

CANARA ROBECO



Canara Robeco India Opportunities

close Ended Equity Scheme

NFO Period : 14th– 28th November, 2014

For private circulation only

This product is suitable for investors who are seeking*

- Capital appreciation over long term
- A Close ended fund that aims to provide capital appreciation by investing predominantly in equity and equity related instruments of mid cap companies
- High Risk (Brown) ■

Note: Risk is represented as:

- (BLUE) investors understand that their principal will be at low risk
- (YELLOW) investors understand that their principal will be at medium risk
- (BROWN) 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

India has emerged as the world's fastest growing wealth creator

More wealth also means more millionaires.

**India is home to 11th largest population of Ultra High Net Worth
Individuals.**

Key drivers of Indian growth in past 20 years

Domestic Consumption

- Rising Middle Class
- Increase in youth ratio
- Increase in number of private vehicles
- Mall culture with 0 mall in 1999 to over 1000 malls in 2014
- Online shopping and e-commerce showing improved trends

Growth in Infrastructure creation

- Modern metros in cities like Calcutta, Delhi and now in Mumbai
- Airports are being modernized
- Development of new ports
- Plans for bullet train, exploring water ways, multi storied highways underway .

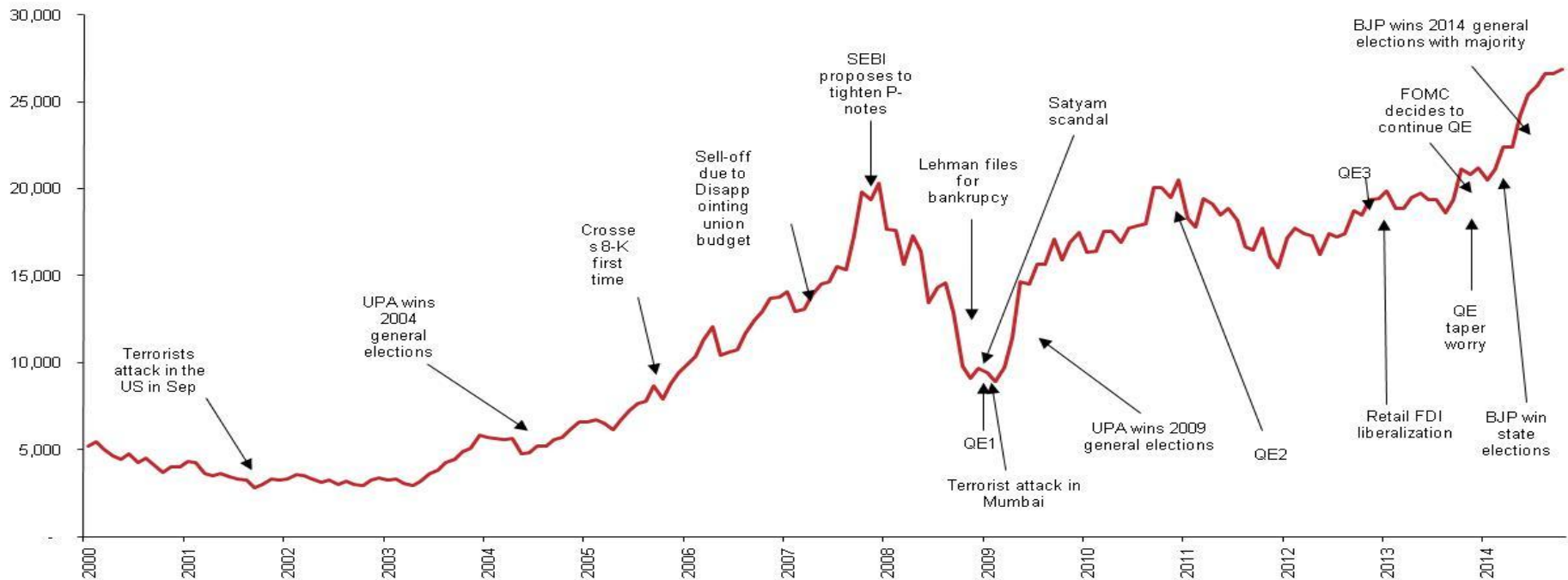
Reforms and Liberalization of policy since 1990

- Privatization and Opening sectors for FDIs/ FII's
- Foreign investors renewed interest



How equity market performed over time

	Jan 1990	Jan 2000	Oct 2014
Sensex Level	701.08	5205.29	27,098
Equity Market Cap (INR Billion)	461	8,423	94,042
No of Stocks listed on BSE	839	2,994	3,736



India Opportunities – Going ahead

Indian economy geared for sustainable growth

- India has transformed substantially
 - ❑ From era of control/ licenses to liberal market with vibrant private sector.
 - ❑ Few countries have improved their economic prospects so dramatically as India has in the last twenty year.

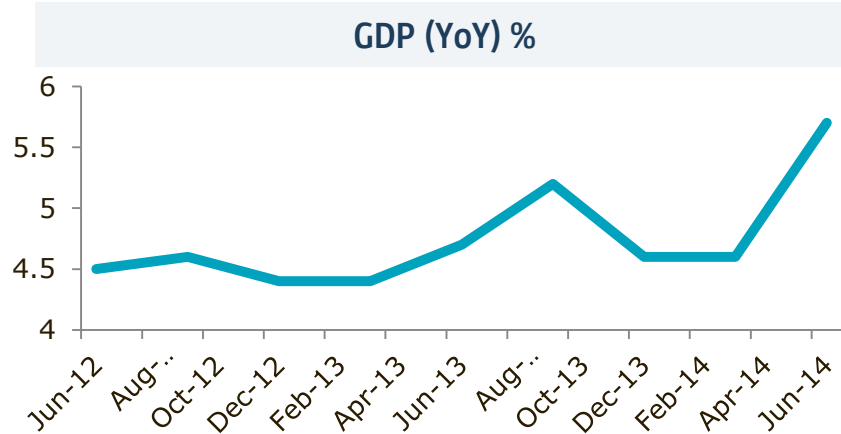
- At present, more than 200 of the fortune 500 companies from US, UK, Germany, France, Japan, Netherlands, South Korea, Switzerland, Canada and Sweden are present in India

- India moving from agro based economy to service oriented economy.

- Several new sectors established are booming
 - ❑ Like the telecom market in India is fastest growing with more than 5 million subscribers added every month.

- A favorable foreign investment environment with easy entry and exit norms.

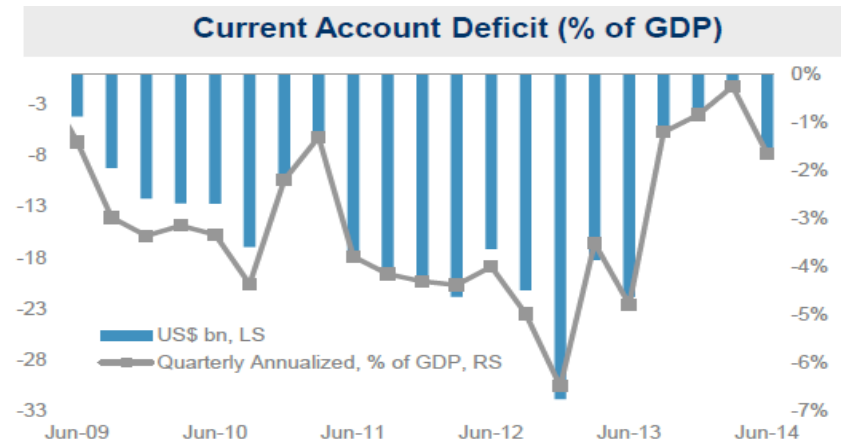
Robust prospects for equities over next 3 -5 years



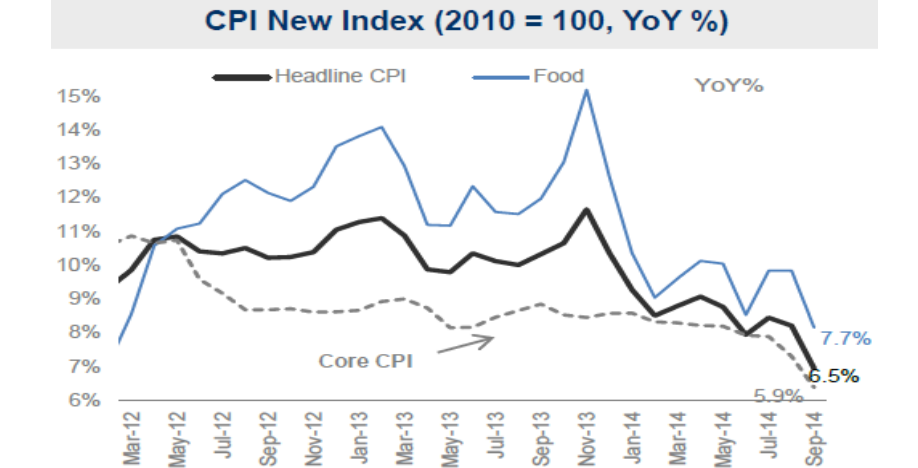
GDP growth bottomed out



Corporate earnings upgrade on its way up



CAD within comfort Zone



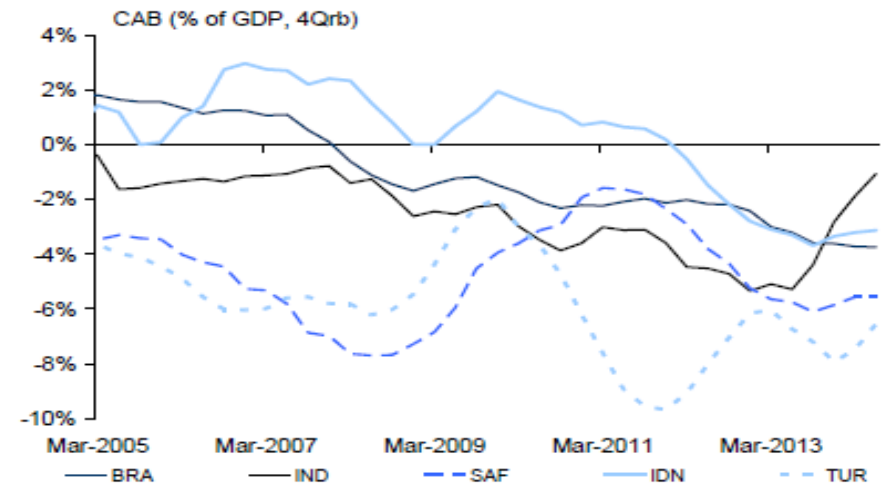
Inflation on track with RBI's target

Additionally Modi led government – fuelling structural overhaul

Global scenario – India well placed

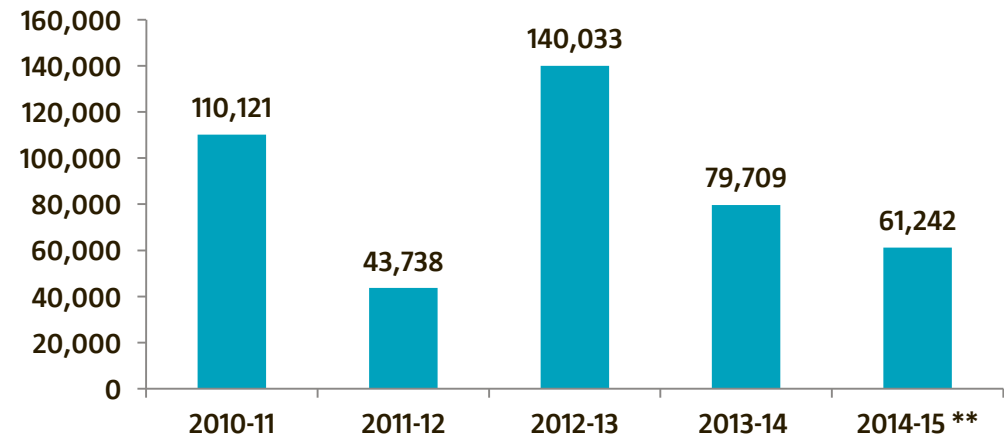
- ✓ US on path of strong recovery
- ✓ Japan and Europe to continue loose monetary policy
- ✓ India stands out among other emerging markets
- ✓ Conducive environment for incremental inflows into Indian market.

India's CAD improvement stands out



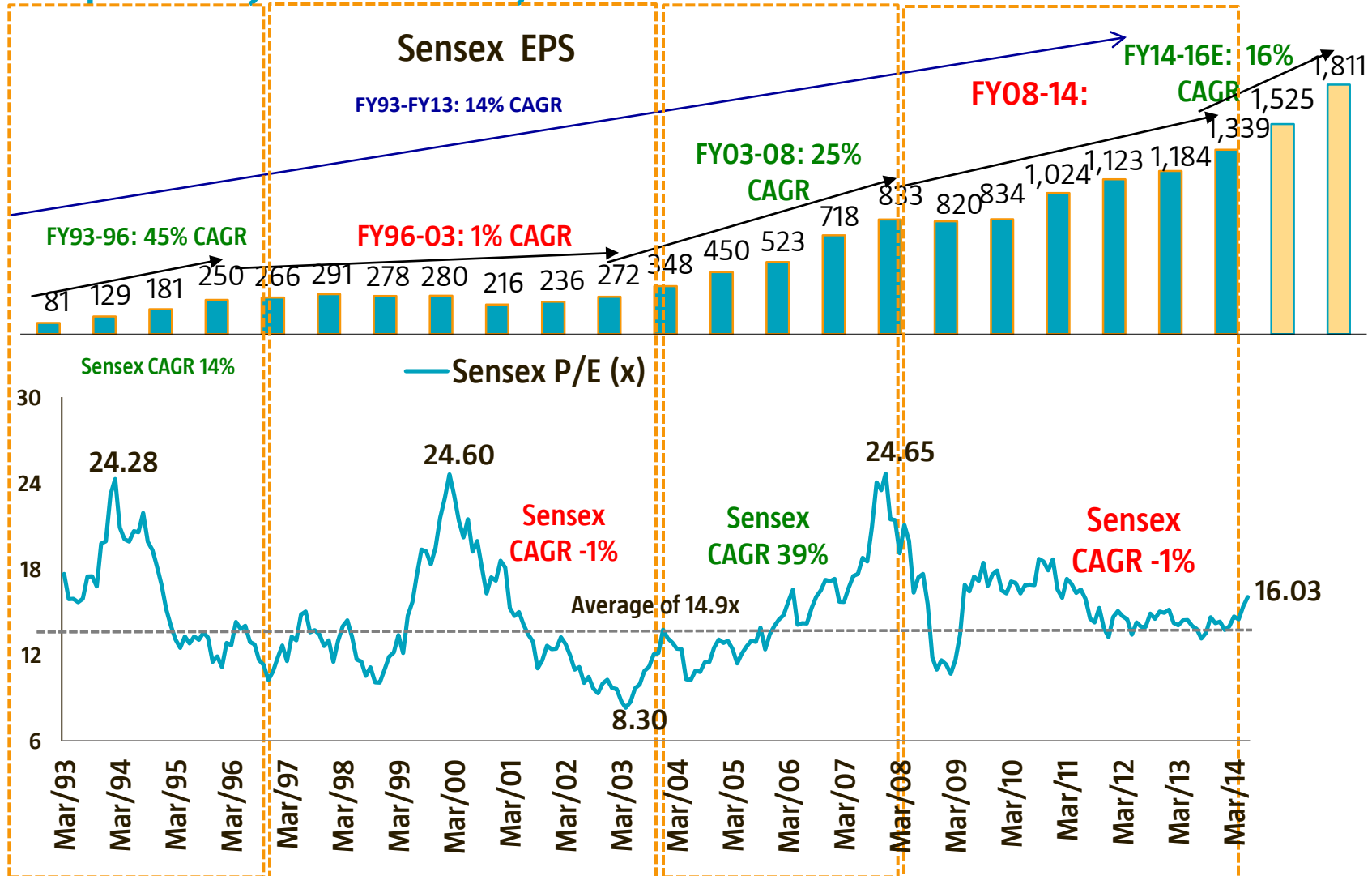
Source: Haver Analytics, Morgan Stanley Research

FPI Equity Investments - Financial Year (INR crores)

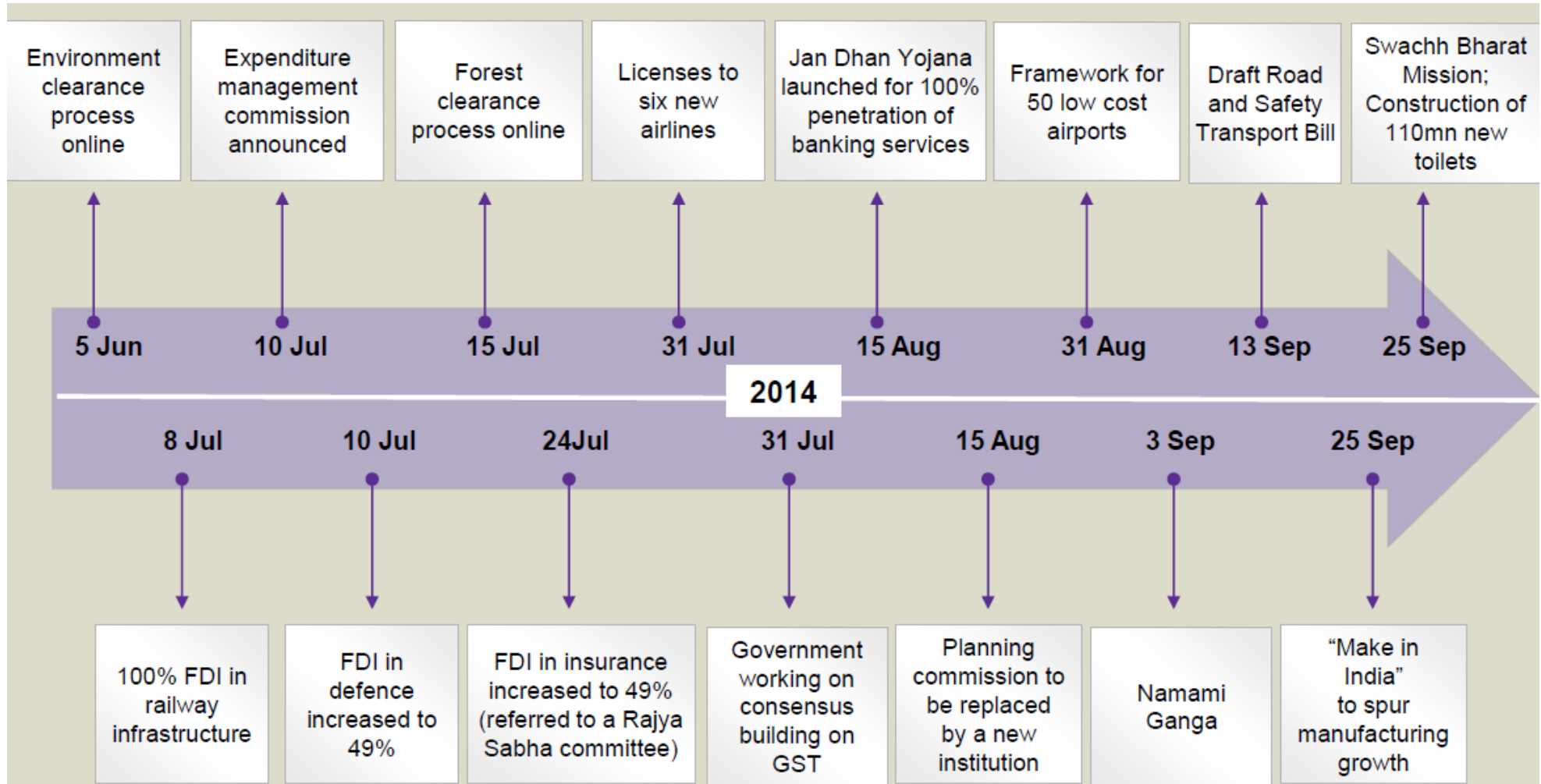


Source : NSDL, ** till September, 2014

Empirical evidence suggests that periods of high growth have always been accompanied by above average valuations



Modi led administration - fuelling hopes of a structural overhaul

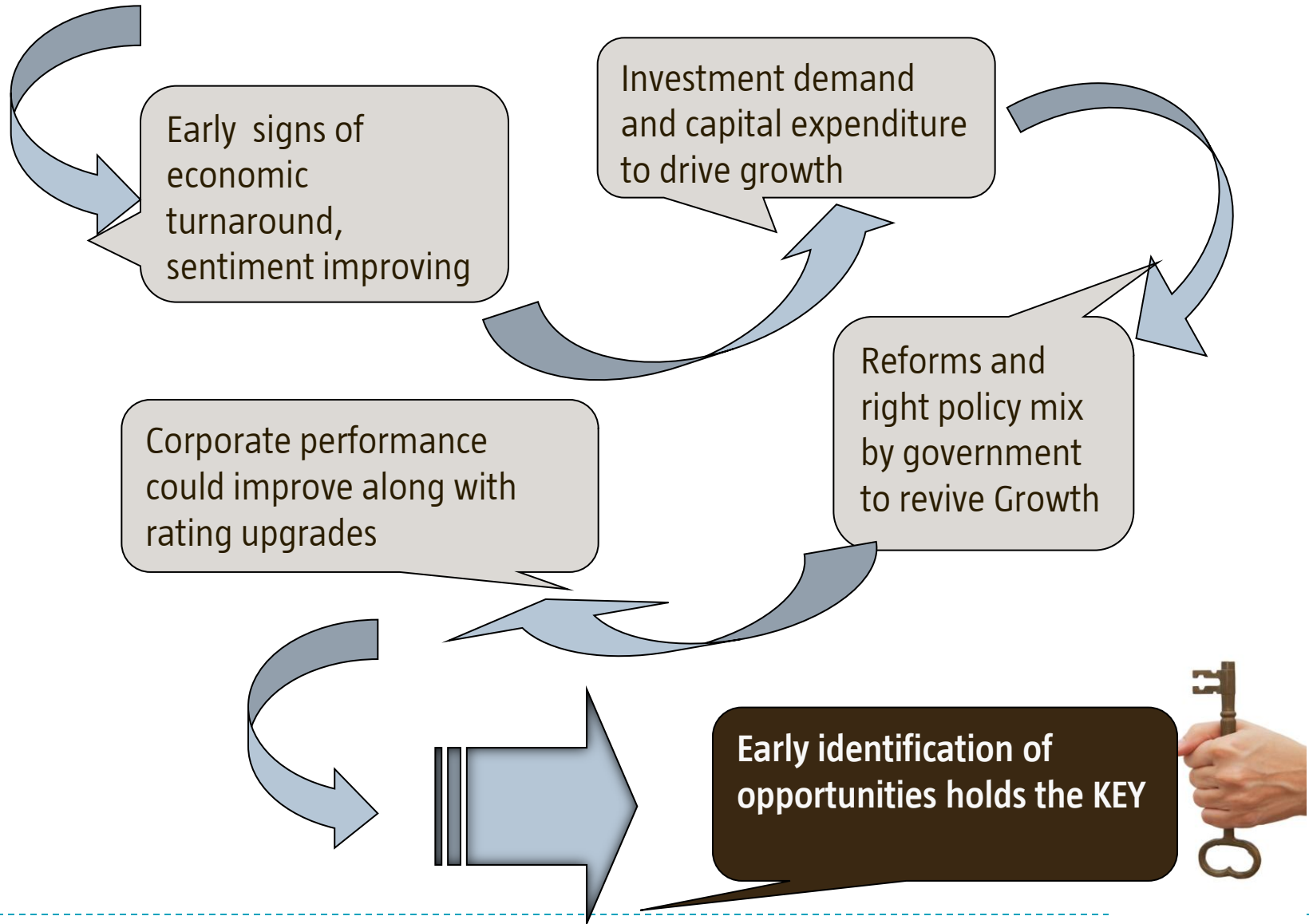


Economic indicators now and then

	October 2014	January 2014	August 2013	Impact
GDP Growth (Q-o-Q)	5.7% Q1FY15	4.6% Q3FY14	4.7% Q1FY14	POSITIVE
WPI	2.38%	5.05%	6.10%	POSITIVE
CPI	6.5%	8.79%	9.52%	POSITIVE
INR/USD	61.34	62.66	65.71	POSITIVE
Forex Reserve (\$ bn)	312.7	276.26	275.49	POSITIVE
CAD / GDP (%)	1.7 Q1FY15	0.30 Q3FY14	4.8 Q1FY14	POSITIVE
Trade Balance / GDP(%)	7.3 Q1FY15	6.8 Q3FY14	11.1 Q1FY14	NEUTRAL
Brent Crude oil (\$/ barrel)	84.71	106.48	111.04	BIG POSITIVE

- Low commodities and crude prices will lead to improvement trade deficit going ahead.

Macro environment favoring domestic equities



Why Midcaps?

Rationale

- **Small Base / Challengers** - The companies which operate in this space have immense growth potential as they are operating on a smaller base; eg – Housing Finance Cos, NBFC's
- **New Businesses / Sunrise sectors** – These are companies present in sunrise sectors which provide tremendous growth opportunities; eg – E-Commerce, Logistics
- **Niche Businesses** - A small player in a big Industry but with a niche for itself, market leader in that category; eg – Rating Agencies
- **Trade at Discount** – These companies usually trade at a discount to their large cap counter parts

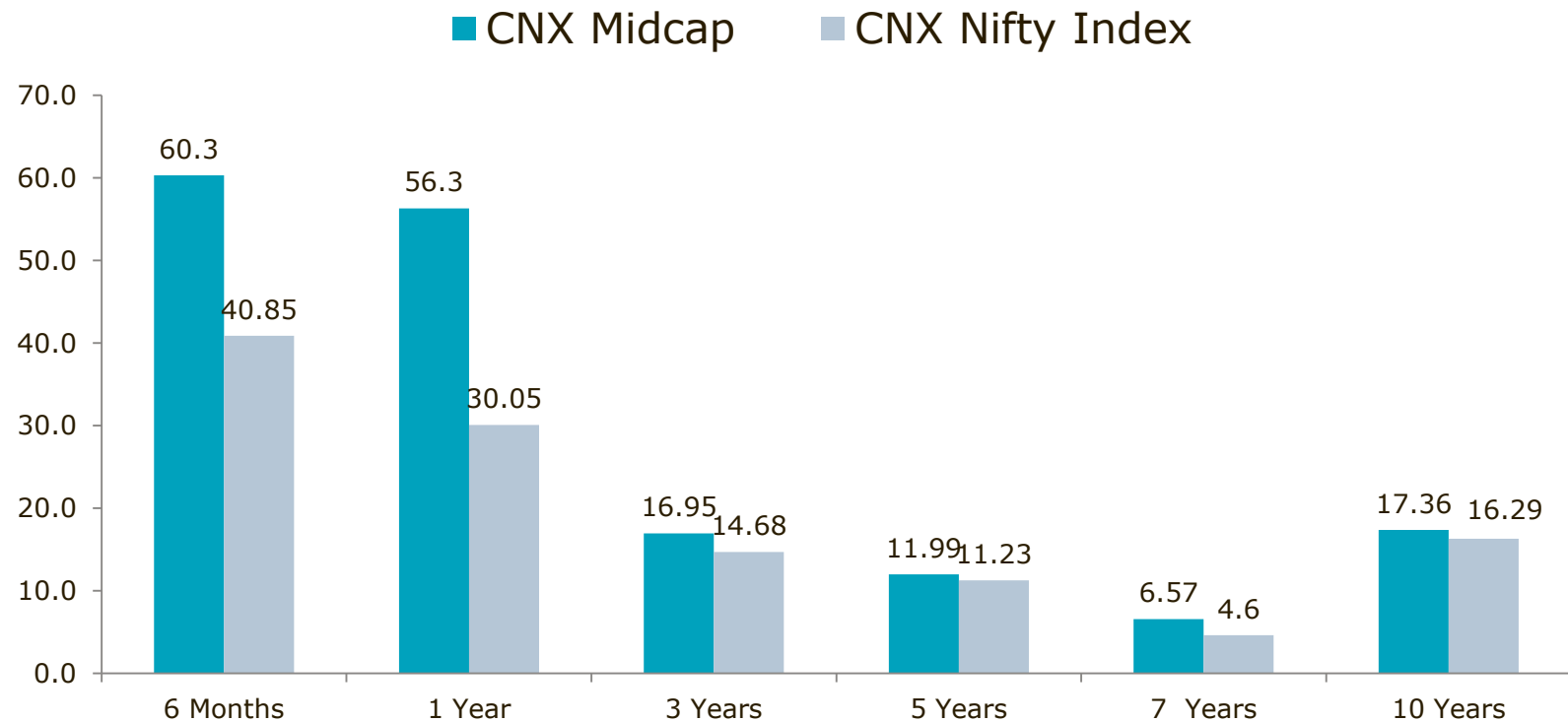
What it takes to become a Leader...

- **Sustainable competitive advantages** allow firms to add value and continue doing so over long periods
- **Distinctive Capabilities** – are those relationships that a firm has with its customers, suppliers or employees, which cannot be replicated by other competing firms, they are
 - **Brands & reputation** – A product can be quickly get outdated, but a successful brand is timeless
 - **Innovation** – is also the most tenuous source of sustainable competitive advantage
 - **Architecture** – refers to the network of contracts, formal & informal, that a firm has with its employees, suppliers and customers
- **Strategic assets** – are easier to identify as source of competitive advantages, they can be like Intellectual property, Licenses and regulatory permissions, access to natural resources, natural monopolies and so on

Midcap's potential to transit to Large-cap

- From BSE 500 index about 109 Companies had market cap between 100 to 10000 crores as on 1st April, 2008.
- Out of these, market cap of 97 corporate have crossed 10000 crores in over 5 years.
- Price appreciation of these companies on average have been over 7 times while maximum has been 70 times.

Indices returns



Midcaps have given reasonably good returns over various time periods

Returns as on 29th October, 2014.

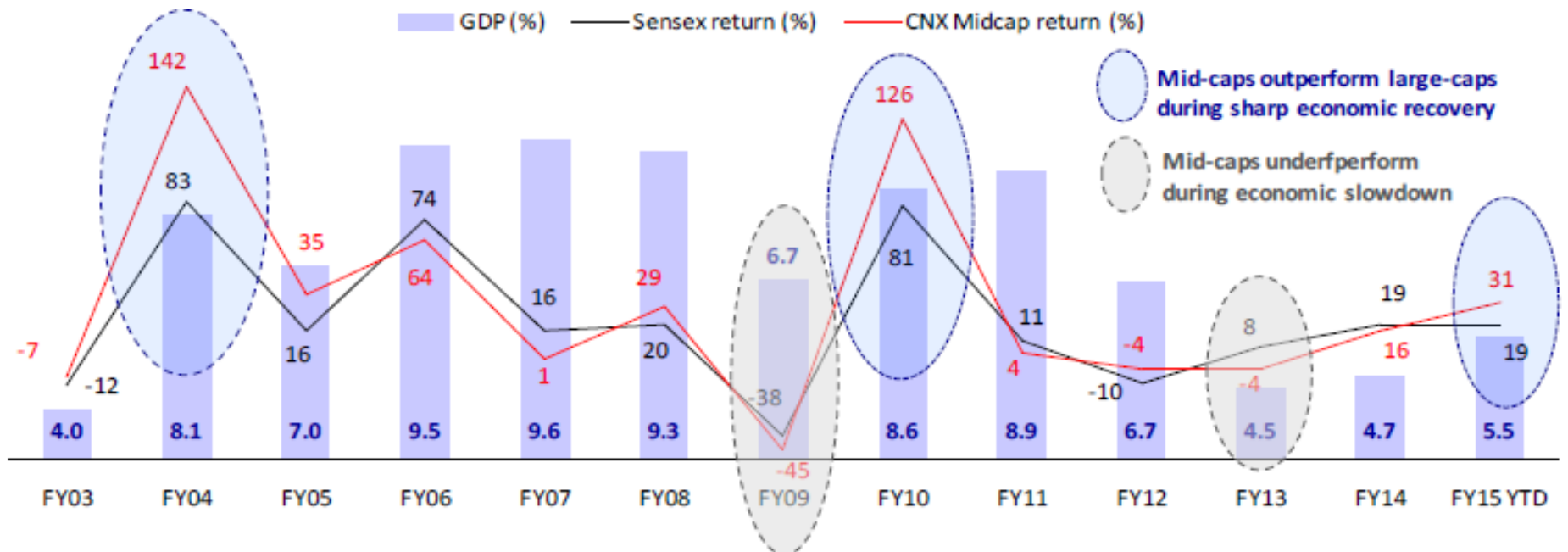
Less than 1 year Simple Annualized returns, Greater than 1 year Compound Annualized returns

Midcap tend to do better during economic recovery

- India's economy grew at 5.7 per cent in the first quarter of 2014-15
- Quality mid-caps are expected to continue to perform in coming years due to

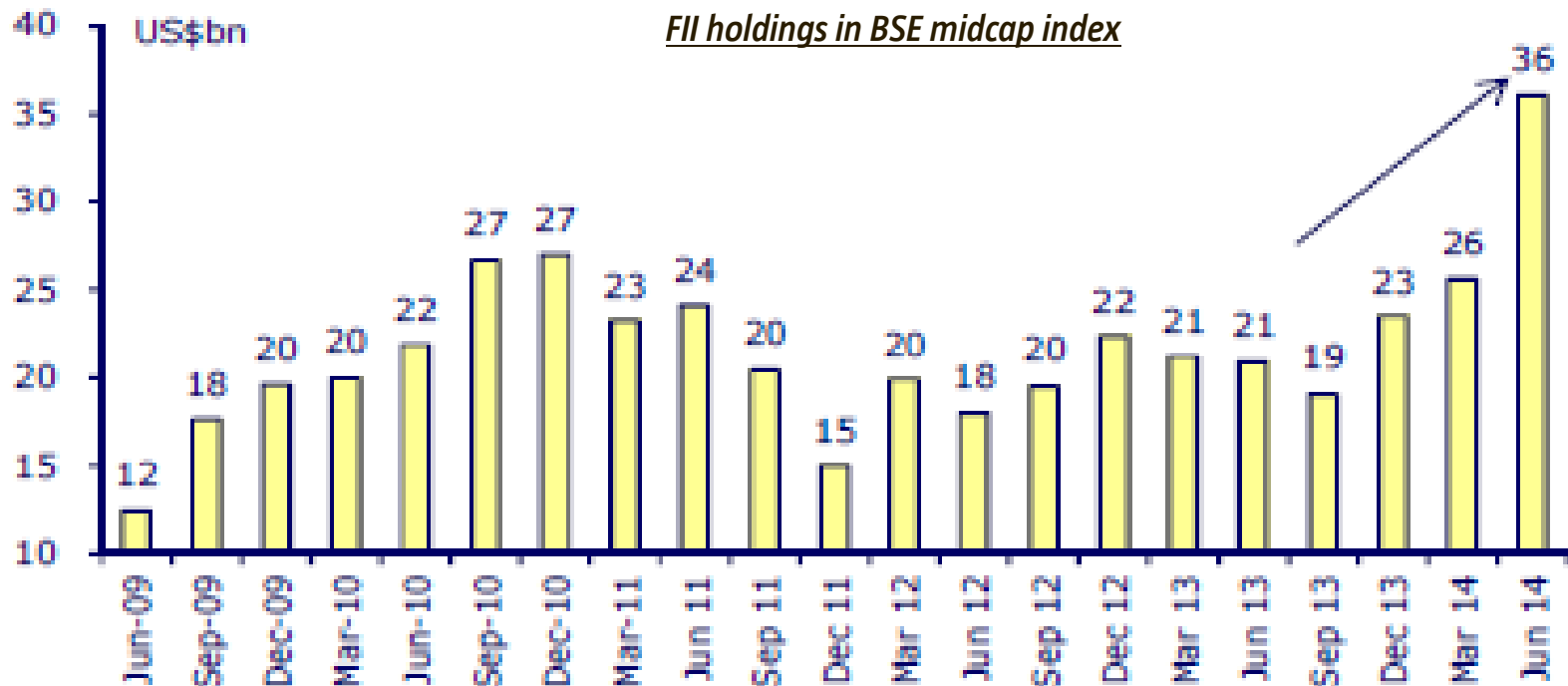
○ Faster growth	○ Sound financials
○ Efficient Management	○ Industry dynamics

Midcaps outperform Sensex in periods of sharp economic recovery



FII/ FPI's holdings in mid-cap increasing

- FII's interest in midcap segment has witnessed significant rise post elections
- Midcap stocks in divergent sectors are likely to be biggest beneficiaries as the bull phase is expected to continue



**Presenting Canara Robeco India Opportunities Fund
- a midcap focused fund**

Why a 3 year close ended scheme?

About the scheme

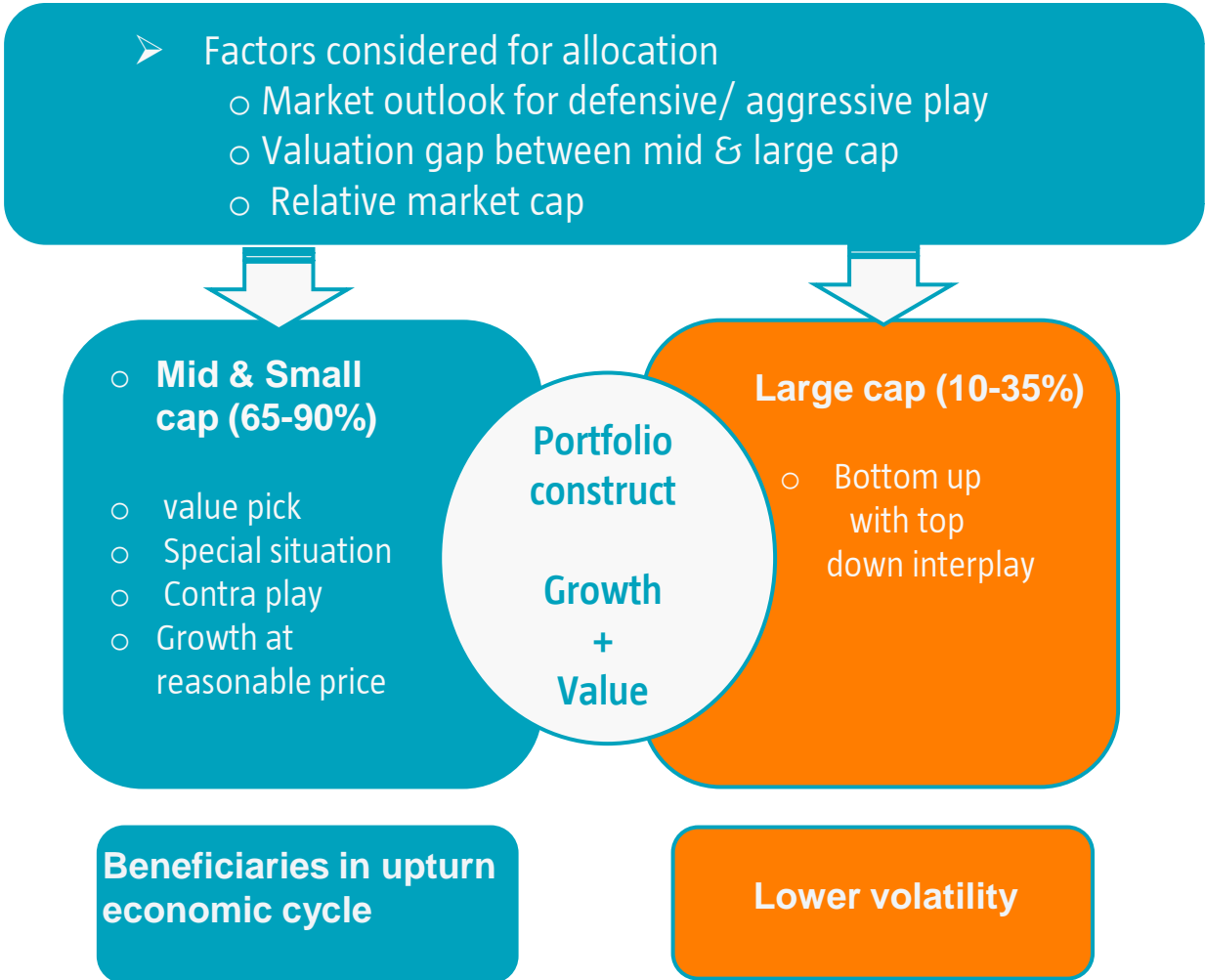
The scheme focuses on high conviction stocks by following the growth at reasonable price investing philosophy.

Aims to:

- Participate in the all-round growth of the Indian economy
- Provides fund manager the ability to take longer term exposure.
- Offer better focus on investment positions since inflows and outflows are clearly defined and portfolio maybe run undisturbed with active fund management.
- Facilitate adequate holding period time to the security position and hence a 3 year horizon would be beneficial.

Investment Strategy

➤ Portfolio to be skewed towards high potential mid & small cap stocks



Indicative themes that can be part of the investment approach

Cyclicals

Exports &
Outsourcing

Policy
related

Domestic
Consumption

Infrastructure

Defensives

The fund will follow a **bottom-up** investment methodology combined with **top-down** overlay.

Sector selection will be **based** on **opportunities** available in sectors

Canara Robeco's Equities employs a 3 step investment process

1 - Ideate

Macro Research

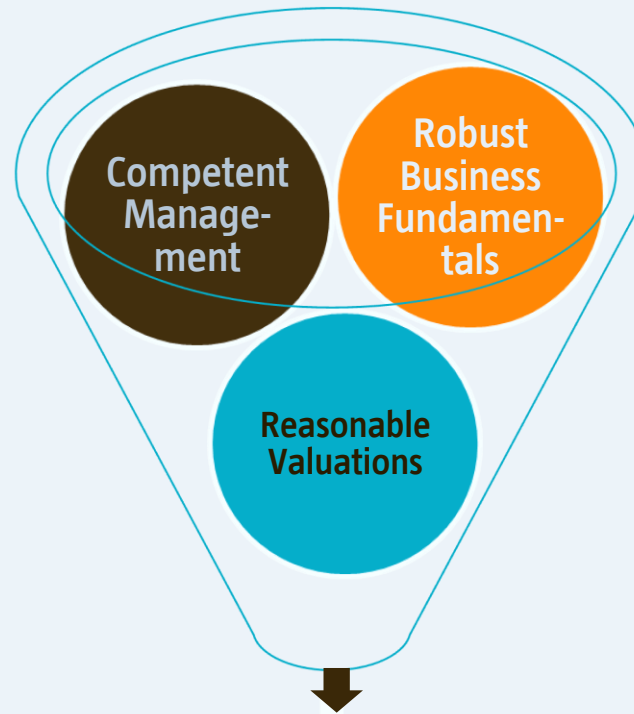
- Global Macro Economic Trends
- Domestic Analysis
- Identification of Themes
- Business Cycles

Stock - Specific Ideas

- Sell-side Research / Sector Specialists
- In-house Fundamental Research
- Management Meetings

Investment Universe

2 - Screen



Investible Ideas

3 - Design

Regulatory Limits

- Individual Stock Limits

Internal Risk Management Limits

- Tracking Error
- Ratio Var
- Beta Monitoring

Investment Mandate

- Market Cap of the stock

Final Portfolio

Scheme Features & Investment objective

Investment Objective	To generate capital appreciation by investing predominantly in equity and equity related instruments of mid cap companies. However, there is no assurance or guarantee that the investment objective of the Scheme will be achieved. The Scheme does not assure or guarantee any returns.
Entry Load	Nil.
Exit Load	Nil. No Exit Load is applicable during the term of the Scheme since no redemption is permitted with the AMC / Mutual Fund before maturity of the Scheme, being a close ended Scheme. However, the Units of the Scheme are listed on the National Stock Exchange of India Ltd. (NSE). Investors wishing to exit may do so through the Stock Exchange route as per rules specified by the Stock Exchange(s).
Scheme Type	Close Ended Equity Scheme
Asset Allocation Pattern of the scheme	Mid- and Small Cap Equity and Equity Related Instruments 65-90% Large Cap Equity and Equity Related Instruments 10- 35% Micro Cap Equity and Equity Related Instruments 0-5% Debt and Money Market Instruments 0-25%
Tenure	3 years from the date of allotment
Benchmark Index	CNX Midcap
Minimum Inv. Amount	Rs. 5,000.00 and multiples of Rs.10.00 thereafter during New Fund Offer.
NFO Price	Rs. 10 per unit
Investment Plans/Options	Regular & Direct Plan: Growth & Dividend Payout
Fund Manager	Mr. Ravi Gopalakrishnan

Disclaimer:

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Mutual Fund Investments are subject to market risk, read all Scheme related documents carefully.