

# FUND FACT SHEET

February 2011



Pramerica

MUTUAL FUND





## Size matters, but doesn't determine returns of MF



Vijai Mantri  
Managing Director & CEO

Is the size of the corpus of a mutual fund (MF) scheme, a reliable indicator of its selection? Should MF schemes be evaluated on this criterion? Does a larger corpus size lead to better returns and hence prove to be a better investment option?

A large corpus indicates investor confidence. A scheme's corpus may grow due to the fact that it has a good investment process and has delivered consistent performance. The fact that so many people entrust it with their hard earned money raises confidence on the fund.

But then a smaller corpus could be due to the fact that the fund house is new. It may come from a parent that is big globally, but is a new entrant in that particular market and hence, small. Size would not be a good indicator of performance or potential in such a case. When Tendulkar started playing international cricket, he was just 16 and also by size, he was substantially smaller than most of his counterparts!

Larger corpus funds often have lower costs as expenses get spread over a larger base. However, larger volumes may also make it difficult for the fund manager to manage the fund in an efficient manner. For example, a huge corpus can be detrimental to schemes

invested in midcap and small cap stocks. The increasing corpus size ensures large amounts being invested in less liquid midcap stocks. Thus, in the event of a slump in the market, larger schemes may suffer the most. However, funds with bigger corpus are usually more stable in nature.

In comparison, schemes with a small corpus are quite agile and flexible. They can make the best of changing market scenarios by altering the composition of securities held. Therefore, in the case of a rising interest rate scenario, small fixed income schemes can attract new investments and buy papers with high interest rates quickly thus benefitting the investors. This is what is exactly happening in the market right now. Schemes with a large corpus, that have been around for quite some time, have a portfolio made up of low interest earning securities which can't be changed quickly. There are many small corpus schemes in the market that are performing quite well and need investor confidence to continue to grow.

The amount of assets under management does affect the returns in some ways, but it is the only factor. Corpus size is definitely not the ideal indicator of how good the scheme is, as a lot of other factors may also impact its performance. It is important to see that the factors that made the scheme as large as it is today continue to be present - be it favourable economic conditions, experienced fund managers, or consistent performance. And, if small schemes of the past became large because of these very factors, then the same can happen to a scheme that is small today?

Invariably, one may find large schemes are large because of star fund managers. A legendary fund owner said, "Star fund managers and star funds, give "star" returns on their way to stardom and not necessarily after they achieved it. A star that has reached its peak may prove to be less promising than a smaller fund that is a star in the making. The struggler today, when given a chance, may give the best performances on the road to stardom and the reigning stars will have to make way for the new star. And this cycle shall continue.



**INSURANCE, MUTUAL FUND**

### Size matters, but doesn't determine returns of MF

Vijai Mantri

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Larger corpus funds often have lower costs as expenses get spread over a larger base. However, larger volumes may also make it difficult for the fund manager to manage the fund in an efficient manner. For example, a huge corpus can be detrimental to schemes invested in mid-cap and small-cap stocks. The increasing corpus size ensures large amounts being invested in less liquid mid-cap stocks. Thus, in the event of a slump in the market, larger schemes may suffer the most. However, funds with bigger corpus are usually more stable in nature.

In comparison, schemes with a small corpus are more agile and flexible. They can make the best of changing market scenarios by altering the composition of securities held. Therefore, in case of a rising interest rate scenario, small fixed-income schemes can attract new investments and buy papers with high interest rates quickly, thus benefiting investors. This is what is exactly happening in the market right now. Schemes with a large corpus, that have been around for quite

**A large corpus indicates investor confidence in a fund scheme, does affect returns in some ways, but is it the only factor**

some time, have a portfolio made up of low interest earning securities, which can't be changed quickly. There are many small corpus schemes in the market that are performing quite well and need investor confidence to continue to grow.

The amount of asset under management does affect returns in some ways, but it is the only factor. Corpus size is definitely not the ideal indicator of how good the scheme is, as a lot of other factors may also impact its performance.

It is important to see that the factors that made the scheme as large as it is today continue to be present - be it favourable economic conditions, experienced fund managers or consistent performance. And, if small schemes of the past became large because of these very factors, then the same can happen to a scheme that is small today?

Invariably, one may find large schemes are large because of star fund managers. A legendary fund owner said, "Star fund managers and star funds, give "star" returns on their way to stardom and not necessarily after they achieved it."

A star that has reached its peak may prove to be less promising than a smaller fund that is a star in the making. The struggler today, when given a chance, may give the best performances on the road to stardom and the reigning stars will have to make way for the new star. And this cycle shall continue.

(Vijai Mantri is the MD and CEO of Pramerica Mutual Fund)

(Every Wednesday Financial Chronicle will invite an industry leader to explain products, processes and issues of investor interest)

## Market Round - Up : Fixed Income

Two key events that occupied the centre stage in February were the Union budget and the sharp increase in oil prices following the agitations in Africa and Middle-East. In the Union Budget presented on February 28, revised budget estimates project fiscal deficit for FY11 at 5.1% of GDP, better than 5.5% originally expected. This was largely due to higher than expected collection in 3G auctions and higher than expected growth in nominal GDP. Still better, for FY12, government projected a fiscal deficit of 4.6% of GDP. In the absence of non-recurring one-off flow like 3G auction, this is a significant improvement over past year and a solid step towards fiscal consolidation. Government also increased investment limits for FII in domestic corporate debt by US \$20 bn from USD 5bn at present to USD 25 bn. This limit is available for investment in debt instruments of maturity more than 5 years, of infrastructure companies. Further, withholding tax for investments in notified infrastructure debt funds has been fixed at 5%. Further, disinvestment target is fixed at ₹ 40,000 crores and there is carry-forward of cash balance of ₹ 20,000 crores from current year. Thus, almost 15% of total fiscal deficit will be financed by these two sources. With GDP growth projection at 9% and inflation projection at 5% for FY12, budget announcement managed to cheer the fixed markets a bit.

In the other headline grabbing event of the month, Crude oil prices surged closed to 20% since start of 2011 and crossed the crucial and much watched USD 100 per barrel mark, driven by the ongoing agitation and unrest in African and Middle East countries. Markets are apprehensive of current situation leading to reduction in production volumes or disturbance in transportation of crude oils. There is a lot of risk premium currently built-in at current levels. Should the situation stabilize over next few weeks, crude oil price may correct downwards again. However, enough damage has already been done to keep the headline inflation reasonably high for rest of 2011. While food and vegetable prices which had lead to escalated inflation, have corrected sharply last month, this fresh surge in oil prices will to a large extent off-set the benefit thereof. As such, inflation will remain elevated. However, the uncertainty related with inflation in recent months should settle down with inflation numbers stabilizing around current mark.

Based on expectations of improved fiscal deficit, bond markets traded for most part of the month with a positive bias with benchmark 10Ygsec closing the month 15 bps lower at 8.02%. A slew of positive developments like completion of last government auction, higher government spending on subsidies improving system liquidity, bank deposit growth gathering some momentum post January credit policy and subdued IIP data helped maintain the positive momentum. However, positive sentiments were off-set by still sticky high inflation numbers and a surge in global crude prices.

Short term rates though continued to harden further with system liquidity remaining negative and stepped-up supply by banks. 3 month bank CDs crossed another crucial level of 10%. Similarly, 1 year bank CDs traded at yields closer to 10.25% mark. With liquidity expected to tighten further due to advance tax payments in March and with expectations of further monetary tightening by the central bank, short term rates are expected to inch up further in March.

Market borrowing program for FY12 is pegged at ₹ 3.4 lac crores. With current bank deposits at ₹ 50 lac crores and assuming a 20% growth in bank deposits next year and a SLR of 24%, banks would need net investment of at least ₹ 2.40 lac crores in government securities. Remaining ₹ 1 lac crores will be easily absorbed by LIC/EPFO etc. Thus, next year's borrowing program is likely to be completed smoothly and is unlikely to crowd-out private sector demand. Given that, barring any new negative development, long term bond yields are likely to be range bound with a positive bias.



**Mahendra Jajoo,**  
Executive Director & CIO - Fixed Income

# Market Round - Up : Equity

## Economy:

The 3Q GDP registered a growth of 8.2% vs 8.9% growth in 2QFY11 led by the agriculture sector and services sector which grew by 8.9% and 8.8% respectively. The sequential drop in GDP was mainly due to the slowdown in the industrial sector which saw a growth of 6.4%. The lower growth was mainly on account of a higher base effect of last year. The full year GDP growth for FY11 is estimated at 8.5%.

## Budget 2011-12:

The Budget for 2011-12 was announced on 28<sup>th</sup> February, 2011. What the budget provided was a clear road map in terms of taking the reforms to the next level. There was a clear focus on plugging leakages from the various welfare programs, through the UID initiative, so that the benefits of these programmes reach the targeted people. This can have significant long term benefits in controlling the government's expenditure on various programmes, thereby bringing the fiscal deficit to more manageable levels. The budget also put great emphasis on tackling inflation through creation of infrastructure facilities, supply chain management and logistics in the agri sector. The infrastructure sector which witnessed a slowdown during the last 6 months, caused by the policy paralysis due to the 2G scam saw an increased allocation of 23%.

On a macro level, the GDP for 2012 is projected to grow at 9% yoy, while the fiscal deficit target was reduced to 4.6% of GDP from 5.1% in FY11.

## Stock Markets:

The month of February saw extreme volatility in the markets as the investigating agencies questioned several corporate entities connected with the 2G scandal. This spooked market sentiments negatively and at one stage the markets fell by 5%. However, the markets recovered most of its gains as domestic funds took advantage of the steep correction. However, the Nifty dropped once again towards the end of the month on the back of tensions in Libya which resulted in the price of oil shooting up above US\$100. The Nifty index declined 3.14% in February.

Foreign Institutional investors sold US \$ 1.3 bn worth of stocks in February. The rupee weakened by 1.4% vs the US\$ to ₹ 45.3 during the month.

Some of the sectors that outperformed the Nifty during the month include Consumer Staples (+3.97%), Energy (-2.44%) and Financials (-2.16%). Sectors that under performed include Telecom (-13.1%), Health Care (-9.69) and Utilities (-9.45%).

## Outlook:

The Indian markets have corrected ~15% YTD. While macro numbers are suggesting to some sort of a slowdown, it is unlikely to have a significant impact on the long term growth trajectory. There are several bills that have been tabled in the parliament - Bills pertaining to the financial sector reforms, Mining Bill, Land Acquisition Bill etc and once they are passed, it is likely to revive the investment demand which has been benign for the past several months.

Further, once the negative news flow surrounding the 2G scandal and Libyan crisis subsides, the market is likely to refocus on the fundamentals of the economy and resume its upward momentum.



**Ravi Gopalakrishnan,**  
Executive Director & CIO - Equity

## 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

## NAV as on 28 February 2011

Option	NAV (in ₹)
Growth	1037.9471
Daily Dividend	1000.0450
Weekly Dividend	1001.3725
Fortnightly Dividend	1000.2345
Monthly Dividend	1000.2342

## Maturity Profile

Below or equal to 91 days 100%

## Maturity & Yield

Yield To Maturity 7.99%  
Average Maturity 26 days

## Modified Duration

24 days

## Actual Expense Ratio

0.22%

## 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

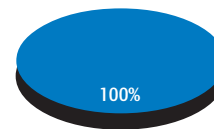
## CRISIL Rating<sup>3</sup>

AAAF

Portfolio	Ratings	% of Net Assets
<b>CERTIFICATE OF DEPOSITS</b>		<b>40.76</b>
Axis Bank Ltd.	P1+	5.67
Punjab National Bank	PR1+	5.67
State Bank of India	P1+	5.07
IDBI Bank Ltd.	A1+	2.86
Canara Bank	A1+	2.85
Others		18.64
<b>COMMERCIAL PAPER</b>		<b>45.51</b>
Edelweiss Capital Ltd.	PR1+	7.42
EXIM Bank	A1+	2.86
JM Financial Products Ltd	P1+	2.86
Jindal Saw Ltd.	PR1+	2.86
National Engineering Industries Ltd	PR1+	2.86
Others		26.65
<b>CBLO</b>	<b>AAA</b>	<b>11.07</b>
<b>Cash and Cash Equivalents</b>		<b>2.67</b>
<b>TOTAL</b>		<b>100.00</b>

## Ratings Profile

P1+/PR1+/A1+/F+(ind)/P1+r<sup>1</sup> 100 %



<sup>1</sup>Cash & cash equivalents are considered to be of AAA ratings quality.

## Dividend Distribution History

Record Date	Rate (₹/Unit)	Cum-Dividend NAV	Ex-Dividend NAV <sup>2</sup>
<b>Fortnightly Dividend Payout Option</b>			
12-Dec-10	2.498184	1003.1913	1000.0016
28-Dec-10	2.604765	1003.3258	1000.0000
11-Jan-11	2.417712	1002.8790	1000.0141
26-Jan-11	2.563124	1003.2869	1000.0181
11-Feb-11	2.772087	1003.5521	1000.0127
27-Feb-11	2.835745	1003.6278	1000.0070
<b>Monthly Dividend Payout Option</b>			
28-Dec-10	5.114438	1006.5302	1000.0000
26-Jan-11	4.988304	1006.3834	1000.0182
27-Feb-11	5.616551	1007.1784	1000.0071

Please note that after the payment of dividend, the NAV falls to the extent of dividend paid, distribution tax and cess wherever applicable. Past performance may or may not be sustained in future.

<sup>2</sup>NAV on the 1st transaction day after Record Date.

## Performance as on 28th February 2011

Period	Pramerica Liquid Fund – Growth Option	CRISIL Liquid Fund Index
7 days	8.3012%	8.0356%
15 days	8.2885%	8.0220%
30 days	8.1835%	7.8674%
3 Months	7.9605%	7.5926%
6 Months	7.4869%	6.9573%
1 Year	--	--
3 Years	--	--
<b>Since Inception (i.e., 27 Aug 2010)</b>	<b>7.4466%</b>	<b>6.9272%</b>

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 option for the investor would be net of the dividend distribution tax and Statutory Levy, as applicable. The returns shown above in the table are simple annualized return.

<sup>3</sup>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.

## 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

## NAV as on 28 February 2011

Option	NAV (in ₹)
Growth	1034.0255
Daily Dividend	1000.0400
Weekly Dividend	1001.4482
Fortnightly Dividend	1000.0223
Monthly Dividend	1000.0221

## Maturity Profile

Below or equal to 91 days 100%

## Maturity & Yield

Yield To Maturity 8.49%

Average Maturity 31 days

## Modified Duration

28 days

## Actual Expense Ratio

0.26%

## 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

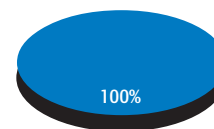
## CRISIL Rating<sup>3</sup>

AAAF

Portfolio	Ratings	% of Net Assets
<b>CERTIFICATE OF DEPOSITS</b>		<b>50.00</b>
Axis Bank Ltd.	P1+	4.45
Syndicate Bank	PR1+	4.45
Bank of Maharashtra	P1+	4.42
Canara Bank	P1+	4.42
State Bank of Bikaner and Jaipur	P1+	4.42
Others		27.84
<b>COMMERCIAL PAPER</b>		<b>37.27</b>
India Bulls Securities Limited	P1+	4.46
India Infoline Investment Services Ltd.	A1+	8.83
Aditya Birla Finance	A1+	3.56
Usha Martin Ltd	PR1+	3.56
Edelweiss Capital Ltd.	P1+	3.55
Others		13.31
<b>CBLO</b>	<b>AAA</b>	<b>13.28</b>
<b>Net Current Assets</b>		<b>-0.54</b>
<b>Total</b>		<b>100.00</b>

## Ratings Profile

P1+/PR1+/A1+/F+(ind)/P1+<sup>1</sup> 100 %



<sup>1</sup>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 <sup>2</sup>
<b>Fortnightly Dividend Payout Option</b>			
12-Dec-10	2.498184	1001.0787	1000.0016
28-Dec-10	2.826343	1003.2241	1000.0005
11-Jan-11	2.892949	1002.8790	1000.0114
27-Jan-11	3.196403	1003.6415	1000.0005
11-Feb-11	3.011089	1003.4362	1000.0083
28-Feb-11	3.484055	1003.9885	1000.0223
<b>Monthly Dividend Payout Option</b>			
28-Dec-10	5.927975	1006.7545	1000.0000
27-Jan-11	6.101608	1006.9461	1000.0000
28-Feb-11	6.506682	1007.4294	1000.0221

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.

<sup>2</sup>NAV on the 1st transaction day after Record Date.

## Performance as on 28th February, 2011

Period	Pramerica Ultra Short Term Bond Fund - Growth Option	CRISIL Liquid Fund Index
1 Year	--	--
3 Year	--	--
<b>Since Inception (i.e., 24 Sept.2010)</b>	<b>3.4026%</b>	<b>3.0728%</b>

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 and Statutory Levy, as applicable.

<sup>3</sup>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 on the stability of the NAV of the Fund, which could vary with market developments.

## Investment Objective

The objective of the scheme is to generate regular returns with moderate level of risk by investing primarily into a portfolio of Debt Securities and Money Market Instruments of short term maturity. 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

February 04, 2011

## 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 (weekly, fortnightly, monthly, quarterly)

Dividend Payout (monthly, quarterly)

## Default Option

Default Option: Growth

Default Dividend Facility: Dividend

Reinvestment

Default Dividend Frequency: Monthly

## Benchmark Index

CRISIL Short Term Bond Fund Index

## NAV as on 28 February 2011

Option	NAV (in ₹)
Growth	1006.2841
Weekly Dividend	1001.4843
Fortnightly Dividend	1000.0001
Monthly Dividend	1000.0000

## Maturity Profile

Below or equal to 91 days 100%

## Maturity & Yield

Yield To Maturity	9.05%
Average Maturity	51 days

## Modified Duration

47 days

## Actual Expense Ratio

0.72%

## Minimum Investment Amount

₹ 5,000 and multiples of ₹ 1/- thereafter

## Minimum Additional Amount

₹ 1,000/- and in multiples of ₹ 1

## Load Structure

### Entry Load:

Not Applicable

### Exit Load :

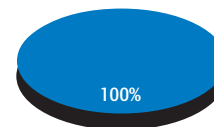
If the units are redeemed / switch out before 3 months from the date of allotment--@ 0.25%

If the units are redeemed / switch out on or after 3 months from the date of allotment --Nil

Portfolio	Ratings	% of Net Assets
<b>CERTIFICATE OF DEPOSITS</b>		
UCO Bank	P1+	21.02
State Bank of India	P1+	15.08
Vijaya Bank	PR1+	15.06
Punjab National Bank	PR1+	15.05
<b>COMMERCIAL PAPER</b>		
TELEVISION 18 INDIA LTD. (Guaranteed by ICICI Bank Ltd.)	A1+(so)	18.25
CBLO	AAA	15.63
Net Current Assets		-0.08
<b>Total</b>		<b>100.00</b>

## Ratings Profile

P1+/PR1+/A1+/F+(ind)/P1+r<sup>1</sup> 100 %



<sup>1</sup>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 <sup>2</sup>
<b>Fortnightly Dividend Payout Option</b>			
11-Feb-11	0.439134	1000.5001	1000.0002
28-Feb-11	3.717960	1004.2326	1000.0001
<b>Monthly Dividend Payout Option</b>			
28-Feb-11	5.438846	1006.1916	1000.0000

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.

<sup>2</sup> NAV on the 1st transaction day after Record Date.

## Performance as on 28th February, 2011

Period	Pramerica Short Term Income Fund - Growth Option	CRISIL Short Term Bond Fund Index
1 Year	--	--
3 Year	--	--
Since Inception (i.e., 4th Feb.2011)	0.6284%	0.6111%

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 and Statutory Levy, as applicable.

The returns shown above in the table are absolute return, as the Scheme has been in existence for less than 1 year since initial allotment on closure of NFO.

## Investment Objective

The objective of the scheme is to achieve long term capital appreciation by investing in an actively managed diversified portfolio consisting of equity and equity related securities including derivatives, debt & 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

December 6, 2010

## Fund Manager & his experience

**Ravi Gopalakrishnan** (For Equity portfolio)

Over 19 years of experience in financial services and capital markets

**Mahendra Jajoo** (For Debt portfolio)

Over 19 years of experience in financial services and capital markets

## Option

Growth & Dividend

## Facilities (Under Dividend Option)

Dividend Reinvestment

Dividend Payout

## Default Option

Default Option: Growth

Default Dividend Facility: Dividend

Reinvestment

## Benchmark Index

S&P CNX Nifty

## NAV as on 28 February 2011

Option	NAV (in ₹)
Growth	8.8100
Dividend	8.8100

## Ratios

Since the scheme has been launched on December 2010, and the performance history is available only for a short period, Standard Deviation, R-Squared, Beta, Sharpe Ratio, and Portfolio Turnover have not been computed for this month.

## Actual Expense Ratio

2.5%

## Minimum Investment Amount

₹ 5,000 and multiples of ₹ 1/- thereafter

## Minimum Additional Amount

₹ 500 and multiples of ₹ 1/- thereafter

## Load Structure

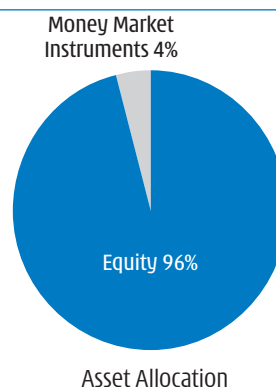
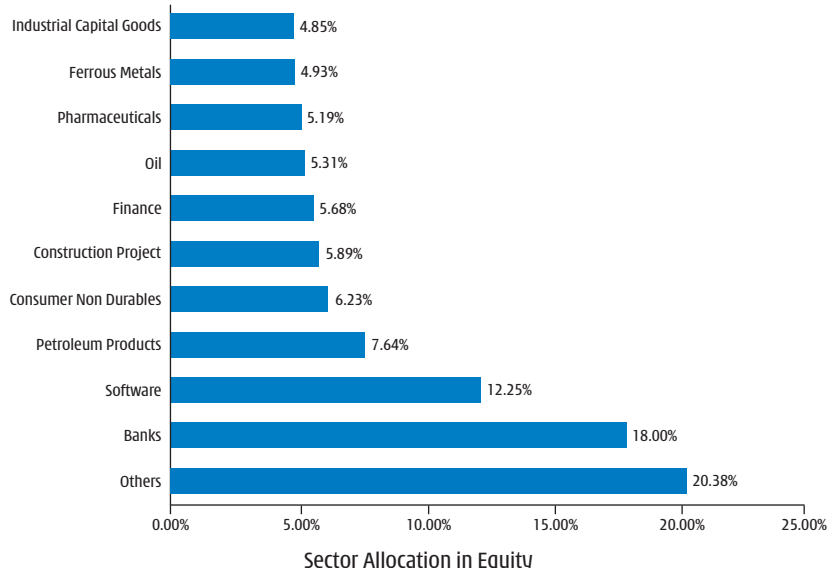
Entry Load: Not Applicable

Exit Load:

If the Units are Redeemed / Switched-out within 365 days of allotment, (i.e., on or before 365 days)- @ 1%

If the Units are Redeemed / Switched-out after 365 days -- NIL

Portfolio	Ratings / Industry	% of Net Assets
<b>Equity</b>		<b>96.35</b>
Reliance Industries Ltd.	Petroleum Products	7.64
ICICI Bank Ltd.	Banks	7.53
Infosys Technologies Ltd.	Software	6.96
Larsen & Toubro Ltd.	Construction Project	5.89
Tata Consultancy Services Ltd.	Software	4.32
HDFC Bank Ltd.	Banks	4.03
Tata Steel Ltd.	Ferrous Metals	4.01
Housing Development Finance Corporation Ltd.	Finance	3.98
I T C Ltd.	Consumer Non Durables	3.38
Oil & Natural Gas Corporation Ltd.	Oil	3.18
<b>Others</b>		<b>42.95</b>
<b>Money Market Instruments</b>	<b>AAA</b>	<b>3.65</b>
<b>Total</b>		<b>100.00</b>



## Performance as on 28th February 2011

Period	Pramerica Equity Fund - Growth Option	S&P CNX Nifty
6 Months	--	---
1 Year	--	---
3 Year	--	---
<b>Since Inception (i.e., 6 Dec. 2010)</b>	<b>-11.9000%</b>	<b>-10.9975%</b>

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 option for the investor would be net of the dividend distribution tax and Statutory Levy, as applicable. The returns shown above in the table are absolute return, as the Scheme has been in existence for less than 1 year since initial allotment on closure of NFO.

## Investment Objective

The objective of the scheme is to achieve long term capital appreciation by investing in an actively managed diversified portfolio consisting of equity and equity related securities including derivatives, debt & 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

December 6, 2010

## Fund Manager & his experience

**Ravi Gopalakrishnan** (For Equity portfolio)

Over 19 years of experience in financial services and capital markets

**Mahendra Jajoo** (For Debt portfolio)

Over 19 years of experience in financial services and capital markets

## Option

Growth & Dividend

## Facilities (Under Dividend Option)

Dividend Reinvestment

Dividend Payout

## Default Option

Default Option: Growth

Default Dividend Facility: Dividend

Reinvestment

## Benchmark Index<sup>2</sup>

A Hybrid Benchmark with 50% weight to S&P CNX Nifty and 50% weight to CRISIL MIP Index

## NAV as on 28 February 2011

Option	NAV (in ₹)
Growth	9.2000
Dividend	9.2000

## Ratios

Since the scheme has been launched on December, 2010 and the performance history is available only for a very short period. Standard Deviation, R-Squared, Beta, Sharpe Ratio and Portfolio Turnover have not been computed for this month.

## Maturity Profile

Below or equal to 91 days	19.74%
Above 91 days	12.23%

## Maturity & Yield

Yield To Maturity	8.26%
Average Maturity	118 days

## Modified Duration

107 days

## Actual Expense Ratio

2.47%

## Minimum Investment Amount

₹ 5,000/- and in multiples of ₹ 1

## Minimum Additional Purchase Amount

₹ 500/- and in multiples of ₹ 1

## Load Structure

Entry Load: Not Applicable

## Exit Load:

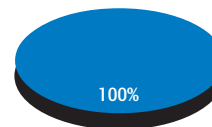
If the Units are Redeemed / Switched-out within 365 days of allotment, (i.e., on or before 365 days)-- @ 1%

If the Units are Redeemed / Switched-out after 365 days-- NIL

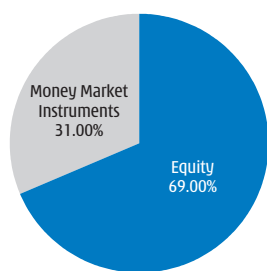
Portfolio	Ratings / Industry	% of Net Assets
<b>Equity</b>		<b>68.78</b>
Reliance Industries Ltd.	Petroleum Products	5.49
ICICI Bank Ltd.	Banks	5.37
Infosys Technologies Ltd.	Software	4.97
Larsen & Toubro Ltd.	Construction Project	4.2
Tata Consultancy Services Ltd.	Software	3.18
Tata Steel Ltd.	Banks	2.95
HDFC Bank Ltd.	Ferrous Metals	2.85
Housing Development Finance Corporation Ltd.	Finance	2.82
I T C Ltd.	Consumer Non Durables	2.38
Oil & Natural Gas Corporation Ltd.	Oil	2.23
<b>Others</b>		<b>30.49</b>
<b>Money Market Instruments</b>		<b>31.22</b>
<b>CERTIFICATE OF DEPOSITS</b>		<b>21.00</b>
Central Bank of India	PR1+	4.4
State Bank of Bikaner and Jaipur	P1+	4.37
Canara Bank	A1+	4.08
State Bank of Patiala	P1+	4.08
Bank of Baroda	A1+	4.07
<b>CBLO</b>	<b>AAA</b>	<b>10.97</b>
<b>Net Current Assets</b>		<b>-0.75</b>
<b>Total</b>		<b>100.00</b>

## Ratings Profile of the Money Market Instruments

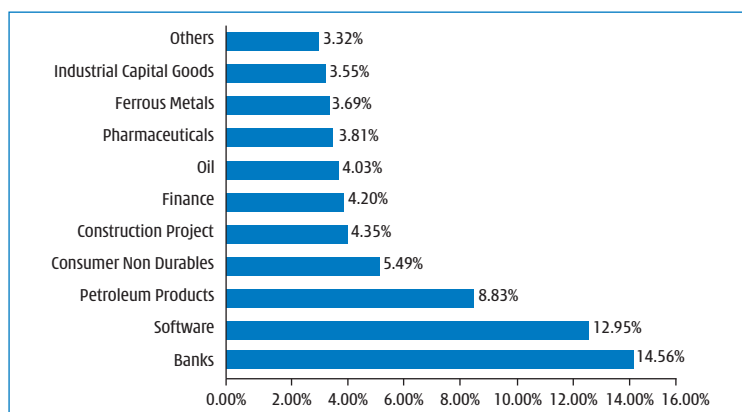
P1+/PR1+/A1+/F+(ind)/P1+<sup>1</sup> 100 %



<sup>1</sup>Cash & cash equivalents are considered to be of AAA ratings quality.



Asset Allocation



Sector Allocation in Equity

## Performance as on 28th February 2011

Period	Pramerica Dynamic Fund - Growth Option	Benchmark <sup>3</sup>
6 Months	--	---
1 Year	--	---
3 Year	--	---
<b>Since Inception (i.e., 6 Dec. 2010)</b>	<b>-8.0000%</b>	<b>-5.9580%</b>

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 option for the investor would be net of the dividend distribution tax and Statutory Levy, as applicable. The returns shown above in the table are absolute returns, since the Scheme has been in existence for less than 1 year since initial allotment on closure of NFO.

<sup>3</sup>CRISIL Hybrid ("Indices") are computed, compiled and prepared by CRISIL using equity indices, which is one of its components licensed by India Index Services & Products Limited ("IISL") and Standard and Poor's Financial Services LLC ("S&P") to CRISIL. CRISIL Indices are the sole property of CRISIL. CRISIL Indices shall not be copied, transmitted or redistributed in any manner for any commercial use. CRISIL has taken due care and caution in computation of the Indices, based on the data obtained from sources, which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Indices and is not responsible for any errors or for the results obtained from the use of the Indices. CRISIL especially states that CRISIL / IISL / S&P has no financial liability whatsoever to the users of CRISIL Indices"

<sup>3</sup>Benchmark is a hybrid index with 50% weight to CNX S&P Nifty and 50% weight to CRISIL MIP Index

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Time for  
**Pramerica Dynamic  
Monthly Income Fund**  
Powered by Pramerica DART<sup>®</sup>

Monthly Income is not assured and  
is subject to availability of distributable surplus



**Pramerica**  
**MUTUAL FUND**

**NFO Opens on : March 8, 2011 • NFO Closes on : March 22, 2011**  
**Scheme re-opens for ongoing offer on : April 04, 2011**

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**Name of the Scheme:** Pramerica Dynamic Monthly Income Fund. **Scheme Classification:** An open ended Income Scheme. **Investment Objective:** To generate regular returns through investment in Debt and Money Market Instruments and to generate capital appreciation by investing in equity and equity related instruments. Monthly Income is not assured and is subject to availability of distributable surplus. 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. **Asset Allocation:** Fixed Income Securities - 70 to 95%; Equity and Equity related instruments - 5% to 30%. **Terms of issue and sale and redemption of units:** Issue of units of ₹ 10 each during the new fund offer and at NAV based prices thereafter. The scheme offer sale and redemption facility on all business days during the ongoing offer. NAV of the Scheme will be calculated and disclosed at the close of every Business Day. **Load Structure:** Entry Load: Not Applicable, Exit Load: If Units are Redeemed / Switched-out upto & including 365 days of allotment @1%; If Units are Redeemed / Switched-out after 365 days of allotment - NIL.

**Recurring Expenses:** Recurring expenses including the investment management and advisory fee that can be charged to the Scheme shall be subject to a percentage limit of average weekly net assets @ 2.25% for the first ₹ 100 crore; @ 2.00%, next ₹ 300 crore; @ 1.75% on the next ₹ 300 Crores; and @ 1.50% on the balance. **NFO expenses:** To be fully borne by AMC / Sponsor. Copy of SID/SAI and Key Information Memorandum (KIM) can be obtained from any of our Investor Services Centers as well as from our website: [www.pramericamf.com](http://www.pramericamf.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. (PFI) of the United States of America [liability restricted to initial contribution of ₹1 Lac towards the corpus of the Mutual Fund]. [Pramerica is the brand name used by PFI and its affiliates in select countries outside 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

**Risk Factors:** All mutual funds and securities investments are subject to market risks and there can be no assurance that the objectives of the Schemes will be achieved and the NAV of the funds may go up or down depending upon the factors and forces affecting the securities markets. Pramerica Dynamic Monthly Income Fund is only the name of the scheme and does not in any manner indicate either the quality of the Scheme, its future prospects and returns. For scheme-specific risk factors & tax implications, please refer to the scheme information documents. 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(s) 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 scheme of Pramerica Mutual Fund.

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

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# Pramerica

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**Mutual Fund Investments are subject to market risks. Please read the Scheme Information Documents and the Statement of Additional Information carefully before investing.**