

FUND FACT SHEET

October 2010



Pramerica

MUTUAL FUND



Market Round - Up : Fixed Income

Liquidity situation turned worse than September with CBLO rates hitting a high of 11% towards month-end. Public offer of equity shares by government owned Coal India Ltd attracted record aggregate bids of US\$ 54 bn from Indian domestic institutions, FII and Indian public. This drained out liquidity from the system with a record net borrowing of INR 1.176 tn from the RBI LAF window on October 29th. RBI had to initiate emergency measures like relaxation in SLR requirement and special liquidity auctions over the week-end to tackle the situation. Most banks were borrowers from RBI. 1 month implied forward rates hit a high of 10% appx towards month-end further enhancing demand for liquidity. Outlook remains one for tighter liquidity for rest of quarter as well because Nov and Dec are also net negative months for system cash flows.

Benchmark 10 year govt bond yields rose sharply by 30 bps to 8.13% during the month. Market was disappointed with a very small reduction in the govt borrowing for the rest of the year inspite of larger than expected collections both from telecom auctions and disinvestment proceeds. Tight liquidity further added to the bearish sentiments. However, corporate bonds outperformed govt bonds with 10-year AAA corporate spreads contracting by a smart 22 bps to 45 bps. 10 year AAA corporate bonds closed the month at 8.77%.

Money market liquidity as discussed turned extremely tight resulting in another sharp spike in short term rates. 3-month bank CD rates moved up by 65-80 bps with some deals happening at above the critical 8% mark. Similarly, 1 year CD rates crossed 8.50%, higher by 50 bps compared to previous month. Liquidity is expected to remain tight for remaining quarter on the back of strong credit pick-up. Short-term money market rates moved up by 25-30 bps amongst high volumes of issuances by banks.

In the latest macro-economic review released on Nov 1, RBI continued to highlight concerns on elevated levels of inflation, last reported at 8.62%, marginally higher than 8.50% for month-ago. RBI has increasingly emphasized the stubbornness of food inflation and of the apprehension of generalization of this food inflation in broader index constituents.

On the global front US treasuries continued to test new lows, registering a low of 2.38% during October. Everyone is eagerly awaiting announcement about the extent QE2 (Quantitative Easing -2) by Fed on Nov 2. Amongst all this expectation of fresh round of liquidity infusion by Fed, China hiked the key policy rates by 25 bps during the month, after a gap of more than 3 years.

We expect govt 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 will provide more elbow room to RBI to effect one more round of hikes in the next monetary policy review due early November in order to moderate already high inflation. Accordingly, short term rates should also inch up further under influence of tighter liquidity and strong credit growth.



Mahendra Jajoo,
Executive Director & CIO - Fixed Income

Market Round - Up : Equity

Economy:

The Indian economy continued to grow but at a slower pace as evidenced by the Index of Industrial Production (IIP) which grew by 5.6% in August '10. Capital Goods segment which had grown sharply YTD registered a decline of 2.6%. Consumer Durables, however, continued to grow strongly by 26% yoy. While the slower growth in IIP is a concern, the deceleration since Jun '10 could be as a result of the monetary tightening and due to base effect rather than deterioration in fundamentals.

Stock Markets:

After a strong rally in September, where the bench mark index Nifty rose by 11.6%, the index fell by 0.2% during October. The market seems to be in a consolidation mode and is digesting the Q2 (July - September) results. The Q2 results for the 32 companies (out of the 50 companies in the Nifty) have registered a net profit growth of 17% yoy, which is better than market expectation. Going by this trend, the overall profit growth for all the Nifty companies for the September quarter is likely to be higher than 20% yoy.

Foreign Institutional inflows continue to be strong at US \$ 4.6 bn in October.

Domestic institutions continue to remain on the sell side with outflows of US\$ 1.3 bn. The rupee fell by 1.15% vs the US\$ to Rs. 44.42 in October.

Some of the sectors that outperformed during the month include Health Care (+6%), and Consumer Discretionary (+4.7%). Sectors that under performed include Consumer Staples (-4.3%), Telecom (-4.2%), Financials (-2.3%) and Utilities (-2.5%).

Outlook:

Emerging markets as a whole have moved up significantly over the past 2 months and India in particular has received substantial inflows (US\$ 18 bn YTD) from Foreign Institutional Investors (FIIS). Risk aversion in the global environment seems to be reversing resulting in large amount of inflows into emerging markets. India is enjoying a very favourable economic situation, with robust GDP growth (expected at 8.5% in this year), negative real interest rates and reasonable valuations. Even concerns on inflation are expected to abate in the coming months. This has put India in a sweet spot from a global asset allocation perspective.

Going ahead, with further concerns of a growth slowdown in the developed economies, these economies especially the US are likely to see further stimulus/liquidity in the form of QE2 (Quantitative Easing 2). The Fed is widely expected to announce that it will buy billions of dollars of bonds from the private sector including commercial banks and non-banks every month over the course of this year and next, in a move that is likely to weaken the US dollar which will boost US growth by helping exports. However, this would in all likelihood also increase the overall liquidity in the system which in turn is expected to fuel a rally in most asset classes such as emerging market equities, commodities, real estate and gold. In this environment we will see greater investments in India which should lead to good returns from equity funds over the medium to longer term.



Ravi Gopalakrishnan,
Executive Director & CIO - Equity

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	1011.9379
Daily Dividend	1000.0000
Weekly Dividend	1001.0042
Fortnightly Dividend	1001.0026
Monthly Dividend	1001.0009

Maturity Profile

Below or equal to 91 days	115.23%
Net Current Assets	-15.23%

Maturity & Yield

Yield To Maturity	7.37%
Average Maturity	38 days

Modified Duration

37 days

Actual Expense Ratio

0.248%

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 Rating⁴

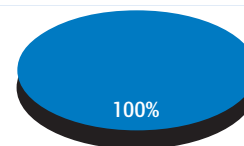
AAAF

Portfolio	Ratings	% of Net Assets
CERTIFICATE OF DEPOSITS		68.91
ICICI Bank Ltd.	PR1+	9.74
Andhra Bank	P1+	4.43
Canara Bank	A1+	4.43
Kotak Mahindra Bank Ltd.	F1+(ind)	4.43
Punjab National Bank	P1+	4.43
Other CDs		41.45
COMMERCIAL PAPER		46.32
Religare Finvest	A1+	4.7
MOTILAL OSWAL FINANCIAL SERVICES LTD	P1+	4.45
Aditya Birla Nuvo Ltd.	A1+	4.44
Edelweiss Capital Ltd.	P1+	4.44
Edelweiss Capital Ltd.	P1+	4.44
Other CPS		23.85
Net Current Assets		-15.23
TOTAL		100.00

Ratings Profile

P1+/PR1+/A1+/F+(ind)/P1+ ¹	115.23 %
Net Current Assets	-15.23 %

¹Cash & 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
Monthly Dividend Payout Option			
28 Sep 2010	0.043806	10.055664	10.0000
26 Oct 2010	4.147698	1005.2958	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. Face value per unit of the Scheme was changed from ₹ 10/- to ₹ 1000/- effective from 15th Oct 2010.

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

Performance as on 31st October 2010³

Period	Pramerica Liquid Fund – Growth Option	CRISIL Liquid Fund Index
7 days	7.246%	6.583%
15 days	7.526%	6.433%
30 days	6.938%	6.188%
3 Months	--	--
6 Months	--	--
1 Year	--	--
3 Year	--	--
Since Inception	6.704%	6.007%

³The 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 in the table are simple annualized returns.

⁴CRISIL 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.

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	1006.9129
Daily Dividend	1000.0005
Weekly Dividend	1000.6201
Fortnightly Dividend	1000.6195
Monthly Dividend	1000.6196

Maturity Profile

Below or equal to 91 days 101.39%

Net Current Assets -1.39%

Maturity & Yield

Yield To Maturity 7.32%

Average Maturity 38 days

Modified Duration

36 days

Actual Expense Ratio

0.266%

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 Rating⁵

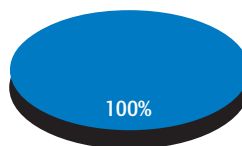
AAAF

Portfolio	Ratings	% of Net Assets
CERTIFICATE OF DEPOSITS		
58.00		
Punjab National Bank	PR1+	7.28
Axis Bank Ltd.	A1+	7.26
Corporation Bank	P1+	7.26
State Bank of India	P1+	7.26
Bank of Baroda	A1+	7.25
Other CDs		21.69
COMMERCIAL PAPER		
43.38		
JM Financial Products Ltd	P1+	7.32
Edelweiss Capital Ltd.	P1+	7.31
India Infoline Ltd.	A1+	7.3
EXIM Bank	P1+	7.29
Religare Finvest	A1+	6.89
Other CPs		7.27
Net Current Assets		
-1.39		
Total		100.00

Ratings Profile

P1+/PR1+/A1+/F+(ind)² 101.39%

Net Current Assets -1.39%



² 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 ³
Fortnightly Dividend Payout Option			
12 Oct 2010	0.032066	10.0365	10.0000
26 Oct 2010	2.310019	1002.6298	1000.0000
Monthly Dividend Payout Option			
26 Oct 2010	5.524673	1006.2895	1000.0002

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.

³ NAV on the 1st transaction day after Record Date.

Performance as on 29 October 2010^{4,4}

Period	Pramerica Ultra Short Term Bond Fund – Growth Option	CRISIL Liquid Fund Index
7 days	0.1394%	0.1222%
15 days	0.2881%	0.2593%
30 days	0.5796%	0.5032%
3 Months	--	
6 Months	--	
1 Year	--	
3 Year	--	
Since Inception	0.6913%	0.6234%

⁴ 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 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.

⁵ 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.



Pramerica

MUTUAL FUND

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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 Rs. 1 Lac towards the corpus of the Mutual Fund]. [Pramerica is the brand name used by Prudential Financial, Inc. (PFI) of the United States and its affiliates in select countries outside of the United States. Pramerica, the Pramerica logo, and the Rock symbol are service marks of PFI and its related entities, registered in many jurisdictions worldwide 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 the Scheme Information Documents and the Statement of Additional Information carefully before investing.