

## Canara Robeco Mutual Fund

Investment Manager : Canara Robeco Asset Management Co. Ltd.

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### NOTICE-CUM-ADDENDUM NO. 09

#### Swing pricing framework for open ended debt schemes of Canara Robeco Mutual Fund

With a view of safeguarding the interest of small investors against any large redemptions, SEBI vide its circular SEBI/HO/IMD/IMD-II DOF3/P/CIR/2021/631 dated September 29, 2021 introduced provisions pertaining to Swing Pricing Framework for open ended debt schemes (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) with effect from **May 01, 2022**.

In view of the provisions mentioned in aforesaid circular, a mandatory full swing pricing framework, during market dislocation times (as and when declared by SEBI), is being introduced in all open ended debt schemes of Canara Robeco Mutual Fund (except overnight funds, Gilt funds and Gilt with 10-year maturity funds) as given below:

#### Meaning of Swing Pricing:

Swing pricing refers to a process for adjusting a fund's Net Asset Value (NAV) to effectively pass on transaction costs stemming from net capital activity (i.e., flows into or out of the fund) to the investors associated with that activity during the life of a fund, excluding ramp-up period or termination. In other words, Swing Pricing is an anti-dilution technique which helps funds manage liquidity risks internally by effectively passing on transaction costs to the unitholder/investors associated with that activity. In a liquidity-challenged environment, quoted bid/ask spreads and overall trading cost can widen and may not be representative of the executed prices that can be achieved in the market. In such circumstances, swing pricing can be a useful mechanism to contribute to protect the interests of existing investors, specifically from the dilution of their holdings; and contribute to protect the value of the investors capital.

#### Applicability of Swing Pricing Framework:

The swing pricing framework will be made applicable only for scenarios related to net outflows from the debt schemes.

SEBI will determine 'market dislocation' either based on AMFI's recommendation or suo moto. Once market dislocation is declared, it will be notified by SEBI that swing pricing will be applicable for a specified period.

Subsequent to the announcement of market dislocation, the swing pricing framework shall be mandated only for open ended debt schemes which:

1. Have "High" or "Very High" risk on the risk-o-meter (as of the most recent period at the time of declaration of market dislocation) and
2. Potential Risk Class (PRC) cells A-III, B-II, B-III, C-I, C-II and C-III

#### Minimum swing factor for open ended debt schemes:

Following mandatory swing factor will be applied on redemption and subscription transactions in the above mentioned schemes during market dislocation period announced by SEBI.

Minimum swing factor for open ended debt schemes			
Credit Risk of scheme →	Class A (CRV*≥12)	Class B (CRV≥10)	Class C (CRV<10)
Interest Rate Risk of scheme ↓			
Class I: (MD≤1 year)	Nil	Nil	1.50%
Class II: (MD≤3 years)	Nil	1.25%	1.75%
Class III: Any Macaulay Duration (MD)	1.00%	1.50%	2.00%

\*CRV: Credit Risk Value

#### Applicability of Swing Pricing to Investors:

When swing pricing mechanism is triggered and swing factor is made applicable during market dislocation, both the incoming and outgoing investors shall get NAV adjusted for swing factor. Swing pricing shall be made applicable to all unitholders at PAN level, with an exemption for redemptions up to Rs. 2 lakhs for each mutual fund scheme for market dislocation.

#### Illustration on swing pricing - market dislocation as announced by SEBI:

When swing pricing is triggered, the NAV will be adjusted as follows:

Risk-O-meter	PRC	Computed NAV (₹)	Swing Factor Applied	Swing NAV (₹)
High/Very High	A-III	14.0000	1.00%	13.8600
	B-II	14.0000	1.25%	13.8250
	B-III	14.0000	1.50%	13.7900
	C-I	14.0000	1.50%	13.7900
	C-II	14.0000	1.75%	13.7550
	C-III	14.0000	2.00%	13.7200

#### Disclosures pertaining to NAV adjusted for swing factor:

The scheme performance shall be computed based on scheme NAV before swing adjustment i.e. the unswung NAV.

Disclosures pertaining to NAV adjusted for swing factor along with the performance impact shall be made in the SIDs of respective schemes as per the format prescribed by SEBI and in scheme wise Annual Reports and Abridged summary and the same shall be disclosed on the website prominently only if swing pricing framework has been made applicable for the said mutual fund scheme.

The Swing Price Framework shall be subject to provisions of circulars and guidelines laid down by SEBI and AMFI from time to time.

The relevant sections of SID and KIM of aforesaid scheme(s) of the Canara Robeco Mutual Fund shall stand modified in accordance with the above changes. All other terms and conditions contained in the Scheme Information Document (SID)/Key Information Memorandum (KIM) of the schemes of Canara Robeco Mutual Fund will be applicable and remain unchanged.

**Unit holders are requested to visit [www.canararobeco.com](http://www.canararobeco.com) to claim their Unclaimed Redemption & Dividend amounts and follow the procedure prescribed therein.**

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

Date: 30-04-2022

Place: Mumbai

sd/-  
Authorised Signatory

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