

KEY INFORMATION MEMORANDUM

PRAMERICA LIQUID FUND (An Open Ended Liquid Scheme)



Pramerica
MUTUAL FUND

Investment Objective	<p>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.</p>											
Asset Allocation Pattern of the scheme	<p>The Asset Allocation pattern of the scheme under normal circumstances would be as under:</p> <table border="1" data-bbox="359 443 1490 600"> <thead> <tr> <th rowspan="2">Types of Instruments</th> <th colspan="3">Normal Allocation (% of Net Assets)</th> </tr> <tr> <th>Min</th> <th>Max</th> <th>Risk Profile</th> </tr> </thead> <tbody> <tr> <td>Debt instruments (including Asset Backed Securities), money market instruments and floaters having a residual maturity of upto 91 days #</td> <td>0</td> <td>100</td> <td>Low</td> </tr> </tbody> </table> <p>Investments in securitised debt will not exceed 20% of the net assets as at the time of purchase. Investment in debt derivatives instruments will be up to 50% of the net assets of the Scheme. Further, aggregate asset allocation including exposure to derivatives will not exceed 100% of the net assets; and that same security wise hedge positions would be excluded from the same.</p> <p>Presently, the scheme does not intend to invest in overseas / foreign securities.</p> <p>#Pursuant to SEBI circular No. SEBI/IMD/CIR No. 13/150975/09 dated January 19, 2009, the scheme shall make investment in / purchase debt and money market securities with maturity of up to 91 days only.</p> <p>Explanation:</p> <ol style="list-style-type: none"> In case of securities where the principal is to be repaid in a single payout, the maturity of the securities shall mean residual maturity. In case the principal is to be repaid in more than one payout then the maturity of the securities shall be calculated on the basis of weighted average maturity of the security. In case of securities with put and call options (daily or otherwise) the residual maturity of the securities shall not be greater than 91 days. In case the maturity of the security falls on a Non Business Day, then settlement of securities will take place on the next Business Day. <p>The Scheme retains the flexibility to invest across all the securities in the debt and Money Market Instruments.</p> <p>The Scheme may engage in short selling of securities in accordance with the framework relating to Short Selling and securities lending and borrowing specified by SEBI. The Scheme may also engage in Securities Lending; provided however that the Scheme shall not deploy more than 20% of its net assets in Securities Lending and not more than 5% of the net assets of the Scheme will be deployed in Securities Lending to any single counterparty.</p> <p>In terms of SEBI Circular ref. SEBI/IMD/CIR No 18 / 198647 /2010 dated March 15, 2010, the Mutual Fund /AMC shall make investment out of the NFO proceeds only on or after the closure of the NFO period.</p> <p>Change in Asset Allocation</p> <p>Subject to the Regulations, the asset allocation pattern indicated above for the Scheme may change from time to time, keeping in view market conditions, market opportunities, applicable regulations and political and economic factors. It must be clearly understood that the percentages stated above are only indicative and not absolute and that they may vary substantially depending upon the perception of the Fund Manager, the intention being at all times to seek to protect the interests of the Unitholders, and meet the objective of the Scheme. In case of deviation, the portfolio would be rebalanced within 1 month from the date of such deviation.</p> <p>Such changes in the asset allocation will be for short term and defensive considerations. Provided further and subject to the above, any change in the asset allocation affecting the investment profile of the Scheme shall be effected only in accordance with the provisions of sub regulation (1 5A) of Regulation 18 of the Regulations, as detailed in Section II (F) "Fundamental Attributes of the Scheme Information Document.</p>	Types of Instruments	Normal Allocation (% of Net Assets)			Min	Max	Risk Profile	Debt instruments (including Asset Backed Securities), money market instruments and floaters having a residual maturity of upto 91 days #	0	100	Low
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Investment Strategy	<p>The Scheme seeks to deliver reasonable market related returns with lower risk and higher liquidity through a portfolio of debt and money market instruments.</p> <p>The investment strategies will focus on constructing fixed income portfolios in line with above objective. Investment decision will be primarily guided by fundamental research and analysis. Portfolio managers will manage portfolios based on the outlook on interest rates and liquidity etc. Such outlook will be developed by in-house assessment of various macro factors like economic growth, inflation, credit pick-up, liquidity and other such factors as considered relevant. Credit portfolio management will be primarily guided by external credit ratings assigned by any of the recognized credit rating agency. Additionally, as may be deemed appropriate, inputs may be available from financial statement analysis, management review, industry trends, capital structure and covenant analysis to identify securities for inclusion / exclusion from credit portfolios. Efficient portfolio construction will be used to manage interest rate risk across different asset class and duration buckets, and optimise risk-adjusted returns.</p> <p>Portfolio managers will continue to actively monitor and review markets and portfolios so that necessary rebalancing of the portfolios can be done.</p> <p>Please refer to Scheme Information Document (SID) of the Scheme for complete details.</p>											

Risk Profile of the Scheme	<p>Mutual Fund Units involve investment risks including the possible loss of principal. Please read the SID carefully for details on risk factors before investment. Investment in Pramerica Liquid Fund involves certain Scheme specific risk factors apart which are summarized below:</p> <p>The Scheme carries risk associated with investing in debt and money market instruments, derivatives, securitised debt, short selling and stock lending. Investment in debt and money market instruments are subject to Interest Rate Risk, Credit Risk, Spread Risk, Liquidity Risk, Counterparty, Risk and Re-investment Risk. As the price / value / interest rates of the securities in which the Scheme invests fluctuates, the value of your investment in the Scheme may go up or down.</p> <p>Please refer to Scheme Information Document (SID) of the Scheme for detailed risk factors.</p>		
Risk Mitigation Strategies	<p>Interest rate risk is managed by determination of modified duration (which is the expression for change in portfolio value for a basis point change in interest rate) of the portfolio. Analysis of macro economic conditions is done to form a view on future direction of interest rates and to the portfolio accordingly. Credit risk is managed by an analysis of issuer (financial / operating performance) with the help of internal and external research. Liquidity risk is addressed by maintaining exposure to cash / cash equivalents and highly liquid instruments as considered appropriate. Investments in debt / money market securities would normally be undertaken in instruments that have been assigned high investment grade ratings by any of the recognised rating agencies. Unrated investments, if any, would require specific approval from the Board of Directors of AMC/TRUSTEE Company.</p>		
Plans and Options	<p>The Scheme has Growth Option and a Dividend Option.</p> <ul style="list-style-type: none"> • The Dividend Option has : <ul style="list-style-type: none"> i. Dividend Reinvestment facility on a Daily, Weekly, Fortnightly & Monthly frequency; and ii. Dividend Payout facility at Fortnightly and Monthly frequency. <p>(If Dividend payable under the Dividend payout facility is ₹ 500/- or less, then the Dividend payable would be compulsorily reinvested at ex-Dividend NAV in the Dividend Option of the Scheme.)</p>		
Applicable NAV (after the scheme opens for repurchase and sale)		Cut off time	Applicable NAV
	Where a Valid application is received at the Official Point of Acceptance along with a local cheque or a demand draft payable at par at the same place of the submission of the application and funds are available for utilization on the same day	Upto 12.00 noon	the closing NAV of the day immediately preceding the day of receipt of application.
		After 12.00 noon	the closing NAV of the day immediately preceding the next business day.
	Irrespective of the time of receipt of valid application at the Official Point of Acceptance, where the funds are not available for utilization on the day of the application	Irrespective of the time of acceptance	the closing NAV of the day immediately preceding the day on which the funds are available for utilization.
	Valid Redemption applications received	Upto 3.00 p.m.	the closing NAV of the day immediately preceding the next business day.
		After 3.00 p.m.	the closing NAV of the next business day.
Minimum Application Amount/ Number of Units	Initial investment under a folio	Minimum of ₹10, 000/- and in multiples of ₹ 1/- thereafter.	
	For subsequent investments (i.e., Addl. purchase)under an existing folio	Minimum of ₹ 1,000/- and in multiples of ₹ 1/-thereafter.	
	Repurchase	₹ 500 /- or 50 Units in respect of each Option or account balance whichever is lower.	
Despatch of Repurchase (Redemption) Proceeds	Within 10 Business Days of the receipt of the redemption request at the designated Investor Service Center of Pramerica Mutual Fund.		
Benchmark Index	CRISIL Liquid Fund Index		
Dividend Policy	<p>The Trustee will endeavor to declare dividend as per the specified frequencies, subject to availability of distributable surplus calculated in accordance with the Regulations. It must be clearly understood that there is neither any assurance to the Unitholders that the Dividend will be paid regularly, nor any assurance as to the rate of Dividend. The AMC/ Trustee reserves the right to change the frequency of declaration of Dividend or may provide for additional frequency for declaration of Dividend. On payment of dividend, the NAV of the units under Dividend option will fall to the extent of the dividend payout and Dividend Distribution Tax u/s. 115R of the Income Tax Act, 1961 and applicable statutory levies, if any.</p>		
Name of the Fund Manager	Mahendra Jajoo		
Name of the Trustee Company	Pramerica Trustees Private Limited		
Performance of the scheme	The Scheme does not have any performance track record		
Expenses of the Scheme	<p>(i) Load Structure</p> <p>New Fund Offer Period and Ongoing Offer:</p> <p>Entry load : Nil*</p> <p>Exit load : Nil</p>		

	<p>*SEBI vide its circular no. SEBI / IMD / CIR No. 4 / 168230 / 09 dated June 30, 2009 has decided that there shall be no Entry Load for all mutual fund schemes. The upfront commission on investment made by the investor, if any, shall be paid to the distributor (AMFI registered distributor / ARN Holder) directly by the investor, based on the investor's assessment of various factors including service rendered by the distributor.</p> <p>(ii) Recurring expenses</p> <table border="1"> <tr> <td>First ₹100 crores of the average weekly net assets :</td> <td>2.25%</td> </tr> <tr> <td>Next ₹ 300 crores of the average weekly net assets :</td> <td>2.00%</td> </tr> <tr> <td>Next ₹ 300 crores of the average weekly net assets :</td> <td>1.75%</td> </tr> <tr> <td>Balance</td> <td>1.50%</td> </tr> </table>		First ₹100 crores of the average weekly net assets :	2.25%	Next ₹ 300 crores of the average weekly net assets :	2.00%	Next ₹ 300 crores of the average weekly net assets :	1.75%	Balance	1.50%
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Waiver of Load for Direct Applications	In terms of SEBI circular no. SEBI / IMD / CIR No. 4 / 168230 / 09 dated June 30, 2009 there shall be no Entry Load for all mutual fund schemes.									
Tax treatment for the Investors(Unitholders)	Investor is requested to refer to the details in the Statement of Additional Information and also independently refer to his tax advisor.									
Daily Net Asset Value (NAV) Publication	<p>NAV of the Scheme will be calculated for all calendar days and disclosed at the close of every Business Day to the Press, News Agencies and Association of Mutual Funds in India (AMFI).</p> <p>The AMC shall publish the NAVs on its Website (www.pramerica.com) and website of AMFI (www.amfiindia.com) and at least in two daily newspapers for every Business Day.</p>									
For Investor Grievances please contact	<p>Name and Address of Registrar Karvy Computershare Private Limited Unit - Pramerica Mutual Fund Address: Karvy Plaza, Street No. 1, Banjara Hills, Hyderabad - 400 034. Email Id : customercare@pramerica.com</p>	<p>AMC / Mutual Fund Pramerica Asset Managers Pvt. Ltd. 2nd floor, Nirlon House, Dr. Annie Besant Road, Worli, Mumbai - 400030. Tel: 91 22 6159 3000. Contact Person - Mr. Meghashyam Shirodkar, Investor Relations Officer Email Id: meghashyam.shirodkar@pramerica.com</p>								
Unitholders' Information	<p>Accounts Statements:</p> <p>An account statement mentioning the number of Units allotted will be sent by ordinary post / courier / email to each Unitholder not later than 5 business days from the close of the NFO Period.</p> <p>During the Ongoing Offer, the Account Statement reflecting the Purchase / Redemption / Switch of Units shall be dispatched to the Unit holder within 10 Business Days from the date of such transactions. Further, for SIP/STP/SWP the Account Statement shall be dispatched within 10 business days from the end of quarter/initial investment.</p> <p>Annual Account Statement: The Mutual Fund shall provide the Account Statement to the Unitholders who have not transacted during the last six months prior to the date of generation of account statements. The Account Statement shall reflect the latest closing balance and value of the Units prior to the date of generation of the account statement. The account statements in such cases may be generated and issued along with the Portfolio Statement or Annual Report of the Scheme. Alternately, soft copy of the account statements shall be mailed to the investors' e-mail address, instead of physical statement, if so mandated.</p> <p>Annual Financial Results: The Scheme annual report or an abridged summary thereof shall be mailed (e-mailed, where e-mail id is provided unless otherwise required) to all Unit holders not later than four months (or such other period as may be specified by SEBI from time to time) from the date of closure of the relevant accounting year (i.e., 31st March each year) and full annual report shall be available for inspection at the Head Office of Pramerica Mutual Fund and a copy shall be made available to the Unit holders on request on payment of nominal fees, if any. Scheme wise annual report shall also be displayed on the website of the AMC (www.pramerica.com) and Association of Mutual Funds in India (www.amfiindia.com).</p> <p>Half yearly portfolio to the investors: The Mutual Fund/ AMC shall publish a complete statement of the Scheme portfolio and the unaudited financial results, within one month from the close of each half year (i.e. 31st March and 30th September), by way of an advertisement at least, in one national English daily and one regional newspaper in the language of the region where the head office of the mutual fund is located. The Mutual Fund may choose to send the Scheme portfolio to all Unit holders in lieu of the advertisement (if applicable) or as may be stipulated under the Regulations.</p>									
Comparison with the existing schemes, number of folios and Assets under Management (AUM)	Not Applicable, as Pramerica Liquid Fund is (among) the first Scheme(s) being launched by Pramerica Mutual Fund.									

Date: August 09, 2010

N.B. Data and information shall be up-to-date but in no case older than 30 days from the date of KIM.