

# BARODA PIONEER MUTUAL FUND

Scheme Information Document (SID)

## BARODA PIONEER SHORT TERM BOND FUND

(An Open Ended Income Scheme)

Offer of Units of Rs. 10/- each for cash during the New Fund Offer  
and for Units at NAV based prices during Continuous offer

New Fund Offer for Scheme Opens on	: 14 June, 2010
New Fund Offer for Scheme Closes on	: 24 June, 2010
Scheme Re-Opens for Continuous Sale on	: 02 July, 2010

Name of Mutual Fund

Baroda Pioneer Mutual Fund  
501, Titanium, 5th Floor,  
Western Express Highway,  
Goregaon (E), Mumbai - 400063.  
[www.barodapioneer.in](http://www.barodapioneer.in)

Name of Asset Management Company

Baroda Pioneer Asset Management Co. Ltd  
501, Titanium, 5th Floor,  
Western Express Highway,  
Goregaon (E), Mumbai - 400063.  
[www.barodapioneer.in](http://www.barodapioneer.in)

Name of Trustee

Board of Trustees of  
Baroda Pioneer Mutual Fund



The particulars of the Scheme have been prepared in accordance with the Securities and Exchange Board of India (Mutual Funds) Regulations 1996, (herein after referred to as SEBI (MF) Regulations) as amended till date, and filed with SEBI, along with a Due Diligence Certificate from the AMC. The units being offered for public subscription have not been approved or recommended by SEBI nor has SEBI certified the accuracy or adequacy of the Scheme Information Document.

The Scheme Information Document sets forth concisely the information about the Scheme that a prospective investor ought to know before investing. Before investing, investors should also ascertain about any further changes to this Scheme Information Document after the date of this Document from the Mutual Fund / Investor Service Centres / Website / Distributors or Brokers.

Investors are advised to refer to the Statement of Additional Information (SAI) for details of Baroda Pioneer Mutual Fund, Tax and Legal issues and general information on [www.barodapioneer.in](http://www.barodapioneer.in)

**The SAI is incorporated by reference (is legally a part of the Scheme Information Document). For a free copy of the current SAI, please contact your nearest Investor Service Centre or log on to our website.**

**The Scheme Information Document should be read in conjunction with the SAI and not in isolation.**

This Scheme Information Document is dated 31st May, 2010

## TABLE OF CONTENTS

Sr. No.	Particulars	Page Nos.
	<b>HIGHLIGHTS/ SUMMARY OF SCHEME</b>	<b>2</b>
<b>I.</b>	<b>INTRODUCTION</b>	<b>3-12</b>
	Risk Factors	3-8
	Requirement of Minimum Investors in the Scheme	8
	Special Consideration	8
	Definition and Interpretation	9-11
	Due Diligence Certificate	12
<b>II.</b>	<b>INFORMATION ABOUT THE SCHEME</b>	<b>13-21</b>
	Type of Scheme	13
	Investment Objective of the Scheme	13
	Asset Allocation and Risk Profile	13
	Type of Instruments in which Scheme will Invest	13-14
	Investment Strategies	14-18
	Fundamental Attributes	19
	Scheme Benchmark	19
	Fund Managers of the Scheme	20
	Restrictions on Investments	20-21
	Performance of the Scheme	21
<b>III.</b>	<b>UNIT AND OFFER</b>	<b>22-</b>
	New Fund Offer	22-26
	Ongoing Offer	26-28
	Periodic Disclosures	28-29
	Computation of NAV	30
<b>IV.</b>	<b>FEES AND EXPENSES</b>	<b>31-32</b>
	New Fund Offer Expenses	31
	Annual Scheme Recurring Expenses	31
	Load Structure	31-32
	Wavier of Load for Direct Applications	32
<b>V.</b>	<b>RIGHTS OF UNIT HOLDERS</b>	<b>33</b>
<b>VI.</b>	<b>PENALTIES, PENDING LITIGATION OR PROCEEDINGS</b>	<b>33-34</b>
	General Information	35
	Kary Investor Service Centres & Kary Collection Centres	36

## HIGHLIGHTS / SUMMARY OF THE SCHEMES

<b>Name of the Scheme</b>	Baroda Pioneer Short Term Bond Fund
<b>Type of Scheme</b>	An open ended Income Scheme
<b>Investment Objective</b>	<p>The objective of the Scheme is to generate income from a portfolio constituted of short term debt and money market securities.</p> <p>There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns</p>
<b>Liquidity</b>	<p>The Scheme will offer Units for Redemption at Applicable NAV on every Business Day on an ongoing basis, commencing not later than 30 days from the closure of the NFO Period.</p> <p>The Mutual Fund will endeavour to dispatch the Redemption proceeds within 3 Business Days from the acceptance of the Redemption request, but not later than 10 days.</p>
<b>Benchmark</b>	CRISIL Short Term Bond Fund Index
<b>Transparency of operation / NAV Disclosure</b>	<p>The AMC will calculate and disclose the first NAVs of the Scheme within a period of 30 days from the closure of the NFO Period. Subsequently, the NAVs will be calculated and disclosed on every Business Day.</p> <p>The AMC shall update the NAVs on the website of the Fund <a href="http://www.barodapioneer.in">www.barodapioneer.in</a> and of the Association of Mutual Funds in India - AMFI <a href="http://www.amfiindia.com">www.amfiindia.com</a> every Business Day.</p> <p>The AMC will disclose details of the portfolio of the Scheme every 6 months by either sending a complete statement to all the Unit Holders or by publishing such statement, by way of advertisement, in two daily newspapers.</p>
<b>Investment Plan &amp; Options</b>	<p>The Scheme Offers two options</p> <p>a) Growth Option</p> <p>b) Dividend Option (Pay out &amp; Re investment)</p>
<b>Default Option</b>	If the investor does not clearly specify the choice of Option at the time of investing, it will be considered as Growth Option.
<b>Load Structure</b>	<p>For purchase during the NFO period and Ongoing basis</p> <p><b>Entry Load</b> Nil</p> <p>Pursuant to SEBI Circular no. SEBI/IMD/CIR/No. 4/168230/09 dated June 30, 2009 no entry load will be charged bt the scheme to investor. Upfront commission shall be paid directly by the investor to the ARN holder (AMFI registered distributors) based on the investors' assessment of various factors including the service rendered by the ARN holder.</p> <p><b>Exit Load</b></p> <p>0.10 % if redeemed on or before 15 days from the date of allotment</p> <p>Nil if redeemed after 15 days from the date of allotment</p>
Minimum Subscription amount for first time purchase	Rs. 5,000/- and in multiple of Re.1/- thereafter
Minimum Additional application amount:	Rs. 1,000/- and in multiple of Re.1/- thereafter
Minimum Target Amount in NFO	Rs. 1,00,00,000/-

## I. INTRODUCTION

### A. RISK FACTORS

#### STANDARD RISK FACTORS

- a) Mutual Funds and securities investments are subject to market risks such as trading volumes, settlement risk, liquidity risk and default risk including the possible loss of principal and there is no assurance or guarantee that the objectives of the Scheme will be achieved.
- b) As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down
- c) Past performance of the Sponsor/AMC/Mutual Fund does not guarantee future performance of the Scheme.
- d) Baroda Pioneer Short Term Bond Fund is only the name of the Scheme and does not in any manner indicate either the quality of the scheme or its future prospects and returns.
- e) The Sponsor is not responsible or liable for any loss resulting from the operation of the Scheme beyond their initial contribution of Rs.10 lakh towards the setting up of the Mutual Fund and such other accretions and additions to the corpus.
- f) The present scheme is not a guaranteed or assured return scheme. The Mutual Fund is not guaranteeing or assuring any dividend/ bonus. The Mutual Fund is also not assuring that it will make periodical dividend/bonus distributions, though it has every intention of doing so. All dividend/bonus distributions are subject to the availability of distributable surplus in the Scheme.

#### Scheme Specific Risk Factors

Investment in Debt is subject to price, credit, and interest rate risk.

The NAV of the Scheme may be affected, inter alia, by changes in the market conditions, interest rates, trading volumes, settlement periods and transfer procedures.

- (i) Investing in debt securities are subject to the risk of an Issuer's inability to meet principal and interest payments obligation (credit risk) and may also be subject to price volatility due to such factors as

#### Risks associated with various types of securities

	CREDIT RISK	LIQUIDITY RISK	PRICE RISK
Listed	Depends on credit quality	Relatively Low	Depends on duration of instrument
Unlisted	Depends on credit quality	Relatively High	Depends on duration of instrument
Secured	Relatively Low	Relatively Low	Depends on duration of instrument
Unsecured	Relatively High	Relatively High	Depends on duration of instrument
Rated	Relatively Low and depends on the rating	Relatively Low	Depends on duration of instrument
Unrated	Relatively High	Relatively High	Depends on duration of instrument

interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). The timing of transactions in debt obligations, which will often depend on the timing of the Purchases and Redemptions in the Scheme, may result in capital appreciation or depreciation because the value of debt obligations generally varies inversely with the prevailing interest rates.

**Interest Rate Risk:** As with all debt securities, changes in interest rates will affect the Scheme's Net Asset Value as the prices of securities generally increase as interest rates decline and generally decrease as interest rates rise. Prices of longer-term securities generally fluctuate more in response to interest rate changes than do shorter-term securities. Interest rate movements in the Indian debt markets can be volatile leading to the possibility of large price movements up or down in debt and money market securities and thereby to possibly large movements in the NAV.

**Liquidity or Marketability Risk:** This refers to the ease at which a security can be sold at or near its true value. The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. Liquidity risk is characteristic of the Indian fixed income market.

**Credit Risk:** Credit risk or default risk refers to the risk which may arise due to default on the part of the issuer of the fixed income security (i.e. will be unable to make timely principal and interest payments on the security). Because of this risk debentures are sold at a yield spread above those offered on Treasury securities, which are sovereign obligations and generally considered to be free of credit risk. Normally, the value of a fixed income security will fluctuate depending upon the actual changes in the perceived level of credit risk as well as the actual event of default.

**Reinvestment Risk:** This risk refers to the interest rate levels at which cash flows received from the securities in the Scheme or from maturities in the Scheme are reinvested. The additional income from reinvestment is the "interest on interest" component. The risk refers to the fall in the rate for reinvestment of interim cash flows.

Different types of securities in which the Scheme would invest as given in this Scheme Information Document carry different levels and types of risk. Accordingly, the Scheme's risk may increase or decrease depending upon its investment pattern e.g. corporate bonds, carry a higher level of risk than Government securities. Further even among corporate bonds, bonds which are AAA rated are comparatively less risky than bonds which are AA rated.

### **Risk associated with investing in Derivatives**

#### **Valuation Risk**

The risk in valuing the Debt derivative products due to inadequate trading data with good volumes. Derivatives with longer duration would have higher risk vis-a-vis the shorter duration derivatives.

#### **Mark to Market Risk**

The day-to-day potential for an investor to experience losses from fluctuations in underlying stock prices and derivatives prices.

#### **Systematic Risk**

The risk inherent in the capital market due to macro economic factors like Inflation, GDP, Global events.

#### **Liquidity Risk**

The risk stemming from the lack of availability of derivatives products across different maturities and with different risk appetite.

#### **Implied Volatility**

The estimated volatility of an underlying security's price and derivatives price.

#### **Interest Rate Risk**

The risk stemming from the movement of Interest rates in adverse direction. As with all the debt securities, changes in the interest rates will affect the valuation of the portfolios.

#### **Counterparty Risk (Default Risk)**

Default risk is the risk that losses will be incurred due to the default by the counterparty for over the counter derivatives.

#### **System Risk**

The risk arising due to failure of operational processes followed by the exchanges and OTC participants for the derivatives trading.

#### **Risk attached with the use of derivatives**

- a. As and when the Scheme trades in the derivatives market there are risk factors and issues concerning

the use of derivatives that investors should understand. Derivative products are specialized instruments that require investment techniques and risk analysis different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but of the derivative itself. Derivatives require the maintenance of adequate controls to monitor the transactions entered into, the ability to assess the risk that a derivative adds to the portfolio and the ability to forecast price or interest rate movements correctly. There is a possibility that a loss may be sustained by the portfolio as a result of the failure of another party (usually referred to as the "counterparty") to comply with the terms of the derivatives contract. Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

- b. Derivative products are leveraged instruments and can provide disproportionate gains as well as disproportionate losses to the investor. Execution of such strategies depends upon the ability of the fund manager to identify such opportunities. Identification and execution of the strategies to be pursued by the fund manager involve uncertainty and decision of fund manager may not always be profitable. No assurance can be given that the fund manager will be able to identify or execute such strategies.
- c. The risks associated with the use of derivatives are different from or possibly greater than, the risks associated with investing directly in securities and other traditional investments.

#### **Risk Associated with Securitised Debt**

The Scheme may invest upto 25% in Securitised Debt including Pass Through Certificates (PTCs)

Generally available Asset Classes for securitization in India

- Commercial Vehicles
- Auto and Two wheeler pools
- Mortgage pools (residential housing loans)
- Personal Loan, credit card and other Regular loans
- Corporate loans/receivables

In terms of specific risks attached to securitisation, each asset class would have different underlying risks, however, residential mortgages are supposed to be having lower default rates as an asset class. On the other hand, repossession and subsequent recovery of commercial vehicles and other auto assets is fairly easier and better compared to mortgages. Some of the

asset classes such as personal loans, credit card receivables etc., being unsecured credits in nature, may witness higher default rates. As regards corporate loans/receivables, depending upon the nature of the underlying security for the loan or the nature of the receivable the risks would correspondingly fluctuate. However, the credit enhancement stipulated by rating agencies for such asset class pools is typically much higher and hence their overall risks are comparable to other AAA rated asset classes.

The rating agencies have an elaborate system of stipulating margins, over collateralisation and guarantees to bring risk limits in line with the other AAA rated securities.

It is relevant to note here that predominantly the Scheme intends to invest in only AAA rated securitised debt. This compares favourably with a portfolio which is constructed on the basis of AA rated securitised debt. Some of the factors, which are typically analyzed for any pool are as follows:

**Size of the loan:** generally indicates the kind of assets financed with loans. Also indicates whether there is excessive reliance on very small ticket size, which may result in difficult and costly recoveries. To illustrate, the ticket size of housing loans is generally higher than that of personal loans. Hence in the construction of a housing loan asset pool for say Rs.1,00,00,000/- it may be easier to construct a pool with just 10 housing loans of Rs.10,00,000 each rather than to construct a pool of personal loans as the ticket size of personal loans may rarely exceed Rs.5,00,000/- per individual. Also to amplify this illustration further, if one were to construct a pool of Rs.1,00,00,000/- consisting of personal loans of Rs.1,00,000/- each, the larger number of contracts(100 as against one of 10 housing loans of Rs.10 lakh each) automatically diversifies the risk profile of the pool as compared to a housing loan based asset pool.

Average original maturity of the pool: indicates the original repayment period and whether the loan tenors are in line with industry averages and borrower's repayment capacity. To illustrate, in a car pool consisting of 60-month contracts, the original maturity and the residual maturity of the pool viz. number of remaining installments to be paid gives a better idea of the risk of default of the pool itself. If in a pool of 100 car loans having original maturity of 60 months, if more than 70% of the contracts have paid more than 50% of the installments and if no default has been observed in such contracts, this is a far superior portfolio than a similar car loan pool where 80% of the contracts have not even crossed 5 installments.

**Loan to Value Ratio:** Indicates how much % value of the asset is financed by borrower's own equity. The lower LTV, the better it is. This Ratio stems from the principle

that where the borrowers own contribution of the asset cost is high, the chances of default are lower. To illustrate for a Truck costing Rs.20 lakhs, if the borrower has himself contributed Rs.10 lakh and has taken only Rs.10 lakh as a loan, he is going to have lesser propensity to default as he would lose an asset worth Rs.20 lakhs if he defaults in repaying an installment. This is as against a borrower who may meet only Rs.2 lakh out of his own equity for a truck costing Rs.20 lakh. Between the two scenarios given above, the latter would have higher risk of default than the former.

Average seasoning of the pool: indicates whether borrowers have already displayed repayment discipline. To illustrate, in the case of a personal loan, if a pool of assets consist of those who have already repaid 80% of the installments without default, this certainly is a superior asset pool than one where only 10% of installments have been paid. In the former case, the portfolio has already demonstrated that the repayment discipline is far higher.

**Default rate distribution:** Indicates how much % of the pool and overall portfolio of the originator is current, how much is in 0-30 DPD (days past due), 30-60 DPD, 60-90 DPD and so on. The rationale here is very obvious, as against 0-30 DPD, the 60-90 DPD is certainly a higher risk category. Unlike in plain vanilla instruments, in securitisation transactions it is possible to work towards a target credit rating, which could be much higher than the originator's own credit rating. This is possible through a mechanism called 'Credit enhancement' is fulfilled by filtering the underlying asset classes and applying selection criteria, which further diminishes the risk inherent for a particular asset class. The purpose of credit enhancement is to ensure timely payment to the investors, if the actual collection from the pool of receivables for a given period are short of the contractual payouts on securitisation. Securitisation is normally non-recourse instruments and therefore, the repayment on securitisation would have to come from the underlying assets and the credit enhancement. Therefore, the rating criteria centrally focus on the quality of the underlying assets. World over, the quality of credit ratings is measured by default rates and stability. An analysis of rating transition and default rates, witnessed in both international and domestic arena, clearly reveals that structured finance ratings have been characterized by far lower default and transition rates than that of plain vanilla debt ratings. Further, internationally, in case of structured finance ratings, not only are the default rates low but post default recovery is also high.

In the Indian scenario, also, more than 95% of issuances have been AAA rated issuances indicating the strength of the underlying assets as well as adequacy of credit enhancement.

### **Investment exposure of the Fund with reference to Securitised Debt**

The Fund will predominantly invest only in those securitisation issuances which have AAA rating indicating the highest level of safety from credit risk point of view at the time of making an investment. The Fund will not invest in foreign securitised debt.

The fund may invest in various type of securitisation (Asset Backed Securitisation, Mortgage Backed Securitisation).

The fund does not propose to limit its exposure to only one asset class or to have asset class based sub-limits as it will primarily look towards the AAA rating of the offering. The fund will conduct an independent due diligence on the cash margins, collateralisation, guarantees and other credit enhancements and the portfolio characteristic of the securitisation to ensure that the issuance fits in to the overall objective of the investment in high investment grade offerings irrespective of underlying asset class.

### **Risk Factors specific to investments in Securitised Papers**

Types of Securitised Debt vary and carry different levels and types of risks. Credit Risk on Securitised Bonds depends upon the Originator and varies depending on whether they are issued with Recourse to Originator or otherwise.

Even within securitised debt, AAA rated securitised debt offers lesser risk of default than AA rated securitized debt. A structure with Recourse will have a lower Credit Risk than a structure without Recourse.

Underlying assets in Securitised Debt may assume different forms and the general types of receivables include Auto Finance, Credit Cards, Home Loans or any such receipts, Credit risks relating to these types of receivables depend upon various factors including macro economic factors of these industries and economies. Specific factors like nature and adequacy of property mortgaged against these borrowings, nature of loan agreement/ mortgage deed in case of Home Loan, adequacy of documentation in case of Auto Finance and Home Loans, capacity of borrower to meet its obligation on borrowings in case of Credit Cards and intentions of the borrower influence the risks relating to the asset borrowings underlying the securitised debt.

Holder of the securitised assets may have low credit risk with diversified Regular base on underlying assets especially when securitised assets are created by high credit rated tranches, risk profiles of Planned Amortisation Class tranches (PAC), Principal Only Class Tranches (PO) and Interest Only class tranches (IO) will differ depending upon the interest rate movement and speed of prepayment.

Unlike in plain vanilla instruments, in securitisation transactions, it is possible to work towards a target credit rating, which could be much higher than the originator's own credit rating. This is possible through a mechanism called 'Credit enhancement'. The process of 'Credit enhancement' is fulfilled by filtering the underlying asset classes and applying selection criteria, which further diminishes the risks inherent for a particular asset class. The purpose of credit enhancement is to ensure timely payment to the investors, if the actual collection from the pool of receivables for a given period is short of the contractual payout on securitisation. Securitisation is normally non-recourse instruments and therefore, the repayment on securitization would have to come from the underlying assets and the credit enhancement. Therefore the rating criteria centrally focus on the quality of the underlying assets.

The change in market interest rates - prepayments may not change the absolute amount of receivables for the investors, but may have an impact on the re-investment of the periodic cash flows that the investor receives in the securitised paper.

### **Limited Liquidity & Price risk**

Presently, secondary market for securitised papers is not very liquid. There is no assurance that a deep secondary market will develop for such securities. This could limit the ability of the investor to resell them. Even if a secondary market develops and sales were to take place, these secondary transactions may be at a discount to the initial issue price due to changes in the interest rate structure.

### **Limited Recourse, Delinquency and Credit Risk**

Securitised transactions are normally backed by pool of receivables and credit enhancement as stipulated by the rating agency, which differ from issue to issue. The Credit Enhancement stipulated represents a limited loss cover to the Investors. These Certificates represent an undivided beneficial interest in the underlying receivables and there is no obligation of either the Issuer or the Seller or the originator, or the parent or any affiliate of the Seller, Issuer and Originator. No financial recourse is available to the Certificate Holders against the Investors' Representative. Delinquencies and credit losses may cause depletion of the amount available under the Credit Enhancement and thereby the Investor Payouts may get affected if the amount available in the Credit Enhancement facility is not enough to cover the shortfall. On persistent default of a Obligor to repay his obligation, the Servicer may repossess and sell the underlying Asset. However many factors may affect, delay or prevent the repossession of such Asset or the length of time required to realize the sale proceeds on such sales. In addition, the price at which such Asset may be sold may be lower than the amount due from that Obligor.

**Risks due to possible prepayments: Weighted Tenor / Yield**

Asset securitisation is a process whereby commercial or consumer credits are packaged and sold in the form of financial instruments. Full prepayment of underlying loan contract may arise under any of the following circumstances;

- Obligor pays the Receivable due from him at any time prior to the scheduled maturity date of that Receivable; or
- Receivable is required to be repurchased by the Seller consequent to its inability to rectify a material misrepresentation with respect to that Receivable; or
- The Servicer recognizing a contract as a defaulted contract and hence repossessing the underlying Asset and selling the same
- In the event of prepayments, investors may be exposed to changes in tenor and yield.

**Bankruptcy of the Originator or Seller**

If originator becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the sale from originator to Trust was not a sale then an Investor could experience losses or delays in the payments due. All possible care is generally taken in structuring the transaction so as to minimize the risk of the sale to Trust not being construed as a "True Sale". Legal opinion is normally obtained to the effect that the assignment of Receivables to Trust in trust for and for the benefit of the Investors, as envisaged herein, would constitute a true sale.

**Bankruptcy of the Investor's Agent**

If Investor's agent, becomes subject to bankruptcy proceedings and the court in the bankruptcy proceedings concludes that the recourse of Investor's Agent to the assets/receivables is not in its capacity as agent/Trustee but in its personal capacity, then an Investor could experience losses or delays in the payments due under

**Risk Management Strategy**

Risk Management Strategy	Debt & Debt Securities	
	Risk & description specific to Debt	Risk Mitigation/ management strategy
	Interest Rate Risk	<p>The average maturity period of a portfolio is one of the means of measuring the interest rate risk of the portfolio. The higher the average maturity period, the fund stands exposed to a higher degree of interest risk.</p> <p>The portfolio duration of the Scheme will be decided after doing a thorough research of general macroeconomic condition, political environment, liquidity position in system, inflationary expectations and other economic considerations.</p>

the swap agreement. All possible care is normally taken in structuring the transaction and drafting the underlying documents so as to provide that the assets/receivables if and when held by Investor's Agent is held as agent and in Trust for the Investors and shall not form part of the personal assets of Investor's Agent. Legal opinion is normally obtained to the effect that the Investors Agent's recourse to assets/receivables is restricted in its capacity as agent and trustee and not in its personal capacity.

**Credit Rating of the Transaction / Certificate**

The credit rating is not a recommendation to purchase, hold or sell the Certificate in as much as the ratings do not comment on the market price of the Certificate or its suitability to a particular investor. There is no assurance by the rating agency either that the rating will remain at the same level for any given period of time or that the rating will not be lowered or withdrawn entirely by the rating agency.

**Risk of Co-mingling**

The Servicers normally deposit all payments received from the Obligors into the Collection Account. However, there could be a time gap between collection by a Servicer and depositing the same into the Collection account especially considering that some of the collections may be in the form of cash. In this interim period, collections from the Loan Agreements may not be segregated from other funds of the Servicer. If the Servicer fails to remit such funds due to Investors, the Investors may be exposed to a potential loss. Due care is normally taken to ensure that the Servicer enjoys highest credit rating on stand alone basis to minimize Co-mingling risk.

**Risks associated with Short Selling and Securities Lending**

The Scheme will not do any 'Stock Lending' activity.

**Risks associated with Investing in Foreign Securities**

The Scheme will not invest in foreign securities.

**Risk Management Strategy** (Contd.)

Risk Management Strategy	Debt & Debt Securities	
	Risk & description specific to Debt	Risk Mitigation/ management strategy
	Credit Risk: risk of default on payment by the issuer of a security	The Scheme will emphasise on well managed companies with above average growth prospects whose securities can be purchased at a good yield and whose debt securities are listed as investment grade by a recognised authority like The Credit Rating and Information Services of India Limited (CRISIL), ICRA Limited (formerly, Investment Information and Credit Rating Agency of India Limited), Credit Analysis and Research Limited (CARE) etc.
	Liquidity Risk	The liquidity of the Scheme's investments may be inherently restricted by trading volumes, transfer procedures and settlement periods. Liquidity Risk can be partly mitigated by diversification, staggering of maturities as well as internal risk controls that lean towards purchase of liquid securities.
	Volatility risks:	There is the risk of volatility in markets due to external factors like liquidity flows, changes in the business environment, economic policy etc. The Scheme will manage volatility risk through diversification. To that extent the Volatility risk will be mitigated in the Scheme.

**B. REQUIREMENT OF MINIMUM INVESTORS IN THE SCHEME**

The Scheme/Plan shall have a minimum of 20 investors and no single investor shall account for more than 25% of the corpus of the Scheme/Plan(s). However, if such limit is breached during the NFO of the Scheme, the Fund will endeavor to ensure that within a period of three months or the end of the succeeding calendar quarter from the close of the NFO of the Scheme, whichever is earlier, the Scheme complies with these two conditions. In case the Scheme / Plan(s) does not have a minimum of 20 investors in the stipulated period, the provisions of Regulation 39(2)(c) of the SEBI (MF) Regulations would become applicable automatically without any reference from SEBI and accordingly the Scheme / Plan(s) shall be wound up and the units would be redeemed at applicable NAV. The two conditions mentioned above shall also be complied within each subsequent calendar quarter thereafter, on an average basis, as specified by SEBI. If there is a breach of the 25% limit by any investor over the quarter, a rebalancing period of one month would be allowed and thereafter the investor who is in breach of the rule shall be given 15 days notice to redeem his exposure over the 25% limit. Failure on the part of the said investor to redeem his exposure over the 25 % limit within the aforesaid 15 days would lead to automatic redemption by the Mutual Fund on the applicable Net Asset Value on the 15th day of the notice period. The Scheme shall adhere to the requirements prescribed by SEBI from time to time in this regard.

**C. SPECIAL CONSIDERATION**

The Mutual Fund is not assuring or guaranteeing that it will be able to make regular periodical distributions/distribute bonus units to its Unit holders though it has every intention to manage the portfolio so as to make periodical income/bonus distributions to Unit holders. Periodical distributions will be dependent on the returns achieved by the Asset Management Company through the active management of the portfolio. Periodical distributions may therefore vary from period to period, based on investment results of the portfolio.

**Right to Limit Redemption:** The Trustee may, in the general interest of the Unit holders of the Scheme under this Scheme Information Document and keeping in view the unforeseen circumstances / unusual market conditions, limit the total number of Units which may be redeemed on any Business Day to 5% of the total number of Units then issued and outstanding under any Scheme / Plan or such other percentage as the Trustee may determine and details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

The Trustee may, in response to unforeseen circumstances or unusual market conditions including, but not limited to, extreme volatility of the stock, fixed income and money markets, extended suspension of trading on the stock exchanges, natural calamities, communication breakdowns, internal system breakdowns, strikes, bandhs, riots or other situations where the Trustee in consultation with BPAMC considers that such suspension is necessary, limit the total number of Units which may be redeemed on any Business Day to 5% of the total number of Units then in issue or such higher percentage as the Trustee may determine in any particular case and details of circumstances and justification for the proposed action shall also be informed to SEBI in advance.

Any Units, which by virtue of these limitations are not redeemed on a particular Business Day, will be carried forward for redemption to the next Business Day, in the order of receipt. Redemptions so carried forward will be priced on the basis of the Redemption Price of the Business Day on which redemption is made. Under such circumstances, to the extent multiple redemption requests are received at the same time on a single Business Day, redemption's will be made on pro-rata basis, based on the size of each redemption request, the balance amount being carried forward for redemption to the next Business Day(s).

**D. DEFINITIONS AND INTERPRETATION**

In this Scheme Information Document the following words and expressions shall have the meaning specified herein unless the context otherwise requires:

<b>Applicable NAV</b>	<p><b>Purchase</b></p> <p>In respect of valid application received up to 3 p. m. along with a local cheque or demand draft payable at par at place where the application is received, Closing NAV of the day of receipt of application</p> <p>In respect of valid application received after 3 p.m. by the Mutual Fund along with the local cheque or demand draft Closing NAV of the next business day</p> <p>In respect of valid applications with outstation cheque/ demand drafts not payable at par at the place application is received, Closing NAV of the day on which the the cheque or demand draft is credited.</p> <p>In respect of purchase of units in Income/ Debt oriented schemes (other than liquid fund schemes and plans) with amount equal to or more than Rs. 1 crore, irrespective of the time of receipt of application, the closing NAV of the day on which the funds are available for utilisation shall be applicable.( SEBI/IMD/CIR No. 11/142521/08 October 24, 2008)</p> <p><b>Re-Purchase</b></p> <p>Where the application is received upto 3.00 pm - Closing NAV of the day of receipt of application.</p> <p>Where the application is received after 3.00 pm - Closing NAV of the next business day.</p>
<b>Application Form/ Key Information Memorandum</b>	<p>A form meant to be used by an investor to open a folio and Purchase Units in the Scheme. Any modifications to the Application Form will be made by way of an addendum, which will be attached thereto. On issuance of such addendum, the Application Form will be deemed to be updated by the addendum.</p>
<b>Asset Management Company/AMC/ Investment Manager / BPAMC</b>	<p>Baroda Pioneer Asset Management Company Limited ( formerly known as BOB Asset Management Company Limited), the Asset Management Company incorporated under the Companies Act, 1956 having its registered office at 501,Titanium, 5<sup>th</sup> Floor, Western Express Highway, Goregaon (E), Mumbai – 400063 to act as Asset Management Company / Investment Manager for the schemes of Baroda Pioneer Mutual Fund.</p>
<b>Business Day/Working Day</b>	<p>A Business Day means any day other than:</p> <ul style="list-style-type: none"> <li>(i) Saturday or Sunday;</li> <li>(ii) a day on which both the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited are closed</li> <li>(iii) a day on which banks in Mumbai and / or RBI are closed for business/clearing</li> <li>(iv) a day which is a public and /or bank holiday at Investor Services Centre / Investor Service Desk where the application is received</li> <li>(v) a day on which normal business cannot be transacted due to storms, floods, natural calamities, bandhs, strikes or such other events as the AMC may specify from time to time.</li> <li>(vi) A day on which the sale and / or redemption and / or switches of units is suspended by the trustees / AMC.</li> </ul>
<b>Custodian</b>	<p>Citibank N.A, Mumbai Branch registered under the SEBI (Custodian of Securities) Regulations, 1996, or any other custodian who is approved by the Trustees.</p>
<b>Cut- off time</b>	<p>A time prescribed in this Scheme Information Document up to which an investor can submit a Purchase request (along with a local cheque or a demand draft payable at par at the place where the application is received) / Redemption request, to be entitled to the Applicable NAV for that Business Day i.e 3.00 PM</p>

<b>Designated Collection Centers</b>	<b>During the NFO &amp; Ongoing Offer</b> : ISCs designated by the AMC where the applications shall be received. The names and addresses are mentioned at the end of this Scheme Information Document.
<b>Entry Load</b>	Entry Load means a one-time charge that the investor pays at the time of entry into the scheme(s)
<b>Exit Load</b>	A charge paid by the investor at the time of exit from the scheme(s).
<b>Foreign Institutional Investors / FII</b>	An entity registered with SEBI under Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 as amended from time to time.
<b>Fund of Funds / FOF</b>	A mutual fund scheme that invests primarily in other schemes of the same mutual fund or other mutual funds.
<b>Fund/ Mutual Fund</b>	Baroda Pioneer Mutual Fund (formerly known as BOB Mutual Fund) a Trust registered with SEBI under the Regulations, vide registration number MF/ 018/94/2 and further endorsement for the change of name vide letter no. IMD/ RB/134922/08 Dated August 12, 2008.
<b>Investment Management Agreement</b>	The Investment Management Agreement (IMA) dated 24 <sup>th</sup> November 1992. entered into between the Mutual Fund and the AMC, as amended from time to time.
<b>Investor Service Centre / ISC</b>	Official Point of acceptance of transaction / service request from investors. These will be designated by the AMC from time to time.
<b>Net Asset Value/ NAV</b>	Net Asset Value of the Units of the Scheme (including plans/options thereunder) calculated in the manner provided in this Scheme Information Document or as may be prescribed by the Regulations from time to time.
<b>New Fund Offer/ NFO</b>	The offer for Purchase of Units at the inception of the Scheme, available to the investors during the NFO period.
<b>Non Resident Indian / NRI</b>	A person resident outside India who is a citizen of India or is a person of Indian origin as per the meaning assigned to the term under Foreign Exchange Management (Investment in firm or proprietary concern in India) Regulations, 2000.
<b>SID</b>	This Scheme Information Document issued by Baroda Pioneer Mutual Fund, offering units of Baroda Pioneer Short Term Bond Fund for subscription. Any modifications to the SID will be made by way of an addendum which will be attached to the SID. On issuance of addendum, the SID will be deemed to have been updated by the addendum.
<b>Ongoing Offer</b>	Offer of Units under the Scheme when it becomes open ended after the closure of the New Fund Offer period.
<b>Ongoing Offering Period</b>	The period during which the Ongoing Offer for subscription to the Units of the Scheme is made.
<b>Person of Indian Origin</b>	A citizen of any country other than Bangladesh or Pakistan, if (a) he at any time held Indian passport; or (b) he or either of his parents or any of his grand parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or (c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b);
<b>Purchase / Subscription</b>	Subscription to / Purchase of Units by an investor from the Fund.
<b>Purchase Price</b>	The price (being Applicable NAV plus Entry Load) at which the Units can be purchased and calculated in the manner provided in this Scheme Information Document.
<b>Registrar</b>	Karvy Computershare (Pvt.) Ltd. having its registered office at Karvy House, 21, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500 034 are the Registrars and Transfer Agents for the Schemes.

<b>Redemption</b>	Repurchase of Units by the Fund from a Unit Holder.
<b>Redemption Price</b>	The price (being Applicable NAV minus Exit Load) at which the Units can be redeemed and calculated in the manner provided in this Scheme Information Document.
<b>Repo/Reverse Repo</b>	Sale / Purchase of securities with a simultaneous agreement to repurchase/ sell them at a later date.
<b>Scheme</b>	Baroda Pioneer Short Term Bond Fund
<b>SEBI Regulations/Regulations</b>	Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 as amended from time to time, including by way of circulars or notifications issued by SEBI and the Government of India
<b>Sponsors</b>	Pioneer Global Asset Management SpA and Bank of Baroda
<b>Transaction Slip</b>	A form meant to be used by Unit Holders seeking additional Purchase or Redemption of Units in the Scheme, change in bank account details, switch-in or switch-out and such other facilities offered by the AMC and mentioned in Transaction Slips.
<b>Trustees</b>	Board of Trustee of Baroda Pioneer Mutual Fund
<b>Trust Deed</b>	The Deed of Trust dated 30 <sup>th</sup> October 1992 made between the sponsors and the Trustee, establishing the Mutual Fund, as amended from time to time.
<b>Units</b>	The Units which are offered for subscription under this Standard Information Document
<b>Unit holder</b>	A person holding units of the Scheme under this SID
<b>Valuation Day</b>	Business Day

**Abbreviations**

<b>AMC</b>	Asset Management Company
<b>AMFI</b>	Association of Mutual Funds in India
<b>AOP</b>	Association of Persons
<b>BOI</b>	Body of Individuals
<b>BPAMC</b>	Baroda Pioneer Asset Management Company Limited
<b>CBLO</b>	Collateralised Borrowing and Lending Obligation
<b>ECS</b>	Electronic Clearing System
<b>ETF</b>	Electronic Funds Transfer
<b>FII</b>	Foreign Institutional Investor
<b>FOF</b>	Fund of Funds
<b>HUF</b>	Hindu Undivided Family
<b>ISC</b>	Investor Service Centre
<b>IMA</b>	Investment Management Agreement
<b>NAV</b>	Net Asset Value
<b>NFO</b>	New Fund Offer
<b>NRI</b>	Non Resident Indian
<b>PAN</b>	Permanent Account Number
<b>POA</b>	Power of Attorney
<b>PIO</b>	Person of Indian Origin

**Abbreviations (Contd.)**

<b>RBI</b>	Reserve Bank of India
<b>RTGS</b>	Real Time Gross Settlement
<b>SEBI</b>	Securities & Exchange Board of India established under the SEBI Act, 1992
<b>SEBI ACT</b>	Securities and Exchange Board of India Act, 1992
<b>SEFT</b>	Special Electronic Fund Transfer
<b>SI</b>	Standing Instruction

**Interpretation**

For all purposes of this Scheme Information Document, except as otherwise expressly provided or unless the context otherwise requires:

- The terms defined in this Scheme Information Document include the plural as well as the singular.
- Pronouns having a masculine or feminine gender shall be deemed to include the other.
- All references to "US\$" refer to United States Dollars and "Rs." refer to Indian Rupees. A "Crore" means "ten million" and a "Lakh" means a "hundred thousand".
- References to times of day (i.e. a.m. or p.m.) are to Mumbai (India) times and references to a day are to a calendar day including non Business Day.

## E DUE DILIGENCE CERTIFICATE

It is confirmed that :

- i. The draft Scheme Information Document forwarded to SEBI is in accordance with the SEBI (Mutual Funds) Regulations 1996, and the guidelines, and directives issued by SEBI from time to time.
- ii. All legal requirements connected with the launching of the Schemes as also the guidelines, instructions, etc., issued by the Government and any other competent authority in this behalf, have been duly complied with.
- iii. The disclosures made in the Scheme Information Document are true, fair and adequate to enable the investors to make a well-informed decision regarding investment in the proposed Schemes.
- iv. The intermediaries named in the Scheme Information Document and Statement of Additional Information are registered with SEBI and till date such registration is valid as on date.

Sd/-

Name : Rajan Krishnan  
Designation : Chief Executive Officer  
Place : Mumbai

## II. INFORMATION ABOUT THE SCHEME

### A. Type of Scheme :

Baroda Pioneer Short Term Bond Fund is an Open Ended Income Scheme.

### B. Investment Objective of the Scheme:

The investment objective of the Scheme is to generate income from a portfolio constituted of short term debt and money market securities.

There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns

### C. Asset Allocation & Risk Profile:

The normal investment Pattern would be as under:

Instruments	Indicative Allocations % of Total Assets	Risk Profile
Debt instruments with residual maturity of 1 - 3 years	60-100	Low to Medium
Debt & Money market instruments with residual maturity of less than 1 year	0-40	Low

The Scheme may invest in securitized debt upto 25% of its net assets.

No investment will be made in foreign securitised debt. The Scheme will invest in debt derivative upto 50% of the net assets of the Scheme.

In addition to the instruments stated in the above table, the Scheme may enter into repos/reverse repos as may be permitted by RBI. A part of the net assets may be invested in the Collateralized Borrowing & Lending Obligations (CBLO) or repo or in an alternative investment as may be provided by RBI to meet the liquidity requirements.

Pending deployment of the funds in securities as per the investment objectives of the Scheme, the Fund may park the funds of the Scheme in short term deposits of Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007 and as may be amended from time to time.

The exposure/investments of the scheme in debt and money market instruments + notional exposure of derivatives shall not be more than 100% of the net assets of the scheme.

The asset allocation shown above is indicative and may be altered depending upon market conditions.

The Scheme may purchase securities either in the primary market or those traded in the secondary markets. On occasions, if deemed appropriate, the scheme may invest in securities sold directly by the issuer, or acquired in a negotiated transaction or issued by way of private placement. The moneys collected under the scheme shall be invested only in transferable securities.

Any change in the asset allocation affecting the investment profile of the scheme shall be effected only in accordance with the provisions of regulations 18-15A of SEBI (Mutual Funds) Regulations, 1996.

### Change in Investment Pattern & Rebalancing of Portfolio

Subject to the Regulations, the asset allocation pattern 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 and that they can vary substantially depending upon the perception of the Investment Manager, the intention being at all times to seek to protect the interests of the Unit holders. Such changes in the investment pattern will be for short term and defensive considerations. The asset allocation pattern may be modified in the interest of investors and to protect the NAV of the Scheme, however, the same will be reviewed by the trustee on a quarterly basis and will be rebalanced to its normal position within one month. If in any case it's not rebalanced to its normal asset allocation pattern, the same will be placed with the Investment committee of the AMC with justification and the same will be reported to the Board of Trustees and the reasons will be recorded, but at all points of time the portfolio will be in line with the investment objective of the Scheme.

Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be effected only in accordance with the provisions of sub regulation (15A) of Regulation 18 of the Regulations,

### D. TYPE OF INSTRUMENTS IN WHICH THE SCHEME WILL INVEST

The funds available under the Scheme will primarily be invested in the following debt & Money Market securities.

1. 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).
2. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and treasury bills).
3. Debt obligations of domestic Government agencies and statutory bodies, which may or may not carry a Central/ State Government guarantee.
4. Corporate debt (of both public and private sector undertakings).
5. Non Convertible debenture ( of both public and private sector undertakings).

6. Obligations/ Term Deposits of banks (both public and private sector) and development financial institutions.
7. Money market instruments permitted by SEBI/RBI, having maturities of up to one year or in alternative investment for the call money market as may be provided by the RBI to meet the liquidity requirements.
8. Certificate of Deposits (CDs).
9. Commercial Paper (CPs).
10. Securitised Debt.
11. The non-convertible part of convertible securities.
12. Any other domestic fixed income securities as permitted by SEBI / RBI from time to time.
13. Derivative instruments like Interest Rate Swaps, Forward Rate Agreements and such other derivative instruments permitted by SEBI/RBI.

The securities/debt instruments mentioned above could be listed or unlisted, secured or unsecured, rated or unrated and of varying maturity. The securities may be acquired through Initial Public Offerings (IPOs), secondary market operations, private placement, rights offers or negotiated deals.

Apart from these, there are some other options available for short term investment that include MIBOR linked debentures with periodic exit options and other such instruments. Though not strictly classified as Money Market instruments, PSU/ DFI/Corporate paper with a residual maturity of < 1 year, are actively traded and offer a viable investment option.

The above list is illustrative and not the exhaustive and may include other fixed income / debt securities as may be available / introduced in the market.

## E. INVESTMENT STRATEGIES

The objective of the Scheme is to generate income from a portfolio constituted of short term debt and money market securities. The Scheme shall predominantly invest in debt & money market instruments with a residual maturity of less than 3 years and the average maturity of the instruments in the Scheme will be between one and three years. The fund manager will adopt an active management style to optimize returns.

The key factors of the investment strategy of the Scheme will be :

1. Identifying attractive opportunities on the basis of Government policies, economic development, monetary policy, research report and overall economic conditions and development.
2. Issuer/company selection for investment exposure would be based on financial parameters such as fundamentals of business, quality of management, turnover, financial

strength of the company and the key earnings drivers, net worth, Interest coverage ratio, profitability track record and the liquidity of the securities/instruments.

3. Issuers/Companies, which meet the initial selection norms, will then be evaluated on financial norms for consideration for investments. The Scheme would make investments based on the spread and liquidity, such that the average maturity of the instruments in the Scheme is between one and three years.
4. The Scheme will emphasise on well managed companies, with above average growth prospects whose securities can be purchased at a good yield and whose debt securities will be mainly in securities listed as investments grade by a recognised authority like The Credit Rating and Information Services of India Limited (CRISIL), ICRA Limited (formerly, Investment Information and Credit Rating Agency of India Limited), Credit Analysis and Research Limited (CARE) etc.
5. Investment in sovereign papers would be based on the interest rate expectations arising out of macroeconomic analysis. This includes analysis of inflation data, and trends in macro variables such as credit growth, liquidity, money supply, fiscal numbers and the global interest environments.
6. The Scheme has the flexibility to invest in various debt instruments of residual maturity less than 3 years and would seek to minimize credit and liquidity risk. The portfolio will be sufficiently diversified by investing in number of issuers/companies without any restriction of market capitalization across the industries so as to reduce the risk of a concentrated portfolio.

There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

### Portfolio Turnover Policy

The Scheme is an open ended Scheme. It is expected that there would 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. Nonetheless, the AMC will take advantage of opportunities that present themselves from time to time in the securities market. The fund manager will endeavor to make the portfolio turnover ratio as minimum as possible.

### **DEBT AND MONEY MARKET IN INDIA**

**Debt Market:** The debt market is active since the mid 1990s as prior to it was a captive market-SLR requirement by Banks. This market was predominantly gilt oriented, until corporate papers became a part of it since late 1990s. The money market in India consists of the following instruments;

treasury bills, commercial papers, certificates of deposits, short Non-Convertible Debentures-fixed and floaters and term lending instruments. The debt market consists of gilts, corporate debt papers and other approved securities (government guaranteed papers). The nature of instruments is in the form of plain vanilla bonds, floaters, zero coupon bonds-deep discounted bonds, securitized papers and structured debt papers. The Wholesale Debt Market segment is available both at National Stock Exchange (NSE) and The Stock Exchange, Mumbai (BSE). The players in Indian debt market are commercial banks, mutual funds, financial institutions, insurance companies and others. The retail secondary debt market is absent in India. The Reserve Bank of India has recently introduced an Online Market (OM) dealing platform for gilts. This is at present available to all participants who have a direct SGL with RBI. At present, the average daily turnover on NSE WDM is around Rs.2000 crore and further Rs.4000 crore in OM. The corporate debt market is a telephone market with the listed securities alone getting reported to NSE after the deal. The derivative market is Over the Country and is dominated by the Interest Rate Swaps. The likely yields of various instruments mentioned above, and the factors affecting prices of such securities are given hereunder:

The 2-3 years and five year AAA PSU bonds offer yields of around 7% and 7.5% respectively. The ten year Government securities offer yields of around 7.5%. The securitized instruments offer yields which are 50-100 basis points higher than the comparable normal debt instruments.

Presently, the following is the yield matrix of various instruments as on 26/05/2010.

Instrument	Yields	Liquidity
Central / State Government Securities	5% - 8.5%	Very High
PSU Bonds / Corporates debenture	6% - 9%	Medium - High
Securitized Debt	6.5% - 10%	Low - Medium
Commercial Papers / Certificate of Deposits	4.5% - 7%	Medium - High
Call / Notice Money	4% - 4.5%	Very High

The interest rate market conditions are influenced by the Liquidity in the system, Credit growth, GDP growth, Inflows into the Country, Currency movement in the Forex market, demand and supply of issues and change in investors' preference. Generally when there is a rise in interest rates the price of securities fall and vice versa. The extent of change in price shall depend on the rating, tenor to maturity, coupon and the extent of fall or rise in interest rates. The Government securities carry zero credit risk, but they carry interest rate risk like any other Fixed Income Securities. Securities which are not quoted in Stock exchanges carry higher risk than the ones which are listed on the Stock Exchanges. While the

securities which are listed on the Stock Exchanges carry less liquidity risk the ability to liquidate them depends on the secondary debt market volumes. Similarly money market instruments which are fairly liquid are not listed in exchanges due to its short tenor which may lead to losses when sold before its maturity date. The impact cost of offloading the various asset classes differ depending on market conditions and may impair the value of the securities to that extent. Further, investments in securitized instruments or structured obligation papers carry a higher illiquidity risk. They also carry limited recourse to the originator, delinquency risk out of the defaults on the receivables and prepayment risk which affects the yields on the instruments.

#### Money Market:

The Money markets in India essentially consist of the call money market ( i.e market for overnight and term money between banks and institutions), repo transactions (temporary sale with an agreement to buy back the securities at a future date at a specifies price), Commercial Papers, Certificate of Deposits (CDs, issued by the Banks) and Treasury Bills issued by RBI.

In a money market, activity level of the government and non-government debt vary from time to time. Instruments that comprise a major portion of money market activity include but not limited to:

- Overnight Rates
- Collateralized Borrowing & Lending Obligations (CBLO),
- Repo / Reverse Repo Agreement
- Treasury Bills
- Government Securities with a residual maturity of <1 year.
- Commercial Paper
- Certificate of Deposits

Apart from these, there are some other options available for short term investments like MIBOR linked Debentures with periodic exit options and other such instruments.

The following table gives the approximately yields prevailing at week ended 26/05/2010 on some of the instruments.

Instruments	Yield Range (% per annum)
CBLO	3.8 - 4
REPO	3.9 - 4.2
364 days T- Bill	5.1 - 5.25
91 days T- Bill	4.8 - 5.05

## STRATEGIES INVOLVING DERIVATIVES

### Trading in Derivatives

Subject to the Regulations, the Scheme may use techniques and instruments such as trading in derivative instruments to hedge the risk of fluctuations in the value of the investment portfolio. The Scheme shall enter into derivative transactions for the purpose of hedging and portfolio balancing. In accordance with the guidelines issued by the SEBI. Exposure to derivative instruments will be restricted to 50% of the assets of the Scheme.

A derivative is an instrument whose value is derived from the value of one or more of the underlying assets which can be commodities, precious metals, bonds, currency, etc. Common examples of Derivative instruments are Interest Rate Swaps, Forward Rate Agreements, Futures, Options, etc.

The Scheme may use derivative instruments like Interest Rate Swaps, Forward Rate Agreements or such other derivative instruments as may be introduced from time to time and as may be permitted under the Regulations.

**Interest Rate Swaps:** An Interest Rate Swap is an agreement whereby two parties agree to exchange periodic interest payments. The amount of interest payments exchanged is based on some predetermined principal, called notional principal amount. The only amount that is exchanged between the parties is the interest payment, not the notional principal amount.

#### Example: Use of IRS

Let us assume that the funds of the scheme are reasonably invested, and the view of the fund manager is that interest rates are expected to move up due to certain negative events which have occurred. In such cases, the Scheme can enter into a paid position (IRS) where the Scheme will pay a fixed rate for a specified maturity and receive a floating rate of interest. This is illustrated below :

#### Example A: Use of IRS

Let us assume that the Scheme has 10% of its portfolio in cash. The fund manager is of the view that the interest rate scenario is bearish and call rates are likely to spurt over the next three months. The fund manager would therefore prefer to pay fixed rate of return on his cash, which he is lending in the overnight call market. In other words, he would like to move to a 91 days floating interest rate from overnight fixed rate.

1. Say Notional Amount : Rs. 2 crores
2. Benchmark : NSE MIBOR
3. Tenor : 91 Days
4. Fixed Rate : 9.90%

5. At the end of 91 days;
6. The Scheme pays : fixed rates for 91 days is 9.90%
7. The Scheme receives : compounded call rate at 10.25% for 91 days.

In practice, however the difference between the two amounts is settled. Here the Scheme receives Rs. 2,00,00,000 x 0.35% x 91 / 365 = 17,452. The players in IRS are scheduled commercial banks, primary dealers, corporate, mutual funds and All India Financial Institutions.

Again, let us assume that in the fund manager's view, interest rates are expected to move down due to certain positive events which have occurred. In such cases the Scheme can enter into a received position (IRS) where the Scheme will receive a fixed rate for a specified maturity and pay the floating rate of interest. This is illustrated below :

#### Example B: Use of IRS

Let us assume that the Scheme has 10% of its portfolio in cash. The fund manager's view is that the interest rate scenario is soft and call rates are unlikely to spurt over the next three months. The fund manager would therefore prefer to receive a higher rate of return on his cash, which he is lending in the overnight call market. In other words, he would like to move to a 91 days fixed interest rate from overnight floating rate.

1. Say Notional Amount : Rs. 2 crores
2. Benchmark : NSE MIBOR
3. Tenor : 91 Days
4. Fixed Rate : 10.25%
5. At the end of 91 days;
6. The Scheme pays : compounded call rate for 91 days at 9.90%
7. The Scheme receives : Fixed rate at 10.25% for 91 days.

In practice, however the difference between the two amounts is settled. Here the Scheme receives Rs. 2,00,00,000 x 0.35% x 91 / 365 = 17,452. The players in IRS are scheduled commercial banks, primary dealers, corporate, mutual funds and All India Financial Institutions.

**Risk Factor:** The risks arising out of the uses, of the above derivative strategy are as under :

- Lack of opportunities available in the market.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

#### Forward Rate Agreements (FRA):

This is an agreement between two counterparties to pay or to receive the difference between an agreed fixed rate (the FRA

rate) and the interest rate prevailing on a stipulated future date based on the notional amount, for an agreed period. The interest rate benchmarks that are commonly used for floating rate in interest rate swaps are those on various Money Market Instruments. In Indian markets, the benchmark most commonly used is MIBOR.

In view of the fund manager interest rates are expected to move up due to certain negative events which are expected to occur at a specified future date. In such cases the Scheme can enter into a paid position (FRA) at a specified date in the future where the Scheme will pay a fixed rate for a specified maturity and receive the floating rate of interest at a specified future date. This is illustrated below.

#### Example 1: Use of FRA

The fund Manager believes in 3 months time the interest rates will be higher and decides to enter into an FRA agreement 3x9 to protect the portfolio return. Say the manager wants to hedge 10% of the portfolio which is for the notional amount of Rs 2 crore where the bank agrees to pay 6% fixed, in case the 6 month OIS rate is greater than 6% the bank will pay the difference to the portfolio manager 3 months hence for 6 months. Say 3 months hence the OIS rate for six months is 6.50%.

This like IRS is cash settled and the bank at the end of three months will pay the portfolio manager the following  $(6.50-6.00) \times 181 \times 200,000,00 / (365 \times 100 + 6.50 \times 181) = \text{Rs } 48040.55$  for six months.

The Plans of the fund are in cash, and the view of the fund manager is interest rates are expected to move down due to certain positive events which are expected to occur at a specified future date. In such cases the plans can enter into a received position (FRA) at a specified date in the future where the plans will receive a fixed rate for a specified maturity and pay the floating rate of interest at a specified future date. This is illustrated below.

#### Example 2: Use of FRA

The fund Manager believes in 3 months time the interest rates will be lower and decides to enter into an FRA agreement 3x9 to protect the portfolio return. Say the manager wants to hedge 10% of the portfolio which is for the notional amount of Rs 2 crore where the bank agrees to pay 6% fixed, in case the 6 month OIS rate is less than 6% the bank will pay the difference to the portfolio manager 3 months hence for 6 months. Say 3 months hence the OIS rate for six months is 5.50%.

This like IRS is cash settled and the bank at the end of three months will pay the portfolio manager the following  $(6.00-5.50) \times 181 \times 200,000,00 / (365 \times 100 + 5.50 \times 181) = \text{Rs } 48272.76$  for six months.

**Risk Factor:** The risks arising out the use of the above derivative strategy are as under :

- Lack of opportunities available in the market.
- The risk of mispricing or improper valuation and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.
- Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indices.

#### INVESTMENTS OF AMC IN THE SCHEME

The AMC may invest in the Scheme, either in the New Fund Offer or during the continuous offer, such amount, as they deem appropriate. But the AMC shall not be entitled to charge any management fees on its investments in the Scheme. Investments by the AMC will be in accordance with Regulation 24(3) of the Regulations, which states : "The asset management company shall not invest in any of its schemes unless full disclosure of its intention to invest has been made in the Scheme Information Document (SID), provided that the asset management company shall not be entitled to charge any fees on its investment in the scheme."

#### How is Baroda Pioneer Short Term Bond Fund different from the existing debt schemes offered by Baroda Pioneer Mutual Fund?

Baroda Pioneer Short Term Bond Fund will endeavor to predominantly invest in debt instruments with a residual maturity of 1 - 3 years and the average maturity of the portfolio of the scheme will be between **one and three** years, which is different from the existing income schemes, viz. Baroda Pioneer Income Fund, Baroda Pioneer Monthly Income Plan (MIP) Fund, Baroda Pioneer Treasury Advantage Fund and Baroda Pioneer Public Sector Undertaking (PSU) Bond Fund.

Baroda Pioneer Income Fund is free to invest in any debt instrument without restriction of maturity period. Baroda Pioneer Monthly Income Plan (MIP) Fund invests to 0-100% in debt and money market instruments and upto 20% in equity & equity related instruments. Baroda Pioneer Treasury Advantage Fund is an income scheme which predominantly invests (65-100%) in debt and money market instruments of less than one year maturity. Baroda Pioneer Public Sector Undertaking (PSU) Bond Fund predominantly invests in fixed income instruments of Public Sector Undertakings (PSU) - banks, financial institutions and companies.

Baroda Pioneer Short Term Bond Fund will endeavor to predominantly invest in debt instruments with a residual maturity of 1 - 3 years. The Scheme will endeavour to offer investors a portfolio comprising fixed income securities of a short term maturity period, which is different from the portfolio of the existing debt schemes offered by Baroda Pioneer Mutual Fund. The average maturity of the portfolio of Baroda Pioneer Short Term Bond Fund will be between **one and three** years.

Name of Schemes	Baroda Pioneer Income Fund	Baroda Pioneer Monthly Income Plan (MIP) Fund	Baroda Pioneer Treasury Advantage Fund	Baroda Pioneer Public Sector Undertaking (PSU) Bond Fund	Baroda Pioneer Short Term Bond Fund
Investment Objectives	To generate regular income by investing in a portfolio of good quality Fixed Income Securities by maintaining a balance between Risk & Return	To generate regular income through investment in debt and money market instruments and also to generate long-term capital appreciation by investing a portion in equity and equity related instruments.	The main objective of the scheme is to provide optimal returns and liquidity through a portfolio comprising of debt securities and money market instrument.	The investment objective of the PSU Scheme is to generate stable returns with lower risk by investing in Fixed Income instruments of Public Sector Undertakings (PSUs) - banks, financial institutions & companies.	The investment objective of the Fund is to generate income from a portfolio constituted of short term debt and money market securities.

Name of Scheme	Types of Instruments	Normal Allocation (% of Net Assets)
Baroda Pioneer Income Fund	Debt Instruments	80-100
	Money Market Instruments	0-20
	Securitized Debt	0-15
Baroda Pioneer Monthly Income Plan (MIP) Fund	Equity & Equity Related Instruments	0-20
	Money Market Instruments, Debt Securities & Securitized Debt	0-100
	Securitized Debt	0-20
Baroda Pioneer Treasury Advantage Fund	Money Markets instruments/ Debt Instruments with average maturity of not greater than 1 year	65-100
	Debt Instruments with average maturity more than 1 year	0-35
Baroda Pioneer Public Sector Undertaking (PSU) Bond Fund	Debt & Debt Related Instruments with daily call/put option of Public Sector Undertakings/Public Financial Institutions & Money Market Instruments issued by Public Sector Undertakings / Public Financial Institutions	65-100%
	Treasury Bills / Government securities created and issued by the Central Government and/ or State Government (s) and /or other similar instruments, as may be permitted from time to time, Repo and CBLO	0-35%
Baroda Pioneer Short Term Bond Fund	Debt instruments with residual maturity of 1-3 years	60-100
	Debt and Money market instruments of residual/ maturity of less than one year	0-40

Name of Scheme	Baroda Pioneer Income Fund	Baroda Pioneer Monthly Income Plan (MIP) Fund	Baroda Pioneer Treasury Advantage Fund	Baroda Pioneer Public Sector Undertaking (PSU) Bond Fund
Asset under management as on 26.05.2010 (Rs. In crore)	0.14	3.24	4160.92	220.46
No of folios	86	77	147	755

## F. Fundamental Attributes

Following are the Fundamental Attribute of the Schemes, in terms of Regulation 18(15A) of the Regulations.

### (i) Type of Scheme

An Open Ended Income Scheme

### (ii) Investment Objective

The objective of the Scheme is to generate income from a portfolio constituted of short term debt and money market securities.

There is no assurance that the objective of the Scheme will be realised and the Scheme does not assure or guarantee any returns.

### (iii) Asset Allocation & Risk Profile:

The normal investment Pattern would be as under :

Instruments	% of Total Assets	Risk Profile
Debt instruments with residual maturity of 1 - 3 years	60-100	Low to Medium
Debt & Money market instruments of residual maturity less than 1 year	0-40	Low

The Scheme may invest in securitized debt upto 25% of its net assets.

No investment will be made in foreign securitised debt. The Scheme will invest in debt derivatives upto 50% of the net assets of the Scheme.

In addition to the instruments stated in the above table, the Scheme may enter into repos/reverse repos as may be permitted by RBI. A part of the net assets may be invested CBLO or repo or in an alternative investment as may be provided by RBI to meet liquidity requirements.

Pending deployment of the funds in securities as per the investment objectives of the Scheme, the Fund may park the funds of the Scheme in short term deposits of Scheduled Commercial Banks, subject to the guidelines issued by SEBI vide its circular dated April 16, 2007, as may be amended from time to time.

The exposure/investments of the Scheme in debt and money market instruments + notional exposure of derivatives shall not be more than 100% of the net assets of the Scheme.

The asset allocation shown above is indicative and may be altered depending upon market conditions.

The Scheme may purchase securities either in the primary market or those traded in the secondary markets. On occasions, if deemed appropriate, the Scheme may invest in securities sold directly by the issuer, or acquired in a negotiated transaction or issued

by way of private placement. The moneys collected under the scheme shall be invested only in transferable securities.

Any change in the asset allocation affecting the investment profile of the scheme shall be effected only in accordance with the provisions of Regulation 18(15A) of the Regulations.

### (iv) Terms of Issue

**Terms of Issue :** Provisions in respect of redemption of units, fees and expenses as indicated in this Scheme Information document.

**Liquidity:** The Scheme would provide repurchase facility to investors on an ongoing basis on all Business Days.

**Aggregate fee and expenses:** Would be restricted to the ceilings of recurring expenses stated in Regulation 52(6) of the Regulations. The fees and expenses proposed to be charged by the Scheme is detailed in the Section, Fees and Expenses.

In accordance with Regulation 18(15A) of the Regulations, the Trustees shall ensure that no change in the fundamental attributes of the Scheme and the Options thereunder or the trust or fee and expenses payable or any other change which would modify the Scheme(s) and the Plan(s) / Option(s) thereunder and affect the interests of Unitholders is carried out unless :

- A written communication about the proposed change is sent to each Unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the Mutual Fund is situated; and
- The Unitholders are given an option for a period of 30 days to exit at the prevailing Net Asset Value without any exit load.

## G. SCHEME BENCHMARK

CRISIL Short Term Bond Fund Index is the benchmark for the Scheme.

The Benchmark index for the Scheme will be CRISIL Short Term Bond Fund Index. CRISIL Short Term Bond Fund Index is an index that tracks the performance of a portfolio that mainly includes call instruments, commercial paper, Government Securities. The Scheme will predominantly invest in debt instruments (call instruments, commercial paper, Government Securities) with residual maturity of 1-3 years, which are mainly captured by CRISIL Short Term Bond Fund Index.

The Trustee reserves the right to change the benchmark for evaluation of performance of the Scheme from time to time in conformity with the investment objective and appropriateness of the benchmark, subject to the Regulations, and other prevailing guidelines, if any.

## H. Fund Managers of the Scheme

Name of the Fund Manager	Educational Qualification	Experience
<b>Mr. Alok Sahoo</b> <b>Age 34 yrs</b> <b>Head- Fixed Income</b>	BE, MBA (Finance, Xavier Institute of Management, Bhubaneswar	Mr. Alok Sahoo is a management graduate in Finance from XIM, Bhubaneswar, with a BE degree from NIT, Rourkela. He has been working in the investment area in asset management for 9 years. Prior to Baroda Pioneer Mutual Fund, he was fixed income fund manager at UTI Mutual Fund and HSBC Mutual Fund. He was also the Fund Manager for the Employee Provident Fund at HSBC Asset Management. He has experience in the credit research of companies as well. Presently Mr. Alok manages Baroda Pioneer Liquid Fund, Baroda Pioneer Public Sector Undertaking (PSU) Bond Fund and Baroda Pioneer Treasury Advantage Fund, along with Ms. Hetal Shah.
<b>Ms. Hetal Shah</b> <b>Age 29 years</b> <b>Fund Manager- Fixed Income</b>	B.Com, MBA, and JAIIB	Ms. Hetal Shah is a B.Com, MBA, and JAIIB having 9 years of experience in Treasury and Fund Management. Before joining Baroda Pioneer Asset Management Co. Ltd. She was working in the Treasury Department of Bank of India since May 1999. Ms. Shah is presently the fund manager of Baroda Pioneer Liquid Fund, Baroda Pioneer Treasury Advantage Fund, Baroda Pioneer Income Fund, Baroda Pioneer Public Sector Undertaking (PSU) Bond Fund, Baroda Pioneer Monthly Income Plan (MIP) Fund and Baroda Pioneer GILT Fund.

## I. Restrictions on Investments [as per seventh schedule of SEBI (Mutual Funds) Regulations 1996]

Pursuant to the Regulations and amendments thereto, the following investment restrictions are presently applicable to the Scheme:

- 1) A mutual fund schemes shall not invest more than 15% of its NAV in debt instruments issued by a single issuer which are rated not below investment grade by a credit rating agency authorised to carry out such activity under the SEBI Act. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the Board of Trustees and the Board of Asset Management Company. Provided that, such limit shall not be applicable for investments in Government securities and money market instruments. Provided further that investment within such limit can be made in mortgage backed securitised debt, which are rated not below investment grade by a credit rating agency registered with SEBI.

As per SEBI Circular no. SEBI/IMD/CIR No.6/63715/06, with respect to investment in securitized debt (mortgage backed securities / asset backed securities) restrictions at the originator level will not be applicable.

- 2) A mutual fund scheme shall not invest more than 10% of its NAV in unrated debt instruments issued by a single issuer and the total investment in such instruments shall not exceed 25% of the NAV of the scheme. All such investments shall be made by an internal committee constituted by AMC to approve the investment in unrated debt securities in terms of the parameters approved by the Board of Trustees and the Board of Asset Management Company.

Debentures, irrespective of any residual maturity period (above or below one year), shall attract the investment restrictions as applicable for debt instruments as specified under Clause 1 & 2 above.

- 3) Transfer of investments from one scheme to another scheme in the same Mutual Fund is permitted provided:
  - a. Such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a Stock Exchange for spot transactions); and
  - b. The securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.
- 4) The Schemes may invest in other schemes under the same AMC or any other Mutual Fund without charging any fees, provided the aggregate inter-scheme investment made by all the schemes under the same management or in schemes under management of any other asset management company shall not exceed 5% of the Net Asset Value of the Fund.
- 5) The Fund shall get the securities purchased or transferred in the name of the Fund on account of the concerned scheme, wherever investments are intended to be of a long-term nature.
- 6) The Fund may buy and sell securities on the basis of deliveries and shall in all cases of purchases, take delivery of relative securities and in all cases of sale, deliver the securities.
- 7) No loans for any purpose can be advanced by the Scheme.

- 8) No mutual fund scheme shall make any investments in;
    - a) any unlisted security of an associate or group company of the sponsor; or
    - b) any security issued by way of private placement by an associate or group company of the Sponsor; or
    - c) the listed securities of group companies of the Sponsor which is in excess of 25% of its net assets.
  - 9) The Fund shall not borrow except to meet temporary liquidity needs of the Fund for the purpose of repurchase/redemption of units or payment of interest and dividend to the Unitholders. Such borrowings shall not exceed more than 20% of the net assets of the individual scheme and the duration of the borrowing shall not exceed a period of 6 months.
  - 10) In accordance with SEBI Circular no SEBI/IMD/CIR No. 1/91171/07 dated 16th April 2007 and SEBI/IMD/CIR No. 7 / 129592 dated June 23, 2008, following guidelines shall be followed for parking of funds in short term deposits of Scheduled commercial Banks pending deployment
    - a. "Short Term" for such parking of funds by mutual funds shall be treated as a period not exceeding 91 days.
    - b. Such short-term deposits shall be held in the name of the concerned scheme.
    - c. No mutual fund scheme shall park more than 15% of the net assets in Short term deposit(s) of all the scheduled commercial banks put together. However, it may be raised to 20% with prior approval of the trustees. Also, 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.
    - d. No mutual fund scheme shall park more than 10% of the net assets in short term deposit(s), with any one scheduled commercial bank including its subsidiaries.
    - e. Trustees shall ensure that no funds of a scheme may be parked in short-term deposit of a bank, which has invested in that scheme.
    - f. The AMC shall not be permitted to charge any investment management and advisory fees for parking of funds in short term deposits of scheduled commercial banks in case of liquid and debt oriented schemes.
  - g. All funds parked in short-term deposit(s) shall be disclosed in half yearly portfolio statements under a separate heading. Details such as name of the bank, amount of funds parked, percentage of NAV may be disclosed.
  - h. Trustees shall certify in the half-yearly reports that the provision of the Regulation pertaining to parking of funds in short term deposits - pending deployment is being complied with at all points of time. Further the AMC shall also certify the same in its bi-monthly compliance test report
  - 11) Mutual Funds having an aggregate of securities which are worth Rs.10 crores or more, as on the latest balance sheet, date shall subject to such instructions as may be issued from time to time by SEBI, settle their transactions entered on or after January 15, 1998 only through dematerialised securities. Further all transactions in Government securities shall be in dematerialised form.
  - 12) The scheme shall not make any investment in any Fund of Funds scheme.
  - 13) No mutual fund scheme shall invest more than 30% of its net assets in money market instruments of an issuer. Provided that such limit shall not be applicable for investments in Government securities, treasury bills and CBLO.
- Investment by the Fund and the Asset Management Company**
- According to the Clause 4 of Schedule 7 read with Regulation 44(1), of the Regulations, the Scheme may invest in another scheme/plan/fund under the management of BPAMC or any other mutual fund without charging any fees. The aggregate inter-scheme investments made by all schemes/plans/funds under the same management or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of the mutual fund.
- BPAMC may invest in the Scheme, either in the initial issue or on an ongoing basis, such amount, as they deem appropriate. The AMC shall not be entitled to charge any management fees on its investments in the Scheme. Investments by the AMC will be in accordance with Regulation 24(3) of the Regulations.
- J. Performance of the Scheme**
- This scheme is a new scheme and does not have any performance track record.

### III. UNIT AND OFFER

#### A. New Fund Offer

<p><b>New Fund Offer Period</b> This is the period during which a new scheme sell its units to the investors</p>	<p>NFO Opens on : 14 June, 2010 NFO Closes on : 24 June, 2010</p> <p><b>Extension or Termination of NFO Period</b> The Trustee reserves the right to extend the NFO period, subject to the condition that the subscription list shall not be kept open for more than 30 (thirty) days.</p>
<p><b>New Fund Offer Price:</b> This is the price per unit that the investors have to pay to invest during the NFO.</p>	<p>The corpus of the Scheme will be divided into Units having an initial value of Rs. 10/-. The Units can be purchased at this price during the NFO period of the Scheme.</p>
<p><b>Minimum amount for application in the NFO</b></p>	<p>Rs. 5,000/- and in multiples of Re.1/- thereafter</p>
<p><b>Minimum Target amount</b> This is the minimum amount required to operate the scheme and if this is not collected during the NFO period, then all the investors would be refunded the amount invested without any return. However, if AMC fails to refund the amount within 6 weeks, interest as specified by SEBI (currently 15% p.a.) will be paid to the investors from the expiry of six weeks from the date of closure of the subscription period.</p>	<p>The Fund seeks to collect a minimum subscription amount of Rs. Ten lakh in the Scheme during the NFO Period and in the event of failure to raise this amount during the NFO Period, the amount collected under the Scheme will be refunded to the applicants.</p>
<p><b>Maximum Amount to be raised (if any)</b> This is the maximum amount which can be collected during the NFO period, as decided by the AMC.</p>	<p>There is no upper limit on the amount which can be collected during the NFO period.</p>
<p><b>Plans / Options offered</b></p>	<p>The Scheme will have no plans. The Scheme will have two options</p> <p><b>Growth Option</b> - This option is for investors who seek capital appreciation by way of growth in NAV. The Fund will not declare any dividends under this Option and the income earned by the Scheme will remain invested in the Scheme, and reflected in its NAV.</p> <p><b>Dividend Option</b> - This Option is for investors who seek income through dividends declared by the Scheme. An investor on record for the purpose of dividend distributions is an investor who is a Unit Holder as per the books of the Registrar on the Record Date. Dividend distribution and frequency are at the discretion of the Trustees, subject to the availability and adequacy of distributable surplus.</p> <p>Under the Dividend Option, there will be two sub-options, namely, Dividend Payout and Dividend Reinvest.</p> <p>If the investor does not clearly specify the choice of Option at the time of investing, it will be considered as Growth Option. In case the investor has opted for Dividend Option but not ticked on payout or reinvestment, reinvestment will be considered.</p>
<p><b>Dividend Policy</b></p>	<p>The Trustee reserves the right to declare dividends under the Dividend Option of the Scheme depending on the net distributable surplus available under the Scheme.</p> <p>The procedure and manner of payment of dividend shall be in line with SEBI circular / guidelines no. SEBI / IMD / CIR No. 1 / 64057 / 06 dated April 04, 2006 and SEBI / IMD / CIR No. 3 / 65370 / 06 dated April 21, 2006 as amended from time to time.</p>

	<p>If the Dividend under Payout Option is less than or equal to Rs. 500, it will, by default, be reinvested under the Reinvestment Facility. Only dividend warrants of over &amp; above Rs 500 will be dispatched.</p>
<p>Allotment</p>	<p>Allotment will be made to all applicants in the New Fund Offer provided the applications are complete in all respects and are in order. The allotment will be completed within 30 days after the closure of the NFO. Application for issue of Units need not be binding on the Fund and may be rejected on account of failure to fulfill the requirements as specified in the application form.</p> <p>Investors will be issued a Unit Statement of Account in lieu of Unit Certificates. Dispatch of Unit statements of account will be made as soon as possible. If an investor specifically requests the Registrars in writing for the issue of a Unit Certificate, the Unit Certificates shall be sent to the investor within 6 weeks of receipt of request as stipulated under SEBI Regulation 36.</p>
<p>Refund</p>	<p>In the event of failure to collect the minimum subscription amount of Rs. 10 lakh in the Scheme, the Fund will be liable to refund the subscription amount to applicants. Also, refund of subscription money to applicants whose applications are invalid for any reason whatsoever, will start immediately after the allotment process is completed.</p> <p>The Fund will complete all refunds within six weeks of closure of the NFO Period. If the Fund refunds the amount after six weeks, interest as specified by SEBI (currently 15% per annum) will be paid by the AMC. Refund orders will be marked "A/c. Payee only" and drawn in the name of the applicant in the case of a sole applicant and in the name of the first applicant in all other cases. All refund cheques will be mailed by registered post or as per the applicable rules. <b>As per the directives issued by SEBI, it is mandatory for Applicants to mention their bank account numbers in their applications for purchase of Units.</b></p>
<p>Who can invest</p> <p>This is an indicative list. Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing such entity and any Indian law from investing in the Scheme and are authorized to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorizations and relevant statutory provisions.</p>	<p>Prospective investors are advised to satisfy themselves that they are not prohibited by any law governing them and any Indian law from investing in the Scheme and are authorized to purchase units of mutual funds as per their respective constitutions, charter documents, corporate / other authorisations and relevant statutory provisions. The following is an indicative list of persons who are generally eligible and may apply for subscription to the Units of the Scheme :</p> <ul style="list-style-type: none"> <li>• Indian resident adult individuals, either singly or jointly (not exceeding three);</li> <li>• Minor through parent / lawful guardian; (please see the note below)</li> <li>• Companies, bodies corporate, public sector undertakings, association of persons or bodies of individuals and societies registered under the Societies Registration Act, 1860;</li> <li>• Religious and Charitable Trusts, Wakfs or endowments of private trusts (subject to receipt of necessary approvals as required) and Private Trusts authorised to invest in mutual fund schemes under their trust deeds;</li> <li>• Partnership Firms constituted under the Partnership Act, 1932;</li> </ul>

- A Hindu Undivided Family (HUF) through its Karta;
- Banks (including Co-operative Banks and Regional Rural Banks) and Financial Institutions;
- Non-Resident Indians (NRIs) / Persons of Indian Origin (PIO) on full repatriation basis or on non-repatriation basis;
- Foreign Institutional Investors (FIIs) registered with SEBI on full repatriation basis;
- Army, Air Force, Navy and other para-military funds and eligible institutions;
- Scientific and Industrial Research Organisations;
- Provident / Pension / Gratuity and such other Funds as and when permitted to invest;
- International Multilateral Agencies approved by the Government of India / RBI; and
- The Trustee, AMC or Sponsor or their associates (if eligible and permitted under prevailing laws).
- A Mutual Fund through its schemes, including Fund of Funds schemes.

Note: Minor can invest in any scheme of Baroda Pioneer Mutual Fund through his/her guardian only. Minor Unit Holder on becoming major may inform the Registrar about attaining majority and provide his specimen signature duly authenticated by his banker as well as his details of bank account and PAN (if required) to enable the Registrar to update their records and allow him to operate the Account in his own right.

Notes :

1. Non Resident Indians and Persons of Indian Origin residing abroad (NRIs) / Foreign Institutional Investors (FIIs) have been granted a general permission by Reserve Bank of India [Schedule 5 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 for investing in / redeeming units of the mutual funds subject to conditions set out in the aforesaid regulations.
2. In case of application under a Power of Attorney or by a limited company or a corporate body or an eligible institution or a registered society or a trust fund, the original Power of Attorney or a certified true copy duly notarised or the relevant resolution or authority to make the application as the case may be, or duly notarised copy thereof, alongwith a certified copy of the Memorandum and Articles of Association and/or byelaws and / or trust deed and / or partnership deed and Certificate of Registration should be submitted. The officials should sign the application under their official designation. A list of specimen signatures of the authorised officials, duly certified / attested should also be attached to the Application Form. In case of a Trust / Fund it shall submit a resolution from the Trustee(s) authorizing such purchases.

Applications not complying with the above are liable to be rejected.

	<p>3. Returned cheques are liable not to be presented again for collection, and the accompanying application forms are liable to be rejected. In case the returned cheques are presented again, the necessary charges are liable to be debited to the investor.</p> <p>Who cannot invest</p> <p>It should be noted that the following entities cannot invest in the scheme(s) :</p> <ol style="list-style-type: none"> <li>1. Any individual who is a Foreign National</li> <li>2. Overseas Corporate Bodies (OCBs) shall not be allowed to invest in the Scheme. These would be firms and societies which are held directly or indirectly but ultimately to the extent of at least 60% by NRIs and trusts in which at least 60% of the beneficial interest is similarly held irrevocably by such persons (OCBs).</li> </ol> <p>Board of Trustees of Baroda Pioneer Mutual Fund reserves the right to include / exclude new / existing categories of investors to invest in the Scheme from time to time, subject to SEBI Regulations and other prevailing statutory regulations, if any.</p> <p>Subject to the Regulations, any application for Units may be accepted or rejected in the sole and absolute discretion of the Trustee. For example, the Trustee may reject any application for the Purchase of Units if the application is invalid or incomplete or if, in its opinion, increasing the size of any or all of the Scheme's Unit capital is not in the general interest of the Unit holders, or if the Trustee for any other reason does not believe that it would be in the best interest of the Scheme or its Unit holders to accept such an application.</p> <p>The AMC / Trustee may need to obtain from the investor verification of identity or such other details relating to a subscription for Units as may be required under any applicable law, which may result in delay in processing the application.</p>
Where can you submit filled up applications	<p>Applications can be submitted at any of the official points of acceptance, details of which are given on the back cover page.</p> <p>Investors can also submit their applications at the Registrar's office at Karvy Computershare (Pvt.) Ltd., H.No – 8-2-596, Avenue 4, Street No 1, Banjara Hills, Hyderabad – 500 034. Toll Free No.: 1800-4190-911.</p> <p>E-mail id: barodapioneermf@karvy.com, <a href="http://www.karvy.com">www.karvy.com</a></p>
How to Apply	Please refer to the SAI and Application form for instructions
Listing	Listing of the Scheme is not envisaged.
Special Products / facilities available during the NFO	Not Available
The policy regarding reissue of repurchased units, including the maximum extent, the manner of reissue, the entity (the scheme or the AMC) involved in the same	Not Applicable
Restrictions, if any, on the right to freely retain or dispose of units being offered	The purchase and/or redemption of Units may be suspended temporarily or indefinitely with the prior approval of the Trustees and the Asset Management Company, giving the details of

	<p>circumstances and justification for the proposed action shall also be informed to SEBI in advance, when any of the following conditions exist at one/more designated Investor Service Center's:</p> <ul style="list-style-type: none"> <li>• The stock market stops functioning or trading is restricted;</li> <li>• Periods of extreme volatility in the stock market, fixed income or money market, which, in the opinion of the Investment Manager, are prejudicial or detrimental to the interest of the investors;</li> <li>• Natural calamity; or</li> <li>• For any bulk processing like dividend, book closure, etc.</li> <li>• If banks do not carry-out any of the normal Banking activities at one or more Designated Investor Service Centers</li> <li>• In the event of breakdown in the means of communication used for the valuation of investments of the Scheme, without which the value of the securities cannot be accurately calculated.</li> <li>• In the event of any force majeure or disaster that affects the normal functioning of the AMC or the designated investor service centers.</li> <li>• SEBI, by order, so directs.</li> </ul>
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## B. Ongoing Offer

<p>Ongoing Offer period This is the date from which the Scheme will reopen for subscriptions/redemptions after the closure of the NFO period.</p>	<p>The Scheme will re-open for ongoing subscriptions/redemptions not later than 2nd July, 2010.</p>
<p>Ongoing Price for subscriptions /switch in from other schemes/plans of the mutual fund by investors This is the price you need to pay for purchase/switch-in. <i>Example: If the applicable NAV is Rs. 10, entry load is 2% then sales price will be:</i> <math>Rs. 10 * (1+0.02) = Rs. 10.20</math></p>	<p>The purchase price of units is the price at which investor can subscribe/purchase units of the Scheme. During the continuous offer of the Scheme, Units of the Scheme will be available at the Applicable NAV. Purchase Price = Applicable NAV. The Regulations do not permit any Entry Load for subscription of Units, and accordingly, there will no Entry Load in the Scheme.</p>
<p>Ongoing price for redemption (sale) /switch outs (to other schemes/plans of the Mutual Fund) by investors. <i>Example: If the applicable NAV is Rs. 10, exit load is 2% then redemption price will be:</i> <math>Rs. 10 * (1-0.02) = Rs. 9.80</math></p>	<p>At the Applicable NAV, subject to prevailing exit load. Redemption Price = Applicable NAV (1-Exit Load) Eg. Example: If the Applicable NAV is Rs. 10, and exit load is 1% then the redemption price will be as under <math>Rs. 10 (1-0.01) = Rs. 9.90/-</math></p> <p>For details of exit load applicable in the Scheme, please refer to page no. 31</p>
<p>Cut off timing for subscriptions/ redemptions/ switches This is the time before which your application (complete in all respects) should reach the official points of acceptance.es</p>	<p><b><u>Subscription / Purchase including Switch-ins</u></b></p> <p>In respect of valid application received up to 3 p.m. along with a local cheque or demand draft payable at par at place where the application is received, Closing NAV of the day of receipt of application.</p> <p>In respect of valid application received after 3 p.m. by the Mutual Fund along with the local cheque or demand draft, the Closing NAV of the next business day.</p> <p>In respect of valid applications with outstation cheque/ demand drafts not payable at par at the place application is received, Closing NAV of the day on which the the cheque or demand draft is credited.</p>

	<p>In respect of purchase of units in Income/ Debt oriented schemes (other than liquid fund schemes and plans) with amount equal to or more than Rs. 1 crore, irrespective of the time of receipt of application, the closing NAV of the day on which the funds are available for utilisation shall be applicable.( SEBI/IMD/CIR No. 11/ 142521/08 October 24, 2008)</p> <p><b>Re-Purchase</b></p> <p>Where the application is received up to 3.00 pm - Closing NAV of the day of receipt of application.</p> <p>Where the application is received after 3.00 pm - Closing NAV of the next business day.</p>
<p>Where can the applications for Purchase / Redemption / switches be submitted?</p>	<p>The details of official points of acceptance are given on the back cover page.</p>
<p>Minimum Amount for purchase / redemption / switch</p>	<p>Minimum Application Amount for first time investment - Rs. 5,000 and in multiples of Re.1 thereafter</p> <p>Additional Investment :</p> <p>Minimum Application Amount - Rs. 1,000 and in multiples of Re. 1 thereafter</p> <p>Minimum Amount for Redemption - NIL</p> <p><b>Switch</b></p> <p>The minimum amount that a Unit Holder can switch into another scheme of the Fund shall be the minimum subscription amount of the latter scheme. For Unit Holders who, at the time of making such switch request, already have investments in the scheme into which the switch is sought, the minimum amount for the switch shall be the minimum amount for additional purchase in such scheme.</p>
<p>Minimum Balance to be maintained and consequences of non maintenance</p>	<p>NA</p>
<p>Special Products available</p>	<p>Not Available</p>
<p>Account Statements</p>	<ul style="list-style-type: none"> <li>• The AMC shall issue to the investor whose application has been accepted, an account statement specifying the number of units allotted.</li> <li>• Dispatch of Unit statement of account will be made within 30 business days from the date of allotment. However, it is the endeavour of the Fund to dispatch accounts statements within 10 Business Days from the date of allotment.</li> <li>• For those Unit Holders who have provided an email address, the AMC will send the account statement by e-mail.</li> <li>• Unit Holders may request for a physical account statement by writing to/calling the AMC/ISC/R&amp;T. If an investor specifically makes a request in writing for issue of a Unit Certificate, the Unit Certificate shall be sent to the investor within 6 weeks of receipt of request as stipulated under the Regulations.</li> <li>• Investors will be issued a Unit Statement of Account in lieu of Unit Certificate.</li> </ul> <p>Annual Account Statement:</p> <ul style="list-style-type: none"> <li>• The Fund shall provide Account Statements to Unit Holders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement,</li> </ul>

	<ul style="list-style-type: none"> <li>The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme.</li> <li>Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.</li> <li>For those unit holders who have provided an e-mail address, the AMC will send the account statement by e-mail.</li> <li>The unit holder may request for a physical account statement by writing / calling the AMC/ISC/R&amp;T.</li> </ul>
Dividend	Dividend warrants shall be dispatched to Unit Holders within 30 days of the date of declaration of the dividend.
Redemption	Redemption or repurchase proceeds shall be dispatched to Unit Holders within 10 Working Days from the date of redemption or repurchase.
Delay in payment of redemption / repurchase proceeds / Dividend	The Asset Management Company shall be liable to pay interest to the unit holders at such rate as may be specified by SEBI for the period of such delay (presently @ 15% per annum).
Switchover facility	Unit holders under the Scheme will have the facility of switchover between the two Options in the Scheme at Applicable NAV. Switchover between this scheme and other schemes of the Mutual Fund would be at NAV related prices. At the time of switchover, investors will be required to surrender Statement of Accounts. Switchovers would be at par with redemption from the outgoing option/Plan/scheme and would attract the applicable tax provisions and load at the time of switchover.
Bank Account Details	As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account numbers in their applications for purchase or redemption of Units.

### C. PERIODIC DISCLOSURES

<p><b>Net Asset Value</b></p> <p>This is the value per unit of the scheme on a particular day. You can ascertain the value of your investments by multiplying the NAV with your unit balance.</p>	<p>The NAV will be calculated and declared by the mutual fund on each Working Day. NAV will be published in 2 newspapers as prescribed under the Regulations. NAV can also be viewed on <a href="http://www.barodapioneer.in">www.barodapioneer.in</a> and <a href="http://www.amfiindia.com">www.amfiindia.com</a>.</p> <p>The AMC shall update the NAVs on the website of Association of Mutual Funds in India - AMFI (<a href="http://www.amfiindia.com">www.amfiindia.com</a>) by 9 pm</p>
<p><b>Half yearly Disclosures: Portfolio / Financial Results</b></p> <p>This is a list of securities where the corpus of the scheme is currently invested. The market value of these investments is also stated in portfolio disclosures.</p>	<p>Baroda Pioneer Mutual Fund shall publish a complete statement of the Scheme's portfolio and the unaudited financial results, within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement at least, in one National English daily and one regional newspaper in the language of the region where the head office of the mutual fund is located.</p>
<p><b>Half Yearly Results</b></p>	<p>Baroda Pioneer Mutual Fund and Asset Management Company shall before the expiry of one month from the close of each half year, that is on 31st March and on 30th September, publish its unaudited financial results in one national English daily newspaper and in a regional newspaper published in the language of the region where the Head Office of the mutual fund is situated.</p>

Annual Report	The Fund will, not later than four months after the close of each financial year (March 31), mail to the Unitholders an abridged scheme wise annual report. Further, the full text of the Annual Report will be available for inspection at the office of the Fund. A copy of the Annual Report will be sent to Unit holders, free of cost, on specific request.																											
Associate Transactions	Please refer to Statement of Additional Information (SAI).																											
<p><b>Taxation</b></p> <p>The information is provided for general information only. However, in view of the individual nature of the implications, each investor is advised to consult his or her own consultant with their tax advisors/authorised dealers with respect to the specific amount of tax and other implications arising out of his or her participation in the schemes.</p>	<p>Following is the Tax Treatment for investment in Baroda Pioneer Short Term Bond Fund Fund.</p> <p><b>Dividend Distribution Tax is Payable by the Scheme</b></p> <table border="1" data-bbox="762 520 1479 709"> <thead> <tr> <th data-bbox="762 520 995 554">Type of Scheme</th> <th colspan="2" data-bbox="995 520 1479 554">Rate of Dividend Distribution Tax</th> </tr> <tr> <td data-bbox="762 554 995 667"></td> <th data-bbox="995 554 1254 667">Dividend paid to Resident Individuals &amp; HUF's</th> <th data-bbox="1254 554 1479 667">Dividend paid to others Resident investors</th> </tr> </thead> <tbody> <tr> <td data-bbox="762 667 995 709">Debt Fund</td> <td data-bbox="995 667 1254 709">12.50%*</td> <td data-bbox="1254 667 1479 709">20%*</td> </tr> </tbody> </table> <p><b>Tax on Capital Gains (Payable by the Investors)</b></p> <table border="1" data-bbox="762 760 1479 1159"> <thead> <tr> <th colspan="3" data-bbox="762 760 1479 802">Rate of Capital Gain Tax</th> </tr> <tr> <th data-bbox="762 802 995 877"></th> <th data-bbox="995 802 1254 877">Resident Investors</th> <th data-bbox="1254 802 1479 877">Domestic Companies</th> </tr> </thead> <tbody> <tr> <td data-bbox="762 877 995 991"><b>Short Term Capital Gain</b></td> <td data-bbox="995 877 1254 991">As per relevant Slab of Total Income chargeable to Tax</td> <td data-bbox="1254 877 1479 991">30%*</td> </tr> <tr> <td data-bbox="762 991 995 1066"><b>Long Term Capital Gain</b></td> <td data-bbox="995 991 1254 1066"></td> <td data-bbox="1254 991 1479 1066"></td> </tr> <tr> <td data-bbox="762 1066 995 1108">With Indexation</td> <td data-bbox="995 1066 1254 1108">20*</td> <td data-bbox="1254 1066 1479 1108">20*</td> </tr> <tr> <td data-bbox="762 1108 995 1159">Without Indexation</td> <td data-bbox="995 1108 1254 1159">10*</td> <td data-bbox="1254 1108 1479 1159">10*</td> </tr> </tbody> </table> <p>* The above mentioned Tax rates shall be increased by applicable Surcharge @ 10%, Education Cess @ 3%. Non Equity oriented Fund will not attract Securities Transaction Tax (STT).</p> <p>Any tax liability arising post redemption, on account of change in tax treatment with respect to Dividend Distribution Tax/Capital Gain Tax, by the tax authorities, shall be solely borne by the investors, and not by the AMC or Trustee.</p> <p><b>Kindly refer SAI for further details on Taxation.</b></p>	Type of Scheme	Rate of Dividend Distribution Tax			Dividend paid to Resident Individuals & HUF's	Dividend paid to others Resident investors	Debt Fund	12.50%*	20%*	Rate of Capital Gain Tax				Resident Investors	Domestic Companies	<b>Short Term Capital Gain</b>	As per relevant Slab of Total Income chargeable to Tax	30%*	<b>Long Term Capital Gain</b>			With Indexation	20*	20*	Without Indexation	10*	10*
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With Indexation	20*	20*																										
Without Indexation	10*	10*																										
Investor Services	<p>Mr. Amitabh Ambastha                      501 Titanium, 5<sup>th</sup> Floor,                      Western Express Highway                      Goregaon (E),                      Mumbai - 400063.                      Tel. : +91 22 30741000                      Toll Free No. 18004190911                      Email: info@barodapioneer.in</p>																											

#### D. COMPUTATION OF NAV

Valuation of assets, computation of NAV, repurchase price and their frequency of disclosure will be in accordance with the provisions of the Regulations / Guidelines / Directives issued by SEBI from time to time.

The NAV of the Units of the Scheme will be computed by dividing the net assets of the Scheme by the number of Units outstanding on the valuation date. The Scheme shall value its investments according to the valuation norms, as specified in Schedule VIII of the Regulations, or such norms as may be prescribed by SEBI from time to time. The NAVs of the Scheme shall be rounded off upto four decimals.

NAV of units under the Scheme shall be calculated as shown below :

$$\text{NAV (Rs.)} = \frac{\text{Market or Fair Value of Scheme's investments} + \text{Current Assets} - \text{Current Liabilities and Provisions}}{\text{No. of Units outstanding under Scheme on the valuation day}}$$

The NAV of the Scheme will be calculated on Daily basis. The valuation of the Scheme's assets and calculation of the Scheme's NAV shall be subject to audit on an annual basis and such regulations as may be prescribed by SEBI from time to time.

#### **Rounding off policy for NAV:**

Net Asset Value of the Units in the Scheme is calculated in the manner provided in this Scheme Information Document or as may be prescribed by the Regulations from time to time. The NAV will be computed upto four decimal places.

#### **NAV Information.**

The AMC shall update the NAVs on the website of Association of Mutual Funds in India - AMFI ([www.amfiindia.com](http://www.amfiindia.com)) by 9.00 p.m. on a daily basis. In case of any delay, the reasons for such delay would be explained to AMFI and SEBI by the next day. If the NAVs are not available before commencement of business hours on the following day due to any reason, the Fund shall issue a press release providing reasons and explaining when the Fund would be able to publish the NAVs.

Further, as per the Regulations, the repurchase price shall not be lower than 93% of the NAV and the sale price shall not be higher than 107% of the NAV and the difference between the repurchase price and sale price shall not exceed 7% on the sale price. In the case of close-ended schemes, the repurchase price shall not be lower than 95% of the NAV.

## IV. FEES AND EXPENSES

This section outlines the expenses that will be charged to the Scheme.

### A. NEW FUND OFFER (NFO) EXPENSES

Pursuant to SEBI Circular No. SEBI/IMD/ CIR No. 1/ 64057/06 dated April 4, 2006, the New Fund Offer expenses will not be charged to the Scheme.

The expenses incurred during the NFO are mainly for the purpose of various activities related to the NFO including but not limited to sales and distribution fees, marketing and advertising, registrar expenses, printing and stationary and bank charges. These expenses will be borne by the AMC

### B. ANNUAL SCHEME RECURRING EXPENSES

These are the fees and expenses for operating the Scheme. These expenses include Investment Management and Advisory Fee charged by the AMC, Registrar and Transfer Agents' fee, marketing and selling costs etc. as given in the table below:

The AMC has estimated that 2.25% of the weekly average net assets of the Scheme will be charged to the Scheme as expenses. For the actual current expenses being charged, investors should refer to the website of the Mutual Fund.

The ongoing fees and expenses of operating the Scheme, as expressed as a percentage of the amount of the Scheme's average weekly net assets, are estimated as follows :

Nature of Expenses	% p.a. of Average daily net assets
Particulars	
Investment Management & Advisory Fees	1.25
Trustee Fees	0.05
Custodian Fees	0.10
Registrar & Transfer Agent Fees including cost relating to providing accounts statements, dividend / redemption cheque/ warrants etc.	0.10
Marketing & Selling Expenses	0.60
Audit Fees	0.01
Costs of fund transfer from location to location	0.04
Other Expenses* (including service tax)	0.10
<b>Total Recurring Expenses</b>	<b>2.25</b>

\*As permitted under the Regulation 52 of the Regulations, vide SEBI Circular No. MFD/CIR/04/430/2002 dated 19/06/2002.

The AMC reserves the right to increase and decrease the fee within the ceilings prescribed under the Regulations. The above annual recurring expenses are only the estimates and

the actual expenses may vary from the above estimates but will be restricted to the ceilings of recurring expenses stated in Regulation 52(6) of the Regulations which are as follows:

These estimates have been made in good faith as per the information available to the Investment Manager based on past experience and are subject to change inter-se. Types of expenses charged shall be as per the Regulations. However, as per regulation 52 of the Regulations, the following maximum limits are applicable to the scheme:

- i) 2.25% on the first Rs.100 Crore of average weekly net assets.
- ii) 2.00% on the next Rs.300 Crore of average weekly net assets.
- iii) 1.75% on the next Rs.300 Crore of average weekly net assets.
- iv) 1.50% on the balance of the average weekly net assets.

Any recurring expenditure in excess of the above limits shall be borne by AMC.

### C. LOAD STRUCTURE

(During the NFO period and ongoing period)

Load is an amount which is paid by the investor to subscribe to the units or to redeem the units from the Scheme. This amount is used by the AMC to pay commissions to the distributor and to take care of other marketing and selling expenses. Load amounts are variable and are subject to change from time to time. For the current applicable structure, please refer to the website of the AMC, [www.barodapioneer.in](http://www.barodapioneer.in) or call at 18004190911 or contact your distributor.

#### Type of Load: Load chargeable (as %age of NAV)

Entry Load	Nil  Pursuant to SEBI Circular No. SEBI/IMD/CIR No. 4/168230/09 dated June 30, 2009 no entry load will be charged by the Scheme to investor.  Upfront commission shall be paid directly by the investor to the ARN holders (AMFI registered distributor) based on the investors' assessment of various factors including the services rendered by the ARN holder.
Exit Load	0.10% if redeemed on or before 15 days from the date of allotment

Pursuant to SEBI circular No. SEBI/IMD/CIR No. 14/120784/08 dated March 18, 2008, with effect from April 1, 2008, no entry load or exit load shall be charged in respect of bonus units and of units allotted on reinvestment of dividend.

For any change in load structure AMC will issue an addendum and display it on the website/Investor Service Centers.

Any imposition or enhancement in the load shall be applicable on prospective investments only. However, AMC shall not charge any load on issue of bonus units and units allotted on reinvestment of dividend for existing as well as prospective investors. At the time of changing the load structure, the mutual fund may consider the following measures to avoid complaints from investors about investment in the schemes without knowing the loads:

- 1) The addendum detailing the changes may be attached to Scheme Information Documents and key information memorandum. The addendum may be circulated to all the distributors/brokers so that the same can be attached to all
- 2) Scheme Information Documents and key information memoranda already in stock. 2) Arrangements may be made to display the addendum in the Scheme Information Document in the form of a notice in all the investor service centers and distributors/brokers office

- 3) The introduction of the exit load alongwith the details may be stamped in the acknowledgement slip issued to the investors on submission of the application form and may also be disclosed in the statement of accounts issued after the introduction of such loads.
- 4) A public notice shall be given in respect of such changes in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of region where the Head Office of the Mutual Fund is situated.
- 5) Any other measures which the mutual funds may feel necessary

All loads for the Scheme shall be maintained in a separate account and may be utilised towards meeting the selling and distribution expenses. Any surplus in this account may be credited to the Scheme, whenever felt appropriate by the AMC.

Investors are requested to check the prevailing load structure of the Scheme before investing. The list of ISCs of the AMC is available in this Scheme Information Document and on the website of the Mutual Fund.

#### **D. WAIVER OF LOAD FOR DIRECT APPLICATIONS**

In terms of SEBI Circular dated no. SEBI/IMD/CIR no. 4/168230/09 dated June 30 2009 , as no entry load can be charged by the AMC for any purchase or subscription of Units, waiver of load for direct applications does not apply.

## V. RIGHTS OF UNITHOLDERS

Please refer to SAI for details.

## VI. PENALTIES, PENDING LITIGATION OR PROCEEDINGS, FINDINGS OF INSPECTIONS OR INVESTIGATIONS FOR WHICH ACTION MAY HAVE BEEN TAKEN OR IS IN THE PROCESS OF BEING TAKEN BY ANY REGULATORY AUTHORITY:

1. All disclosures regarding penalties and action(s) taken against foreign Sponsor(s) may be limited to the jurisdiction of the country where the principal activities (in terms of income / revenue) of the Sponsor(s) are carried out or where the headquarters of the Sponsor(s) is situated. Further, only top 10 monetary penalties during the last three years shall be disclosed.

Nil

2. In case of Indian Sponsor(s), details of all monetary penalties imposed and/ or action taken during the last three years or pending with any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company; for irregularities or for violations in the financial services sector, or for defaults with respect to share holders or debenture holders and depositors, or for economic offences, or for violation of securities law. Details of settlement, if any, arrived at with the aforesaid authorities during the last three years shall also be disclosed.

There are no any monetary penalties imposed and/ or action taken by any financial regulatory body or governmental authority, against Sponsor(s) and/ or the AMC and/ or the Board of Trustees.

3. Details of all enforcement actions taken by SEBI in the last three years and/ or pending with SEBI for the violation of SEBI Act, 1992 and Rules and Regulations framed there under including debarment and/ or suspension and/ or cancellation and/ or imposition of monetary penalty/adjudication/enquiry proceedings, if any, to which the Sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel (especially the fund managers) of the AMC and Trustee Company were/ are a party. The details of the violation shall also be disclosed.

Following inquiry/adjudication proceedings are in progress:

- 1) The Bank was one of the bankers to the public issue of shares of Jaltarang Motels Limited ("Jaltarang") in December 1995. SEBI, by its order dated January 19, 2000 directed the Bank to refund the sum of Rs. 4,031,018 being the application money for the shares released by the Bank to the Jaltarang with interest at 15% from March 25, 1996 i.e. the day the Bank allowed withdrawal of the funds by Jaltarang in respect of funds collected from the public issue. The Bank preferred an appeal before the Securities Appellate Tribunal and the Tribunal, by order dated July 27, 2000, rejected the

appeal. The bank has filed an appeal (Appeal No.2 of 2000) before the High Court, Mumbai against the said order of the Tribunal. The High Court, Mumbai, on November 13, 2000, granted interim relief of stay of the operation of the orders dated July 27, 2000 of the Securities Appellate Tribunal and January 19, 2000 of SEBI and has further applied for the matter be placed on the board for final hearing. The matter is still pending.

- 2) The merchant banking division of the Bank was the pre-issue lead manager for the public issue of shares of Trident Steels Limited ("Trident") in November 1993. SEBI issued a show cause notice dated April 29, 2004 calling upon the merchant banking division of the Bank to show cause why action should not be taken against it for failing in its duty to exercise due diligence in the abovementioned public issue. SEBI alleged that the merchant banking division of the Bank did not disclose the material fact that 750,000 shares out of the pre issue capital of Trident had been pledged by the directors and holders of those shares to the Industrial Finance Branch of the Bank towards enhancement of various credit facilities extended by the Bank to Trident. In October 1989, the directors and holders of those shares had given an undertaking that as long as the dues of Trident to the Bank are not paid in full, they will not transfer, deal with or dispose off equity or preference shares held by them in the company or any shares that might be acquired in future, without prior written consent of the Bank. BOB Caps, in its reply to the show cause notice, has submitted that it was the obligation of Trident to give true disclosures and that any punitive action will lie solely against Trident, its promoters and directors. The matter is still pending."
- 3) The Bank had acted as lead managers to the public issue of Kraft Industries Limited ("Kraft") in May 1995. It is alleged that the Managing Director and Promoter of Kraft did not possess the qualifications as mentioned in the prospectus. SEBI has asked for qualification certificates/ copies from the Bank. The Managing Director of Kraft has reported having lost the certificates in transit. The Bank has replied accordingly to SEBI. Inquiry is still pending."
- 4) M.S. Shoes East Limited (MS Shoes) came out with a public issue of 17,584,800 zero interest unsecured fully convertible debentures at Rs. 199 each aggregating Rs. 3499,375,000 in February 1995. The Bank was one of the lead managers to the issue with responsibility for post-issue management and had underwritten the issue

upto Rs. 150,000,000. After the closure of the issue, MS Shoes complained to the underwriters that some of the cheques accompanying the application for subscription were returned unpaid resulting in the collected amount falling short of the minimum subscription amount. Therefore MS Shoes called upon the underwriters to discharge their underwriting liability to the extent of proportionate devolution and raised a claim on the Bank for Rs. 116,665,043 towards devolution of underwriting liability. The Bank declined the liability on the ground that since the issue was declared oversubscribed by the Registrars to the issue no liability can devolve on the Bank under its underwriting commitment. SEBI had issued an enquiry notice dated July 20, 1995 to the Bank, but closed the matter, vide letter dated June 17, 1996, without imposing any penalty on the Bank. Pursuant to a complaint filed on behalf of MS Shoes, FIR No. 415 of 2000 dated October 1, 2000 was registered by Vikaspuri Police Station Delhi under sections 406 and 420 of the Indian Penal Code against BOB Capital Markets Limited, the Bank, its principal officers including the then CMD, and others, alleging cheating and breach of trust. In the complaint it has been submitted that the accused fraudulently and illegally induced MS Shoes to bring cheques from its associates and acquaintances so as to close the issue within four days, thereby representing to the public that the issue had been subscribed in full within the first four days. On this basis, the issue was represented to have been more than 90% subscribed

and was closed by the accused. It is further submitted that the subscription having fallen down to about 40% within 30 days of the closure of the public issue, the underwriters were called to subscribe for the same in proportion, but many of the underwriters including the Bank did not obtain subscription as per the agreed underwriting amount. The High Court, New Delhi, by order dated December 11, 2000 in Criminal Writ No. 1221 of 2000 and Criminal Writ No. 1219 of 2000, ordered transfer of FIR No. 415 of 2000 to the Central Bureau of Investigation (CBI) and the same has been registered with the CBI, New Delhi as Crime No. RC.SIA-2001-E-0002 dated March 9, 2001. Investigation by the CBI is still pending.

- 5) Any pending material civil or criminal litigation incidental to the business of the Mutual Fund to which the sponsor(s) and/ or the AMC and/ or the Board of Trustees /Trustee Company and/ or any of the directors and/ or key personnel are a party should also be disclosed separately.

There are no such instances

4. Any deficiency in the systems and operations of the Sponsor(s) and/ or the AMC and/ or the Board of Trustees/ Trustee Company which SEBI has specifically advised to be disclosed in the SID, or which has been notified by any other regulatory agency, shall be disclosed.

Not Applicable

**GENERAL INFORMATION****Jurisdiction**

The jurisdiction for any matters or disputes arising out of the scheme shall reside with the Courts in India.

**AMC Investments:** Baroda Pioneer AMC may also invest in Units of Baroda Pioneer Short Term Bond Fund on an ongoing basis. However, no investment management fees may be charged by Baroda Pioneer AMC on such investment.

- **Power to make Rules**

Subject to the Regulations, the Trustee may, from time to time, prescribe such terms and make such rules or the purpose of giving effect to the Scheme with power to the AMC to add to, alter or amend all or any of the terms and rules that may be framed from time to time.

- **Power to remove Difficulties**

If any difficulties arise in giving effect to the provisions of the Scheme, the Trustee may, subject to the Regulations, do anything not inconsistent with such provisions, which appears to it to be necessary, desirable or expedient, for the purpose of removing such difficulty.

- **Scheme to be binding on the Unit Holders:**

Subject to the Regulations, the Trustee may, from time to time, add or otherwise vary or alter all or any of the features of investment plans and terms of the Scheme after obtaining the prior permission of SEBI and Unitholders (where necessary), and the same shall be binding on all the Unitholders of the Scheme and any person or persons claiming through or under them as if each Unitholder or such person expressly had agreed that such features and terms shall be so binding.

**Notwithstanding anything contained in this Scheme Information Document, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines there under shall be applicable.**

**Note:** The Scheme under this Scheme information document was approved by the Board of Trustees of Baroda Pioneer Mutual Fund on 17<sup>th</sup> September 2009

**For and on behalf of Board of Directors of  
Baroda Pioneer Asset Management Company Limited**

Sd/-

**Place : Mumbai**  
**Date : 31st May, 2010.**

**Rajan Krishnan**  
**Chief Executive Officer**

## KARVY COLLECTION CENTRES

**Agra** : Deepak Wasan Plaza, Behind Holiday Inn, Opp Megdoot Furnitures, Sanjay Place, Agra -282002 (U.P). Ph. : 0562-2526663, 0562-3247227. • **Ahmedabad** : 201, Shail Building, Opp : Madhusudhan House, Nr. Navrangpura Telephone Exchange; Navrangpura, Ahmedabad - 380 006. Ph. : 079-26400527, 079 -32997508, Fax : 079-26565551. • **Ajmer** : 1-2, II Floor, Ajmer Tower, Kutchary Road, Ajmer - 305 001. Ph. 0145-5120725. • **Allahabad** : RSA Towers, 2nd Floor, Above Sony TV Showroom, 57, S P Marg, Civil Lines, Allahabad - 211001. Ph. : 0532- 2260291/ 2260292/ 3294280, Fax. : 0532- 2260293 / 2260291. • **Anand** : F-6, Chitrangana Complex, Opp: Motikaka Chawl ; V V Nagar, Anand - 388 001. Ph. : 02692 - 248980 / 248873. • **Bangalore** : No : 51/25, 1 St Floor, Surya Building, Ratna Avenue, Richmond Road, Bangalore - 560 025. Ph. : 080 - 25320085 / 080-41233439. Fax No. : 080 - 25320086. • **Baroda** : SB-4&5, Mangaldeep Complex, Opposite Mesonic Hall, Productivity Road, Alkapuri, Vadodara - 390007 ; Gujarat. • **Bharuch** : Ground Floor, Office No-6, Aditya Complex, Opp. Kasak Temple, Bharuch - 392 001. • **Bhopal** : Kay Kay Busniss Centre, 133 Zone I M P Nagar, Bhopal-462021. Ph. : 0755-4092708, Fax : 0755-4092709. • **Bhubaneswar** : Plot No- 104/105(P), Jaydev Vihar, Besides Hotel Pal Heights, Bhubaneswar-751013. Orissa. Ph. : 0674-2547531 / 2547532 Fax : 0674 - 2547531. • **Chandigarh** : Sco-371-372; First Floor; Above HDFC Bank; Sector 35B, Chandigarh - 160 022. Ph. : 0172-5071726 / 5071727 / 5071728, Fax No. : 0172-5071726. • **Chennai** : Flat No F11, First Floor, Akshya Plaza, (Erstwhile Harris Road), Opp Chief City Metropolitan Court, # 108, Adhithanar Salai, Egmore, Chennai - 600002. Ph. : 044-28587781 / 42028858 (Exclusive for DWS), Fax No. : 044 - 42028514. • **Cochin** : Room No 2, IInd Floor, Jewel Arcade, (Above Oriental Insurance Limited), Layam Road, Cochin - 682 011. Ph. : 0484-4027672. • **Coimbatore** : 29/1, I 'St Floor, Chinthamani Nagar, Opp to Indian Overseas Bank, Nsr Road, Saibaba Colony, Coimbatore- 641011. Fax No. : 0422-4384770. • **Hyderabad** : 8-2-596 Karvy Plaza, Avenue 4, Street No.1, Banjara Hills, Hyderabad - 500 034. • **Indore** : G - 7, Royal Ratan Building, M.G. Road, Opp. Kotak Mahindra Bank, Indore - 452010. • **Jaipur** : S-16 A, 3rd Floor, Land Mark, Opposite Jaipur Club, Mahavir Marg, C- Scheme, Jaipur - 302 001. Ph. : 0141-2375039 / 2363321 / 2375039, Fax No. : 0141-2378703. • **Jamshedpur** : Kanchan Tower, 3Rd Floor, Chhaganlal Dayalji @ Sons, 3-S B Shop Area, ( Near Traffic Signal ), Main Road, Bistupur, Jamshedpur - 831 001. Ph : 0657-2487045/2487020. • **Jodhpur** : 203, Modi Arcade; Chupasni Road, Jodhpur - 342 001. Fax No. : 0291 - 2638479. • **Kanpur** : 15/46, Opp: Muir Mills, Civil Lines, Kanpur - 208001. Fax No. : 0512 - 2330127. • **Kolkata** : 16 Jatin Bagchi Road, Kolkata - 700 029. Ph. : 033-24659263 / 24659267, Fax No. : 033 - 24635432. • **Lucknow** : Usha Sadan, 24, Prem Nagar, Ashok Marg, Lucknow - 226001. Ph. : 0522-2236819 / 0522-2236820 / 28 Fax : 0522-2236826. • **Mumbai** : DAS Chambers, Ground Floor, Opp. BSE & next to Corporation Bank, Dalal Street, Fort, Fort Mumbai - 400 023. Fax No. : 022 - 66341966. • **Nagpur** : 1st Floor, Sadoday Arcade, WHC Road, Above Top N Town, Dharampeth, Nagpur - 440 001. Ph. No. : 0712- 6618583. • **Nasik** : S-12, Second Floor, Suyojit Sankul, Sharanpur Road, Nasik - 422 002. • **New Delhi** : 2E / 23, Jhandewalan Extn., New Delhi - 110055. Fax No. : 011- 43681710. • **Panjim** : City Business Centre, Coelho Pereira Building, Room Nos.18,19 & 20, Dada Vaidya Road, Panjim - 403 001. Ph. : 0832 - 2426871/73. Fax No. : 0832-2426873. • **Patna** : 3A, 3rd floor, Anand Tower, Beside Chankya Cinema Hall; Exhibition Road, Patna - 800001. Ph. : 0612-2321354/ 2321356. • **Pune** : Shop No. 16, 17 & 18, Ground Floor, Sreenath Plaza, Dyaneshwar Paduka Chowk, F C Road, Pune - 411004. Ph. No. : 020 25539957. Fax No. : 020 - 25533742. • **Raipur** : Room No. TF 31, 3rd Floor, Millennium Plaza, Behind Indian Coffee House, G E Road, Raipur - 492 001. • **Rajkot** : 104, Siddhi Vinayak Complex, Dr. Yagnik Road, Opp. Ramkrishna Ashram, Rajkot - 360 001. • **Surat** : G-6 Empire State Building, Near Parag House, Udhna Darwaja, Ring Road, Surat-395002. Ph. : 0261-3042170. **Udaipur** : 201-202, Madhav Chambers, Opp. G.P.O, Chetak Circle, Madhuban, Udaipur-313001. Ph. : 0294-5101601 / 5101602 / 5101603. • **Varanasi** - D-64/132, KA 1st Floor, Anant Complex, Sagra, Varanasi - 221 010. Ph. No. : 0542-2227259 / 3206494



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