

Pramerica Asset Managers Private Limited

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Addendum to the Statement of Additional Information of Pramerica Mutual Fund

Investors/unit holders are advised to take note of the following changes made to the Statement of Additional Information ('SAI') of Pramerica Mutual Fund.

A. The following text has been added under the Section 'How to Apply' in Section IV of the SAI.

1. Restriction on Acceptance of Third Party Payments for Subscription of Units:

In order to enhance compliance with Know Your Customer (KYC) norms under the Prevention of Money Laundering Act, 2002 (PMLA) and to mitigate the risks associated with acceptance of third party payment instruments (cheques, demand drafts, pay orders etc.), Association of Mutual Funds in India (AMFI) has issued best practice guidelines on Risk Mitigation Process against third party cheques in mutual fund subscriptions.

In line with these recommendations, Pramerica Mutual Fund ('PMF') / Pramerica Asset Managers Private Limited ('the AMC') shall not accept applications for subscriptions for purchase of units accompanied with third party payment instruments with effect from November 15, 2010. For this purpose, "Third Party Payment" shall mean payment made through an instrument issued from an account other than that of the beneficiary investor. In case of payment instruments issued from a joint bank account, the first named applicant/investor must be one of the joint holders of the bank account from which the payment instrument is issued. 'Related person/s' means such persons as may be specified by the AMC from time to time.

Exception: The AMC/ Registrar of PMF will accept subscriptions to schemes of PMF accompanied by Third-Party Payment Instruments only in exceptional cases mentioned below:

1. Payment by Parents/Grandparents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding ₹ 50,000/- (each regular purchase or per SIP installment);
2. Payment by employer on behalf of employee under Systematic Investment Plan (SIP) facility through payroll deductions;
3. Custodian on behalf of an FII or a Client

The investors making an application under the above mentioned exceptional cases are required to comply with the following, without which their applications for subscriptions for units will be rejected / not processed.

- a) Mandatory KYC compliance of the investor **and** the person making the payment, in order to determine the identity of the investor and the person issuing the payment instrument.
- b) Submit a separate, 'Third Party Payment Declaration Form' from the beneficiary applicant/s (guardian in case of minor) and the person making the payment i.e., the Third Party, giving details of the bank account from which the payment is made and the relationship of the Third Party with the beneficiary. (The declaration form is available at www.pramericamf.com)
- c) Submit a cancelled cheque leaf or copy of bank statement / pass book page mentioning bank account number, account holders' name and address or such other document as the AMC may require for verifying the source of funds to ascertain that funds have been remitted from the drawer's account only.

The AMC shall adopt the following process for identifying Third Party Payments: and accordingly investors are required to comply with the requirements specified below:

a. Payment by Cheque: An investor at the time of his/her purchase must provide the details of pay-in bank account (i.e. account from which a subscription payment is made) and pay-out bank account (i.e. account into which redemption/dividend proceeds are to be paid). Identification of third party cheques by the AMC / Registrars will be on the basis of either matching of pay-in bank account details with registered/pay-out bank account details or by matching the bank account number/name/signature of the first named investor with the name/account number/signature available on the cheque. If the name/bank account number is not pre-printed on the cheque and signature on the cheque does not match with signature on the application, then the first named applicant/investor should submit any one of the following documents:

- (i) a copy[#] of the bank passbook or a statement of bank account having the name and address of the account holder and account number;

- (ii) a letter* (in original) from the bank on the bank's letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

** In respect of (ii) above, it should be certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.*

Investors should note that where the bank account numbers have changed on account of the implementation of core banking system at their banks, any related communication from the bank towards a change in bank account number should accompany the application form for subscription of units.

b. Payment by Prefunded Instrument:

- (i) If the subscription is settled with pre-funded instruments such as Pay Order, Demand Draft, Banker's cheque, etc., a certificate (in original) from the Issuing banker must accompany the purchase application, stating the Account holder's name and the Account number which has been debited for issue of the instrument. The account number mentioned in the Certificate should be a registered bank account or the first named unitholder should be one of the account holders to the bank account debited for issue of such instruments.
- (ii) A pre-funded instrument issued against cash shall not be accepted, except in case of payment made by Parents/Grandparents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding ₹ 50,000/-. This also should be accompanied by a certificate from the banker giving name, address and PAN of the person who has procured the payment instrument.

The Certificate(s) mentioned in (i) and (ii) above should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.

c. Payment by RTGS, NEFT, ECS, Bank transfer, etc:

A copy of the instruction to the bank stating the account number debited must accompany the purchase application. The account number mentioned on the transfer Instruction copy should be a registered bank account or the first named unitholder should be one of the account holders to the bank account.

The above broadly covers the various modes of payment for mutual fund subscriptions. The above list is only indicative not exhaustive list and any other mode of payment as introduced from time to time will also be covered accordingly. In case the application for subscription does not comply with the above provisions, the AMC / Registrars retains the Sole and absolute discretion to reject/not process such application and refund the subscription money and shall not be liable for any such rejection.

2. Registration of Multiple Bank Accounts effective from 15th November 2010:

The investors of Pramerica Mutual Fund may register multiple Bank Mandates in a single folio using a prescribed form, namely, "Multiple Bank Accounts Registration form", available on the Mutual Fund's website and also at the Official Points of Acceptance (OPA). An investor may register upto 5 bank accounts in case the investor is an individual/ HUF and upto 10 bank accounts in case the investor is a non-individual. The following documents are required to be submitted along with the Multiple Bank Accounts Registration form:

- ✓ Cancelled cheque leaf, or
- ✓ Bank Statement / Pass Book Page with account number, account holders' name and address.

By registering multiple bank accounts, investors can use any of the registered bank accounts to receive redemption/dividend proceeds. These registered bank account details will be used for verification of instrument used for subscription to ensure that third party payments are not used for mutual fund subscription, except where permitted.

In case of existing unitholders, the existing bank mandate, and in case of new investors, their bank account details as mentioned in the application form for initial purchase, shall be treated as default bank account and all additional bank mandates would be considered as optional bank mandates, unless the unitholder gives a separate request to change the same to any of the other registered bank account using the 'Multiple Bank Accounts Registration Form'. However, unitholder may specify any other registered bank accounts for credit of redemption proceeds at the time of requesting for the redemption. In case the investor wants the redemption proceeds to be credited to any one of the optional bank accounts from amongst the bank mandates registered under a folio, the investor needs to clearly indicate the same in the redemption application form. In the absence of such indication, the redemption proceeds would be credited to the default bank account.

In case request for redemption is received together with a change of bank account or before verification and validation of the new bank account, the redemption request would be processed to the registered default bank account. Unit holders may note that it is desirable to submit their requests for change in bank details at least seven calendar days prior to date of redemption/dividend payment, if any. Any redemption request placed along or during this period shall ordinarily be processed as per the earlier bank account registered in the records of the Registrars. The AMC / Registrar reserves the right to request for any such additional documents or information as it deemed necessary for enabling registration of bank accounts of unitholders.

3. Change in Know Your Customer (KYC) Compliance Requirements

Hitherto, it was mandatory for investors investing Rs.50,000 or more to complete a one-time enhanced KYC compliance process before investing in a mutual fund for the first time. Pursuant to implementation of Know Your Customer (KYC) Compliance requirements under the Prevention of Money Laundering Act, 2002, it would be mandatory for all investors to be KYC Compliant irrespective of the amount of investment.

Accordingly, it is mandatory for all Corporate, Partnership Firms, Trusts, HUF, NRIs and investors coming through Channel Distributors to complete a one-time enhanced KYC compliance process before investing in a mutual fund for the first time, irrespective of the amount of investment.

As regards individual investors the above change will be effective from January 1, 2011 and shall be applicable in respect of all investments made on or after January 1, 2011. For the purpose of KYC Compliance individual investors include (a) their constituted Power of Attorney (PoA) holder in case of investments through a PoA; (b) each of the applicants in case of investments in joint names; and (c) guardian in case of investments on behalf of minor.

4. Additional mode of payment through Applications Supported by Blocked Amount (ASBA):

Pursuant to SEBI Circular dated SEBI/IMD/CIR No 18 /198647 /2010 March 15, 2010, and Cir / IMD / DF / 6 / 2010 dated July 28, 2010, in respect of New Fund Offer (NFO) of Schemes launched on or after October 1, 2010, investor can subscribe to the NFO through Applications Supported by Blocked Amount (ASBA) facility by applying for the Units offered under the Option(s) / Plan(s) of the Scheme(s) in the ASBA Application Form and by following the procedure as prescribed in the form.

ASBA is an application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of mutual fund schemes.

An Investor intending to subscribe to the Units in the NFO through ASBA, is required to submit a duly completed prescribed ASBA Application Form to a Self Certified Syndicate Bank (SCSB), with whom his/her bank account is maintained, either physically with the Designated Branches (DBs) of the SCSB ("Physical ASBA"); or electronically through the internet banking facility offered by the SCSB ("Electronic ASBA"). SCSB is a bank which is recognized as a bank capable of providing ASBA services to its customers, the list of which is available on the websites of SEBI (www.sebi.gov.in), BSE (www.bseindia.com), and NSE (www.nseindia.com).

On acceptance of Physical or Electronic ASBA, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA.

The application money towards the Subscription of Units shall be blocked in the account until (a) Allotment of Units is made or (b) Rejection of the application or (c) Winding up of the Scheme, as the case may be.

SCSBs shall unblock the bank accounts for (a) Transfer of requisite money to the Mutual Fund / Scheme bank account against each valid application on allotment or (b) in case the application is rejected.

Thus, for an investor who applies through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is considered for allotment of Units.

B. The following text has been added under the clause 'Investor Grievances Redressal Mechanism' of sub-section 'C' of Section VII on 'Tax & Legal & General Information in the SAI:

Given below is the status of Investor Complaints since inception of the Schemes till November 15, 2010:

Name of the Schemes	Complaints Received	Complaints Redressed	Complaints Pending
Pramerica Liquid Fund	0	0	0
Pramerica Ultra Short Term Bond Fund	0	0	0

All other features and terms and conditions of the Statement of Additional Information will remain unchanged. This addendum forms an integral part of the Statement of Additional Information issued for the schemes read with the addenda issued thereunder.

Risk Factors: All mutual funds and securities investments are subject to market risks and there can be no assurance that the objectives of the Scheme will be achieved and the NAV of the funds may go up or down depending upon the factors and forces affecting the securities markets. Performance of the Sponsor has no bearing on the expected performance of the mutual fund or any of its schemes. Past performance of the Sponsor and their Affiliates/AMC/Mutual Fund & its Scheme(s) does not indicate the future performance of the Scheme and may not necessarily provide a basis of comparison with other investments. Investment in Mutual Fund Units involves investment risks such as trading volumes, settlement risk, liquidity risk, default risk including the possible loss of principal. As the price / value / interest rates of the securities in which the Scheme invests fluctuate, the value of your investment in the Scheme may go up or down. Investors are not being offered any guaranteed / assured returns under any schemes of Pramerica Mutual Fund. Copy of SID/SAI and Key Information Memorandum (KIM) can be obtained from all Investor Services Centers of Pramerica Mutual Fund or can be downloaded from: www.pramericaamf.com.

Statutory Details: Pramerica Mutual Fund is set up as a Trust under the Indian Trusts Act, 1882 and registered with SEBI. **Sponsor:** Prudential Financial, Inc. of the United States of America [liability restricted to initial contribution of Rs. 1 Lac towards the corpus of the Mutual Fund]. [Pramerica is the brand name used by Prudential Financial, Inc. of the United States and its affiliates in select countries outside of the United States. Prudential Financial, Inc. of the United States is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.] **Trustee:** Pramerica Trustees Private Limited **Investment Manager:** Pramerica Asset Managers Private Limited.

MUTUAL FUND INVESTMENTS ARE SUBJECT TO MARKET RISKS, PLEASE READ ALL SCHEME RELATED DOCUMENTS CAREFULLY.