



## Pramerica Mutual Fund

### STATEMENT OF ADDITIONAL INFORMATION

This Statement of Additional Information (SAI) contains details of Pramerica Mutual Fund, its constitution, and certain tax, legal and general information. It is incorporated by reference and is legally a part of the Scheme Information Document (SID).

Please retain this SAI for future reference. Before investing, investors should also ascertain about any further changes in this SAI after the date of SAI from Pramerica Mutual Fund's Investor Service Centres / Website / Distributors or Brokers.

- **Mutual Fund:**  
**Pramerica Mutual Fund**  
**Office:** Nirlon House, 2nd Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 030
- **Sponsor:**  
**Prudential Financial, Inc.,\***  
Registered Office: 751 Broad Street, Newark, New Jersey 07102, U.S.A..
- **Trustee:**  
**Pramerica Trustees Private Limited**  
Registered Office: Nirlon House, 2nd Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 030
- **Investment Manager:**  
**Pramerica Asset Managers Private Limited**  
Registered Office: Nirlon House, 2nd Floor, Dr. Annie Besant Road, Worli, Mumbai – 400 030

Website : [www.pramericamf.com](http://www.pramericamf.com)

This SAI is dated June 28, 2011

*\* Prudential Financial, Inc. of USA is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.*

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## **SECTION I: INFORMATION ABOUT SPONSOR, AMC AND TRUSTEE COMPANIES**

### **A. Constitution of the Mutual Fund**

Pramerica Mutual Fund (the “Mutual Fund”) has been constituted as a Trust in accordance with the provisions of the Indian Trusts Act, 1882 with Prudential Financial, Inc. (“PFI”) as the sponsor and Pramerica Trustees Private Limited (the “Trustee”) as the trustee. The Trust Deed has been registered under the Indian Registration Act, 1908 on July 29, 2009 and amended through Deed of Amendment on April 20, 2010. The Mutual Fund has been registered with SEBI on May 13, 2010 under Registration Code MF//065/10/02.

### **B. Sponsor**

Pramerica Mutual Fund is sponsored by PFI (the “Sponsor”) ([www.prudential.com](http://www.prudential.com)), a company incorporated and with its principal place of business in the United States of America (U.S.A). Pramerica is a trade name used by the Sponsor and its affiliated companies in select countries outside the U.S.A. PFI is the settlor of the Mutual Fund trust. The Sponsor has entrusted a sum of ₹1,00,000/- (Rupees One Lakh only) to the Trustee as the initial contribution towards the corpus of the Mutual Fund. The Sponsor shall be responsible for discharging its functions and responsibilities towards the mutual Fund in accordance with SEBI (Mutual Funds) Regulations, 1996, and the various constitutive documents of the Mutual Fund.

The Sponsor is represented by directors on the Board of the Trustee Company and the Asset Management Company in accordance with the SEBI Regulations.

PFI and its affiliated companies constitute one of the world’s leading financial services groups with approximately US \$ 859 billion (USD) of assets under management as of March 31, 2011 and with over 41,000 employees worldwide. PFI is headquartered in Newark, NJ (USA) and has more than 135 years of financial services experience with operations in the U.S., Asia, Europe, and Latin America. PFI is focused on helping individual and institutional customers grow and protect their wealth and offers a variety of products and services, including life insurance, annuities, retirement-related services, mutual funds, investment management, and real estate services. The firm is ranked 2<sup>nd</sup> on Fortune Magazine’s 2010 List of World’s Most Admired Companies in the Insurance: Life and Health Category, 65<sup>th</sup> on the 2010 Fortune 500 List of America’s Largest Corporations and 227<sup>th</sup> on the 2010 Fortune Global 500 List of the World’s Largest Corporations. PFI is not affiliated in any manner with Prudential plc, a company incorporated in the United Kingdom.

Financial Performance of the Sponsor during the past five years is as follows:

(All figures in USD millions)

<b>Particulars</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Net Worth	32,928	25,729	13,786	23,923	23,261
Total Income	38,497	34,230	28,754	34,576	32,503
Profit after tax	3,195	3,124	(1,117)	3,662	3,392
Assets Under Management	784	667	558	648	616

### **C. The Trustee**

Pramerica Trustees Private Limited (the “Trustee”), through its Board of Directors, shall discharge its obligations as trustee of Pramerica Mutual Fund. The Trustee ensures that the transactions entered into by the AMC are in accordance with the SEBI (Mutual Funds) Regulations, 1996, and will also review the activities carried on by the AMC.

**Details of Trustee Directors:**

Name	Age/Qualification	Brief Experience
<p><b>Mr. John Praveen<sup>#</sup></b></p> <p><i># Associate Director</i></p>	<p><b>Age:</b> 59</p> <p><b>Qualification:</b></p> <p>M. A. in Economics M. Phil in Economics Ph.D. in Economics</p>	<p>He is currently the Managing Director and Chief Investment Strategist of Pramerica International Investments Advisers, Newark, NJ, USA (since 2004).</p> <p>Prior to this he worked for Credit Suisse Asset Management, New York and London as the Managing Director, Head Global Equities from May 1997 to May 2004</p> <p>He was associated with Merrill Lynch, New York, USA as Vice-President, Senior Global Economist from June 1994 to May 1997.</p> <p>He was the Assistant Professor of Economics &amp; Finance, Montclair State University, New Jersey, USA between September 1989 &amp; January 1995.</p> <p>He was a Lecturer in Economics California State University, Fullerton, CA, USA between September 1987 – August 1989.</p>
<p><b>Mr. Vijay Agarwal</b></p>	<p><b>Age:</b>54</p> <p><b>Qualification:</b></p> <p>B.Com., FCA</p>	<p>Mr. Vijay Agarwal is a practicing Chartered Accountant and Partner of Agarwal Vijay Associates, Chartered Accountants, Mumbai since August 1997.</p>
<p><b>Mr. Ashwini Kakkar</b></p>	<p><b>Age:</b> 57</p> <p><b>Qualification:</b></p> <p>B.Sc.(Mechanical Engineering), LL.B., P.G.D.M. (Marketing &amp; Finance), IIM, Kolkata, M.B.A. - European Institute of Business Administration (INSEAD),France;</p> <p>General Insurance Certificate, Insurance Institute of India;</p> <p>Part Time Certificate and Diploma in French, Kurukshetra University, India (Gold Medalist).</p>	<p>Mr. Kakkar is currently the Executive Vice-Chairman Mercury Travels Ltd. (since 2006).</p> <p>Prior to that he was the CEO &amp; Managing Director of Thomas Cook India Limited (1997- January 2006).</p>
<p><b>Mr. Sujal Shah</b></p>	<p><b>Age:</b>43</p> <p><b>Qualification:</b></p> <p>B.Com., FCA</p>	<p>Mr. Sujal Shah is a practicing Chartered Accountant and Partner of “SSPA &amp; Co.”, Chartered Accountants, Mumbai since April, 2008.</p> <p>Prior to setting up his own CA firm, he was a Partner in Dalal &amp; Shah, Chartered Accountants, Mumbai (Nov. 2006 to March 2008) and N.M. Raiji &amp; Co., Chartered Accountants, Mumbai (Jan. 1999 to Oct. 2006) handling Corporate Consultancy practice of the firms in the area of mergers and acquisitions, advising on restructuring of business, conducting financial due diligence etc.</p> <p>He has also handled audits of Mutual Funds and large companies.</p>

<b>Ms. Dharmishta N. Raval</b>	<b>Age:55</b>  <b>Qualification:</b>  B.Sc., LL.B. ( Gold Medalist) Master of Law (LL.M)	<p>Ms. Dharmishta N. Raval was formerly an Executive Director at SEBI where she headed the Legal dept. During her tenure with SEBI she had extensive exposure and experience in dealing with the setting up and operationalising a legal base for a regulatory mechanism.</p> <p>She is currently a practicing senior lawyer at the Gujarat High Court Bar. Her areas of specialisation include Commercial and Corporate Laws, Labour Law and Constitutional Law. A Masters in Law, she has varied experience at the Bar.</p> <p>She is an adviser to several reputed corporations, banks and financial institutions. Having worked with the Securities and Exchange Board of India 1992-2003, and with training received from the Securities and Exchange Commissioner, USA, she is one of the few specialists in Securities and Investment Laws.</p> <p>She was instrumental in drafting the SEBI Act.</p> <p>She was for some time Central Government Counsel before the Gujarat High Court.</p>
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#### **Responsibilities and Duties of the Trustees:**

Pursuant to SEBI (Mutual Funds) Regulations, 1996, and the Trust Deed constituting the Mutual Fund, the duties and responsibilities of the Trustees are as follows :

- (1) The trustees and the Asset Management Company (AMC) shall with the prior approval of SEBI enter into an investment management agreement.
- (2) The investment management agreement shall contain such clauses as are mentioned in the Fourth Schedule of SEBI (MF) Guidelines, 1996 and such other clauses as are necessary for the purpose of making investments.
- (3) The trustees shall have a right to obtain from the AMC such information as is considered necessary by the trustees.
- (4) The trustees shall ensure before the launch of any scheme that the AMC has: -
  - (i) systems in place for its back office, dealing room and accounting;
  - (ii) appointed all key personnel including fund manager(s) for the scheme(s) and submitted their bio-data which shall contain the educational qualifications, past experience in the securities market with the trustees, within 15 days of their appointment;
  - (iii) appointed auditors to audit its accounts;
  - (iv) appointed a compliance officer who shall be responsible for monitoring the compliance of the Act, rules and regulations, notifications, guidelines instructions etc issued by SEBI or the Central Government and for redressal of investors' grievances;
  - (v) appointed registrars and laid down parameters for their supervision;
  - (vi) prepared a compliance manual and designed internal control mechanisms including internal audit systems;
  - (vii) specified norms for empanelment of brokers and marketing agents.
  - (viii) obtained, wherever required under these regulations, prior in principle approval from the recognised stock exchange(s) where units are proposed to be listed.
- (5) The trustees shall ensure that an AMC has been diligent in empanelling the brokers, in monitoring securities transactions with brokers and avoiding undue concentration of business with any broker.
- (6) The trustees shall ensure that the AMC has not given any undue or unfair advantage to any associates or dealt with any of the associates of the AMC in any manner detrimental to interest of the unitholders.

- (7) The trustees shall ensure that the transactions entered into by the AMC are in accordance with the regulations and the scheme.
- (8) The trustees shall ensure that the AMC has been managing the mutual fund schemes independently of other activities and have taken adequate steps to ensure that the interest of investors of one scheme are not being compromised with those of any other scheme or of other activities of the AMC.
- (9) The trustees shall ensure that all the activities of the AMC are in accordance with the provisions of the regulations of SEBI.
- (10) Where the trustees have reason to believe that the conduct of business of the mutual fund is not in accordance with the regulations of SEBI and the scheme they shall forthwith take such remedial steps as are necessary by them and shall immediately inform SEBI of the violation and the action taken by them.
- (11) Each trustee shall file the details of his transactions of dealing in securities with the Mutual Fund on a quarterly basis.
- (12) The trustees shall be accountable for, and be the custodian of, the funds and property of the respective schemes and shall hold the same in trust for the benefit of the unitholders in accordance with the regulations of SEBI and the provisions of trust deed.
- (13) The trustees shall take steps to ensure that the transactions of the mutual fund are in accordance with the provisions of the trust deed.
- (14) The trustees shall be responsible for the calculation of any income due to be paid to the mutual fund and also of any income received in the mutual fund for the holders of the units of any scheme in accordance with the regulations of SEBI and the trust deed.
- (15) The trustees shall obtain the consent of the unitholders -
  - (a) whenever required to do so by SEBI in the interest of the unitholders; or
  - (b) whenever required to do so on the requisition made by three-fourths of the unitholders of any scheme; or
  - (c) when the majority of the trustees decide to wind up or prematurely redeem the units.
- (16) The trustees shall ensure that no change in the fundamental attributes of any scheme or the trust or fees and expenses payable or any other change which would modify the scheme and affects the interest of unitholders, shall be carried out unless, -
  - i. a written communication about the proposed change is sent to each unitholder and an advertisement is given in one English daily newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the Head Office of the mutual fund is situated; and
  - ii. the unitholders are given an option to exit at the prevailing Net Asset Value without any exit load.
- (17) The trustees shall call for the details of transactions in securities by the key personnel of the AMC in his own name or on behalf of the AMC and shall report to SEBI, as and when required.
- (18) The trustees shall quarterly review all transactions carried out between the mutual funds, AMC and its associates.
- (19) The trustees shall quarterly review the networth of the AMC and in case of any shortfall, ensure that the AMC make up for the shortfall as per clause (f) of sub regulation (1) of regulation 21 of SEBI (MFs) Regulations.
- (20) The trustees shall periodically review all service contracts such as custody arrangements, transfer agency of the securities and satisfy itself that such contracts are executed in the interest of the unitholders.
- (21) The trustees shall ensure that there is no conflict of interest between the manner of deployment of its networth by the AMC and the interest of the unitholders.
- (22) The trustees shall periodically review the investor complaints received and the redressal of the same by the AMC.

- (23) The trustees shall abide by the Code of Conduct as specified in the Fifth Schedule of the SEBI (Mutual Funds) Regulations.
- (24) The trustees shall furnish to SEBI on a half yearly basis, -
- (a) a report on the activities of the mutual fund;
  - (b) a certificate stating that the trustees have satisfied themselves that there have been no instances of self dealing or front running by any of the trustees, directors and key personnel of the AMC;
  - (c) a certificate to the effect that the AMC has been managing the schemes independently of any other activities and in case any activities of the nature referred to in sub-regulation (2) of regulation 24 have been undertaken by the AMC, adequate steps to ensure that the interest of the unitholders are protected.
- (25) The independent trustees referred to in sub regulation (5) of regulation 16 shall give their comments on the report received from the AMC regarding the investments by the mutual fund in the securities of group companies of the sponsors.
- (26) Trustees shall exercise due diligence as under:

**I. General Due Diligence:**

- (i) The Trustees shall be discerning in the appointment of the directors on the Board of the AMC.
- (ii) Trustees shall review the desirability of continuance of the AMC if substantial irregularities are observed in any of the schemes and shall not allow the AMC to float new schemes.
- (iii) The trustee shall ensure that the trust property is properly protected, held and administered by proper persons and by a proper number of such persons.
- (iv) The trustee shall ensure that all service providers are holding appropriate registrations from SEBI or concerned regulatory authority.
- (v) The Trustees shall arrange for test checks of service contracts.
- (vi) Trustees shall immediately report to SEBI of any special developments in the Mutual Fund.

**II. Specific Due Diligence:**

The Trustees shall:

- (i) obtain internal audit reports at regular intervals from independent auditors appointed by the Trustees.
  - (ii) obtain compliance certificates at regular intervals from the AMC.
  - (iii) hold meeting of trustees at least once in two calendar months and at least six such meetings shall be held in every year.
  - (iv) consider the reports of the independent auditor and compliance reports of AMC at the meetings of trustees for appropriate action.
  - (v) maintain records of the decisions of the Trustees at their meetings and of the minutes of the meetings.
  - (vi) prescribe and adhere to a code of ethics by the Trustees, AMC and its personnel.
  - (vii) communicate in writing to the AMC of the deficiencies and checking on the rectification of deficiencies.
- (27) The trustees shall not be held liable for acts done in good faith if they have exercised adequate due diligence honestly.
- (28) The independent directors of the trustees or AMC shall pay specific attention to the following, as may be applicable, namely:-
- (i) the Investment Management Agreement and the compensation paid under the agreement.
  - (ii) service contracts with affiliates - whether the AMC has charged higher fees than outside contractors for the same services.
  - (iii) selection of the AMC's independent directors
  - (iv) securities transactions involving affiliates to the extent such transactions are permitted.
  - (v) selecting and nominating individuals to fill independent directors vacancies.
  - (vi) code of ethics must be designed to prevent fraudulent, deceptive or manipulative practices by insiders in connection with personal securities transactions.
  - (vii) the reasonableness of fees paid to sponsors, AMC and any others for services provided.
  - (viii) principal underwriting contracts and their renewals.
  - (ix) any service contract with the associates of the AMC.

- (29) In carrying out their responsibilities, each member of the Board of Directors of Trustee Company shall maintain arms' length relationship with other companies, or institutions or financial intermediaries or any body corporate with which he may be associated in any capacity.
- (30) No trustee shall participate in the meetings of the Board of Directors of the Trustee Company or in any decision making process for any investment in which he may be deemed to be interested.
- (31) All members of the Board of Directors of the Trustee Company shall furnish to SEBI and Trustee Company the interest which they may have in any other company, or institution or financial intermediary or any body corporate by virtue of his position as director, partner or with which he may be associated in any other capacity.
- (32) The Trustee shall at no time acquire any asset out of the Trust Property, which involves the assumption of any liability which is unlimited or results in encumbrance of the Trust Property in any way, except to the extent permitted by the SEBI Regulations.
- (33) The trustee shall act in the interest of the unitholders.
- (34) It shall be the duty of the Trustee to provide or cause to provide information to the unit holders and SEBI as may be required by SEBI from time to time.
- (35) The Trustee shall take reasonable care to ensure that the funds under various Schemes floated, are managed by the AMC in accordance with the Trust Deed and SEBI Regulations.
- (36) The Trustee have powers to dismiss the AMC under the specific events with the prior approval of the SEBI in accordance with the regulations.
- (37) The Trustee shall not acquire nor allow the AMC to acquire any assets out of the Trust Fund and/or unit capital which involves the assumption of unlimited liability or results in the encumbrances of Trust Fund and/or unit capital in any way.
- (38) No amendments to the Trust Deed shall be carried out without the prior approval of SEBI and unit holder's approval would be obtained where it affects the interest of Unit holders.
- (39) The Trustees shall appoint statutory auditors to verify the books of accounts and to ascertain the true and fair representation of the state of affairs as on a particular day and to ascertain profit or loss of the Mutual Fund, as at the end of the financial year.
- (40) Trustee Fees and Expenses- In accordance with the Deed of Trust constituting the Mutual Fund, the Trustee shall be entitled to a fee equal to 0.01% of the weekly average NAV of the relevant scheme. The Trustee is also entitled to the reimbursement of all costs, charges and expenses incurred in or for the effective discharge of its obligations and responsibilities towards the Trust. The reimbursements would always be to the extent permitted under the regulations.
- (41) **Supervisory Role of the Trustee:** The supervisory role of Trustee will be discharged inter alia by reviewing the information and operations of the Mutual Fund based on the internal audit reports/compliance reports received on a periodical basis. The Compliance Officer has direct reporting line to the Board of Directors of the Trustee. The Board meeting of the Trustee shall be held at least once in every two calendar months and at least six such meetings shall be held in every year or at such frequency as may be prescribed under the Regulations. The Board Meeting of the Trustee has been held four times during the last financial year..Further, the quorum for a Board meeting of the Trustee shall not be constituted unless such number of independent directors as may be prescribed by SEBI from time to time, are present in at the meeting.

Further, the Board of Trustees shall constitute an Audit Committee, chaired by an independent trustee. The Audit Committee shall meet periodically to discuss the internal control systems, the scope of audit of the internal auditors, as well as the observations made by them. They shall also review the half-yearly and annual financial accounts. Recommendations, if any, of the audit committee on any matter relating to financial management etc. are considered in the subsequent Board meeting of AMC and Trustees.



<p>Mr. G. Parthasarathy</p>	<p><b>Age:</b> 70</p> <p><b>Qualification:</b> B.E. (Electrical)</p>	<p>Mr. G. Parthasarathy was the Indian High Commissioner in Pakistan from 1998 till retiring from service in 2000. He was also the High Commissioner of India in Australia from 1995 to 1998 and High Commissioner of India in Cyprus from 1990 to 1992 and Ambassador of India to Myanmar from 1992 to 1995.</p> <p>He has served as the Information Adviser in the Prime Minister's Office with Prime Minister Rajiv Gandhi. He was associated with issues pertaining to analysis of Development Financing and performance of Public Sector Enterprises and Economic Ministries while working in the Prime Minister's Office. He was closely involved in financial planning related to specific projects both in Ministry of External Affairs and in Indian Diplomatic Missions abroad. In the post liberalization period he was involved in a study abroad of the financial services field in Cyprus (1990-1992) and in Australia (1995-1998), which involved study of financial flows and investment practices to promote financial flows (FII and FDI) into India.</p> <p>While he was the High Commissioner of India in Australia, comparative studies were made of investment structures to promote financial flows in Australia and ASEAN economies, particularly in Singapore and Thailand. This facilitated a comparative study of financial services practices in India on the one hand and in selected Asia-Pacific economies on the other, which helped in drawing attention to measures which needed to be taken in India including in areas like transparency and taxation to compete effectively as a recipient of FII and FDI with countries in the rapidly growing Asia-Pacific Region. This process included extensive interaction with Financial Services Sector in Australia.</p> <p>He is currently an independent Director of Kanoria Industries, where he has been associated with financial planning in expansion of production capacities and in new projects and is also an Honorary Visiting Professor in the Centre for Policy Research in New Delhi; Member of the Executive Council of the Centre for Air Power Studies, New Delhi and also Member of the Editorial Board of the Indian Defense Journal.</p>
<p>Mr. Vijay Ranchan</p>	<p><b>Age:</b> 68</p> <p><b>Qualification:</b> M.A., IAS</p>	<p>Mr. Vijay Ranchan is a former IAS Officer, currently working as a Management Consultant. He was the Addl. Chief Secretary in Govt. of Gujarat, handling Policy framing &amp; Administration and held senior positions of Secretary/ Principal Secretary / Additional Chief Secretary in the Departments of Revenue, Industry, Labour, Health etc.</p> <p>Mr. Ranchan was a Public Representative Director on the governing board/council of management of Ahmedabad Stock Exchange (2004 – 2007). He was the Commissioner of Commercial Taxes of Gujarat State (1997 -1999) and dealt with taxation issues. As the Head of various Departments in the Gujarat govt., he has extensively dealt with and handled budgetary and the financial matters. As the Secretary, Industries (1995) and Secretary - Energy and Petrochemicals (1999 -2001) in Govt. of Gujarat, he dealt with the Asian Development Bank on the restructuring of the Public System and the Public Sector. As the Managing Director of the corporations like Gujarat Mineral Development (two terms), Gujarat State Textile Corporation (two terms), Gujarat Industrial Development Corporation, he had the responsibility to extensively deal with finance, especially the project finance. He had also worked in short stints as Jt. Managing Director (1975) of Gujarat Industrial Investment Corporation. He also had the charge of Gujarat Municipal Finance Board, which assists in financing the infrastructure projects of municipalities.</p>

		<p>He has also rendered consultancy advice to MCX on the market in agricultural produce and to NMCE(2009) on spot market in agricultural produce in Gujarat.</p> <p>He has been Director on the board of more than twenty companies – both public sector and &amp; private sector.</p> <p>He has been the Chairman or a Member of Audit Committee of numerous Audit Committees speaks about of his experience in financial matters where the other members are usually bank's nominees or C.A.s. He was Member of Audit Committee of Gujarat State Fertilizer Corporation, Gujarat Narmada Fertilizer Corporation, Gujarat Alkali &amp; Chemicals, Mann Industries, Shah Pulp &amp; Papers and Usher Agro and also Public Representative Directors on Ahmedabad Stock Exchange .</p> <p>He is currently an independent director on the boards of Usher Agro Limited, Shah Pulp &amp; Paper Mills Ltd., Adani Power Ltd., Usher Eco Limited and EWYA Energy Pvt. Ltd.</p>
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**Duties and Responsibilities of the Asset Management Company:**

Under the SEBI (MF) Regulations and the Investment Management Agreement, the AMC has, inter-alia, the following duties and responsibilities:

1. The AMC shall take all reasonable steps and exercise due diligence to ensure that the investment of funds pertaining to any Scheme is not contrary to the provisions of the SEBI (MF) Regulations and the Trust Deed.
2. The AMC shall exercise due diligence and care in all its investment decisions as would be exercised by other persons engaged in the same business.
3. The AMC shall be responsible for the acts of commissions or omissions by its employees or the persons whose services have been procured by the AMC.
4. The AMC shall submit quarterly reports on the functioning of the Scheme and the compliance with SEBI (MF) Regulations to the Trustee or at such intervals as may be required by the Trustee or SEBI.
5. The Trustee at the request of the AMC may terminate the assignment of the AMC at any time. Provided that such termination shall become effective only after the Trustee has accepted the termination of assignment and communicated its decision in writing to the AMC.
6. Notwithstanding anything contained in any contract or agreement or termination, the AMC or its directors or other officers shall not be absolved of any liability to the Mutual Fund for its / their acts of commission or omissions, while holding such position or office.
7. The AMC shall not through any broker associated with the Sponsor, purchase or sell securities, which is average of 5% or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its Scheme or as may be prescribed under SEBI (MF) Regulations. Provided that for the purpose of this clause, aggregate purchase and sale of securities shall exclude sale and distribution of Units issued by the Mutual Fund. Provided further that the aforesaid limit of 5% shall apply for a block of any three months or as may be prescribed under SEBI (MF) Regulations.
8. The AMC shall not purchase or sell securities through any broker other than a broker referred to in 7 above which is average of 5 per cent or more of the aggregate purchases and sale of securities made by the Mutual Fund in all its schemes, unless the AMC has recorded in writing the justification for exceeding the limit of 5 per cent and reports of all such investments are sent to the Trustee on a quarterly basis. The aforesaid limit shall apply for a block of three months
9. The AMC shall not utilise the services of the Sponsor or any of its associates, employees or their relatives, for the purpose of any securities transaction and distribution and sale of securities. Provided that the AMC may utilise such services if disclosure to that effect is made to the Unit holders and the brokerage or

commission paid is also disclosed in the half yearly and annual accounts of the Mutual Fund. Provided further that the Mutual Fund shall disclose at the time of declaring half yearly and yearly results:

- any underwriting obligations undertaken by the Scheme for the Mutual Fund with respect to issue of securities of associate companies;
- devolvement, if any;
- subscription by the Scheme in the issues lead managed by associate companies;
- subscription to any issue of equity or debt on private placement basis where the Sponsor or its associate companies have acted as arranger or manager.

10. The AMC shall file with the Trustee the details of transactions in securities by the key personnel of the AMC in their own names or on behalf of the AMC, and shall report to SEBI, as and when required by SEBI.
11. In case the AMC enters into any securities transactions with any of its associates a report to that effect shall be sent to the Trustee at its next meeting.
12. In case any company has invested more than 5 per cent of the Net Asset Value of a Scheme or as may be prescribed under SEBI (MF) Regulations, the investment made by that Scheme or by any other Scheme in that company or its subsidiaries shall be brought to the notice of the Trustee by the AMC and be disclosed in the half yearly and annual accounts of the respective Scheme with justification for such investment. The said disclosure will be made provided the latter investment has been made within one year of the date of the former investment, calculated on either side.
13. The AMC shall file with the Trustee and SEBI:-
  - detailed bio-data of all its directors alongwith their interest in other companies within fifteen days of their appointment;
  - any change in the interest of directors every six months; and
  - a quarterly report to the Trustee giving details and adequate justification about the purchase and sale of the securities of the group companies of the Sponsor or the AMC as the case may be by the Mutual Fund during the said quarter.
14. Each director of the AMC shall file with the Trustee details of his transactions or dealings in securities of such value on a periodical basis as may be specified under the SEBI (MF) Regulations from time to time.
15. The AMC shall not appoint any person as key personnel who has been found guilty of moral turpitude or convicted of any economic offence or involved in violation of securities laws.
16. The AMC shall appoint registrars and transfer agents who are registered with SEBI. Provided if the work relating to the transfer of Units is processed in-house, the charge at competitive market rates may be debited to the Scheme and for rates higher than the competitive market rates, prior approval of the Trustee shall be obtained and reasons for charging higher rates shall be disclosed in the annual accounts.
17. The AMC shall abide by the Code of Conduct as specified in the SEBI (MF) Regulations.
18. The AMC shall –
  - not act as a Trustee of any mutual fund;
  - not undertake any other business activities except activities in the nature of portfolio management services, investment management and advisory services to domestic and offshore funds, pension funds, provident funds, venture capital funds, management of insurance funds, financial consultancy and exchange of research on commercial basis if any of such activities are not in conflict with the activities of the Mutual Fund without the prior approval of the Trustee and SEBI. Provided that the AMC may itself or through its subsidiaries undertake such activities if it satisfies SEBI that the key personnel of the AMC, the systems, back office, bank and securities accounts are segregated activity wise and there exist systems to prohibit access to inside information of various activities. Provided further that AMC shall meet capital adequacy requirements, if any, separately for each such activity and obtain separate approval, if necessary under the relevant regulations;
  - not invest in any of its Scheme unless full disclosure of its intention to invest has been made in the Scheme Information Document (SID); Provided that the AMC shall not be entitled to charge any fees on its investment in that Scheme;
  - not acquire any assets out of the Trust Fund which involves the assumption of any liability which is unlimited or which may result in encumbrance of the Scheme property in any way.

19. The Managing Director and Chief Executive Officer / of the AMC shall ensure that the Mutual Fund complies with all the provisions of SEBI (MF) regulations, 1996 and the guidelines or circulars issued in relation thereto from time to time and that the investments made by the fund managers are in the interest of the unit holders and shall also be responsible for the overall risk management function of the Mutual Fund.
20. (1) The AMC for each scheme shall keep and maintain proper books of account, records and documents, for each scheme so as to explain its transactions and to disclose at any point of time the financial position of each scheme and in particular give a true and fair view of the state of affairs of the Fund and intimate to the SEBI the place where such books of account, records and documents are maintained.
- (2) The AMC shall maintain and preserve for a period of eight years its books of account, records and documents.

### Remuneration of the AMC

In relation to each scheme launched by the Mutual Fund, the AMC is entitled to charge the Mutual Fund an investment management and advisory fees. Expenditure in excess of the limits specified by Regulations and / or the Scheme Information Document (SID) will be borne by the AMC.

### Information on Key Personnel of the Asset Management Company:

Name & Designation	Age (yrs) / Educational Qualifications	Experience
Vijai Mantri, Managing Director & Chief Executive Officer	<b>Age :43</b>  <b>Qualification:</b> B. Com., ACA, AMP (Indian School of Business)	Over 18 years managing and handling organizational set-up, business development, sales and marketing  Oct 2008 till date with Pramerica Asset Managers Private Limited as the Chief Executive Officer and the Managing Director  April 2008 to Sept 2008 with DLF Group as 'Consultant' for advising on preparatory work for setting up the AMC business with Sponsor/ JV partner.  Jan 2007 to April 2008 with Deutsche Asset Management Limited as the Chief Executive Officer, managing the organization growth and business development  June 2000 to Jan 2007 with HDFC Asset Management Company Limited. Last position held: Vice President – Sales & Distribution, Managing the sales and distribution function, responsible for business growth  Feb 1993 to June 2000 with Birla Global Finance Limited Last position held: Assistant Vice President, Worked in Capital Market distribution of institutional and retail financial products
Ravi K Kumar, Chief Operating Officer	<b>Age:42</b>  <b>Qualification:</b> Masters in Management (Kellogg School of Management)  Bachelor in Arts (Harvard University)	Over 13 years of experience in handling various stages of mergers and acquisitions; organizational set-up; handling Finance, Operations, IT & HR functions.  Oct 2008 till date with Pramerica Asset Managers Private Limited as the Chief Operating Officer and Executive Director, managing and handling Organizational Setup, Managing various functions such as Finance, Operations & Customer Service, IT and HR  Mar 2000 to Sept 2008 with Pramerica Financial (the Sponsor) Last Position Held: Vice President – Mergers & Acquisitions / Business Development; Managed all stages of acquisitions, divestitures and Joint Ventures in financial institutions. Executed JV with DLF and analyzed / handled the market entry strategy for Indian business

		<p>June 1997 to Dec 1999 with ABN AMRO Inc. (USA)  Last Position Held: Associate – Investment Banking;  Analyzed financial data related to Mergers and Acquisitions, Public Offerings, etc.</p>
<p>Ravi Gopalakrishnan,   Executive Director  &amp; CIO - Equity</p>	<p><b>Age:</b>44   <b>Qualification:</b>  MS (Fin), MBA</p>	<p>Over 17 years of experience in managing/advising portfolios for institutional and individual investors and handling the research function.</p> <p>Sep 2009 till date with Pramerica Asset Managers Private Limited as the Head of Equity.</p> <p>Mar 2006 to Sept 2008 with Hudson Fairfax Group, USA as Portfolio Advisor advising HFG on their investments in India and on risk management strategies, marketing of the funds to world-wide institutional investors</p> <p>Mar 2005 to Mar 2006 with Principal PNB Asset Management Limited as the Head of PMS, managing/advising portfolios for institutional and individual investors</p> <p>Sep 2004 to Nov 2004 with Tata Asset Management as Head of PMS, Managing portfolios for corporate and individual investors</p> <p>Apr 2000 to May 2004 with Sun F&amp;C Asset Management Ltd., as Fund Manager – Equities, handling the portfolio management responsibility</p> <p>Dec 1994 to Apr 2000 with UBS – Warburg Dillon Read Securities (I) Pvt. Ltd. as Strategist – India with responsibility of Setting up of UBS’ research operation and develop the India Strategy also developed the Institutional Sales Desk.</p>
<p>Mahendra Kumar Jajoo,   Executive Director  &amp; CIO - Fixed Income</p>	<p><b>Age:</b>42   <b>Qualification:</b>  B.Com, ACA,  ACS,  CFA ( from CFA  Institute, USA).</p>	<p>Over 19 years of experience in financial services and capital markets.</p> <p>Jan. 2010 till date with Pramerica Asset Managers Private Limited as the Head of Fixed Income.</p> <p>June 2008 to Dec.2009 with Tata Asset Management Ltd as Head – Fixed Income and Structured Products managing Fixed Income investment/portfolio</p> <p>January 2005 to June 2008 with ABN AMRO AMC as CIO – Fixed Income and Structured Products, managing Fixed Income investment/portfolio</p> <p>March 1999 to Dec. 2004 with ABN AMRO Securities India Pvt. Ltd. as Head – Primary Dealership, handling trading and investments in government securities and corporate bonds.</p>
<p>Balkrishna Kini,   Executive Director -  Legal &amp; Compliance</p>	<p><b>Age:</b>54   <b>Qualification:</b>   B. Sc. (Hons),  LL.B,  MBA,  Dip. in IR &amp; PM</p>	<p>Collectively over 32 years of experience in mutual fund industry handling various functions such as Legal, Compliance, Operations, Customer Service / Investor Relations , and Personnel &amp; Administration.</p> <p>Oct 2008 till date with Pramerica Asset Managers Private Limited as Chief Compliance Officer &amp; Head of Legal, overseeing all Legal and Compliance matters, including advising, preparing / drafting &amp; vetting of various policies and all legal documents.</p> <p>March 2004 to August 2008 with Reliance Capital Asset Management Limited as Head – Legal &amp; Compliance (Apr. 2006 – Aug.2008) overseeing all Legal. Compliance, Board &amp; Secretarial</p>

		<p>matters and Head – Customer Service &amp; Investor Relations ( March 2004 to March 2006 ), overseeing Investor Services and the operational activities of Registrar &amp; Transfer agents</p> <p>March 1979 to Nov 2003 with Unit Trust of India / UTI Asset Management Co. in various positions / functions including Branch management, Operations, Personnel &amp; Admn ; Last position held: Vice President &amp; Head – Central Monitoring Centre.</p>
V. Robinson Francis, Director - Operations & Customer Service	<p><b>Age:</b> 37</p> <p><b>Qualification:</b></p> <p>M. Com, DBM, MFM</p>	<p>Over 16 years handling securities operations, cash management, customer service, fund administration and banking</p> <p>Oct 2008 till date with Pramerica Asset Managers Private Limited as Head – Operations &amp; Customer Service handling the initial setup of Mutual Fund Operations and managing the entire operations and customer service activities</p> <p>April 2007 to Aug 2008 with Bharti AXA Investment Managers Private Limited as Asst. Vice President - Operations handling the initial set-up of mutual fund operations and then managing the Investment, RTA and Banking Operations</p> <p>May 2005 to April 2007 with FIL Fund Management Private Limited. as Senior Manager – Operations handling the set-up of operational processes</p> <p>Sept 1999 to May 2005 with Alliance Capital Asset Management (I) Private Limited handling settlements, fund administration, etc. Last position held was Senior Manager – Operations</p> <p>May 1996 to Sept 1999 with Birla Sun Life Asset Management Company Limited in AMC accounting and later managed the fund accounting and settlements for all the schemes of the fund. Last position held was Fund Accountant.</p>

#### **Procedure and Recording of Investment Decisions:**

All investment decisions, relating to the Schemes, will be undertaken by the AMC in accordance with the Regulations, the investment objectives specified in the SID and the Investment Manual of the AMC. All investment decisions taken by the AMC Schemes will be recorded.

A detailed report will be made before taking any decision to invest in a company/issuer for the first time. Individual scrip wise reasons will be recorded by the fund manager at the time of placing individual orders. Performance of the Schemes will be periodically tabled before the boards of the AMC and the Trustee respectively. Performance of the Schemes vis-à-vis their respective benchmark indices will be periodically monitored by the boards of the Trustee and the AMC. Further, the boards of the Trustee and AMC will also review the performance of the Schemes in the light of performance of the mutual fund industry.

The AMC has appointed an Investment Committee for the equity and debt /fixed income Schemes. The Committee would lay down the broad investment policy for the Schemes, review the policy and to review the portfolio and performance of the Schemes periodically. However, the day to day investment management decision will be taken by fund manager of the respective Scheme.

All investment decisions shall be recorded in terms of SEBI Circular No. MFD / CIR / 6 / 73 / 2000, dated July 27, 2000 as amended from time to time.

The Managing Director and Chief Executive Officer of the AMC shall inter-alia ensure that the investments made by the fund managers are in the interest of the Unit holders. The Fund Manager shall ensure that the funds of the Scheme(s) are invested in line with the investment objective of the Scheme(s) and in the interest of the Unit holders.

## **SECTION II: SERVICE PROVIDERS**

### **i. Custodian**

Citibank N.A.  
SEBI Registration Number: **IN/CUS/004**  
Address: Trent House, 3rd Floor, G-60, Bandra Kurla Complex,  
Bandra (East), Mumbai - 400 051

### **ii. Registrar and Transfer Agent**

Karvy Computershare Private Limited  
SEBI Registration Number - **INR000000221**  
Address: Karvy Plaza, Street No. 1, Banjara Hills,  
Hyderabad – 500 034.

The Trustee and the AMC have ensured that the Registrar has adequate capacity to discharge responsibilities with regard to processing of applications and dispatching account statements to Unit holders within the time limit prescribed in the Regulations and also has sufficient capacity to handle investor complaints.

### **ii. Statutory Auditor for the Mutual Fund**

**B S R & Co.**, Chartered Accountants,  
Address: Lodha Excellus, 1st Floor, Apollo Mills Compound,  
NM Joshi Marg, Mahalaxmi, Mumbai, 400 011

### **iii. Legal counsel**

The AMC and Trustee avails of the services of experienced and renowned legal firms, as and when required depending upon the subject matter.

### **iv. Collection Bankers**

#### **HDFC Bank Limited**

SEBI Registration Number - **INBI00000063**  
Registered Office : HDFC Bank House, Senapati Bapat Marg,  
Lower Parel(W), Mumbai - 400 013

During the New Fund Offer of the Schemes, the AMC shall appoint Collection Agents to accept the applications for investment in the Schemes. The list of the Collection Agents will be disclosed in the Scheme Information Document and also Key Information Memorandum and the website of the Mutual Fund, as and when the schemes are launched

The AMC reserves the right to change / modify the list of Collection Bankers

### **v. Fund Accountant**

#### **Citibank N.A.**

Address: Trent House, 3rd Floor, G-60, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051

**SECTION III: CONDENSED FINANCIAL INFORMATION**

	PLF	PUSTBF	PSTIF	PFDF-1	PDMIF	PDF	PEF
NAV as on April 01, 2010	NA	NA	NA	NA	NA	NA	NA
Dividend	-	255.9609	67.38728	NIL	NIL	NIL	NIL
NAV as on March 31, 2011 (Rs.)	1045.6892	1042.1018	1016.7794	1009.3218	NA	9.78	9.58
Annualised Return	4.57%	4.21%	1.68%	0.93%	NA	-2.20%	-4.20%
Net Assets as on March 31, 2011 ( Rs. in Crs)	124.66	440.54	40.95	29.33	106.77	122.79	39.56
Ratio of Recurring Expenses to Net Assets	0.22%	0.27%	0.69%	0.25%	2.09%	2.47%	2.50%

**Legend:**

PLF	Pramerica Liquid Fund
PUSTBF	Pramerica Ultra Short Term Bond Fund
PSTIF	Pramerica Short Term Income Fund
PFDF-1	Pramerica Fixed Duration Fund- Series 1
PDMIF	Pramerica Dynamic Monthly Income Fund
PDF	Pramerica Dynamic Fund
PEF	Pramerica Equity Fund

**Note:**

1. None of the schemes of Pramerica Mutual Fund were in existence as on 1 April 2010.
2. Absolute returns are provided as the schemes were in existence for less than a year.
3. Dividend Per Unit is total dividend declared for all plans and categories together for entire period. PLF is excluded
4. In case of PDMIF, units were allotted on 29 March 2011 at Rs.10. The first NAV was declared on 6 April 2011

## **SECTION IV: HOW TO APPLY**

**This section must be read in conjunction with the Section “Units and Offer” of the SID.**

### **A. Purchase**

New investors can purchase units by using a prescribed application form annexed to the Key Information Memorandum (KIM).

Existing Unitholders may use the Transaction Slip printed at the bottom of their account statement, or use a ‘Common Transaction/Application Form’ for additional purchases. During the NFO of a scheme, the existing unitholders need to use the scheme’s NFO application form for purchases; for switch transaction from one scheme to another, unitholders may use the Transaction Slip printed at the bottom of their account statement or use the Common Transaction Form.

Payment for the investments can be made either by a cheque or a bank draft / pay order or electronic fund-transfer request or via Real Time Gross Settlement (RTGS) or National Electronic Funds Transfer (NEFT).

#### **Additional mode of payment through Applications Supported by Blocked Amount (ASBA) during NFO:**

ASBA or “Applications Supported by Blocked Amount” is an application containing an authorization given by the Investor to block the application money in his specified bank account towards the subscription of Units offered during the NFO of mutual fund schemes.

Self Certified Syndicate Bank (SCSB) is a bank providing ASBA services to its customers. A list of recognized SCSBs is available on the websites of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)), BSE ([www.bseindia.com](http://www.bseindia.com)), and NSE ([www.nseindia.com](http://www.nseindia.com)).

Pursuant to SEBI Circulars SEBI/IMD/CIR No 18 /198647 /2010 March 15, 2010, and Cir / IMD / DF / 6 / 2010 dated July 28, 2010, during the NFO of the schemes launched by the Mutual Fund, investors are provided an additional mode of payment through (ASBA) facility while applying for the Units offered under NFO of the Scheme(s).

An Investor intending to subscribe to the Units in the NFO through ASBA, is required to submit duly completed prescribed ASBA Application Form to a SCSB, with whom his/her bank account is maintained, either physically with the Designated Branches (DBs) of the SCSB (“Physical ASBA”); or electronically through the internet banking facility offered by the SCSB (“Electronic ASBA”). It may be noted that ASBA application form will not be accepted by any of the offices of Pramerica Mutual Fund or its Registrar & Transfer Agent, i.e., Karvy Computershare Private Ltd. (Karvy).

Upon submission of an ASBA form with the SCSB, investor shall be deemed to have agreed to block the entire subscription amount specified in the application form, and authorized the designated bank to block such amount in the bank account. On acceptance of Physical or Electronic ASBA, the SCSB shall block funds available in the bank account specified to the extent of the application money specified in the ASBA.

During processing of the ASBA form by the Registrar, if the application is found to be incomplete or incorrect, the SCSB will be informed about the same. SCSB will then unblock such amount from the investor’s bank account with appropriate remarks in the investor account.

The application money towards the cost of the Units shall be blocked in the investor’s account until (a) Allotment of Units is made or (b) Rejection of the application or (c) Winding up of the Scheme, as the case may be.

SCSBs shall unblock the bank accounts for (a) Transfer of requisite money to the Mutual Fund / Scheme bank account against each valid application on allotment or (b) in case the application is rejected. Thus, for an investor who applies through ASBA facility, the application money towards the subscription of Units shall be debited from his specified bank account only if his/her application is considered for allotment of Units.

ASBA facility is currently available only to those investors who wish to hold the units in dematerialized form.

The Bank Account Number in the ASBA form should necessarily be of the first applicant only. In case where the bank account is jointly held, the first applicant should be one of the joint holders. Investors shall ensure that the bank account details mentioned in the ASBA form is correct and the funds are available in their account for the SCSB to block the amount.

The names of the applicants, the manner of holding, the mode of holding in the application form should exactly match with the information available in the demat account. In case of any mismatch, incorrect or incomplete information, the application may be rejected by the SCSB or the Registrar. All investor related details for allotment of Units such as names of the applicants, manner of holding, mode of holding, bank account, etc will be updated as per the demat account.

The investors should check their demat accounts for allotment of Units within 10 working days of the NFO closure. No physical account statement will be sent to the investors by the Mutual Fund or its Registrar.

All grievances relating to the ASBA facility may be addressed to the AMC/RTA to the issue, with a copy to the SCSB, giving full details such as name, address of the applicants, subscription amount blocked on application, bank account number and the designated branch or the collection centre of the SCSB where the ASBA form was submitted by the investor.

On the date of closure of the NFO, the ASBA form should be submitted to the SCSBs before the 3.00 p.m. or such other time as may be decided by respective SCSBs.

Pramerica Mutual Fund or its Registrar, Karvy Computershare Private Ltd. shall not be liable for any negligence or mistake committed by the SCSBs.

### **Online Transactions in units**

For the convenience of the investors, the Mutual Fund also endeavours to introduce the Online Transaction Module on its Website for transacting in units in the schemes of Pramerica Mutual Fund.

In terms of SEBI Circular SEBI/IMD/CIR No.11/183204/ 2009 dated November 13, 2009 mutual funds units can be transacted through all the registered stock brokers of the National Stock Exchange of India Limited and / or Bombay Stock Exchange Limited, who are also registered with AMFI and are empanelled as distributors with the AMCs. Investors desirous of transacting through the stock exchange mode are required to have a Demat account with NSDL/ CDSL. The Mutual Fund shall endeavor to offer the abovementioned facility of transacting through the stock exchanges at a future date.

The application form or common transaction form, as mentioned above, is available at all Official Points of Acceptance of the Mutual Fund, namely, the Investor Service Centres (ISCs) of the AMC and the Registrars (Karvy). The AMC/Registrar may open additional ISCs from time to time. Investors may obtain addresses of official points of acceptance from the relevant SID or by calling the AMC/Registrar.

The duly completed application form / transaction slip / common transaction form, as the case maybe, along with the payment instrument may be submitted at any of the Official Points of Acceptance of the Mutual Fund. The ISCs will time-stamp, and return the acknowledgement slip in the application form, to acknowledge receipt of the application, subject to verification. No other form of acknowledgement will be issued.

While applying for purchase of units in the schemes, investors should note the following:

- Cheque or demand draft should be crossed "Account Payee Only", and drawn in favour of the scheme in which the investor proposes to invest.
- Cheque or demand draft should be payable locally at the city where the application is deposited, and should be drawn on any bank that is a member of the local Clearing House.
- In case of an applicant who is resident of a city whose banking clearing circle is different from that of any ISC or designated collection center of the AMC, the AMC shall bear the bank charges (As per demand draft charges prescribed by State Bank of India) incurred by the investor in obtaining a demand draft(s). In that case, the investor may obtain a draft for investment amount net of draft charges alongwith a certificate issued by the bank. The AMC shall not refund any demand draft charges in cash. The aforesaid charges borne by the AMC shall not be charged to the scheme, unless permitted. This facility is available exclusively to resident Indians.
- Investors who intend to invest in more than one scheme/plan/option, should submit a separate payment instrument and a separate transaction slip for each such investment.
- Payment by cash, stock invests and out-station and/or post-dated cheques (PDCs) will not be accepted. (Provided however, that the PDCs will be accepted for investments under Systematic Investment Plan).
- Applicants need to specify the "mode of holding" in the application form as explained below:

- If an application is made by :
  - i. a sole applicant, the mode of holding should be specified as “Sole’ or “Single”;
  - ii. two or more applicants (maximum permitted being three applicants), the mode of holding should be specified as “Joint” or “Anyone or Survivor”.
- If the mode of holding is specified as “Joint”, all transactions/instructions will have to be signed by all the joint unitholders, while for mode of holding specified as “Anyone or Survivor”, all transactions/instructions may be signed by any one of the unit holders. However, in all such cases, the dividend / redemption proceeds will be paid to the first named applicant / Unitholder (as determined by reference to the original Application Form). Further, the first named Unitholder shall receive the account statements, all notices and correspondences with respect to the folio, or dividends / redemptions or other distributions and also have the voting rights, as permitted, associated with such units.
- If the mode of holding is not specified in the application form or is unclear, it will be treated as “Joint”, where there are two or more applicants.
- Investors should clearly specify Schemes/Plans/Options in the application form and ensure that the application form is accompanied by a cheque/ demand draft/account-to-account fund transfer instruction to their bankers, favouring Schemes/Plans/Options. In case of ambiguity or any discrepancy, the default option as specified in the SID will be applicable else the application is liable to be rejected.
- As per the directives issued by SEBI, it is mandatory for applicants to mention their bank account details in their applications for purchase of units. In case the Investment cheque attached with the application form is different from the Bank Mandate mentioned therein then the Investor needs to provide a cancelled cheque of the Bank account mentioned in the application form.
- Third party cheques will not be allowed for applying for purchase units of the schemes For more details, please refer to the section “Restriction on Third Party Payments for Subscription of Units”
- In the interest of investors, it is advised that the Application Form Number / Folio Number and Name of the First Investor should be written overleaf the cheque / draft before they are handed over to any courier / messenger / distributor / ISC.
- All redemption / dividend proceeds would be paid out only to the Bank Mandate on records. For the convenience of the investors, the AMC offers multiple bank mandate registration facility. For more details, please refer to the section “Registration of Multiple Bank Accounts” below.
- It is mandatory for all investors (including guardians, joint holders, NRIs and power of attorney holders) to provide their Income Tax Permanent Account Number (PAN) and also submit a photo copy of the PAN card issued to them by the Income Tax Department at the time of purchase of Units for the first time in scheme. Such photocopy must be verified at the ISCs by producing the original (which shall be returned across the counter) or verified and attested by any AMFI registered distributors, bank managers or judicial magistrate. Applications not accompanied by duly verified copy of the PAN card(s) are liable to be rejected.
- However, investors residing in the state of Sikkim are exempt from the mandatory requirement of PAN mentioned above, subject to the AMC being able to verify and ascertain the veracity of the claim of the investors that they are residents of Sikkim, on the basis of sufficient documentary evidence.
- Investment up to Rs 50,000/- per year per investor via SIPs, i.e., the aggregate of investments in a rolling 12-months period or in a financial year (hereinafter referred to as 'Micro SIP') have been exempted from the requirement of PAN. However, a duly verified/attested copy of such document(s) as may be prescribed by the AMC/Trustee from time to time, needs to be submitted as the proof of identification in lieu of PAN Card copy. Investors may contact any of the Investor Service Centres (ISCs) of the AMC or Registrar to know the list of acceptable identification documents which may be provided as proof of identification in lieu of PAN. Micro SIP investment will not be subject to common KYC process through CVL. Further, this exemption shall be applicable only to micro SIP investments made by individuals (including NRIs, but not PIOs), Minors and Sole proprietary firms including joint holders. PIOs, HUFs and other categories of investors will not be eligible for this exemption. Also the exemption shall not be applicable to normal purchase transactions up to ₹ 50,000/- which will continue to be subject to the PAN requirement.
- Investors are advised to use the prescribed application form provided with the KIM, SIP auto debit form & SIP/SWP/STP form, and other standard forms available at the ISCs or the website of Pramerica Mutual Fund ([www.pramericamf.com](http://www.pramericamf.com)), for any financial/nonfinancial transactions. Any transaction received in any non standard form, is liable to be rejected.

- Investors should provide the details / fill the form only in the space / boxes provided in the relevant forms. Any details/ notings /information/instruction provided at a non-designated area of the standard form being used, or any additional details for which space is not designated in the standard form, may not be executed by the AMC.
- The AMC and its Registrar reserve the right to disclose the details of the investors and their transactions to banks, couriers, distributors and any other organization for the purpose of transaction confirmations and/or execution, redemption payouts, data validations, compliance with legal and regulatory requirements, or for complying with anti-money laundering requirements.
- The Trustees shall have the absolute discretion to reject any application for purchase of Units, if in its opinion, increasing the size of the Unit Capital is not in the general interest of the Unit Holders, or if for any other reason it does not believe it would be in the best interest of the Scheme or its Unit Holders to accept such an application.

### **Registration of Multiple Bank Accounts**

The investors may register multiple Bank Mandates in a single folio using a prescribed form, namely, "Multiple Bank Accounts Registration form", available on the Mutual Fund's website and also at the ISCs. An investor may register upto 5 bank accounts in case the investor is an individual/ HUF and upto 10 bank accounts in case the investor is a non-individual.

The following documents are required to be submitted along with the Multiple Bank Accounts Registration form:

- ✓ Cancelled cheque leaf, or
- ✓ Bank Statement / Pass Book Page with account number, account holders' name and address.

By registering multiple bank accounts, investors may use any of the registered bank accounts to receive redemption/dividend proceeds. These registered bank account details will be used for verification of instrument used for subscription to ensure that third party payments are not used for mutual fund subscription, except where permitted.

In case of existing unitholders, the existing bank mandate, and in case of new investors, their bank account details as mentioned in the application form for initial purchase, shall be treated as default bank account and all additional bank mandates would be considered as optional bank mandates, unless the unitholder gives a separate request to change the same to any of the other registered bank account using the 'Multiple Bank Accounts Registration Form'. However, unitholder may specify any other registered bank accounts for credit of redemption proceeds at the time of requesting for the redemption. In case the investor wants the redemption proceeds to be credited to any one of the optional bank accounts from amongst the bank mandates registered under a folio, the investor needs to clearly indicate the same in the redemption application form. In the absence of such indication, the redemption proceeds would be credited to the default bank account.

In case request for redemption is received together with a change of bank account or before verification and validation of the new bank account, the redemption request would be processed to the registered default bank account. Unit holders may note that it is desirable to submit their requests for change in bank details at least seven calendar days prior to date of redemption/dividend payment, if any. Any redemption request placed along or during this period shall ordinarily be processed as per the earlier bank account registered in the records of the Registrars. The AMC / Registrar reserves the right to request for any such additional documents or information as it deemed necessary for enabling registration of bank accounts of unitholders.

### **Prevention of Money Laundering and Know Your Client ('KYC') Requirements**

- In terms of the Prevention of Money Laundering Act, 2002 ('PMLA'), the Rules issued thereunder and the guidelines/ circulars issued by SEBI regarding Anti Money Laundering, all intermediaries, including mutual funds, have to formulate and implement a client identification programme as well as verify and maintain records of the identity and address(es) of investors.
- All investors desirous of investing in the Mutual Fund's schemes ₹need to complete a one-time KYC compliance process, which is mandatory before investing the amount for the first time. For this purpose, investors are required to submit the prescribed KYC application forms duly filled in together with their

photograph (in the case of individuals), PAN card copy, proof of address/constitution documents and other requisite documents, at any designated 'Point of Service' (PoS) of CDSL Ventures Ltd., a centralized agency presently appointed by the mutual fund industry for KYC process. For the purpose of KYC Compliance individual investors include (a) their constituted Power of Attorney (PoA) holder in case of investments through a PoA; (b) each of the applicants in case of investments in joint names; and (c) guardian in case of investments on behalf of minor. The list of PoS is available at [www.pramericamf.com](http://www.pramericamf.com), and [www.amfiindia.com](http://www.amfiindia.com). The above 'enhanced' KYC process is required to be complied with only once to enable transacting across a majority of mutual funds.

- Applicants intending to apply for units through a Power of Attorney (PoA) must ensure that the issuer of the PoA and the holder of the PoA must mention their KYC Compliance Status and attach proof of KYC Compliance at the time of investment above the threshold. In the event of non compliance of KYC requirements, the Trustee / AMC reserves the right to freeze the folio of the investor(s) folio.
- To ensure appropriate identification of the investor(s) under its KYC policy and with a view to monitor transactions for the prevention of money laundering, AMC / Mutual Fund reserves the right to seek information, record investor's telephonic calls and / or obtain and retain documentation for establishing the identity of the investor, proof of residence, source of funds, etc. It may re-verify identity and obtain any incomplete or additional information for this purpose.
- The KYC documentation shall also be mandatorily complied with by the nominees / legal heirs/ claimants inheriting or staking their claim on the units of a deceased unitholder (transmission of units) by virtue of a valid nomination or by operation of law.
- Notwithstanding the above, investors investing through Micro SIP route and investor residing in State of Sikkim shall not be subject to the above KYC formalities.
- For investor investing under Micro SIP (i.e ₹ 50000/- per year per investor) the following documents are required :
  1. Standard specified identification instruments like Voter ID card, Government/Defense ID card, Card of Reputed employer, Driving License, Passport in lieu of PAN.
  2. Proof of address copy. It is clarified that where photo identification documents contains the address of the investor, a separate proof of address is not required.
  3. Supporting documents shall be self attested by the investor or by the ARN holder mentioning the ARN number or attested by any competent authority.
- For investors based in State of Sikkim the following documents are required:
  1. Proof of address of Sikkim state (in support of address mentioned on the application form).
  2. Address proof shall be self attested by the investor / attested by the ARN holder mentioning the ARN number or attested by any competent authority.
- The Mutual Fund, AMC, Trustees and their Directors, employees and agents shall not be liable in any manner for any claims arising whatsoever on account of freezing the units in any folio / rejection of any application / cancelling allotment of units or mandatorily redeeming of units due to non-compliance with the provisions of the Act, SEBI circular(s) and KYC policy and / or freezing the units in any folio where the AMC believes that transaction is suspicious in nature within the purview of the Act and SEBI circular(s) and reporting the same to FIU-IND.
- Pursuant to the provisions of Prevention of Money Laundering Act, 2002 and U.S. OFAC, if after due diligence, the AMC believes that any transaction is suspicious in nature as regards money laundering, on failure to provide required documentation, information, etc. by the investor, the AMC shall have absolute discretion to report such suspicious transactions to FIU-IND and / or to freeze the Units under folios of the investor(s), reject any application(s) / allotment of Units.
- Investors transacting in the Units of the Schemes through the stock exchanges in dematerialized mode, (as and when the facility is made available by the AMC) will be subject to KYC formalities carried out by the Depository Participant and this will be considered as sufficient compliance of SEBI circular dated December 19, 2008 on Anti-Money Laundering guidelines.
- Investors/unit holders may contact their distributors, if any, or the ISCs, for any additional information/clarification.

**Applications On Behalf of Minors:**

In the case of investments made “on behalf of minor”, the application shall be made / signed by the guardian, subject to the following:

- a. The minor shall be the first and the sole holder in the account.
- b. Guardian can be either natural guardian (i.e. father or mother) or a court appointed legal guardian
- c. It is mandatory for the guardian to submit documentary evidence confirming the relationship status.
- d. It is also mandatory to provide minor’s date of birth in application form along with any of following supporting documents:
  - Birth certificate of the minor, or
  - School leaving certificate/Mark sheet issued by Higher Secondary Board of respective states, ICSE, CBSE etc., or
  - Passport of the minor, or
  - Any other suitable proof evidencing the date of birth of the minor, which is acceptable to the AMC.

**Applications by NRIs, PIOs and FIIs**

NRIs and PIOs may purchase units of the Mutual Fund on a repatriation and non-repatriation basis, while FIIs may purchase units only on a repatriation basis. They shall attach a copy of the cheque used for payment or a Foreign Inward Remittance Certificate (FIRC) or an Account Debit Certificate from the bankers along with the application form to enable the AMC to ascertain the repatriation status of the amount invested. The account type shall be clearly ticked as NRE or NRO or FCNR, to enable the AMC determine the repatriation status of the investment amount. The AMC and the Registrar may rely on the repatriation status of the investment purely based on the details provided in the application form.

**(i) Repatriation basis**

NRIs and PIOs may pay their subscription amounts by way of Indian Rupee drafts purchased abroad, cheques drawn on Non-resident (External) (NRE) Accounts or Indian Rupee drafts payable at par at any of the ISCs and purchased out of funds held in NRE Accounts / FCNR Accounts. FIIs may pay their subscription amounts either by way of inward remittance through normal banking channels or out of funds held in Foreign Currency Accounts or Non Resident Rupee Accounts maintained with a designated branch of an authorised dealer with the approval of RBI.

In case Indian Rupee drafts are purchased abroad or from FCNR/NRE accounts, an account debit certificate from the bank issuing the draft confirming the debit shall also be submitted with the application form. NRIs shall also be required to furnish such other documents as may be necessary and as requested by the AMC/Mutual Fund/Registrar, in connection with the investment in the schemes.

**(ii) Non-Repatriation basis**

NRIs and PIOs may pay their subscription amounts by cheques/demand drafts drawn out of Non-Resident Ordinary (NRO) accounts/ Non-Resident Special Rupee (NRSR) accounts and Non Resident Non-Repatriable (NRNR) accounts payable at the city where the application form is accepted.

**Restriction on Third Party Payments for Subscription of Units:**

In order to enhance compliance with Know Your Customer (KYC) norms under the Prevention of Money Laundering Act, 2002 (PMLA) and to mitigate the risks associated with acceptance of third party payment instruments (cheques, demand drafts, pay orders etc.), Association of Mutual Funds in India (AMFI) has issued best practice guidelines on Risk Mitigation Process against third party cheques in mutual fund subscriptions.

In line with these recommendations, the Mutual Fund / the AMC shall not accept applications for subscriptions for purchase of units accompanied with third party payment instruments. For this purpose, “Third Party Payment” shall mean payment made through an instrument issued from an account other than that of the beneficiary investor. In case of payment instruments issued from a joint bank account, the first named applicant/investor must be one of the joint holders of the bank account from which the payment instrument is issued. ‘Related person/s’ means such persons as may be specified by the AMC from time to time.

**Exception:** The AMC/ Registrar of the Mutual Fund will accept subscriptions to schemes of the Mutual Fund accompanied by Third-Party Payment Instruments only in exceptional cases mentioned below:

1. Payment by Parents/Grandparents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding ` 50,000/- (each regular purchase or per SIP installment);
2. Payment by employer on behalf of employee under Systematic Investment Plan (SIP) facility through payroll deductions;
3. Custodian on behalf of an FII or a Client

The investors making an application under the above mentioned exceptional cases are required to comply with the following, without which their applications for subscriptions for units will be rejected / not processed.

- a) Mandatory KYC compliance of the investor **and** the person making the payment, in order to determine the identity of the investor and the person issuing the payment instrument.
- b) Submit a separate, 'Third Party Payment Declaration Form' from the beneficiary applicant/s (guardian in case of minor) and the person making the payment i.e., the Third Party, giving details of the bank account from which the payment is made and the relationship of the Third Party with the beneficiary. (The declaration form is available at [www.pramericamf.com](http://www.pramericamf.com))
- c) Submit a cancelled cheque leaf or copy of bank statement / pass book page mentioning bank account number, account holders' name and address or such other document as the AMC may require for verifying the source of funds to ascertain that funds have been remitted from the drawer's account only.

The AMC shall adopt the following process for identifying Third Party Payments: and accordingly investors are required to comply with the requirements specified below:

**a. Payment by Cheque:** An investor at the time of his/her purchase must provide the details of pay-in bank account (i.e. account from which a subscription payment is made) and pay-out bank account (i.e. account into which redemption/dividend proceeds are to be paid). Identification of third party cheques by the AMC / Registrars will be on the basis of either matching of pay-in bank account details with registered/pay-out bank account details or by matching the bank account number/name/signature of the first named investor with the name/account number/signature available on the cheque. If the name/bank account number is not pre-printed on the cheque and signature on the cheque does not match with signature on the application, then the first named applicant/investor should submit any one of the following documents:

- (i) a copy<sup>#</sup> of the bank passbook or a statement of bank account having the name and address of the account holder and account number;
- (ii) a letter\* (in original) from the bank on the bank's letterhead certifying that the investor maintains an account with the bank, along with information like bank account number, bank branch, account type, the MICR code of the branch & IFSC Code (where available).

*\* In respect of (ii) above, it should be certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.*

Investors should note that where the bank account numbers have changed on account of the implementation of core banking system at their banks, any related communication from the bank towards a change in bank account number should accompany the application form for subscription of units.

**b. Payment by Prefunded Instrument:**

- (i) If the subscription is settled with pre-funded instruments such as Pay Order, Demand Draft, Banker's cheque, etc., a certificate (in original) from the Issuing banker must accompany the purchase application, stating the Account holder's name and the Account number which has been debited for issue of the instrument. The account number mentioned in the Certificate should be a registered bank account or the first named unitholder should be one of the account holders to the bank account debited for issue of such instruments.
- (ii) A pre-funded instrument issued against cash shall not be accepted, except in case of payment made by Parents/Grandparents/related persons on behalf of a minor in consideration of natural love and affection or as gift for a value not exceeding ` 50,000/-. This also should be accompanied by a certificate from the banker giving name, address and PAN of the person who has procured the payment instrument.

The Certificate(s) mentioned in (i) and (ii) above should be duly certified by the bank manager with his/her full signature, name, employee code, bank seal and contact number.

**c. Payment by RTGS, NEFT, ECS, Bank transfer, etc:**

A copy of the instruction to the bank stating the account number debited must accompany the purchase application. The account number mentioned on the transfer Instruction copy should be a registered bank account or the first named unitholder should be one of the account holders to the bank account.

The above broadly covers the various modes of payment for mutual fund subscriptions. The above list is only indicative not exhaustive list and any other mode of payment as introduced from time to time will also be covered accordingly. In case the application for subscription does not comply with the above provisions, the AMC / Registrars retains the Sole and absolute discretion to reject/not process such application and refund the subscription money and shall not be liable for any such rejection.

**Applications under Power of Attorney or by Body corporate/ Registered society/Trust/ Partnership**

Every investor, depending on the category under which he/she/ it falls, is required to provide the relevant documents alongwith the application form as may be prescribed by the AMC. In case of an application made under a Power of Attorney or by a limited company, body corporate, registered society or partnership etc., the relevant Power of Attorney or the relevant resolution or authority to make the application as the case may be, or duly certified copy thereof, along with the memorandum and articles of association/bye-laws must be lodged at the Registrar's Office at the time of submission of application.

In case an investor has issued Power of Attorney (POA) for making investments, switches, redemptions etc. under his folio, both the signature of the investor and the POA holder have to be clearly captured in the POA document to be accepted as a valid document. At the time of making redemption / switches the fund would not be in a position to process the transaction unless, POA holder's signature is available in the POA.

Original or certified true copies of the following documents should be submitted by Companies/Bodies Corporate/PSUs/Banks and Financial Institutions along-with the application form:

- Board resolution authorizing the investment
- List of authorized officials to make such investment along with the specimen signature of such authorized officials
- MOA and AOA/Trust Deed/Partnership Deed/ Bye Laws including certificate of registration/any other incorporation or foundation documents. The onus of authentication of the documents shall be on the Investors and the AMC/Fund will accept and act on these in good faith. Wherever the documents are not expressly authenticated, submission of these documents by such Investors shall be full and final proof of the corporate investors' authority to invest and the AMC/Fund shall not be liable under any circumstances for any defects in the documents so submitted.

All such documents should be in English language or notarized translated copy in English Language.

**Change in Static Information**

1. Investors who have previously complied with the KYC process and are desirous of changing their KYC information such as name, address, status, signature, etc., should submit their request in respect of the same to any of the Point of Services (PoS) appointed by CDSL Ventures Ltd.
2. Investors under Micro SIP may submit their request for changes in static information directly to the AMC's Registrar.
3. Any request for change of bank mandate details will be entertained only if the Unit Holder provides any of the following documents along with the specified change request form.
  - i. cancelled cheque leaf of the new bank account (where the account number is printed on the cheque) or
  - ii. a letter from the new bank certifying the bank account details, including the MICR code & IFSC Code (where available)

Any request for change of bank mandate details without the above mentioned documents will be considered invalid and will not be processed.

4. Any change in dividend option due to additional investment or Unitholder's request will be applicable to the entire Units in the dividend option of the scheme/plan concerned.
5. Unit Holders may write to the AMC or the Registrar to change the broker/distributor code in respect of their transactions or to delete the broker code (and treat the investment as 'Direct'). Any such request will be effected on a prospective basis.

The AMC reserves the right to reject any application if the same is in violation of any laws or regulations and the investors should note that the AMC will not be liable for any compensation arising on account of such rejection.

## **B. Redemption and Switch of units**

Please refer the relevant SID for details on redemption and switch.

## **C. Suspension of Subscription and Redemption of units**

Subject to the approval of the Boards of the AMC and the Trustee and subject to necessary communication to SEBI, determination of NAV of the units under any scheme of the Mutual Fund may be temporarily suspended, leading to consequent suspension of purchase and redemption of units, in any of the following events:

- a) When one or more stock exchanges or markets, which provide the basis for valuation for a substantial portion of the assets of the schemes, is/are closed, otherwise than for ordinary holidays.
- b) When, as a result of political, economic or monetary events or any circumstance outside the control of the Trustee and the AMC, disposal of the assets of the schemes is not reasonable, or would not reasonably be practicable without being detrimental to the interests of the Unitholders.
- c) In the event of a breakdown in the means of communication used for the valuation of investments of the schemes, without which the value of the securities of the schemes cannot be accurately arrived at.
- d) During periods of extreme volatility of markets, which in the opinion of the AMC, are prejudicial to the interests of the Unitholders.
- e) In the case of natural calamities, strikes, riots, bandhs, terrorist attacks, etc.
- f) In the event of any force majeure or disaster that affects the normal functioning of the AMC or the Registrar.
- g) If so directed by SEBI.

In the above eventualities, the normal time limits for processing of requests for redemption of units will not be applicable.

## **D. Suspension of Fresh Subscriptions into the scheme under special circumstances**

The AMC/Trustee reserves the right to temporarily suspend subscriptions /switches into any scheme of the Mutual Fund which invests overseas, if the limit prescribed by SEBI for overseas investments by all schemes of the Mutual Fund put together is exceeded or is expected to be exceeded.

## **SECTION V: RIGHTS OF UNITHOLDERS OF THE SCHEME**

1. Unit holders of the Scheme have a proportionate right in the beneficial ownership of the assets of the Scheme.
2. When the Mutual Fund declares a dividend under the Scheme/ Plan, the dividend warrants shall be dispatched within 30 days of the declaration of the dividend. Account Statement reflecting the new or additional subscription as well as Redemption / Switch of Units shall be dispatched to the Unit holder within 10 Business Days of the date of receipt of the request from the unitholder. Provided if a Unit holder so desires the Mutual Fund shall issue a Unit certificate (non- transferable) within 30 days of the receipt of request for the certificate.
3. The Mutual Fund shall dispatch Redemption proceeds within 10 Business Days of receiving the Redemption request.
4. The Trustee is bound to make such disclosures to the Unit holders as are essential in order to keep them informed about any information known to the Trustee which may have a material adverse bearing on their investments.
5. The appointment of the AMC for the Mutual Fund can be terminated by majority of the directors of the Trustee Board or by 75% of the Unit holders of the Scheme.
6. 75% of the Unit holders of a Scheme can pass a resolution to wind-up a Scheme.
7. The Trustee shall obtain the consent of the Unit holders:
  - a) whenever required to do so by SEBI, in the interest of the Unit holders.
  - b) whenever required to do so on the requisition made by three-fourths of the Unitholders of the Scheme.
  - c) when the Trustee decides to wind up the Scheme or prematurely redeem the Units.
8. The Trustee shall ensure that no change in the fundamental attributes of any Scheme or the trust or fees and expenses payable or any other change which would modify the Scheme and affects the interest of Unitholders, shall be carried out unless :
  - a) a written communication about the proposed change is sent to each Unit holder and an advertisement is given in one English newspaper having nationwide circulation as well as in a newspaper published in the language of the region where the head office of the Mutual Fund is situated; and
  - b) the Unit holders are given an option to exit at the prevailing Net Asset Value without any Exit Load.
9. In specific circumstances, where the approval of unitholders is sought on any matter, the same shall be obtained by way of a postal ballot or such other means as may be approved by SEBI

## **SECTION VI: INVESTMENT VALUATION NORMS FOR SECURITIES AND OTHER ASSETS**

Pramerica Mutual Fund shall value its investments according to the valuation norms, as specified in Schedule VIII of the Regulations, or such norms as may be prescribed by SEBI from time to time. The broad valuation norms are detailed below. These norms are indicated based on the current Regulations and the Guidelines issued by SEBI: -

### **1) Traded Securities**

#### **a. Equity and Equity related Securities**

Traded equity and equity related securities will be valued at the last quoted closing price on the National Stock Exchange (NSE) or other stock exchange (in cases where the security is either not listed on NSE or not traded on NSE). In cases where a security is not traded on a valuation day, it will be valued at the last traded price on NSE or on any other stock exchange on which it was traded, provided it is not more than thirty days prior to the date of valuation.

#### **b. Debt Securities and Money Market Instruments**

Traded debt securities (other than Government securities) and money market instruments will be valued at the last quoted price on the NSE on the valuation day. When a debt security (other than Government Securities) is not traded on any stock exchange on any particular valuation day, the value at which it was traded on the principal stock exchange (**NSE**) or any other stock exchange, as the case may be, on the earliest previous day may be used provided such date is not more than fifteen days prior to valuation date. When a debt security (other than Government Securities) is purchased by way of private placement, the value at which it was bought may be used for a period of fifteen days beginning from the date of purchase.

### **2) Thinly Traded, Non-Traded and Unlisted Securities**

#### **a. Equity and Equity related Securities**

When trading in an equity / equity related security (such as convertible debentures, equity warrants, etc) in a month is both less than ₹ 5 lakhs and the total volume is less than 50,000 shares, it shall be considered as thinly traded security and valued accordingly. In order to determine whether a security is thinly traded or not, the volumes traded in all recognized stock exchanges in India may be taken into account. In case trading in an equity security is suspended upto 30 days, then the last traded price would be considered for valuation of that security. If an equity security is suspended for more than 30 days, then the Asset Management Company/Trustees will decide the valuation norms to be followed and such norms would be documented and recorded.

When a security (other than debt and government securities) is not traded on any stock exchange for a period of 30 days prior to the Valuation Day, it shall be considered as a non-traded security.

Thinly traded, non-traded and unlisted equity and equity related securities will be valued in good faith on the basis of net worth per share and earnings capitalization, as prescribed by SEBI.

#### **b. Money Market and Debt Securities**

A debt security (other than Government Securities) is considered as a thinly traded security if on the valuation date, there are no individual trades in that security in marketable lots (presently ₹ 5 crore) on the principal stock exchange or any other stock exchange.

When a security (other than Government security) is not traded on any stock exchange for a period of fifteen days prior to the valuation date, the scrip must be treated as 'non-traded'.

Further, pursuant to SEBI Circular NO. SEBI/IMD/CIR No.16/ 193388/2010 February 02, 2010, the below valuation norms would be applicable with effect from July 1, 2010

- Money Market and Debt Securities with residual maturity of upto 91 days**  
 All money market and debt securities, including floating rate securities, with residual maturity of upto 91 days shall be valued at the weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day they shall be valued on amortization basis. It is further clarified that in case of floating rate securities with floor and caps on coupon rate and residual maturity of upto 91 days then those shall be valued on amortization basis taking the floor as coupon rate.
- Money Market and Debt Securities with residual maturity of over 91 days**  
 All money market and debt securities, including floating rate securities, with residual maturity of over 91 days shall be valued at weighted average price at which they are traded on the particular valuation day. When such securities are not traded on a particular valuation day they shall be valued at benchmark yield/ matrix of spread over risk free benchmark yield obtained from agency(ies) entrusted for the said purpose by AMFI.
- Securities not covered under the current valuation policy**  
 In case of securities purchased by Pramerica Mutual Fund do not fall within the current framework of the valuation of securities then Pramerica mutual fund shall report immediately to AMFI regarding the same. Further, at the time of investment AMCs shall ensure that the total exposure in such securities does not exceed 5% of the total AUM of the scheme.

SEBI vide its circulars dated October 18, 2008, February 20, 2002, September 18, 2000, October 18, 2008 and June 12, 2009 has provided for the discretionary mark up and mark down yields as under .

Category	Discretionary discount over benchmark yield in basis points
Rated instruments with maturity upto 2 years	Discretionary Discount upto + 100 / -50
Rated instruments with maturity over 2 years	Discretionary Discount upto + 75 / -25
Unrated instruments with maturity upto 2 years	Discretionary Discount of upto + 50 over and above the mandatory Discount of + 50
Unrated instruments with maturity over 2 years	Discretionary Discount of upto + 50 over and above the mandatory Discount of + 25

- Non Investment Grade**  
 In case of non investment graded performing securities, traded price will taken where available or else it will valued at 75% of the face value. In case of non investment grade, non performing assets provisioning and valuation would be done as per SEBI circular MFD/ CIR/ 8 / 92/ 2000, dated September 18, 2000.

### 3) Illiquid Securities

Aggregate value of “illiquid securities” of scheme, which are defined as non-traded, thinly traded and unlisted equity shares, shall not exceed 15% of the total assets of the scheme and any illiquid securities held above 15% of the total assets shall be assigned zero value for open ended fund. Transfer of illiquid securities among the schemes will not be allowed.

### 4) Government Securities

Government Securities will be valued at the prices provided on a daily basis by the agency approved by AMFI (currently CRISIL Limited).

### 5) Valuation of Securitised Debt

Securitised debt instruments where modified duration is greater than 0.5 would be valued as per the yield arrived as per methodology applicable for thinly traded debt securities with residual maturity of more than 182 days. In case, modified duration is less than 0.5, the security would be amortised on the basis of the yield at which it was valued one day prior to amortisation.

## 6) Securities with Put / Call Options

### a. Securities with Call Options

Securities with call options will be valued at the lower of the value obtained by valuing the security to final maturity and valuing the security to call option. In case there are multiple call options, the lowest of the values obtained by valuing to the various call dates and valuing to the maturity date will be taken as the value of the instrument.

### b. Securities with Put Option

Securities with put options will be valued at the higher of the value obtained by valuing the security to final maturity and valuing the security to put option. In case there are multiple put options, the highest of the values obtained by valuing to the various put dates and valuing to the maturity date will be taken as the value of the instruments.

c. Securities with both put and call options on the same day will be deemed to mature on the Put/Call day and valued accordingly.

## 7) Units / Shares of Mutual Fund

Investments in Units / Shares of Mutual Fund Schemes will be valued at the last declared / latest Net Asset Value made available per Unit / Share by the respective mutual fund Scheme, as at the close of the relevant valuation day.

## 8) Floating Rate Securities / Notes:

There are no valuation guidelines prescribed by SEBI for valuation of non - traded, thinly traded and unlisted floaters. These securities will be valued by the investment manager, based on the policy approved by the Board of Trustees.

## 9) Convertible debentures and bonds

In respect of convertible debentures and bonds, the non-convertible and convertible components shall be valued separately. The non-convertible component should be valued on the same basis as would be applicable to a debt instrument. The convertible component shall be valued on the same basis as would be applicable to an equity instrument. If, after conversion, the resultant equity instrument would be traded *pari passu* with an existing instrument which is traded, the value of the latter instrument will be adopted after an appropriate discount for the non-tradability of the instrument during the period preceding the conversion. While valuing such instruments, the fact as to whether the conversion is optional or not shall also be factored in.

## 10) Warrants

In respect of warrants to subscribe attached to instruments, the warrants can be valued at the value of the share which would be obtained on exercise of the warrant as reduced by the amount which would be payable on exercise of the warrant. A discount similar to the discount to be determined in respect of convertible debentures shall be deducted to account for the period, which must elapse before the warrant can be exercised.

## 11) Repo transactions

Where instruments have been bought on 'repo' basis, the instrument shall be valued at the resale price after deduction of applicable interest up to the date of resale. Where an instrument has been sold on a 'repo' basis, adjustment shall be made for the difference between the repurchase price (after deduction of applicable interest up to the date of repurchase) and the value of the instrument. If the repurchase price exceeds the value, the depreciation shall be provided for and if the repurchase price is lower than the value, credit shall be taken for the appreciation.

## 12) Rights Shares

Until they are traded, the value of the "rights" shares would be calculated as:

$$V_r = n \times (P_{ex} - P_{of}) / m$$

Where

$V_r$  = Value of rights

$n$  = no. of rights offered

$m$  = no. of original shares held

$P_{ex}$  = Ex-rights price

$P_{of}$  = Rights Offer Price

Where the rights are not treated *pari-passu* with the existing shares, suitable adjustment shall be made to the value of rights. Where it is decided not to subscribe for the rights but to renounce them and renunciations are being traded, the rights can be valued at the renunciation value.

### **13) Derivatives**

- a.** The traded derivatives shall be valued at market price in conformity with the stipulations of sub clauses (i) to (v) of clause 1 of the Eighth Schedule to the SEBI Regulations, as amended from time to time.
- b.** The valuation of untraded derivatives shall be done in accordance with the valuation method for untraded investments prescribed in sub clauses (i) and (ii) of clause 2 of the Eighth Schedule to the SEBI Regulations as amended from time to time.

### **14) Foreign Securities**

- a.** On the valuation date, the securities issued outside India and listed on Stock exchanges outside India shall be valued at the closing price on the stock exchange at which it is listed or at the last available price.
- b.** Due to difference in time zones of different markets, in case the closing prices of securities are not available within a given time frame to enable the AMC to upload the NAVs for a Valuation Day, the AMC may use the last available traded price for the purpose of valuation.
- c.** In case any particular security is not traded on the Valuation Day, the same shall be valued on a fair value basis by the Valuation Committee of the AMC.
- d.** On the Valuation Day, all assets and liabilities denominated in foreign currency will be valued in Indian Rupees at the exchange rate available on Bloomberg / Reuters / RBI or any other standard reference rate at the close of banking hours in India.

The Trustees reserve the right to change the source for determining the exchange rate. The exchange gain / loss resulting from the aforesaid conversion shall be recognized as unrealized exchange gain / loss in the books of the Scheme on the day of valuation.

## SECTION VII: TAX & LEGAL & GENERAL INFORMATION

### A. TAX BENEFITS OF INVESTING IN THE MUTUAL FUND

The tax implications described in this document are as per the provisions of the Income-tax Act, 1961 (the 'IT Act') as amended by Finance Act, 2011.

The information given is included only for general purpose and is based on advice received by the AMC regarding the law and practice currently in force in India and the unit holders should be aware that the relevant fiscal rules or their interpretation may change. As is the case with any investment, there can be no guarantee that the tax position prevailing at the time of an investment in the Scheme will endure indefinitely. In view of the individual nature of tax consequences, each unit holder is advised to consult his/her/ its own professional tax advisor. Further, the tax implications / rates are discussed considering that the unit holders hold the units as a 'capital asset'.

#### **1. TAX IMPLICATIONS FOR THE MUTUAL FUND**

##### **1.1. Income of the Mutual Fund**

*The income of the Mutual Fund registered with the Securities and Exchange Board of India ('SEBI') would be exempt from income-tax in accordance with the provisions of section 10(23D) of the IT Act.*

As per section 196(iv) of the IT Act, no deduction of tax shall be made by any person from any sums payable to the Mutual Fund.

##### **1.2. Securities Transaction Tax ('STT') payable by the Mutual Fund**

The Mutual Fund shall be liable to pay STT in respect of transactions listed hereunder:

<b>Nature of Transaction</b>	<b>Payable by</b>	<b>Value on which tax shall be levied</b>	<b>Rates (%)</b>
Delivery based purchase transaction in equity shares or units of equity oriented fund <sup>1</sup> entered into in a recognized stock exchange	Purchaser	Value at which shares / units are bought	0.125
Delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognized stock exchange	Seller	Value at which shares / units are sold	0.125
Non-delivery based sale transaction in equity shares or units of equity oriented fund entered in a recognised stock exchange	Seller	Value at which shares / units are sold	0.025
Transaction for sale of futures in securities	Seller	Value at which futures are traded	0.017
Transaction for sale of an option in securities	Seller	The option premium	0.017
Transaction for sale of an option in securities, where the option is exercised	Purchaser	The settlement price	0.125
Sale of units of an equity oriented fund to the mutual fund	Seller	Value at which units are sold	0.25

<sup>1</sup> "Equity oriented fund" means a fund:

- where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty-five per cent of the total proceeds of such fund; and
- which has been set-up under a scheme of a Mutual Fund:

Provided that the percentage of equity share holding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

### **1.3. Overseas investment by the Mutual Fund**

Buying, holding or selling securities in overseas jurisdictions may create tax consequences for the Mutual Fund and/ or the unit holders of the Mutual Fund, which need to be analysed based on the applicable tax laws of the relevant overseas jurisdiction including the applicable provisions of the Double Taxation Avoidance Agreements entered into between that overseas jurisdiction and India ('DTAA'). As the Fund is exempt from tax in India on its entire income (including foreign income), credit/ refund in respect of foreign taxes withheld/ paid by the Mutual Fund will not be available in India.

## **2. TAX IMPLICATIONS FOR UNIT HOLDERS IN CASE OF EQUITY ORIENTED MUTUAL FUND SCHEMES**

### **2.1. Income distributed by the Mutual Fund**

Income received in respect of units of a Mutual Fund specified under section 10(23D) of the IT Act, is exempt from tax under the provisions of section 10(35) of the IT Act. This exemption shall, however, not apply to any income arising from the transfer of units.

### **2.2. Tax Deduction at Source on income distributed**

In view of the exemption of income in the hands of the unit holders, no tax is required to be deducted at source on income distribution by the Mutual Fund on or after April 1, 2003, under the provisions of section 194K and 196A of the Act.

### **2.3. Dividend Distribution Tax**

As per section 115R of the IT Act, open ended equity oriented funds are exempt from paying distribution tax on income distributed to the unit holders.

### **2.4. STT**

#### **All unit holders**

Unit holders shall be liable to pay STT in respect of transactions of purchase and sale of units of an equity oriented fund at the rates as specified in the table in para 1.2 above.

### **2.5. Capital Gains Tax**

Under section 2(29A) of IT Act, units of a mutual fund held as capital assets are treated as long-term capital assets if they are held for a period of more than 12 months preceding the date of transfer. The additional (bonus) units issued under any option under the Scheme and held as capital assets would be treated as a long-term capital assets if held for a period of more than 12 months from the date when such additional units were allotted.

Under section 2(42A) of the Act, units of a mutual fund held as capital assets for a period of 12 months or less preceding the date of their transfer are regarded as short-term capital assets.

## **Long-term Capital Gains Tax**

### **All unit holders**

As per section 10(38) of the IT Act, long-term capital gains arising from the transfer of unit of an equity oriented fund is exempt from tax, where such transaction is chargeable to STT, provided that such income shall be taken into account for the purpose of computation of Minimum Alternate Tax (MAT).

## **Short-term Capital Gains Tax**

### **All unit holders**

As per section 111A of the IT Act, short-term capital gains arising from the transfer of unit of an equity oriented fund, where such transaction is chargeable to STT, shall be chargeable to tax at 15 per cent (plus applicable surcharge and education cess, discussed below).

In case of resident Individuals and Hindu undivided family (HUF), where total income as reduced by short-term capital gains arising on sale of units of an equity oriented fund is up to / below the basic exemption limit, the short-term capital gains shall be reduced to the extent of the shortfall and only the balance short-term capital gains shall be subjected to tax at the above rate.

### **Tax Treaty Benefit**

In the case of a non-resident unit holder who is resident of a country with which India has signed a DTAA, which is in force, income-tax is payable at the rate provided in the IT Act or at the rate provided in the DTAA, whichever is more beneficial to such non-resident unit holder.

## **2.6. Set off of Capital losses**

### **All unit holders**

As discussed above, long-term capital gains arising from transfer/ repurchase of units of equity oriented funds are exempt from tax in the hands of unit holders. Therefore, long-term capital loss arising on transfer/ repurchase of units of an equity oriented funds may not be allowed to be set-off against long-term capital gains on sale of other capital assets. However, each unit holder is advised to consult his/ her/ its own professional tax advisor before claiming set off of long-term capital loss arising on transfer/ repurchase of units of an equity oriented fund referred to above, against long-term capital gains arising on sale of other assets.

Short-term capital loss incurred on transfer/ repurchase of units shall be available for set-off against other capital gains (both long-term and short-term capital gains). Where such losses arising on transfer of units held as capital asset cannot be wholly set-off, the amount of losses not set-off can be carried forward for a period of eight assessment years, immediately succeeding the year for which the loss was first computed.

## **2.7. Tax Deduction at Source on capital gains**

### **Domestic unit holders**

No tax is deductible at source from income by way of capital gains under the provisions of the IT Act. Further, Circular no. 715 dated August 8, 1995 issued by the CBDT, has clarified that the provisions of section 194K of the IT Act do not apply to capital gains arising at the time of repurchase or redemption of units.

### **Foreign Institutional Investors**

Under section 196D of the IT Act, no deduction of tax shall be made from any income, by way of capital gains, in respect of transfer of units referred to in section 115AD of the IT Act.

### **Specified overseas financial organizations/ Other Non-resident unit holders**

Part II of the First Schedule to the Finance Act, 2011, provides for deduction of tax at source on short-term capital gains arising on transfer/ repurchase of unit of equity oriented fund referred to above, at the rate of 15 per cent (plus applicable surcharge and education cess, discussed below).

### **Tax Treaty Benefits**

In the case of a non-resident unit holder who is resident of a country with which India has signed a DTAA, which is in force, income-tax is payable at the rate provided in the IT Act or at the rate provided in the DTAA, whichever is more beneficial to such non-resident unit holder.

Further, where the rate of tax prescribed under the relevant DTAA is lower than that prescribed under the Act, tax would be withheld at such lower rate.

*However, in order to obtain the benefit of the lower rate under the DTAA, the unit holder would be required to provide a certificate issued by the relevant authority, stating the eligibility of the investor to claim such benefit.*

### **2.8. Benefits under section 80C of the IT Act**

In terms of the provisions of section 80C of the IT Act, an Individual or a HUF is entitled to claim a deduction in respect of the amount of subscription made to any units of any Mutual Fund referred to in section 10(23D), being a fund formulated in accordance with the Equity Linked Savings Scheme, 2005 notified by the Central Government in the Official Gazette vide notification no. SO 1563(E) dated November 3, 2005. The aggregate amount deductible under section 80C in respect of subscription to the units of the Mutual Fund (including the amount of dividend reinvested), being an equity linked savings scheme and other prescribed investments is restricted to Rs 100,000.

Unit holders are requested to consult their tax advisor in this regard.

### **2.9. Minimum Alternate Tax ('MAT')**

#### **All Corporate unit holders**

Under the IT Act, long-term capital gains arising on sale of unit of equity oriented fund, exempt under section 10(38) of the IT Act, would not be excluded from the book profits while calculating profits chargeable to MAT.

### **2.10. Deduction for the STT paid**

#### **All unit holders**

As per the proviso to section 48 of the IT Act, in computing income chargeable under the head "Capital gains", no deduction shall be allowed in respect of any sum paid on account of STT.

### **3. TAX IMPLICATIONS FOR UNIT HOLDERS IN CASE OF SCHEMES OTHER THAN EQUITY ORIENTED SCHEMES:**

#### **3.1. *Income distributed by the Mutual Fund***

Income received in respect of units of a Mutual Fund, is exempt from tax under Section 10(35) of the IT Act. This exemption shall however not apply to any income arising from the transfer of units.

#### **3.2. *Tax Deduction at Source on income distributed***

In view of the exemption of income in the hands of the unit holders, no tax is required to be deducted at source on income distribution by the Mutual Fund on or after April 1, 2003, under the provisions of section 194K and 196A of the Act.

#### **3.3. *Dividend Distribution Tax payable by Mutual Fund***

##### **Money Market Mutual Funds and Liquid Funds**

Income distribution by Money Market Mutual Funds or Liquid Funds shall attract distribution tax under section 115R of the IT Act:

- In case of income distributed to Individual or HUF: 25 per cent (plus applicable surcharge and education cess, discussed below), and
- In case of income distributed to a person other than an individual or HUF: 30 per cent (plus applicable surcharge and education cess, discussed below).

##### **Other than Money Market Mutual funds and Liquids Funds**

Income distribution by Mutual Fund other than equity oriented mutual fund or Money Market Mutual Funds or Liquids Funds shall attract tax under section 115R of the IT Act:

- In case income is distributed to individuals and HUF: 12.50 per cent (plus applicable surcharge and education cess, discussed below), and
- In case income is distributed to persons other than Individual and HUF: 30 per cent (plus applicable surcharge and education cess, discussed below).

##### **Surcharge and Education Cess**

The aforementioned rates will be increased by a surcharge of 5 per cent and education cess of and education cess of 3 per cent on the amount of distribution tax inclusive of surcharge.

#### **3.4. *STT***

STT is not applicable in the case of non equity oriented mutual fund scheme.

#### **3.5. *Capital Gains Tax***

Under section 2(29A) of IT Act, units of a mutual fund held as capital assets are treated as long-term capital assets if they are held for a period of more than twelve months preceding the date of transfer.

Under section 2(42A) of the Act, units of a mutual fund held as capital assets for a period of 12 months or less preceding the date of their transfer are regarded as short-term capital assets.

## **i. Foreign Institutional Investors**

### **Long-term Capital Gains**

Long-term capital gains arising on transfer/ repurchase of such units shall be chargeable to tax at the rate of 10 per cent (plus applicable surcharge and education cess, discussed below) under Section 115AD of the IT Act. Such gains shall be calculated without taking benefit of indexation and currency fluctuations.

### **Short-term Capital Gains**

Short-term capital gains arising on transfer/ repurchase of such units shall be chargeable to tax at 30 per cent (plus applicable surcharge and education cess, discussed below), without taking the benefit of currency conversions.

### **Tax Treaty Benefits**

In case of FII unit holder who is a tax resident of a country with which India has signed a DTAA, which is in force, income-tax is payable at the rate provided in the IT Act or the rate provided in the DTAA, whichever is more beneficial to such FII unit holder.

## **ii. Specified overseas financial organizations**

### **Long-term Capital Gains**

As per section 115AB of the IT Act, long-term capital gains arising on transfer/ repurchase of such units purchased in foreign currency shall be chargeable to tax at the rate of 10 per cent (plus applicable surcharge and education cess, discussed below). However, such gains shall be computed without taking benefit of indexation.

### **Short-term Capital Gains**

In case of foreign corporate, short-term capital gains arising on transfer/ repurchase of such units purchased in foreign currency may be chargeable to tax at 40 per cent (plus applicable surcharge and education cess, discussed below) and at applicable tax slab mentioned below (plus applicable surcharge and education cess, discussed below), in case of others, without taking the benefit of currency conversions.

### **Tax Treaty Benefits**

In case of such specified overseas financial organisation unit holder who is a tax resident of a country with which India has signed a DTAA, which is in force, income-tax is payable at the rate provided in the IT Act or the rate provided in the DTAA, whichever is more beneficial to such specified overseas financial organization unit holder.

## **Other categories of unit holders (including domestic unit holder)**

### **Long-term Capital Gains**

Long-term capital gains arising on transfer/ repurchase of such units shall be chargeable to tax at the rate of 20 per cent (plus applicable surcharge and education cess, discussed below), in accordance with the provision of section 112 of the IT Act.

The following amounts shall be deductible from the full value of consideration, to arrive at the amount of capital gains:

- Cost of acquisition of units as adjusted by Cost Inflation Index notified by the Central Government, and
- Expenditure incurred wholly and exclusively in connection with such transfer.

However, where the tax payable on such long-term capital gains, computed before indexation, exceeds 10 per cent, (plus applicable surcharge and education cess, discussed below), of the amount of capital gains, such excess shall be ignored for the purpose of computing tax payable by the unit holder.

In case of resident Individuals and HUF where taxable income as reduced by long-term capital gains arising on sale of units (other than unit of an equity oriented fund) is upto/ below the basic exemption limit, the long-term capital gains shall be reduced to the extent of the shortfall and only the balance long-term capital gains shall be subjected to 20 per cent or 10 per cent tax, as the case may be.

### Short-term Capital Gains

Short-term capital gains arising on transfer/ repurchase of such units shall be chargeable to tax at 30 per cent (plus applicable surcharge and education cess, discussed below) in case of resident corporate unit holders, firms and local authorities.

Short-term capital gains arising to non-resident corporate unit holders on transfer/ repurchase of such units shall be taxed at 40 per cent (plus applicable surcharge and education cess, discussed below).

Short-term capital gains arising to a co-operative society (being resident) are taxable on progressive basis as given below:

Where total income for a tax year (April to March) does not exceed Rs 10,000	10% of the total income
Where such total income exceeds Rs.10,000 but does not exceed Rs 20,000	Rs 1000 plus 20 per cent of the amount by which the total income exceeds Rs 10,000
Where the total income exceeds Rs 20,000	Rs 3,000 plus 30 per cent of the amount by which the total income exceeds Rs 20,000

Short-term capital gains arising to individuals, HUFs are taxable on progressive basis, as given below:

Where total income for a tax year (April to March) does not exceed Rs 180,000* (the basic exemption limit)	Nil
Where such total income exceeds Rs 180,000 but does not exceed Rs 500,000	10 per cent of the amount by which the total income exceeds Rs 180,000*
Where such total income exceeds Rs 500,000* but does not exceed Rs 800,000	Rs 32,000 plus 20 per cent of the amount by which the total income exceeds Rs 500,000*
Where such total income exceeds Rs 800,000	Rs 92,000 plus 30 per cent of the amount by which the total income exceeds Rs 800,000

\* In case of women resident in India below 60 years of age, the basic exemption limit is Rs 190,000. Income between Rs 190,000 and Rs 500,000 will be chargeable to tax at the rate of 10 per cent.

In case of resident individuals of age 60 years or more, but less than 80 years, the basic exemption limit is Rs 250,000. Income between Rs 250,000 and Rs 500,000 will be chargeable to tax at the rate of 10 per cent.

In case of resident individuals of age 80 years or more, the basic exemption limit is Rs 500,000. Income exceeding Rs 500,000 but less than or equal to Rs 800,000 will be chargeable to tax at the rate of 20 per cent.

Short-term capital gains arising to an AOP/BOI, shall be chargeable to tax at 30 per cent or such higher rate of tax applicable to the individual members of the AOP / BOI

The above rates are to be increased by applicable surcharge and education cess (discussed below).

### **Tax Treaty Benefit**

In case of non-resident unit holder who is a tax resident of a country with which India has signed a DTAA, which is in force, income-tax is payable at the rate provided in the IT Act or the rate provided in the DTAA, whichever is more beneficial to such non-resident unit holder.

### **3.6. Set off of Capital losses**

#### **All unit holders**

Short-term capital loss incurred on transfer/ repurchase of units shall be available for set-off against other capital gains (both long-term and short-term capital gains). Further, long-term capital loss arising on transfer/ repurchase of units would be allowed to be set-off only against long-term capital gains. Where such losses arising on transfer of units held as capital asset cannot be wholly set-off, the amount of losses not set-off can be carried forward for a period of eight years, immediately succeeding the year for which the loss was first computed.

### **3.7. Tax Deduction at Source on Capital Gains**

#### **Domestic unit holders**

No tax is deductible at source from income by way of capital gains under the provisions of the IT Act. Further, Circular no. 715 dated August 8, 1995 issued by the CBDT, has clarified that the provisions of section 194K of the IT Act do not apply to capital gains arising at the time of repurchase or redemption of units.

#### **Foreign Institutional Investors**

Under Section 196D of the IT Act, no deduction shall be made from any income by way of capital gains, in respect of transfer of units referred to in Section 115AD of the IT Act.

#### **Specified overseas financial organisations / Other Non-resident unit holders**

Part II of the First Schedule to the Finance Act, 2011, provides for deduction of tax at source on short-term capital gains arising on transfer/ repurchase of purchased in foreign currency, at the rate of 15 per cent (plus applicable surcharge and education cess, discussed below).

#### **Other Non-resident unit holders**

Part II of the First Schedule to the Finance Act, 2011, provides for deduction of tax at source on long-term capital gains arising on transfer/ repurchase of units at the rate of 20 per cent (plus applicable surcharge and education cess, discussed below).

As per Part II of the First Schedule to the Finance Act, 2011, income-tax is deductible on short-term capital gains arising on transfer/ repurchase of units at the maximum marginal tax rates, viz. at 30 per cent (plus applicable surcharge and education cess, discussed below) in case of individuals and other non-corporate unit holders; and at 40 per cent (plus applicable surcharge and education cess, discussed below) in case of corporate unit holders.

### **Tax Treaty Benefits**

In the case of a non-resident unit holder who is resident of a country with which India has signed a DTAA, which is in force, income-tax is payable at the rate provided in the IT Act or at the rate provided in the DTAA, whichever is more beneficial to such non-resident unit holder.

### **3.8. Exemptions from Long-term Capital Gains**

As per the provisions of section 54EC of the Act, taxable long-term capital gains [including gains arising on transfer of a long-term capital asset being units not otherwise exempt under section 10(38) of the IT Act] are exempt from tax to the extent such capital gains are invested, within a period of six months of such transfer, in acquiring bonds redeemable after 3 years and issued on or after April 1, 2007 by the National Highways Authority of India and by the Rural Electrification Corporation Limited. A ceiling of Rs 5,000,000 applies in respect of investment in such bonds in any financial year.

If the said bonds are transferred within a period of 3 years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long-term capital gains in the year in which the bonds are transferred.

As per Section 54F of the IT Act, in the case of an individual or a HUF, specified taxable long-term capital gains [including gains arising on transfer of a long-term capital asset being units not otherwise exempt under section 10(38) of the Act] are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house, subject to certain conditions. If part of such net consideration is invested within the prescribed period in a residential house, then proportionate exemption is available.

## **4. TAX IMPLICATIONS APPLICABLE TO UNIT HOLDERS IN CASE OF BOTH EQUITY ORIENTED SCHEME AND DEBT ORIENTED SCHEME OF THE MUTUAL FUND**

### **4.1. Income-tax – Other Provisions**

#### **Special Provisions under the IT Act**

##### **Dividend stripping**

Under the provisions of section 94(7) of the IT Act, where a person buys any units within a period of 3 months prior to the record date (i.e. the date fixed by the Mutual Fund for the purposes of entitlement of the unit holders to receive the income) and sell such units within 9 months after the record date, and the income distributed on such units is exempt from tax, the loss on such sale to the extent of income distributed on units, shall be ignored for the purpose of computing income chargeable to tax.

##### **Bonus stripping**

Under section 94(8) of the IT Act, where a person buys units (original units) within a period of three months prior to the record date, receives bonus units on such original units and then sells (all or part) of the original units within nine months after the record date, then the loss arising on transfer of original units shall be ignored for the purpose of computing the income chargeable to tax. The loss so ignored shall be treated as cost of acquisition of the bonus units.

##### **Clubbing Provisions**

Where transfer/ repurchase is made during the minority of the child, typically tax should be levied on either of the parents, whose total income is greater.

##### **Other Benefits**

Investments in Units of the Mutual Fund will rank as an eligible form of investment under Section 11(5) of the IT Act read with Rule 17C of the Income-tax Rules, 1962, for Religious and Charitable Trusts.

### **Surcharge and Education Cess**

The tax rate discussed in Section 2 and 3 (except paragraph 3.3) above would be increased by a surcharge of:

- a) 5 per cent - in case of domestic corporate Unit Holders, where the total income exceeds Rs 10,000,000
- b) 2 per cent - in case of foreign corporate Unit Holders, where the total income exceeds Rs 10,000,000
- c) Nil – in case of individual / HUF / AOP /BOI, firm/ limited liability partnership, local authority and co-operative societies

Further, an education cess of 3 per cent would be charged on amount of tax inclusive of the applicable surcharge for all unit holders.

### **Direct Tax Code**

The Finance Minister (FM) has tabled the Direct Taxes Code Bill, 2010 (DTC) in Parliament for discussion and debate. The FM in his speech during the presentation of the Finance Bill 2011 indicated that the proposed date of the DTC becoming effective is April 1, 2012. The provisions given in the DTC carry significant changes to the existing income-tax laws. Since the DTC is yet to be enacted, the provision of the same have not been incorporated in this SAI.

#### **4.2. Wealth-tax**

Units of the Mutual Fund are currently not treated as assets as defined under section 2(ea) of the Wealth-tax Act, 1957 and therefore shall not be liable to wealth-tax.

#### **4.3. Gift-tax**

The Gift-tax Act, 1958 has ceased to apply to gifts made on or after October 1, 1998. Gifts of Units, purchased under the respective Plans, shall therefore, be exempt from gift-tax.

However, as per the IT Act, receipt of Mutual Fund units by an Individual or HUF on or after 1 October 2009 (except from prescribed persons like relatives, etc or on prescribed occasions like marriage, etc) without consideration or for consideration less than the fair market value would be taxable in certain cases. The following amounts would taxable under the head 'Income from other sources':

	Taxable situation	Taxable amount
(a)	Units received without any consideration where the aggregate fair market value of such units exceed Rs 50,000	The aggregate fair market value of the units received
(b)	Units received for a consideration where the aggregate fair market value of the units received exceeds the consideration by more than Rs 50,000	The difference between the aggregate fair market value of the units and the consideration

For this purpose, the fair market value means the value to be determined in accordance with the method to be prescribed.

For the purpose of computing capital gains on transfer of such units received without consideration or for consideration less than the fair market value, the cost of acquisition is deemed to be the value determined under (a) or (b) above, as the case may be.

## B. LEGAL INFORMATION

### 1. Nomination Facility

Pursuant to Regulation 29A of the SEBI Regulations, the AMC provides an option to Unit holder to nominate (in the manner prescribed under the SEBI Regulations), a person(s) in whom the Units held by him shall vest in the event of his/her death. Where the Units are held by more than one person jointly, the joint Unit holders may together nominate a person(s) in whom all the rights in the Units shall vest in the event of death of all the joint Unit holders. By provision of this facility the AMC is not in any way attempting to grant any rights other than those granted by law to the nominee(s).

#### a) Who can nominate/be nominees?

- **Who can nominate:**

Nomination can be made only by individuals on their own behalf, either singly or jointly. Nomination is also available to a sole proprietary concern account.

- **Who cannot nominate**

Non-individuals including society, trust, body corporate, partnership firm, Karta of Hindu Undivided Family, holder of Power of Attorney cannot nominate.

- **Who can be nominated:**

- (a) Resident Indian individuals
- (b) minors through parent/legal guardian
- (c) Non-Resident Indian individuals, subject to the exchange controls in force from time to time.
- (d) religious and charitable trusts and
- (e) Central Government, State Government, a local authority or any person designated by virtue of his office.

Nomination can be made for maximum of 3 nominees. In case of multiple nominees, the percentage of allocation / share in favour of each of the nominees should be indicated clearly against the respective names and such allocation / share should be in whole numbers without any decimals, making a total of 100 percent. In case the percentage of allocation / share for each of the nominees is not clearly indicated in the nomination form, the Mutual Fund /the AMC, by invoking default option, shall settle the claim equally amongst all the nominees.

In case a minor is nominated, the name and address of the guardian of the minor nominee shall be provided by the unit holder(s).

- **Who cannot be nominated:**

Nominee shall not be a trust (other than a religious or charitable trust), society, body corporate, partnership firm, Karta of Hindu Undivided Family or a Power of Attorney holder.

#### b) How to Nominate?

Investors may make the nomination (i) at the time of initial investment for purchase units in a scheme by filling up the form / columns for nomination provided in the application form or (ii) subsequently, using a prescribed Nomination Form, available at all ISCs of the Mutual Fund.

If the units are held jointly, all joint unit holders will be required to sign the nomination form.

Change or cancellation of Nomination:

A nomination made can be changed or cancelled subsequently by the unitholder(s) by making an application in the prescribed form to the Mutual Fund for change or cancellation of nomination. Change in / cancellation of nomination can be made only by those individuals who hold units on their own behalf singly or jointly and who made the original nomination.

#### c) Effects of nomination/ change or cancellation of nomination

A nomination in respect of the Units does not create an interest in the property after the death of the Unit holder. The nominee(s) shall receive the Units only as an agent and trustee for the legal heirs or legatees as the case may be. It is hereby clarified that the nominees(s) under the nomination facility provided herein shall not necessarily acquire any title or beneficial interest in the property by virtue of this nomination.

Nomination in respect of units stands rescinded upon transfer of units.

On cancellation of nomination, the nomination made previously shall stand rescinded and the AMC/Mutual Fund shall not be under any obligation to transfer the units in favour of any of the persons nominated earlier.

The AMC shall, subject to completion of the necessary formalities by the nominee(s), including KYC Compliance, production of death certificate of the deceased unit holder and duly attested signature of the nominee(s), furnishing of proof of guardianship in case of minor nominee, execution of indemnity bond or such other document as may be required, proceed to effect the payment/transfer of units to the nominee(s).

Transfer of units/payment to a nominee of the sums shall be valid and effectual against any demand made upon the Trust/AMC, and shall discharge the Trust/AMC of all liability towards the estate of the deceased unit holder and his/her successors and legal heirs, executors and administrators.

If the Mutual Fund or the AMC or the Trustee were to incur or suffer any claim, demand, liabilities, proceedings or if any actions are filed or made or initiated against any of them in respect of or in connection with the nomination, they shall be entitled to be indemnified absolutely for any loss, expenses, costs, and charges that any of them may suffer or incur absolutely from the investor's estate.

#### **d) Nomination For Units held in Electronic (Demat) Mode**

For units of the scheme(s) held in electronic (demat) form with the Depository, the nomination details provided by the Unit holder to the depository will be applicable to the Units of the Scheme. Such nomination including any variation, cancellation or substitution of Nominee(s) shall be governed by the rules and bye-laws of the Depository.

Payment to the nominee of the sums shall discharge the Mutual Fund of all liability towards the estate of the deceased Unit holder and his/her legal successors/legal heirs. In case nomination has been made for DP account with joint holders, in case of death of any of the joint holder(s), the securities will be transmitted to the surviving holder(s). Only in the event of death of all the joint holders, the securities will be transmitted to the nominee. In case nomination is not made by the sole holder of DP account, the securities would be transmitted to the account of legal heir(s), as may be determined by an order of the competent court.

## **2. Transfer of Units**

Units of the schemes held in physical form shall be non-transferable. However, the units held in demat form shall be freely transferable. Further, if a person becomes a holder of the units consequent to operation of law, or upon enforcement of a pledge, the Mutual Fund will, subject to production of satisfactory evidence, effect the transfer, if the transferee is otherwise eligible to hold the units. Further, in the case of Units held in dematerialized mode, transfer of Units through off market transaction shall not be permissible. Consequently, request for redemption of Units acquired through off market transaction shall be liable for rejection.

## **3. Transmission of Units**

### **(i) Transmission to surviving Unit holders in case of death of one or more Unit holders:**

In case units are held by more than one unit holder, then upon death of any of the joint unit unitholders, the units shall be transmitted in favour of the surviving unitholder(s), upon the surviving unitholder(s) submitting the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Letter from surviving Unit holder(s) or the surviving Unit holders requesting for transmission of Units;
- b. Death Certificate/s in original or photocopy duly notarized or attested by gazette officer or a bank manager;
- c. Bank Account Details of the new first Unit holder (where applicable) along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name; and
- d. KYC of the surviving Unit holders, if not already available.

### **(ii) Transmission to registered nominee(s) in case of death of sole or all Unit holders:**

In case where the unit holder(s) has/have made a valid nomination, then upon death of the sole unit holder or all the joint unit holders, as the case may be, , the units shall be transmitted in favour of the nominee, upon the nominee making an application for settlement of the claim by submitting the following documents to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. An application from the claimant nominee(s) requesting for transmission of units, with his/her signature duly attested by a bank manager;
- b. Death certificate(s) of the deceased unitholder in original or photocopy duly notarized or attested by gazette officer or a bank manager;
- c. Bank Account Details of the applicant (nominee) along with attestation by a bank branch manager or cancelled cheque bearing the account details and account holders name;
- d. KYC confirmation of the claimant(s); and
- e. If the transmission amount is ₹One Lakh or more, an indemnity bond duly signed and executed by the nominee(s).

**(iii) Transmission to claimant in case of death of sole or all Unitholders, where no nomination is made:**

If the Unit holder has not appointed a nominee, the Units shall be transmitted in favour of the Unit holder's executor/administrator of estate/legal heir(s), as the case may be, on production of the following documents, in addition to the documents mentioned in (i) above, to the satisfaction of the Mutual Fund, AMC/Trustee or Registrar:

- a. Indemnity Bond from legal heir(s);
- b. Individual affidavits from legal heir(s);
- c. If the transmission amount is below ₹One Lakh: any appropriate document evidencing relationship of the claimant/s with the deceased Unit holder(s);
- d. If the transmission amount is ₹One Lakh or more: Any one of the documents mentioned below:
  - Notarised copy of probated will, or
  - Legal Heir certificate or Succession certificate or Claimant's certificate issued by a competent court or
  - Letter of Administration, in case of Intestate Succession.

**(iv) Transmission in case of HUF, due to death of Karta:**

HUF, being a Hindu Undivided Family, the property of the family is managed by the Karta and HUF does not come to an end in the event of death of the Karta. In such a case, the members of the HUF who appoint the new Karta need to submit following documents for transmission:

- a. Letter Requesting for change of Karta by all the surviving coparceners;
- b. Death Certificate of the deceased Karta in original or photocopy duly notarized or attested by gazette officer or a bank manager;
- c. Duly certified Bank certificate stating that the signature and details of new Karta have been appended in the bank account of the HUF;
- d. KYC of the new Karta and KYC of HUF, if not already available;
- e. Indemnity bond signed by all the surviving coparceners and new Karta;
- f. In case of no surviving coparceners OR the transmission amount is Rs One Lakh or more OR where there is an objection from any surviving members of the HUF, transmission should be effected only on the basis of any of the following mandatory documents:
  - Notarized copy of Settlement Deed, or
  - Notarized copy of Deed of Partition, or
  - Notarized copy of Decree of the relevant competent court.

Unit holders may please note that, in addition to the abovementioned documents, the AMC/Registrar may, depending on the circumstance of each case seek additional documents.

Please note that nominee / legal heir(s) of a deceased unitholder need to comply with KYC documentation through CVL prior to applying for transmission of units.

**4. Transfer and Transmission of Units held in Demat Mode**

For units of the Scheme(s) held in demat form, the Units will be freely transferable and will be subject to the transmission facility in accordance with the provisions of SEBI (Depositories and Participants) Regulations, 1996 as may be amended from time to time.

The delivery instructions for transfer of units will have to be lodged with the DP in the requisite form as may be required from time to time and transfer will be effected in accordance with such rules/regulations as may be in force governing transfer of securities in dematerialized form.

**5. Change in Guardian in case of a minor unit holder**

The Guardian can be changed in a folio held "on behalf of a minor", either due to mutual consent or demise of the existing guardian. However, the new guardian can only be either a natural guardian (i.e. father or mother) or a court appointed legal guardian. New guardian should submit documentary evidence confirming the relationship with the minor, bank attestation attesting his/her signature and KYC compliance acknowledgement.

#### **6. Minor attaining majority – Status Change**

When a minor unit holder attains majority on completion of 18 years of age, the unitholder is required to make an application to the AMC/Registrar to change his / her status from "minor" to "individual" and register his / her signature with the Registrars, submitting the following documents:

- A prescribed Service Request form, duly filled and containing details such as the name of the unitholder, folio numbers, scheme name etc; and details of new Bank mandate, where the account is changed from minor to major. The Signature of the major unit holder on the form should be duly attested by his / her bankers. Alternatively a Signature attestation certificate/ letter issued by a manager of a scheduled bank may be submitted.
- KYC acknowledgement of the major unit holder.

In this regard, Unit holders may please note the following:

- a. The AMC/Registrar shall endeavor to send advance notice at the registered correspondence address, advising the minor and guardian to submit prescribed documents, in order to effect change of status from 'minor' to 'major'.
- b. In case the requisite documents to change the status are not received by the date when the minor attains the age of majority, no transactions (financial and non-financial) including fresh registration of Systematic Investment Plan ('SIP'), Systematic Transfer Plan ('STP') and Systematic Withdrawal Plan ('SWP') will be permitted after the date of minor attaining the age of majority.
- c. Existing SIPs, SWPs and STPs registered prior to the minor attaining the age of majority, will be continued to be processed till the time an instruction from the major to terminate the standing instruction is received by the AMC/Registrar along with the prescribed documents.
- d. New SIPs, SWPs and STPs will be registered up to the date of the minor attaining the age of majority.

#### **7. Duration of the Schemes**

The duration of open-ended Schemes is perpetual, while that of the close-ended schemes is as mentioned in the relevant SIDs. However, in terms of the Regulations, open-ended schemes may be wound up anytime, and close-ended scheme may be wound up at any time prior to the maturity date, after repaying the amount due to the unit holders under the following circumstances:

- a) On happening of any event, which in the opinion of the Trustee, requires the Scheme concerned to be wound up; OR
- b) If 75% of the unit holders of the Scheme concerned pass a resolution that the Scheme be wound up; OR
- c) If SEBI so directs in the interests of unit holders.

In addition to the above, an open-ended scheme may also be wound up if the scheme fails to fulfill the condition of a minimum of 20 investors on an ongoing basis for each calendar quarter.

#### **8. Procedure and Manner of Winding Up**

The Trustee shall call a meeting of the unit holders to approve by simple majority of the unit holders present and voting at the meeting for authorising the Trustee or any other person to take steps for winding up of the scheme concerned. The Trustee or the person authorised as above, shall dispose off the assets of the scheme concerned in the best interest of the unit holders of the scheme.

The proceeds of sale realised in pursuance of the above shall be first utilised towards discharge of such liabilities as are due and payable under the scheme, and after meeting the expenses connected with such winding up, the balance shall be paid to the unit holders in proportion to their respective interest in the assets of the scheme, as on the date when decision for winding up was taken. On completion of the winding up, the Trustee shall forward to SEBI and unit holders a report on the winding up, detailing, the circumstances leading to the winding up, the steps taken for disposal of the assets of the scheme before winding up, net assets available for distribution to the unit holders and a Certificate from the auditors of the Mutual Fund. Notwithstanding anything contained herein above, the provisions of the Regulations in respect of disclosures of half-yearly reports and annual reports shall continue to be applicable until winding up is completed or the scheme concerned ceases to exist. After the receipt of the report referred to above, under "Procedure and

Manner of Winding Up”, if SEBI is satisfied that all measures for winding up of the scheme concerned have been complied with, the scheme shall cease to exist. The aforesaid provisions pertaining to “Procedure and Manner of Winding Up” shall apply in respect of each individual scheme and to the extent possible shall apply mutatis mutandis to each Investment Plan.

#### **9. KY C Requirements and Requirements of Prevention of Money Laundering Act**

Please refer Section IV. Note on and Prevention of Money Laundering and Know Your Client (‘KYC’) Requirements.

#### **10. Consolidation of Folios**

In case an investor has multiple folios, the AMC reserves the right to consolidate all the folios into one folio, based on such criteria as may be determined by the AMC from time to time. In case of additional purchases in same scheme/ fresh purchase in new scheme, if the investor fails to provide the folio number, the AMC reserves the right to allot the units in the existing folio, based on such integrity check as may be determined by the AMC from time to time.

#### **11. Default Option/Plan/Scheme in case of incomplete or inconsistent information**

Investors may note that in case of fresh / additional purchases, if the name of the Scheme on the application form / transactions slip differs with the name on the Cheque / Demand Draft / payment instrument / transfer letter, then the AMC will allot units under the scheme mentioned on the application form. In case of fresh/additional purchases, if the scheme name is not mentioned on the application form / transaction slip, then the units will be allotted under the scheme mentioned on the cheque / demand draft / payment instrument / transfer letter. The Plan / Option that will be considered in such cases if not specified by the customer will be the default option of the scheme as per the SID. However, in case of additional purchase if the scheme name is not specified by the customer then the AMC reserves the right to allot units in the option under which units were allotted at the time of fresh purchase.

#### **12. Unclaimed Redemption / Dividend Amount**

The unclaimed redemption and dividend amounts may be deployed by the Mutual Fund in call money market or money market instruments only and the investors who claim these amounts during a period of three years from the due date shall be paid at the prevailing Net Asset Value. After a period of three years, this amount will be transferred to a pool account and the investors can claim the amount at prevailing NAV at the end of the third year. The income earned on such funds will be used for the purpose of investor education. The AMC will make a continuous effort to remind the investors through letters to take their unclaimed amounts. Further, the investment management fee charged by the AMC for managing the said unclaimed amounts shall not exceed 50 basis points. The Fund shall not be liable to pay any interest or compensation on unclaimed amount.

### **13. Pledge of Units**

The Units under the respective Scheme(s) (subject to completion of Lock-in Period, if any) may be offered as security by way of a pledge / charge in favour of scheduled banks, financial institutions, non-banking finance companies (NBFC's), or any other body. The AMC/RTA will note and record such Pledged Units. A standard form for this purpose is available on request at all ISCs and the Mutual Fund's website ([www.pramerica.com](http://www.pramerica.com)). The AMC shall mark a lien on the specified units only upon receiving the duly completed form and documents as it may require. Disbursement of such loans will be at the entire discretion of the bank / financial institution / NBFC or any other body concerned and the Mutual Fund assumes no responsibility thereof.

The Pledgor will not be able to redeem/switch Units that are pledged until the entity to which the Units are pledged provides a written authorisation to the Mutual Fund that the pledge / lien/ charge may be removed. As long as Units are pledged, the Pledgee will have complete authority to redeem such Units. Dividends declared on Units under lien will be paid / re-invested to the credit of the Unit Holder and not the lien holder unless specified otherwise in the lien letter.

#### **For Units held in Electronic (Demat) Mode**

For units of the Scheme(s) held in electronic (demat) form, the rules of Depository applicable for pledge will be applicable for Pledge/Assignment of units of the Scheme(s). Pledgor and Pledgee must have a beneficial account with the Depository. These accounts can be with the same DP or with different DPs.

### **14. Website**

The website of the Fund/AMC is intended solely for the use of Resident Indians, Non Resident Indians, Persons of Indian Origin and Foreign Institutional Investors registered with SEBI. It should not be regarded as a solicitation for business in any jurisdiction other than India. In particular the information is not for distribution and does not constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction where such activity is prohibited. Any persons resident outside India, who nevertheless intend to respond to this material must first satisfy themselves that they are not subject to any local requirements, which restrict or prohibit them from doing so. Information other than that relating specifically to the AMC/Fund and its products is for information purposes only and should not be relied upon as a basis for investment decisions. The AMC cannot be responsible for any information contained in any website linked from the Mutual Fund's website.

### **15. Disclosure of Investors' Information to Service Providers and Intermediaries**

The investors may note that the Mutual Fund or AMC need to use the services of intermediaries such as post office, local and international couriers, banks and other intermediaries for correspondence with the investor and for making payments to the investor by cheques, drafts, warrants, electronic mode, etc.

The AMC may share investors' personal information with the following third parties:

- Registrar, Banks and / or authorised external third party service providers who are involved in transaction processing, despatches, etc., of investors' investment in the Scheme;
- Distributors or Sub-brokers through whom applications of investors are received ; or
- Any other organisations for compliance with any legal or regulatory requirements or to verify the identity of investors for complying with anti-money laundering laws.

The investor expressly agrees and authorises the Mutual Fund or AMC or their intermediaries to correspond with the investor or make payments through intermediaries including but not limited to post office, local and international couriers, and banks. The investor clearly understands that the Mutual Fund or AMC uses such intermediaries for convenience of the investor and such intermediaries are agents of the investor and not the Mutual Fund or AMC.

## **C. GENERAL INFORMATION**

### **1. Associate Transactions**

The Mutual Fund has been registered on May 13, 2010 with SEBI and has not had any transactions with the Pramerica or any of the Pramerica's associates from the date of registration of the Mutual Fund until the date of this SAI.

### **2. Inter-Scheme Transfer of Investments**

Transfers of investments from one scheme to another scheme of the same Mutual Fund shall be allowed only if:

- a) such transfers are done at the prevailing market price for quoted instruments on spot basis (spot basis shall have the same meaning as specified by a stock exchange for the spot transaction); and transfers of unquoted securities will be made as per the policy laid down by the Trustee from time to time; and
- b) the securities so transferred shall be in conformity with the investment objective of the scheme to which such transfer has been made.

### **3. Stock Lending by the Mutual Fund**

Subject to the SEBI (MF) Regulations and the applicable guidelines issued by SEBI, the Mutual Fund may engage in stock lending. Stock lending means the lending of stock to another person or entity for a fixed period of time, at a negotiated compensation. The securities lent will be returned by the borrower on expiry of the stipulated period.

The Investment Manager will apply the following limits, should it desire to engage in Stock Lending:

- a) Not more than 20% of the net assets of a scheme can generally be deployed in Stock Lending.
- b) Not more than 5% of the net assets of a scheme can generally be deployed in Stock Lending to any single counter party.

### **4. Borrowing by the Mutual Fund**

The Mutual Fund is allowed to borrow to meet the temporary liquidity needs of the schemes for the purpose of repurchase, redemption of units or payment of interest or dividend to the unit holders, provided that the Mutual Fund shall not borrow more than 20% of the net assets of each scheme and the duration of such borrowing shall not exceed a period of six months.

### **5. Underwriting by the Mutual Fund**

Subject to SEBI (MF) Regulations, the Schemes of the Mutual Fund may enter into underwriting agreements after the Mutual Fund obtains a certificate of registration in terms of the Securities and Exchange Board of India (Underwriters) Rules and Securities and Exchange Board of India (Underwriters) Regulations, 1993 authorising it to carry on activities as underwriters. The capital adequacy norms for the purpose of underwriting shall be the net assets of the respective Scheme/ Plans and the underwriting obligation of the respective Scheme/ Plans shall not at any time exceed the total net asset value of the respective Scheme/ Plans

### **6. Documents available for inspection**

The following documents will be available for inspection at the office of the Mutual Fund at Nirlon House, 2<sup>nd</sup> floor, Dr. A.B. Road, Worli, Mumbai 400030 during business hours on any Business day (excluding Saturdays, Sundays and public holidays):

1. Memorandum and Articles of Association of the AMC
2. Investment Management Agreement
3. Trust Deed and amendments thereto, if any
4. Mutual Fund Registration Certificate
5. Agreement between the Mutual Fund and the Custodian
6. Agreement with Registrar and Share Transfer Agents
7. Consent of Auditors to act in the said capacity
8. Consent of Legal Advisors (if any) to act in the said capacity
9. Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and amendments from time to time thereto.
10. Indian Trusts Act, 1882

## 7. Investor Grievances Redressal Mechanism

Investors may contact any of the Investor Service Centres (ISCs) of the AMC for any queries / clarifications at 1800 266 2667 (toll free), Fax number (022) 61593100.

In order to protect confidentiality of information, the customer service representatives may require personal information of the investor for verification of the investor's identity.

Investors may also send an e-mail to [customer@pramericamf.com](mailto:customer@pramericamf.com) or post their grievances/ feedback/ suggestions on the Mutual Fund's website at [www.pramericamf.com](http://www.pramericamf.com) under the section 'Customer Care' appearing under 'Contact Us'.

The Head Office of the AMC will follow up with the respective Investor Service Centres and the Registrar on complaints and enquiries received from investors to ensure timely redressal and prompt investor services. The AMC will at all times endeavour to handle transactions efficiently and to resolve any investor grievances promptly.

Mr. V. Robinson Francis is the Investor Relations Officer for the Mutual Fund. All unresolved queries, complaints may be forwarded to him at the AMC's Head Office at the abovementioned address or forwarded via e-mail to: [customer@pramericamf.com](mailto:customer@pramericamf.com) or by Fax to +91 22 6159 3100. He can be contacted at telephone number: +91 22 6159 3000.

### Investor Complaints since inception of the schemes till March 31, 2011:

Type of Complaint #	(a) No. of complaints pending at the beginning of the year	Action on (a) and (b)									
		(b) No. of complaints recd. during the year	Resolved				Non Actionable*	Pending (no. of months)			
			Within 30 days	30-60 days	60-180 days	Beyond 180 days		0-3	3-6	6-9	9-12
Non receipt of Dividend on Units	-	-	-	-	-	-	-	-	-	-	-
Interest on delayed payment of Dividend	-	-	-	-	-	-	-	-	-	-	-
Non receipt of Redemption Proceeds	-	3	3	-	-	-	-	-	-	-	-
Interest on delayed payment of Redemption	-	-	-	-	-	-	-	-	-	-	-
Non receipt of Statement of Account/Unit Certificate	-	31	31	-	-	-	-	-	-	-	-
Discrepancy in Statement of Account	-	-	-	-	-	-	-	-	-	-	-
Non receipt of Annual Report/Abridged Summary	-	2	2	-	-	-	-	-	-	-	-
Wrong switch between Schemes	-	-	-	-	-	-	-	-	-	-	-
Unauthorized switch between Schemes	-	-	-	-	-	-	-	-	-	-	-
Deviation from Scheme attributes	-	-	-	-	-	-	-	-	-	-	-
Wrong or excess charges/load	-	-	-	-	-	-	-	-	-	-	-
Non updation of Changes viz. address, PAN, bank details, nomination, etc	-	545	540	5	-	-	-	-	-	-	-
Others	-	77	77	-	-	-	-	-	-	-	-
TOTAL	-	658	653	5	-	-	-	-	-	-	-

# including against its authorized persons/ distributors/ employees. etc.

\* Non actionable means the complaint that are incomplete / outside the scope of the mutual fund

**Notwithstanding anything contained in this Statement of Additional Information, the provisions of the SEBI (Mutual Funds) Regulations, 1996 and the guidelines thereunder shall be applicable.**