FUND FACT SHEET

November 2010

Pramerica

MUTUAL FUND

India's infrastructure problems - God can and may help!

Vijai Mantri
Managing Director & CEO

In times of distress, man turns to God who has time and again come to his help in various avatars. When the Asuras (Demons) churned up Halahal (poison) from the sea, Shiva came to the rescue by drinking it up, when Ravan wreak havoc Ram came to fight him off, when Kaliya the Snake troubled the inhabitants of Nandanvan, Krishna killed the snake and so on and so forth. God has come to our rescue whenever the society has faced problems. And in times like now, when India is plagued by severe infrastructure problems, who else to turn to but God!

"To make sure that God listens to them at the right time, Indians donate a lot towards religious charities. Thousands of temples, mosques, churches, gurudwaras and other places of worship are built and run on donations given by followers."

To make sure that God listens to them at the right time, Indians donate a lot towards religious charities. Thousands of temples, mosques, churches, gurudwaras and other places of worship are built and run on donations given by followers. People open up their hearts and purses when a religious leader gives a call to donate for a particular cause. In return, the donor gets recognition by having some part of the building/cause named after them. Like the gate could be sponsored by one person, the cost of daily rituals sponsored by another and their names are etched on marble plaques and remain there forever, given the donor and his family social recognition for generations to come. Many a time, these donations are in cash and no one questions the source of such money. This helps to channelize money from the parallel economy into the mainstream!

This very behaviour of religious Indians could help to channel funds from the common man to many of the infrastructure projects in the country! Think about it - a civic hospital or a school or a bridge or a road named after some God or a religious leader built by money donated by people and the top 50 or 100 donors gets their names etched as a sponsor! Each time the donor passes by that road or visits the school, the sense of pride that he will feel at having contributed to the betterment of the country will be second to none.

Critics would decry the use of God or religion for such a cause, but a look back at history should silence them. Mahatma Gandhi used prayer meetings to unite people in the fight for independence; Lokmanya Tilak used Sarvajanik Ganesh Mahotsavs to get people together against the British (Independence being the most important issue of those times) and the Christian missionaries have used it to bring about welfare of the downtrodden. Religion has been used, quite effectively, for causes other than religion itself, and what better cause than building India's infrastructure – a burning issue of current times!

Think of all the hospitals, schools, roads, bridges, airports that have to be built and think of all the money that could be added to the government's kitty, if we could do something like that. The government's spending on such projects would come down, helping them utilize the money in other priority areas and also cut down the fiscal deficit. And this is just one of the after-effects!

The other important positive side effect will be in reduced cost of infrastructure. How can that be? Look at it this way, most of the money that is generated in the parallel economy is invested in real estate -with most such deals in cash. This drives up the real estate prices in that area. Now, whenever the government wants to acquire land for any infrastructure project, it ends up paying higher acquisition costs thus shooting up the total cost of the project. Now if this money was instead routed to infrastructure projects, lesser money would go into real estate, thus prices won't go up and the common man will be able to afford his 'sapno ka ghar'!

It has been said for ages that in Kalyug, God himself will come down to rescue the human race. For India, the time is now. Even if God does not come down in person, God surely won't mind its name being used for such a good cause.

Market Round - Up : Fixed Income

Liquidity situation worsened further during the month with peak borrowing from RBI hitting an new all time high of ₹ 150,000 crores (US$ 32 Bn) and average borrowing at ₹100,000 crores (US$21.7 Bn). This episode of negative liquidity is proving to be significantly higher in magnitude and longer lasting than the difficult experience of 2008 during the peak of global financial crisis. RBI announced further liquidity injection measures to address the systemic liquidity issues. Most significantly, RBI allowed relaxation of SLR by 2% below current regular stipulation as against 1% allowed last month and during 2008. Further, RBI extended the second liquidity auction facility till January 28, 2011. These are very significant concessions from RBI for an extended period and thus highlighting the structural liquidity crisis that the system continues to face for last 6 months. While origin of the current liquidity shortage is with the outflow related to 3G/BWA telecom auctions, continuation thereof is attributed to large cash balance with government and large current account deficit. Outlook remains that of tighter liquidity for December, as combined with advance tax outflow and auction payments, net cash flow for the month remains negative.


Mahendra Jajoo,
Executive Director & CIO - Fixed Income

Benchmark 10 year government bond yields finished the month lower by 6 bps, though trading was volatile with an intra-month low of 7.96%. Traders were drawing support at start of the month from the expected fall in US long bond yields as an outcome of the second round of quantitative easing (QE2) by Fed. However, US bond yields failed to maintain any momentum during the month and actually closed higher by 22 bps at 2.82%. Domestic factors also failed to provide sustained optimism and thus after hitting a low of 7.96%, bond yields reversed trend to close the month at 8.06%. Corporate bonds continued to remain range bound though the volumes remain subdued. 10-year AAA corporate bonds traded in narrow band of 8.85-8.75.

Money market liquidity remained extremely tight resulting in another sharp spike in short term rates. 3-month bank CD rates moved up by another 75-80 bps. Similarly, 1 year CD rates crossed the critical mark of 9%, higher by 40 bps compared to previous month. Liquidity is expected to remain tight for remaining quarter on the back of strong credit pick-up. We expect banks to come under pressure to realign the respective ALM by speeding up the deposit mobilization and thus keep upward momentum on short-term money market rates.

On the global front, disconnect in monetary policies of the developed and developing economies is getting sharper. While India and China continued to raise domestic interest rates/reserve requirements, primarily driven by the objective to control inflationary expectations, Fed introduced QE2 with promise to buy US$ 600bn of US treasuries with the primary objective of avoiding a deflationary threat. In the highly integrated global village, such disconnects have not lasted very long in recent times as in 2007. Next few months will tell us whether this decoupling process can get strength, at least in monetary policies. If China accepts the buy-back program of Fed and diversifies to European bonds under QE2, even for a nominal amount, this could dramatically shift the global monetary policy paradigm, though it remains an extremely unlike event at least for now.

We expect government bond yields to remain range bound in near term with off-setting factors of high supply, elevated inflation levels and strong credit pick-up on the negative side and supportive global environment, higher FII limits and expected improvement in inflation situation on the positive side. Further, notwithstanding the loose monetary policy in US, recent hikes by China and uncertainty in Euro zone will keep global interest rates markets volatile.

RBI has pretty much indicated in last policy review that it would pause for a while before reassessing the need to hike rates further. Recent trend in easing headline inflation numbers, particularly in agricultural products as also slower IIP in last two months, in our view, may provide enough space for a pause at least till March'2011 and eventual shift to neutral bias for RBI. However, given current tight liquidity situation and strong credit pick up, short term rates may continue to inch up further until signs of better balance in liquidity are visible.

Market Round - Up : Equity

Economy:

The 2nd Quarter (July- Sept) GDP growth came in at 8.9% (higher than market expectation) indicating continued traction in the economy. Industrial sector grew by 9.2%, Agriculture by 4.4%, and Services grew by 9.7%.

Headline Wholesale Price Index inflation for October came in at 8.58% YoY. Primary article inflation has climbed down, led by the fall in food prices. Inflation is likely to preoccupy policymakers, even as the threat of a spike in global oil and commodity prices looms large.

Ravi Gopalakrishnan,
Executive Director & CIO - Equity

2nd Quarter results

The 2nd Quarter results for the BSE 30 companies were above estimates with sales growth at 19% and profit growth at 27%. Profits for Sensex companies are likely to grow by 20% in FY 2011.

Stock Markets:

The markets began the month on a strong note and crossed the all time highs on 5th November, but closed lower by 2.58% for the month of November. News surrounding the Ireland bailout, further tightening by China and the political stand-off between North and South Korea resulted in markets giving up some of the gains. Further, news of scandal surrounding the Telecom sector with respect to the 2G spectrum allocation and news of bribery allegations surrounding certain loans to real estate companies by a few public sector banks and financial institutions spooked the market sentiments resulting in further declines in the market. The markets managed to recover some losses towards the end of the month on clarification by the government that there were no structural issues associated with loan scandal and that the economy continues to grow strongly as evidenced by the better than expected 2Q GDP numbers. Foreign Institutional inflows continue to be strong at US $ 2.2 Bn in November. Domestic institutions turned marginal buyers at US$ 54 Mn. The rupee however fell by 3.28% vs the US$ to ₹ 45.86 in November.

Some of the sectors that outperformed during the month include Health Care (+0.7%), IT (+1.2%) and Consumer Discretionary (+0.75%). Sectors that under performed include Financials (-8.5%), Industrials (-6.0%), and Energy (-5.9%).

Outlook:

The stock markets are currently in a consolidation phase and are tracking both global and domestic events very closely. The Indian economy is gaining momentum and this is likely to get reflected in the corporate performance and stock markets over the next few quarters. The recent correction in the market is providing an excellent opportunity for the long term investor.

Pramerica Liquid Fund - Fact sheet

30 November 2010

(An open-ended liquid scheme)

Type of Fund/Investment Objective

The Scheme seeks to deliver reasonable market related returns with lower risk and higher liquidity through a portfolio of debt and money market instruments. However, there is no assurance that the investment objective of the Scheme will be realized and the Scheme does not assure or guarantee any returns.

Date of initial allotment

August 27, 2010

Fund Manager & his experience

Mahendra Jajoo

Over 19 years of experience in financial services and capital markets

Option

Growth & Dividend

Facilities (Under Dividend Option)

Dividend Reinvestment (daily, weekly, fortnightly, monthly)

Dividend Payout (fortnightly, monthly)

Default Option

Default Option: Growth

Default Dividend Facility: Dividend Reinvestment

Default Dividend Frequency: Daily

Benchmark Index

CRISIL Liquid Fund Index

Latest NAV

Option	NAV (in ₹)
Growth	1017.9260
Daily Dividend	1000.0008
Weekly Dividend	1000.0008
Fortnightly Dividend	1000.7719
Monthly Dividend	1000.7768

Maturity Profile

Below or equal to 91 days 100%

Maturity & Yield

Yield To Maturity	6.59%
Average Maturity	22 days

Modified Duration

21 days

Actual Expense Ratio

0.24%

Minimum Investment Amount

₹ 10,000 and multiples of ₹ 1/- thereafter.

Minimum Additional Amount

₹ 1,000 and multiples of ₹ 1/- thereafter.

Load Structure

Entry Load: Not Applicable

Exit Load: Nil

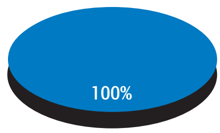
CRISIL Rating[3]

AAAf

Portfolio	Ratings	% of Net Assets
CERTIFICATE OF DEPOSITS		66.69
ICICI Bank Ltd.	PR1+	6.63
Punjab National Bank	PR1+	3.68
UCO Bank	P1+	3.68
Union Bank of India	A1+	3.68
Canara Bank	P1+	3.67
Other CDs		45.35
COMMERCIAL PAPER		33.05
EXIM Bank	P1+	3.68
Reliance Industries Ltd.	P1+	3.68
L&T Finance Ltd.	P1+	3.67
Reliance Capital Ltd.	A1+	3.67
Sharekhan Ltd.	A1+	3.66
Other CPs		14.69
Cash & Cash Equivalents		0.23
TOTAL		**100.00**

Ratings Profile

P1+/PR1+/A1+/F+(ind)/P1+r[1] 100 %



[1]Cash & cash equivalents are considered to be of AAA ratings quality.

Dividend Distribution History

Record date	Rate (₹/Unit)	Cum-Dividend NAV	Ex-Dividend NAV[2]
Fortnightly Dividend Payout Option			
12 Oct 2010	0.02077	10.0365	10.0000
26 Oct 2010	2.058281	1002.6280	1000.0000
11 Nov 2010	2.465245	1003.1501	1000.0024
26 Nov 2010	2.335534	1002.9849	1000.0003
Monthly Dividend Payout Option			
28 Sep 2010	0.043806	10.055664	10.0000
26 Oct 2010	4.147698	1005.2958	1000.0000
26 Nov 2010	4.808029	1006.1418	1000.0003

Please note that after the payment of dividend, the NAV falls to the extent of dividend, distribution tax and cess wherever applicable. Past performance may or may not be sustained in future. Face Value of units is changed from ₹ 10/- to ₹ 1000/- effective from 15th Oct 2010.

[2]NAV on the 1st transaction day after Record Date.

Performance as on 30th November 2010

Period	Pramerica Liquid Fund - Growth Option	CRISIL Liquid Fund Index
7 days	7.081%	6.692%
15 days	7.293%	6.724%
30 days	7.200%	6.620%
3 Months	6.854%	6.241%
6 Months	--	
1 Year	--	
3 Year	--	
Since Inception	**6.887%**	**6.223%**

The performance shown above is in respect of the Growth Option. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Performance of the dividend plan for the investor would be net of the dividend distribution tax, as applicable. The returns shown above in the table are simple annualized return.

[3]CRISIL Disclaimer: The assigned rating AAAf is valid only for "Pramerica Liquid Fund". The rating of CRISIL is not an opinion of the Asset Management Company's willingness or ability to make timely payments to the investor. The rating is also not an opinion on the stability of the NAV of the Fund, which could vary with market developments.

Pramerica Ultra Short Term Bond Fund

30 November 2010

(An open-ended debt scheme)

Type of Fund/Investment Objective
The objective of the scheme is to provide reasonable returns, commensurate with a low to moderate level of risk and high degree of liquidity, through a portfolio constituted of money market and debt instruments. However, there is no assurance that the investment objective of the scheme will be realized and the scheme does not assure or guarantee any returns

Date of initial allotment
September 24, 2010

Fund Manager & his experience
Mahendra Jajoo

Over 19 years of experience in financial services and capital markets

Option
Growth & Dividend

Facilities (Under Dividend Option)
Dividend Reinvestment (daily, weekly, fortnightly, monthly)

Dividend Payout (fortnightly, monthly)

Default Option
Default Option: Growth

Default Dividend Facility: Dividend Reinvestment

Default Dividend Frequency: Daily

Benchmark Index
CRISIL Liquid Fund Index

Latest NAV

Option	NAV (in ₹)
Growth	1013.2724
Daily Dividend	1000.0012
Weekly Dividend	1000.0066
Fortnightly Dividend	1000.7776
Monthly Dividend	1000.7765

Maturity Profile

Below or equal to 91 days	100%
Net Current Assets	-1.39%

Maturity & Yield

Yield To Maturity	6.82%
Average Maturity	20 days

Modified Duration
20 days

Actual Expense Ratio
0.258%

Minimum Investment Amount
₹ 5,000 and multiples of ₹ 1/- thereafter

Minimum Additional Amount
₹ 500 and multiples of ₹ 1/- thereafter

Load Structure
Entry Load: Not Applicable

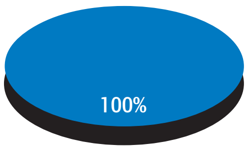
Exit Load: Nil

CRISIL Rating[3]
AAAf

Portfolio	Ratings	% of Net Assets
CERTIFICATE OF DEPOSITS		62.88
Kotak Mahindra Bank Ltd.	P1+	5.74
Axis Bank Ltd.	A1+	5.73
State Bank of India	P1+	5.73
UCO Bank	P1+	5.73
Bank of Baroda	A1+	5.72
Other CDs		34.23
COMMERCIAL PAPER		19.47
Edelweiss Capital Ltd.	P1+	4.58
Aditya Birla Finance	A1+	2.30
Edelweiss Capital Ltd.	P1+	2.29
IL&FS Financial services	A1+	2.29
Religare Finvest	A1+	2.29
Other CPs		5.72
Cash & Cash Equivalents		17.64
Total		**100.00**

Ratings Profile

P1+/PR1+/A1+/F+(ind)[1]	100%



[1]Cash & cash equivalents are considered to be of AAA ratings quality.

Dividend Distribution History

Record date	Rate (Re/Unit)	Cum-Dividend NAV	Ex-Dividend NAV[2]
Fortnightly Dividend Payout Option			
12 Oct 2010	0.032066	10.0365	10.0000
26 Oct 2010	2.310019	1002.6298	1000.0000
11 Nov 2010	2.766437	1003.1708	1000.0105
26 Nov 2010	2.454543	1003.0081	1000.0034
Monthly Dividend Payout Option			
26 Oct 2010	5.524673	1006.2895	1000.0002
26 Nov 2010	5.409364	1006.1669	1000.0022

Please note that after the payment of dividend, the NAV falls to the extent of dividend, distribution tax and cess wherever applicable. Past performance may or may not be sustained in future. Face value per unit of the Scheme was changed from ₹ 10/- to ₹ 1000/- effective from 15th Oct 2010.

[2] NAV on the 1st transaction day after Record Date.

Performance as on 30 November 2010

Period	Pramerica Ultra Short Term Bond Fund - Growth Option	CRISIL Liquid Fund Index
7 days	0.1359%	0.1283%
15 days	0.2991%	0.2763%
30 days	0.6316%	0.5441%
3 Months	--	
6 Months	--	
1 Year	--	
3 Year	--	
Since Inception	**1.3272%**	**1.1709%**

The performance shown above is in respect of the Growth Option. Past performance may or may not be sustained in future and should not be used as a basis for comparison with other investments. Performance of the dividend plan for the investor would be net of the dividend distribution tax, as applicable. The returns shown above in the table are absolute return, since the Scheme has been in existence for less than 1 year since initial allotment on closure of NFO.

[3]CRISIL Disclaimer: The assigned rating AAAf is valid only for "Pramerica Ultra Short Term Bond Fund". The rating of CRISIL is not an opinion of the Asset Management Company's willingness or ability to make timely payments to the investor. The rating is also not an opinion of the stability of the NAV of the Fund, which could vary with market developments.

Pramerica
MUTUAL FUND

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