the track record of the originator, delinquencies in the pool and the seasoning of the pool. Other factors that will be considered are loan type, size of the loan, average original maturity of the pool, Loan to Value Ratio, geographical distribution, liquid facility, default rate distribution, credit enhancement facility and structure of the pool.

Page 23 continued...

Canara Robeco Mutual Fund
Investment Manager : Canara Robeco Asset Management Co. Ltd.
Construction House, 4th Floor, 5, Walchand Hirachand Marg, Ballard Estate, Mumbai 400 001.
Tel.: 6658 5000 Fax: 6658 5012 / 13 www.canararobeco.com
CIN No : U65990MH1993PLC071003

...continued from previous page

Particulars	Existing	Proposed
		Risk associated with each kind of originator: • Prepayment risk: MBS and ABS are subject to prepayment risk. When the underlying loans are paid off by the borrower prior to their respective due dates, this is known as a prepayment. It could be triggered on account of various factors particularly in periods of declining interest rates. The possibility of such prepayment may require the scheme to reinvest the proceeds of such investments in securities offering lower yields, thereby reducing the scheme's interest income. • Interest rate risk: MBS carry interest rate risk. Home loan borrowers are provided the facility of refinancing their loans at the prevailing interest rates. A lowering of interest rates could induce a borrower to pay his loan off earlier than the scheduled tenure, whereas if the interest rates move upward, the borrower would tend to hold on to his loan for a longer period, thus increasing the maturity of the bond. The maturity of the bond could therefore shorten or lengthen, depending on the prevailing interest rates. • Credit risk/default risk: MBS and ABS also carry credit or default risk. MBS and structures carry built –in credit enhancement in different forms. However, any delinquencies would result in reduction of the principal amount if the amount available in the credit enhancement facility is not enough to cover the shortfall. Historically, housing loans have had lower default rates than other forms of credit. • Price risk/liquidity risk: MBS and ABS are subject to prepayment risk. Limited volumes of trading in securitized paper in secondary market could restrict or affect the ability of the scheme to re-sell them. Thus these trades may take place at a discount, depending on the prevailing interest rates. In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to assess the credit risk. Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity/subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and/or guarantees. **Minimum retention period of the debt by originator prior to securitization** Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized. The minimum holding period depends on the tenure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Minimum retention percentage by originator of debts to be securitized** RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the originator. The minimum retention requirement depends on the tenure and structure of the securitization transaction. The Scheme will invest in securitized debt that is in compliance with the regulations. **Mechanism to tackle conflict of interest when the mutual fund invests in securitised debt of an originator and the originator in turn makes investments in that particular scheme of the fund** The key risk in securitized debt relates to the underlying borrowers and not the originator. In a securitization transaction, the originator is the seller of the debt(s) and the scheme is the buyer. However, the originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the originators may also invest in the scheme, the fund manager shall ensure that the investment decision is based on parameters as set by the Investment Committee (IC) of the AMC and IC shall review the same at regular interval. Resources and mechanism of individual risk assessment for monitoring investment in securitized debt – credit analyst prepares a credit note analyzing the proposal including detailed risk assessment of the underlying. The credit note is recommended by the Head of Fixed Income and is approved by the Investment committee. The credit analyst shall be responsible for timely analyzing the risk and monitoring the performance of such investments made on an ongoing basis and shall report to the investment committee the outstanding position, every quarter. While these measures are expected to mitigate the above risks to a large extent, there can be no assurance that these risks would be completely eliminated. **Risk Factors Associated with Investments in REITs and InvITs:** • **Market Risk:** REITs and InvITs Investments are volatile and subject to price fluctuations on a daily basis owing to factors impacting the underlying assets. AMC/Fund Manager's will do the necessary due diligence but actual market movements may be at variance with the anticipated trends. • **Liquidity Risk:** As the liquidity of the investments made by the Scheme could, at times, be restricted by trading volumes, settlement periods, dissolution of the trust, potential delisting of units on the exchange etc, the time taken by the Mutual Fund for liquidating the investments in the scheme may be high in the event of immediate redemption requirement. Investment in such securities may lead to increase in the scheme portfolio risk. • **Reinvestment Risk:** Investments in REITs & InvITs may carry reinvestment risk as there could be repatriation of funds by the Trusts in form of buyback of units or dividend pay-outs, etc. Consequently, the proceeds may get invested in assets providing lower returns. • **Regulatory/Legal Risk:** REITs and InvITs being new asset classes, rights of unit holders such as right to information etc may differ from existing capital market asset classes under Indian Law. **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 the scheme 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 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. The AMC has constituted an Investment Committee, currently comprising of the CEO, COO, Head of Risk Management, Head of Equities, Head of Fixed Income that meets at periodic intervals. The Investment Committee's role is to formulate broad investment strategies for the Scheme, review the performance of the Scheme and the general market outlook. 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. The AMC and Trustee will review the performance of the scheme in their Board meetings. The performance would be compared with the performance of the benchmark index and with peer group in the industry.
Fund Manager	Mr. Ravi Gopalakrishnan & Ms. Suman Prasad	Ms. Suman Prasad

Particulars	Existing	Proposed
Benchmark	CRISIL HYBRID 85+15 CONSERVATIVE Index As approved by the Board of Directors/Trustees the Scheme has currently selected the above mentioned benchmark for respective schemes on the basis of the Investment Pattern/Objective of the Scheme and the composition of the Index. The Investment Manager may revise the same to a more appropriate benchmark index, if any, as and when formulated by competent agencies. AMC may give its comments/perception on comparison of returns and benchmarks, if desired.	CRISIL Short Term Bond Fund Index As approved by the Board of Directors/Trustees the Scheme has currently selected the above mentioned benchmark for respective schemes on the basis of the Investment Pattern/Objective of the Scheme and the composition of the Index. The Investment Manager may revise the same to a more appropriate benchmark index, if any, as and when formulated by competent agencies. AMC may give its comments/perception on comparison of returns and benchmarks, if desired.

All other terms and conditions of the above mentioned Schemes will remain unchanged. All references to the above provisions will be suitably incorporated in the Scheme Information Documents ("SID") and Key Information Memorandums ("KIM") of the aforesaid Schemes.

Since, the proposed changes to the aforesaid schemes amounts to a change in the fundamental attribute of the Schemes as per Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996, i) a written communication about the proposed change to each unitholder and a Notice cum Addendum will be issued in one English daily newspaper having nationwide circulation and in a vernacular language and (ii) the unitholders shall be given an option to exit for a period of 30 days without any exit load. During the aforementioned period of 30 days, the unitholders who opt to redeem their holding in part or in full will be allowed to redeem units without payment of exit load at the prevailing NAV. In case, any existing Unit holder has not received the communication, they are advised to contact any of the Investor Relation Centers/Sales Offices of Canara Robeco Asset Management Company Limited.

Existing Unit holders who are not in agreement with the aforesaid changes may exit the Scheme within a period of 30 days by redeeming their units or switching to other available/eligible Schemes of Canara Robeco Mutual Fund at the prevailing Net Asset Value without payment of exit load ("if any") between **April 12, 2018 to May 11, 2018** (both day inclusive). Unit holders who do not exercise the exit options by **May 11, 2018** (the last date) shall be deemed to have consented to the proposed change. The Redemption payment will be sent within 10 business days of receipt of valid redemption request to the unitholders who exercise their exit option.

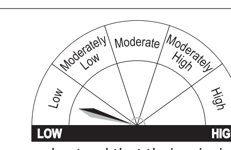
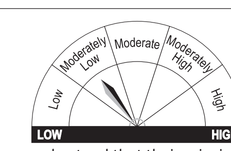
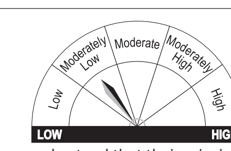
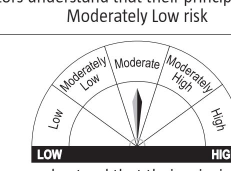
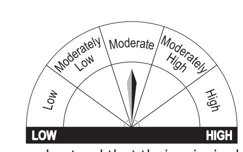
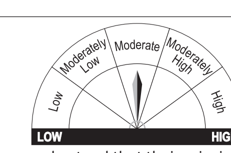
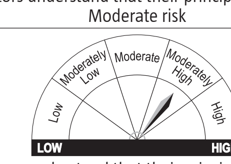
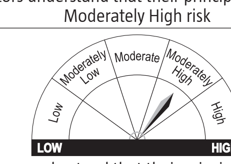
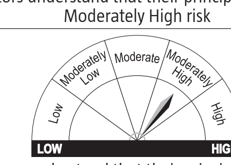
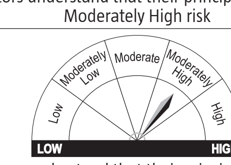
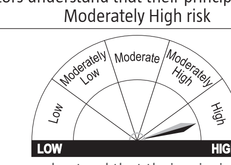
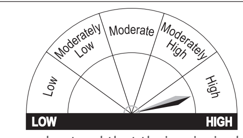
Redemption/Switch requests, if any, may be submitted at any of the Official Points of Acceptance of Canara Robeco Mutual Fund on or before **May 11, 2018**. Investors who desire to opt for online facility may visit our website: www.canararobeco.com and follow the instructions carefully. However, the online facility is available only for KYC compliant investors. The redemption payment will be made within 10 Business Days of receipt of valid redemption request to those unit holders who choose to exercise their exit option. Unit holders who have pledged/encumbered their units will not have the option to exit unless they submit a release of their pledges/encumbrances prior to submitting their redemption/switch requests. Unit holders should ensure that any changes in address or pay-out bank details required by them are updated in the Fund's records before exercising the exit option.

Unit holders may note that redemption/switch-out by them due to change in the fundamental attributes of the Scheme(s) or due to any other reason may entail tax consequences. In view of the individual nature of the implications, each Unit holder is advised to consult his or her own tax advisor.

Unit holders may note that no action is required in case they are in agreement with the aforesaid changes, which shall be deemed as acceptance of these changes.

The updated SID & KIM of the Schemes containing the revised provisions shall be made available with our Investor Relation Centres and also displayed on the website i.e www.canararobeco.com immediately after completion of duration of exit option. Consequently, on and from the Effective Date, the changes in fundamental attributes shall stand revised in the SID and KIM of the aforesaid schemes.

Consequent to the above, the Product Labeling of the aforesaid schemes shall be revised as follows:

Sr. No	Name of the Scheme	Existing	Proposed	Riskometers
		This product is suitable for investors who are seeking*	This product is suitable for investors who are seeking*	
1	Canara Robeco Ultra Short Term Fund (erstwhile Canara Robeco Treasury Advantage Fund)	• Income/Capital appreciation over short term through a low risk strategy • Investment in a mix of Money Market Instrument	• Income/Capital appreciation over ultra-short term through a low risk strategy • Investment in a mix of Debt and Money Market instruments such that the Macaulay duration of the portfolio is between 3 months and 6 months	 Investors understand that their principal will be at Low risk
2	Canara Robeco Savings Fund (erstwhile Canara Robeco Savings Plus Fund)	• Income/Capital appreciation over short term • Investing in Short Term Debt Instruments and Money Market Instruments with Weighted Average Portfolio Duration between 3 months to Less Than 1 Year	• Income/Capital appreciation through a low duration strategy • Investment in debt & money market instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months	 Investors understand that their principal will be at Moderately Low risk
3	Canara Robeco Short Duration Fund (erstwhile Canara Robeco Yield Advantage Fund)	• Income/Capital appreciation over medium term to long term. • Investment 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	• Income/Capital appreciation over short term • Investment in debt & money market instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years	 Investors understand that their principal will be at Moderately Low risk
4	Canara Robeco Corporate Bond Fund (erstwhile Canara Robeco Medium Term Opportunities Fund)	• Income/Capital appreciation over medium to long - term • Investment in Debt and Money Market securities with a portfolio weighted average maturity between 3 to 7 years	• Income/Capital appreciation through a low credit risk strategy • Investment in a portfolio constituted predominantly of AA+ and above rated corporate bonds	 Investors understand that their principal will be at Moderate risk
5	Canara Robeco Income Fund (erstwhile Canara Robeco Income)	• Income/Capital appreciation over medium to long term • Investment in Debt and Money Market securities of different maturity and issuers of different risk profiles	• Income/Capital appreciation over Medium to Long term • Investment in debt & money market instruments such that the Macaulay duration of the portfolio is between 4 years and 7 years (Portfolio Macaulay duration under anticipated adverse situation is 1 year to 7 years)	 Investors understand that their principal will be at Moderate risk
6	Canara Robeco Gilt Fund (erstwhile Canara Robeco Gilt PGS)	• Risk free return (except interest rate risk) and long term capital appreciation • Investment only in government securities	• Risk free return (except interest rate risk) and long term capital appreciation • Investment in government securities across maturity	 Investors understand that their principal will be at Moderate risk
7	Canara Robeco Equity Debt Allocation Fund (erstwhile Canara Robeco Balance)	• Income/Capital appreciation over long term • Investment in equity and equity related securities as well as fixed income securities (debt and money market securities)	• Income/Capital appreciation over long term • Investment predominantly in equity and equity related instruments and a small portion in debt and money market instruments	 Investors understand that their principal will be at Moderately High risk
8	Canara Robeco Equity Diversified fund (erstwhile Canara Robeco Equity Diversified)	• Capital appreciation over long term • Investment predominantly in equity and equity related securities	• Capital appreciation over long term • Investment in equity and equity related instruments across large cap, mid cap, small cap stocks	 Investors understand that their principal will be at Moderately High risk
9	Canara Robeco Emerging Equities	• Capital appreciation over long term • Investing in diversified mid-cap stocks	• Capital appreciation over long term • Investing predominantly in equities and equity related instruments of both large cap and mid cap companies	 Investors understand that their principal will be at Moderately High risk
10	Canara Robeco Bluechip Equity Fund (erstwhile Canara Robeco Large Cap+ Fund)	• Capital appreciation over long term • investing in companies having a large market capitalization	• Capital appreciation over long term • Investing predominantly in equities and equity related instruments of large cap companies	 Investors understand that their principal will be at Moderately High risk
11	Canara Robeco Infrastructure	• Capital appreciation over long term • Investing in equities and equity related instruments of companies in the infrastructure sector	• Capital appreciation over long term • Investing in equities and equity related instruments of companies following the Infrastructure Theme	 Investors understand that their principal will be at High risk.
12	Canara Robeco Consumer Trends Fund (erstwhile Canara Robeco F.O.R.C.E Fund)	• Capital appreciation over long term • Investment in equity and equity related securities of companies in the Finance, Retail & Entertainment sectors	• Capital appreciation over long term • Investing in equity and equity related securities of companies following the Consumption and Financial Theme	 Investors understand that their principal will be at High risk.

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

Except for the aforesaid changes, all other terms and conditions of the aforesaid schemes shall remain unchanged.

This Addendum forms an integral part of the Scheme Information Document/Key Information Memorandum of the aforesaid Schemes with the addenda issued there under.

For and on behalf of **Canara Robeco Asset Management Company Ltd.**
(Investment manager for **Canara Robeco Mutual Fund**)

Date: 29.03.2018
Place: Mumbai

sd/-
Authorised Signatory

Mutual Fund investments are subject to market risks, read all scheme related documents carefully.