

FUND FACT SHEET

August 2010



Pramerica

MUTUAL FUND



Market Round-Up

Fixed income

Fixed income markets continued to feel the aftershocks of the strongly hawkish monetary policy review in July. Market yields hardened further across all segments including Money market, G-secs and corporate bonds. Benchmark 10-year G-sec yield closed the month at 7.95%, up 25 bps for the month, after hitting an intra-month high of 8.07%. Similarly, short-term rates hardened by circa 50bps since the policy announcement. 3 month bank CD rates traded above 7%, the highest levels since RBI commenced the current tightening cycle. One silver lining though was a gradual improvement in liquidity situation. After remaining hugely negative for most part of June and July, liquidity turned positive in first week of month. Though liquidity again turned moderately negative mid-month, system was surplus by month-end with RBI consistently receiving bids at reverse repo.

Inflation, after remaining in double digits since 2010 beginning, softened to 9.97% for July. Even though food prices, the main contributors to higher inflation, have begun to moderate, inflation on manufacturing goods is picking up. Recent fuel prices increase is likely to have cascading impact on manufacturing inflation. Further, liquidity overhang of the previous year will continue to contribute to inflation for some more time. While the headline inflation may show improvement in coming months, inflationary expectations will remain firm as economy continues to grow at a robust pace.

On global front, benchmark US 10 year govt bond yields eased significantly by 40 bps to 2.5 during the month. Other developed markets also displayed similar trend. Incoming data is suggesting a slowdown in US economy after a strong rebound after the crisis. Bond yields are continuing to ease with expectations of Fed retaining target rates at near zero levels till until March 2011.

Though large than expected collections at 3G and wireless broadband auctions helped government show improved financials for the first quarter, there is no indication yet of any reduction in current years borrowing program. Credit demand remained strong in Q1 and is expected to pick-up strongly in H2 as per feedback from large banks. RBI may hike the key rates further till inflationary expectation subside. Further, liquidity will also remain under pressure with advance tax payments set to move out of the system in September. As such, we expect short term rates to remain under pressure and move up further. Long term rates have so far found strong support above 8% mark from long term investors. Further global environment remains supportive of bonds. As such, 10 year rates may remain range bound at current levels with a hardening bias.



Mahendra Jajoo,
Executive Director & CIO - Fixed Income

Market Round-Up Equity

Economy:

The Indian economy continued to show strong growth as indicated by the 1Q (April - June quarter) GDP growth of 8.8%. Manufacturing growth expanded by 12.4% and Agriculture which was a weak link grew by 2.8%. Based on government estimates, India's GDP is expected to grow by 8.5% in FY 2010-11. The Index of Industrial Production (IIP) which grew by 11.5% in May '10, grew by 7.1% in June '10, largely due to the much anticipated base effect. On a sectoral basis, the momentum came in from the mining sector growth, which clocked a growth of 9.5 per cent. Consumer durables continued to grow strongly by 27% indicating that consumer demand continues to remain strong.

Stock Markets:

The markets continued to consolidate and the Nifty rose marginally by 0.65% for the month of August. The Indian markets continue to be among the best performing market across the globe. YTD the Nifty is up about 4% and India is one of the very few markets which has delivered positive returns. Some of the sectors that outperformed during the month include Consumer Staples (+5.4%), Energy (+4.2%) and Financials (2.2%). Sectors that under performed include Utilities (-2%), IT (-1.9%) and Industrials (-1.7%). The 1QFY2010 results met expectations in terms of top-line but fell short of expectations in terms of bottom-line. Turnover for the Nifty (50 stocks) companies grew by 23% and Profits (adjusted) grew by 13.9%. The lower PAT was a result of higher operating costs and higher interest charges. Although, the 1Q results fell short of expectations, the markets drew comfort from the robust turnover growth. Operating margins are likely to improve going forward as raw material costs are expected to moderate on the back of a significant fall in commodity prices globally.

Foreign institutional investors (FII) continue to remain net buyers to the tune of US\$ 2.1 b while domestic institutions were net sellers of US\$ 600 mn in August. YTD FII have invested \$12.7 bn in equities.

Outlook:

Despite the run up over the past 1 year, the equity markets are trading at 17x one year forward earnings, which is close to the long term average multiple. The normal monsoon and the government's thrust on infrastructure and rural development should result in pick up in investment demand.

The markets are likely to consolidate and gradually move up over the course of the year on the back of strong macroeconomic indicators, falling inflation and better corporate performance.



Ravi Gopalakrishnan
Executive Director & CIO - Equity

Type of Fund/Investment Objective

An Open-Ended Liquid Scheme that 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

Options

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	10.0081
Daily Dividend	10.0000
Weekly Dividend	10.0000
Fortnightly Dividend	10.0081
Monthly Dividend	10.0081

Fund Size (AUM)

₹480.5 Crores

Maturity Profile

Below or equal to 91 days	87.58%
CASH & CASH EQUIVALENTS	12.42%

Maturity & Yield

Yield To Maturity	5.95%
Average Maturity	47 days

Modified Duration

44 days

Actual Expense Ratio

0.075%

Minimum Investment Amount

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

Minimum Additional Amount

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

Load Structure

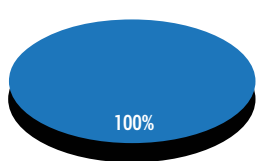
Entry Load: Not Applicable
Exit Load: Nil

CRISIL Rating ⁵

AAAF

Portfolio	Ratings	% of Net Assets
CERTIFICATE OF DEPOSITS		72.07
Allahabad Bank	P1+	5.19
Andhra Bank	P1+	5.12
Axis Bank	P1+	5.15
Bank of Maharashtra	A1+	5.19
Canara Bank	P1+	5.20
Canara Bank	A1+	5.12
Central Bank	PR1+	5.14
ICICI Bank	P1+	5.15
Kotak Mahindra Bank	F1+(ind)	5.12
Punjab National Bank	F1+(ind)	5.20
Punjab National Bank	P1+	5.12
State Bank of Mysore	P1+	10.26
Yes Bank	A1+	5.12
COMMERCIAL PAPER		15.51
EXIM Bank	P1+	5.12
Reliance Industries	P1+	10.39
CASH & CASH EQUIVALENTS		12.42
TOTAL		100.00

Ratings Profile	% of Net Assets
P1+/PR1+/A1+/F+(ind)	87.58
CASH & CASH EQUIVALENTS ¹	12.42



100%

¹ Cash and Cash Equivalents are considered to be of AAA ratings quality.

Dividend Distribution History - Pramerica Liquid Fund: Monthly Dividend Payout Option

Record date	Rate (Re/Unit)	Cum-Dividend NAV
Monthly ²	NA	NA

Performance as on 31st August 2010 ³

Period	Pramerica Liquid Fund - Growth Option	CRISIL Liquid Fund Index
7 days	--	
15 days	--	
30 days	--	
3 Months	--	
6 Months	--	
1 Year	--	
3 Year	--	
Since Inception ⁴	0.081%	0.076%

² The ongoing offer of the Scheme re-opened on August 30, 2010; as such the Scheme is yet to pay its first monthly dividend.

³ The performance shown above is in respect of the Growth Option. Past performance may or may not be sustained in the future and should not be used as a basis for comparison with other investments.

⁴ The returns shown in the table are absolute returns, since the Scheme has been in existence for less than 7 days since initial allotment on closure of NFO.

⁵ 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.



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Disclaimer: 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. Pramerica Liquid 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 return. The AMC has no previous experience in managing a mutual fund in India and Pramerica Liquid Fund is the first product being launched under its management. 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 scheme of Pramerica Mutual Fund.

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 by 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 Statement of Additional Information carefully before investing.