NOTICE CUM ADDENDUM NO. 24/2018

NOTICE CUM ADDENDUM TO THE SCHEME INFORMATION DOCUMENT(S) ("SID") & KEY INFORMATION MEMORANDA ("KIM") OF ALL EXISTING OPEN ENDED SCHEMES OF BARODA PIONEER MUTUAL FUND ("MUTUAL FUND")

Notice is hereby given that, in accordance with SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2017/114 dated October 06, 2017 and SEBI circular no. SEBI/HO/IMD/DF3/CIR/P/2017/126 dated December 04, 2017 on **Categorization and Rationalization of Mutual Fund Schemes ("SEBI Circulars")**, the Board of Directors of Baroda Pioneer Asset Management Company Limited **("AMC")** and Baroda Pioneer Trustee Company Private Limited have approved the proposal for change in fundamental attributes and/or other features of the existing open ended schemes of the Mutual Fund. It may be noted that the Mutual Fund did not have any existing similar schemes, in accordance with the SEBI Circulars and that none of the schemes are required to undergo any merger / winding up procedure, etc. SEBI has, vide its letter nos. IMD/DF3/OW/P/2018/7396/1 dated March 09, 2018 and IMD/DF3/OW/P/2018/133891/1 dated May 04, 2018, accorded its "No Objection" for the proposed changes.

Accordingly, following changes in the provisions of the SID / KIM of the scheme(s) are proposed to be carried out effective June 6, 2018 :

I. Change in name and/or type of schemes :

Sr. No.	Name of scheme		Type of scheme	
	Existing	Revised	Existing	Revised
1.	Baroda Pioneer Growth Fund	Baroda Pioneer Multi Cap Fund	An open ended equity scheme	Multi Cap Fund - An open ended equity scheme investing across large cap, mid-cap and small cap stocks.
2.	Baroda Pioneer ELSS' 96	No change	An open ended tax benefit - cum - growth scheme	An open ended equity linked saving scheme with a statutory lock in of 3 years and tax benefit.

II. Change in fundamental attributes of schemes :

These changes are being effected by adhering to Regulation 18(15A) of SEBI (Mutual Funds) Regulations, 1996 on change in fundamental attributes of the schemes mentioned below. Accordingly, an exit option is being provided to the Unit Holders of the schemes for a period of 30 (thirty) days, commencing from May 7, 2018 upto June 5, 2018 (both days inclusive).

Unit Holders who wish to exercise the exit option, may do so, by submitting a valid redemption / switch-out request at any of the Investor Service Centres of Karvy Computershare (Pvt.) Ltd., the Registrar and Transfer Agent of the schemes, or at the Registered Office of Baroda Pioneer Asset Management Company Ltd. located at 501, Titanium, 5th floor, Western Express Highway, Goregaon (E), Mumbai – 400 063 or at the branch offices of the AMC located at Flat No. 103 & 104, First Floor, Prakash Deep Building, 7 Tolstoy Marg, New Delhi – 110 001 or at HP Complex, Flat No.12, 3rd Floor, Door No. 124/1,2&3 New No. 14, G N Chetty Road, T. Nagar, Chennai – 600 017. Investors can also transact online if they are registered on our website viz. www.barodapioneer.in. The applicable NAV for redemption will be based on the cut-off time of the Business Day when the redemption request is accepted. The redemption proceeds will be mailed/credited within 10 (ten) working days from the date of the receipt of valid redemption request.

It may, however, be noted that all requests for exit option received after June 5, 2018, shall be subject to the applicable exit load, in terms of the relevant details, as specified in the SID / KIM of the schemes. Unit Holders should ensure that any change in address or pay-out bank details required by them, are updated in the Mutual Fund's records before exercising the exit option in line with the timelines as mentioned in the SID/ KIM.

It may be noted that the offer to exit is merely an option and is not compulsory. It may be further noted that in case Unit Holders do not have any objection to the said changes in the fundamental attributes of the scheme(s), no action is required to be taken. Unit Holders who do not exercise the exit option within the aforesaid period would be deemed to have consented to the said changes in the fundamental attributes of the scheme(s). Unit Holders who have pledged or encumbered their units will not have the option to exit unless they procure an effective release of their pledges / encumbrances prior to the submission of redemption / switch-out requests. Unit Holders are advised to consult their tax advisors on any tax consequences arising out of exercise of exit option.

The Unit Holders of the schemes are also being individually informed about the details of the said changes in the fundamental attributes of the schemes through a separate written communication. In case of non-receipt of the written communication, Unit Holders may contact our toll free number 1-800-267-0189 or write to us at info@barodapioneer.in.

A. Baroda Pioneer Credit Opportunities Fund ("BPCOF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Credit Opportunities Fund	Baroda Pioneer Credit Risk Fund
2.	Type of scheme	An open ended debt scheme	An open ended debt scheme predominantly investing in AA and below rated corporate bonds
3.	Investment Objective	The scheme seeks to generate returns by investing in debt and money market instruments across the credit spectrum. There is no assurance or guarantee that the investment objective of the Scheme will be realized.	No change.
4.	Asset Allocation pattern	Investment in debt instruments with long term credit rating of less than AAA and debt instruments having no long term rating : 50%-100% **(High to Medium Risk)** Investment in debt instruments of companies having long term credit rating of AAA and government securities : 0-35% **(Low to Medium Risk)** Investment in money market instruments including CBLO and cash : 5%-50% **(Low Risk)** Investment in securitized debt: 0-25% Investment in debt derivatives : 0-50%	Investment in corporate bonds (only in AA* and below rated corporate bonds@) : 65%-100% **(High Risk)** Investment in debt and money market instruments, other than the above : 0-35% **(Low to Medium Risk)** Investment in REITs and InvITs : 0-10% **(High Risk)** The scheme may invest in securitized debt upto 50% of its net assets. **(Low to Medium Risk)** The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$ 300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008. The scheme may take derivatives positions upto 50% of the net assets of the scheme, based on the opportunities available and in line with the overall investment objective of the scheme, subject to the guidelines issued by SEBI from time to time. These may be taken to hedge or rebalance the portfolio, or to undertake any other strategy as may be permitted under the Regulations from time to time. *excludes AA+ rated corporate bonds. @Including corporate debt / structured obligations having short term rating, but long term rating as AA and below, or no long term rating. For the sake of clarity, the long term rating of such instruments would be considered. In case where two or more credit ratings are available for an instrument, the lower rating of the instrument will be considered. The fund manager may also invest in unrated debt securities, which the fund manager believes to be of equivalent quality.

B. Baroda Pioneer Monthly Income Plan (MIP) Fund* ("BPMIPF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Monthly Income Plan (MIP) Fund*	Baroda Pioneer Conservative Hybrid Fund
2.	Type of scheme	An open ended income scheme with no assured returns.	An open ended hybrid scheme investing pre-dominantly in debt instruments.
3.	Investment Objective	The scheme seeks 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.	No change.
4.	Asset Allocation pattern	Investment in equity & equity related instruments : 0-20% **(Medium to High Risk)** Investment in money market instruments, debt securities and securitized debt : 0-100% **(Low to Medium Risk)** Investment in securitized debt: 0-20% **(Low to Medium Risk)** Investment in debt derivatives : 0-10%	Investment in equity & equity related instruments: 10% - 25% **(High to Medium risk)** Investment in debt and money market instruments : 75% - 90% **(Medium to Low risk)** Investment in REITs and InvITs : 0-10% **(High Risk)** The scheme may invest in securitized debt upto 50% of its net assets. **(Low to Medium Risk)** The scheme may take derivatives positions upto 50% of the net assets of the scheme, based on the opportunities available and in line with the overall investment objective of the scheme, subject to the guidelines issued by SEBI from time to time. These may be taken to hedge or rebalance the portfolio, or to undertake any other strategy as may be permitted under the Regulations from time to time. The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$ 300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008.

* Monthly income is not assured and is subject to availability of distributable surplus.

C. Baroda Pioneer Short Term Bond Fund ("BPSTBF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Short Term Bond Fund	No change
2.	Type of scheme	An open ended income scheme	An open-ended short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years (please refer to SID).
3.	Investment Objective	The Scheme seeks to generate income from a portfolio constituted of short-term debt and money market securities.	No change.
4.	Asset Allocation pattern	Investment in debt and money market instruments with a residual maturity of not greater than 3 years. *(Current asset allocation)* Investments in money market instruments / debt instruments with a residual maturity of upto 24 months : 65%-100% **(Low to Medium Risk)** Investments in debt securities with residual maturity greater than 24 months and less than 60 months : 0-35% **(Low Risk)** Investment in securitized debt : 0-25% Investment in debt derivatives : 0-50%	Investment in debt & money market instruments upto 100% of the net assets of the scheme, such that the Macaulay duration of the portfolio is between 1 year and 3 years. **(Low to Medium Risk)** Investment in REITs and InvITs : 0-10% **(High Risk)** The scheme may invest in securitized debt upto 50% of its net assets. **(Low to Medium Risk)** The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$ 300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008. The scheme may take derivatives positions upto 50% of the net assets of the scheme, based on the opportunities available and in line with the overall investment objective of the scheme, subject to the guidelines issued by SEBI from time to time. These may be taken to hedge or rebalance the portfolio, or to undertake any other strategy as may be permitted under the Regulations from time to time.
5.	Investment strategy of the scheme	The investment strategy of the Scheme is as follows : • Identifying attractive opportunities on the basis of the government policies, economic development, monetary policy, research report and overall economic conditions and development. • The issuer/companies 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. • Issuer/Companies, which meet the initial selection norms, are then evaluated on the financial norms for consideration in the investments. The scheme would make investments universe based on the spread and liquidity, in such that the average maturity of the instruments in the scheme will be in between 6 months to 3 years for Short Term Bond Fund. • The scheme will emphasise on well managed, 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 CRISIL, ICRA, CARE etc. • Investment in sovereign papers would be based on the interest rate expectations arising out of macroeconomic analysis. This includes analysis of inflation data, & trends in macro variables such as credit growth, liquidity, money supply, fiscal numbers & global interest. • Baroda Pioneer Short Term Bond Fund 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.	The scheme is a short term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 1 year and 3 years. (Please refer to SID for the definition and concept of Macaulay Duration). The concept of Macaulay Duration can be explained with the help of the following illustration: (Please refer to SID for the definition and concept of Macaulay Duration). The investment strategy of the scheme is as follows : • Identifying attractive opportunities on the basis of the government policies, economic development, monetary policy, research report and overall economic conditions and development. • The issuer/companies 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. • Issuer/Companies, which meet the initial selection norms, are then evaluated on the financial norms for consideration in the investments. The scheme would make investments based on the spread and liquidity, such that the Macaulay duration of the portfolio of the scheme is between 1 year and 3 years. • The scheme will emphasise on well managed, 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 CRISIL, ICRA, CARE etc. • Investment in sovereign papers would be based on the interest rate expectations arising out of macroeconomic analysis. This includes analysis of inflation data, & trends in macro variables such as credit growth, liquidity, money supply, fiscal numbers & global interest. • The portfolio will be sufficiently diversified by investing in number of issuers/companies across the industries so as to reduce the risk of a concentrated portfolio.

D. Baroda Pioneer Treasury Advantage Fund ("BPTAF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Treasury Advantage Fund	No change
2.	Type of scheme	An open ended debt scheme	An open-ended low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months (please refer to SID)
3.	Investment Objective	The main objective of the Scheme is to provide optimal returns and liquidity through a portfolio comprising of debt securities and money market instruments.	No change.
4.	Asset Allocation pattern	Investment in debt and money market instruments with an average maturity of not greater than 1 year. *(Current asset allocation)* Investments in money market instruments / debt instruments with average maturity upto 1 year : 65%-100% **(Low Risk)** Investments in debt securities with average maturity more than 1 year : 0-35% **(Low to Medium Risk)** Investment in securitized debt : 0-25% Investment in debt derivatives : 0-50%	Investment in Debt & Money Market instruments upto 100% of the net assets of the scheme, such that the Macaulay duration of the portfolio is between 6 months and 12 months. **(Low to Medium Risk)** Investment in REITs and InvITs : 0-10% **(High Risk)** The scheme may invest in securitized debt upto 50% of its net assets. **(Low to Medium Risk)** The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008. The scheme may take derivatives positions upto 50% of the net assets of the scheme, based on the opportunities available and in line with the overall investment objective of the scheme, subject to the guidelines issued by SEBI from time to time. These may be taken to hedge or rebalance the portfolio, or to undertake any other strategy as may be permitted under the Regulations from time to time.
5.	Investment strategy of the scheme#		The scheme is a low duration debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 6 months and 12 months. (Please refer to SID for the definition and concept of Macaulay Duration).

E. Baroda Pioneer Dynamic Bond Fund ("BPDF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Dynamic Bond Fund	No change
2.	Type of scheme	An open ended debt scheme	An open-ended dynamic debt scheme investing across duration.
3.	Investment Objective	The scheme seeks to generate returns with liquidity by managing the portfolio dynamically through interest rate cycles.	No change.
4.	Asset Allocation pattern	Investment in debt instruments with residual maturity greater than 1 year : 1%-100% **(Medium to High Risk)** Investment in money market instruments & debt securities with residual maturity upto 1 year : 0 - 99% **(Low to Medium Risk)** Investment in securitized debt: 0-25% Investment in debt derivatives : 0-50%	Investment in debt and money market instruments across duration: Upto 100% of the net assets of the scheme. **(Low to Medium Risk)** Investment in REITs and InvITs : 0-10% **(High Risk)** The scheme may invest in securitized debt upto 50% of its net assets. **(Low to Medium Risk)** The scheme may take derivatives positions upto 50% of the net assets of the scheme, based on the opportunities available and in line with the overall investment objective of the scheme, subject to the guidelines issued by SEBI from time to time. These may be taken to hedge or rebalance the portfolio, or to undertake any other strategy as may be permitted under the Regulations from time to time. The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$ 300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008.

F. Baroda Pioneer Gilt Fund ("BPGF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Gilt Fund	No change
2.	Type of scheme	An open ended gilt scheme	An open ended debt scheme investing in government securities across maturity.
3.	Investment Objective	The scheme seeks to generate income by investing in a portfolio of Government securities.	No change.
4.	Asset Allocation pattern	Investment in GOIs, state government dated securities, T-bills : Upto 100% **(Low Risk)**	Investment in GOIs, state government dated securities, T-bills : 80% - 100% **(Low Risk)** Debt and Money Market instruments (including securitized debt and foreign securities) : 0 – 20% **(Low to Medium Risk)**
5.	Type of instruments in which the scheme will invest	The funds available under the Scheme will primarily be invested in sovereign securities issued by State and / or Central Government.	Subject to the SEBI (Mutual Funds) Regulations, 1996, the corpus of the scheme can be invested in any (but not exclusively) of the following securities: i. Securities created and issued by the Central and State Governments and/or reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and T-Bills). ii. Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and T-Bills). iii. Debt issuances of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee. iv. Corporate debt (of both public and private sector undertakings) and repos in corporate debt securities. v. Debentures (of both public and private sector undertakings) including non-convertible and cumulative. vi. Term Deposits of banks (both public and private sector) and development financial institutions. vii. Debt and money market instruments (reverse repo, CBLO etc.) permitted by SEBI/RBI or in alternative investment for the call money market as may be provided by RBI to meet the liquidity requirements. viii. Certificate of Deposits (CDs). ix. Commercial Paper (CPs). x. Securitised debt. xi. Any other security as may be permitted by SEBI / RBI from time to time.

G. Baroda Pioneer Income Fund ("BPIF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Income Fund	No change
2.	Type of scheme	An open ended income scheme	An open ended medium term debt scheme investing in instruments such that the Macaulay duration of the portfolio is between 4 years and 7 years (please refer to SID).
3.	Investment Objective	The primary objective of the scheme is to generate regular income by investing in a portfolio of good quality fixed income securities by maintaining a balance between risk & return.	No change
4.	Asset Allocation pattern	Investments in debt instruments: 80%-100% **(Low to Medium Risk)** Investments in money market instruments: 0-20% **(Low Risk)** Investment in securitized debt: 0-15% **(Low to Medium Risk)** Investment in debt derivatives : 0-50%	Investment in debt & money market instruments upto 100% of the net assets of the scheme, such that the Macaulay duration of the portfolio is between 4 years and 7 years. **(Low to Medium Risk)** Investment in REITs and InvITs : 0-10% **(High Risk)** The scheme may invest in securitized debt upto 50% of its net assets. **(Low to Medium Risk)** The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$ 300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008. The scheme may take derivatives positions upto 50% of the net assets of the scheme, based on the opportunities available and in line with the overall investment objective of the scheme, subject to the guidelines issued by SEBI from time to time. These may be taken to hedge or rebalance the portfolio, or to undertake any other strategy as may be permitted under the Regulations from time to time. The fund manager may, in the interest of the unit holders, reduce the portfolio Macaulay duration of the scheme upto one year, in case he has a view on interest rate movements in light of anticipated adverse situation. The asset allocation of the scheme under such adverse situation will be as given below : • Money market and Debt instrument with residual maturity upto 1 year : 50% -100% • Debt Instruments with maturity 1 year and above : 0% - 50% • Investment in securitized debt : 0% - 50% • Investment in foreign securities: 0% - 25%. In case of such adverse situation where the portfolio Macaulay duration is reduced below the specified floor of 4 years, the AMC shall record reasons for the same with adequate justification and maintain the same for audit purposes. The written justifications shall be placed before the Trustee in its subsequent meeting. Further, the Trustee shall review the portfolio and report the same in its half yearly report to SEBI.
5.	Type of instruments in which the scheme will invest	The corpus of the scheme will be invested in good quality debt and money market instruments: 1. Investments will be made through secondary market purchases, initial public offers, other public offers, placements and negotiated deals. The securities could be listed, unlisted, privately placed, secured/unsecured rated/unrated of any maturity. 2. The Scheme may invest in Units of any scheme managed by BPAMC or of any other mutual fund without charging any Investment Management Fee provided that the aggregate inter-scheme investment made by all schemes under the management of BPAMC or in schemes under the management of any other asset management company shall not exceed 5% of the net asset value of all the schemes of the Fund. 3. The AMC retains the flexibility to invest across all securities/instruments in debt and money market. 4. Investments made by the Scheme will be in accordance with the features of the Scheme and provisions of the Regulations. The AMC will strive to assess risk of the potential investment in terms of credit risk, interest rate risk and liquidity risk. The credit risk analysis would involve an assessment of the past track record and prospects for the company, the industry it operates in, etc. A view on the movement of interest rates will be taken on an ongoing basis, considering the impact of the developments on the macro-economic front and the demand and supply of funds. 5. The AMC will utilise ratings of recognised rating agencies as an input in the decision making process. Investments in bonds and debentures will usually be in instruments that have been assigned investment grade ratings by a recognised rating agency. In case a debt instrument is not rated, prior approval of the Board of Directors of BPAMC and Trustee of Baroda Pioneer Mutual Fund will be obtained for such an investment or in such manner as may be laid down by SEBI. 6. Investment may also be made in such other instruments as may be permitted in future by SEBI or any other regulatory authority.	The scheme will invest in the instruments more specifically highlighted below: 1) Money market instruments like commercial paper, certificate of deposit, short term deposit, treasury bills and short-term debt instruments etc. issued by various corporate, Government - State or Central, Public Sector Undertakings. 2) Non-convertible portion of Convertible Debentures (Khokas), Non-Convertible Debentures. 3) Zero Interest Bonds, Deep Discount Bonds, Floating Rate Bonds/Notes. 4) Government Securities. 5) Term Deposits with Banks / FDs. 6) Securitised Debt. 7) Fixed income derivative instruments like IRS, FRAs and such other derivative instruments as may be permitted by SEBI / RBI. 8) Any other domestic fixed income instrument as may be permitted by SEBI / RBI from time to time.
6.	Fund Managers	Ms. Hetal Shah	Ms. Hetal Shah & Mr. Karn Kumar

H. Baroda Pioneer Balance Fund ("BPBF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Balance Fund	Baroda Pioneer Hybrid Equity Fund
2.	Type of scheme	An open ended balanced scheme	An open ended hybrid scheme investing predominantly in equity and equity related instruments.
3.	Investment Objective	To provide long-term capital appreciation along with stability through a well-balanced portfolio comprising of equity, equity related instruments, money market instruments and debt securities.	No change
4.	Asset Allocation pattern	Investment in equity and equity related instruments : 51% - 75% **(High to Medium risk)** Investment in debt and money market instruments : 25% - 49% **(Medium to Low risk)** Investment in securitized debt : 0-15% **(Medium to Low risk)** Investment in derivatives : 0-10%	Investment in equity and equity related instruments : 65% - 80% of total assets. **(High to Medium risk)** Investment in debt and money market instruments : 20% - 35% of total assets. **(Medium to Low risk)** Investment in REITs and InvITs : 0-10% **(High risk)** The scheme may invest in securitized debt upto 50% of its net assets. **(Low to Medium Risk)** The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008. The scheme may take derivatives positions upto 50% of the net assets of the scheme, based on the opportunities available and in line with the overall investment objective of the scheme, subject to the guidelines issued by SEBI from time to time. These may be taken to hedge or rebalance the portfolio, or to undertake any other strategy as may be permitted under the Regulations from time to time.
5.	Type of instruments in which the scheme will invest #	The Scheme shall invest in the following asset classes: a) Equity and Equity related Instruments, b) Debt Securities and Money market Instruments, c) Securitized Debt.	Please refer Note D below.

I. Baroda Pioneer Banking & Financial Services Fund ("BPBFSF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Banking & Financial Services Fund	No change
2.	Type of scheme	An open ended sectoral scheme	An open ended Equity scheme investing in the Banking and Financial Services sector.
3.	Investment Objective	To generate long-term capital appreciation for unit holders from a portfolio invested predominantly in equity and equity related securities of companies engaged in the Banking & Financial Services Sector.	No change
4.	Asset Allocation pattern#	The Scheme may not invest in securitized debt.	Investment in REITs and InvITs : 0-10% **(High risk)** The scheme may invest in securitized debt upto 20% of its net assets. **(Low to Medium Risk)** The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008.

J. Baroda Pioneer Pioneer Large Cap Fund ("BPLCF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Large Cap Fund	No change
2.	Type of scheme	An open ended equity scheme	Large Cap Fund – An open-ended equity scheme pre-dominantly investing in large cap stocks.
3.	Investment Objective	The primary objective of the Scheme is to generate capital appreciation by investing predominantly in a diversified portfolio of equity and equity related securities of large cap companies. The Scheme may also invest in debt and money market securities. However, there is no assurance or guarantee that the investment objective of the Scheme will be realized.	No change
4.	Asset Allocation pattern	Investment in equity and equity related instruments including derivatives of large cap companies : 75% - 100% **(Medium to High risk)** Investment in equity and equity related instruments including derivatives of other than large cap companies : 0-25% **(High risk)** Investment in debt, money market instruments and cash : 0-25% **(Low to Medium risk)** Investment in derivatives : 0-50% The scheme will not invest in securitized debt.	Investment in equity and equity related instruments including derivatives of large cap companies : 80% - 100% **(Medium to High risk)** Investment in equity and equity related instruments including derivatives of other than large cap companies : 0-20% **(High risk)** Debt, money market instruments and cash : 0-20% **(Low to Medium risk)** Investment in REITs and InvITs : 0-10% **(High risk)** The scheme may take derivatives positions upto 50% of the net assets of the scheme, based on the opportunities available and in line with the overall investment objective of the scheme, subject to the guidelines issued by SEBI from time to time. These may be taken to hedge or rebalance the portfolio, or to undertake any other strategy as may be permitted under the Regulations from time to time. The scheme may invest in securitized debt upto 20% of its net assets. **(Low to Medium Risk)** The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008.

K. Baroda Pioneer Pioneer Mid-Cap Fund ("BPMCF")

Sr. No.	Scheme features	Existing Provisions	Revised Provisions (effective June 6, 2018)
1.	Name of scheme	Baroda Pioneer Mid-Cap Fund	No change
2.	Type of scheme	An open ended equity scheme	Mid Cap Fund – An open-ended equity scheme pre-dominantly investing in mid cap stocks.
3.	Investment Objective	The primary objective of the Scheme is to generate capital appreciation by investing predominantly in a diversified portfolio of equity and equity related securities of growth oriented mid cap stocks. However, there is no assurance or guarantee that the investment objective of the Scheme will be realized.	No change
4.	Asset Allocation pattern	Investment in equity and equity related instruments including derivatives of mid-cap companies : 75% - 100% **(High risk)** Investment in equity and equity related instruments including derivatives of large cap / small cap companies : 0 -25% **(Medium to High risk)** Investment in debt, money market instruments and cash : 0-25% **(Low to Medium risk)** Investment in derivatives : 0-50% The scheme will not invest in securitized debt.	Investment in equity and equity related instruments including derivatives of mid-cap companies : 65% - 100% **(High risk)** Investment in equity and equity related instruments including derivatives of large cap / small cap companies : 0-35% **(Medium to High risk)** Debt, money market instruments and cash : 0-35% **(Low to Medium risk)** Investment in REITs and InvITs : 0-10% **(High risk)** The scheme may take derivatives positions upto 50% of the net assets of the scheme, based on the opportunities available and in line with the overall investment objective of the scheme, subject to the guidelines issued by SEBI from time to time. These may be taken to hedge or rebalance the portfolio, or to undertake any other strategy as may be permitted under the Regulations from time to time. The scheme may invest in securitized debt upto 20% of its net assets. **(Low to Medium Risk)** The scheme may invest in foreign securities upto 25% of its net assets subject to maximum of US$300 million in the aggregate at the Mutual Fund level, as per the SEBI circular nos. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007 and SEBI/IMD/CIR no. 2 / 122577 / 08 dated April 8, 2008.

All other terms and conditions under these sections in the existing SID of the schemes which are not mentioned herein will remain unchanged.

COMMON DISCLOSURES :

(A) RISK FACTORS

a) Risk associated with investments in REITs and InvITs.

- **Price-Risk or Interest-Rate Risk:** REITs & InvITs run price-risk or interest-rate risk. Generally, when interest rates rise, prices of existing securities fall and when interest rates drop, such prices increase. The extent of fall or rise in the prices is a function of the existing coupon, days to maturity and the increase or decrease in the level of interest rates.
- **Credit Risk:** In simple terms this risk means that the issuer of a debenture/ bond or a money market instrument may default on interest payment or even in paying back the principal amount on maturity. REITs & InvITs are likely to have volatile cash flows as the repayment dates would not necessarily be pre scheduled.
- **Liquidity or Marketability Risk:** This refers to the ease with which a security can be sold at or near to its valuation yield-to-maturity (YTM). The primary measure of liquidity risk is the spread between the bid price and the offer price quoted by a dealer. As these products are new to the market they are likely to be exposed to liquidity risk.
- **Reinvestment Risk:** Investments in REITs & InvITs may carry reinvestment risk as interest rates prevailing on the interest or maturity due dates may differ from the original coupon of the bond. Consequently, the proceeds may get invested at a lower rate.
- **Risk of lower than expected distributions:** The distributions by the REIT or InvIT will be based on the net cash flows available for distribution. The amount of cash available for distribution principally depends upon the amount of cash that the REIT/INVIT receives as dividends or the interest and principal payments from portfolio assets.

b) Risk associated with Investments in Foreign Securities.

- The scheme may invest in overseas debt / equities / ADRs / GDRs with the approval of RBI/SEBI, subject to such guidelines as may be issued by RBI/SEBI. The net assets, distributions and income of the scheme may be affected adversely by fluctuations in the value of certain foreign currencies relative to the Indian Rupee to the extent of investments in these securities. Repatriation of such investment may also be affected by changes in the regulatory and political environments. The scheme's NAV may also be affected by a fluctuation in the general and specific level of interest rates internationally, or the change in the credit profiles of the issuers.
- The Scheme may, where necessary, appoint advisor(s) for providing advisory services for such investments. The appointment of such advisor(s) shall be in accordance with the applicable requirements of SEBI. The fees and expenses would illustratively include, besides the investment management fees, custody fees and costs, transaction costs and overseas regulatory costs, the fees of appointed advisor(s). The fees related to these services would be borne by the AMC and would not be charged to the Scheme.

c) Risks associated with investing in securitised debt.

(Applicable to BPGF, BPBFSF, BPLCF, BPMCF)

The Scheme may invest in securitised debt of investment grade.

Generally available Asset Classes for securitization in India :

A. Commercial Vehicles

B. Auto and Two wheeler pools

C. Mortgage pools (residential housing loans)

D. Personal Loan, credit card and other Regular loans

E. 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 collateralization and guarantee to bring risk limits in line with the other AAA rated securities.

It is relevant to note here that predominantly the Scheme shall invest in investment grade 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's 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 is 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.

(B) DEFINITIONS

a. Foreign Securities.

Debt securities of overseas companies listed on the recognized stock exchanges overseas or such other securities as may be specified and permitted by SEBI and/or RBI from time to time.

b. Infrastructure Investment Trust / InvIT.

(Applicable to all schemes except for BPGF)

Shall have the meaning assigned in clause (za) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Infrastructure Investment Trusts) Regulations, 2014.

c. Real Estate Investment Trust / REIT.

(Applicable to all schemes except for BPGF)

Shall have the meaning assigned in clause (zm) of sub-regulation 1 of regulation 2 of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014.

d. Large Cap companies.

(Applicable to BPLCF and BPMCF)

Large cap companies may be defined to include companies from the 1st to the 100th company in terms of the average full market capitalization for the half year ended June / December as may be applicable, as disclosed by AMFI.

e. Mid Cap companies.

(Applicable to BPLCF and BPMCF)

Mid cap companies may be defined to include companies from the 101st to the 250th company in terms of the average full market capitalization for the half year ended June / December as may be applicable, as disclosed by AMFI.

f. Small cap companies.

(Applicable to BPLCF and BPMCF)

Small cap companies may be defined to include companies from 251st onwards, in terms of the average full market capitalization for the half year ended June / December as may be applicable, as disclosed by AMFI.

g. Macaulay duration

(Applicable to BPSTBF, BPTAF, BPIF)

Please refer to SID for the definition and concept of Macaulay Duration.

For the sake of information, the definition and concept of Macaulay duration is given below :

Macaulay duration is the weighted average term to maturity of the cash flows from an instrument. The weight of each cash flow is determined by dividing the present value of the cash flow by the price. Macaulay duration is a measure of interest rate sensitivity of a fixed income instrument. Higher the Macaulay duration, higher would be the interest rate risk.

Macaulay duration of a portfolio is the asset weighted average of the Macaulay duration of individual bonds / securities in the portfolio. The table below illustrates the calculation of Macaulay duration of the portfolio.

Instrument	Amount (Rs. in Crs.)	% of Portfolio (a)	Macaulay Duration (b)	Weighted Average (a*b)
Instrument 1	25	25%	1	0.25
Instrument 2	25	25%	2	0.50
Instrument 3	25	25%	3	0.75
Instrument 4	25	25%	4	1
	100	**100%**	**Macaulay Duration of Portfolio**	**2.50**

Macaulay Duration - Calculation

$$\textbf{Macaulay Duration} = \frac{\sum_{t=1}^{n} \frac{t * C}{(1+y)^t} + \frac{n * M}{(1+y)^n}}{\text{Current Bond Price}}$$

Where:

• t = respective time period, • C = periodic coupon payment , • y = periodic yield , • n = total number of periods, • M = maturity value, • Current Bond Price = Present value of cash flows

Key Assumptions

1. Macaulay duration measures interest rate risk accurately only for instruments where cash flows do not change with change in the yield (i.e. for plain vanilla instruments and not for instruments with embedded options).

2. Macaulay duration assumes yield curve is flat and so cash flows are reinvested at constant YTM rate over the instrument's period.

3. Macaulay duration does not consider the fact that duration does not remain constant and duration changes with level of YTM rates.

Illustration

Assume a bond paying 10% coupon, matures in three years. Yield to maturity is at 10%. The bond pays coupon annually, and pays the principal on the final payment. Given this, the following cash flows are expected over the next three years:

Period	Cash flow
Year 1	Rs.100
Year 2	Rs.100
Year 3	Rs.1100

With the periods and the cash flows known, a discount factor must be calculated for each period. This is calculated as 1 / (1 + r)^n, where r is the interest rate and n is the period number in question. Thus the discount factors would be:

Period	Discount Factor Formula	Results
Year 1	$1 / (1 + 10\%)^1$	0.909
Year 2	$1 / (1 + 10\%)^2$	0.826
Year 3	$1 / (1 + 10\%)^3$	0.751

Next, multiply the period's cash flow by the period number and by its corresponding discount factor to find the present value of the cash flow:

Period	Weighted Present Value of cash flow	Results
Year 1	1 * Rs.100 * 0.909	90.9
Year 2	2 * Rs.100 * 0.826	165.3
Year 3	3 * Rs.1100 * 0.751	2479.3
	Sum	**2735.5 (numerator)**
Sum of PV Cash Flows = $100/(1+10\%)^1 + 100/(1+10\%)^2 + 1100/(1+10\%)^3$ = 1000 (denominator)		
Macaulay duration = 2735.5 / 1000 = 2.74		

(C) WHAT ARE THE INVESTMENT RESTRICTIONS ?

(Applicable to all schemes except for BPGF)

1) The Mutual Fund under all its schemes shall not own more than 10% of the units issued by a single issuer of REIT and InvIT.

2) The Scheme shall not invest :

- more than 10% of its net assets in the units of REIT and InvIT; and
- more than 5% of its net assets in the units of REIT and InvIT issued by a single issuer.

(D) WHERE WILL THE SCHEME INVEST?

a) Investment in Foreign Securities

The Scheme may invest in Foreign Securities including ADRs/GDRs and any other equity and debt instruments issued by overseas companies, for the purpose of diversification subject to compliance with the prescribed conditions by SEBI / RBI in this regard. The Mutual Fund may appoint overseas investment advisors and other service providers, to the extent permissible under the Regulations.

The Scheme may, with the approval of SEBI / RBI, wherever applicable, invest in:

- ADRs and/or GDRs issued by Indian or foreign companies;
- Equity of overseas companies listed on recognized stock exchanges overseas;
- Initial and follow on public offerings for listing at recognized stock exchanges overseas;
- Foreign debt securities in the countries with fully convertible currencies, short term as well as long term debt instruments with rating not below investment grade by accredited/registered credit rating agencies;
- Money market instruments rated not below investment grade;
- Repos in the form of investment, where the counterparty is rated not below investment grade; repos shall not however, involve any borrowing of funds by the Mutual Fund;
- Government securities where the countries are rated not below investment grade;
- Derivatives traded on recognized stock exchanges overseas only for hedging and portfolio balancing with underlying as securities;
- Short term deposits with banks overseas where the issuer is rated not below investment grade;
- Units/securities issued by overseas mutual funds or unit trusts registered with overseas regulators and investing in (a) aforesaid securities, (b) Real Estate Investment Trusts listed on recognized stock exchanges overseas or (b) unlisted overseas securities, not exceeding 10% of its net assets.

The Scheme will not invest in foreign securitized debt.

As per SEBI circular no. SEBI/IMD/CIR No.7/104753/07 dated September 26, 2007, mutual funds can make overseas investments subject to a maximum of US $300 million or such limits as may be prescribed by SEBI from time to time. Subject to the approval of RBI / SEBI and conditions as may be prescribed by them, the Mutual Fund may open one or more foreign currency accounts abroad either directly, or through the custodian/ sub-custodian, to facilitate investments and to enter into/deal in forward currency contracts, currency futures, interest rate futures / swaps, currency options for the purpose of hedging the risks of assets of a portfolio or for its efficient management. However, the use of such instruments shall be as permitted from time to time. All the requirements of the SEBI circular dated September 26, 2007 would be adhered to by the AMC for investment in Foreign Securities.

Investment in Foreign Securities shall be made in accordance with the requirements including appointment of a dedicated Fund Manager as stipulated by SEBI/RBI from time to time.

b) Investments in Securitized Debt

(Applicable to BPGF, BPBFSF, BPLCF and BPMCF)

1. Special Purpose Vehicle (SPV) - An SPV is created to hold title to assets underlying securities. The SPV is the entity, which would typically buy the assets (to be securitised) from the Originator. The SPV is generally a low-capitalised entity with narrowly defined purposes and activities, and usually has independent trustees/directors. As one of the main objectives of securitisation is to remove the assets from the balance sheet of the Originator, the SPV plays a very important role in as much as it holds the assets in its books and makes the upfront payment for them to the Originator.
2. Originator – An Originator is the entity on whose books the assets to be securitised exist. An Originator is the prime mover of the deal i.e. it sets up the necessary structures to execute the deal. The Originator sells the assets on its books and receives the funds generated from such sale. In a true sale, the Originator transfers both the legal and the beneficial interest in the assets to the SPV.
3. Obligor – An Obligor is the Originator's debtor (borrower of the original loan). The amount outstanding from the Obligor is the asset that is transferred to the SPV. The credit standing of the Obligor(s) is of paramount importance in a securitisation transaction.
4. Rating Agency: Since the investors take on the risk of the asset pool rather than the Originator, an external credit rating plays an important role. The rating process would assess the strength of the cash flow and the mechanism designed to ensure full and timely payment by the process of selection of loans of appropriate credit quality, the extent of credit and liquidity support provided and the strength of the legal framework.
5. Administrator or Servicer: It collects the payment due from the Obligor/s and passes it on to the SPV, follows up with delinquent borrowers and pursues legal remedies available against the defaulting borrowers. Since it receives the instalments and pays it to the SPV, it is also called the Receiving and Paying Agent.
6. Agent and Trustee: It accepts the responsibility for overseeing that all the parties to the securitisation deal perform in accordance with the securitisation trust agreement. It is appointed to look after the interest of the investors.
7. Structurer: Normally, an investment banker is responsible as structurer for bringing together the Originator, credit enhancer/s, the investors and other partners to a securitisation deal. It also works with the Originator and helps in structuring deals.
8. Securitized Assets: Securitization is a structured finance process, which involves pooling and repackaging of cash flow producing financial assets into securities that are then sold to investors. They are termed as Asset Backed Securities (ABS) or Mortgage Backed Securities (MBS). ABS are backed by other assets such as credit card, automobile or consumer loan receivables, retail installment loans or participations in pools of leases. Credit support for these securities may be based on the underlying assets and/or provided through credit enhancements by a third party. MBS is an asset-backed security whose cash flows are backed by the principal and interest payments of a set of mortgage loans. Such Mortgage could be either residential or commercial properties. ABS/MBS instruments reflect the undivided interest in the underlying assets and do not represent the obligation of the issuer of ABS/MBS or the originator of underlying receivables. Securitization often utilizes the services of an SPV.
9. Pass through Certificate (PTC): PTC represents beneficial interest in an underlying pool of cash flows. These cash flows represent dues against single or multiple loans originated by the sellers of these loans. These loans are given by banks or financial institutions to corporates. PTCs may be backed, but not exclusively, by receivables of personal loans, car loans, two wheeler loans and other assets subject to applicable regulations.

The following are certain additional disclosures w.r.t. investment in securitized debt:

1. How the risk profile of securitized debt fits into the risk appetite of the Scheme

Securitized debt is a form of conversion of normally non-tradable loans to transferable securities. This is done by assigning the loans to a special purpose vehicle (a trust), which in turn issues PTCs. These PTCs are transferable securities with fixed income characteristics. The risk of investing in securitized debt is similar to that of investing in debt securities except that it differs in two respects. Typically, the liquidity of securitized debt is less than similar debt securities. For certain types of securitized debt (backed by mortgages, personal loans, credit card debt, etc.), there is an additional pre-payment risk. Pre-payment risk refers to the possibility that loans are repaid before they are due, which may reduce returns if the re-investment rates are lower than initially envisaged. Because of these additional risks, securitized debt typically offers higher yields than debt securities of similar credit rating and maturity. If the fund manager judges that the additional risks are suitably compensated by higher returns, he may invest in securitized debt up to 25% of the net assets of the Scheme.

2. Policy relating to Originators based on nature of originator, track record, NPAs, losses in earlier securitized debt, etc.

The Originator is the person who has initially given the loan. The Originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). An analysis of the Originator is especially important in case of retail loans, as this affects the credit quality and servicing of the PTC. The key risk is that of the underlying assets and not of the Originator. For example, loss or performance of earlier issuances does not indicate quality of current series. However, such past performance may be used as a guide to evaluate the loan standards, servicing capability and performance of the Originator.

Originators may be banks, Non-Banking Finance Companies, Housing Finance Companies, etc. The fund manager / credit analyst evaluates Originators based on the following parameters:

- Track record
- Willingness to pay, through credit enhancement facilities etc.
- Ability to pay
- Business risk assessment, wherein following factors are considered:
  - ⇨ Outlook for the economy (domestic and global)
  - ⇨ Outlook for the industry
  - ⇨ Company specific factors

In addition, a detailed review and assessment of rating rationale is done, including interactions with the Originator as well as the credit rating agency.

The following additional evaluation parameters are used as applicable for the Originator / underlying issuer for pool loan and single loan securitization transactions:

- Default track record/ frequent alteration of redemption conditions / covenants
- High leverage ratios of the ultimate borrower (for single-sell downs) – both on a standalone basis as well on a consolidated level/ group level
- Higher proportion of rescheduling of underlying assets of the pool or loan, as the case may be
- Higher proportion of overdue assets of the pool or the underlying loan, as the case may be
- Poor reputation in market
- Insufficient track record of servicing of the pool or the loan, as the case may be.

3. Risk mitigation strategies for investments with each kind of Originator

An analysis of the Originator is especially important in case of retail loans as the size and reach affect the credit quality and servicing of the PTC. In addition, the quality of the collection process, infrastructure and follow-up mechanism, quality of MIS and credit enhancement mechanism are key risk mitigants for the better Originators / Servicers. In case of securitization involving single loans or a small pool of loans, the credit risk of the underlying borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to determine the credit risk. The credit analyst looks at ageing (i.e. how long the loan has been with the Originator before securitization) as one way of evaluating the performance potential of the PTC.

Securitization transactions may include some risk mitigants (to reduce credit risk). These may include interest subvention (difference in interest rates on the underlying loans and the PTC serving as margin against defaults), overcollateralization (issue of PTCs of lesser value than the underlying loans, thus even if some loans default, the PTC continues to remain protected), presence of an equity / subordinate tranche (issue of PTCs of differing seniority when it comes to repayment - the senior tranches get paid before the junior tranche) and / or guarantees.

4. The level of diversification with respect to the underlying assets, and \ measures for less diversified investments

In case of securitization involving single loans or a small pool of loans, the credit risk of the borrower is analyzed. In case of diversified pools of loans, the overall characteristic of the loans is analyzed to determine the credit risk. The credit analyst looks at ageing (i.e. how long the loan has been with the originator before securitization) as one way of judging the performance potential of the PTC. Additional risk mitigants may include interest subvention, over collateralization, presence of an equity / subordinate tranche and / or guarantees. The credit analyst also uses analyses by credit rating agencies on the risk profile of the securitized debt.

Currently, the following parameters are intended to be used while evaluating investment decision relating to a pool securitization transaction. These parameters may be revised from time to time.

Characteristics/ Type of Pool	Mort gage Loan	Commercial Vehicle and Construction Equipment	CAR	2 wheelers	Micro Finance Pools *	Personal Loans *	Single Sell Downs	Others
Approximate Average maturity (in Months)	Up to 10 years	Up to 3 years	Up to 3 years	Up to 3 years	NA	NA	Refer Note 1	Refer Note 2
Collateral margin (including cash, guarantees, excess interest spread, subordinate tranche)	>10%	>10%	>10%	>10%	NA	NA	Refer Note 1	Refer Note 2
Average Loan to Value Ratio	<90%	<80%	<80%	<80%	NA	NA	Refer Note 1	Refer Note 2
Average seasoning of the Pool	>3 months	>3 months	>3 months	>3 months	>3 months	NA	NA	Refer Note 2
Maximum single exposure range %	<1%	<1%	<1%	<1%	NA	NA	Refer Note 1	Refer Note 2
Averag e single exposure range %	<1%	<1%	<1%	<1%	NA	NA	Refer Note 1	Refer Note 2

* Currently, the Scheme will not invest in these types of securitized debt.

Note 1: In case of securitization involving single loans or a small pool of loans, the credit risk of the borrower is analyzed. The investment limits applicable to the underlying borrower are applied to the single loan sell-down.

Note 2: Other investments will be decided on a case-to-case basis.

The credit analyst may consider the following risk mitigating measures in his analysis of the securitized debt:

- Size of the loan
- Average original maturity of the pool
- Loan to Value Ratio
- Average seasoning of the pool
- Default rate distribution
- Geographical Distribution
- Credit enhancement facility
- Liquid facility
- Structure of the pool

5. Minimum retention period of the debt by Originator prior to securitization

Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements. In addition, RBI has proposed minimum holding period of between nine and twelve months for assets before they can be securitized.

The minimum holding period depends on the tenor of the securitization transaction. The Fund will invest in securitized debt that are compliant with the laws and regulations.

6. Minimum retention percentage by Originator of debts to be securitized

Issuance of securitized debt is governed by the Reserve Bank of India. RBI norms cover the "true sale" criteria including credit enhancement and liquidity enhancements, including maximum exposure by the Originator in the PTCs. In addition, RBI has proposed minimum retention requirement of between five and ten percent of the book value of the loans by the Originator. The minimum retention requirement depends on the tenor and structure of the securitization transaction. The Fund will invest in securitized debt that is compliant with the laws and regulations.

7. The mechanism to tackle conflict of interest when the mutual fund invests in securitized debt of an Originator and the Originator in turn makes investments in that particular scheme of the fund.

The key risk is securitized debt relates to the underlying borrowers and not the Originator. In a securitization transaction, the Originator is the seller of the debt(s) and the Fund is the buyer. However, the Originator is also usually responsible for servicing the loan (i.e. collecting the interest and principal payments). As the Originators may also invest in the Scheme, the fund manager shall ensure that the investment decision is based on parameters for securitized debt.

8. The resources and mechanism of individual risk assessment with the AMC for monitoring investment in securitized debt

The fund management team has the experience to analyze securitized debt. In addition, credit research agencies provide analysis of individual instruments and pools. On an on-going basis (typically monthly), the servicer provides reports regarding the performance of the pool. These reports would form the base for ongoing evaluation where applicable. In addition, rating reports indicating rating changes would be monitored for changes in rating agency opinion of the credit risk.

c) Applicable to all schemes.

- ✓ Units issued by REITs / InvITs.
- ✓ Foreign Securities as permitted by RBI / SEBI.
- ✓ Units of mutual fund schemes.

d) Applicable to BPTAF and BPDBF.

- ✓ Derivative instruments as may be permitted by SEBI/RBI.
- ✓ Any other security as may be permitted by SEBI / RBI from time to time.

e) Applicable to BPMIPF, BPBF and BPBFSF.

- ✓ Equity and equity related securities including warrants carrying the right to obtain equity shares and convertible debentures.
- ✓ Securities created and issued by the Central and State Governments and/or reverse repos in such Government Securities as may be permitted by RBI (including but not limited to coupon bearing bonds, zero coupon bonds and T-Bills).
- ✓ Securities guaranteed by the Central and State Governments (including but not limited to coupon bearing bonds, zero coupon bonds and T-Bills).
- ✓ Debt issuances of domestic Government agencies and statutory bodies, which may or may not carry a Central/State Government guarantee.
- ✓ Corporate debt (of both public and private sector undertakings) and repos in corporate debt securities.
- ✓ Debentures (of both public and private sector undertakings) including non-convertible and cumulative.
- ✓ Term Deposits of banks (both public and private sector) and development financial institutions.
- ✓ Debt and money market instruments (reverse repo, CBLO etc.) permitted by SEBI/RBI or in alternative investment for the call money market as may be provided by RBI to meet the liquidity requirements.
- ✓ Certificate of Deposits (CDs).
- ✓ Commercial Paper (CPs).
- ✓ Securitised debt.
- ✓ Any other security as may be permitted by SEBI / RBI from time to time.
- ✓ Derivative instruments as may be permitted by SEBI/RBI.

This notice cum addendum forms an integral part of the SID and KIM of the above mentioned schemes of the Mutual Fund.

All the other terms and conditions of the SID and KIM of the above mentioned schemes shall remain unchanged.

For Baroda Pioneer Asset Management Company Limited
(Investment Manager to Baroda Pioneer Mutual Fund)

Place : Mumbai **sd/-**
Date : May 4, 2018 **Authorised Signatory**

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

For further details, kindly contact:
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CIN : U65991MH1992PLC069414
501, Titanium, 5th Floor, Western Express Highway, Goregaon (East), Mumbai - 400 063. • **Tel. No. :** 91 22 3074 1000 • **Toll Free No. :** 1800 267 0189 • **Visit us at :** www.barodapioneer.in • **Email :** info@barodapioneer.in