

Canara Robeco Mutual Fund

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NOTICE-CUM-ADDENDUM NO. 28

Investment by Specified Open Ended Debt Oriented Schemes of Canara Robeco Mutual Fund (“CRMF”) and Canara Robeco Asset Management Co. Ltd. (“CRAMC”) in units of Corporate Debt Market Development Fund (“CDMDF”):

Investors are requested to note that as per the requirement of Regulation 43A of SEBI (Mutual Funds) Regulations, 1996, SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 on ‘Framework for Corporate Debt Market Development Fund (“CDMDF”)’ and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on ‘Investment by mutual fund schemes and Asset Management Companies (AMCs) in units of CDMDF’, following specified open ended debt-oriented schemes of Canara Robeco Mutual Fund (“CRMF”) and Canara Robeco Asset Management Co. Ltd. (“CRAMC”) shall invest such percentage of net assets in the units of the CDMDF:

Sr. No.	Name of specified open ended debt-oriented schemes of CRMF:
1.	Canara Robeco Dynamic Bond Fund
2.	Canara Robeco Savings Fund
3.	Canara Robeco Income Fund
4.	Canara Robeco Liquid Fund
5.	Canara Robeco Conservative Hybrid Fund
6.	Canara Robeco Ultra Short Term Fund
7.	Canara Robeco Short Duration Fund
8.	Canara Robeco Corporate Bond Fund
9.	Canara Robeco Banking and PSU Debt Fund

CDMDF is set up as a scheme of the Trust registered as an Alternative Investment Fund (“AIF”) in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”). The objective of the CDMDF is to help to develop the corporate debt market by providing backstop facility at the time of market dislocation to benefit the wider corporate debt market. The primary motive to set up a backstop facility is to instill confidence amongst the participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. Further, in times of market dislocation, the aforesaid specified debt-oriented schemes of CRMF shall have access to sell corporate debt securities held in the portfolio and CDMDF shall purchase listed corporate debt securities from the said schemes. The trigger and period for which the backstop facility will be open shall be as decided by SEBI.

Pursuant to the above, provisions of Scheme Information Document (“SID”) and Key Information Memorandum (“KIM”) of above-mentioned specified open ended debt-oriented schemes of CRMF stands modified w.e.f. October 25, 2023 to the extent applicable as follows:

1. NAV disclosure timeline:

The following para has been added to the clause “NAV Disclosure” in Section “Highlights/Summary of the Scheme” and point “Net Asset Value” in sub-section “Periodic Disclosures” in section “Section III. Units and Offer” of SID and point “Daily Net Asset Value (NAV) Publication” of KIM of the specified open ended debt-oriented schemes as mentioned above:

‘In case NAV of Corporate Debt Market Development Fund (‘CDMDF’) units is not available by 9:30 p.m. of same Business Day, NAV declaration timing of the Scheme holding units of CDMDF shall be 10 a.m. on next business day instead of 11 p.m. on same Business Day.’

2. Risk Profile:

The following clause has been added to the point “A. Risk Factors” in Section “Section I. Introduction” of SID and necessary clauses from below paragraph shall also be added in “Risk Factor/Profile” point in KIM of the specified open-ended debt-oriented schemes as mentioned above:

‘Backstop Facility in form of Investment in Corporate Debt Market Development Fund (CDMDF):

CDMDF is set up as a scheme of the Trust registered as an Alternative Investment Fund (‘AIF’) in accordance with the SEBI (Alternative Investment Funds) Regulations, 2012 (“AIF Regulations”). The objective of the CDMDF is to help to develop the corporate debt market by providing backstop facility to instill confidence amongst the market participants in the corporate debt/bond market during times of market dislocation and to enhance the secondary market liquidity. In times of market dislocation, CDMDF shall purchase and hold eligible corporate debt securities from the participating investors (i.e., specified debt-oriented CRMF schemes to begin with) and sell as markets recover. The CDMDF will thus act as a key enabler for facilitating liquidity in the corporate debt market and to respond quickly in times of market dislocation. The trigger and period for which the backstop facility will be open shall be as decided by SEBI. Thus this backstop facility will help fund managers of the aforementioned Schemes to better generate liquidity during market dislocation to help the schemes fulfill liquidity obligations under stress situation.

In accordance with the requirement of Regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on ‘Investment by Mutual Fund Schemes in units of Corporate Debt Market Development Fund’, the aforementioned schemes shall invest 25 bps of its AUM as on December 31, 2022 in the units of the Corporate Debt Market Development Fund. An incremental contribution to CDMDF shall be made every six months to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

Investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.

Investors are requested to read detailed disclosure on investment of the schemes in the CDMDF as listed in sub- section “C. How will the Scheme allocate its assets?” and sub-section “D. Where will the Scheme Invest” in Section “Section II - Information about the scheme”.

3. Investment by specified open ended debt-oriented schemes in the units of CDMDF:

The following para has been added in sub- section “How will the Scheme Allocate its Assets?” in Section “II - Information about the Scheme” of SIDs of specified open-ended debt-oriented schemes as mentioned above:

‘In accordance with the requirement of regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund , scheme shall invest 25 bps of its AUM as on December 31, 2022 in the units of the Corporate Debt Market Development Fund (‘CDMDF’) within 10 working days from the request of CDMDF. Further, an incremental contribution to CDMDF shall be made every six months within 10 working days from the end of half year starting from December 2023 to ensure 25 bps of scheme AUM is invested in units of CDMDF. However, if AUM decreases there shall be no return or redemption from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

However, in case of winding up of contributing Scheme, inter-scheme transfers within the Canara Robeco Mutual Fund or across Mutual Funds may be undertaken.

Further, investments in CDMDF units shall not be considered as violation while considering maturity restriction as applicable for various purposes (including applicable Investment limits) and the calculations of Potential Risk Class (PRC) Matrix, Risk-o-meter, Stress testing and Duration for various purposes shall be done after excluding investments in units of CDMDF.’

The following point has been added in sub-section “Where will the Scheme Invest” in Section “II- Information about the scheme” of SIDs of specified open ended debt-oriented schemes as mentioned above:

‘Investment in CDMDF:

In accordance with the requirement of Regulation 43A of SEBI (Mutual Funds) Regulations, 1996 read with SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on ‘Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund’, scheme shall invest 25 bps of its AUM.

CDMDF Framework:

CDMDF shall comply with the Guarantee Scheme for Corporate Debt (GSCD) as notified by Ministry of Finance vide notification no. G.S.R. 559(E) dated July 26, 2023 and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars/guidelines/Letters issued by SEBI and AMFI from time to time, which includes the framework for corporate debt market development fund. The framework will be inclusive of following points:

- a) The CDMDF shall deal only in following securities during normal times:
 - Low duration Government Securities
 - Treasury bills
 - Tri-party Repo on G-sec
 - Guaranteed corporate bond repo with maturity not exceeding 7 days
- b) The fees and expenses of CDMDF shall be as follows:
 - During Normal times: (0.15% + tax) of the Portfolio Value charged on daily pro-rata basis.
 - During Market stress: (0.20% + tax) of the Portfolio Value charged on daily pro-rata basis.
 - “Portfolio Value” means the aggregate amount of portfolio of investments including cash balance without netting off of leverage undertaken by the CDMDF.
- c) Corporate debt securities to be bought by CDMDF during market dislocation include listed money market instruments. The long term rating of issuers shall be considered for the money market instruments. However, if there is no long term rating available for the same issuer, then based on credit rating mapping of CRAs between short term and long term ratings, the most conservative long term rating shall be taken for a given short term rating.
- d) CDMDF shall follow the Fair Pricing document, while purchase of corporate debt securities during market dislocation as specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars/guidelines/Letters issued by SEBI and AMFI from time to time
- e) CDMDF shall follow the loss waterfall accounting and guidelines w.r.t. purchase allocation and trade settlement of corporate debt securities bought by CDMDF, specified in SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/128 dated July 27, 2023 and circulars/guidelines/Letters issued by SEBI and AMFI from time to time.’

4. Investment by CRAMC in the units of Corporate Debt Market Development Fund:-

The following point will be added in Section “Section II- Information about the Scheme” of SID of specified open ended debt-oriented schemes as mentioned above:

Investment by the AMC in units of CDMDF:

‘Pursuant to Regulation 43A of SEBI (Mutual Funds) Regulations, 1996 and SEBI circular no. SEBI/HO/IMD/PoD2/P/CIR/2023/129 dated July 27, 2023 on Investment by Mutual Fund Schemes and AMCs in units of Corporate Debt Market Development Fund, AMC shall make a one-time contribution equivalent to 2 bps of the AUM of the specified debt oriented schemes as on December 31, 2022 in the units of the Corporate Debt Market Development Fund (‘CDMDF’) within 10 working days of request from CDMDF. Contribution made to CDMDF, including the appreciations on the same, if any, shall be locked-in till winding up of the CDMDF.

In case of delay in contribution by the Scheme and AMC, the AMC shall be liable to pay interest at fifteen percent (15%) per annum for the period of delay.’

The above-mentioned change shall override the conflicting provisions, if any, and shall form an integral part of the SID & KIM of specified open ended debt-oriented schemes as mentioned above of the Canara Robeco Mutual Fund, as amended from time to time. All the other provisions of the SID & KIM of specified open ended debt-oriented schemes as mentioned above of the Canara Robeco Mutual Fund, except as specifically modified herein above, remain unchanged.

Unit holders are requested to visit www.canararobeco.com to claim their Unclaimed Redemption & Dividend/IDCW 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: 25-10-2023
Place: Mumbai

Sd/-
Authorised Signatory